

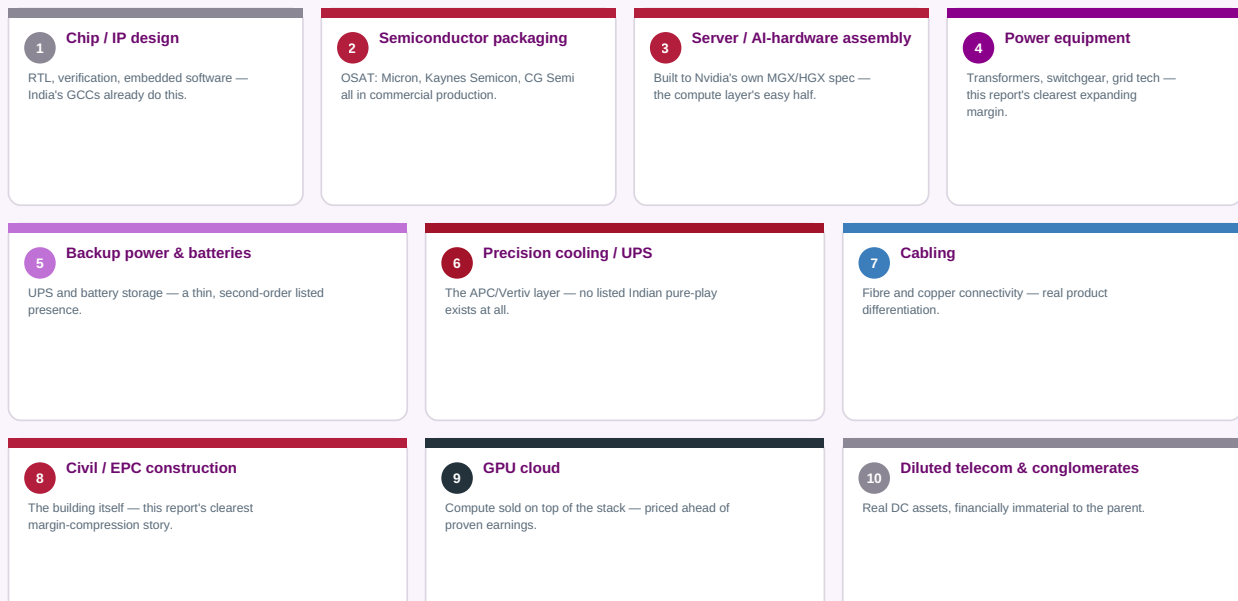


India's AI Infrastructure Stack

A Ground-Up Primer on the entire value chain feeding India's AI data centres — chip design, packaging, server assembly and the GPU-cloud sold on top of it, down through the power, cooling, cabling and construction that keep it running — and the thirty-five listed companies building every layer of it.

Anatomy of India's AI infrastructure stack

One value chain, ten layers of supply — from the wafer to the substation, and the consumption layer on top of both



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ORIENTATION

How to read this report

This report merges two Dart Consultants primers researched independently — "India's AI Compute Stack" (the chip-to-server-to-GPU-cloud half) and "India's Data-Center Physical Infrastructure" (the power-to-cooling-to-construction half) — into a single, continuous value chain, because that is what an AI data centre actually is: one physical object, not two separate industries. A GPU cannot compute without a transformer stepping grid power down to usable voltage; a transformer earns nothing if there is no rack of GPUs on the other end of it. Treating "AI stocks" and "data-centre infrastructure stocks" as different universes — as most published research does — is the single easiest way to miss how value actually moves through this stack, and where it gets stuck.

BEGINNER READS

§1–5

INVESTOR READS

§6–11 + reports

LISTED COMPANIES
COVERED

35

VALUE-CHAIN LAYERS

10

Three questions this report answers

- **Is there really one story here, or two stapled together?** One — this report's central finding (§2) is that the same structural asymmetry repeats independently at every layer from the wafer to the substation, which is exactly what you would expect if this is genuinely one industry and not two.
- **Given that, why does a transformer maker's margin expand while a construction contractor's margin compresses, even though both are "data-centre infrastructure stocks"?** — answered in §2–5, and it is the same underlying question as why a chip-design-services company and an AI-server assembler both call themselves "AI stocks" while sitting on opposite sides of the same margin line (§9).
- **Across thirty-five very differently-positioned Indian companies — from a pure-play GPU-cloud operator to a ₹5.3 lakh crore construction-and-engineering conglomerate — which actually sit closest to where value is created, and which are just standing near the story?** — answered in §9–11 and in each company's own report.

THE ONE IDEA TO CARRY THROUGH THIS REPORT

Every layer of this stack — chip design, packaging, server assembly, power delivery, cooling, cabling, the building itself — splits the same way: an **easy half** that any competent operator can execute to a published specification, and a **hard half** gated by either a scarce allocation (chip supply, global transformer manufacturing capacity) or genuine, hard-to-replicate engineering. This report tested that split independently on two different research efforts covering ten distinct sub-industries and found it every single time. That is not a coincidence of methodology — it is close to the organizing law of how a heavy-capex, physically-constrained industry actually distributes its margin, and it is the one lens applied uniformly, layer by layer, through the rest of this document.

A note on sourcing: every figure in this report carries a source and a date next to it. Where published estimates disagree — market size, power demand, even a single company's own quarterly profit in more than one case — we show the disagreement rather than picking a number silently. Where we could not verify something, we say so. See the closing Notes section for the full methodology and data caveats, including where the two original research efforts' dates and conventions differ.



SECTION 1

The vocabulary

Seven terms decide almost everything about who can compete where in this stack, and what they are allowed to earn for it — three from the compute half, four from the physical half. Learn these seven and the entire value chain organises itself.

The compute-layer vocabulary

1. Reference design vs. custom engineering

A **reference design** — Nvidia calls its own versions MGX and HGX — is a complete, prescriptive blueprint: chassis dimensions, power-delivery topology, cooling-loop layout and an approved component list, handed to a manufacturing partner to build almost exactly as specified. **Custom engineering** is the opposite: a hyperscaler or systems house designs its own rack, cooling loop and network topology from first principles and captures whatever performance edge that design delivers.

2. NVIDIA-Certified Systems (the NVQual layer)

Nvidia's own **NVQual** stress-testing regime — covering GPU stability under sustained load, thermal and throttling behaviour, power delivery and PCIe link integrity — must be passed before a system can carry the NVIDIA-Certified Systems label, and must be passed again on a roughly annual cadence as each new chip architecture ships.

3. Allocation

A server is not sold once it is built correctly; it is sold once its builder has actually been allocated the chips to put inside it. Nvidia's own supply, not manufacturing capacity, is the scarce input at this layer.

The physical-layer vocabulary

4. Tier III/IV and TIA-942

The Uptime Institute's **Tier** classification and the telecom-industry **TIA-942** standard both certify how much redundant, concurrently-maintainable power and cooling capacity a facility has. Every rung up this ladder is a direct, engineered order for more transformers, switchgear and chiller capacity than the facility's raw IT load would otherwise require.

5. N+1 / 2N redundancy

N+1 means one spare unit beyond peak load; **2N** means a fully duplicated, independent second system. A hyperscale campus targeting Tier III/IV typically specifies 2N on its most critical power path.

6. MVA and GIS

A transformer's capacity is quoted in **MVA** (megavolt-amperes); **GIS** (gas-insulated switchgear) is the compact alternative to open-air switchgear used where space or reliability requirements are highest. Reading a power-equipment company's order book in MVA and GIS-bay terms is the closest this industry gets to reading a chip company's wafer-capacity numbers.

7. PUE

Power Usage Effectiveness — the ratio of total facility power draw to power actually delivered to IT equipment — is the number that reveals how much of a data centre's power bill is pure computing versus cooling and conversion overhead.



Term	Layer	What it does NOT tell you
Reference design / NVQual / Allocation	Compute	Whether the builder has added any differentiated engineering, or whether this quarter's allocation implies next quarter's
Tier III/IV, TIA-942	Physical	Whether the equipment inside came from an India-listed supplier, or was imported
N+1 / 2N	Physical	Whether that duplicate capacity was sourced competitively (commodity) or from a scarce, qualified supplier (engineered)
MVA / GIS / PUE	Physical	Which specific vendor is responsible for a given efficiency gain — attribution is rarely disclosed

Source: Dart Consultants, from Nvidia's own certification-programme documentation, Uptime Institute/TIA-942 standard summaries, and industry-standard MVA/GIS/PUE definitions — see Notes for full citation list.

RULE OF THUMB, UNIFIED

If a company's revenue comes from meeting a specification someone else already wrote — Nvidia's reference design, a generic building code, a catalog transformer spec — assume the margin is thin and under continuous pressure, no matter how large the order book looks. If it comes from something genuinely scarce — chip allocation, a constrained global manufacturing capacity, or engineering no published spec covers — assume that is where this report's attention, and the real moat, actually sits. This single rule of thumb is the only one needed for every layer of this stack.

SECTION 2

The pattern that repeats at every layer

Two independent Dart Consultants research efforts, covering ten distinct sub-industries between them, each converged on the same finding without being designed to. Here it is, stated once, for the whole stack.

The easy half: executing a published specification

Bolting a GPU board into an Nvidia-designed chassis; pouring a warehouse-grade concrete shell to house a data hall — these are, at their core, the same kind of problem: capital-and-process scaling. Buy the equipment, hire and train the workforce, pass the specified test. Any competent operator — an electronics-manufacturing contractor, a construction firm — can in principle attempt either, using skills India built up over decades in unrelated industries, not invented for this report. Failure here is **visible and immediate**: a board either boots and passes burn-in, or it does not; a wall either meets code, or it does not.

The hard half: the input nobody can just decide to have more of

The same rack, run at sustained full load, and the same building, once it holds fifty-plus megawatts of continuous critical power — both become problems with a layer that is genuinely scarce, not just difficult. On the compute side, that scarcity is chip supply itself, rationed by Nvidia and ultimately by TSMC's and the memory makers' packaging capacity. On the physical side, it is a slower-moving but no less real capital-equipment manufacturing constraint — large power transformers and gas-insulated switchgear facing multi-year lead times in several global markets. Both failure modes share the same signature: **invisible and delayed**. A marginal power-delivery or cooling design does not fail on a bench test; it fails as GPU throttling or a transformer hot-spot months into sustained real-world load, exactly when it is most expensive to discover.

	The easy half	The hard half
Compute layer	Assembling a server/rack to Nvidia's own reference design	The chip/packaging/memory layer (outside India) plus the power-and-thermal engineering that keeps a dense rack alive
Physical layer	Civil/EPC construction of the building shell; catalog cabling and generic equipment	Transformers, switchgear and precision-engineered cooling gated by global manufacturing capacity
How it fails	Visible immediately	Invisible and delayed, surfacing only under sustained real-world load
Where the margin sits, per this report's own company research	Thin and compressing — EMS/server assembly (\$3, sister thesis) and civil/EPC construction (KEC 7.0% → 5.8%, Ahluwalia ~10% → 4.29%) alike	Thick and often expanding — Nvidia/Micron/SK Hynix margins, and Hitachi Energy India's 7% → 9.3% → 15.4% operating-margin climb



COMMIT THIS TO MEMORY

The shell is the easy part, whether that shell is a server chassis or a building. The chip allocation and the physical engineering that keep whatever is inside the shell actually working are the product. Every company report in Part 4 is really answering one question: how much of this company's revenue sits on the scarce side of this line, at whichever layer of the stack it occupies.



SECTION 3

Why the hard half is hard, at every layer

Three reasons the hard half does not scale the way the easy half does — and one honest structural difference between the two halves of this report's own stack, worth stating plainly.

1. The test for success is a test you hope never happens

A newly assembled server's success criterion is a burn-in test run today. A transformer's or cooling plant's success criterion is the absence of a failure that would only show up after months of sustained peak load. You cannot inspect your way to confidence at this layer, at either half of the stack; only running the system hard, for a long time, tells you whether the engineering was sound.

2. Re-qualification, not one-time qualification

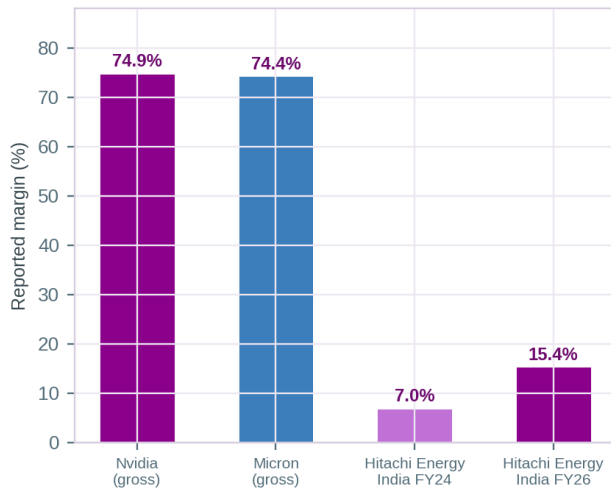
NVQual certification must be re-earned on almost every Nvidia architecture generation. A Tier III/IV facility's redundancy has to keep functioning correctly every time it is tested, for the facility's entire operating life, as equipment ages and is swapped without ever dropping below rated redundancy. Neither side of this stack lets a builder coast on a qualification earned once.

3. One gatekeeper is concentrated; the other is diffuse — and that changes everything about how each side of this report should be read

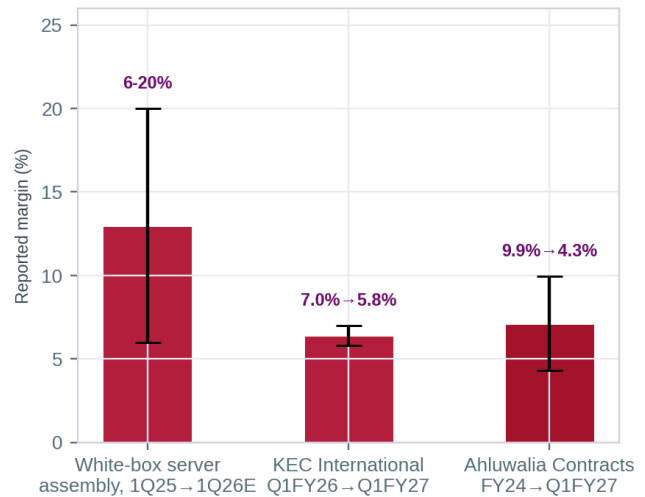
This is the one place the two halves of this stack genuinely diverge, and it matters enough to state explicitly rather than paper over for the sake of a tidy unified narrative. On the compute side, a single company — Nvidia — sets the qualification bar and effectively rations chip allocation; it is reported to be actively narrowing, not widening, the field of manufacturing partners it certifies. On the physical side, no single company or institution plays that role: scarcity there is a genuinely diffuse, global capital-equipment manufacturing-capacity constraint, layered on top of a fragmented set of domestic approvers (state electricity boards, the Central Electricity Authority, state-level industrial policy) with no single body granting or denying access. A concentrated gatekeeper can move fast in either direction — one Nvidia policy change reprices an entire industry overnight. A diffuse constraint moves slowly in both directions: it is harder to break into, but also harder for any single relationship or partnership to unlock. Read every power-equipment company's order-book growth in §9 against this distinction — it is genuinely a different, slower-moving kind of scarcity than the compute layer's, not a weaker version of the same thing.



Scarce allocation and engineered equipment: margins high or expanding



Commodity assembly and civil/EPC construction: margins thin and compressing



The same asymmetry, both halves of the stack, in one chart: chip/memory margins and engineered-power-equipment margins expanding on the left; white-box server-assembly margins and civil/EPC-construction margins compressing on the right. See Notes for the individual sources behind each bar.



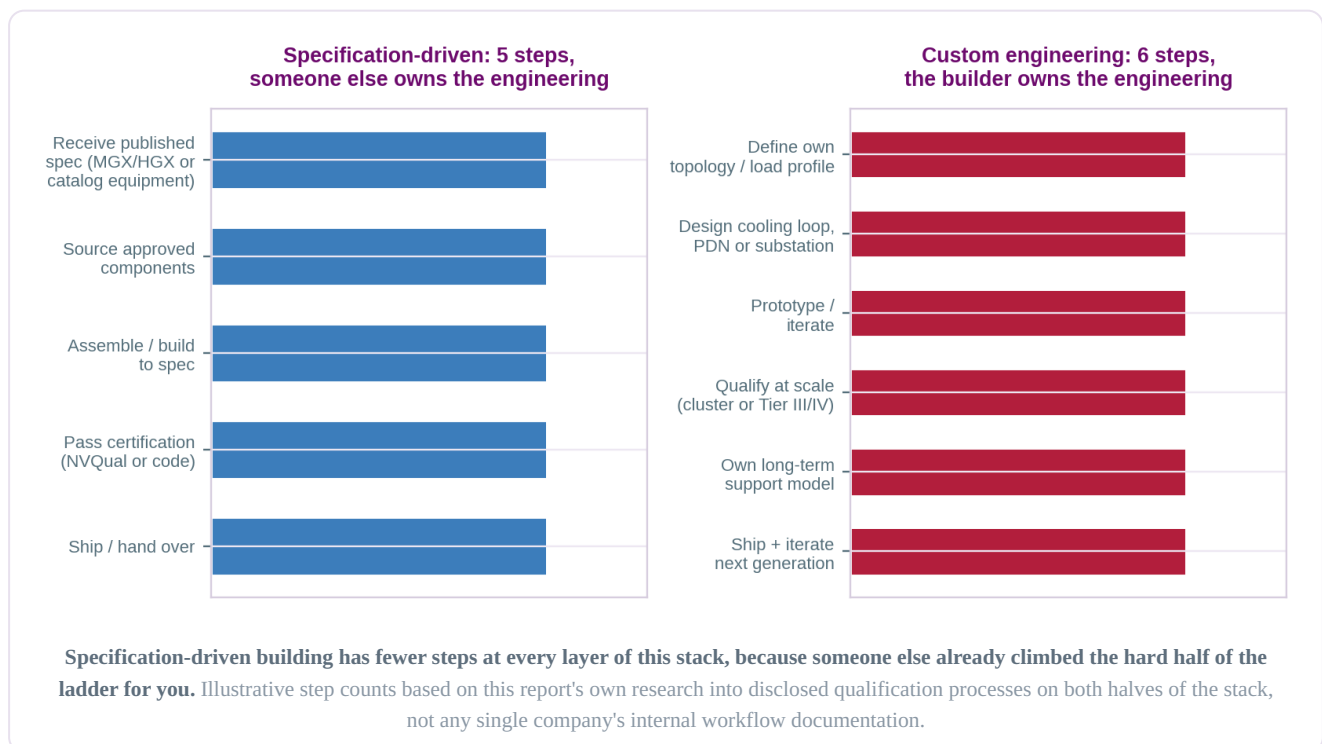
SECTION 4

Specification-driven build vs. custom engineering

The "free input" reframe, generalised

Why does a conventional operator get any work at this stack's hard layers at all? Because in a specification-driven build, someone else has already done the hard engineering. Nvidia has picked the chassis geometry and carries the qualification cost through NVQual; a catalog transformer or a generic building code has already been engineered by a standards body or a manufacturer, long before a specific project buys it. The "free input" here is someone else's systems-engineering, handed over as a specification — which is exactly why a commodity-grade operation still finds real work at every layer of this stack: someone else solved the hard half of this specific problem, and is renting out the easy half.

The alternative — custom engineering — inverts this at every layer. A hyperscaler designing its own rack from scratch; a power-equipment company engineering a purpose-built GIS substation around one specific campus's exact load and redundancy profile — both own the resulting intellectual property and capture whatever performance edge it delivers over an off-the-shelf build. Reading across this report's thirty-five companies in §9, the evidence on how many have genuinely walked through this door is mixed and worth taking layer by layer, not assumed uniformly optimistic or pessimistic: essentially none of the India-listed compute-stack universe has moved fully to custom engineering, while at least a handful of the physical-layer power-equipment names (Voltamp's order mix, ABB India's and Hitachi Energy's own management commentary on hyperscaler-specific engineering) show real, if partial, movement in that direction.





WHAT THIS MEANS FOR READING THE REST OF THIS REPORT

When a company report later in this document describes a company as "NVIDIA-certified" or as serving "data centres" as one of several sectors, read that as: likely specification-driven work, margin thin and under structural pressure. When it describes a disclosed hyperscaler rate contract, a named, quantified order-mix statistic, or engineering a published specification does not cover, read that as closer to the hard half — and worth asking whether the price already assumes that scarcity persists.

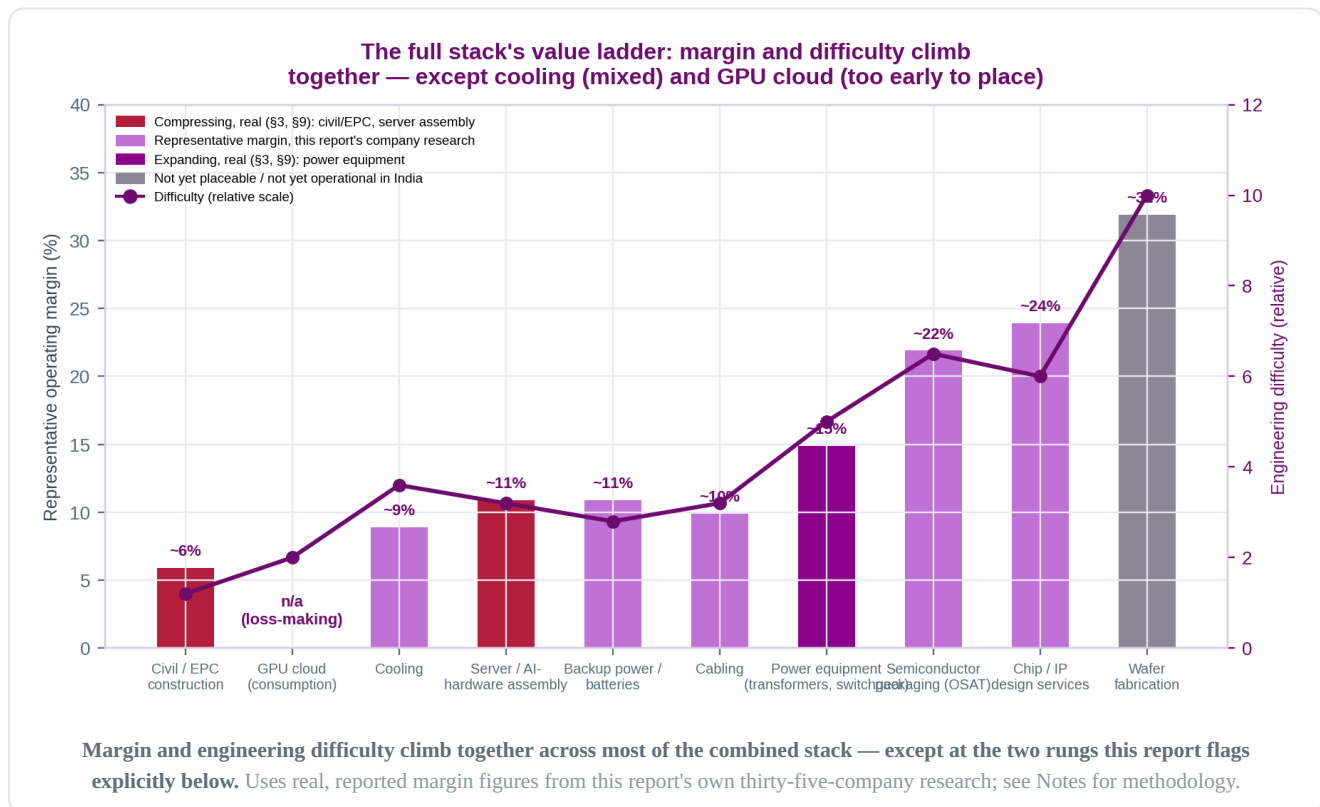


SECTION 5

Classes & the full value ladder

Ten sub-industries, one climbing margin story — with two sharp exceptions

Reading this report's own company research from the most commodity-priced to the most engineered layer of the entire stack — wafer to substation — produces a real, evidence-based margin gradient, not an indicative illustration. It is not perfectly monotonic, and the two exceptions matter as much as the pattern itself.



Exception one: a low-visibility layer holding outsized value

Semiconductor packaging (OSAT) sits, on a naive value-chain reading, below a branded systems integrator — it never puts its own name on a finished server. Yet a company holding one of India's few operational packaging lines can plausibly hold more durable pricing power than a much larger, more visible AI-server assembler, precisely because packaging capacity is nationally scarce and government-incentivised, while server-assembly capacity is not.

Exception two: a high-visibility layer holding no listed value at all

Precision cooling (CRAC/CRAH units) and data-centre-grade UPS — the exact equipment behind the globally recognisable APC, Vertiv and Stulz brands — are supplied in India almost entirely by unlisted multinational subsidiaries. A public-markets investor cannot buy this specific, highly visible layer of the stack on the Indian exchanges today. This is the mirror image of the OSAT exception above: one is a hidden layer holding real value; the other is a visible layer holding none, at least not on the public markets.



The ten sub-industries, at a glance

Layer	Where the margin evidence points	Companies in \$9
Chip / IP design services	Undisclosed at the segment level everywhere; a structurally undercounted layer (\$8)	LTTS, Cyient, Sasken
Semiconductor packaging (OSAT)	Indicative ~20-24%; the low-visibility, high-value exception above	Kaynes Technology, CG Power
Server / AI-hardware assembly	Thin (~10-14%) and reported to be compressing industry-wide, generation over generation	Netweb, Dixon, Syrma SGS
GPU cloud / compute consumption	Currently loss-making or single-contract-concentrated; too immature to place on the ladder with confidence	E2E Networks, ESDS Software Solution
Power equipment (transformers, switchgear, grid tech)	Most consistently expanding/scarcely of any physical layer — Hitachi Energy India's 7% → 9.3% → 15.4% climb	Voltamp, Hitachi Energy India, ABB India, GE Vernova T&D, Siemens Ltd, Siemens Energy India, Schneider Electric Infrastructure
Backup power / batteries	~11-14%, thin DC-specific evidence	Amara Raja Energy & Mobility
Cooling	~8-9%, genuinely mixed/volatile — this report's one physical-layer exception to the "engineered = expanding" rule	Blue Star, Voltas, Thermax
Cabling	~10%, stable-to-strong, real product differentiation	Sterlite Technologies, Polycab, KEI Industries, Finolex Cables
Civil / EPC construction	Thinnest and most consistently compressing layer in this report's entire universe — ~5-6%	Techno Electric & Engineering, KEC International, Kalpataru Projects International, Ahluwalia Contracts
Data-centre-adjacent telecom & conglomerates	Not meaningfully placeable — DC exposure is a rounding error inside a much larger, differently-driven business	RailTel, Anant Raj, Bharti Airtel, Tata Communications, Adani Enterprises, L&T

Source: Dart Consultants, from each company's own report in Part 4. A company's placement reflects where its data-centre/AI-relevant business sits, not necessarily its entire revenue base.



SECTION 6

The industry & demand drivers

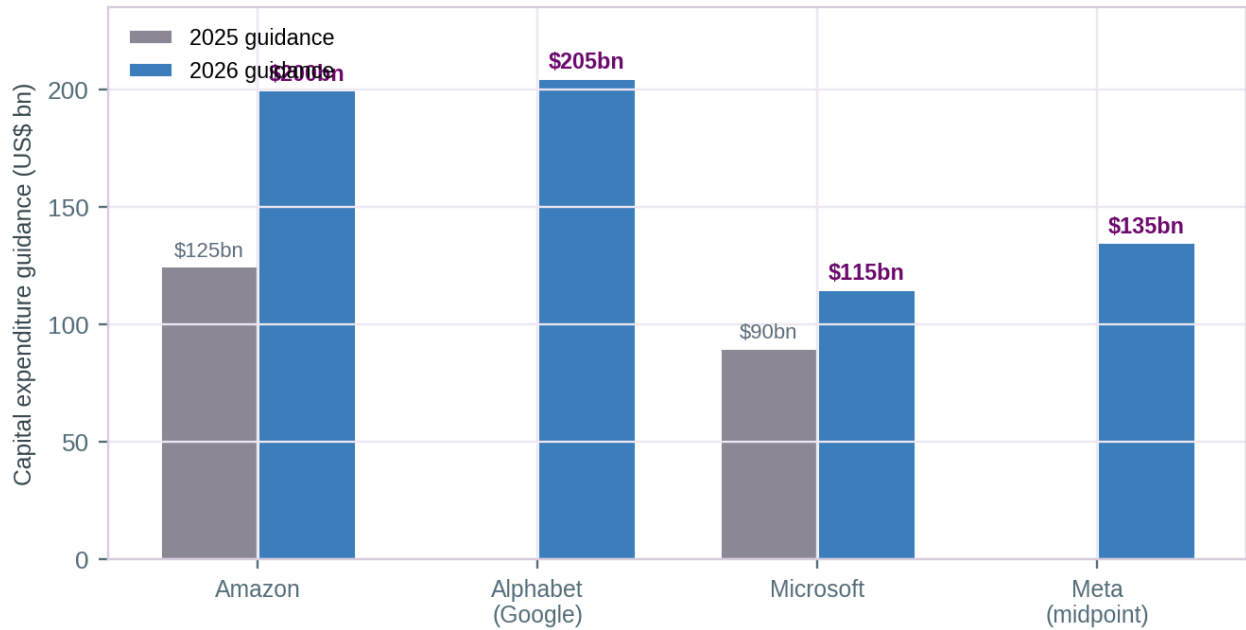
One enormous global demand cycle, three India-specific compute-policy instruments, and India's own physical data-centre build-out are all running underneath this report simultaneously, on largely independent timetables. Conflating them into one "AI opportunity" number is the single easiest way to misread this sector, at either half of the stack.

Demand cycle	Anchor / driver	What is actually driving it
1. Global hyperscaler capex	Microsoft, Amazon, Google, Meta	Combined ~US\$725bn 2026 capex guidance, up ~77% from ~US\$410bn in 2025 — overwhelmingly earmarked for AI data centres, GPUs and power
2. GPU/HBM physical scarcity	TSMC, Nvidia, SK Hynix, Samsung, Micron	CoWoS advanced-packaging capacity reported "sold out through 2026"; HBM production sold out through 2026-27 under multi-year supply agreements
3. India semiconductor localisation	India Semiconductor Mission 2.0	\$13.5bn outlay, three OSAT/ATMP facilities operational as of this report's research date
4. Sovereign AI compute build-out	IndiaAI Mission	GPU access scaling toward a 100,000-GPU public-access target by December 2026, at a subsidised ~₹65/GPU-hour
5. India IT-hardware manufacturing	IT Hardware PLI 2.0	₹17,000cr incentive outlay over six years, covering server manufacturing
6. India's physical data-centre build-out	CBRE/JLL market data	Operational capacity crossed ~1,700MW in 2025; hyperscale pre-committed capacity made up 82% of H1 2026 absorption — demand locked in years ahead of what any operational-MW count shows

Source: Dart Consultants, compiled from valueaddvc.com/cnbc.com/futurumgroup.com (hyperscaler capex), digitimes.com/tomshardware.com (CoWoS/HBM), ism.gov.in and indiaai.gov.in-linked coverage (ISM 2.0, IndiaAI Mission), india-briefing.com/pib.gov.in (PLI 2.0), and CBRE/JLL India data-centre market research — see Notes for full citation list.



Four companies alone: ~\$725bn of 2026 capex guidance, up ~77% from ~\$410bn in 2025



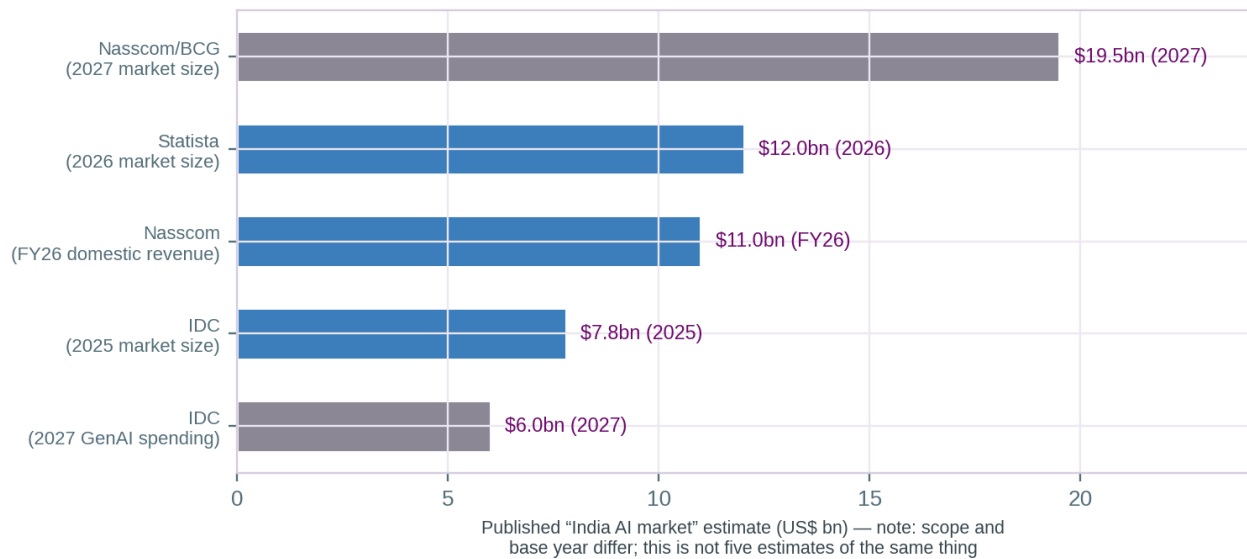
Four companies alone are guiding to roughly three-quarters of a trillion dollars of 2026 capital spending — and every one of them has said the constraint is supply, not appetite, on both halves of this stack. Company capex guidance as disclosed through Q2 2026 earnings calls.

TRAP TO AVOID, ON BOTH SIDES OF THIS REPORT

Published "India AI market" figures and India data-centre power-demand forecasts each use different scope, base years and, in the power-demand case, different units entirely (installed GW vs. annual TWh consumption). Five AI-market estimates and four power-demand estimates are shown below; none of the ten converges on a single number, and reporting only the largest or newest without saying so would be exactly the failure mode this report exists to avoid.

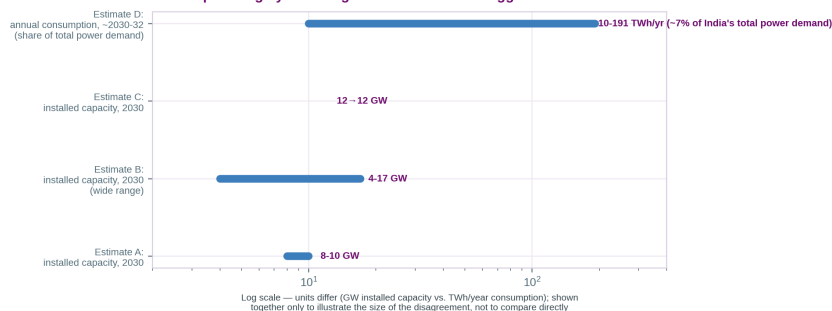


"The India AI market" is at least three differently-scoped things wearing one label



"The India AI market" is at least three differently-scoped things wearing one label. Base year, target year and definition all differ — do not read this as five estimates of the same number. Sources: IDC (via indiaai.gov.in, two separate releases), Statista, and Nasscom/BCG.

India's data-centre power-demand forecasts by 2030 span roughly a 3x range — before the most aggressive estimate



Even India's data-centre power demand — the physical anchor beneath this entire report — is sized four ways, spanning a 20-year horizon and a roughly 3x range.

Shown because the spread itself is the finding; treat no single bar as consensus.



SECTION 7

Two anchor structures, stacked

This is the section where the two halves of this report's own research diverge most clearly, and it is worth reading as a genuine structural finding rather than an artefact of combining two documents. The compute layer has one of the most concentrated anchor structures Dart Consultants has documented in any sector; the physical layer, sitting directly beneath it in the same value chain, has one of the most diffuse. Both matter; neither substitutes for the other, and conflating them is the single easiest way to misjudge either half's investment case.

The compute layer: one company, three coordinated government instruments

Nvidia's data-centre segment revenue reached \$75.2bn in Q1 FY27 (quarter ended 26 April 2026), up 92% year-on-year — the clearest evidence that chip demand remains the binding constraint on the entire compute layer, not manufacturing capacity anywhere in that chain. Nvidia is simultaneously reported to be narrowing, not widening, the field of manufacturing partners certified to build its newest rack-scale systems. Alongside it, the Government of India runs three concurrent, largely independent instruments: **India Semiconductor Mission 2.0** pays for packaging/fab capability, not demand; the **IndiaAI Mission** pays for compute access, not India's own manufacturing capability; **IT Hardware PLI 2.0** pays for assembly output, not R&D or IP. No single instrument, or simple sum of the three, tells a reader how much real value India's compute-layer companies are capturing versus passing through.

The physical layer: no single gatekeeper, and a fragmented set of approvers

This report's own research (§3) found no equivalent single company or institution rationing access to transformer or switchgear manufacturing capacity. Instead: a genuinely diffuse, global capital-equipment scarcity (multi-year lead times reported in several markets) layers on top of state electricity boards, the Central Electricity Authority's grid codes, and a patchwork of state-level data-centre incentive policies — with no single dial a reader can watch the way IndiaAI Mission's 100,000-GPU target functions on the compute side. This report's own company research found a genuine, important caveat here too: at least one India-entity management team explicitly described its own domestic customer procurement as "normal," not scarcity-priced, directly contradicting the dramatic global lead-time narrative at the India-specific level — a distinction this report's individual company files check one by one rather than assuming by category.

READING THE TWO STRUCTURES SIDE BY SIDE

A concentrated gatekeeper (Nvidia) can reprice an entire layer overnight with one policy change — which makes the compute layer's scarcity easier to see, easier to point to, and easier for a single company report to over- or under-state. A diffuse constraint (global equipment-manufacturing capacity) moves more slowly in both directions — harder to break into, but also harder for any one company's marketing to claim credit for. Every rating in §11 for a physical-layer company was checked against confirmed, company-specific evidence for exactly this reason: this report does not assume category membership (e.g. "power equipment") implies pricing power the way it might more safely assume for a confirmed NVQual-certified compute-layer partner.



SECTION 8

The parts the data misses

Five pools of value or risk are structurally undercounted, mis-modelled, or simply invisible to the headline statistics used to size this opportunity — three inherited from each half's original research, plus two that only became visible once both halves were placed in the same document.

1. Chip design work booked as generic "services exports"

India's global capability centres and engineering-R&D firms do real chip-level design work for global fabless clients today — Nasscom projects India's ER&D services revenue will cross US\$100bn by 2030 — none of which shows up in any "India AI hardware" statistic, because trade data books it as a generic IT/BPM export. Two of this report's companies (LTTS, Cyient) earn real revenue from exactly this kind of work, disclosed at less granularity than an outside analyst would like.

2. Pre-committed physical capacity not yet counted as "operational"

JLL's own research found pre-committed hyperscale capacity made up 82% of India's H1 2026 data-centre absorption (\$6) — meaning most new capacity changing hands today is contractually locked in years before it is switched on and counted in any operational-MW statistic. Every published "India data-centre capacity" figure structurally understates near-term demand for the chips, servers, transformers and cooling plants this report's companies actually sell.

3. A GPU import ceiling market-size forecasts do not model as a hard constraint

Reporting aggregated in this research (single-source, not independently confirmed against a primary regulatory document, and flagged as such) suggests India may be permitted to import on the order of 50,000 H100-class-equivalent GPUs through 2027 under US export-control tiering. If accurate, this functions as a hard rationing ceiling on the entire downstream opportunity — the servers, racks, cooling systems and power equipment this report's companies sell are all ultimately gated by how many chips are allowed into the country.

4. "Included in this report" is not the same claim as "material to the investment case"

This is the clearest finding that only emerged from combining both halves in one document. Companies across both the compute layer (Bharti Airtel's Nxtra, Tata Communications' divested DC business) and the physical layer (L&T's ₹36.6cr FY26 DC revenue against ₹2,85,874cr consolidated group revenue — roughly one-hundredth of one percent) share the identical pattern: real, disclosed data-centre assets or stakes that do not meaningfully move the parent company's own valuation case. Six of this report's thirty-five companies fall into this pattern (§9's dedicated grouping) — a large enough share that this report treats it as a structural category in its own right, not a handful of exceptions.

5. The best-quantified data-centre revenue story in the entire combined stack sits in the least expected layer

An investor working from the intuitive assumption that "the compute layer is where the real AI exposure lives, and power/cabling are secondary" would miss this report's single strongest data point entirely: Sterlite Technologies, a cabling company on the physical side of the stack, saw data centres grow from roughly 1% to 21% of quarterly revenue within



one year — the most concentrated, best-quantified figure anywhere in this report's thirty-five companies, ahead of every compute-layer name. That finding sits paired with an equally important caveat this report does not let the exciting number crowd out: a genuinely unreconciled, three-way conflict in the company's own disclosed quarterly profit figures (\$9).

WHY THIS SECTION MATTERS FOR \$9

Every company report that follows should be read against this backdrop: a company's disclosed AI or data-centre revenue is very likely either understated (buried inside a larger undifferentiated line, or locked in but not yet operational) or, less often but importantly, the headline number itself is more exciting than the underlying data quality supports. This report treats both directions of that distortion with equal weight, layer by layer.



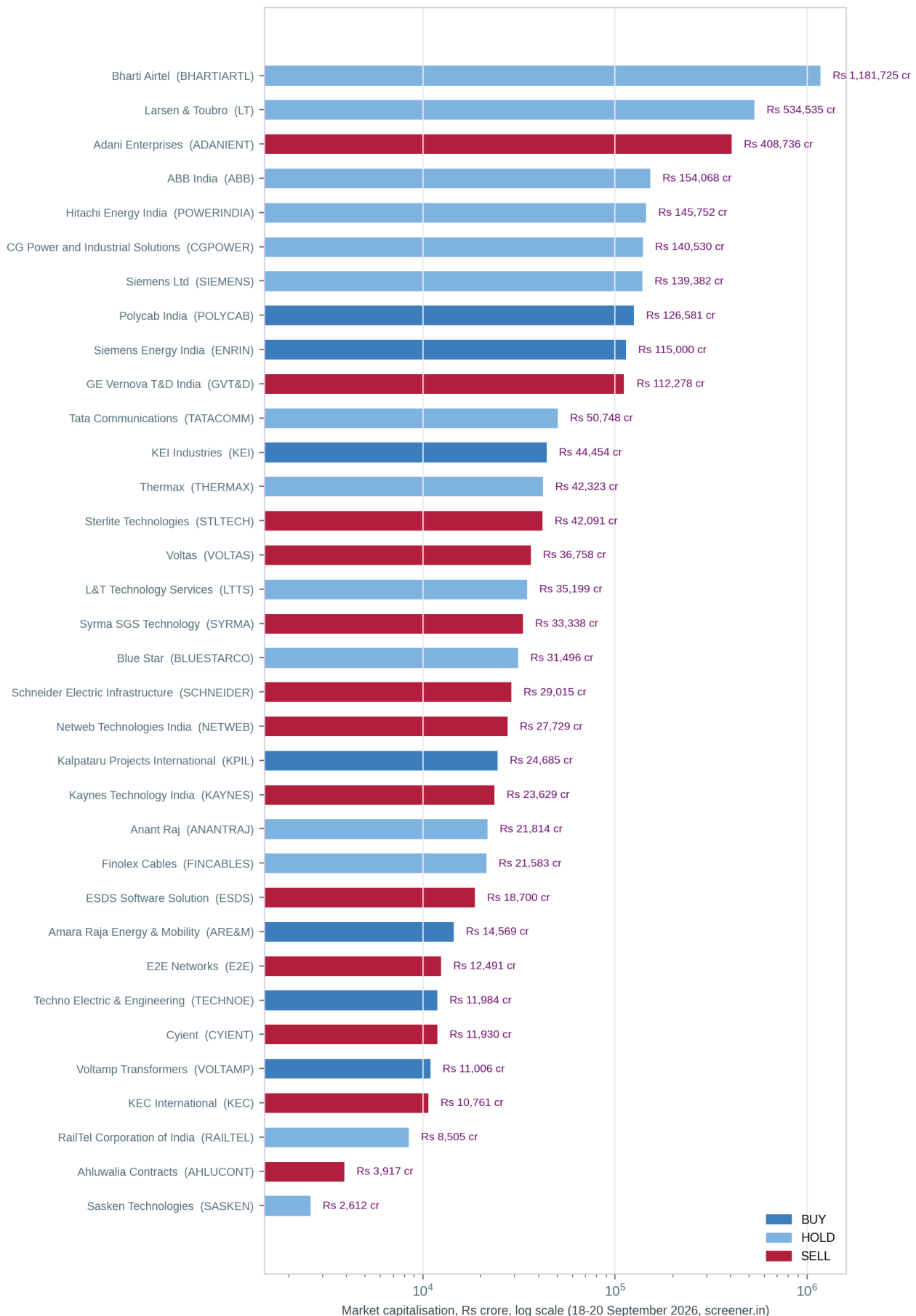
SECTION 9

The companies

Thirty-five NSE/BSE-listed companies touch this stack today, from a ₹12,491 crore pure-play GPU-cloud operator to a ₹11.8 lakh crore telecom major with a single-digit-percent data-centre sliver — a roughly 95x range in scale that, as in every Dart Consultants primer, tells you almost nothing on its own about how much of a company's business is actually AI/data-centre exposure, or how exposed its valuation already is to that story.



All thirty-five companies — a ~95x range in scale, with rating tracking evidence quality, not size or stack layer





A roughly 95x range in market cap across all thirty-five companies — rating tracks evidence quality and valuation discipline, not company size or which half of the stack a company occupies. Market capitalisation, log scale, 18-20 September 2026 (screener.in) — see each company's own report for the reconciled figure where sources disagreed.

The ten layers, top of the stack to bottom

Ordered from the most upstream, abstract layer (chip design) to the most downstream/physical (civil construction), with GPU-cloud consumption and diluted telecom/conglomerate exposure — which sit adjacent to, not stacked within, the core physical chain — placed last.

Layer	Companies (rating)
1. Chip / IP design services	L&T Technology Services (HOLD), Cyient (SELL), Sasken Technologies (HOLD)
2. Semiconductor packaging (OSAT)	Kaynes Technology (SELL), CG Power and Industrial Solutions (HOLD)
3. Server / AI-hardware assembly	Netweb Technologies (SELL), Dixon Technologies (BUY), Syrma SGS Technology (SELL)
4. Power equipment (transformers, switchgear, grid tech)	Voltamp Transformers (BUY), Hitachi Energy India (HOLD), ABB India (HOLD), GE Vernova T&D India (SELL), Siemens Ltd (HOLD), Siemens Energy India (BUY), Schneider Electric Infrastructure (SELL)
5. Backup power / batteries	Amara Raja Energy & Mobility (BUY)
6. Cooling	Blue Star (HOLD), Voltas (SELL), Thermax (HOLD)
7. Cabling	Sterlite Technologies (SELL), Polycab India (BUY), KEI Industries (BUY), Finolex Cables (HOLD)
8. Civil / EPC construction	Techno Electric & Engineering (BUY), KEC International (SELL), Kalpataru Projects International (BUY), Ahluwalia Contracts (SELL)
9. GPU cloud / compute consumption	E2E Networks (SELL), ESDS Software Solution (SELL)
10. Data-centre-adjacent telecom & conglomerates (diluted exposure)	RailTel (HOLD), Anant Raj (HOLD), Bharti Airtel (HOLD), Tata Communications (HOLD), Adani Enterprises (SELL), Larsen & Toubro (HOLD)

Source: Dart Consultants, from each company's own report in Part 4. Layer 10 exists as its own category specifically because six companies here share the same structural pattern (§8, finding 4): real, disclosed data-centre exposure that does not meaningfully move the parent's own investment case.

THE MARGIN PUZZLE, STATED ONCE FOR THE WHOLE STACK

A company where AI/data-centre work is the entire identity is not automatically the better investment — layers 3 and 8 above both show real businesses whose core economics (thin, compressing margin) the industry's own data confirms, regardless of growth headlines. A company in layer 10 is not automatically a bad investment either — several (Bharti Airtel, Tata Communications, L&T) carry real, separately-justified investment cases — but none is a data-centre bet in any way that matters to its valuation today. Read every rating in §11 against which layer, above, a company actually sits in.



Seven names that need a second look before you trust the label

Kaynes Technology carries a confirmed SEBI settlement order (27 March 2026, ₹23.42 lakh) against its promoter for insider-trading/database lapses, alongside a FY26 revenue miss with negative operating cash flow. **CG Power's** 2019 accounting-fraud episode predates the 2020 Murugappa Group takeover entirely but remains disclosure-relevant. **Cyient's** AI-compute exposure is still mostly a plan — the \$218m TAO Digital acquisition had not closed as of this report's research date. **ESDS Software Solution** is a ~2-week-old listing already under exchange ASM Stage-1 surveillance, built almost entirely on one disclosed contract with an unverified counterparty. **Anant Raj** had its Delhi office searched by the Enforcement Directorate on 24 April 2026 in a money-laundering case unresolved as of this report's research date. **Adani Enterprises** reported a Q1 FY27 consolidated net loss driven by a \$275 million US OFAC sanctions settlement — the most serious governance/legal red flag in this report's entire universe. **Sterlite Technologies'** Q1 FY27 profit is reported three irreconcilable ways across sources (₹125cr, ₹197cr, and a ₹17cr loss) — a genuine data-integrity issue, not a governance one, but serious enough to dominate its own rating. None of this makes any of the seven stocks automatically uninvestable; each is exactly the kind of structural detail this report exists to surface. *Full reports for all thirty-five companies — financials, governance assessment, SWOT, valuation and rating — follow this primer.*



SECTION 10

Synthesis

Where the opportunity actually originates, across the whole stack

Origin	Who captures it	Time horizon
1. Reference-design assembly	Whoever has EMS capacity and NVQual certification — increasingly contestable and margin-compressing, not less	Now, but thinning generation over generation
2. Engineered power/grid equipment	Voltamp, Hitachi Energy India and ABB India show the clearest evidence; several peers show rich valuation without matching evidence	Now through at least the current global equipment-scarcity cycle
3. Government-incentivised capability building	Whoever wins scheme approval and executes on schedule — CG Semi and Kaynes Semicon already in commercial production	Now through the early 2030s, government-set timetable
4. Chip/IP design-services exports	LTTS, Cyient and Sasken all participate, none discloses how much	Ongoing but structurally undercounted (\$8)
5. Differentiated cabling	Sterlite Technologies most concentrated; Polycab and KEI Industries more diversified	Now — the single most concentrated DC-revenue story in this report
6. GPU-scarcity and equipment-scarcity rationing	Nobody in this report's universe — both ceilings sit entirely upstream, at Nvidia/TSMC/memory makers on one side and global transformer/GIS manufacturers on the other	At least through 2027 (chip) and on an unclear, slower timetable (equipment)
7. GPU-cloud consumption and sovereign-AI demand	E2E Networks and ESOS most directly — priced at multiples (157-401x trailing) this report's own arithmetic cannot support on either name's currently disclosed earnings	Now, but on unstable, early-stage financial bases

Six distilled conclusions for the combined stack

- **The same asymmetry — commodity execution beside scarce allocation or engineering — repeats independently at every layer, which is the strongest evidence this is one industry, not two.** Two research efforts, ten sub-industries, thirty-five companies, one pattern every time.
- **The gatekeeper's shape changes the investment case more than its existence does.** A concentrated gatekeeper (Nvidia) reprices its layer fast, in either direction; a diffuse constraint (global equipment manufacturing) moves slowly in both directions and rewards patience over positioning.
- **Scale and stack-relevance are not the same axis, anywhere in this report.** A ₹12,491cr pure-play GPU-cloud operator and a ₹11.8 lakh crore telecom major can both appear in a "data-centre stocks" screen — the question is never how big, but how much of the company's revenue and margin sits on the scarce side of the line at whichever layer it occupies.
- **The industry's own reported economics argue against most richly-valued names in this report being undervalued.** Real (not indicative) margin data shows compression at the assembly and civil/EPC layers — yet several of those exact names trade at rich multiples, and two GPU-cloud names trade at 157-401x on earnings this report's own research found reasons to distrust.



- **Six of thirty-five companies share one under-appreciated pattern: real data-centre exposure that is financially immaterial to the parent.** Bharti Airtel, Tata Communications, Adani Enterprises, RailTel, Anant Raj and L&T all belong in this report for completeness of India's AI/data-centre ownership map — not because the data-centre angle moves any of their own investment cases today.
- **Seven of thirty-five names carry structural, governance, legal or data-integrity overhangs a reader must understand before any valuation multiple means anything** — see §9's dedicated callout.

Bull case / bear case

THE BULL CASE

Global hyperscaler capex is not slowing — four companies alone guide to ~\$725bn in 2026, up 77% YoY — and India's own build-out is executing, not just announcing: three semiconductor OSAT/ATMP facilities in commercial production, and data centres genuinely the largest single contributor to at least one power-equipment company's order intake this report confirmed directly with management. The IndiaAI Mission is a policy-guaranteed domestic demand stream already generating confirmed nine-figure orders. At least three companies across both halves of the stack (Voltamp, ABB India, Sterlite Technologies) show management-confirmed, quantified current demand, not analyst speculation, and several carry improving, multi-agency-endorsed credit ratings reflecting genuine balance-sheet strength.

THE BEAR CASE

This report's own, real margin data shows compression, not expansion, at the two largest sub-industries by company count in its universe — server/EMS assembly and civil/EPC construction — regardless of order- book size, with management guidance at more than one construction name pushing recovery past FY28. The single best-quantified data-centre revenue story in the report (Sterlite Technologies) sits on financial disclosures this report's own research found genuinely unreliable. Two GPU-cloud names trade at valuations unsupported by any earnings base this report trusts, and seven of thirty-five companies carry a governance, legal or data-integrity overhang serious enough to dominate their own rating independent of the sector story. Both this report's scarcity mechanisms — chip allocation and global equipment-manufacturing capacity — sit entirely outside the control of every company covered here.

Numbers to track, across the whole stack

- Nvidia's own component-customisation percentage in each new reference-design generation — the cleanest read on whether compute-layer assembly margin compression is easing or tightening
- Whether the IndiaAI Mission reaches its 100,000-GPU end-2026 target, and which India-listed companies win the resulting server-supply orders
- Resolution of Sterlite Technologies' three-way conflicting quarterly PAT figures against its audited FY27 annual report
- Whether KEC International's own FY28 double-digit-margin guidance is met, as a test of whether civil/EPC margin compression across this report's construction layer is bottoming or continuing
- Whether any India-listed company enters the precision-cooling/DC-UPS space this report found structurally absent from the public markets



- Whether E2E Networks and ESDS post consecutive profitable quarters on a cash-earnings basis, rather than the depreciation-distorted or single-contract-concentrated figures this report's research found
- The outcomes of Anant Raj's Enforcement Directorate matter and Adani Enterprises' OFAC/PIL overhangs — both live, unresolved as of this report's research date



SECTION 11

Ratings summary

Ratings key, used consistently across every company report in this document:

Rating	Expected total return, 12 months
BUY	15% and above
HOLD	–5% to 15%
SELL	–5% and below

Every rating is anchored to a stated reference price and date, derived from a named multiple on a named forward year, cross-checked against named brokerage targets where they exist, and carries explicit upgrade/downgrade triggers. BUY/HOLD/SELL are an educational device for summarising public information — not a regulated recommendation.

Status of this rating series

All thirty-five companies carry a formal rating, each with the full valuation exhibit described in the company report template — target price, scenario range, and a named methodology.



Company	Ticker	Layer	Rating	Target	CMP	Upside/(downside)
Dixon Technologies (India)	DIXON	Server assembly	BUY	₹15,360	₹13,005	+18.1%
Voltamp Transformers	VOLTAMP	Power equipment	BUY	₹13,224	₹10,879	+21.6%
Siemens Energy India	ENRIN	Power equipment	BUY	₹4,053	₹3,228	+25.6%
Amara Raja Energy & Mobility	ARE&M	Backup power	BUY	₹918	₹796	+15.3%
Polycab India	POLYCAB	Cabling	BUY	₹10,032	₹8,400	+19.4%
KEI Industries	KEI	Cabling	BUY	₹5,584	₹4,650	+20.1%
Techno Electric & Engineering	TECHNOE	Civil/EPC	BUY	₹1,238	₹1,030	+20.2%
Kalpataru Projects International	KPIL	Civil/EPC	BUY	₹1,647	₹1,446	+13.9%
CG Power and Industrial Solutions	CGPOWER	OSAT packaging	HOLD	₹873	₹892	(2.1)%
L&T Technology Services	LTTS	Chip/IP design	HOLD	₹3,476	₹3,339	+4.1%
Sasken Technologies	SASKEN	Chip/IP design	HOLD	₹1,677	₹1,720	(2.5)%
RailTel Corporation of India	RAILTEL	Diluted/telecom	HOLD	₹278	₹265	+4.9%
Anant Raj	ANANTRAJ	Diluted/telecom	HOLD	₹585	₹606	(3.5)%
Bharti Airtel	BHARTIARTL	Diluted/telecom	HOLD	₹2,039	₹1,893	+7.7%
Tata Communications	TATACOMM	Diluted/telecom	HOLD	₹1,852	₹1,780	+4.0%
Hitachi Energy India	POWERINDIA	Power equipment	HOLD	₹34,408	₹32,700	+5.2%
ABB India	ABB	Power equipment	HOLD	₹7,730	₹7,270	+6.3%
Blue Star	BLUESTARCO	Cooling	HOLD	₹1,607	₹1,532	+4.9%
Finolex Cables	FINCABLES	Cabling	HOLD	₹1,552	₹1,411	+10.0%
Larsen & Toubro	LT	Diluted/telecom	HOLD	₹4,017	₹3,885	+3.4%
Siemens Ltd	SIEMENS	Power equipment	HOLD	₹3,766	₹3,914	(3.8)%
Thermax	THERMAX	Cooling	HOLD	₹3,419	₹3,552	(3.7)%
Netweb Technologies India	NETWEB	Server assembly	SELL	₹4,016	₹4,664	(13.9)%
Adani Enterprises	ADANIENT	Diluted/telecom	SELL	₹2,620	₹3,020	(13.3)%
Kaynes Technology India	KAYNES	OSAT packaging	SELL	₹2,925	₹3,515	(16.8)%
Cyient	CYIENT	Chip/IP design	SELL	₹988	₹1,073	(7.9)%
Syrma SGS Technology	SYRMA	Server assembly	SELL	₹1,250	₹1,729	(27.7)%
E2E Networks	E2E	GPU cloud	SELL	₹447	₹608	(26.5)%
ESDS Software Solution	ESDS	GPU cloud	SELL	₹1,000	₹1,565	(36.1)%
KEC International	KEC	Civil/EPC	SELL	₹349	₹404	(13.6)%
Ahluwalia Contracts	AHLUCONT	Civil/EPC	SELL	₹476	₹585	(18.6)%
GE Vernova T&D India	GVT&D	Power equipment	SELL	₹3,480	₹4,385	(20.6)%



Company	Ticker	Layer	Rating	Target	CMP	Upside/(downside)
Voltas	VOLTAS	Cooling	SELL	₹819	₹1,111	(26.3)%
Schneider Electric Infrastructure	SCHNEIDER	Power equipment	SELL	₹515	₹1,214	(57.6)%
Sterlite Technologies	STLTECH	Cabling	SELL	₹191	₹819	(76.7)%

8 BUY, 14 HOLD, 13 SELL across all thirty-five companies — an outcome driven by evidence quality and valuation discipline at each layer of the stack, not by which half of the original two research efforts a company came from. BUYs cluster at genuinely quantified pricing power (Voltamp, Siemens Energy India) and high-quality businesses with the AI/DC angle as a secondary tailwind (Dixon, Polycab, KEI Industries, Amara Raja, Techno Electric, Kalpataru). SELLs cluster at confirmed margin compression (server/EMS assembly, civil/EPC construction), valuation disconnected from fundamentals, and one data-integrity case (Sterlite Technologies) whose underlying demand story is real but whose earnings base this report will not vouch for. See each company's own report for the full distinction.

WHAT WOULD CHANGE A RATING, IN GENERAL, ACROSS THIS SERIES

For the assembly/EMS and OSAT names: any material change to Nvidia's component-customisation policy, a large confirmed order or its loss, or a credit-rating change. For the chip/IP design-services names: a disclosed standalone AI/semiconductor revenue figure, or confirmation of Cyient's TAO Digital acquisition closing. For the GPU-cloud names: a second consecutive profitable quarter on a cash-earnings basis, or disclosed customer diversification. For the power-equipment and cooling names: a disclosed, India-specific data-centre order-mix percentage or a change in order-intake momentum. For the cabling names: for Sterlite Technologies specifically, reconciliation of its three conflicting PAT figures against an audited filing; for the others, a named contract where currently only sector-level framing exists. For the civil/EPC names: a sustained margin inflection in either direction. For the diluted/telecom names: any disclosure that materially changes how much of consolidated revenue the data-centre business actually represents, or resolution of Adani Enterprises' OFAC/PIL overhangs and Anant Raj's ED matter specifically. For all thirty-five: a change in disclosed order-book coverage, a promoter-holding or pledge change, or new evidence on either scarcity mechanism's (chip allocation, global equipment manufacturing) actual trajectory.



NOTES

Methodology, data caveats & who we are

Methodology

This report merges two Dart Consultants primers built independently on the same first-principles method: identify the one real structural asymmetry inside the product, derive the value ladder and moat mechanism from it, then apply that framework to the listed companies. Research was conducted via public sources only — company filings and investor presentations, credit-rating-agency press releases (CRISIL, ICRA, CARE, India Ratings), stock-exchange disclosures, company websites, Nvidia's own certification- programme documentation, industry trade press (Digitimes, Tom's Hardware, CBRE, JLL), Indian government sources (PIB, MeitY, ISM, IndiaAI Mission), and market-research summaries. The compute-layer research (original 8 companies) was conducted 18-19 September 2026; the seven GPU-cloud/telecom/conglomerate additions and all twenty physical-layer companies were researched 19-21 September 2026. Company financials and stock data are dated individually throughout each report, primarily to 18-20 September 2026 (screener.in).

Data caveats

- **Constructed/indicative figures** are labelled as such wherever used — step counts in §4, the non-margin portions of the value-ladder chart in §5, and forward-EPS growth assumptions in each company's valuation exhibit. These illustrate a structural relationship or a stated assumption; they are not measured from a disclosed company forecast unless explicitly cited as management guidance.
- **Reported (not indicative) figures** used without a qualifier include hyperscaler capex guidance, Nvidia/Micron/SK Hynix reported margins, the white-box ODM assembly-margin compression data, and each company's own disclosed revenue/margin/order-book figures — drawn directly from disclosures and trade-press reporting.
- **Derived figures** are marked with a tilde (~) and explained in the source line. **Undisclosed figures** are shown as a dash, never estimated. Several companies (Kaynes, LTTS, Cyient, Sasken, Syrma, Blue Star, Voltas, Thermax, GE Vernova T&D India, L&T) do not disclose a standalone AI/semiconductor or data-centre revenue percentage — this report does not manufacture one on their behalf.
- **Market-size and forecast disagreements** are shown as ranges or multiple bars rather than resolved to a single number — see §6's AI-market and power-demand dispersion charts.
- Several company-level financial figures showed material, sometimes irreconcilable, disagreement between sources. Handled explicitly rather than silently reconciled: **Sterlite Technologies'** Q1 FY27 PAT is reported three ways (₹125cr screener.in, ₹197cr company press release, a ₹17cr loss per a third aggregator) — its valuation is constructed specifically to avoid taking a side; **Siemens Ltd's** reported quarterly PAT (₹2,122-2,143cr) appears to include a ~₹1,800cr unexplained exceptional item against an "ordinary activities" run-rate closer to ₹343cr/quarter — its valuation departs from this report's usual two methods for exactly this reason; **Netweb, Kaynes, Dixon and Cyient** each showed material market-cap/P/E disagreement between aggregators, resolved in favour of the screener.in figure, dated, in each case; **Voltas's** revenue is reported differently by Trendlyne (₹10,837cr) and screener.in (₹14,244cr), likely a standalone-vs-consolidated difference this report states rather than resolves.
- **ABB India reports on a calendar fiscal year** (January-December), not the April-March year used by every other company in this report — its own company report labels periods "CY2025," "Q2 CY2026," etc. throughout to avoid a dating error against the other thirty-four companies.



- Corporate-structure disambiguations stated explicitly in the relevant company reports and summarised in §9: Schneider Electric Infrastructure Ltd (listed, switchgear/transformers) versus Schneider Electric India Pvt Ltd (unlisted, holds the APC/UPS brand); Siemens Ltd versus Siemens Energy India (separate companies post-demerger, June 2025); Kalpataru Projects International versus the unlisted "Kalpataru Limited" real-estate entity under the same promoter family; Siemens Energy India versus the unrelated, similarly-named "SEIL Energy India Limited"; and Tata Communications' divested data-centre real estate versus its separate, live NVIDIA AI Cloud partnership.
- Two claims required explicit correction or qualification before use: the "India allowed to import ~50,000 H100-class GPUs through 2027" figure is single-source aggregation, not a confirmed primary regulatory document (§8); and Adani Group's reported "\$100bn AI data-centre" figure is the weakest-sourced hyperscaler-India-capex data point gathered and is not relied upon anywhere in this report's valuation or thesis.

About Us

Dart Consultants is a market intelligence and technology service provider. **We are not a SEBI-registered Investment Adviser or Research Analyst.** This document, and the company reports that follow it, are educational material only — not investment advice, and not a recommendation to buy or sell any stock. BUY/HOLD/SELL labels used in this series are an educational device for summarising publicly available information, not a regulated recommendation. The analyst(s) preparing this report hold no position in, and have no banking, advisory or brokerage relationship with, any company named in it, and have received no compensation from any of them. *Readers should note that seven companies in this report carry above-average, recently-materialised risk factors independent of this report's eventual rating: Kaynes Technology (SEBI settlement, RPT controversy, guidance miss), CG Power (pre-2020 fraud history, now under different ownership), Cyient (a pending, unclosed acquisition), ESDS Software Solution (a ~2-week-old listing under exchange surveillance), Anant Raj (an unresolved Enforcement Directorate probe), Adani Enterprises (a \$275 million US OFAC sanctions settlement and unresolved PIL litigation), and Sterlite Technologies (a genuinely unreconciled, three-way conflict in recent quarterly profit figures). Readers should treat these names as carrying above-average risk independent of this report's rating.*



PART 4

Thirty-five company reports

Full reports follow for each of the thirty-five companies covered in this document, ordered by value-chain layer (Section 9): chip/IP design services, semiconductor packaging, server/AI-hardware assembly, power equipment, backup power, cooling, cabling, civil/EPC construction, GPU cloud, then data-centre-adjacent telecom and conglomerates. Each report follows the identical structure: Summary, Investment Rationale, What Gives Us Pause, Corporate Governance Assessment, SWOT Analysis, Key Developments and Risks to Watch, Valuation, Financial Summary, and Disclaimer.



HOLD

L&T Technology Services

LTTS

The best credit quality and the cheapest multiple in this report — for a semiconductor practice it will not size for you

Summary

LTTS is the engineering R&D services arm of the Larsen & Toubro group, reporting through three segments — Mobility, Sustainability and Tech — with semiconductor design, embedded software and, increasingly, AI-data-centre engineering all sitting inside the Tech segment (32-33% of FY26 revenue by one measure). The company entered chip design specifically through its 2018 acquisition of Graphene Semiconductor Services, which brought VLSI design and embedded-software expertise and a claimed roster of "10 of the world's top semiconductor fabrication and fabless companies" as customers — never named publicly. LTTS markets a dedicated "AI data stack" practice spanning power, cooling, compute and software engineering for data-centre clients, and opened a new AI- and defence-focused engineering design centre in Plano, Texas in mid-2025.

Financially, LTTS carries the strongest credit profile of any company in this report — CRISIL reaffirmed AAA/Stable/A1+ in June 2026, supported by a debt-free balance sheet (aside from lease liabilities) and ₹3,531 crore of cash and liquid surplus. Large-deal order intake has been consistently strong, with quarterly total-contract-value wins running \$180-300 million across the past three quarters disclosed in this research. Against that, operating margin has compressed steadily from 22% (FY22) to 18% (FY26), and FY26 net profit growth was essentially flat versus FY25.

The core limitation for this report's purposes is disclosure: LTTS explicitly describes its semiconductor, data-centre-engineering and e-commerce-platform businesses as "newly incubated" and "yet to meaningfully contribute to overall revenue," with no standalone percentage disclosed for any of them. This report cannot verify how large the AI-compute-stack-specific opportunity actually is inside LTTS today — only that management describes it as still small relative to the whole.

Net: a HOLD. LTTS is the most conservatively financed, most creditworthy company in this report, trading at a materially lower multiple than its AI-server or OSAT-linked peers — but the margin-compression trend and the total absence of a disclosed AI/semiconductor revenue figure mean there is no verifiable basis for a more constructive call today.

TARGET PRICE

12-month target	₹3,476
CMP (18 Sep 2026)	₹3,339
Implied upside	+4.1%
Rating	HOLD

KEY STOCK DATA

Market cap	₹35,199 cr
P/E (trailing)	~26.0x
Book value/share	₹611
ROCE / ROE	26.7% / 21.5%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (L&T)	73.52%
DII	14.05%
FII	4.13%
Public	8.29%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	9,647	9,642	10,996
Operating profit	1,919	1,790	1,935
PAT	1,306	1,264	1,281



Investment rationale

- **The strongest balance sheet and credit rating in this report.** CRISIL AAA/Stable/A1+, nil utilisation of fund-based bank limits, and ₹3,531 crore of cash and liquid surplus as of March 2026 — categorically the safest name among this report's eight companies.
- **The cheapest valuation multiple among the AI-compute-stack peer set covered here** — ~26x trailing earnings versus 42-110x for several peers, despite a genuine (if undisclosed-in-scale) semiconductor and AI-data-centre engineering practice.
- **Consistent, large-scale deal-win momentum.** Quarterly large-deal TCV of \$180-300 million across the three most recently disclosed quarters, including individual deals as large as \$100 million.
- **A genuine, decade-old semiconductor design practice,** not a recent pivot — the Graphene acquisition dates to 2018, giving LTTS a longer track record in chip-design services than most peers attempting to enter this space now.
- **A dedicated AI-data-centre engineering practice** spanning power, cooling, compute and software — directly relevant to this report's own value-chain framing of the "hard half" engineering problem in §2-3.
- **L&T group parentage** provides financial and reputational backing that most peers in this report, as standalone entities, do not have.

What gives us pause

- **No disclosed AI/semiconductor/data-centre revenue figure exists** — management explicitly describes these as sub-scale, "newly incubated" businesses, which means this report cannot verify how large or fast-growing the AI-compute-stack-specific opportunity inside LTTS actually is.
- **Operating margin has compressed for four straight years,** from 22% (FY22) to 18% (FY26) — a trend this report's research could not attribute to any single, disclosed cause.
- **FY26 profit growth was essentially flat** versus FY25 (₹1,281cr vs. ₹1,264cr, +1.3%), despite double-digit revenue growth and strong deal-win momentum — suggesting cost pressure is offsetting top-line gains.
- **No named semiconductor or hyperscaler client** was found for the Tech segment's marquee work — only the unnamed "10 of the world's top" claim.
- **The current statutory auditor is unclear** — conflicting names (Khimji Kunverji and Co LLP vs. MSKA & Associates) surfaced in this research and were not resolved.
- **Named brokerage coverage is genuinely split** — from a "Sell"-skewed 41-analyst compilation to a Buy-rated ₹4,850 target (Choice Institutional Equities), a wider disagreement than this report found for several other companies.

Corporate governance assessment

1. Which rules actually apply

LTTS is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, and additionally operates under L&T group-level governance norms given its 73.52% promoter holding by Larsen & Toubro Ltd. This report's research could not fully confirm the current independent-director percentage of the board — that should be checked against the latest annual report before this assessment is treated as complete.

2. What the company does well

LTTS maintains a published, dated Related Party Transactions Policy (version 5.0, February 2025) explicitly aligned to Companies Act Section 188 and SEBI LODR Regulation 23, with wholly-owned-subsidiary transactions charged at cost and material RPTs disclosed to exchanges within 24 hours of board approval — a genuinely specific, verifiable governance commitment. No SEBI penalty or material litigation against LTTS itself was found in this research pass; a November 2025 stock-volume clarification was a routine, proactive disclosure rather than an adverse finding.



3. Grey areas

The conflicting statutory-auditor names found in this research (Khimji Kunverji and Co LLP vs. MSKA & Associates) suggest either a recent, undisclosed-in-this-research auditor transition or a data- aggregation error — this report could not distinguish between the two and flags it as an open item. The lack of any disclosed AI/semiconductor revenue percentage, while not a compliance issue, does limit external financial transparency into one of the company's most strategically marketed growth areas.

4. Red flags

None found in the sources this report's research reached. No SEBI enforcement action, and the one identified parent-company (Larsen & Toubro Ltd, not LTTS) tax-penalty item is explicitly a different legal entity and should not be attributed to LTTS.

5. Items to watch

Confirmation of the current statutory auditor's identity; any future disclosure of a standalone AI/semiconductor/data-centre revenue percentage; and whether the four-year operating-margin compression trend stabilises or continues.

GOVERNANCE CONCLUSION

Sound, with one unresolved data-quality item. LTTS's disclosed governance practices (RPT policy, proactive market-clarification disclosures) are genuinely specific and verifiable, and no adverse finding was located. The conflicting auditor-name data point should be closed before this report's governance assessment is treated as fully complete, but nothing found here argues for a governance-driven discount.

SWOT analysis

STRENGTHS

- CRISIL AAA/Stable/A1+ — the strongest credit rating among this report's eight companies
- Cheapest valuation multiple (~26x) among the AI-compute-stack peer set here
- Consistent \$180-300m quarterly large-deal TCV momentum
- A decade-old, not newly-pivoted, semiconductor design practice (Graphene, 2018)
- L&T group parentage and financial backing

WEAKNESSES

- No disclosed AI/semiconductor/data-centre revenue percentage
- Four straight years of operating-margin compression (22% → 18%)
- FY26 profit growth essentially flat despite strong deal wins
- Statutory auditor identity unresolved in this research

OPPORTUNITIES

- Dedicated "AI data stack" engineering practice spanning power, cooling, compute and software
- New Plano, Texas AI/defence-focused design centre (opened June 2025)
- Expanded Siemens partnership for AI-led industrial process engineering
- Broader India ER&D sector tailwind (Nasscom: sector to cross \$100bn revenue by 2030)

THREATS

- Continued margin compression if cost pressures (e.g. labour-code changes) persist
- No disclosed AI-specific revenue means the market cannot yet reward this growth line explicitly
- Split analyst coverage reflecting genuine disagreement on near-term direction
- Competitive ER&D intensity from Cyient, Tata Elxsi, HCLTech and global peers

Key developments to watch

■ **Any future disclosure of a standalone AI/semiconductor/data-centre revenue percentage** — the single most valuable disclosure this company could make for this report's thesis.



- Whether the four-year margin-compression trend stabilises in FY27.
- Confirmation of the current statutory auditor.

Key risks to be aware of

- **Margin risk (dominant).** Four consecutive years of operating-margin decline is a trend, not noise, and this report could not identify its root cause from public disclosures.
- **Disclosure risk** specific to the AI/semiconductor segment, which limits how confidently this report — or any external analyst — can size the opportunity.
- **Client-concentration risk** implied by the unnamed "10 of the world's top" semiconductor-client claim.
- **Valuation-multiple risk** is comparatively low given the current cheap multiple, but a further margin miss could still compress it further.

Valuation

₹ per share unless stated

FY26 PAT of ₹1,281cr on an implied share count of ~10.54cr (market cap ÷ CMP) gives FY26 EPS of ~₹121.5. Applying an *indicative* 10% forward EPS growth assumption (reflecting the recent flat profit trend, not management guidance) gives a constructed FY27E EPS of ~₹133.7. We apply a target multiple band close to the current trailing multiple, reflecting a stable, well-financed but not currently accelerating business:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	22.0x	133.7	2,941	(11.9)%
Base	26.0x	133.7	3,476	+4.1%
Bull	30.0x	133.7	4,011	+20.1%

Base case rounded to ₹3,476. Named brokerage targets found in this research span a wide ₹2,900-4,850 range, itself a sign of genuine analyst disagreement; our base case sits within that range but does not adopt either extreme.

RECOMMENDATION: HOLD, TARGET ₹3,476 (+4.1% FROM ₹3,339, 18 SEP 2026)

Upgrade triggers: any disclosed standalone AI/semiconductor revenue figure showing meaningful scale or growth; stabilisation or reversal of the four-year margin-compression trend; a named marquee semiconductor or hyperscaler client. **Downgrade triggers:** a further margin decline below 18%; a material deal-win slowdown from the recent \$180-300m quarterly run-rate; or an adverse statutory-auditor- related disclosure.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY22	FY23	FY24	FY25	FY26
Revenue	6,570	8,014	9,647	9,642	10,996
Operating profit	1,415	1,711	1,919	1,790	1,935
Operating margin	22%	21%	20%	19%	18%
Net profit (PAT)	961	1,174	1,306	1,264	1,281



Selected ratios	FY26
ROCE	26.7%
ROE	21.5%
Dividend yield	1.73%
5-year revenue CAGR	15%

Source: screener.in (18 Sep 2026).

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, L&T Technology Services Limited, and have received no compensation from the company.



SELL

Cyient

CYIENT

A real AI acquisition bolted onto five years of declining core-business economics

Summary

Cyient is a Hyderabad-headquartered engineering-services group, reporting through DET (Digital, Engineering & Technology, ~79% of FY25 revenue) and DLM (Design-Led Manufacturing, run through the separately-listed, ~52%-owned subsidiary Cyient DLM). Its AI-compute-stack relevance runs through a dedicated "Cyient Semiconductors" practice offering ASIC/SoC/VLSI design targeted explicitly at HPC and data-centre clients (disclosed at ₹54.1 crore revenue in one quarter, its only standalone figure found in this research), an Allegro MicroSystems co-development centre for automotive power semiconductors, and — the largest single move — a May 2026 definitive agreement to acquire TAO Digital Solutions, a Santa Clara-based AI-native data and product engineering firm, for approximately \$218 million enterprise value.

The acquisition is genuinely significant relative to Cyient's size and was framed by CEO Sukamal Banerjee as elevating the company "into a select group of partners who can credibly deliver AI-native engineering at a global scale." It cleared India's Competition Commission in August 2026 and is targeted to close by Q2 FY27 — meaning, as of this report's research date, it has not yet closed and its contribution is not yet in Cyient's reported financials.

Those reported financials show a genuinely concerning five-year trend that the TAO acquisition has not yet begun to offset: consolidated revenue peaked at ₹7,360 crore in FY25 and declined to ₹7,268 crore in FY26, operating margin compressed from 18% (FY22) to 12% (FY26), and 5-year profit CAGR is reported as negative (~-5% annually) by screener.in's own calculation. A ₹720 crore buyback (approved April 2026, at ₹1,125/share, with promoters explicitly not participating) and a strong DLM-subsiary order book (record ₹2,599 crore, Q1 FY27, book-to-bill of 1.5x) are genuine positives, but they sit alongside a business whose core DET engineering-services segment has been shrinking, not growing.

Net: a SELL. The TAO Digital acquisition is a real, credible bet on AI-native engineering, but it has not closed, its consolidated contribution is entirely prospective, and this report's job is to rate the company on what it has actually reported — which, on revenue and profit trend alone, has been declining for several years.

TARGET PRICE

12-month target	₹988
CMP (18 Sep 2026)	₹1,073
Implied upside	(7.9)%
Rating	SELL

KEY STOCK DATA

Market cap	₹11,930 cr
P/E (trailing)	~29.3x
Book value/share	₹511
Dividend yield	1.49%
Credit rating	CRISIL AA/Stable/A1+

SHAREHOLDING (JUL 2026)

DII	37.49%
Promoters	24.70%
Public	22.74%
FII	14.53%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	7,147	7,360	7,268
EBITDA margin	18%	15%	12%
PAT	703	648	463



Investment rationale

- **A genuinely significant AI-native engineering acquisition.** TAO Digital Solutions (~\$218m enterprise value, CCI-cleared August 2026, targeted to close Q2 FY27) would materially deepen Cyient's AI/GenAI production-deployment and cloud-native engineering capability if it closes as planned.
- **A dedicated semiconductor-design practice targeting HPC and data-centre clients specifically**, with 30+ years of stated silicon-engineering experience and named foundry/EDA/OSAT partner alliances.
- **A strong, growing DLM-subsidary order book.** Cyient DLM's order book hit a record ₹2,599 crore in Q1 FY27, with a 1.5x book-to-bill ratio — a genuinely positive signal inside an otherwise weaker group picture.
- **A shareholder-friendly capital return with a clean signal.** The ₹720 crore buyback explicitly excludes promoter participation, meaning all repurchased value accrues to non-promoter shareholders.
- **Solid credit quality** — CRISIL AA/Stable/A1+, reaffirmed September 2025, one notch below LTTS but still comfortably investment-grade.
- **A rising DII ownership base** (from ~22.7% in Dec 2023 to 37.49% by July 2026) suggests growing domestic institutional conviction, even as FII holding has fallen correspondingly.

What gives us pause

- **Revenue has declined, not grown, over the past year** — FY26 consolidated revenue of ₹7,268 crore is below FY25's ₹7,360 crore, and the 5-year profit CAGR is reported as negative (~-5% annually) by screener.in — a genuinely weak core-business trend this report cannot look past.
- **Operating margin has compressed sharply**, from 18% (FY22) to 12% (FY26) — a faster and larger decline than any other company in this report's peer set.
- **The TAO Digital acquisition has not closed** as of this report's research date, and its contribution is entirely prospective — this report's rating reflects reported financials, not a pending deal's promised future.
- **Cyient pledged 100% of its shareholding in Cyient Semiconductors** to secure debentures issued by that subsidiary in connection with a ₹300 crore capital raise at a ₹4,650 crore valuation — a real, disclosed financial-structuring choice that concentrates risk around the semiconductor subsidiary's own debt servicing.
- **No named semiconductor, fabless or hyperscaler end-client was found** for either the semiconductor-design practice or the AI/data-centre engineering work (including an unnamed hyperscale data-centre power-engineering project in Ireland).
- **No independently verified, named, current brokerage target price** was found in this research — only aggregator-consensus figures, several with apparent currency/unit inconsistencies across sources.

Corporate governance assessment

1. Which rules actually apply

Cyient is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The Audit Committee is chaired by an independent director (Vivek Narayan Gour), with a second independent member (Nitin Prasad) alongside one non-executive director — a properly independent-majority committee structure on its face. This report's research could not confirm the full current board's independent-director percentage.

2. What the company does well

The statutory auditor (S.R. Batliboi & Associates LLP) is a well-established Big Four-network firm, per the FY2025-26 Annual Report. The company maintains a published Related Party Transactions policy and files its Annual Secretarial Compliance Report on schedule. The board includes a distinct Vice Chairman & Managing Director (Krishna Bodanapu) and Executive Director & CEO (Sukamal Banerjee), and the buyback structure's explicit promoter non-participation is a positive, self-imposed governance signal.



3. Grey areas

Cyient has had two CEO-level transitions in a relatively short period (Krishna Bodanapu to Karthikeyan Natarajan in 2023, then Natarajan's resignation in January 2025 and Sukamal Banerjee's appointment by 2026) — not itself a governance failure, but a level of leadership turnover worth monitoring for continuity risk. The pledge of 100% of Cyient's Cyient Semiconductors shareholding against subsidiary debt is a legitimate financing structure but concentrates a real, disclosed risk that a reader should weigh alongside the subsidiary's own execution.

4. Red flags

None found in the sources this report's research reached for Cyient Ltd specifically. We flag explicitly that this research did not perform a dedicated SEBI-order-database or full BSE/NSE corporate- announcement search beyond general web search, so absence of evidence here should not be read as affirmative confirmation of a clean record.

5. Items to watch

The TAO Digital acquisition's actual closing date and disclosed post-closing AI-engineering revenue contribution; any stabilisation in the DET segment's revenue decline; and Cyient Semiconductors' own performance given the parent's pledged shareholding in it.

GOVERNANCE CONCLUSION

Adequate on structure, but the leadership-turnover pattern and the semiconductor-subsidary share pledge both warrant continued attention. Nothing found here points to misconduct, but this report's SELL rating rests on the reported financial trend, not a governance concern — the two are separate findings that happen to point the same direction.

SWOT analysis

STRENGTHS

- TAO Digital acquisition (pending) would materially deepen AI-native engineering capability
- Dedicated semiconductor-design practice targeting HPC/ data-centre clients
- Cyient DLM subsidiary's order book at a record high, 1.5x book-to-bill
- CRISIL AA/Stable/A1+, a solid investment-grade credit profile
- Shareholder-friendly buyback explicitly excluding promoter participation

WEAKNESSES

- FY26 revenue declined YoY; 5-year profit CAGR reported negative
- Operating margin compressed from 18% to 12% over five years — the sharpest decline in this report
- No named semiconductor/hyperscaler end-client for AI/ data-centre work
- 100% of Cyient Semiconductors shareholding pledged against subsidiary debt

OPPORTUNITIES

- TAO Digital's AI-native engineering capability, once integrated
- Cyient Semiconductors' own growth trajectory as a separately-capitalised vehicle
- DLM subsidiary's order-book momentum potentially offsetting DET softness
- Broader India ER&D sector tailwind from AI-driven engineering demand

THREATS

- Continued DET segment revenue decline if the trend does not reverse
- Integration risk on the TAO Digital acquisition once it closes
- Leadership-continuity risk given two recent CEO-level transitions
- Concentrated financial-structuring risk around the pledged Cyient Semiconductors stake



Key developments to watch

- **TAO Digital's actual closing**, targeted Q2 FY27, and its disclosed post-closing contribution.
- **Whether DET segment revenue stabilises or continues declining** in FY27 quarterly results.
- **Cyient Semiconductors' standalone performance**, given the parent's pledged shareholding.

Key risks to be aware of

- **Core-business decline risk (dominant)**. A five-year margin-compression and negative-profit-CAGR trend is the central fact this report's rating responds to.
- **Acquisition-integration risk** once TAO Digital closes.
- **Financial-structuring risk** from the pledged semiconductor-subsidary stake.
- **Client-concentration/disclosure risk** given no named semiconductor or hyperscaler client.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 29.3x and CMP of ₹1,073, implied trailing EPS is ~₹36.6. Applying an *indicative* 8% forward-growth assumption (a cautious but not zero rate, reflecting some stabilisation from the DLM order book against continued DET softness — not the pending, unclosed TAO acquisition) gives a constructed FY27E EPS of ~₹39.5. We apply a target multiple band below the current trailing multiple, reflecting the reported five-year decline in profitability:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	20.0x	39.5	790	(26.4)%
Base	25.0x	39.5	988	(7.9)%
Bull	30.0x	39.5	1,185	+10.4%

Base case rounded to ₹988. This valuation excludes any contribution from the pending TAO Digital acquisition, which had not closed as of this report's research date; a successful close with disclosed, material AI-engineering revenue would be a clear reason to revisit this rating (see upgrade triggers below). No independently verified named-brokerage target was available for direct cross-check.

RECOMMENDATION: SELL, TARGET ₹988 (-7.9% FROM ₹1,073, 18 SEP 2026)

Upgrade triggers: the TAO Digital acquisition closing on schedule with disclosed, material AI-engineering revenue contribution; DET segment revenue returning to growth; or a named, confirmed hyperscaler/semiconductor client for the AI/data-centre engineering practice. **Downgrade triggers:** further DET revenue decline; any delay or termination of the TAO Digital acquisition; or a credit-rating action reflecting the pledged Cyient Semiconductors stake.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY22	FY23	FY24	FY25	FY26
Revenue	4,534	6,016	7,147	7,360	7,268
Operating profit	818	1,003	1,303	1,138	899
Operating margin	18%	17%	18%	15%	12%
Net profit (PAT)	522	514	703	648	463



Selected ratios	FY26
5-year sales CAGR	+12%
5-year profit CAGR	(5)%
Dividend yield	1.49%

Source: screener.in (18 Sep 2026).

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HOLD

Sasken Technologies

SASKEN

A real AI-silicon design win inside a small company whose recent growth is mostly an acquisition, not the win itself

Summary

Sasken is a Bengaluru-headquartered product-engineering company describing its own work as "chip-to- cognition R&D services," reporting through Software Services and Product Solutions segments across semiconductor, automotive, industrial and satellite-communications clients. Its most AI-relevant recent development is a disclosed FY26 win of "a strategic semiconductor engagement with an emerging AI silicon innovator to lead full-chip analog and mixed-signal circuit design for next-generation AI SoCs on advanced 12nm process technology" — a genuine, if unnamed-client, AI-chip-design contract. Q1 FY27 management commentary explicitly linked growth to "AI and silicon demand," with new contract bookings of \$47.1 million in the quarter.

The scale of Sasken's recent growth, however, is substantially a function of the April 2025 completion of its acquisition of Borqs Technologies' ODM/software business (~\$40 million purchase price) rather than organic AI-silicon demand alone: FY26 consolidated revenue grew 102% YoY to ₹1,113 crore, but management's own disclosure attributes this to "27.4% organic growth in strategic accounts" plus the acquisition's first full-year contribution — meaning roughly three-quarters of the reported growth rate is inorganic. EBITDA margin, even after this scale increase, remains thin at 7.9-9.9%, well below the high-teens margins LTTS and (pre-decline) Cyient report, and ROE stands at just 7.0%.

Governance has also shown a recurring, if financially minor, friction pattern: Sasken disclosed three separate BSE/NSE penalty notices between November 2025 and March 2026 (cumulatively ~₹23 lakh) for alleged board/committee-composition non-compliance under SEBI LODR, disputing each while applying for fee waivers. Sell-side analyst coverage is essentially absent — the only indexed formal brokerage report found in this research is a thirteen-year-old, long-superseded ICICI Securities note.

Net: a HOLD. The AI-silicon design win and the broader "60x4x3" growth strategy are genuine positives, but thin margins, low return on equity, an inorganic growth base, and recurring minor governance friction mean this report cannot yet justify paying today's ~35x multiple on the strength of one disclosed design win.

TARGET PRICE

12-month target	₹1,677
CMP (18 Sep 2026)	₹1,720
Implied upside	(2.5)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹2,612 cr
P/E (trailing)	~35.4x
Book value/share	₹563 (P/B ~3.1x)
ROE / ROCE	7.00% / 9.90%
Dividend yield	1.45%

SHAREHOLDING (JUN 2026)

Promoters	42.94%
Public	36.49%
FII	19.11%
DII	1.39%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	406	551	1,113
Operating profit	31	23	88
PAT	79	51	59



Investment rationale

- **A genuine, disclosed AI-silicon design win.** The FY26 engagement to lead full-chip analog and mixed-signal design for next-generation AI SoCs on 12nm process technology, for an unnamed "emerging AI silicon innovator," is a real, if not-yet-sized, entry into AI-chip design work.
- **A three-decade semiconductor-services track record** underpins the credibility of this win — Sasken is not a new entrant chasing an AI-hype label.
- **Strong recent bookings momentum.** \$47.1 million of new contract bookings in Q1 FY27 (₹339 crore quarterly revenue), with management explicitly linking growth to "AI and silicon demand."
- **An explicit, disclosed strategy to reduce customer concentration.** The "60x4x3" plan (60 marquee accounts to \$4M+ revenue each within three years) directly targets a structural risk this report's research confirmed has fallen materially over the years (top-2 customer concentration down from ~50% in FY09 to ~17% by FY25).
- **A debt-free capital structure** and a rising FY26 dividend (₹25/share cumulative).
- **The Borqs acquisition adds real IoT/5G/connected-device capability**, not merely revenue — diversifying the company's addressable engineering-services base.

What gives us pause

- **Most of FY26's headline growth was inorganic.** Of the reported 102% YoY revenue growth, management's own commentary attributes only 27.4% to organic strategic-account growth — the remainder is the Borqs acquisition's first full-year contribution, not underlying AI-silicon demand acceleration.
- **Margins remain thin relative to peers.** FY26 EBITDA margin of 7.9-9.9% is well below the high-teens margins reported by LTTS and Cyient (pre-decline), and ROE of just 7.0% is the lowest disclosed among this report's eight companies.
- **No disclosed percentage of revenue is specifically semiconductor/chip-design-related** — only qualitative "key vertical" language and the one named-but-unidentified AI-silicon engagement.
- **A recurring pattern of minor LODR governance penalties.** Three separate BSE/NSE fines (November 2025, February 2026, March 2026) for alleged board/committee-composition non-compliance, cumulatively modest (~₹23 lakh) but repeated three times within five months — a pattern worth flagging even though the company disputes each instance.
- **Sell-side coverage is essentially absent.** The only indexed formal brokerage report found is a 2013 ICICI Securities note, more than a decade stale — this report could not find any current, verifiable named analyst target price.
- **Order-book disclosure is internally inconsistent** — a "\$35.4 million FY26 order book" figure and a "\$172.7 million FY26 cumulative bookings" figure appear to describe different things without clear labelling in the sources this research reached.

Corporate governance assessment

1. Which rules actually apply

Sasken is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, including Regulations 17(1) and 20(2)/ (2A) governing board and committee composition — the specific provisions cited in the penalty notices described below. This is not an SME-exempt issuer; the LODR obligations at issue apply in full, and the company's own repeated disputes of the resulting fines do not change that the underlying compliance question has been raised three times by the exchanges within five months.

2. What the company does well

The statutory auditor (M S K A & Associates LLP) was re-appointed for a full five-year term with 99.9936% shareholder approval — an overwhelming, clean endorsement. The company maintains published Related Party Transaction disclosures under LODR Regulation 23, and has confirmed it is not classified as a "Large Entity" under SEBI's debt-market framework, correctly limiting the associated disclosure obligations rather than over- or under-claiming compliance scope.



3. Grey areas

The three separate BSE/NSE penalty notices (₹2.68 lakh in February 2026, ₹11.28 lakh in around March 2026, ₹8.82 lakh in November 2025) for alleged board/committee-composition non-compliance, occurring in the period surrounding the Borqs acquisition and associated board changes, suggest a genuine, if financially immaterial, pattern of compliance friction rather than a one-off administrative error. The company disputes the underlying findings in each case and has sought fee waivers and appeals — its position may well be correct, but this report treats a three-times-repeated exchange finding as worth flagging explicitly rather than dismissing on the company's own say-so alone.

4. Red flags

None rising to the level of a confirmed SEBI enforcement action — the LODR penalty notices described above are exchange-level fines, disputed by the company, not adjudicated SEBI orders. We flag the recurring pattern in Section 3 above as the appropriate level of concern, not a red flag.

5. Items to watch

Resolution of the disputed LODR penalty notices and any further such notices; disclosure, if it comes, of a standalone semiconductor/AI-design revenue percentage; and clarification of the order-book-versus- bookings figures described above.

GOVERNANCE CONCLUSION

Adequate, with a recurring compliance-friction pattern that is a caution, not yet a red flag. The clean, overwhelming auditor re-appointment and correct debt-market self-classification are genuine positives; the three repeated LODR penalty notices within five months are a real, if financially minor, pattern this report will not describe as resolved simply because the company disputes each instance.

SWOT analysis

STRENGTHS

- Genuine, disclosed AI-silicon design win with an unnamed "emerging AI silicon innovator"
- Three-decade semiconductor-services credibility, not a recent AI-hype pivot
- Debt-free balance sheet with a rising dividend
- Explicit, disclosed customer-concentration-reduction strategy ("60x4x3")

WEAKNESSES

- ~75% of FY26's headline growth was inorganic (Borqs acquisition), not organic AI demand
- Thin margins (7.9-9.9% EBITDA) and low ROE (7.0%) relative to peers
- No disclosed semiconductor/AI-specific revenue percentage
- Recurring LODR board-composition penalty notices (three within five months)

OPPORTUNITIES

- Scaling the AI-SoC design engagement into a repeatable, multi-client practice
- Borqs-acquired IoT/5G capability cross-selling into existing semiconductor clients
- Continued organic strategic-account growth under the "60x4x3" plan
- Broader India ER&D/semiconductor-design sector tailwind

THREATS

- Further LODR penalty notices if the underlying compliance pattern is not resolved
- Thin margins leaving little buffer against cost inflation (e.g. new labour-code impacts)
- Essentially no sell-side coverage, limiting external validation of the growth story
- Client-concentration risk, even after recent structural improvement

Key developments to watch

- **Any disclosure of a standalone semiconductor/AI-design revenue percentage.**
- **Resolution of the three disputed LODR penalty notices**, and whether further notices follow.



- **Clarification of the order-book vs. cumulative-bookings figures** in the next investor presentation.

Key risks to be aware of

- **Growth-quality risk (dominant).** The bulk of recent growth is acquisition-driven, not organic AI-silicon demand, and this report's rating reflects that distinction.
- **Margin risk** given thin EBITDA margins relative to peers.
- **Governance-friction risk** from the recurring LODR penalty pattern.
- **Coverage/liquidity risk** given the essentially absent sell-side analyst base.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 35.4x and CMP of ₹1,720, implied trailing EPS is ~₹48.6. Applying an *indicative* 15% forward-growth assumption (moderated from the Q1 FY27 YoY surge, which reflected a low prior-year base) gives a constructed FY27E EPS of ~₹55.9. We apply a target multiple band modestly below the current trailing multiple, reflecting the thin margins and low ROE relative to the multiple being paid:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	25.0x	55.9	1,398	(18.7)%
Base	30.0x	55.9	1,677	(2.5)%
Bull	35.0x	55.9	1,957	+13.8%

Base case rounded to ₹1,677. No current, verifiable named-brokerage target exists for cross-check — the only formal report this research located (ICICI Securities, 2013) is too stale to be usable. This valuation should be treated as this report's own independent construction, without the benefit of a sell-side consensus to triangulate against.

RECOMMENDATION: HOLD, TARGET ₹1,677 (-2.5% FROM ₹1,720, 18 SEP 2026)

Upgrade triggers: a disclosed standalone semiconductor/AI-design revenue figure showing meaningful scale; confirmed organic (non-Borqs) revenue growth acceleration; resolution of the LODR penalty pattern with no further notices.

Downgrade triggers: a further LODR penalty notice; margin deterioration below the current 7.9-9.9% band; or evidence that the AI-SoC design engagement was a one-off rather than a repeatable practice.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	406	551	1,113
Operating profit	31	23	88
Operating margin	7.6%	4.2%	7.9%
Net profit (PAT)	79	51	59

Selected ratios	FY26
ROE	7.00%
ROCE	9.90%
Top-5 customer concentration	~50.8% (Q1 FY27)
FY26 dividend (cumulative)	₹25/share

Source: screener.in (18 Sep 2026), cross-checked against Whalesbook/CXOToday FY26 results coverage.



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SELL

Kaynes Technology India

KAYNES

A real, operational OSAT asset, sitting inside a year of genuine governance and execution deterioration

Summary

Kaynes is a diversified EMS company — automotive, industrial, aerospace, medical, railways — that has built a genuine semiconductor packaging asset in Kaynes Semicon, whose Sanand, Gujarat OSAT facility began commercial production of Intelligent Power Modules in early 2026 and was formally inaugurated by the Prime Minister in April 2026, described in press coverage as India's second operational chip (OSAT) unit under the India Semiconductor Mission. The company has also allocated 60-70% of new PCB production capacity to High-Density Interconnect boards used in AI servers and high-speed networking, though this is a manufacturing-capability move rather than a disclosed AI-server end-product line — this report's research found no confirmed Nvidia/AMD/Intel partner status and no confirmed IndiaAI Mission or C-DAC contract for Kaynes, a genuine point of contrast with Netweb.

The past twelve months have been materially difficult. On 5 December 2025, Kotak Institutional Equities flagged related-party-disclosure inconsistencies across Kaynes Technology, its subsidiary Kaynes Electronics Manufacturing, and group entity Iskraemeco, raising questions under three separate accounting standards; the stock fell more than 12% intraday, and the company subsequently characterised the inconsistencies as an inadvertent standalone-statement omission, since rectified. CRISIL placed the company on "A/Watch Developing" that same month before removing the watch and reaffirming CRISIL A/Stable in March 2026. Separately, and independently of that episode, SEBI issued a formal settlement order on 27 March 2026 against promoter and Executive Vice Chairman Ramesh Kunhikannan, who paid ₹23.42 lakh to settle an insider-trading/unpublished-price-sensitive-information database investigation covering a March-June 2023 trading window.

FY26 results then confirmed the operational side of the deterioration: revenue of ₹3,626 crore came in roughly 19-20% below the company's own original ₹4,500 crore guidance (twice cut during the year), and operating cash flow was negative ~₹600 crore, against a working-capital cycle that had stretched to 179 days by year-end. The stock fell from an October 2025 high of ₹7,705 to the ₹3,500 range by this report's research date — a decline of roughly 54%.

TARGET PRICE

12-month target	₹2,925
CMP (18 Sep 2026)	₹3,515
Implied upside	(16.8)%
Rating	SELL

KEY STOCK DATA

Market cap	₹23,629 cr
P/E (trailing)	~68.0x
Book value/share	₹708
ROE / ROCE	8.69% / 12.7%
Credit rating	CRISIL A/Stable (post-Watch)

SHAREHOLDING (JUN 2026)

Promoters	53.46%
Public	28.93%
DII	11.78%
FII	5.82%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	1,805	2,722	3,626
EBITDA margin	14%	15%	16%
PAT	183	293	364



Net: a SELL. Kaynes holds a real, operating semiconductor asset that matters to India's AI-compute- stack build-out at the national level, but the combination of a confirmed SEBI settlement against its top promoter, a disclosure-inconsistency controversy, and a substantial guidance miss with negative cash flow means this report cannot separate the OSAT-asset story from a genuine, recent deterioration in execution and governance quality.

Investment rationale

- **A genuinely operational OSAT facility.** Kaynes Semicon's Sanand plant began commercial production in early 2026 and was inaugurated by the Prime Minister in April 2026 — described in press coverage as India's second operational chip packaging unit under the India Semiconductor Mission, ramping from 1.5 million toward a stated peak of 6.3 million chips/day.
- **Meaningful capacity committed to AI-relevant PCB technology.** 60-70% of new PCB production capacity allocated to High-Density Interconnect boards used in AI servers, HPC and high-speed networking — a genuine manufacturing-capability upgrade, even without a disclosed end-product AI-server line.
- **A large and, per management, growing order book** — cited at ₹6,597 crore (FY25 year-end), rising toward ~₹9,000 crore by the Q3 FY26 concall, with management reiterating a \$1 billion FY28 revenue target.
- **Government scheme participation** across ISM (OSAT subsidy) and, implicitly, broader electronics- manufacturing incentive programmes, consistent with the company's stated diversified-vertical strategy.
- **Credit rating stabilised, not permanently impaired.** CRISIL's "A/Watch Developing" placement was removed within roughly three months, with the rating reaffirmed at A/Stable in March 2026.

What gives us pause

- **A confirmed, primary-sourced SEBI settlement order against the company's top promoter.** SEBI's own settlement order (27 March 2026) confirms Executive Vice Chairman Ramesh Kunhikannan paid ₹23.42 lakh to settle an insider-trading/ UPSI-database investigation — the single most material, independently verified governance fact found for any company in this report.
- **A December 2025 related-party-disclosure controversy,** flagged by Kotak Institutional Equities, raising specific questions under three accounting standards (Ind AS 24, 38 and 103) — the company's own same-day clarification characterised the issue as an inadvertent standalone-statement omission, "since rectified," but the episode wiped out a substantial portion of the stock's market value in the days that followed.
- **A large FY26 guidance miss with negative operating cash flow.** Revenue guidance was cut twice during the year and still missed by ~19-20%; FY26 operating cash flow was negative ~₹600 crore against a 179-day working-capital cycle — flagged explicitly by JM Financial in its May 2026 downgrade.
- **The order book grew even as delivered revenue badly missed guidance** — a disconnect between booked demand and executed revenue that this report's research could not fully explain, and that should concern anyone relying on the order book as a predictor of near-term results.
- **Kaynes's actual AI/data-centre revenue exposure is genuinely unclear** — unlike Netweb, no disclosed AI-specific revenue line exists, no Nvidia/AMD/Intel partner status was confirmed, and the OSAT facility's first product (automotive/ industrial power modules) is not itself an AI-compute part.
- **Named brokerage coverage is split and was materially revised downward through the period** — JM Financial (Reduce, ₹4,350), CLSA (Outperform, ₹4,200) and Elara Capital (Buy, cut ~30% to ₹5,365) all issued their most recent calls around the guidance-miss period, reflecting genuine, ongoing disagreement.



Corporate governance assessment

1. Which rules actually apply

Kaynes is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Chairperson (Savitha Ramesh) and Managing Director (Dr Muthukumar Narayanaswamy) are distinct individuals, so the board does not carry a combined-Chairman-and-MD structure; however, promoter and Executive Vice Chairman Ramesh Kunhikannan (Savitha Ramesh's husband) remains a central, non-titular figure in the company's governance — a family-linked board structure worth naming explicitly rather than glossing over. This report's research could not confirm the current total board size or independent-director percentage.

2. What the company does well

The company issued prompt, same-day clarifications on both the December 2025 related-party-disclosure controversy and a separate media report about a possible auditor change (which it denied), rather than allowing either story to sit unaddressed. Two new independent, non-executive directors — Rajesh Balkrishna Mittal and Annadurai Mylswamy — were appointed in May 2026, broadening board composition following the governance controversies of the prior months. The statutory auditor, K.P. Rao & Co, issued an unmodified audit opinion on the FY26 results.

3. Grey areas

The husband-and-wife Chairperson/Executive-Vice-Chairman structure, while not itself a LODR violation, concentrates influence within one family group at the top of the company. The company's own explanation for the December 2025 related-party-disclosure gap — an "inadvertent" standalone-statement omission — is Kaynes's own characterisation, not independently verified by this research; Kotak's original note raised questions specific enough (mismatched payables/receivables figures, capitalisation-of-intangibles questions) that a reader should treat the "inadvertent and rectified" framing as the company's position, not a settled external finding.

4. Red flags

Yes — a confirmed, primary-sourced SEBI settlement order. SEBI's own website confirms a settlement order dated 27 March 2026 against Ramesh Kunhikannan (described in contemporaneous coverage as "MD of Kaynes Technology India" at the relevant 2023 period) for lapses in maintaining a Structured Digital Database of unpublished price-sensitive information, paying ₹23.42 lakh, with the order subject to reopening in case of misrepresentation or breach of settlement terms. This is the clearest, most directly-attributable governance red flag identified for any company in this report, and should be weighted accordingly by any reader.

5. Items to watch

Any further SEBI or exchange action connected to the December 2025 related-party-disclosure episode; confirmation of the current, complete board composition and independent-director percentage; and whether FY27 results show the order-book-to-revenue conversion gap narrowing.

GOVERNANCE CONCLUSION

Materially weaker than every other company in this report, on primary-sourced evidence, not inference. A confirmed SEBI settlement against the company's top promoter, a disclosure-inconsistency episode serious enough to trigger a CRISIL rating-watch placement, and a family-concentrated board structure together justify a real governance discount — reflected here in a target-multiple band set well below the current trailing multiple, on top of, not instead of, the operational concerns in the valuation section below.



SWOT analysis

STRENGTHS

- Kaynes Semicon OSAT facility commercially operational since early 2026, PM-inaugurated April 2026
- 60-70% of new PCB capacity allocated to AI-relevant HDI boards
- Large, growing disclosed order book (~₹9,000cr by Q3 FY26)
- Prompt exchange clarifications on both governance controversies raised in this period

WEAKNESSES

- Confirmed SEBI settlement order against the promoter/ Executive Vice Chairman
- FY26 revenue missed twice-cut guidance by ~19-20%; negative operating cash flow ~₹600cr
- December 2025 related-party-disclosure controversy across three group entities
- No disclosed AI-specific revenue line and no confirmed Nvidia/AMD/Intel partner status

OPPORTUNITIES

- Kaynes Semicon ramping toward its stated 6.3 million chips/day peak capacity
- Continued ISM 2.0 policy support for domestic OSAT/ packaging capacity
- BOSGAME MoU (Aug 2026) potentially opening a computing-hardware distribution/manufacturing channel
- HDI-PCB capability positioning the company for AI-server-adjacent component demand generically

THREATS

- Any further SEBI or exchange action connected to the Dec 2025 disclosure episode
- Continued order-book-to-revenue execution gap
- Working-capital stress (179-day cycle) constraining near-term cash generation
- Reputational overhang from the settlement order affecting customer/investor trust

Key developments to watch

- **FY27 quarterly results** — specifically whether the order-book-to-revenue conversion gap narrows and whether operating cash flow turns positive.
- **Any further regulatory action** connected to the December 2025 related-party-disclosure episode.
- **Kaynes Semicon's ramp** toward its stated 6.3 million chips/day peak capacity.
- **Confirmation of the complete, current board composition** and independent-director percentage.

Key risks to be aware of

- **Governance risk (dominant).** A confirmed SEBI settlement against the top promoter is a materially different, and more serious, category of risk than anything else found in this report's eight-company universe.
- **Execution risk**, evidenced by the FY26 guidance miss and negative operating cash flow.
- **Working-capital risk** given the 179-day cycle at FY26 year-end.
- **Disclosure-quality risk**, given the December 2025 related-party-transaction episode.

Valuation

₹ per share unless stated

FY26 PAT of ₹364cr on an implied share count of ~6.721cr (market cap ÷ CMP) gives FY26 EPS of ~₹54.2. Applying an *indicative* 20% forward-growth assumption (well below the company's historical growth rate, reflecting the FY26 execution miss and reduced management credibility on guidance) gives a constructed FY27E EPS of ~₹65.0. We apply a target multiple band well below the current trailing multiple, reflecting the confirmed governance and execution deterioration described above:



Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	35.0x	65.0	2,275	(35.3)%
Base	45.0x	65.0	2,925	(16.8)%
Bull	55.0x	65.0	3,575	+1.7%

Base case rounded to ₹2,925. Named brokerage targets found in this research (JM Financial ₹4,350, CLSA ₹4,200, Elara Capital ₹5,365) are all materially above our base case; we set ours more conservatively given the confirmed SEBI settlement, the December 2025 disclosure controversy, and the negative operating cash flow, none of which this report found fully reflected in those named targets' public rationale.

RECOMMENDATION: SELL, TARGET ₹2,925 (-16.8% FROM ₹3,515, 18 SEP 2026)

Upgrade triggers: two consecutive quarters of order-book-to-revenue conversion meeting stated guidance; operating cash flow turning positive; no further regulatory action connected to the December 2025 episode. **Downgrade triggers:** any further SEBI or exchange action; a third consecutive guidance miss; or deterioration in the working-capital cycle beyond 179 days.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	1,805	2,722	3,626
EBITDA margin	14%	15%	16%
Net profit (PAT)	183	293	364

Selected metrics	FY26
ROE	8.69%
ROCE	12.7%
Operating cash flow	~(₹600) cr
Working-capital cycle	179 days

Source: screener.in (18 Sep 2026), cross-checked against JM Financial's 14 May 2026 downgrade note as reported by BusinessToday.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Kaynes Technology India Limited, and have received no compensation from the company. Readers should treat this stock as carrying above-average governance and execution risk, independent of this report's rating, given the confirmed SEBI settlement order and FY26 guidance miss described above.



HOLD

CG Power and Industrial Solutions

CGPOWER

A power-equipment giant with a genuinely operational semiconductor optionality, priced as if the optionality has already paid off

Summary

CG Power is a ₹1.4 lakh crore diversified power and industrial-equipment major — transformers, switch- gear, motors, drives and rail electronics — that has, since its 2020 Murugappa Group takeover, added a genuinely operational semiconductor bet: CG Semi, a joint venture with Japan's Renesas Electronics and Thailand's Stars Microelectronics, began commercial OSAT (packaging and test) production at its Sanand, Gujarat facility on 4 July 2026, roughly 27 months after groundbreaking. This report's AI-compute-stack interest in the company runs on two tracks: the CG Semi packaging line itself, and a directly relevant, named ₹900 crore order (received 16 January 2026, CG Power's largest-ever single order) to supply power transformers engineered specifically for US hyperscale data centres.

The core power-equipment business is executing well by any measure: order backlog rose 45% year-on- year to ₹17,333 crore by the June 2026 quarter, transformer manufacturing capacity is being expanded toward ~120,000 MVA with a new Sehore, Madhya Pradesh plant, and India Ratings reaffirmed the company's issuer rating at IND AA+/Stable as recently as 19 March 2026. A July 2025 QIP raised ₹3,000 crore at ₹660/share, oversubscribed more than 3x, explicitly earmarked for CG Semi and new transformer capacity — and, as of the most recent monitoring-agency report, fully on-schedule with "zero deviation" in use of proceeds.

The counter-argument is almost entirely about price, not business quality. At roughly 100-110x trailing earnings, CG Power trades at a multiple more commonly associated with a pure-play AI or semiconductor story than a capital-goods manufacturer, even one with real semiconductor optionality attached. The company's own recent history also carries a disclosure-relevant governance episode: under prior (Avantha Group) ownership, CG Power was the subject of a major 2019 accounting-fraud finding, resulting in a SEBI market ban and monetary penalties against the former chairman —

TARGET PRICE

12-month target	₹873
CMP (18 Sep 2026)	₹892
Implied upside	(2.1)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,40,530 cr
P/E (trailing)	~101-110x
Book value/share	₹50.6
Dividend yield	not disclosed here
Credit rating	Ind-Ra IND AA+/Stable
Order backlog (Q1FY27)	₹17,333 cr (+45% YoY)

SHAREHOLDING (JUN 2026)

Promoters (Tube Investments)	56.36%
DII	18.23%
FII	11.97%
Public	13.37%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	8,046	9,909	12,418
EBITDA	1,142	1,319	1,641
PAT	1,428	973	1,199



fully pre-dating the current promoter and widely regarded as resolved, but a fact a reader should know before assuming today's governance was always this clean.

Net: a HOLD. The business is executing on nearly every operational metric this report could verify, but the valuation already appears to price in a favourable resolution of the semiconductor optionality that has only just begun generating revenue.

Investment rationale

- **The semiconductor optionality is no longer hypothetical.** CG Semi's Sanand OSAT facility moved from groundbreaking to commercial production in ~27 months, with first commercial shipments already dispatched to Renesas's global customers as of mid-2026 — a real, operating asset, not a slide-deck promise.
- **A direct, named line into AI-data-centre demand.** The ₹900 crore order from Tallgrass Integrated Logistics Solutions (USA), received January 2026, is explicitly for transformers "engineered to meet the stringent reliability, efficiency and uptime requirements of hyperscale data centre applications" — the clearest, most directly attributable AI-data-centre revenue line found anywhere in this report's eight companies.
- **Record order-book momentum across the core business.** Backlog rose 59% YoY for full-year FY26 and a further 45% YoY by Q1 FY27 to ₹17,333 crore, giving multi-quarter revenue visibility independent of the semiconductor bet.
- **A capital-raise track record with verified discipline.** The July 2025 ₹3,000 crore QIP is, per the company's own monitoring-agency reports through Q4 FY26, tracking with "zero deviation" against its stated use of proceeds — a clean execution signal on capital allocation.
- **Rising, not falling, credit quality.** India Ratings has moved the issuer rating up over time to IND AA+/Stable (reaffirmed March 2026), and Tube Investments has explicitly confirmed no new promoter share encumbrance in FY26.
- **ISM 2.0 policy tailwind.** The ₹3,501 crore central capital-subsidy approval for CG Semi's packaging project, disbursed on a milestone basis, reduces the company's own funding burden for the semiconductor build-out.

What gives us pause

- **The valuation leaves little room for anything but a clean outcome.** At ~100-110x trailing earnings, the market is pricing CG Power closer to a semiconductor pure-play than a capital-goods manufacturer — this report's own base-case valuation arithmetic (below) cannot support meaningfully further upside from current levels even on optimistic growth assumptions.
- **An unexplained profit decline sits inside an otherwise clean-looking financial history.** Consolidated PAT fell from ₹1,428 crore (FY24) to ₹973 crore (FY25) despite rising revenue and EBITDA — this report could not identify the exceptional item or below-EBITDA charge responsible, and it should be checked against the FY2025 annual report before being dismissed as a one-off.
- **A historical governance episode, though resolved and pre-dating current ownership, is disclosure- relevant.** In 2019, under then-promoter Avantha Group, CG Power's board found major accounting irregularities involving an alleged ₹1,223.80 crore fund diversion; SEBI subsequently barred former chairman Gautam Thapar from the securities market for five years with a ₹10 crore penalty, alongside penalties for several other individuals and entities. This predates the Murugappa Group's 2020 takeover entirely and the company's current governance is widely regarded as substantially reformed, but it is exactly the kind of history a reader should know before paying today's multiple.
- **No confirmed, standalone credit rating for the CG Power parent from ICRA, CRISIL or CARE.** The best-verified current rating is India Ratings' IND AA+/Stable; ICRA's own commentary references the parent group (Tube Investments) rating rather than issuing a distinct CG Power corporate rating in the sources this report reached, and CG Semi carries its own, separate, one-notch-lower [ICRA]AA- rating.



- **The current statutory auditor could not be confirmed** from any source this report's research reached — a gap that should be closed from the FY26 annual report before relying further on this report's governance assessment.
- **Named brokerage targets disagree by nearly 50%** — from Jefferies' Hold at ₹745 to Nomura's Buy at ₹1,100 — a wide dispersion that reflects genuine uncertainty about how much semiconductor-JV optionality the market should price in today.

Corporate governance assessment

1. Which rules actually apply

CG Power is a mainboard NSE/BSE-listed company, subject to the full SEBI LODR regime (Regulations 17-27), including independent-director-composition, audit-committee and related-party-transaction requirements. As a promoter-controlled (56.36%) company, it is not exempt from any LODR governance obligation on SME-listing grounds. This report's research could not fully confirm the current total board size or independent-director percentage — that confirmation should come from the FY26 annual report's corporate governance section before this assessment is treated as complete.

2. What the company does well

Tube Investments (the promoter) has explicitly and publicly confirmed no new share encumbrance was created during FY26 — a positive, affirmatively-stated governance signal rather than a mere absence of adverse news. The July 2025 QIP has been tracked by an independent monitoring agency (CARE Ratings, in its monitoring-agency capacity) through multiple quarters with confirmed "zero deviation" from stated use of proceeds. Chairman (Vellayan Subbiah) and CEO/Managing Director (Amar Kaul) roles are held by separate individuals, as are CFO (Susheel Todi) and CEO roles. Three new independent directors — Rathin Roy, Pradeep Mathur and Aditi Raja — were added to the board within the past year, broadening its composition.

3. Grey areas

The FY2024-to-FY2025 consolidated PAT decline (₹1,428 crore to ₹973 crore, despite rising revenue and EBITDA) has no publicly identified explanation in the sources this report's research reached — this is legal and not necessarily concerning, but it is a gap in the disclosed narrative that an external analyst cannot currently close. The precise segment-revenue split between Industrial Systems and Power Systems also showed inconsistency between the segment-mix figures and order-backlog figures found in this report's research, suggesting different execution cycles across segments that are not fully reconciled in public secondary sources.

4. Red flags

None found in current (post-2020) operations — but this section must be read alongside the historical 2019 fraud finding described above under prior ownership. That episode resulted in confirmed, adjudicated SEBI action (a five-year market ban and ₹10 crore penalty against the former chairman, plus penalties against several other individuals and entities, for an alleged ₹1,223.80 crore fund diversion), is fully resolved, and predates the current promoter by more than a year. We flag it here not as a live concern but because a report of this kind should never omit a company's most material historical governance event, however resolved. One secondary source referenced a "final order" date of April 2026 for this matter, which is difficult to reconcile with the case's 2019 origin — this report could not confirm whether that later date refers to a separate appellate (SAT) ruling or a citation error, and flags it as an open item rather than asserting either interpretation.

5. Items to watch

Confirmation of the current statutory auditor's identity; a standalone ICRA, CRISIL or CARE corporate rating for the CG Power parent entity (distinct from CG Semi's own rating); the FY2025 annual report's explanation, if any, for the PAT decline; and clarification of the "April 2026" reference in the historical SEBI matter.



GOVERNANCE CONCLUSION

Currently sound, historically scarred, and not fully verifiable from public sources alone. Every verifiable action under the current promoter points toward reformed, disciplined governance — but the scale of the pre-2020 fraud, this report's inability to confirm a full independent-director percentage or a standalone parent-entity credit rating, and an unexplained one-year profit decline mean the appropriate discount belongs in the valuation multiple, not a footnote — reflected here in a target multiple band set around, not above, the current trailing multiple.

SWOT analysis

STRENGTHS

- CG Semi OSAT facility operational, first shipments to Renesas's global customers underway
- Record order backlog, ₹17,333cr as of Q1 FY27, +45% YoY
- India Ratings IND AA+/Stable, reaffirmed March 2026
- Direct, named ₹900cr hyperscale-data-centre transformer order
- QIP proceeds tracked with confirmed zero deviation

WEAKNESSES

- Valuation (~100-110x trailing P/E) leaves little margin of safety
- FY24-to-FY25 PAT decline unexplained in public sources
- Statutory auditor identity unconfirmed
- No standalone parent-entity credit rating from ICRA/CRISIL/CARE found

OPPORTUNITIES

- ISM 2.0's expanded \$13.5bn outlay and further OSAT/packaging incentives
- Global hyperscaler data-centre transformer demand (Nomura's explicit thesis)
- Transformer capacity expansion toward ~120,000 MVA (Sehore plant)
- A planned second (G2) CG Semi facility, details not yet fully disclosed

THREATS

- Historical fraud episode remains a governance-perception overhang for some investors
- Semiconductor JV execution/ramp risk as G1 scales toward full capacity
- Valuation de-rating risk given the multiple's dependence on continued flawless execution
- Rising OSAT competition from Kaynes Semicon and other India Semiconductor Mission entrants

Key developments to watch

- **Cumulative ISM subsidy actually disbursed to CG Semi** — only the ₹3,501 crore approval and the milestone mechanism are confirmed; the running disbursed total is not yet public.
- **G2 CG Semi facility details** — capacity, timeline and product mix have not yet been disclosed.
- **FY2025 annual report's exceptional-items note**, if it addresses the PAT decline.
- **Further named hyperscaler or data-centre transformer orders** beyond the Tallgrass contract, which would confirm this is a repeatable revenue line rather than a single large order.

Key risks to be aware of

- **Valuation risk (dominant)**. At ~100-110x trailing earnings, any disappointment in either the core power-equipment business or the semiconductor ramp could trigger a sharp de-rating.
- **Execution risk on CG Semi's ramp** to its full ~300 million-unit annual capacity.
- **Governance-perception risk** tied to the historical fraud episode, even though resolved.
- **Disclosure risk** — the unconfirmed statutory auditor and unexplained PAT decline limit how fully an external analyst can currently verify the governance picture.



Valuation

₹ per share unless stated

FY26 consolidated PAT of ₹1,199cr on an implied share count of ~157.55cr (market cap ÷ CMP) gives FY26 EPS of ~₹7.61 — modestly above the ~₹7.6-8.9 range a purely disclosed-trailing-P/E back-calculation would imply, consistent with normal TTM-versus-FY26-year-end timing differences. Applying an *indicative* 35% forward EPS growth assumption (reflecting the disclosed order-backlog growth rate, not management guidance) gives a constructed FY27E EPS of ~₹10.27. We apply a target multiple band set around, not above, the current trailing multiple, reflecting the governance and disclosure gaps noted above:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	70.0x	10.27	719	(19.4)%
Base	85.0x	10.27	873	(2.1)%
Bull	100.0x	10.27	1,027	+15.1%

Base case rounded to ₹873. EV/EBITDA cross-check not performed — a reliable, current net-debt figure for the parent entity was not independently confirmed in this research pass. Named brokerage targets found in this research (Nomura ₹1,100, Nuvama bull-case ₹955, MOFSL ₹940, Jefferies ₹745) straddle our base case on both sides, consistent with genuine market disagreement about how much semiconductor optionality to price in.

RECOMMENDATION: HOLD, TARGET ₹873 (-2.1% FROM ₹892, 18 SEP 2026)

Upgrade triggers: a confirmed, standalone investment-grade rating from a second agency (ICRA, CRISIL or CARE) for the CG Power parent; disclosed cumulative ISM disbursement tracking ahead of milestones; a second named hyperscaler data-centre order confirming repeatability. **Downgrade triggers:** any delay to CG Semi's ramp toward full capacity; a further unexplained profit decline; or confirmation that the FY24-25 PAT decline reflects a recurring, not one-off, issue.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY23	FY24	FY25	FY26
Revenue	6,973	8,046	9,909	12,418
EBITDA	1,005	1,142	1,319	1,641
EBITDA margin	14%	14%	13%	13%
Net profit (PAT)	963	1,428	973	1,199

Selected metrics	FY26
Order backlog (Q1 FY27)	₹17,333 cr
Book value/share	₹50.6
Ind-Ra issuer rating	AA+/Stable

Balance sheet and cash-flow statements are not reproduced here at full granularity. Source: screener.in (18 Sep 2026), cross-checked against company press releases and rating-agency documents cited above.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, CG Power and Industrial Solutions Limited, and have received no compensation from the company.



SELL

Netweb Technologies India

NETWEB

This report's own thesis, priced against itself: the purest AI-server play here, at the richest multiple

Summary

Netweb is the closest thing to a pure-play AI/HPC server manufacturer in India's listed markets — its Tyrone brand spans over 200 server models, it is a confirmed NVIDIA manufacturing partner for the Grace and Grace-Hopper MGX platforms, and it holds Intel Partner Award recognition. Its single largest disclosed order is a ₹1,734 crore contract (September 2025, ex-GST) to supply Nvidia Blackwell-based AI infrastructure servers under the IndiaAI Mission — the most direct, largest confirmed link between any company in this report and India's sovereign AI-compute build-out. FY26 revenue grew ~87-90% year-on-year to ~₹2,184 crore, with the company's own commentary crediting AI-systems revenue growth of 459.6% YoY as the primary driver, and the order book plus pipeline stood at roughly ₹2,507 crore and ₹10,410 crore respectively as of the June 2026 quarter.

The company inaugurated a flagship Faridabad manufacturing facility in May 2024 and completed a ₹1,200 crore Qualified Institutions Placement in August 2026 to fund further capacity expansion tied to IT Hardware PLI 2.0 commitments. CRISIL has upgraded Netweb's rating twice within roughly a year, most recently reaffirming CRISIL A+/Stable in August 2025, alongside a large increase in rated bank facilities — a genuine, improving credit signal behind the growth story.

The problem is almost entirely valuation, and it is the sharpest illustration in this entire report of the thesis this primer opened with: Nvidia's own reported margin (~75% gross) and the reported white-box AI-server assembly margin compression (from ~18-20% toward 6-8% generation over generation, per industry trade-press data cited in §3) describe exactly the business Netweb is in — yet the stock trades at roughly 106x trailing earnings, a multiple this report's own valuation arithmetic cannot support even under a materially above-consensus growth assumption. Governance disclosure is also thinner than a company of this market capitalisation warrants: only one independent director was confirmed in this research, against a board with four Lodha-family executive/whole-time directors and a combined Chairman-and-Managing-Director role.

TARGET PRICE

12-month target	₹4,016
CMP (18 Sep 2026)	₹4,664
Implied upside	(13.9)%
Rating	SELL

KEY STOCK DATA

Market cap	₹27,729 cr
P/E (trailing)	~106x
Book value/share	₹127
ROE / ROCE	32.8% / 37.5%
Credit rating	CRISIL A+/Stable/A1

SHAREHOLDING (JUN 2026)

Promoters (Lodha family)	66.98%
Public	17.84%
FII	9.27%
DII	5.91%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	724	1,149	2,184
EBITDA margin	14%	14%	13%
PAT	76	114	206



Net: a SELL. This is not a judgment that Netweb's business is weak — order momentum, Nvidia partnership depth and credit-rating trajectory are all genuinely strong — but a judgment that the price already assumes a continuation of margin economics this report's own research suggests are moving in the opposite direction industry-wide.

Investment rationale

- **A confirmed NVIDIA manufacturing partnership**, spanning Grace and Grace-Hopper MGX server designs, plus Intel Partner Award recognition — genuine reference-design compliance of exactly the kind this report's §1-4 identifies as the entry ticket to this industry.
- **The single largest, most direct IndiaAI Mission link found anywhere in this report.** The ₹1,734 crore Blackwell-based server order (September 2025) is a confirmed, named, government-programme-linked revenue event, not a marketing claim.
- **An improving credit trajectory.** CRISIL upgraded Netweb's long-term rating from A to A+ in June 2025 and reaffirmed it in August 2025, alongside a large increase in rated bank facilities — a genuine signal of strengthening financial capacity.
- **A large, growing order pipeline.** ₹2,507 crore order book plus ~₹10,410 crore total pipeline as of Q1 FY27, with management guidance of ~60% conversion over 18-24 months.
- **A dedicated, purpose-built manufacturing facility** (Faridabad, inaugurated May 2024), spanning PCB design, SMT assembly and full system integration — genuine in-house capability, not pure trading/ resale.
- **Explosive reported AI-segment growth.** Company commentary cites 459.6% YoY growth in "AI Systems" revenue in FY26, the fastest-growing disclosed line of any company in this report.

What gives us pause

- **The valuation already prices in years of continued hyper-growth at expanding, not compressing, margins** — directly at odds with this report's own §3 industry data on assembly-layer margin compression. This is the central reason for this report's SELL call.
- **Governance disclosure is thin for a company of this scale.** Only one independent director (Mrutyunjay Mahapatra) was confirmed in this research, against an executive Chairman-and-Managing-Director (Sanjay Lodha) and three further Lodha-family whole-time directors — this report could not confirm whether the board meets SEBI LODR's heightened independent-director threshold for an executive-chaired board.
- **Recent, material promoter selling.** Promoter holding fell from ~71.0% to 66.98% over one recent quarter, per this research's shareholding-pattern data — not necessarily adverse, but worth noting alongside the August 2026 QIP dilution.
- **CRISIL's own rating rationale explicitly flags supplier and customer concentration risk** — a direct, rating-agency-confirmed vulnerability, not merely an analyst's inference.
- **Unreconciled financial discrepancies exist across secondary sources** for revenue and EBITDA figures — this report has used screener.in's figures (cross-checked against the company's own FY26 results release) as the primary reference, but flags that other aggregated sources showed materially different numbers.
- **An unresolved CESTAT customs/excise appeal** is pending, with the amount in dispute not disclosed in the sources this research reached.



Corporate governance assessment

1. Which rules actually apply

Netweb is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With Sanjay Lodha holding both Chairman and Managing Director titles, SEBI LODR requires at least half the board to be independent directors — this report could not confirm the company's compliance with that threshold, since only one independent director was named in the sources reached. This is the report's single largest governance-verification gap for this company and should be closed before Netweb's governance is assessed as complete.

2. What the company does well

MD and CFO roles are held by separate individuals (Sanjay Lodha as Chairman/MD; Ankit Kumar Singhal as CFO, confirmed permanent in the role since May 2025). Secretarial audit (by P.C. Jain & Co.) confirmed full regulatory adherence in the FY2025 Annual Secretarial Compliance Report. The company's own governance disclosure states all related-party transactions were conducted with prior audit-committee approval — a self-reported compliance statement, not independently verified by this research, but a correctly-followed process on its face.

3. Grey areas

Four of the company's directors (Sanjay, Vivek, Navin and Niraj Lodha) are Lodha-family members in executive or whole-time roles — a heavily promoter-family-weighted board structure. The CFO transition (Prawal Jain's November 2024 departure, cited as "to explore external opportunities," followed by Ankit Singhal's confirmation) happened without this research finding a detailed public explanation, ordinary for a mid-sized listed company but worth noting given how much of the current growth narrative depends on continuity of financial leadership.

4. Red flags

None confirmed as adjudicated matters, but one unresolved item requires disclosure: a tax/ customs-type order dated 8 May 2025 confirmed a demand, interest and penalty against the company; Netweb has appealed to CESTAT, and the matter remains pending with neither the amount in dispute nor the specific subject fully disclosed in the sources this research reached. No SEBI enforcement action or insider-trading finding was found.

5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance for an executive-chaired board; resolution of the CESTAT appeal and disclosure of the amount in dispute; and reconciliation of the conflicting revenue/ EBITDA figures found across secondary sources against the primary annual report.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, but a heavily family-weighted board, an unconfirmed independent-director percentage against a combined Chairman/MD structure, and an unresolved tax appeal mean the appropriate governance discount belongs in the valuation multiple — reinforcing, not offsetting, this report's separately-derived SELL call on valuation grounds alone.



SWOT analysis

STRENGTHS

- Confirmed NVIDIA manufacturing partner (Grace/Grace-Hopper MGX), Intel Partner Award
- Largest confirmed IndiaAI Mission order in this report (₹1,734cr, Sep 2025)
- CRISIL rating upgraded twice within roughly a year
- Purpose-built Faridabad manufacturing facility with full system-integration capability
- Large order pipeline (~₹10,410cr) with disclosed conversion guidance

WEAKNESSES

- Valuation (~106x trailing P/E) unsupported by this report's own arithmetic
- Only one confirmed independent director against an executive Chairman/MD structure
- CRISIL itself flags supplier and customer concentration risk
- Recent promoter selling (71.0% → 66.98% of holding in one quarter)

OPPORTUNITIES

- IndiaAI Mission's continued scale-up toward 100,000 GPUs by end-2026
- Faridabad capacity expansion funded by the August 2026 QIP
- Growing HPC/supercomputing relationship with C-DAC and the National Supercomputing Mission
- Further Nvidia architecture-generation reference designs (post-Blackwell)

THREATS

- Industry-wide assembly-margin compression this report's §3 documents with real, sourced data
- Nvidia's own reported move to centralise assembly among a smaller manufacturer circle
- Customer/supplier concentration, as flagged by CRISIL's own rating rationale
- Unresolved CESTAT customs appeal and thin independent-director disclosure

Key developments to watch

- **Full disclosure of board composition and independent-director percentage** — the single most important governance item to close for this company.
- **Resolution of the CESTAT appeal** and disclosure of the amount in dispute.
- **Conversion of the ~₹10,410cr pipeline** against management's stated 60%/18-24-month guidance.
- **Reconciliation of conflicting revenue/EBITDA figures** against the FY26 annual report once published.

Key risks to be aware of

- **Valuation risk (dominant)**. At ~106x trailing earnings, this report's own arithmetic finds no scenario, even a bullish one, that supports meaningful further upside.
- **Margin-compression risk**, directly on-thesis with this report's own §2-3 findings about the assembly layer of this industry.
- **Concentration risk**, confirmed by CRISIL's own rating rationale.
- **Governance-disclosure risk** given the thin confirmed independent-director representation.

Valuation

₹ per share unless stated

FY26 PAT of ₹206cr on an implied share count of ~5.946cr (market cap ÷ CMP, reflecting the August 2026 QIP dilution) gives FY26 EPS of ~₹34.6. Applying an *indicative* 45% forward-growth assumption (moderated well below the company's own disclosed 5-year profit CAGR of ~90%, on the basis that growth at this magnitude cannot persist indefinitely off a rapidly-scaling base) gives a constructed FY27E EPS of ~₹50.2. We apply a target multiple band below the current trailing multiple, reflecting the industry-wide margin-compression evidence in §3 rather than assuming Netweb is exempt from it:



Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	65.0x	50.2	3,263	(30.0)%
Base	80.0x	50.2	4,016	(13.9)%
Bull	95.0x	50.2	4,769	+2.3%

Base case rounded to ₹4,016. Even our bull-case scenario, applying a 95x forward multiple against a well-above-consensus 45% growth assumption, produces only marginal upside from the current price — a sign of how much good news is already reflected in ₹4,664. Named brokerage targets found in this research (ICICI Securities ₹4,110, initiated December 2025; BofA Securities ~₹5,000, date unconfirmed) sit on either side of our base case; both are dated well before the stock's most recent run-up, and neither, on this report's reading, has been updated to reflect it.

RECOMMENDATION: SELL, TARGET ₹4,016 (-13.9% FROM ₹4,664, 18 SEP 2026)

Upgrade triggers: confirmed board independence meeting SEBI LODR's 50% threshold; disclosed evidence that assembly-layer margins are holding or expanding against this report's own industry findings; resolution of the CESTAT appeal with no material liability. **Downgrade triggers:** any further evidence of Nvidia's own margin-capture strategy tightening (per §1, §3); a slowdown in pipeline- to-order-book conversion; or further promoter selling.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	724	1,149	2,184
EBITDA margin	14%	14%	13%
Net profit (PAT)	76	114	206

Selected metrics	FY26
ROE	32.8%
ROCE	37.5%
Order book (Q1 FY27)	₹2,507 cr
Pipeline (Q1 FY27)	~₹10,410 cr

Source: screener.in (18 Sep 2026), cross-checked against the company's own FY26 results release (₹21,835.6mn = ₹2,183.6cr revenue, consistent with the screener.in figure used here).

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Netweb Technologies India Limited, and have received no compensation from the company.



BUY

Dixon Technologies (India)

DIXON

India's largest EMS company, entering servers through the back door of a Taiwanese ODM joint venture

Summary

Dixon is India's largest electronics manufacturing services company by revenue, built on mobile-phone and consumer-electronics contract manufacturing, now growing a genuine IT-hardware and server ambition on top of that base. Its most AI-compute-stack-relevant move is a joint venture signed with Taiwanese ODM Inventec Corporation (Dixon 60%, Inventec 40%), consummated 18 October 2025, to manufacture notebooks, desktops and — explicitly — servers in India, with the factory targeted for completion in Q2 calendar 2026. Inventec is a top-5 global PC ODM with existing server manufacturing capability, making this one of the more credible server-manufacturing entry routes among this report's eight companies, even though it remains pre-revenue as of this report's research date.

The much larger story is Dixon's core execution: consolidated FY26 revenue grew 28% to ~₹48,900 crore with PAT up 33% to ₹1,644 crore, the company carries zero outstanding borrowings as of 31 March 2026, and it has simultaneously signed IT-hardware manufacturing agreements with HP, Lenovo, Acer and Asus, a display-panel joint venture with China's HKC, and a smartphone-manufacturing joint venture with Vivo — a genuinely diversified, well-capitalised platform for India's broader electronics-localisation policy push (IT Hardware PLI 2.0 explicitly covers servers).

The AI-server-specific case remains largely a call option: this report could not find a disclosed percentage of Dixon's revenue attributable to IT hardware or servers specifically — it sits bundled inside a ~90% "Mobile & EMS" segment line — and no named end-customer for the Inventec server line was found. A handful of governance items (an unconfirmed statutory auditor, an unread March 2023 SEBI order whose relevance to the listed entity is unclear) are open items rather than confirmed problems, but should be closed before this report's assessment is treated as final.

Net: a BUY, on the strength of the core execution record, the zero-debt balance sheet, and a real, if still unproven, entry into server manufacturing — priced at a multiple this report's own arithmetic finds does not yet fully capture that combination.

TARGET PRICE

12-month target	₹15,360
CMP (18 Sep 2026)	₹13,005
Implied upside	+18.1%
Rating	BUY

KEY STOCK DATA

Market cap	₹79,552 cr
P/E (trailing)	~42.4x
Book value/share	₹769
Net debt	Zero (net cash)
Credit rating	ICRA AA (Stable)/A1+

SHAREHOLDING (JUN 2026)

Promoters	28.55%
DII	28.38%
FII	17.87%
Public	25.20%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	17,691	38,860	48,873
EBITDA	705	1,515	1,873
PAT	375	1,233	1,644



Investment rationale

- **A credible server-manufacturing entry via an experienced global ODM.** The Inventec JV brings a top-5 global PC ODM's existing server-manufacturing know-how into India, rather than Dixon attempting to build that capability from scratch — factory targeted for completion Q2 calendar 2026.
- **A zero-debt balance sheet funding an aggressive multi-front expansion.** Simultaneous JVs spanning IT hardware/servers (Inventec), displays (HKC) and smartphones (Vivo) are all being funded without adding leverage, a real balance-sheet strength most peers in this report cannot match.
- **Direct participation in IT Hardware PLI 2.0**, which explicitly incentivises server manufacturing alongside laptops and tablets — Dixon's approval under the scheme (originally notified 2021, with a 2023 PLI 2.0 successor covering servers) gives it a funded pathway to scale this business.
- **Diversification reducing single-segment dependence.** Consumer electronics, appliances, lighting, mobile/EMS, security surveillance and now IT hardware give Dixon more end-market spread than any other company in this report.
- **Consistently strong recent execution.** FY26 revenue +28%, PAT +33%, following a similarly strong FY25 — a multi-year track record, not a single good quarter.
- **Improving credit quality** — ICRA's rating has moved from A+ to AA over time, citing sustained scale improvement and improved leverage metrics, now further supported by the zero-debt position.

What gives us pause

- **The server/IT-hardware opportunity is still mostly unproven revenue.** This report could not find a disclosed percentage of consolidated revenue from IT hardware/servers specifically, nor a named end-customer for the Inventec server line — the segment remains bundled inside a much larger, thinner- margin mobile/EMS base (~90% of revenue).
- **EMS-model margins are structurally thin.** Operating margin has run 3.8-4.3% across the past three years — Dixon's earnings power depends on volume and working-capital efficiency, not pricing power, a dynamic consistent with this report's own §2-3 thesis about the assembly layer of the value chain.
- **The current statutory auditor could not be confirmed** from any source this report's research reached — only a recent secretarial-auditor change (to SBYN & Associates LLP) was found.
- **An unread SEBI order exists**, dated March 2023, captioned "Dixon Technologies India Private Limited" — its relevance to the listed entity, a subsidiary, or an unrelated similarly-named private company was not established in this research pass and should be checked before this report's governance assessment is treated as complete.
- **Conflicting quarterly profit figures** appeared across secondary sources for Q1 FY26 (₹280 crore vs. ₹718 crore) — this report has not relied on either figure and flags the discrepancy for direct verification against Dixon's exchange filings.
- **Competitive-intensity concerns** have been flagged by at least one brokerage (mid-2025) as a stock overhang, given how many well-capitalised players are now chasing the same India electronics- manufacturing incentive schemes.

Corporate governance assessment

1. Which rules actually apply

Dixon is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With Vice Chairman & Managing Director Atul Lall and Chairman Sunil Vachani in distinct roles, and CFO/Director-Finance Saurabh Gupta a separate individual again, the company does not carry the combined-Chairman-and-MD structure that triggers a heightened independent-director threshold under LODR. This report's research could not confirm the full current board composition or independent-director percentage — that should be checked against the FY26 annual report before this assessment is treated as complete.



2. What the company does well

MD, Chairman and CFO roles are held by three separate individuals. The company appointed a new secretarial auditor (SBYN & Associates LLP) in a move framed by coverage as governance-strengthening. Two long-serving independent directors (Dr Manuji Zarabi, Ms Poornima Shenoy) completed their full, Companies-Act-limited terms and retired on schedule (February 2025) rather than being extended past statutory limits — a clean, by-the-book board-refresh signal. The zero-debt balance sheet removes an entire category of promoter-guarantee and covenant risk relevant to governance.

3. Grey areas

Material related-party transactions by Dixon's subsidiaries, disclosed for shareholder approval at values "likely to exceed ₹1,000 crore," were referenced in company disclosures without full counterparty detail available in this research pass — plausibly routine intra-group EMS arrangements (e.g. with Padget Electronics or JV subsidiaries), but not independently confirmed as such. A \$220 million guarantee issued to Lenovo for the Padget Electronics division indicates meaningful financial exposure to a single customer relationship, worth monitoring even absent any current concern.

4. Red flags

None confirmed, but one item remains genuinely unresolved. The March 2023 SEBI order captioned "Dixon Technologies India Private Limited" was located but its content was not read in this research pass, and its relevance to the NSE/BSE-listed Dixon Technologies (India) Limited could not be established — it may concern the listed entity, a subsidiary, or an unrelated private company of similar name. We flag this explicitly rather than assuming either a clean record or a live issue.

5. Items to watch

Direct confirmation of the March 2023 SEBI order's subject and relevance; confirmation of the current statutory auditor's identity; disclosure, if it ever comes, of a standalone IT-hardware/server revenue percentage; and the Inventec JV factory's actual completion and first shipment dates against the Q2 calendar-2026 target.

GOVERNANCE CONCLUSION

Adequate on every point this report could verify, with one open item that is not yet a red flag but should not be ignored. Board-refresh discipline, a zero-debt balance sheet, and separated leadership roles are all genuine positives. The unread 2023 SEBI order and unconfirmed statutory auditor are gaps in verification, not confirmed problems — but a reader relying on this report should close them independently before treating Dixon's governance as fully clean.



SWOT analysis

STRENGTHS

- India's largest EMS company by revenue, zero net debt
- Inventec JV brings proven global ODM server-manufacturing capability into India
- Diversified across mobiles, consumer electronics, appliances, lighting, IT hardware
- ICRA AA (Stable)/A1+, an improving credit trajectory
- FY26 revenue +28%, PAT +33%, a multi-year consistent growth record

WEAKNESSES

- Structurally thin EMS operating margins (3.8-4.3%)
- No disclosed IT-hardware/server revenue % — bundled in a ~90% mobile/EMS line
- Statutory auditor unconfirmed; a 2023 SEBI order's relevance unresolved
- No named end-customer yet for the Inventec server line

OPPORTUNITIES

- IT Hardware PLI 2.0's explicit server-manufacturing incentive
- Inventec JV scaling into system integration and full box-build over time
- HKC display JV and Vivo smartphone JV broadening the manufacturing platform further
- India's broader electronics-localisation policy tailwind (ECMS, PLI schemes)

THREATS

- Rising competitive intensity as more well-capitalised players chase the same incentive schemes
- Thin-margin EMS model exposed to input-cost and currency swings
- Execution risk across simultaneous multi-JV expansion (Inventec, HKC, Vivo)
- Unresolved 2023 SEBI order, if it does concern the listed entity

Key developments to watch

- **Inventec JV factory completion** against its Q2 calendar-2026 target, and the first disclosed server shipment/customer.
- **Vivo JV (Adivistar Electronics) ramp** to full-scale operations, targeted September 2026.
- **Any disclosed IT-hardware/server revenue split** in a future investor presentation.
- **Resolution of the March 2023 SEBI order's relevance** to the listed entity.

Key risks to be aware of

- **Execution risk (dominant).** Four simultaneous JVs (Inventec, HKC, Vivo, plus the existing PLI IT-hardware ramp) is an unusually large number of concurrent new-business bets for one management team.
- **Margin risk.** The core EMS model's thin margins leave limited room for absorbing cost shocks.
- **Disclosure risk.** The unconfirmed auditor and unread SEBI order limit full governance verification.
- **Customer-concentration risk** implied by the \$220m Lenovo guarantee.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 42.4x and CMP of ₹13,005, implied trailing EPS is ~₹306.7. Applying an *indicative* 25% forward EPS growth assumption (below Dixon's historical 4-year revenue CAGR of ~42%, reflecting a large-base deceleration assumption, not management guidance) gives a constructed FY27E EPS of ~₹383.4. We apply a target multiple band centred close to the current multiple, reflecting a genuinely strong but not yet AI-server-proven business:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	35.0x	383.4	13,419	+3.2%
Base	40.0x	383.4	15,336	+17.9%
Bull	45.0x	383.4	17,253	+32.7%



Base case rounded to ₹15,360. EV/EBITDA cross-check not performed given the zero-net-debt position makes the two methods converge closely. Named brokerage reference: Nuvama's December 2026 target of ₹16,600 (source not independently re-verified against the primary note) sits above our base case, consistent with a bull-leaning house view; our figure is set more conservatively pending closure of the open governance items above.

RECOMMENDATION: BUY, TARGET ₹15,360 (+18.1% FROM ₹13,005, 18 SEP 2026)

Upgrade triggers: a disclosed IT-hardware/server revenue percentage showing meaningful scale; a named anchor customer for the Inventec server line; confirmation of the statutory auditor and resolution of the 2023 SEBI order with no adverse finding. **Downgrade triggers:** a delay to the Inventec JV factory beyond Q2 calendar 2026; any adverse finding in the unresolved SEBI order; or a margin deterioration below the recent 3.8-4.3% band.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY23	FY24	FY25	FY26
Revenue	12,192	17,691	38,860	48,873
EBITDA	519	705	1,515	1,873
EBITDA margin	4.3%	4.0%	3.9%	3.8%
Net profit (PAT)	255	375	1,233	1,644

Selected metrics	FY26
Book value/share	₹769
Net debt	Zero (net cash)
ICRA rating	AA (Stable)/A1+

Source: screener.in (18 Sep 2026); FY26 press-release figures showed minor variance (revenue ₹49,586cr vs. screener's ₹48,873cr) not fully reconciled in this research pass.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Dixon Technologies (India) Limited, and have received no compensation from the company.



SELL

Syrma SGS Technology

SYRMA

A genuinely improving EMS business trading well ahead of nearly every named brokerage's own target

Summary

Syrma SGS is a diversified electronics manufacturing services company — consumer, automotive, industrial and healthcare PCB assembly — that has, within the past year, taken its most direct step yet into AI-adjacent hardware: a partnership with Giga Computing (the server-ODM arm of Gigabyte), publicly marked by a "first build milestone" for PCBA production of two named server motherboard models (MS73-HB0 and MZ33-AR1) at Syrma's Chennai facility, with a stated roadmap toward full system integration and box-build. The company is simultaneously backward-integrating into PCB and copper-clad-laminate manufacturing via a South Korean joint venture (Shinhyup Electronics) in Andhra Pradesh, and has diversified into defence and maritime electronics through the acquisition of a 60% stake in Elcome Integrated Systems.

The underlying financial trajectory is genuinely strong: consolidated revenue grew from ₹3,154 crore (FY24) to ₹4,819 crore (FY26), PAT nearly tripled over the same period to ₹346 crore, and India Ratings upgraded the company's long-term bank facility rating to IND AA (Stable) in May 2026 — a clean upward credit trajectory backed by a net-cash balance sheet (~₹404 crore net cash).

The problem is almost entirely the price the market is currently asking for that story. Syrma trades at roughly 90x trailing earnings and 11.6x book value, and — unusually for this report's eight companies — this report found genuine, current, multi-house named brokerage coverage (Motilal Oswal, ICICI Direct/Securities, BOB Capital Markets, Geojit BNP Paribas, HDFC Securities) whose own targets, even at their most recent and most bullish (Motilal Oswal's ₹1,770, 30 July 2026), sit only fractionally above the current price, while the broader named-broker average (₹1,231, per Trendlyne) sits roughly 29% below it. The stock's 2026 re-rating has, on the weight of the evidence this report gathered, outrun its own covering analysts.

Net: a SELL — not because the business is deteriorating, but because this report's own valuation arithmetic, echoed by the median of a genuinely well-covered analyst base, cannot support the current price even on optimistic growth assumptions.

TARGET PRICE

12-month target	₹1,250
CMP (18 Sep 2026)	₹1,729
Implied upside	(27.7)%
Rating	SELL

KEY STOCK DATA

Market cap	₹33,338 cr
P/E (trailing)	~89.8x
Book value/share	₹148 (P/B ~11.6x)
Net cash	~₹404 cr
Credit rating	Ind-Ra IND AA/Stable

SHAREHOLDING (JUN 2026)

Promoters (0% pledged)	42.28%
DII	15.90%
FII	7.51%
Public	34.17%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	3,154	3,787	4,819
EBITDA	203	323	546
PAT	124	184	346



Investment rationale

- **A direct, named entry into server manufacturing.** The Giga Computing partnership is a genuine PCBA-to-box-build roadmap for server motherboards, manufactured in Chennai — one of the more concrete AI-server-adjacent moves among this report's eight companies, even though its revenue contribution is not yet disclosed.
- **A clean, improving credit trajectory.** India Ratings moved Syrma from Stable to Positive outlook and then upgraded to IND AA (Stable) in May 2026, against a net-cash balance sheet.
- **Strong, broad-based financial momentum.** Revenue +27% and PAT +88% in FY26 alone, with EBITDA margin expanding from ~6.4% (FY24) to ~11.3% (FY26).
- **Genuine backward integration into PCB/CCL manufacturing** via the Shinhyup Electronics JV, targeted for 2026-27 commissioning, reducing reliance on imported bare boards.
- **Broad certification stack** (AS9100, IATF 16949, ISO 13485, ISO 9001/14001) spanning aerospace, automotive, medical and industrial standards — a genuine, multi-sector manufacturing-quality moat.
- **Real, multi-house sell-side analyst coverage** — a differentiator versus several other companies in this report where coverage is thin or absent.

What gives us pause

- **The stock trades ahead of nearly every named brokerage's own target.** Of nine dated broker calls this report found (January-July 2026), only the single most recent (Motilal Oswal, ₹1,770, 30 July 2026) sits above the 18 September 2026 price of ₹1,729 — and only marginally; the named-broker average sits roughly 29% below the current price.
- **The Giga Computing server line's financial contribution is undisclosed.** No revenue figure, customer commitment, or contract value has been published for the partnership as of this report's research date — the AI-server narrative currently runs ahead of any disclosed number.
- **Basic operating facts are inconsistent across public sources.** This report found the company's total manufacturing facility count cited as 5, 12 and 18 in different secondary sources — a level of inconsistency this report could not resolve, and a caution against over-relying on any single secondary description of the company's scale.
- **No disclosed customer-concentration figure** was found — unlike some peers in this report (Sasken), Syrma does not appear to publish a top-5/top-10 customer percentage, limiting external assessment of revenue-base risk.
- **Valuation multiples (89.8x P/E, 11.6x P/B) are rich by any absolute standard**, for a business still majority-weighted toward commodity consumer/automotive/industrial EMS work.
- **Investment-figure inconsistency on the Andhra Pradesh JV** — cited as both ~₹159.5 crore and ~₹1,800 crore across sources — suggests either a materially under- or over-stated scope that this report could not resolve.

Corporate governance assessment

1. Which rules actually apply

Syrma SGS is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Executive Chairman Sandeep Tandon and Managing Director Jasbir Gujral hold distinct roles; this report's own count of the disclosed board (11 members, 5 independent) suggests compliance with LODR's independent-director composition norms, though this is this report's own arithmetic on a fetched director list rather than a company-stated percentage, and should be confirmed against the FY25-26 Corporate Governance Report.



2. What the company does well

The statutory auditor (Walker Chandiok & Co LLP) was appointed at the AGM in a standard, disclosed process for a full five-year term, with no subsequent change or controversy found. No promoter share pledge exists (0.00% per aggregator data). The company maintains and publicly discloses a full suite of governance policies (related-party transactions, insider trading, whistleblower, anti-bribery). No SEBI enforcement action, litigation, or related-party-transaction controversy was found in this research pass.

3. Grey areas

The inconsistent facility-count and JV-investment figures described above are not governance issues in the compliance sense, but they do reflect a company whose public secondary-source narrative is less tightly controlled or consistently reported than some peers in this report — worth noting as a disclosure-clarity observation. The absence of any customer-concentration disclosure is a second, related gap.

4. Red flags

None found in this research pass. We note explicitly that absence of evidence is not evidence of absence — no dedicated SEBI-order-database or full BSE/NSE corporate-announcement search was performed beyond general web search, and a Business Line article specifically addressing Syrma's "cautious" stance on further semiconductor moves could not be retrieved (403 error) for full verification.

5. Items to watch

Confirmation of the current, authoritative facility count directly from the company's own disclosures; any disclosed financial contribution from the Giga Computing partnership; and resolution of the Andhra Pradesh JV investment-figure discrepancy.

GOVERNANCE CONCLUSION

Clean on every point this report could verify, with disclosure-consistency gaps that are a caution about data quality rather than a governance concern. Nothing found here argues against the company's operational and credit-quality story; the SELL rating in this report rests entirely on valuation, not on any governance finding.



SWOT analysis

STRENGTHS

- Giga Computing server-motherboard manufacturing partnership, live since Jan 2025
- Credit rating upgraded to Ind-Ra IND AA (Stable), May 2026, on a net-cash balance sheet
- Broad certification stack spanning aerospace, automotive, medical, industrial standards
- Genuine multi-house sell-side analyst coverage
- Revenue +27%, PAT +88% in FY26 alone

WEAKNESSES

- Very rich valuation: ~90x trailing P/E, ~11.6x book value
- Giga Computing line's revenue contribution undisclosed
- Facility count and JV investment figures inconsistent across sources
- No disclosed customer-concentration figure

OPPORTUNITIES

- Scaling the Giga Computing line from PCBA into full box-build
- Andhra Pradesh PCB/CCL backward integration reducing import dependence
- Defence and maritime diversification via the Elcome acquisition
- ECMS scheme participation supporting further component localisation

THREATS

- Stock trading ahead of nearly every named brokerage's own target
- Competitive EMS intensity from Dixon, Kaynes and other well-capitalised entrants
- Execution risk across multiple simultaneous JVs and acquisitions (Shinhyup, Elemaster, Elcome)
- Any slowdown in the Giga Computing partnership's progression toward box-build

Key developments to watch

- **Any disclosed financial contribution from the Giga Computing server line** — currently the single biggest gap between this company's AI-hardware narrative and its reported numbers.
- **Andhra Pradesh PCB/CCL facility commissioning**, targeted 2026-27.
- **Further named brokerage target revisions** — given how far the stock has run ahead of the current named-broker average.

Key risks to be aware of

- **Valuation risk (dominant)**. Even this report's optimistic-growth base case cannot support the current price.
- **Concentration/disclosure risk** given the absence of a published customer-concentration figure.
- **Execution risk** across several simultaneous JVs and acquisitions.
- **Narrative-ahead-of-numbers risk** specific to the still-undisclosed Giga Computing contribution.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 89.8x and CMP of ₹1,729, implied trailing EPS is ~₹19.26. Applying an *indicative* 30% forward EPS growth assumption (below the company's own recent 5-year profit CAGR of ~36%, reflecting some deceleration from a smaller base) gives a constructed FY27E EPS of ~₹25.03. We apply a target multiple band well below the current trailing multiple, reflecting both the extent of the recent re-rating and the weight of named-brokerage evidence gathered in this research:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	40.0x	25.03	1,001	(42.1)%
Base	50.0x	25.03	1,251	(27.7)%
Bull	60.0x	25.03	1,502	(13.1)%



Base case rounded to ₹1,250. Even the bull-case scenario above sits below the current price. This is broadly consistent with the named-brokerage evidence gathered in this research: Trendlyne's own aggregation of 13 reports from 5 analysts shows an average target of ₹1,230.80, itself roughly 29% below CMP by Trendlyne's own framing, and only the single freshest call (Motilal Oswal, ₹1,770, 30 July 2026) sits above current levels.

RECOMMENDATION: SELL, TARGET ₹1,250 (-27.7% FROM ₹1,729, 18 SEP 2026)

Upgrade triggers: a disclosed, material revenue contribution from the Giga Computing server line; a resolved, consistent facility-count and JV-investment disclosure; or a broad-based upward revision across the named-broker coverage set.

Downgrade triggers: any delay or wind-down of the Giga Computing partnership; further valuation expansion without a corresponding earnings upgrade; or a customer-concentration disclosure revealing higher-than-assumed dependence on a small client base.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	3,154	3,787	4,819
EBITDA	203	323	546
EBITDA margin	6.4%	8.5%	11.3%
Net profit (PAT)	124	184	346

Selected metrics	FY26
ROE	14.0%
ROCE	16.8%
Net cash	~₹404 cr
Order book	~₹6,400 cr

Source: screener.in (18 Sep 2026), cross-checked against ScanX/company results coverage cited above.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Syrma SGS Technology Limited, and have received no compensation from the company.



BUY

Voltamp Transformers Ltd

VOLTAMP

The cheapest name in the power-equipment cluster, carrying this report's single strongest data-center order-mix data point

Summary

Voltamp Transformers gives this report its cleanest, most-quoted data-center data point: per company commentary around its Q1 FY27 results (quarter ended 30 June 2026), **data centres accounted for roughly 31% of the quarter's order inflow** — described by the company as "a new and fast-growing demand pool that barely existed in Voltamp's order book two years ago," alongside renewables, EV infrastructure and semiconductor-linked investment. No other company in this sector report discloses a single quarter's order mix broken out this cleanly. Voltamp is an independent, non-MNC-affiliated, second-generation promoter-family-led manufacturer of oil-filled power and distribution transformers (up to 160 MVA, 220 kV class) and dry-type transformers, based in Vadodara, Gujarat — a genuinely different ownership structure from MNC-backed peers such as Hitachi Energy India or GE Vernova T&D India.

Revenue grew steadily from ₹1,616 crore (FY24) to ₹1,934 crore (FY25) to a record ₹2,154 crore (FY26), but PAT actually dipped slightly in FY26, from ₹325 crore to ₹305 crore, as operating margin compressed from 20% to 16% on rising CRGO-steel, copper and transformer-oil input costs (the latter partly linked to Middle East-conflict-driven crude disruption), rupee depreciation and vendor price increases amid strong export demand. The balance sheet, by contrast, is essentially unassailable: overall gearing of 0.06x, no fund-based term debt, ~₹1,061 crore of unencumbered liquid investments (30 June 2025), and a CARE AA/Stable long-term rating that has been reaffirmed unchanged across four consecutive annual review cycles (2022, 2023, 2024, 2025) — a stability signal rather than an upgrade trajectory, but a genuinely clean one. ROCE stands at 23.5% (screener.in) to 27.9% (CARE, FY25), depending on the calculation window.

At roughly 34.7x trailing earnings, Voltamp is the cheapest stock in this report's power-equipment cluster — notably cheaper than Hitachi Energy India's disputed 122-154x — despite carrying the report's most directly quantified data-center order-mix statistic. The catch is that this 31% figure is an aggregate order-mix number only: no source found names a specific hyperscaler or data-center operator as a Voltamp customer, and no source quantifies the absolute rupee value of data-center-linked orders. A greenfield EHV transformer

TARGET PRICE

12-month target	₹13,224
CMP (18 Sep 2026)	₹10,879
Implied upside	+21.6%
Rating	BUY

KEY STOCK DATA

Market cap	₹11,006 cr
P/E (trailing)	~34.7x
Book value/share	₹1,771
ROE / ROCE	17.4% / 23.5%
Credit rating	CARE AA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Patel family)	30.00%
DII	33.85%
FII	21.53%
Public	14.57%
Government	0.06%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	1,616	1,934	2,154
EBITDA margin	20%	19%	16%
PAT	307	325	305



facility at Jarod (Vadodara district — 6,000 MVA of additional capacity, up to 250 MVA/220kV, ₹200 crore capex funded entirely through internal accruals) is under construction to relieve a plant that ran above 100% of nameplate utilization in FY25; its commissioning timeline has already slipped twice, from an original June/July 2026 target to (most recently disclosed) October 2026.

Net: a BUY. The combination of the cheapest multiple in the cluster, a genuinely quantified and growing data-center order-mix contribution, a fortress balance sheet and an unbroken four-cycle AA credit rating outweighs the near-term margin-compression evidence and the absence of a named anchor data-center customer. This is this report's highest-conviction call among the two names covered here.

Investment rationale

- **The single strongest quantified data-center data point in this report.** Data centres were ~31% of Q1 FY27 (quarter ended 30 June 2026) order inflow, per company commentary — a demand pool the company itself describes as barely existing two years earlier.
- **Cheapest valuation in the power-equipment cluster** at ~34.7x trailing P/E, despite the data-center order-mix evidence above — the central re-rating case for this BUY.
- **Near-zero leverage and deep liquidity.** Overall gearing of just 0.06x, no fund-based term debt, and ~₹1,061 crore of unencumbered liquid investments (30 June 2025) — balance-sheet capacity to fund growth without external capital.
- **An unbroken, primary-source-confirmed CARE AA/Stable rating** across four consecutive annual reviews (2022-2025) — consistent, not deteriorating, credit quality.
- **Independent, non-MNC ownership structure.** Unlike Hitachi Energy India or GE Vernova T&D India, Voltamp is not a subsidiary of a global conglomerate — full economic exposure to the India capex cycle accrues to Indian shareholders, not diluted by a global parent's capital-allocation priorities.
- **Capacity expansion underway to relieve a genuinely capacity-constrained plant.** FY25 volume throughput (15,458 MVA) already exceeded nameplate capacity (14,000 MVA); the Jarod EHV greenfield facility (6,000 MVA, up to 250 MVA/220kV, ₹200 crore, funded via internal accruals) directly addresses this.
- **Growing revenue visibility.** Combined opening backlog plus fresh orders of ₹2,342 crore / 18,045 MVA as of end-July 2026, against FY26 revenue of ₹2,154 crore.

What gives us pause

- **No named hyperscaler or data-center customer has been confirmed anywhere in the sources reached.** The 31% figure is an aggregate order-mix statistic only — its absolute rupee value is undisclosed, and this report could not verify whether it reflects one or two large orders or a genuinely broad customer base.
- **PAT fell in FY26 despite record revenue** (₹325cr → ₹305cr) as operating margin compressed from 20% to 16%, driven by CRGO-steel, copper and transformer-oil cost inflation. CARE's own Aug 2025 data shows realized pricing growth of only ~1% in FY25 — modest, and not yet clear evidence that Voltamp is capturing meaningful scarcity-driven pricing power on the data-center portion of its book specifically.
- **The Jarod EHV facility's commissioning has already slipped twice** — from an original June/July 2026 target to (most recently disclosed) October 2026 — due to delayed delivery of imported equipment from vendors, even though construction itself was reportedly on schedule.



- **Rising customer concentration.** Top-10 customers rose from ~27% of FY25 sales to ~33% — a trend worth monitoring against the historically diversified (1,000+ customer) base CARE describes.
- **Governance disclosure has real gaps.** This research could not verify Voltamp's statutory auditor, any litigation history, or related-party-transaction specifics — a more significant disclosure gap than found for some peers in this sector report. Only 4 of the 6 board members CARE confirms (including 3 independent directors) could be individually named from sources reached.
- **Unreconciled order figures.** At least three different GETCO (Gujarat Energy Transmission Corporation) order values — ₹85.05 crore, ₹149 crore and ₹263.3 crore — appear across sources without a clear reconciliation of whether these are sequential separate orders or restatements of the same award.
- **Thin sell-side coverage.** Only one named brokerage rating was found (Prabhudas Liladhar, Accumulate, target ₹11,003) plus an unidentified December 2025 initiating-coverage report whose house name could not be extracted from the source PDF — materially thinner coverage than more widely-tracked peers.

Corporate governance assessment

1. Which rules actually apply

Voltamp is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Both top executive roles — Chairman & Managing Director (Kanubhai S. Patel) and Vice Chairman & Managing Director (Kunjal L. Patel) — are held by promoter-family members, which under SEBI LODR triggers the requirement that at least half the board be independent directors. CARE Ratings' Aug 2025 ESG disclosure confirms the board comprises six directors, including three independent directors — i.e., exactly 50%, and compliant on its face. This is a primary-source-confirmed figure, stronger evidence than typical aggregator data.

2. What the company does well

The 50% board-independence figure is confirmed directly by CARE Ratings rather than inferred from a secondary aggregator. The company holds ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications, and its in-house testing labs are NABL-accredited. In August 2021, the company simplified its ownership structure by amalgamating Kunjal Investments Private Limited — a promoter-group holding entity that owned 42.94% of Voltamp — directly into the listed entity, collapsing a layered holding structure into direct promoter shareholding.

3. Grey areas

Only four of the six board members CARE confirms could be individually identified from sources reached (Kanubhai Patel, Kunjal Patel, Taral Patel, and independent director Roopa Patel) — the remaining two names, and confirmation of exactly which three directors satisfy the independence criteria, were not found. Separately, promoter shareholding fell from ~43% (at the time of the 2021 KIPL amalgamation) to 30% (June 2026) via a pathway this research could not reconstruct — no single divestment event, block deal, or reclassification was identified that explains the gap; it may reflect organic dilution over time, a series of unreported sales, or some combination.

4. Red flags

None confirmed as adjudicated matters. However, this research could not verify Voltamp's statutory auditor, any litigation history, or related-party-transaction specifics at all — a more substantial disclosure gap than is typical for peers of comparable scale in this report. No SEBI enforcement action, insider-trading finding, or promoter share pledge was found in any source searched.



5. Items to watch

The complete six-member board list with independence status confirmed against the FY26 annual report; reconciliation of the promoter shareholding history (43% → 30%); disclosure of the statutory auditor and any litigation/related-party-transaction items; and confirmation of whether CARE Ratings is Voltamp's sole rating agency or whether CRISIL, ICRA or India Ratings also cover the company.

GOVERNANCE CONCLUSION

Provisionally reasonable, not fully verified. The one governance metric independently confirmed by a primary source — 50% board independence against an executive Chairman/MD structure — is compliant. But the inability to verify the statutory auditor, litigation history, related-party transactions, or two of six director names is a genuine gap for a company of this scale, and the unexplained decline in promoter shareholding from ~43% to 30% deserves closing before governance here is treated as fully clean. Nothing found points to actual misconduct, but this report's BUY call rests primarily on financial and order-mix strength rather than on governance certainty.

SWOT analysis

STRENGTHS

- Data centres ~31% of Q1 FY27 order inflow — the report's cleanest quantified DC data point
- Cheapest cluster valuation (~34.7x trailing P/E)
- Near-zero debt (gearing 0.06x), ~₹1,061cr unencumbered liquid investments
- CARE AA/Stable unchanged across four consecutive rating cycles (2022-2025)
- CARE-confirmed 50% board independence

WEAKNESSES

- No named hyperscaler/data-center customer confirmed anywhere
- FY26 PAT declined despite record revenue, on margin compression (20% → 16%)
- Rising customer concentration (top-10: 27% → 33% of sales)
- Statutory auditor, litigation history and RPTs unverifiable from sources reached
- Thin, largely unnamed sell-side coverage

OPPORTUNITIES

- Jarod EHV facility: +6,000 MVA capacity, up to 250 MVA/220kV, from ~Oct 2026
- Further data-center order-mix growth as India's DC buildout continues
- Already-crossed CARE positive rating trigger (>₹2,000cr revenue, achieved FY26)
- Revenue visibility of ₹2,342cr/18,045 MVA (end-July 2026) ahead of FY26 revenue base

THREATS

- Continued CRGO-steel, copper and transformer-oil cost inflation compressing margins further
- Competitive intensity in the transformer segment, per CARE's own rating rationale
- Execution risk: Jarod commissioning has already slipped twice
- Unreconciled GETCO order figures could reflect a broader disclosure-consistency issue

Key developments to watch

- **The actual commissioning date of the Jarod EHV facility** — has moved from June/July 2026 to October 2026; a further slip would be a negative execution signal.
- **Reconciliation of the three GETCO order figures** (₹85.05cr / ₹149cr / ₹263.3cr) via primary NSE/BSE filings.
- **Any disclosure of a named hyperscaler or data-center customer**, which would materially de-risk the 31% order-mix thesis.
- **The FY26 annual report**, for the full six-member board list, statutory auditor name, and any litigation/RPT disclosures.
- **A post-FY26 CARE rating review** — the company has already crossed CARE's disclosed positive trigger of ₹2,000 crore revenue.



Key risks to be aware of

- **Margin-compression risk (dominant, already evidenced).** CRGO steel, copper and transformer-oil cost inflation drove FY26's OPM decline from 20% to 16%; a further leg of input-cost inflation would pressure earnings again.
- **Customer-concentration risk,** given the rising top-10 customer share (27% → 33%).
- **Execution risk** on the Jarod facility, which has already slipped its commissioning date twice.
- **Governance-verification risk,** given the unverified statutory auditor, litigation history and RPT disclosures.
- **Data-center order-mix durability risk** — with no named anchor customer, the 31% figure could prove lumpy or order-specific rather than a durable structural shift.

Valuation

₹ per share unless stated

We derive trailing EPS as CMP ÷ disclosed trailing P/E (₹10,879 ÷ 34.7x ≈ ₹313.5) rather than from a reported share count, since no dilution event (QIP, preferential allotment, etc.) occurred in the period — this method is directly consistent with the disclosed multiple and avoids introducing a separate, potentially inconsistent share-count estimate. Applying an *indicative* 14% forward-earnings-growth assumption — a modest recovery from FY26's margin trough as Jarod capacity comes online, tempered by the likelihood that CRGO-steel and copper cost pressure persists — gives a constructed FY27E EPS of ~₹357.4. We apply a target multiple band around, and modestly above, the current trailing multiple, reflecting this report's BUY thesis that the market has not yet fully re-rated Voltamp for its data-center order-mix evidence:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	30.0x	357.4	10,722	(1.4)%
Base	37.0x	357.4	13,224	+21.6%
Bull	43.0x	357.4	15,368	+41.3%

Base case rounded to ₹13,224. Even our bear-case scenario, which applies a target multiple below today's already-cheapest-in-cluster 34.7x, produces only a marginal (1.4%) downside — a sign of how little optimism is currently priced into Voltamp relative to the data-center order-mix evidence this report has found. Named brokerage coverage is thin: Prabhudas Liladhar's Accumulate rating carries a target of ₹11,003 (~Jul-Aug 2026), and consensus-target aggregators disagree with each other (₹10,857.63 vs. ₹10,144.20 average, per two different aggregators checked in Sep 2026) — both are treated here as approximate rather than definitive.

RECOMMENDATION: BUY, TARGET ₹13,224 (+21.6% FROM ₹10,879, 18 SEP 2026)

Upgrade triggers: disclosure of a named hyperscaler/data-center customer or an absolute rupee value for data-center order inflow; evidence of realized pricing power (a clear ASP/MVA increase) rather than the ~1% realization growth CARE's Aug 2025 data shows; on-schedule commissioning of the Jarod EHV facility. **Downgrade triggers:** a further slip in the Jarod commissioning timeline; continued CRGO-steel/copper cost inflation without offsetting pricing; or further increase in customer concentration beyond the current 27% → 33% trend.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	1,616	1,934	2,154
EBITDA margin	20%	19%	16%
Net profit (PAT)	307	325	305



Selected metrics		FY26 / latest
ROE		17.4%
ROCE	23.5% (screener) / 27.9% (CARE, FY25)	
Order book (26 Jul 2025)		₹1,280 cr
Revenue visibility (end-Jul 2026)		₹2,342 cr / 18,045 MVA
Credit rating	CARE AA/Stable/A1+ (unchanged, 4 cycles)	

Source: screener.in (18-20 Sep 2026), cross-checked against CARE Ratings' 12 Aug 2025 press release, which reproduces audited FY24/FY25 figures directly from company financials; FY26 figures are screener/press-aggregation only and have not yet been cross-checked against a CARE-refreshed rationale.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Voltamp Transformers Limited, and have received no compensation from the company.



HOLD

Hitachi Energy India Ltd

POWERINDIA

Genuinely excellent fundamentals, priced for a scarcity premium the India entity itself has not confirmed

Summary

Hitachi Energy India (NSE: POWERINDIA; the entity formerly named ABB Power Products and Systems India, renamed in November 2021 once Hitachi Ltd's global buyout of ABB's Power Grids business was complete) is the highest credit-quality and most institutionally-scaled data-center-adjacent name in this report: CRISIL AAA/Stable, an order backlog of ₹32,222 crore as of Q1 FY27 (quarter ended 30 June 2026) — roughly 4x FY26 annual revenue — and operating-margin expansion from 7% (FY24) to 9.3% (FY25) to 15.4% (FY26), alongside PAT growth of +157.2% in FY26 and a further +123.5% year-on-year in Q1 FY27 alone. Management confirmed on the Q1 FY27 earnings call that data centres were the single largest contributor to the quarter's order intake, ahead of industrials and renewables — a real and current demand driver, not a future aspiration.

The company's own MD & CEO has publicly targeted capturing ~30% of India's total data-centre infrastructure spending (up from a previously stated 10-15% ambition) via a bundled "grid-to-rack" strategy, per Business Standard and a corroborating Reuters/TradingView headline, both dated around 29 May 2026. This report treats that figure as an aspirational management target, not a booked or disclosed order-composition fact: both cited articles were paywalled at the point of research and could not be independently confirmed from primary text, and no source found names a specific hyperscaler or Indian data-center operator as a disclosed counterparty. Separately, global reporting throughout 2026 describes a severe worldwide transformer and switchgear shortage — Hitachi Energy's parent named among sold-out legacy Western suppliers with 24-36 month (in places, 48-60 month) lead times and industry-wide price increases of 60-95% since 2020. That narrative is explicitly parent/global-level, driven substantially by US and European demand, and this report has deliberately not carried it through to the India entity: on the same Q1 FY27 call, management characterized Indian data-center customers "securing long lead items like transformer, like dry-type transformer, the GIS" as normal proactive procurement behavior, not evidence of an India-specific shortage. The two narratives should not be conflated, and this report treats India-level pricing power as unconfirmed.

TARGET PRICE

12-month target	₹34,408
CMP (18 Sep 2026)	₹32,700
Implied upside	+5.2%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,45,752 cr
P/E (trailing, disputed)	122x-154x
Book value/share	~₹1,161
ROE / ROCE	~21.9% / ~29.4%
Credit rating	CRISIL AAA/Stable

SHAREHOLDING (JUN 2026)

Promoter (Hitachi Energy Ltd)	71.31%
FII	12.44%
DII	6.32%
Public	9.91%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	5,237	6,385	8,148
Operational EBITDA margin	7%	9.3%	15.4%
PAT	164	384	988



Valuation is the central tension. The trailing P/E is disputed across sources — 122x (screener.in, 18 Sep 2026) versus 154.27x (a separately-cited figure) — a ~26% gap most likely explained by differing EPS bases (a trailing-twelve-month figure benefiting from the strong Q1 FY27 beat versus a stale FY26-only base). This report does not silently pick one: both are stated, and our own valuation instead derives EPS from FY26 PAT divided by the implied current share count (market cap ÷ CMP), on the view that the March 2025 QIP (₹2,520.82 crore, which funded ₹2,000 crore of the current capex program) means a trailing EPS calculated off an older share count may understate the current, larger share base. On that basis, either published P/E figure sits on a materially rich multiple for a business whose India-specific data-center pricing power remains, on management's own words, unproven.

Net: a HOLD. The fundamentals — backlog, margin trajectory, AAA credit rating, and a real, current data-center order-intake contribution — are not in question. What is in question is whether the price already assumes a scarcity-driven pricing premium at the India-entity level that Indian management has explicitly declined to claim. This report's own valuation arithmetic finds the current price roughly fair, with limited room for further re-rating absent that confirmation.

Investment rationale

- **Data centres are the largest, current contributor to order intake** — management confirmed this directly on the Q1 FY27 earnings call, ahead of industrials and renewables, and again named data centres the "major contributor" to the Q4 FY26 order book.
- **Order backlog of ₹32,222 crore (Q1 FY27) is roughly 4x FY26 annual revenue** — exceptional multi-year revenue visibility, up from ₹7,229.5 crore just two fiscal years earlier (Mar 2024).
- **Genuine, large margin expansion:** operational EBITDA margin of 7% (FY24) → 9.3% (FY25) → 15.4% (FY26), with PAT growth of +157.2% in FY26 and +123.5% YoY in Q1 FY27 alone.
- **CRISIL AAA/Stable** — the highest domestic long-term credit rating available, reaffirmed on ₹6,000 crore of bank facilities (24 March 2025), reflecting a low-leverage, near-fully-parent-backed balance sheet.
- **Broad, expanding manufacturing footprint:** 19 factories across 8 locations with a 20th (the ₹2,000 crore Karjan large-power-transformer greenfield facility, construction commenced June 2026) under way, targeted for Q4 calendar 2028 commissioning and explicitly positioned to backward-integrate against Korean and Mexican transformer exporters.
- **Product-line optionality:** the company booked its first Battery Energy Storage System order (165 MW/330 MWh, Andhra Pradesh) in Q1 FY27, alongside continued HVDC leadership (an estimated ~50% India domestic HVDC market share, per Goldman Sachs' December 2025 note) and India's first HVDC city-centre infeed, in Mumbai.

What gives us pause

- **India-specific data-center pricing power is not confirmed.** The dramatic global 24-60 month lead-time and 60-95% price-increase narrative is parent/global-level; on its own Q1 FY27 call, management explicitly described Indian data-center customers' long-lead-item procurement as "normal," not scarcity-driven. This report treats the two as separate questions and has not assumed a domestic scarcity premium is confirmed.



- **The MD's "~30% of India DC spend" target is aspirational, not a booked figure.** Both primary news articles carrying this quote (Business Standard and a Reuters/TradingView syndication, both ~29 May 2026) were paywalled at the point of research and could not be independently verified beyond search-result summaries — this report flags them as unconfirmed primary sources rather than treating the quote as settled fact.
- **The trailing P/E is genuinely disputed** (122x vs. 154.27x across sources, a ~26% gap) with no authoritative reconciliation found — this report states both rather than picking one, and constructs its own valuation on a different basis (FY26 PAT ÷ implied current share count) precisely to sidestep this ambiguity.
- **No dedicated CFO was identified for the listed India entity.** Chairman Ismo Haka is CFO of the global parent (Hitachi Energy Ltd, Switzerland) and holds the India-entity Chairman role; no separate India-entity CFO name was found in sources reached.
- **A governance discrepancy on the Chairman's identity:** one older, lower-confidence source named "Achim Michael Braun" as Non-Executive Chairman, conflicting with two independently-fetched, mutually consistent sources naming Ismo Haka — this report treats Haka as current but flags the discrepancy.
- **Two unresolved tax disputes, disclosed December 2025:** a GST demand (Lucknow, ~₹9.02 crore plus a ~₹0.90 crore penalty) and a Customs demand (Bengaluru, ~₹3.15 crore duty plus a ₹3.00 crore redemption fine plus a further ~₹3.15 crore penalty), both under appeal — sourced from a single aggregator citing exchange filings, not independently verified against the primary BSE/NSE documents.
- **Cumulative capex disclosure is ambiguous.** The company describes cumulative capex reaching ₹4,000 crore after the Karjan announcement, but it is unclear whether this is a clean sum of distinct programs or involves any double-counting against an earlier ~₹2,000 crore expansion.

Corporate governance assessment

1. Which rules actually apply

Hitachi Energy India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, and is a majority-owned subsidiary (71.31%) of Hitachi Energy Ltd (Switzerland), itself effectively wholly owned by Hitachi Ltd (Japan). Chairman Ismo Haka appears to hold a non-executive role (he is CFO of the global parent, not an executive of the Indian entity), which — if confirmed — means the stricter 50%-independent-director threshold that applies to an executive-chaired board likely does not strictly bind here; the board's current 3-of-7 (~43%) independent-director ratio would then sit below 50% without being a clear LODR breach. This report could not independently confirm Haka's exact executive/non-executive classification from a primary corporate governance report, and flags this as the single most important governance-verification gap for this company.

2. What the company does well

CRISIL AAA/Stable is the highest domestic credit rating available and reflects genuine balance-sheet strength alongside "strong support from ultimate parent Hitachi Ltd" per CRISIL's own rationale (24 March 2025) — though this report notes that phrasing describes Hitachi Ltd's near-100% ownership of the intermediate parent Hitachi Energy Ltd, not a claim about the free float of the India-listed entity itself (71.31% promoter-held, with the remainder in FII/DII/public hands). Three named independent directors (Mukesh Hari Butani, Meena Ganesh, Akila Krishnakumar) are confirmed across two independently-fetched, mutually consistent sources. The March 2025 QIP (₹2,520.82 crore) was a genuine, disclosed primary-market capital raise directly earmarked for capacity expansion, not a related-party or preferential transaction.

3. Grey areas

MD & CEO Venu Nuguri was separately reported (per multiple May/June 2025 sources) as having also been appointed "Managing Director of Hitachi India" — a title that may refer to a broader Hitachi group India holding entity distinct from the NSE-listed Hitachi Energy India Ltd; this report could not confirm whether secondary sources are conflating the two entities,



and recommends the distinction be verified before further reporting on Nuguri's exact scope of authority. Related-party transactions with the parent group (technology licensing, shared services, intra-group procurement) would be expected as material given the majority-ownership structure, but were not itemized in any source reached.

4. Red flags

No SEBI enforcement action, insider-trading finding, or promoter pledge was found. Two tax/customs disputes are pending (see "What gives us pause"), both under appeal per company disclosure, with figures sourced from a single aggregator and not independently confirmed against the primary exchange filings. Neither has been adjudicated against the company as of the research date.

5. Items to watch

Confirmation of Ismo Haka's exact executive/non-executive classification and current Chairman status (against the conflicting "Achim Michael Braun" mention); identification of a dedicated CFO for the listed India entity; clarification of the "Hitachi India" vs. "Hitachi Energy India Ltd" title distinction for Venu Nuguri; resolution of the December 2025 GST and Customs disputes; and confirmation of the exact 2026 CRISIL rating action (a ~23 June 2026 reaffirmation was referenced in one source but not independently verified against the primary CRISIL document).

GOVERNANCE CONCLUSION

Reasonably strong on balance, with disclosure gaps that matter more given the valuation. The AAA credit rating, confirmed independent directors, and a clean primary-market capital raise all point to a well-governed, majority-parent-backed subsidiary. But the unresolved Chairman-classification question, the absence of a named India-entity CFO, the entity-title ambiguity around the MD's role, and two unverified tax disputes are gaps that, combined with a valuation this report treats as not yet supported by confirmed India-specific pricing power, argue for HOLD rather than BUY — governance risk here is a reason for caution on the multiple, not evidence of misconduct.

SWOT analysis

STRENGTHS

- CRISIL AAA/Stable — highest domestic credit rating available
- Order backlog ~4x FY26 revenue (₹32,222cr vs. ₹8,148cr)
- Margin expansion 7% → 9.3% → 15.4%; PAT +157.2% FY26, +123.5% YoY Q1 FY27
- Data centres confirmed as largest single order-intake contributor, Q1 FY27
- Broad footprint: 19 factories/8 locations, 20th (Karjan LPT) under construction

WEAKNESSES

- Disputed, elevated trailing P/E (122x-154x)
- India-specific DC pricing power explicitly not confirmed by management
- "30% of India DC spend" target unconfirmed at the primary-source level
- No dedicated India-entity CFO identified; Chairman-identity discrepancy across sources
- Two unresolved tax disputes (Dec 2025), unverified against primary filings

OPPORTUNITIES

- Backlog conversion: ₹32,222cr order book against ₹8,148cr FY26 revenue
- Karjan LPT greenfield (₹2,000cr) commissioning Q4 CY2028, backward-integrating vs. import competition
- India peak power demand: 270.8 GW (May 2026) projected to reach 458 GW by 2032
- New product lines: first BESS order (165 MW/330 MWh); global parent's OpenAI MoU and \$6bn capacity program

THREATS

- Valuation de-rating if data-center order growth or margin expansion decelerates
- Global transformer-shortage narrative may not transfer into India ASP gains
- ~30% of contracts lack commodity pass-through clauses, per Q1 FY27 commentary
- Intense T&D-sector competition, per CRISIL's own rating rationale

Key developments to watch

- **Primary-source confirmation of the "~30% of India DC spend" target** and the underlying Venu Nuguri quotes, both currently sourced only from paywalled articles.
- **Any India-specific transformer/switchgear lead-time or ASP data** that would substantiate (or refute) a domestic scarcity premium, distinct from the global parent-level narrative.
- **Resolution of the December 2025 GST and Customs disputes**, and independent confirmation of the disclosed figures against primary BSE/NSE filings.
- **Karjan LPT construction progress** toward its Q4 calendar 2028 commissioning target.
- **Confirmation of a dedicated India-entity CFO** and Ismo Haka's exact executive/non-executive classification.
- **The most recent (2026) CRISIL rating action**, to confirm the referenced ~23 June 2026 reaffirmation against the primary CRISIL document.

Key risks to be aware of

- **Valuation risk (dominant).** A 122-154x trailing multiple prices in a scarcity premium this report could not confirm applies at the India-entity level.
- **Order-to-revenue conversion risk**, given the ~4x backlog-to-revenue ratio — any slowdown in execution would be highly visible against current growth expectations.
- **Commodity-margin risk** on the roughly 30% of contracts management indicated lack pass-through clauses.
- **Tax/litigation risk** from the two unresolved December 2025 demands.
- **Global-to-India read-through risk:** the parent-level scarcity/lead-time narrative may simply not translate into India-specific pricing power, undermining the bull case for a premium multiple.

Valuation

₹ per share unless stated

Given the disputed trailing P/E (122x vs. 154.27x) and the March 2025 QIP's effect on the share count, we derive EPS as FY26 PAT ÷ the implied current share count (market cap ÷ CMP), rather than relying on either disclosed trailing multiple directly: ₹988 crore ÷ (₹1,45,752 crore ÷ ₹32,700) ≈ ₹988cr ÷ 4.457 crore shares ≈ ₹221.6 FY26 EPS. This sits between the two disclosed P/E-implied EPS figures (₹268.0 at 122x; ₹212.0 at 154.27x) — consistent with our reasoning that a trailing EPS computed off an older, smaller share count would overstate the multiple, while one that already reflects Q1 FY27's exceptional beat would understate it. Applying an *indicative* 35% forward-earnings-growth assumption — well below Q1 FY27's exceptional +123.5% YoY PAT growth (which this report does not treat as sustainable at that magnitude), but still reflecting the ~4x backlog-to-revenue cushion and continuing margin expansion — gives a constructed FY27E EPS of ~₹299.2. We apply a target multiple band below the current disputed trailing range, reflecting this report's view that India-specific pricing power is not yet confirmed:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	95.0x	299.2	28,424	(13.1)%
Base	115.0x	299.2	34,408	+5.2%
Bull	135.0x	299.2	40,392	+23.5%

Base case rounded to ₹34,408, sitting within this report's HOLD band (-5% to +15% expected 12-month return). Only the bull-case scenario, which requires the market to sustain a 135x forward multiple against a well-moderated 35% growth assumption, produces BUY-magnitude upside — a sign of how much of the current fundamental strength is already reflected in ₹32,700.

Named brokerage targets found in this research span an unusually wide, largely stale range: Way2Wealth Brokers (Buy, ₹49,936, initiated ~Jul 2024), InCred (Add, ₹20,300, ~Dec 2024) and Goldman Sachs (downgraded to Neutral from Buy, target



raised to ₹20,400 from ₹13,350, ~18-19 Dec 2025) — the Dec 2025 figures in particular predate the stock's subsequent large rally and should not be averaged against current (Sep 2026) aggregator figures (e.g., MarketScreener's ₹37,240 average across a claimed 20-analyst panel) as if contemporaneous.

RECOMMENDATION: HOLD, TARGET ₹34,408 (+5.2% FROM ₹32,700, 18 SEP 2026)

Upgrade triggers: primary-source confirmation of India-specific scarcity-driven pricing power (a disclosed ASP increase or lead-time data point, not the global parent-level narrative); the "~30% of India DC spend" target beginning to show up as disclosed order composition rather than an aspirational quote; resolution of the December 2025 tax disputes with no material liability. **Downgrade triggers:** confirmation that the elevated 122-154x multiple range reflects a genuinely unsustainable EPS base rather than share-count ambiguity; a slowdown in the pace of order-backlog conversion; or an adverse resolution of the GST/Customs disputes.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	5,237	6,385	8,148
Operational EBITDA margin	7%	9.3%	15.4%
Net profit (PAT)	164	384	988

Selected metrics	FY26 / latest
ROE	~21.9%
ROCE	~29.4%
Order backlog (Q1 FY27, Jun 2026)	₹32,222 cr
Order backlog / FY26 revenue	~4.0x
Credit rating	CRISIL AAA/Stable (₹6,000cr facilities)

Source: screener.in (18-20 Sep 2026), cross-checked line-by-line against the company's own Q4FY24, Q4FY25 and Q4FY26 results press releases. Operational EBITDA margins shown are the company's own disclosed non-GAAP "operational EBITDA" figures (used by management and sell-side analysts for margin analysis), which run ~1-2% below screener.in's reported operating-profit figures for FY25/FY26 — likely a definitional gap in other-operating-income treatment, not a genuine discrepancy.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Hitachi Energy India Limited, and have received no compensation from the company.



HOLD

ABB India Ltd

ABB

The clearest management-quoted pricing-power evidence in this report, priced at a multiple sell-side itself cannot agree on

Summary

ABB India carries the single best-documented data-center pricing-power evidence assembled anywhere in this report. On its Q1 CY2026 earnings call, management disclosed that data-center orders represent roughly 12-16% of the company's order backlog and confirmed it has **signed "rate contracts" with hyperscalers** — a multi-period pricing/allocation arrangement, not one-off spot orders. On the Q2 CY2026 call (31 July 2026), management went further, stating data-center demand "could become multifold in the coming quarters" and "may strain supply in 2027 and 2028," and describing active investment in specialized breaker products and configurations built specifically for hyperscaler customers. Management separately said price increases are gaining acceptance "more strongly in hyperscaler/data-center channels versus competitive tendering environments" — a direct, management-sourced, if qualitative, confirmation of differential pricing power tied to scarcity, not to volume. **Note the fiscal-year convention: ABB India, unlike most Indian listed companies, reports on a calendar-year (January-December) basis; all periods in this section are labeled CY2023-CY2026, never FY.**

Group-level capital is following the same signal: a 9 March 2026 press release confirmed a further ~\$75 million India manufacturing/R&D investment for 2026 (on top of >\$35 million in 2025), with ABB Group CEO Morten Wierod explicitly citing "data center development" as a demand driver, and concrete deliverables attached — a tenfold UPS production-capacity increase at a new Bengaluru campus and localization of 33kV Primary Gas-Insulated Switchgear (GIS) by 2028, GIS being a product line management separately named as a data-center-linked order driver. Q2 CY2026 results were strong on their own terms: record orders of ₹4,363 crore (+50% YoY), Electrification orders up 77% (the quarter's strongest growth driver, with data centers and GIS named contributors), and an order backlog of ₹11,898 crore (+22% YoY). The balance sheet is about as strong as they come in Indian industrials — CRISIL reaffirmed the highest possible domestic rating (AAA/Stable, A1+) on 22 December 2025, citing near-nil debt, ₹7,058 crore network and ~₹4,000 crore cash.

TARGET PRICE

12-month target	₹7,730
CMP (18 Sep 2026)	₹7,270
Implied upside	+6.3%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,54,068 cr
P/E (trailing)	~92-100x
Book value/share	₹441
Credit rating	CRISIL AAA/Stable/A1+
Net debt	Near-nil (net cash)

SHAREHOLDING (JUN 2026)

Promoters (ABB Group)	75.00%
DII	9.89%
FII	7.67%
Public	7.44%

FINANCIAL SNAPSHOT (₹ CR, AS-REPORTED)

	CY2023	CY2024	CY2025
Revenue	10,447	12,188	13,203
OPM	14%	19%	15%
PAT	1,242	1,872	1,668



Two real tensions sit underneath this. First, the Electrification segment's own margin compressed sharply — from 21.4% to 13.2% YoY in Q1 CY2026 — on commodity cost pressure and pricing-pass-through lag, even as data-center-linked orders in that same segment grew strongly; the pricing power management describes appears to apply unevenly across the segment's mixed order book, not uniformly. Second, and more central to this report's rating, the stock trades at roughly 92-100x trailing earnings (sources disagree on the exact figure; both are cited below rather than resolved to one), and named sell-side coverage on ABB India is itself split — this report found a Sell-consensus/₹6,358 target from one aggregator, a 12-Buy/ 9-Hold/8-Sell split from another, and a ₹7,042 target implying modest downside from a third, all pulled within the same research pass. The debate among covering analysts, on this report's reading, is about valuation-multiple sustainability, not about whether the underlying data-center demand narrative is real. The March 2026 Robotics divestment (₹1,568.2 crore slump sale to a fellow ABB Group entity, completed 1 March 2026) also means CY2025 has two legitimate revenue readings — ₹13,203 crore as-reported (including Robotics, which was still part of the entity through most of the year) and ₹12,504 crore on a "continuing-business" restated basis — and this report presents both rather than blending them.

Net: a HOLD. The demand and pricing-power evidence is real and unusually well-documented for this sector; the balance sheet and credit profile are about as strong as any company in this report. But the price already embeds a rich multiple that sell-side itself is divided on, and the risk sits in that multiple's sustainability, not in the underlying data-center order thesis.

Investment rationale

- **The most direct, management-quoted data-center pricing-power evidence in this report.** Management confirmed signed "rate contracts" with hyperscalers (Q1 CY2026 call), and on the Q2 CY2026 call stated data-center demand "could become multifold in the coming quarters" and "may strain supply in 2027 and 2028" — a supply-constrained framing coming from the company itself, not from an analyst. Data-center orders were ~12-16% of order backlog as of Q1 CY2026.
- **Differential pricing power by channel, explicitly stated by management:** price increases are gaining acceptance "more strongly in hyperscaler/data-center channels versus competitive tendering environments" — direct evidence that scarcity, not volume, is what is commanding price in this part of the order book.
- **Concrete, dated capacity commitments tied to the data-center narrative,** not vague intent: a tenfold UPS production-capacity increase at a new Bengaluru (Nelamangala Campus 2) facility, and localization of 33kV Primary Gas-Insulated Switchgear targeted for 2028 — GIS being a product line management separately named as a data-center order driver on the Q2 CY2026 call.
- **Record recent order momentum.** Q2 CY2026 orders of ₹4,363 crore, up 50% YoY; Electrification orders up 77%, the quarter's strongest growth driver; order backlog of ₹11,898 crore, up 22% YoY.



- **The strongest balance sheet and credit profile of any company profiled in this report:** CRISIL AAA/Stable and A1+ (reaffirmed 22 December 2025) — the highest domestic rating tier available — supported by near-nil debt, ₹7,058 crore networth, and roughly ₹4,000 crore of cash.
- **Deep, broad institutional coverage** (27-29 analysts per aggregator counts) — this is not a thinly-covered story where a single bullish research note can move the narrative unchecked.

What gives us pause

- **Valuation-multiple sustainability, not underlying demand, is this report's central concern.** At ~92-100x trailing earnings, and with sell-side coverage itself split (one aggregator citing an average "Sell" rating and a ₹6,358 target; another citing a 12-Buy/9-Hold/8-Sell split; a third citing a ₹7,042 target — this report presents all three without resolving them to a single consensus, since they are mutually inconsistent even within the same research pass), a meaningful share of covering analysts themselves are uneasy with the price, not with the business.
- **The Electrification segment's own margin compressed sharply** — from 21.4% to 13.2% YoY in Q1 CY2026, on commodity cost pressure (copper, silver, electrical steel, freight, energy) and pricing pass-through lag — even as data-center-linked orders in that same segment grew. The pricing power management describes for hyperscaler "rate contracts" evidently does not extend uniformly across the segment's full, more commoditized order mix.
- **The Robotics divestment makes YoY comparisons non-trivial.** CY2025 revenue is ₹13,203 crore as-reported (includes Robotics, ~₹444 crore of CY2024 turnover) versus ₹12,504 crore on ABB's own "continuing-business" restated basis (excludes Robotics, divested via a ₹1,568.2 crore slump sale completed 1 March 2026). This report states both bases explicitly rather than blending them into one trend line, and the writer/reader should do the same for any forward comparison.
- **Short-cycle base business is softer than headline order growth suggests.** Q1 CY2026 base (non-large-order) business grew only 9%, versus ~15% expected, with management attributing part of the Q1 revenue miss (₹3,184 crore versus ₹3,300-3,400 crore expected) to "last-minute disruptions in West Asia."
- **Governance disclosure is incomplete for a company of this scale.** This report could not verify ABB India's full board composition or independent-director count/percentage from public sources reached — a material gap for assessing SEBI LODR compliance, addressed further below.
- **No named hyperscaler or named Indian data-center-operator counterparty was found** in any ABB India disclosure reviewed. All data-center demand commentary — the 12-16% backlog share, the "rate contracts," the "strain supply" language — is aggregate management commentary on earnings calls, not named-counterparty order announcements.

Corporate governance assessment

1. Which rules actually apply

ABB India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, with promoter ABB Asea Brown Boveri Ltd (part of the Swiss ABB Group) holding 75.00% as of June 2026 — at the regulatory ceiling for listed-company promoter holding. This report could not verify ABB India's complete board composition, independent-director count, or whether the board is chaired by an executive or non-executive director — meaning SEBI LODR's minimum independent-director threshold (which varies depending on that classification) cannot be independently confirmed from the sources this research reached. This is the single largest governance-verification gap for this company.

2. What the company does well

Leadership succession is being handled with unusual visibility and lead time: on 8 May 2026, the board approved T.K. Sridhar (the company's current CFO) as incoming Managing Director for a new five-year term effective 1 January 2027, with outgoing MD/CEO Sanjeev Sharma transitioning to Non-Executive, Non- Independent Director from the same date — a planned, disclosed, board-approved transition rather than an abrupt departure, subject to shareholder postal-ballot approval. CRISIL's



AAA/Stable rating rationale explicitly cites "robust parental support from ABB Ltd," including technology access and board representation, as a rating strength. The Robotics-business related-party transaction (below) was routed through shareholder postal-ballot approval as required, rather than executed solely at board level.

3. Grey areas

The Robotics divestment was structured as a related-party transaction: ABB India's robotics business was transferred to a newly formed wholly-owned subsidiary, ABB Robotics India Private Limited ("INRBT"), for a ₹1,568.2 crore slump sale, after which INRBT's own shares were sold to **ABB Robotics Schweiz AG** — a fellow ABB Group entity — for a nominal ₹1 lakh plus expenses. Both steps required and received shareholder postal-ballot approval given the counterparty's status within the ABB Group's promoter structure, but the two-step structure (a substantial slump sale into a subsidiary, followed by a nominal-value sale of that subsidiary to a group entity) is worth flagging plainly rather than glossing over. This report could not find a disclosed ₹ figure for the royalty/technology-fee payments ABB India makes to ABB Group for centralized R&D access — described only qualitatively in sources reached. The Company Secretary's name (Trivikram Guda) is single-sourced to a secondary aggregator and unconfirmed by a second source.

4. Red flags

None confirmed as adjudicated matters in the sources this research reached. No SEBI enforcement action, insider-trading finding, or specific pending litigation was found — though absence of a finding in this research pass is not proof of a clean record, and the writer should check the Annual Report's litigation disclosures and BSE/NSE announcement history directly before treating this as confirmed.

5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance; completion of the MD transition to T.K. Sridhar effective 1 January 2027; disclosure of the exact royalty/technology-fee quantum paid to ABB Group; and resolution of the conflicting P/E (92x vs. 100x) and analyst-consensus figures found across aggregators.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct — the balance sheet is exceptionally clean, the credit rating is the highest available domestically, and the MD succession is being handled with visible lead time. But an unconfirmed independent-director percentage, an undisclosed related-party royalty quantum, and a two-step Robotics-transfer structure worth a closer look mean this report cannot certify governance as fully adequate — a modest, secondary consideration behind the valuation-multiple concern that is this report's primary basis for a HOLD rather than BUY.



SWOT analysis

STRENGTHS

- Management-confirmed hyperscaler "rate contracts" and differential data-center pricing power
- Data-center orders ~12-16% of order backlog; management sees demand able to "strain supply" through 2027-2028
- Highest domestic credit rating (CRISIL AAA/Stable, A1+), near-nil debt, ~₹4,000cr cash
- Record Q2 CY2026 orders (₹4,363cr, +50% YoY) and backlog (₹11,898cr, +22% YoY)
- Concrete, dated capacity build (10x UPS capacity; 33kV GIS localization by 2028)

WEAKNESSES

- Valuation (~92-100x trailing P/E) already rich; sell-side itself split Sell/Hold/Buy
- Electrification margin compressed sharply (21.4% → 13.2% YoY, Q1 CY2026) on cost/price lag
- Full board/independent-director composition unverified
- Base (non-large-order) business growth softer (9% vs. ~15% expected) in Q1 CY2026

OPPORTUNITIES

- Data-center demand management itself describes as capable of turning "multifold"
- Further hyperscaler rate-contract signings and expanded specialized-breaker product lines
- 33kV Primary GIS localization (2028) opening a new addressable product line
- Continued metro/high-speed-rail and renewables/BESS capex alongside data centers

THREATS

- Valuation-multiple de-rating if growth or margin momentum disappoints even modestly
- Commodity cost inflation (copper, silver, electrical steel) outrunning price pass-through
- Intense competition in tender-driven, non-data-center order channels
- Undisclosed related-party royalty quantum and unconfirmed board-independence ratio

Key developments to watch

- **Completion of the T.K. Sridhar MD transition**, effective 1 January 2027, and full disclosure of board composition/independent-director percentage.
- **Whether "rate contracts" convert into disclosed, named hyperscaler orders** — the single biggest disclosure gap in the data-center thesis for this company.
- **Electrification-segment margin trajectory**, to see whether the 21.4% → 13.2% compression proves temporary (cost pass-through catching up) or structural.
- **Resolution of the P/E (92x vs. 100x) and analyst-consensus discrepancies** against a single named, dated primary aggregator.

Key risks to be aware of

- **Valuation-multiple sustainability (dominant risk)**. At ~92-100x trailing earnings, with sell-side coverage itself divided, this is a valuation-derating risk more than a demand risk.
- **Margin-lag risk** in the more commoditized, tender-driven parts of the order book, evidenced by the Electrification segment's own Q1 CY2026 margin compression.
- **Comparability risk** from the Robotics divestment across CY2025/CY2026 reporting.
- **Governance-disclosure risk** given the unconfirmed board-independence ratio and undisclosed related-party royalty quantum.



Valuation

CMP of ₹7,270 (18 Sep 2026) divided by the disclosed trailing P/E range (92.35x per tickertape.in, 100.0x per screener.in — both fetched the same date, the difference likely reflecting different trailing- EPS windows) implies trailing EPS of roughly ₹72.70-79.02, i.e. ~₹76 at the midpoint — broadly consistent with continuing-business full-year CY2025 PAT of ₹1,618 crore over an implied ~21.2 crore shares (market cap ÷ CMP), which independently works out to ~₹76.4. Applying a moderate ~10% forward-earnings growth assumption (reflecting strong order momentum tempered by the Electrification margin-compression evidence above) gives a constructed CY2026E EPS of ~₹84. We apply a target multiple band spanning the current 92-100x range plus a bear case below it, reflecting the possibility that a rich, sell-side-contested multiple compresses even without any change in the underlying demand story:

Scenario	Target P/E (CY2026E)	CY2026E EPS (₹)	Target price	Upside/(downside)
Bear	78.0x	84	6,552	(9.9)%
Base	92.0x	84	7,728	+6.3%
Bull	100.0x	84	8,400	+15.5%

Base case rounded to ₹7,730. Note the two CY2025 revenue readings this report has kept separate throughout: ₹13,203 crore as-reported (including Robotics, per screener.in) versus ₹12,504 crore on ABB's own "continuing-business" restated basis (excluding Robotics, divested 1 March 2026) — the valuation arithmetic above uses continuing-business PAT as its EPS anchor since Robotics is now permanently out of the entity. Named brokerage targets found in this research span a wide range and are not resolved to a single consensus here: Kotak Institutional Equities (Reduce, ₹5,750); Nomura (upgraded to Buy around July 2026, target ₹5,740 from ₹4,525); UBS (moved Buy to Neutral while simultaneously raising its target to ₹9,100 from ₹8,830 — an unusual combination this report flags but could not resolve from a primary UBS note). Aggregator-level consensus reads are themselves mutually inconsistent (a Sell-consensus/₹6,358 target from one source; a 12-Buy/9-Hold/8-Sell split from another; a ₹7,042 target from a third) — treat none of these as a clean, citable single consensus figure.

RECOMMENDATION: HOLD, TARGET ₹7,730 (+6.3% FROM ₹7,270, 18 SEP 2026)

Upgrade triggers: a named, disclosed hyperscaler order or counterparty converting the "rate contract" commentary into a confirmed, quantified data-center order; evidence the Electrification margin compression has reversed; confirmed board-independence disclosure meeting SEBI LODR thresholds. **Downgrade triggers:** further Electrification (or other segment) margin compression without recovery; a base- business growth slowdown persisting beyond Q1 CY2026; or any sell-side consensus move that resolves the current Sell/Hold/Buy split decisively toward Sell on valuation grounds.

Financial summary — selected disclosed metrics (₹ crore)

	CY2023	CY2024	CY2025 (as-reported)
Revenue	10,447	12,188	13,203
OPM	14%	19%	15%
Net profit (PAT)	1,242	1,872	1,668

Continuing-business basis (ex-Robotics)	CY2025 (FY)	H1 CY2026
Orders (₹cr)	12,899	8,643
Revenue (₹cr)	12,504	6,743
PAT (₹cr)	1,618	712
Order backlog, period-end (₹cr)	9,709	11,898



Top table: screener.in as-reported basis (18 Sep 2026), includes the Robotics business through its March 2026 divestment.
Bottom table: ABB India's own Q2 CY2026 results press release (31 July 2026), restated on a continuing-business (ex-Robotics) basis. The two series are deliberately kept separate per the ~₹699 crore CY2025 revenue gap between them (₹13,203cr as-reported vs. ₹12,504cr continuing- business) — do not blend them into a single trend line.

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SELL

GE Vernova T&D India Ltd

GVT&D

A record backlog built on the up-cycle's tailwind, priced as if the cycle never turns — while order intake already says otherwise

Summary

GE Vernova T&D India is a genuine full-spectrum transmission equipment platform — power transformers, circuit breakers, gas- and air-insulated switchgear, HVDC, FACTS and substation automation up to and beyond 765 kV, across five manufacturing sites — riding India's structural grid-capex build-out (ICRA cites an industry-wide ~₹9 lakh crore T&D capital-deployment pipeline through 2032). FY26 (year ended March 2026) revenue grew 45% YoY to ₹6,206 crore and PAT more than doubled to ₹1,233 crore, continuing a two-year run in which operating margin expanded from 10% to 28%; the order backlog stood at ₹21,460 crore at FY26-end, up 70% YoY. ICRA upgraded the company's long-term rating to AA(Stable) from AA-(Positive) on 27 July 2026, citing "sustained business performance and visible backlog." Data-center exposure is present but modest and largely unquantified at the India-entity level: Q1 FY27 order commentary named "data centers" specifically among the customers for Grid Automation packages, and the company booked a 150 MVA, 245 kV transformer order from an undisclosed "leading semiconductor player" in the same quarter.

The problem is that the most recent quarter's numbers point in the opposite direction from the multiple the market is paying. Q1 FY27 (quarter ended 30 June 2026) fresh order intake fell to ₹1,137 crore, down roughly 30% YoY from ₹1,620 crore a year earlier — described by one outlet's own headline as "order softness" even as revenue and profit both grew strongly on backlog execution. In the same quarter, EBITDA margin contracted roughly 400 basis points to 25.1%, down from the 28% FY26 full-year print. Return ratios are extraordinary — ROE of 57.4% (trailing) and ROCE of 77.4% — which is itself a signal worth reading carefully: a business earning returns this far above any plausible cost of capital, at the tail end of a two-year margin run from 10% to 28%, is a business at the top of a cycle, not the bottom of one. The stock trades at roughly 83x trailing earnings, among the richest multiples of any name in this report, pricing in a continuation of exactly the growth and margin trajectory the most recent quarter's order intake and margin print have both started to question.

ICRA's July 2026 upgrade should be read for what it is: a rating agency confirming that the backlog built through FY26 was real and the balance sheet supports a higher rating — a backward-looking

TARGET PRICE

12-month target	₹3,480
CMP (18 Sep 2026)	₹4,385
Implied downside	(20.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹1,12,278 cr
P/E (trailing)	~83.2x
Book value/share	₹105
ROE / ROCE	57.4% / 77.4%
Credit rating	ICRA AA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Grid Equipments Pvt Ltd)	51.00%
FII	22.89%
DII	~18.46%
Public	~7.65%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	3,168	4,292	6,206
EBITDA margin	10%	19%	28%
PAT	181	608	1,233



judgment on demonstrated performance, not a forward-looking signal about the order-intake trend that had already begun softening by the time the upgrade was published. Separately, this report is explicit that GE Vernova's global parent reported \$2.4 billion of Q1 2026 data-center orders in its Electrification segment worldwide — a figure repeated in sell-side sector commentary (e.g., Nomura) as bullish framing for Indian grid-equipment names, but this is a **global, parent-company figure that is not India-specific** and this report does not treat it as evidence of GE Vernova T&D India's own order book. No single named India data-center contract or hyperscaler counterparty was confirmed for the India-listed entity in this research.

Net: a SELL. This is not a call that the underlying grid-capex or data-center-adjacent demand story is false — it plainly is not — but a call that at ~83x trailing earnings, with order intake already down ~30% YoY and margins already contracting off an unsustainable base, the price embeds a continuation of peak-cycle economics this report's own numbers say has already begun to turn.

Investment rationale

- **A comprehensive, full-spectrum T&D equipment platform** — transformers, circuit breakers, GIS/AIS switchgear, HVDC, FACTS and substation automation up to 765kV+, across five manufacturing sites — positioned against ICRA's cited ~₹9 lakh crore India T&D capital-deployment pipeline through 2032.
- **A record order backlog** of ₹21,460 crore at FY26-end (+70% YoY), equivalent to roughly 3.5x FY26 revenue, providing substantial (though execution-phased, not guaranteed-near-term) revenue visibility.
- **Confirmed, if modest, data-center-adjacent order flow:** Q1 FY27 order commentary explicitly named "data centers" among the customers for Grid Automation packages, alongside state utilities and EPCs, and the company booked a 150 MVA/245kV transformer order from an undisclosed "leading semiconductor player" in the same quarter.
- **Strong recent execution:** FY26 revenue of ₹6,206 crore (+45% YoY) and PAT of ₹1,233 crore (+103% YoY); Q1 FY27 revenue up 38% YoY and PAT up ~25% YoY, both still growing briskly even as order intake softened.
- **A credit-rating upgrade:** ICRA raised the long-term rating to AA(Stable) from AA-(Positive) on 27 July 2026, with short-term A1+ reaffirmed, citing sustained performance and the visible backlog — though this report treats this explicitly as confirmation of past strength rather than a forward signal (see "What gives us pause" below).
- **Broad institutional coverage** (17 analysts per one aggregator, average rating "Buy," average target ₹5,227) — a materially deeper analyst base than smaller peers in this sector, reflecting the company's scale and liquidity.

What gives us pause

- **Order-intake softness could presage margin mean-reversion from currently unsustainable levels — the central risk behind this report's SELL call.** Q1 FY27 fresh order intake fell to ₹1,137 crore, down ~30% YoY from ₹1,620 crore, even as backlog execution kept revenue and profit growing. ROE of 57.4% and ROCE of 77.4% are return levels a company does not sustain indefinitely; the EBITDA margin has already begun to give some of this up, contracting roughly 400 basis points to 25.1% in Q1 FY27 from the FY26 full-year print of 28%, after running up from just 10% two years earlier. Read together, this looks like a business at peak cycle, not one with further structural margin expansion ahead.
- **ICRA's July 2026 AA(Stable) upgrade is a lagging confirmation of past strength, not a leading signal of future strength.** The rating action credits "sustained business performance and visible backlog" — a judgment on what has already happened (the FY26 backlog build) — and landed within weeks of the same quarter's order-intake miss becoming public. This



report treats the two data points as describing different things (past delivery versus forward demand), not as reinforcing each other.

- **At ~83x trailing earnings, the stock is pricing in continued hyper-growth** that the most recent quarter's order and margin data do not yet support — one of the richest multiples of any name in this report, on a business whose own return ratios flag it as being at an unusually elevated point in its cycle.
- **Data-center materiality for the India entity is borderline and largely unquantified.** No single named data-center contract or hyperscaler counterparty was confirmed; the "data centers" order-driver language comes from a single quarter's aggregate Grid Automation commentary, and sell-side "data-center beneficiary" framing (e.g., Nomura) rests on sector-level narrative rather than a disclosed India-specific order figure. **The global parent GE Vernova's widely-cited \$2.4 billion Q1 2026 data-center order figure is a global Electrification-segment number, not an India-entity figure, and this report does not conflate the two anywhere in this section.**
- **Promoter holding has fallen from an implied ~75% at the April 2024 GE Vernova spin-off to 51.00% (Jun 2026),** via at least one confirmed large Offer for Sale (8.38% of the company, November 2024, at ₹1,550/ share) — likely driven by SEBI minimum-public-shareholding compliance rather than a loss-of-confidence signal, but this report notes it plainly as a continuing overhang rather than resolving the interpretation. This was a **secondary sale by the promoter, not a primary/dilutive issuance**, and this report does not treat it as affecting per-share earnings.
- **Governance disclosure gaps remain:** related-party-transaction quantum with GE Vernova Inc. (technology licensing, brand royalty) was not found disclosed; the current CEO's identity was not cleanly cross-confirmed from a primary source; and the board's independence ratio (4 of 9 directors, 44%) needs the chairman's non-executive status confirmed before SEBI LODR compliance can be verified.

Corporate governance assessment

1. Which rules actually apply

GE Vernova T&D India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Its promoter, Grid Equipments Private Limited, is indirectly controlled by GE Vernova Inc. (the US-listed global parent spun off from General Electric Company on 2 April 2024), and holds 51.00% as of June 2026 — well below the ~75% level implied at the time of the spin-off. Per an NSE governance-filing aggregation, the board has 9 directors, 4 independent (44%) and 2 executive. SEBI LODR's minimum independent-director threshold is $\geq 33\%$ for a board with a non-executive chairman versus $\geq 50\%$ for an executive-chaired board; this report identifies Rathindra Nath Basu as Independent (non-executive) Chairman per multiple sources, which would make 44% compliant, but could not fully confirm Basu carries no residual executive or GE-employment ties from sources reached, and flags this as the item to close before certifying compliance.

2. What the company does well

The company has an independent, non-executive chairman structure (subject to the confirmation above) — itself a stronger governance starting point than an executive-chaired board. The board was recently refreshed with a new independent director, Rashmi Joshi, whose five-year term began 20 March 2026, bringing cross-sector (oil & gas, FMCG, consumer durables, pharmaceuticals) experience. ICRA's rating rationale explicitly states the company adheres to "all applicable SEBI and Companies Act provisions related to board structure, diversity, and independence," and that directors are nominated via the Nomination and Remuneration Committee and approved by shareholders — a general compliance statement from a rating agency, not a detailed independent audit, but a corroborating data point nonetheless.

3. Grey areas

The current CEO's identity could not be cleanly confirmed: one aggregator names Sandeep Zanzaria, but this could not be cross-confirmed against a second primary source, even though a separate announcement referenced a 2026 CEO term extension without clearly naming the individual. Given the parent-subsidiary structure (promoter indirectly controlled by GE Vernova Inc.), related-party transactions — technology licensing, brand royalty, intercompany service agreements — are almost certainly



material and routine, yet no specific RPT quantum was found disclosed in the sources this research reached. The gap between the ~75% promoter stake implied at the April 2024 spin-off and the current 51.00% is only partly explained by the one confirmed 8.38% November 2024 OFS; whether further, undisclosed stake sales occurred in between was not confirmed.

4. Red flags

None confirmed as adjudicated matters in the sources this research reached. No SEBI enforcement action or insider-trading finding was found. ICRA's own rating history shows a downgrade around February 2020 (under the company's prior "GE T&D India" name) — establishing that the rating trajectory has not been monotonically upward over the company's full history, even though the 2026 action was an upgrade — a useful reminder that credit-rating direction can and has reversed for this entity before.

5. Items to watch

Confirmation of the current CEO's identity from a primary source; quantification of related-party transactions with GE Vernova Inc.; confirmation of Chairman Basu's non-executive/independent status; and full disclosure of the promoter's stake-reduction history since the April 2024 spin-off.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, and the independent-chairman structure and recent board refresh are genuine positives. But an unconfirmed CEO identity, an undisclosed related-party-transaction quantum with the global parent, and an only partly-explained promoter stake-reduction trajectory mean this report cannot certify governance as fully adequate — a secondary consideration behind this report's primary, valuation-and-cycle-driven basis for the SELL call.

SWOT analysis

STRENGTHS

- Full EHV/HVDC/FACTS/GIS/AIS product range across five manufacturing sites
- Record order backlog (₹21,460cr, +70% YoY FY26-end), ~3.5x FY26 revenue
- ICRA upgraded to AA(Stable) in July 2026; independent non-executive chairman structure
- Broad, Buy-leaning 17-analyst institutional coverage

WEAKNESSES

- Q1 FY27 order intake down ~30% YoY; EBITDA margin down ~400bps to 25.1%
- ~83x trailing P/E, among the richest multiples in this report
- ROE (57.4%) / ROCE (77.4%) at levels unlikely to be sustainable through a full cycle
- CEO identity and RPT quantum with GE Vernova Inc. undisclosed/unconfirmed

OPPORTUNITIES

- ICRA-cited ~₹9 lakh crore India T&D capex pipeline through 2032
- Barmer-South Kalamb HVDC terminal-station package (top bidder, not yet formally awarded)
- New Vallam, Tamil Nadu facility (₹55cr) for 362kV circuit-breaker components with no prior capacity
- Growing "data centers" line-item within Grid Automation order commentary

THREATS

- Order-intake softness presaging margin mean-reversion from currently unsustainable levels
- Intense competitive intensity, flagged by ICRA's own rating rationale, from Indian and global majors
- Continuing promoter stake overhang beyond the confirmed Nov 2024 OFS
- Risk of investors conflating the global parent's \$2.4bn data-center order figure with India-entity performance

Key developments to watch

- **Whether Q1 FY27's order-intake softness persists or reverses** in Q2 FY27 — the single most important data point for this report's thesis.



- **Formal award (or loss) of the Barmer-South Kalamb HVDC terminal-station package**, guided for Q2 FY27 finalization; currently only "top bidder" status, not a booked order.
- **EBITDA margin trajectory** — whether the 25.1% Q1 FY27 print stabilizes, recovers toward 28%, or continues to give back the FY24-FY26 margin expansion.
- **Disclosure of RPT quantum with GE Vernova Inc.** and confirmation of the current CEO's identity.

Key risks to be aware of

- **Order-intake and margin mean-reversion risk (dominant).** A ~30% YoY order-intake decline and a ~400bps sequential margin contraction, arriving together, are the clearest signal in this report's research that a two-year up-cycle may be topping.
- **Valuation-multiple risk**, compounding the above: ~83x trailing earnings leaves little room for anything short of continued hyper-growth.
- **Rating-signal misread risk:** treating the July 2026 ICRA upgrade as a bullish forward signal rather than a backward-looking confirmation would be a misreading of what the rating action actually says.
- **Governance-disclosure risk**, given the unconfirmed CEO identity and undisclosed related-party transaction quantum with the global parent.

Valuation

₹ per share unless stated

CMP of ₹4,385 (18 Sep 2026) divided by the disclosed trailing P/E of ~83.2x implies trailing EPS of roughly ₹52.7. This runs somewhat ahead of FY26 reported EPS of ~₹48.2 (FY26 PAT of ₹1,233 crore over an implied ~25.6 crore shares, market cap ÷ CMP), consistent with the trailing P/E window already incorporating the stronger Q1 FY27 quarter. We hold the November 2024 OFS (an 8.38% secondary stake sale by the promoter) outside this arithmetic entirely, since it was a sale of existing shares, not a primary issuance, and does not affect per-share earnings. Rather than extrapolate the FY24-FY26 margin-expansion trend forward, we apply a modest ~10% earnings-growth assumption off trailing EPS (reflecting continued backlog execution) but pair it with target multiples set *below* the current 83.2x, on the view that a business earning ROE of 57.4% and ROCE of 77.4% at the tail of a two-year margin run, with order intake already down ~30% YoY, is a plausible candidate for multiple compression even absent any further operational deterioration:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	45.0x	58.0	2,610	(40.5)%
Base	60.0x	58.0	3,480	(20.6)%
Bull	75.0x	58.0	4,350	(0.8)%

Base case rounded to ₹3,480. Even our bull-case scenario — which still assumes 75x forward earnings, itself a rich multiple by most industrial-sector standards, against continued EPS growth despite the order-intake miss — produces essentially no upside from the current ₹4,385 price, underscoring how much of the FY24-FY26 up-cycle is already priced in. Named brokerage targets found in this research skew more bullish than this report's own arithmetic: Nomura (₹5,675, date approximate, post-dating an earlier ₹3,350 target from September 2025), IDBI Capital (Buy, ₹5,214, initiated ~April/May 2026 — exact date uncertain across sources), and Emkay Global (Buy, target raised to ₹4,750 from ₹3,900); Jefferies alone strikes a more cautious note with a Hold rating despite a higher absolute target of ₹6,000. This report's own base case sits well below all of these, reflecting a more skeptical read of what the Q1 FY27 order-intake and margin data imply for forward earnings quality at the current multiple.



RECOMMENDATION: SELL, TARGET ₹3,480 (-20.6% FROM ₹4,385, 18 SEP 2026)

Upgrade triggers: a clear reversal of the Q1 FY27 order-intake decline in the following one to two quarters; EBITDA margin stabilizing or recovering toward the FY26 28% level; formal award of the Barmer- South Kalamb HVDC package with disclosed order value; or a disclosed, quantified India-specific data-center order large enough to be independently material. **Downgrade triggers:** a further order-intake decline; continued margin contraction; or any evidence that the July 2026 ICRA upgrade was, in hindsight, a peak-cycle confirmation rather than a sign of durable credit strength.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	3,168	4,292	6,206
EBITDA margin	10%	19%	28%
Net profit (PAT)	181	608	1,233

Selected metrics	Latest disclosed
ROE (trailing)	57.4%
ROCE	77.4%
Order backlog (30 Jun 2026, Q1 FY27)	₹20,930 cr
Order intake, Q1 FY27 (YoY)	₹1,137 cr, (30.0)%

Source: screener.in (18 Sep 2026), cross-checked against Q4 FY26 results coverage (Business Standard, 19 May 2026) and Q1 FY27 results coverage (multiple sources, Aug 2026); no material discrepancy found between the annual aggregation and quarterly press coverage.

DISCLAIMER

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HOLD

Siemens Ltd

SIEMENS

A high-quality franchise wrapped in a reporting mess this report cannot fully unwind — and only a diluted data-center play regardless

Summary

Siemens Ltd is the Indian listed subsidiary of Siemens AG (Germany), present in India for over a century and headquartered in Mumbai, 75% held by the German parent. Following the demerger of its Energy segment — effective 25 March 2025, with the demerged entity (Siemens Energy India Ltd, covered separately below) listing on 19 June 2025 at a 1:1 share ratio — Siemens Ltd retained three core segments: Smart Infrastructure (electrification, buildings, low/medium-voltage switchgear), Digital Industries (factory automation) and Mobility (rolling stock, rail electrification, signalling), together with a smaller residual line. This is roughly 70% of pre-demerger group revenue. The retained franchise is genuinely high quality on conventional balance-sheet terms: CRISIL AAA/Stable and A1+ ratings (reaffirmed 2 July 2026), nil balance-sheet debt, an order book of approximately ₹45,000 crore as of 31 March 2026 (including a landmark 9,000 HP locomotive order from Indian Railways), and a board that keeps the Managing Director & CEO (Sunil Mathur) and Chairman (Deepak S. Parekh) roles separate.

The financials, however, are genuinely difficult to use without further reconciliation, and this report states that problem explicitly rather than presenting a clean-looking multi-year table. Siemens Ltd's board extended its financial year to an unusual 18-month stub period (October 2024-March 2026), which mechanically breaks any straightforward year-on-year comparison against a normal 12-month prior year. Separately, screener.in's standalone and consolidated data pulls disagree materially on FY2024 sales (₹13,403 crore standalone vs. ₹15,146 crore consolidated), most likely because one pull restates prior years to exclude the now-demerged Energy business and the other does not — and screener.in's quarterly figures diverge from 5paisa's by roughly ₹400-800 crore per quarter for reasons this report could not resolve. Most materially: the quarter ended 30 June 2026 reported a net profit of ₹2,122-2,143 crore — roughly 5-6x the prior quarter despite operating profit of only ₹383 crore — while the company's own disclosed "profit from ordinary activities" line for that same quarter was just ₹343.4 crore, confirming an unexplained exceptional item of roughly ₹1,800 crore inflating the headline figure. This report could not identify the nature of that item from

TARGET PRICE

12-month target	₹3,766
CMP (18 Sep 2026)	₹3,914
Implied upside	(3.8)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,39,382 cr
P/E (trailing, disputed)	92.7x-109x*
Book value/share	₹380-389
ROE / ROCE	not meaningful**
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoter (Siemens AG)	75.00%
DII	6.90-9.10%
FII	6.47-8.69%
Public	9.42-9.45%

FINANCIAL SNAPSHOT (₹ CR)

	FY23 (12mo)	FY24 (12mo)	FY26 (18mo)
Revenue	17,965	13,403	22,025
Op. profit margin	13%	13%	10%
PAT	1,911	2,665	2,546



public sources reached. The consequence is that the disclosed trailing P/E figures found in this research (92.7x and 109x, across two screener.in pulls) are themselves built on a distorted earnings base, and the true, sustainable-earnings P/E is almost certainly higher, not lower, than either headline number.

On data-center relevance specifically, Siemens Ltd's exposure is **diluted and thematic rather than a core play**. Globally, Siemens AG's Smart Infrastructure business booked record data-center orders (€1.9 billion in Q2 FY2026) and management has spoken publicly about hyperscale-data-center OT infrastructure as a strategic priority — but this research found no named India-specific data-center customer, hyperscaler contract, or DC-linked order for Siemens Ltd itself. Its plausible India data-center relevance runs through Smart Infrastructure's general building-electrification and automation products, which serve all commercial and industrial buildings, not data centers specifically. This contrasts directly with Siemens Energy India (below), where a named, if unquantified, AI-data-center partnership (TCS's "HyperVault" MoU) already exists.

Net: a HOLD. This report values Siemens Ltd by a deliberately different route than its usual two methods, given the data-quality problem described above (see Valuation), and finds the current price roughly fair to slightly rich on that basis — not attractive enough for a BUY given how expensive the stock already looks even before adjusting for the reporting confusion, but not offering the kind of clear overvaluation case a SELL would require given the genuine underlying credit and franchise quality. Confirmation of normalized EPS from the FY2026 Annual Report is the single most important open item before this rating should be treated as settled.

Investment rationale

- **CRISIL AAA/Stable and A1+** (reaffirmed 2 July 2026), the highest domestic credit ratings available, alongside nil balance-sheet debt, adjusted tangible net worth of ~₹12,236 crore and superior liquidity of ~₹5,612 crore in cash — a genuinely strong balance sheet regardless of the reporting confusion elsewhere.
- **An order book of ~₹45,000 crore** as of 31 March 2026, including a landmark 9,000 HP locomotive order from Indian Railways, providing long-term revenue visibility per CRISIL's own rating rationale.
- **A genuinely diversified, three-segment portfolio** (Smart Infrastructure, Digital Industries, Mobility) that CRISIL itself cites as shielding the business from single-segment cyclicity.
- **Separate Chairman and MD/CEO roles** (Deepak S. Parekh; Sunil Mathur) — a governance positive relative to several peers in this report with combined Chairman/MD structures.
- **Continued Mobility order momentum:** a ₹1,825 crore internal order for rail components (received 25 March 2026), a ₹263 crore RVNL electrification contract, and a Pune Metro propulsion order from Titagarh Rail Systems.
- **Parent-level strategic tailwind:** Siemens AG's global Smart Infrastructure business reported record data-center-linked order growth (€1.9 billion in Q2 FY2026, Smart Infrastructure orders +42% group-wide) — a signal of strategic emphasis that could, though has not yet been shown to, extend into India order intake over time.



What gives us pause

- **An unexplained ~₹1,800 crore exceptional item is inflating reported earnings, and this report could not identify what it is.** The quarter ended 30 June 2026 reported net profit of ₹2,122-2,143 crore against a company-disclosed "profit from ordinary activities" of only ₹343.4 crore for the same quarter — a material, unresolved gap that distorts trailing P/E and any simple net-profit trend line.
- **The 18-month "FY2026" reporting period (October 2024-March 2026) is not a normal fiscal year.** Any year-on-year comparison against a standard 12-month prior year is mechanically distorted by the extra six months of revenue, and this report has deliberately avoided presenting a naive multi-year trend line as a result.
- **Standalone and consolidated data sources disagree materially.** Screener.in's standalone FY2024 sales figure (₹13,403 crore) sits well below its own consolidated FY2024 figure (₹15,146 crore), most plausibly because one series has been retrospectively restated to exclude the now-demerged Energy business and the other has not — this report could not resolve which restatement vintage is authoritative without the primary annual report.
- **Quarterly figures diverge across aggregators by ₹400-800 crore per quarter** (screener.in vs. 5paisa), for reasons this report could not identify from the sources reached.
- **No India-specific data-center customer or order was found for Siemens Ltd.** Its data-center relevance runs through general building-electrification products, not a named hyperscaler contract — genuinely diluted relative to Siemens Energy India's more direct grid-technology exposure.
- **Whether Chairman Deepak S. Parekh is formally classified as Independent or Non-Executive Non-Independent could not be confirmed** from the sources reached — this affects, though on the facts found here probably does not breach, the applicable SEBI LODR independent-director threshold (see governance section below).

Corporate governance assessment

1. Which rules actually apply

Siemens Ltd is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, 75%-owned by Siemens AG (Germany). Because Chairman Deepak S. Parekh is Non-Executive and, on the facts available, not a promoter or a person occupying a management position, the applicable independent-director threshold under LODR Regulation 17(1)(b) is most likely the lower one-third bar (rather than the one-half bar that applies to an executive-chaired board), on which the confirmed board composition of 3 of 9 named directors (~33%) appears, on its face, to sit at or near compliance. This report could not, however, independently confirm from a primary corporate governance report whether Mr. Parekh is formally designated Independent or merely Non-Executive Non-Independent — a distinction that matters for the precision of this calculation even if the headline conclusion is likely unaffected.

2. What the company does well

MD/CEO and Chairman roles are held by separate individuals (Sunil Mathur; Deepak S. Parekh), and CFO responsibilities sit with Wolfgang Wrumnig as a separate Executive Director. Three named Independent Directors (Sindhu Gangadharan, Anami Roy, Shyamak R. Tata) were confirmed from the company's own board page. Price Waterhouse Chartered Accountants LLP is confirmed performing the statutory review of results, including for the unusual "fifth quarter and fifteen months ended December 31, 2025" period created by the fiscal-year extension. CRISIL's own rating rationale independently corroborates nil balance-sheet debt and superior liquidity.

3. Grey areas

A disclosed cross-directorship exists between Siemens Ltd and Siemens Energy India: Sunil Mathur is simultaneously Managing Director & CEO of Siemens Ltd and Chairman of Siemens Energy India's board, and Dr. Juergen Wagner sits on both companies' boards. Both companies were part of the same group until the March 2025 demerger, and this report treats the



overlap as a disclosed, factual artifact of a recent corporate separation rather than evidence of impropriety. Separately, the ~₹1,800 crore exceptional item discussed above has not been characterized by the company in any source this research reached, which this report considers a disclosure gap worth closing rather than a confirmed governance failing.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action, insider-trading finding, or promoter pledge was found in the sources searched — though for a company of this scale and history, absence of adverse news in this research pass is not the same as an affirmative clean-record confirmation from a primary compliance filing.

5. Items to watch

Identification of the nature of the ~₹1,800 crore exceptional item in the quarter ended 30 June 2026; confirmation of Deepak Parekh's precise Independent/Non-Executive classification; reconciliation of the standalone-vs-consolidated and screener-vs-5paise revenue discrepancies against the primary FY2026 annual report; and confirmation of segment-wise (Smart Infrastructure/Digital Industries/Mobility) revenue and margin disclosure for the post-demerger period, which this research could not locate.

GOVERNANCE CONCLUSION

Reasonably strong on structure, materially undermined by disclosure quality. Separate Chairman/MD roles, confirmed independent directors, an AAA credit rating and a nil-debt balance sheet all point to a well-governed, majority-parent-backed franchise. But an unexplained ~₹1,800 crore exceptional item, unresolved standalone-vs-consolidated data conflicts, and an unconfirmed Chairman independence classification mean this report cannot describe Siemens Ltd's financial disclosure as currently adequate for confident valuation — which is itself the central reason for this report's HOLD rather than any more constructive call.

SWOT analysis

STRENGTHS

- CRISIL AAA/Stable and A1+, nil balance-sheet debt, ~₹5,612cr cash liquidity
- ~₹45,000cr order book (31 Mar 2026) incl. 9,000 HP locomotive order
- Diversified three-segment portfolio shielding single-segment cyclicity
- Separate Chairman/MD/CFO roles; three confirmed independent directors
- 100+ year India presence, Siemens AG parent backing (75% promoter stake)

WEAKNESSES

- Unexplained ~₹1,800cr exceptional item distorting reported PAT and P/E
- 18-month FY26 stub period breaks like-for-like year-on-year comparison
- Standalone-vs-consolidated and screener-vs-5paise data conflicts, unresolved
- No named India-specific data-center customer or order found
- Chairman's Independent/Non-Independent classification unconfirmed

OPPORTUNITIES

- Parent-level Smart Infrastructure data-center order momentum (€1.9bn, Q2 FY26 globally) potentially extending to India over time
- Continued Indian Railways/Mobility order flow (₹1,825cr internal order, RVNL, Pune Metro)
- Goa GIS/"Blue GIS" (SF6-free) capacity expansion
- Broader India capex-cycle tailwinds across Smart Infrastructure and Digital Industries

THREATS

- Further unexplained accounting items recurring, compounding disclosure-confidence risk
- Intense domestic and international competition constraining profitability, per CRISIL's own rating rationale
- Sharp re-rating risk once the FY2026 Annual Report clarifies normalized EPS, if it comes in materially below this report's run-rate estimate
- DC-thematic exposure remaining diluted/unconfirmed rather than converting into named orders



Key developments to watch

- **The FY2026 Annual Report** — the single most important item to close, both for identifying the nature of the ~₹1,800 crore exceptional item and for disclosing a normalized, comparable EPS base.
- **Confirmation of Chairman Deepak Parekh's Independent/Non-Executive classification** against the primary corporate governance report.
- **Segment-wise (Smart Infrastructure/Digital Industries/Mobility) revenue and margin disclosure** for the post-demerger period, not found in this research.
- **Any named India-specific data-center customer or order**, which would upgrade this report's currently diluted/thematic DC-materiality assessment.
- **Reconciliation of the standalone-vs-consolidated and screener-vs-5paisa figures** once the primary annual report is available.

Key risks to be aware of

- **Data-quality and valuation risk (dominant).** This report's own arithmetic finds the stock already expensive on a sustainable-earnings basis, and the true picture cannot be confirmed until the FY2026 Annual Report clarifies normalized EPS — treat this rating as provisional until then.
- **Reporting-discontinuity risk** from the 18-month fiscal-year stub, which will continue to complicate comparisons for at least one more reporting cycle.
- **Competitive-intensity risk**, flagged directly by CRISIL's own rating rationale as the primary constraint on margins.
- **DC-thematic risk:** this report's inclusion of Siemens Ltd rests on a segment-level, not yet order-evidenced, data-center exposure — a genuinely weaker thesis than several other names in this report.
- **Governance-disclosure risk** given the unresolved Chairman-classification and exceptional-item questions.

Valuation

₹ per share unless stated

Neither of this report's usual two valuation methods cleanly applies here, and we say so explicitly rather than forcing one. Method (a) — deriving EPS from the latest annual PAT divided by the implied current share count — is unusable because the latest reported PAT itself is inflated by the unexplained ~₹1,800 crore exceptional item. Method (b) — dividing CMP by the disclosed trailing P/E to back out EPS directly — is unusable because the disclosed trailing P/E is itself disputed across sources (92.7x vs. 109x) and was very likely computed against a trailing-earnings window that partly includes that same distorted quarter. Instead, we annualize the company's own disclosed "profit from ordinary activities" for the quarter ended 30 June 2026 (₹343.4 crore, explicitly excluding the exceptional item): ₹343.4cr × 4 ≈ ₹1,372cr. Dividing by the implied current share count (market cap ÷ CMP = ₹1,39,382cr ÷ ₹3,914 ≈ 35.6 crore shares) gives a run-rate EPS of ~₹38.5 — implying CMP/EPS of ~₹3,914 ÷ ₹38.5 ≈ 102x, at or beyond the upper end of the disputed 92.7x-109x headline range. This is consistent with this report's view that the true underlying multiple is likely higher, not lower, than either headline figure suggests. We flag this entire approach as a single-quarter extrapolation, not a company-disclosed full-year normalized figure, and therefore a materially lower-confidence estimate than this report's valuations for less distorted companies.

Applying an *indicative* 15% forward-growth assumption — modest, reflecting a mature, order-book-supported industrial franchise rather than a hyper-growth name, and deliberately not extrapolated from any of the distorted headline PAT figures — gives a constructed forward EPS of ~₹44.3. We apply a target multiple band below the disputed trailing range, reflecting our view that a business earning this level of sustainable per-share profit does not warrant a 100x+ multiple even with AAA credit quality, while not collapsing to a "plain industrial" multiple either, given Indian MNC capital-goods majors have historically traded at a persistent premium:



Scenario	Target P/E (fwd)	Fwd EPS (~)	Target price	Upside/(downside)
Bear	75.0x	44.3	3,323	(15.1)%
Base	85.0x	44.3	3,766	(3.8)%
Bull	95.0x	44.3	4,209	+7.5%

Base case rounded to ₹3,766, sitting within this report's HOLD band (-5% to +15% expected 12-month return); even our bull-case scenario, at a 95x forward multiple, produces upside well short of this report's BUY threshold — a sign of how much the current price already assumes continued quality and scarcity value regardless of the underlying reporting confusion. Named brokerage targets found in this research are consistent with this picture: a 24-analyst consensus average of ₹3,347.50 (aggregator sums to 25 individual ratings against a stated "24 analysts" — a minor internal inconsistency in the source itself), Antique Stock Broking's ₹3,767 target (initiated ~December 2025), and a separate ₹3,792 average across "10 recent research reports from 5 sources" — all of which sit at or below the current CMP of ₹3,914, consistent with sell-side coverage already viewing the stock as fully valued to rich even before this report's own data-quality discount.

RECOMMENDATION: HOLD, TARGET ₹3,766 (-3.8% FROM ₹3,914, 18 SEP 2026)

Upgrade triggers: the FY2026 Annual Report confirming a normalized EPS materially above this report's ~₹38.5 run-rate estimate, with a credible explanation for the exceptional item; a named India-specific data-center order that would upgrade the DC-materiality thesis from thematic to concrete; confirmation that Chairman Deepak Parekh cleanly meets the applicable SEBI LODR independent-director threshold. **Downgrade triggers:** the FY2026 Annual Report confirming run-rate earnings power below this report's ₹343cr/quarter estimate; further unexplained exceptional items recurring; or margin compression beyond the ~10-11% already disclosed, consistent with the competitive intensity CRISIL itself flags.

Financial summary — selected disclosed metrics (₹ crore)

	FY23 (Sep, 12mo)	FY24 (Sep, 12mo)	FY26 (18mo, Oct'24-Mar'26)
Revenue (standalone)	17,965	13,403	22,025
Operating profit margin	13%	13%	10%
Net profit (PAT)	1,911	2,665	2,546

Selected metrics	Latest disclosed
Order book (31 Mar 2026)	~₹45,000 cr
Balance-sheet debt	Nil
Run-rate PAT (annualized, ordinary activities)	~₹1,372 cr
Credit rating	CRISIL AAA/Stable, A1+

*Two different trailing P/E figures appeared across screener.in pulls (18-20 Sep 2026); this report presents both rather than silently picking one, since the ~₹1,800cr Jun 2026 exceptional item likely distorts whichever trailing-earnings window each pull used. **ROE/ROCE are not shown as clean figures because the PAT base needed to compute them is itself distorted by the same exceptional item; see Valuation for this report's alternative run-rate approach. There is no clean FY25 column above because Siemens Ltd's board-approved extension of its financial year to an 18-month period (Oct 2024-Mar 2026) consumed what would otherwise have been a separate FY25 — this gap is itself evidence of the reporting discontinuity discussed throughout this section, not an omission by this report. Source: screener.in (18-20 Sep 2026, standalone tab), cross-checked against CRISIL's 2 July 2026 rating rationale, which independently corroborates the ~₹45,000cr order book and nil debt but cites a different 18-month "operating income" figure (₹24,846cr) than screener's standalone sales figure (₹22,025cr) — a further, unresolved discrepancy this report flags rather than reconciles.



DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Siemens Ltd, and have received no compensation from the company.



BUY

Siemens Energy India Ltd

ENRIN

The strongest growth profile in this report's grid-equipment cluster, with a real, if still unquantified, AI-data-center partnership

Summary

Siemens Energy India Ltd (SEIL; NSE: ENRIN, BSE: 544390) was incorporated on 7 February 2024 and became an independent listed entity via the demerger of Siemens Ltd's Energy business, effective 25 March 2025, listing on 19 June 2025 at a 1:1 share ratio. It carries the transmission and grid-technology business that contributed roughly 30% of pre-demerger Siemens India group revenue — Air-Insulated Switchgear up to 800 kV, Gas-Insulated Switchgear up to 420 kV, Power Transformers up to 765 kV/500 MVA, Reactors up to 765 kV, and Traction Transformers — across 8 manufacturing facilities, 6 sales offices, 4 engineering/R&D centers and 4 service centers, with over 4,500 employees at listing. This is the more directly data-center-relevant of the two Siemens entities in this report, given its grid, transformer and switchgear product lines, and its growth profile is the best of any grid-equipment name covered here: Q3 FY26 (quarter ended 30 June 2026) revenue grew 39.3% year-on-year to ₹2,486 crore, PAT grew 67.8% to ₹441 crore, and EBIT margin expanded 430 basis points to 21.9% from 17.6% a year earlier. Order backlog stood at ₹19,331 crore, up 16.4% year-on-year — roughly 2x trailing annual revenue.

The most directly data-center-relevant development is a Memorandum of Understanding signed 27 April 2026 between Tata Consultancy Services and Siemens Energy AG (the German parent), with Siemens Energy India explicitly named as contributing power-generation, electrification and grid-technology expertise to TCS's "HyperVault" AI-data-center platform. This is a real, named strategic partnership with a top Indian IT major — the strongest data-center-linked evidence found for this entity — but it remains an MoU with no disclosed order value, signed at the parent-group level with SEIL as the India delivery arm, not a SEIL-specific bilateral contract. This report treats it as an early, credible but unquantified signal, not a booked order, and has not built any revenue estimate around it.

The company's standalone listed history is very short — public trading began only in June 2025 — and this report treats any pre-listing (pre-June 2025) figures found in aggregator data as carve-out/pro-forma estimates for comparability, not independently audited standalone-entity results. Return ratios are unusually strong (ROCE 67.8%, ROE 50.5%) but plausibly reflect a small post-demerger equity base as much as a durable structural return profile, and this

TARGET PRICE

12-month target	₹4,053
CMP (18 Sep 2026)	₹3,228
Implied upside	+25.6%
Rating	BUY

KEY STOCK DATA

Market cap	~₹1,15,000 cr
P/E (trailing)	75.3x
Book value/share	₹135 (~23.9x P/B)
ROE / ROCE	50.5% / 67.8%*
Credit rating	None found**

SHAREHOLDING (JUN 2026)

Promoters (Siemens AG 69% + SE AG 6%)	75.00%
Public	10.82%
FII	7.72%
DII	6.44%

FINANCIAL SNAPSHOT (₹ CR)

	Q1 (Jun'25)	Latest Q (Jun'26)	9M FY26 cum.
Revenue	1,785	2,486	6,791
PAT	263	441	1,128
PAT growth YoY	—	+67.8%	+52.2%



report flags their sustainability as an open question rather than a steady-state fact. Valuation is rich in absolute terms — ~75.3x trailing P/E and ~23.9x book value — though this report's own arithmetic finds it arguably supported by the growth trajectory (see Valuation). The company is "almost debt-free" per screener.in, consistent with no independent credit rating being found for this specific entity in this research; a similarly-named but entirely unrelated company, "SEIL Energy India Limited" — a Sembcorp-backed thermal power generator in Andhra Pradesh — carries a CRISIL AA+/Stable rating that this report explicitly does not attribute to Siemens Energy India.

Net: a BUY. The combination of accelerating growth, expanding margins, a large and growing order backlog, a near-debt-free balance sheet and a credible (if early) AI-data-center partnership outweighs the risks of a short track record and a rich multiple, on this report's own valuation arithmetic below. The two open items to watch before treating this as a settled, mature-company thesis are whether the current return ratios prove durable and whether the TCS partnership converts into disclosed, quantified revenue.

Investment rationale

- **The best growth profile in this report's grid-equipment cluster.** Q3 FY26 revenue +39.3% YoY to ₹2,486cr, PAT +67.8% YoY to ₹441cr, with EBIT margin expanding 430bps to 21.9% from 17.6% a year earlier — 9M FY26 cumulative shows the same trajectory (revenue +31.1%, PAT +52.2%, EBIT +49.2%).
- **A named, real AI-data-center strategic partnership** — the TCS "HyperVault" MoU (27 April 2026) is the strongest data-center-linked evidence found anywhere in this report's Siemens-entity research, even though it remains unquantified.
- **A large, growing order backlog:** ₹19,331 crore as of end-Q3 FY26, up 16.4% YoY and roughly 2x trailing annual revenue, providing multi-year visibility.
- **A broad, scarcity-relevant product portfolio** — AIS to 800kV, GIS to 420kV, power transformers to 765kV/500MVA — directly addressing the grid and transformer capacity that India's data-center and broader power build-out depends on.
- **Significant committed capacity expansion:** a ~₹2,060 crore board-approved investment in a new power transformer facility adding ~30,000 MVA (targeted 2030-2032), which would take total transformer capacity to ~60,000 MVA, alongside an already-underway Kalwa capacity doubling (15,000 → 30,000 MVA).
- **A near-debt-free balance sheet**, per screener.in, reducing financial-stress risk for a young, high-growth spin-off.

What gives us pause

- **A very short standalone track record.** SEIL has been independently listed only since June 2025; this report treats any pre-listing figures found in aggregator data as pro-forma/carve-out estimates, not audited standalone-entity results, and flags the entire financial history here as thinner than for a longer-listed peer.
- **ROE (50.5%) and ROCE (67.8%) are unusually high and may not be sustainable.** These plausibly reflect a small post-demerger equity base as much as a durable structural return profile — this report flags them as an open item, not a steady-state fact, and recommends sanity-checking them against SEIL's first full Annual Report balance sheet.
- **Valuation is rich in absolute terms:** ~75.3x trailing P/E and ~23.9x book value. This report's own arithmetic (see Valuation) finds the growth trajectory arguably supports it, but a growth slowdown from the current exceptional pace would leave the multiple exposed.



- **No independent credit rating was found for this specific entity.** This is plausibly consistent with an almost-debt-free balance sheet not requiring one, but this report treats it as "not found," not "affirmatively unrated." Separately and importantly: an unrelated, similarly-named company, "SEIL Energy India Limited" (a Sembcorp-backed thermal power generator in Andhra Pradesh), carries a CRISIL AA+/Stable rating on ₹8,100 crore of facilities — this report has confirmed the two are distinct entities and does not attribute that rating to Siemens Energy India Ltd; readers relying on aggregated data should watch for this naming collision.
- **The TCS HyperVault MoU remains unquantified** — no disclosed order value, signed at the Siemens Energy AG (parent) level with SEIL named as the India-market contributor, not a confirmed SEIL-specific unit-economics customer relationship.
- **Several possibly-overlapping capex figures for Kalwa/transformer expansion** (₹360cr, ₹100cr, ₹740cr, ₹2,060cr, ₹2,800cr) could not be fully reconciled from public sources into a single, clean cumulative program figure.

Corporate governance assessment

1. Which rules actually apply

Siemens Energy India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Chairman Sunil Dass Mathur is Non-Executive, which means the applicable independent-director threshold under LODR Regulation 17(1)(b) is most likely the lower one-third bar; the confirmed board composition of 3 of 9 named directors (~33%) appears, on its face, to meet that threshold, though this report could not independently confirm this against SEIL's own primary corporate governance report given the company's very recent listing.

2. What the company does well

MD/CEO and Chairman roles are held by separate individuals — Guilherme Mendonca (Managing Director & CEO) and Sunil Dass Mathur (Chairman, Non-Executive) — with CFO responsibilities held separately by Harish Shekar (Executive Director & CFO). Three named Independent Directors carry credible external credentials: Ketan Arvind Dalal (founder, Katalyst Advisors), Subodh Kumar Jaiswal (retired IPS officer) and Swati Shivanand Salgaocar (Director, Vimson Group). The balance sheet is near-debt-free, reducing governance and financial-stress risk for a young spin-off.

3. Grey areas

Two disclosed cross-directorships exist with Siemens Ltd, the entity SEIL was demerged from: Sunil Mathur chairs Siemens Energy India's board while remaining Managing Director & CEO of Siemens Ltd, and Dr. Juergen Michael Wagner sits on both companies' boards. This report treats both as factual, disclosed artifacts of a recent corporate separation between two companies that were part of the same group until March 2025 — common in fresh spin-offs and not, on the facts found, evidence of impropriety. Separately, the precise 69% (Siemens AG)/6% (Siemens Energy AG) split of the 75% combined promoter stake was sourced from a secondary aggregator rather than SEIL's own primary shareholding-pattern filing, and should be verified directly.

4. Red flags

None found. No SEBI enforcement action, litigation matter, or promoter pledge was identified in the sources searched — though given the company's listed history of little more than a year, this reflects a short, clean record rather than a long one, and should be read accordingly.

5. Items to watch

SEIL's first full standalone Annual Report, to obtain audited (rather than aggregator-sourced) financials and confirm the promoter-split percentages; any credit-rating agency initiating coverage of this specific entity; resolution of a Business Standard item referencing "Q3 results net profit surges 80% to ₹263 crore" that does not cleanly match any quarter in this report's financial summary table, most likely a different-quarter mislabeling in that source; and confirmation of whether the TCS HyperVault MoU has converted into any disclosed order value.



GOVERNANCE CONCLUSION

Reasonable for a young, recently-demerged spin-off, with the caveat that less has had time to be tested. Separate Chairman/MD/CFO roles, three credible independent directors, and no red flags found all point to adequate governance on the facts available. The disclosed cross-directorships with Siemens Ltd are factual and, in this report's assessment, an ordinary consequence of a recent demerger rather than a concern requiring remediation — but the overall governance picture, like the financial history, should be understood as short rather than deeply proven.

SWOT analysis

STRENGTHS

- Best growth profile in this report's grid-equipment cluster (revenue +39.3%, PAT +67.8% YoY, Q3 FY26)
- EBIT margin expansion 17.6% → 21.9% YoY; order backlog ₹19,331cr (+16.4% YoY, ~2x revenue)
- Named TCS "HyperVault" AI-data-center MoU (27 Apr 2026) — real, if unquantified
- Near-debt-free balance sheet; broad product portfolio to 765kV/500MVA transformers
- Separate Chairman/MD/CFO roles; three credible independent directors

WEAKNESSES

- Very short standalone track record (listed since Jun 2025 only)
- ROE (50.5%)/ROCE (67.8%) unusually high — sustainability unconfirmed
- Rich valuation: ~75.3x trailing P/E, ~23.9x book value
- No independent credit rating found for this specific entity
- Multiple, possibly-overlapping capex figures unreconciled

OPPORTUNITIES

- TCS HyperVault MoU converting into disclosed, quantified orders
- Management explicitly links growth to "electrification, industrial growth, and AI-enabled data centers"
- ~₹2,060cr new transformer facility (~60,000MVA total capacity by 2030-32)
- "Blue GIS" (SF6-free) technology leadership — first 145kV SF6-free breaker commissioned in India

THREATS

- Valuation de-rating if growth decelerates from the current exceptional pace
- Naming confusion with unrelated "SEIL Energy India Limited" (CRISIL AA+, Sembcorp-backed) creating information risk for investors relying on aggregated data
- Long-dated new capacity (2030-2032 commissioning) execution risk
- Global grid-equipment demand cycle drawing in new competitive capacity over time

Key developments to watch

- **SEIL's first full standalone Annual Report**, to move beyond aggregator-sourced quarterly data to audited financials.
- **Quantification of the TCS HyperVault MoU** into any disclosed order value.
- **Construction progress on the ~₹2,060 crore new transformer facility** toward its 2030-2032 commissioning window.
- **Any credit-rating agency initiating coverage** of Siemens Energy India Ltd specifically (distinct from the unrelated "SEIL Energy India Limited").
- **Reconciliation of the multiple Kalwa/transformer capex figures** against a single investor-presentation capex schedule.

Key risks to be aware of

- **Short-track-record risk (dominant).** A listed history of little more than a year means less has been tested than for longer-listed peers in this report — including whether current return ratios (ROCE 67.8%, ROE 50.5%) persist.
- **Valuation/growth-deceleration risk:** ~75.3x trailing P/E and ~23.9x book value leave limited room for disappointment if growth normalizes toward more typical grid-equipment rates.



- **Unquantified-MoU risk:** the data-center narrative is currently ahead of disclosed economics — the HyperVault partnership has not yet converted into a booked order.
- **Naming-confusion risk** regarding credit ratings, given the unrelated "SEIL Energy India Limited" entity.
- **Execution risk** on the long-dated (2030-2032) new transformer capacity.

Valuation

₹ per share unless stated

This report uses method (b) — dividing CMP by the disclosed trailing P/E to back out trailing EPS — while explicitly flagging SEIL's short listed history: any pre-June-2025 inputs into that trailing figure are carve-out/pro-forma estimates, not audited standalone results, and should be treated with correspondingly lower confidence than for a longer-listed company. $CMP \div P/E = ₹3,228 \div 75.3x \approx ₹42.9$ trailing EPS. This is broadly consistent with an independent cross-check: summing the four most recently disclosed quarters (Sep 2025-Jun 2026) gives trailing PAT of ~₹1,489 crore, which divided by the implied current share count (market cap $\div$ CMP $\approx$ 35.6 crore shares) gives ~₹41.8 — close enough to the P/E-implied figure to give reasonable confidence in using ₹42.9 as the base.

Applying an *indicative* 35% forward-growth assumption — meaningfully below the 52-68% growth actually recorded across recent quarters and 9M FY26 (on the view that growth at that magnitude cannot persist indefinitely off a rapidly-scaling base, and reflecting this report's stated caution about the sustainability of current return ratios), gives a constructed forward EPS of ~₹57.9. We apply a target multiple band around, rather than assuming expansion beyond, the current trailing multiple — reflecting genuine growth support, tempered by the short track record:

Scenario	Target P/E (fwd)	Fwd EPS (₹)	Target price	Upside/(downside)
Bear	55.0x	57.9	3,185	(1.3)%
Base	70.0x	57.9	4,053	+25.6%
Bull	85.0x	57.9	4,922	+52.5%

Base case rounded to ₹4,053, comfortably within this report's BUY band (15%+ expected 12-month return); even the bear-case scenario, which assumes meaningful multiple compression to 55x against a moderated 35% growth assumption, produces only a modest decline — a sign that the growth trajectory itself, not multiple expansion, is doing most of the work in this report's constructive view. Named brokerage targets found in this research span a wide range: Jefferies (Buy, target not specified in sources reached), JPMorgan (Neutral, ₹2,600), and Motilal Oswal (Buy, ₹3,400 per one dated source and ₹3,800 per another, likely sequential rather than concurrent calls this report could not fully date-sequence). A trendlyne.com-style aggregator consensus of ₹3,226 across "14 recent research reports from 4 sources" sits almost exactly at the current CMP, implying the wide house-by-house dispersion (JPMorgan's cautious ₹2,600 against Motilal Oswal's more constructive ₹3,800) roughly offsets in aggregate. Independent/retail research estimates (Univest, not registered sell-side coverage) cited a bull case of ₹4,605 and a base case of ₹4,005 — both broadly consistent with this report's own base-case target.

RECOMMENDATION: BUY, TARGET ₹4,053 (+25.6% FROM ₹3,228, 18 SEP 2026)

Upgrade triggers: the TCS HyperVault MoU converting into a disclosed, quantified order; continued order-backlog growth translating into further, durable margin expansion; an independent credit-rating agency initiating coverage and confirming balance-sheet strength. **Downgrade triggers:** ROE/ROCE proving unsustainable as the post-demerger equity base normalizes or fresh capex dilutes returns; growth decelerating sharply toward more typical grid-equipment industry rates; or any adverse development on the long-dated (2030-2032) new transformer facility.



Financial summary — selected disclosed metrics (₹ crore)

	Q1 (Jun 2025)	Latest quarter (Jun 2026)	9M FY26 cumulative (Apr-Jun 2026)
Revenue	1,785	2,486	6,791
Operating profit margin (screener basis)	19%	24%	~21.2%***
Net profit (PAT)	263	441	1,128

Selected metrics	Latest disclosed
ROE	50.5%
ROCE	67.8%
Order backlog (30 Jun 2026)	₹19,331 cr (+16.4% YoY)
P/E (trailing) / P/B	75.3x / ~23.9x

*ROE/ROCE are unusually high and this report flags their sustainability as unconfirmed — see What gives us pause. **No independent credit rating was found for Siemens Energy India Ltd specifically; do not confuse with the unrelated "SEIL Energy India Limited" (CRISIL AA+/Stable, a Sembcorp-backed thermal power generator). ***9M FY26 margin computed here from disclosed EBIT (₹1,437cr ÷ ₹6,791cr revenue) rather than screener's operating-profit basis used for the quarterly columns, since a matching 9M operating-profit figure was not separately available — a small definitional difference from the quarterly OPM figures shown, not a data error. There is no clean multi-year FY table above because SEIL has existed as an independent, separately-reporting listed entity only since 19 June 2025; pre-listing figures found in aggregator data are carve-out/pro-forma estimates, not audited standalone results, and are excluded from this table on that basis. Source: screener.in and company/press quarterly disclosures (SolarQuarter, Energetica India, pv-magazine-india), all fetched/dated 18-20 Sep 2026, cross-checked against each other for the Jun 2026 quarter with good agreement.

DISCLAIMER

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SELL

Schneider Electric Infrastructure Ltd

SCHNEIDER

The clearest brand-exposure trap in this report: the "Schneider = data-center power" story sits in an unlisted sister company, not these shares

Summary

Schneider Electric Infrastructure Limited ("SEIL") trades at roughly 150x trailing earnings and ~42x book value — the richest valuation found anywhere across this report's full 20-company Report 2 coverage — attached to a company whose profit is now shrinking, not growing. FY26 (year to Mar 2026) PAT fell to ₹213 crore from ₹268 crore in FY25, even as revenue rose 9.6% to ₹2,891 crore, as operating margin compressed from 15% to 13%. The company paid zero dividend in FY26, confirmed both by screener.in and by separate AGM coverage explicitly noting "no dividend" alongside the 10 September 2026 AGM's leadership- continuity resolutions. This valuation/fundamentals mismatch — a near-150x multiple sitting on top of a declining profit line and no shareholder cash return at all — is the core of this report's SELL call.

SEIL's actual listed business is medium/low-voltage switchgear, power transformers and grid-automation/ digital-substation products, sold mainly into power generation, transmission & distribution, oil & gas, metro rail, mining and metals customers — almost entirely domestic and, per this research, not naming data centers as a discrete end-market anywhere in company materials found. Order intake has been genuinely strong (FY25 orders +13.4% YoY to ₹2,693 crore; FY26 orders +27.4% for the full year) and transformer capacity is being expanded (5,500 MVA to 7,000 MVA by end-FY26; Vadodara switchgear capex raised from ₹110.2 crore to ₹156.4 crore). But Q2 FY26 management commentary flagged execution/revenue growth slowing to single digits (6-7%), down from over 20% in prior years — a deceleration that sits uncomfortably next to a valuation still pricing in something closer to the old growth rate.

The single most important structural fact for any investor in this stock to understand: the well-known "Schneider = data-center power/UPS" brand story — the APC by Schneider Electric UPS/ rack-power brand, and the 2018 acquisition of L&T's Electrical & Automation business (₹14,000 crore, now rebranded "Lauritz Knudsen") — sits entirely inside **Schneider Electric India Private Limited ("SEIPL")**, a separate, unlisted sister entity that is a direct

TARGET PRICE

12-month target	₹515
CMP (18 Sep 2026)	₹1,214
Implied upside	(57.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹29,015 cr
P/E (trailing)	~150x
Price/Book	~42.1x
ROE / ROCE	38.2% / 29.6%
Credit rating (SEIL, listed)	None confirmed*

SHAREHOLDING (JUN 2026)

Promoter (EGATSI)	75.00%
Public	16.91%
DII	4.65%
FII	3.42%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	2,207	2,637	2,891
EBITDA margin	13%	15%	13%
PAT	172	268	213

*No CRISIL/ICRA/CARE/India Ratings rationale naming Schneider Electric Infrastructure Limited itself was found; every rating surfaced belongs to unlisted sister entity Schneider Electric India Pvt Ltd (CRISIL AAA/Stable, A1+).



subsidiary of the French parent, Schneider Electric SE. SEIPL carries a CRISIL AAA/Stable, A1+ rating (reaffirmed ~17 Dec 2025) — a rating this report's research repeatedly found being surfaced in searches for "Schneider Electric" ratings, but which belongs to SEIPL, not to SEIL. As far as this report's digest could confirm, **SEIL itself carries no rating from any of CRISIL, ICRA, CARE or India Ratings** — no rating rationale naming the listed entity specifically was found. No named data-center, hyperscaler or AI-infrastructure order was traced to SEIL's own order book either, in contrast to Schneider Electric SE's well-documented global AI-data-center deal flow (a \$1.9bn Switch supply agreement, a \$373m Digital Realty UPS/switchgear deal, and new 2.5MW prefabricated AI-factory power modules) — all of it activity at the global-parent level, none of it traced to these listed shares.

Net: a SELL. This is not a claim that SEIL's underlying switchgear/transformer business is broken — order intake and capacity expansion both look genuinely healthy — but a judgment that the price already assumes a growth and brand story that, on this research, belongs mostly to a different, unlisted company, while the listed entity's own profit line is moving in the opposite direction.

Investment rationale

- **Genuinely strong order intake.** FY25 order inflow ₹2,693 crore (+13.4% YoY); FY26 full-year orders grew a further 27.4% — a real, disclosed operating signal, independent of the valuation debate.
- **Capacity expansion underway.** Board-approved transformer capacity increase from 5,500 MVA to 7,000 MVA by end-FY26 (₹13.6 crore capex), and a Vadodara switchgear-plant capex revision from ₹110.2 crore to ₹156.4 crore for capacity, shopfloor and civil upgrades.
- **High return ratios on the reported base.** ROE of 38.2% and ROCE of 29.6% (screener.in, latest year) are strong in absolute terms, even though they do not, on this report's arithmetic, justify a ~150x earnings multiple.
- **An improved board-independence structure versus some peers in this report's coverage.** The Chairperson (Pravin Kumar Purang, appointed 6 November 2025) is an Independent Director, distinct from Managing Director & CEO Udai Singh — unlike some other companies profiled in this report series where Chairman and MD/CEO roles are combined in one promoter-family executive.
- **Board strengthened further in late 2025.** Two additional Independent Non-Executive Directors (Sundaram Damodarannair, Dr Shalini Sarin) were appointed effective 24 October 2025, on top of the new independent chairperson from November 2025 — a genuine, dated improvement in board composition.

What gives us pause

- **The valuation is disconnected from the company's own reported fundamentals.** A ~150x trailing P/E and ~42x P/B sit on top of a PAT that fell from ₹268 crore (FY25) to ₹213 crore (FY26) and a margin that compressed from 15% to 13% — the central reason for this report's SELL call.
- **The brand/entity conflation risk is, on this report's research, the single clearest example of a "brand exposure ≠ economic exposure" trap in this entire report.** The APC by Schneider Electric UPS/data-center-power brand, the 2018 L&T Electrical & Automation acquisition, and the CRISIL AAA/Stable, A1+ credit rating widely associated with the "Schneider Electric" name in India all belong to the unlisted sister entity, Schneider Electric India Pvt Ltd — not to these listed shares. An



investor buying SCHNEIDER on the strength of the "Schneider is a data-center power leader" narrative is, on this research, buying exposure to switchgear, transformers and grid automation, not to the AAA-rated, data-center-facing business that name recognition suggests.

- **No dividend.** Zero dividend yield despite a 38.2% ROE — confirmed by both screener.in and separate AGM coverage explicitly citing "no dividend" for FY26 — is a real gap in shareholder cash return for a company trading at a premium multiple.
- **Execution has slowed.** Q2 FY26 management commentary flagged revenue growth decelerating to single digits (6-7%), down from over 20% historically — a trend this report's research could not confirm has reversed.
- **Governance disclosure gaps remain.** This research could not confirm SEIL's statutory auditor, pending litigation, or related-party-transaction specifics (WebSearch budget was exhausted before these could be searched) — the writer recommends pulling the FY2025-26 Annual Report's Corporate Governance Report directly before treating governance as fully assessed.
- **Brokerage coverage looks unusually thin.** No named, dated registered-brokerage rating or target for SEIL was confirmed in this research, in contrast to Amara Raja and Netweb elsewhere in this report's coverage, where at least one named brokerage (ICICI Securities) was confirmed.

Corporate governance assessment

1. Which rules actually apply

SEIL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Because its Chairperson (Pravin Kumar Purang) is a Non-Executive Independent Director — separate from Managing Director & CEO Udai Singh — SEIL sits under LODR's lighter independent-director threshold (at least one-third of the board), rather than the 50% threshold that applies when Chairman and MD/CEO roles are combined. As of the FY25 Annual Report snapshot, the board had 6 directors (2 executive, 2 non-executive non-independent, 2 non-executive independent — 33% independent); two further independent directors were added in October 2025 and a new independent chairperson in November 2025, which should raise that proportion further, but this report could not obtain a current, complete board roster to state an exact current percentage.

2. What the company does well

The separation of Chairman and MD/CEO roles is a genuinely better governance structure than a combined Chairman-MD arrangement, and the board was visibly strengthened in Q3-Q4 FY26 (two new independent directors, a new independent chairperson). Promoter holding (75.00%, via Energy Grid Automation Transformers and Switchgears India Pvt Ltd, "EGATSI") is disclosed and consistent quarter-to-quarter per screener.in's shareholding data.

3. Grey areas

EGATSI's own upstream ownership could not be traced in this research. It is not confirmed whether EGATSI, SEIL's 75% promoter, is itself controlled by or related to Schneider Electric India Pvt Ltd (the unlisted AAA-rated sister entity holding the APC brand), or reports through a separate line directly to Schneider Electric SE. This is the key open item behind the listed-vs-unlisted conflation risk flagged throughout this section and was not resolved by any primary source reached in this research; it should be closed via SEIL's related-party-transaction note or EGATSI's own MCA filing before an investor treats the entity structure as fully understood. Two non-executive, non-independent directors (Anil Chaudhry, Deepak Sharma), presumed Schneider Electric group/promoter-side nominees, had their exact current roles within the wider Schneider Electric organization unconfirmed in sources reached.



4. Red flags

No SEBI enforcement action, insider-trading finding, or litigation was found in this research — but this reflects a genuine research gap (statutory auditor, litigation and related-party-transaction disclosures could not be searched before this research's tool budget was exhausted) rather than a confirmed clean record, and should not be read as equivalent to independent verification. Separately, zero dividend paid in FY26 despite a 38.2% ROE is not a compliance red flag, but is a governance-adjacent capital-allocation signal worth flagging alongside the valuation discussion above.

5. Items to watch

Confirmation of SEIL's own credit-rating status (or confirmed absence of one) from CRISIL/ICRA/CARE/ India Ratings; the current, complete board roster and independent-director percentage from the FY2025-26 Annual Report (filed 18 August 2026); resolution of EGATSI's upstream ownership chain relative to Schneider Electric India Pvt Ltd; and statutory auditor, litigation and related-party-transaction disclosures not yet confirmed in this research.

GOVERNANCE CONCLUSION

Structurally improving, but incomplete — and carrying a distinct, entity-level risk this report treats as a headline point, not a footnote. The Chairman/CEO separation and the late-2025 board additions are genuine positives. But nothing in this research changes the core structural fact: the AAA-rated, APC-branded, data-center-facing "Schneider Electric" business Indian investors generally associate with this name is housed in the unlisted Schneider Electric India Pvt Ltd, not in the listed shares covered by this report. Any governance or credit-quality halo an investor extends from that brand to SCHNEIDER stock is, on this research, not supported by SEIL's own disclosed rating status (none confirmed) or its own reported profit trend (declining). This gap reinforces, rather than offsets, this report's separately-derived SELL call on valuation grounds.

SWOT analysis

STRENGTHS

- Strong order intake (FY25 +13.4% YoY, FY26 +27.4% for the full year)
- Chairman/CEO roles separated, with an independent chairperson since Nov 2025
- Board strengthened further with two new independent directors (Oct 2025)
- High ROE (38.2%) / ROCE (29.6%) on the reported earnings base
- Ongoing transformer and switchgear capacity expansion (Vadodara, transformer MVA increase)

WEAKNESSES

- Richest valuation in this report's entire 20-company universe (~150x P/E, ~42x P/B)
- PAT declining (₹268cr FY25 → ₹213cr FY26); margin compressed 15% → 13%
- Zero dividend despite high return ratios
- No confirmed credit rating for the listed entity itself from any major agency
- Execution growth slowed to single digits (6-7%) in Q2 FY26, from 20%+ historically

OPPORTUNITIES

- India's broader grid, industrial and infrastructure capex cycle, of which data-center power connections are one (unconfirmed-for-SEIL) end-use among many
- Transformer and switchgear capacity coming online through FY26-27
- Digital-substation/grid-automation demand as India's T&D network modernizes
- Potential future, currently unconfirmed, intercompany or direct data-center-linked order flow

THREATS

- Brand/entity conflation: investors mistaking SEIL for the AAA-rated, APC-branded, unlisted SEIPL
- Further PAT/margin deterioration if the Q2 FY26 execution slowdown persists
- Unresolved EGATSI ownership-chain question adds structural opacity
- Thin brokerage coverage and disclosure gaps (auditor, litigation, RPT) limit external scrutiny

Key developments to watch

- **Confirmation of SEIL's own credit-rating status** (or its confirmed absence) from CRISIL, ICRA, CARE or India Ratings — the single most important open item distinguishing this listed entity from its unlisted, AAA-rated sister company.
- **Resolution of EGATSI's upstream ownership chain** relative to Schneider Electric India Pvt Ltd and Schneider Electric SE.
- **The current, complete board roster and independent-director percentage** from the FY2025-26 Annual Report.
- **Whether execution growth reaccelerates** from the single-digit pace flagged in Q2 FY26 commentary.
- **Any change in dividend policy**, given the zero-payout FY26 outcome despite strong return ratios.

Key risks to be aware of

- **Valuation risk (dominant).** At ~150x trailing earnings and ~42x book value, this report's own arithmetic finds no scenario that supports the current price off currently reported fundamentals.
- **Brand/entity-conflation risk** — the distinguishing risk this report flags for this stock specifically: the data-center-relevant "Schneider" brand and credit quality sit with a different, unlisted company.
- **Profit-decline risk.** FY26 PAT fell 20.5% YoY even as revenue grew — a trend this report's research could not confirm has reversed.
- **Capital-return risk.** Zero dividend, with no confirmed policy commitment to future payouts.
- **Disclosure risk.** Statutory auditor, litigation and related-party-transaction specifics were not confirmed in this research.

Valuation

₹ per share unless stated

Applying this report's CMP ÷ disclosed trailing P/E approach: ₹1,214 (CMP, 18 Sep 2026, screener.in) ÷ 150x (disclosed trailing P/E) gives a trailing EPS of approximately **₹8.09**. Given the Q2 FY26 commentary of execution growth slowing to single digits and margin already compressed to 13%, we apply a cautious, *indicative* 6% forward-EPS-growth assumption (materially

below the growth this multiple would require to be justified) to arrive at a constructed FY27E EPS of approximately **₹8.58**. Because the current 150x multiple is, on this report's reading, not supported by either the current profit trend or a confirmed data-center growth narrative specific to this listed entity, we apply a target multiple band re-rated well below the current trailing multiple, toward levels closer to other premium Indian capital-goods/electricals names in this report's broader coverage — not a distress multiple, but a more fundamentals-anchored one:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	40.0x	8.58	343	(71.7)%
Base	60.0x	8.58	515	(57.6)%
Bull	80.0x	8.58	686	(43.5)%

Base case rounded to ₹515. Even our bull-case scenario, applying an 80x forward multiple — still a rich multiple by ordinary industrial standards — produces substantial downside from the current ₹1,214, underscoring how much of the current price depends on a valuation and brand narrative this report's research could not confirm belongs to the listed entity. No named, dated registered-brokerage target for SEIL was confirmed in this research; a Trendlyne research-reports page exists for the stock but its contents were not opened in this research pass, and non-brokerage retail-research citations (Univest, ~₹1,600 2026 target; a separate aggregator's "average Wall Street target" of ~₹1,426) are flagged in the underlying digest as unverified and are not treated as analyst consensus here.



RECOMMENDATION: SELL, TARGET ₹515 (-57.6% FROM ₹1,214, 18 SEP 2026)

Upgrade triggers: a confirmed, independently-rated credit profile for SEIL itself from a major agency; evidence of PAT and margin re-acceleration rather than continued decline; a disclosed, direct data-center order or contract booked to SEIL's own order book (not the unlisted SEIPL); or initiation of a dividend policy. **Downgrade triggers:** further PAT/margin deterioration; continued single-digit execution growth; further evidence that investors are pricing SEIL on the strength of SEIPL's APC/AAA narrative rather than SEIL's own disclosed fundamentals.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	2,207	2,637	2,891
EBITDA margin	13%	15%	13%
Net profit (PAT)	172	268	213

Selected metrics	FY26
ROE	38.2%
ROCE	29.6%
Order backlog (31 Mar 2025)	₹1,253 cr
FY26 order growth	+27.4%
Dividend yield	0%

Source: screener.in (18 Sep 2026); AGM/order-growth figures cross-checked against adgully.com (FY26 order-growth coverage) and welomoney.com (AGM/no-dividend coverage). FY23 figures (revenue ₹1,777cr, PAT ₹124cr) available in the underlying digest but omitted here to match this report's standard three-year presentation.

DISCLAIMER

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BUY

Amara Raja Energy & Mobility Ltd ARE&M

The cheapest stock in this report's entire universe — a real, scaling battery-storage business priced like a legacy industrial, with a data-center angle that is genuine but secondary

Summary

Amara Raja Energy & Mobility is the Tirupati-based, Galla-family-founded battery major better known for its Amaron automotive brand, but its Industrial segment — serving telecom operators, telecom-equipment makers, the UPS sector, Indian Railways and the power/oil & gas industry — is the closest thing in this report to a direct data-center backup-power supplier of scale. A third-party India power-supply-chain research note names Amara Raja and Exide Industries as the two Indian-listed suppliers of the lead-acid and lithium-ion batteries powering data-center UPS systems, and states that UPS equipment represented 30.68% of India's data-center power market revenue in 2025 — the single largest product sub-segment in that market's own breakdown. Layered on top of the legacy business is a genuinely new, fast-scaling New Energy segment: a lithium-ion "Gigafactory" being built via wholly-owned subsidiary Amara Raja Advanced Cell Technologies (ACT), whose ₹500 crore Customer Qualification Plant in Telangana was formally commissioned on 15 July 2026, alongside a planned 10 GWh Battery Energy Storage System (BESS) facility at Divitipalli targeted to begin production by end-CY2026. New Energy segment revenue has already crossed ₹200 crore in a single quarter (Q3 FY26) and reached ₹209.30 crore in Q1 FY27, up roughly 70% year-on-year.

Revenue has grown steadily from ₹11,260 crore (FY24) to ₹12,405 crore (FY25) to ₹13,549 crore (FY26), with PAT edging up from ₹906 crore to ₹964 crore to ₹970 crore over the same window. But operating margin has slipped from 14% to 13% to 11% across those three years, and the New Energy segment itself posted an operating loss of ₹22.05 crore on ₹209.30 crore of revenue in Q1 FY27 — the direct arithmetic behind the margin compression. We read this explicitly as a J-curve investment-phase story: a genuinely new, capital-intensive battery-chemistry business scaling revenue quickly ahead of profitability, not a sign of deteriorating economics in the core franchise. The first 2 GWh lithium-cell production line ("Giga 1") has already slipped once, from earlier FY26 guidance to a June 2027 target — a real execution delay to track, not dismiss.

TARGET PRICE

12-month target	₹918
CMP (18 Sep 2026)	₹796
Implied upside	+15.3%
Rating	BUY

KEY STOCK DATA

Market cap	₹14,569 cr
P/E (trailing)	18.6x
Book value/share	₹446
Dividend yield	1.33%
Credit rating	CRISIL AA+/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Galla family)	32.86%
Public	34.50%
FII	17.34%
DII	15.31%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	11,260	12,405	13,549
EBITDA margin	14%	13%	11%
PAT	906	964	970



At a CMP of ₹796 (18 Sep 2026) and a trailing P/E of just 18.6x, Amara Raja trades at a small fraction of the multiples this report assigns to Netweb Technologies (~106x) or Schneider Electric Infrastructure (~150x) — despite steady, if slower, growth, a CRISIL AA+/Stable credit rating, and a real, if early-stage, battery-storage business with plausible data-center adjacency through both UPS batteries and BESS. The stock is down roughly 19.6% over the trailing year even as the underlying fundamentals have held up, which is the value opportunity underpinning this report's BUY call. We are explicit, however, about the limits of the data-center story here: unlike Voltamp Transformers, Hitachi Energy India or ABB India elsewhere in this report, this research found no company-sourced statement from Amara Raja tying its growth specifically to AI-driven data-center demand. The data-center link rests on third-party analyst framing of the UPS/battery product category, not on management's own words.

Net: a BUY, built on valuation and a genuine, scaling battery-storage franchise — not on an AI-data-center narrative this report cannot substantiate from primary company disclosure. Investors buying this stock for its data-center exposure specifically should size the position accordingly.

Investment rationale

- **The cheapest stock across this report's entire 20-company universe.** At 18.6x trailing earnings (screener.in, 18 Sep 2026), Amara Raja trades at a small fraction of the multiples assigned elsewhere in this report to companies with comparable or weaker fundamentals — a valuation gap this report's BUY call is built on.
- **A genuine, scaling battery-storage business, not a paper narrative.** The New Energy segment has crossed ₹200 crore of quarterly revenue (first achieved in Q3 FY26) and reached ₹209.30 crore in Q1 FY27 (+~70% YoY), with a ₹500 crore Customer Qualification Plant formally commissioned in Telangana on 15 July 2026 and a 10 GWh BESS facility at Divitipalli targeted for end-CY2026 production.
- **A real, if indirect, data-center linkage through the Industrial segment.** Third-party research (the "Power Before Compute" framework) names Amara Raja as one of only two Indian-listed suppliers of UPS-grade lead-acid and lithium-ion batteries for data centers, in a market where UPS equipment is the single largest product sub-segment (30.68% of India's DC power-market revenue in 2025).
- **Steady, if slower, top-line growth with a strong balance sheet.** Revenue has grown every year from ₹11,260 crore (FY24) to ₹13,549 crore (FY26), underpinned by a CRISIL AA+/Stable long-term rating (reaffirmed 30 March 2026) — materially stronger credit standing than several higher-multiple peers in this report.
- **A cleaner corporate structure than some peers.** Amara Raja Power Systems Ltd — the group entity manufacturing switchgear, power electronics and distribution panels most directly adjacent to data-center electrical infrastructure — became a wholly-owned subsidiary of the listed entity in FY2023-24, consolidating this business fully within the stock investors actually buy (unlike some peers where an analogous business sits in an unlisted sister company).
- **The stock's recent weakness looks disconnected from fundamentals.** Down ~19.6% over the trailing year even as revenue, PAT and the credit rating have all held or improved — a gap between price and fundamentals this report's valuation section treats as the core opportunity.



What gives us pause

- **No company-sourced statement ties Amara Raja's growth to AI or data-center demand specifically.** Unlike Voltamp Transformers, Hitachi Energy India or ABB India elsewhere in this report, this research found no dated management quote or investor-presentation statement from Amara Raja attributing revenue or order growth to AI-driven data-center demand. The data-center link here rests entirely on third-party analyst framing of the UPS/battery product category — investors should not treat this as an AI-datacenter pure play.
- **Margin is genuinely declining, and the New Energy segment is currently loss-making.** Operating margin has fallen from 14% (FY24) to 13% (FY25) to 11% (FY26), and New Energy posted a ₹22.05 crore operating loss on ₹209.30 crore of revenue in Q1 FY27. We read this as a J-curve investment phase rather than a red flag, but it is a real, ongoing drag on consolidated profitability that could persist for several more quarters.
- **The Gigafactory timeline has already slipped once.** The first 2 GWh lithium-cell production line ("Giga 1") has been delayed from earlier FY26/early-FY27 guidance to a June 2027 target — a genuine execution risk in the New Energy buildout, not a hypothetical one.
- **No named hyperscaler, cloud provider or colocation customer was found** contracting with Amara Raja for data-center battery supply. The data-center relevance identified in this research sits at the product-category level (UPS/telecom backup batteries generally), not tied to a disclosed named DC customer or order value.
- **A widely-cited "largest market share in Indian data-center batteries" claim could not be corroborated** against any primary company disclosure or independent market-research study in this research and should be treated as an unverified analyst assertion, not a confirmed fact.
- **Governance disclosure has real gaps.** Only two independent directors (Ramasamy Annush, Amar Patnaik, both joined 2025) were confirmed against a combined Chairman-and-Managing-Director role (Jayadev Galla) — this report could not confirm the full board roster or SEBI LODR compliance. The CFO's name, statutory auditor and litigation/related-party-transaction details also could not be verified in this research.
- **Sell-side coverage is thin.** Only ICICI Securities (HOLD, target ₹960, 4 June 2026) was confirmed as a named brokerage; Trendlyne aggregation cites just seven reports from two sources, with an average target of ₹952.

Corporate governance assessment

1. Which rules actually apply

Amara Raja is a mainboard NSE/BSE-listed company (NSE: ARE&M, BSE: 500008) subject to the full SEBI LODR regime. Jayadev Galla holds the combined Chairman-and-Managing-Director role, which under SEBI LODR requires at least half the board to be independent directors. This research confirmed only two independent directors (Ramasamy Annush and Amar Patnaik, both reported to have joined in 2025) — the complete board roster and precise independent-director percentage could not be verified, and this report cannot confirm LODR compliance on this point. This is the single largest governance-verification gap for this company and should be closed before its governance is assessed as complete.

2. What the company does well

Promoter holding, at 32.86% (held via RN Galla Family Private Limited), is materially lower and more widely-held than several promoter-heavy peers in this report — consistent with a founder-led but broadly institutionally-owned company (FII 17.34%, DII 15.31%, public 34.50%, per screener.in, June 2026 quarter). The group has also consolidated its power-electronics/switchgear business — Amara Raja Power Systems Ltd — into a wholly-owned subsidiary of the listed entity (completed FY2023-24), a cleaner structure than peers where an analogous business sits outside the listed shareholder base. The company holds a CRISIL AA+/Stable long-term credit rating, reaffirmed as recently as 30 March 2026, and a separate CRISIL ESG score of 58 ("Adequate"), dated 29 August 2025.



3. Grey areas

The combined Chairman-and-Managing-Director structure under Jayadev Galla (in the role since August 2021) is a promoter-family-led governance structure, though less concentrated than some peers given the company's broader shareholder base. An Executive Director, Harshavardhana Gourineni, was identified in one organisational-chart aggregator, but his relationship to the promoter family could not be independently verified in this research. The statutory auditor's identity, the CFO's name, and related-party-transaction disclosure specifics could not be confirmed in the sources reached — a real disclosure gap versus some peers in this report, flagged here rather than assumed benign.

4. Red flags

None confirmed. No pending litigation, SEBI enforcement action or insider-trading finding specific to Amara Raja Energy & Mobility Ltd was found in this research — but this should be read alongside the disclosure gap noted above: the absence of a finding reflects incomplete research reach (the underlying WebSearch budget was exhausted before litigation-specific queries could be completed), not a confirmed clean record. The writer recommends a direct pull of the FY2025-26 Annual Report / AGM notice to close this gap before treating it as settled.

5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance for an executive-chaired board; the statutory auditor's identity and any related-party-transaction or litigation disclosures; confirmation of subsidiary-level CRISIL ratings for Amara Raja Advanced Cell Technologies, Amara Raja Power Systems and Amara Raja Infra (rationale documents exist but rating levels were not extracted in this research); and the outcome of the ~10 August 2026 board meeting reportedly considering a further ₹500 crore investment into ACT and ₹50 crore into Amara Raja Power Systems.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, and the ownership structure and credit-rating trajectory are genuinely reassuring — but an unconfirmed independent-director percentage against a combined Chairman/MD structure, together with unverified CFO, auditor and litigation details, means a modest governance discount is warranted. This does not overturn this report's valuation-driven BUY call, but investors should treat the governance picture as incomplete rather than clean.



SWOT analysis

STRENGTHS

- Cheapest stock in this report's universe at 18.6x trailing P/E, against steady multi-year revenue growth
- CRISIL AA+/Stable credit rating, reaffirmed 30 March 2026 — among the strongest in this report
- Genuine, scaling New Energy/battery-storage business (₹500cr CQP commissioned Jul 2026; 10 GWh BESS facility targeted end-CY2026)
- One of only two named Indian-listed suppliers of DC UPS batteries per third-party market research
- Amara Raja Power Systems (switchgear/power electronics) fully consolidated as a wholly-owned subsidiary

WEAKNESSES

- Operating margin declining three years running (14% → 13% → 11%, FY24-FY26)
- New Energy segment currently loss-making (₹22.05cr operating loss, Q1 FY27)
- Giga 1 lithium-cell line already delayed once, now targeting June 2027
- Only two confirmed independent directors against a combined Chairman/MD structure
- CFO, statutory auditor and litigation/RPT details could not be verified in this research

OPPORTUNITIES

- UPS equipment is the largest single sub-segment (30.68%) of India's data-center power market by revenue
- Secondary BESS opportunity tied to renewable-energy mandates in Maharashtra, Tamil Nadu and Karnataka
- New Energy segment revenue growing ~70% YoY off a small base, with a clear path to scale (16 GWh ultimate cell capacity plans via ACT)
- Potential re-rating if the New Energy segment narrows losses as capacity ramps

THREATS

- No company-sourced statement links growth to AI/data-center demand specifically — the DC narrative could remain a secondary, unrecognised angle indefinitely
- Further slippage in the Gigafactory/BESS timelines, extending the margin drag
- Thin sell-side coverage (effectively one confirmed named brokerage, HOLD-rated)
- Unverified "largest DC battery market share" claim could prove overstated if ever tested against a primary market study

Key developments to watch

- **Progress narrowing the New Energy segment's operating loss** quarter-on-quarter, as the CQP and BESS facilities ramp — the single clearest signal of whether the J-curve thesis is playing out.
- **Whether the Giga 1 lithium-cell line holds its June 2027 target**, or slips further.
- **Any company-sourced statement explicitly linking Industrial-segment or New Energy growth to AI/data-center demand** — its absence to date is a real gap in the current investment case's DC framing.
- **Full board composition and independent-director percentage**, to confirm SEBI LODR compliance.
- **Confirmation of the ~10 August 2026 board-approved investments** (₹500cr into ACT, ₹50cr into Amara Raja Power Systems) and their intended use.

Key risks to be aware of

- **Margin risk (dominant, near-term).** Continued New Energy segment losses could keep consolidated operating margin compressed for several more quarters before the J-curve inflects.
- **Execution risk** in the Gigafactory and BESS buildouts, evidenced by the Giga 1 delay already disclosed.
- **Narrative risk.** Investors buying this stock specifically for AI/data-center exposure should be aware the linkage rests on third-party analyst framing, not company disclosure — a re-rating premised on a DC narrative that management itself has not articulated could prove fragile.
- **Governance-disclosure risk**, given the unconfirmed independent-director percentage and unverified CFO/auditor/litigation details.



- **Thin sell-side coverage risk** — with effectively one confirmed named brokerage house covering the stock, price discovery may be less efficient than for more widely-covered peers.

Valuation

₹ per share unless stated

We derive trailing EPS as $CMP \div \text{disclosed trailing P/E}$: $₹796 \div 18.6x = \sim ₹42.8$ (screener.in, 18 Sep 2026). We flag for transparency that this differs from a PAT-based estimate (FY26 PAT of ₹970cr $\div$ an implied share count of ~ 18.3 cr, back-solved from market cap $\div$ CMP, would suggest EPS closer to ₹53) — likely a standalone- versus-consolidated or trailing-twelve-month-versus-FY26-annual distinction in the underlying data that this research could not fully reconcile. We use the disclosed trailing P/E approach throughout, as the single most directly-cited valuation data point, rather than compounding two independently-derived figures. Given the margin drag from the scaling New Energy segment, we apply modest, differentiated EPS growth assumptions by scenario rather than a single consensus figure, and a target multiple band centred close to the current 18.6x — reflecting this report's view that Amara Raja's opportunity is principally a valuation catch-up, not a re-rating on a new narrative:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	16.5x	40.0	660	(17.1)%
Base	19.5x	47.1	918	+15.3%
Bull	23.0x	52.0	1,196	+50.3%

Base case rounded to ₹918, built on a modest re-rating from 18.6x to 19.5x (still well below this report's other covered names) combined with high-single-digit EPS growth — enough on its own for a 15%+ 12-month return without requiring heroic assumptions about the New Energy segment turning profitable. The bear case assumes New Energy losses widen further and the multiple compresses toward the low end of the company's own recent trading range; the bull case assumes New Energy losses narrow meaningfully faster than guided and the stock re-rates toward, though still below, mid-cap industrial-battery peer multiples — a scenario that would also imply the stock revisiting its 52-week high (₹1,028, screener.in, 18 Sep 2026). Named brokerage coverage found in this research (ICICI Securities, HOLD, target ₹960, dated 4 June 2026; Trendlyne aggregation average of ₹952 from seven reports across two sources) sits between our base and bull cases and pre-dates this report's own analysis.

RECOMMENDATION: BUY, TARGET ₹918 (+15.3% FROM ₹796, 18 SEP 2026)

Upgrade triggers: a company-sourced statement explicitly linking growth to AI/data-center demand; New Energy segment operating losses narrowing on a sustained quarter-on-quarter basis; confirmed board independence meeting SEBI LODR's 50% threshold. **Downgrade triggers:** further slippage in the Giga 1 or BESS timelines; continued or widening New Energy operating losses without a credible path to breakeven; or any adverse finding on the currently-unverified litigation/related-party-transaction items flagged in this report's governance section.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	11,260	12,405	13,549
EBITDA margin	14%	13%	11%
Net profit (PAT)	906	964	970



Selected metrics	Latest disclosed
New Energy segment revenue (Q1 FY27)	₹209.30 cr (+~70% YoY)
New Energy segment operating result (Q1 FY27)	(₹22.05) cr loss
Credit rating	CRISIL AA+/Stable, A1+ (30 Mar 2026)
ROE / ROCE	Could not verify

Source: screener.in (18 Sep 2026); New Energy segment figures per Q1 FY27 results coverage (EquityBulls/Investing.com aggregation, ~Aug 2026). Note: this research also found a Q1 FY27 revenue/PAT discrepancy between screener.in (₹4,041cr / ₹203cr, labelled "FY2026 Q1") and press coverage (₹4,234.04cr / ₹190.94cr, labelled "Q1 FY27") for the same quarter ended 30 June 2026 — not reconciled in this pass and not used in the FY24-FY26 annual table above, which draws on screener's annual series only. ROE/ROCE could not be verified in the sources reached and are not asserted here.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Amara Raja Energy & Mobility Limited, and have received no compensation from the company.



HOLD

Blue Star Ltd

BLUESTARCO

The strongest confirmed cooling-specific data-centre business in this report — beside a record order book that has not, this year, translated into higher profit

Summary

Blue Star is India's largest homegrown air-conditioning and commercial-refrigeration company, and inside it sits a purpose-built data-centre business that is, on the evidence gathered for this report, the best-documented cooling-specific DC capability found anywhere in this series. Its Electro-Mechanical Projects Group (EMPG) offers end-to-end data-centre solutions — site assessment, master planning, design, civil/structural works, MEP, HVAC, execution and ongoing operations and facility management — spanning colocation, hyperscale, enterprise-class and edge data centres, and the company states its work is compliant with Uptime Institute and TIA-942 guidelines. That is a genuine, standards-referenced capability, not a marketing line grafted onto an unrelated business.

The wider numbers are solid on their face: FY26 consolidated revenue grew to ₹12,402 crore (from ₹11,968 crore in FY25), the Electro-Mechanical Projects segment that houses the DC business contributed 54.5% of FY26 revenue, and the company closed the year with a record total order book of ₹6,923 crore as of 31 March 2026 — management's own words call it a source of "greater visibility across key businesses." The Electro-Mechanical Projects segment-level order book stood at ₹4,664.5 crore at the same date. Neither figure disaggregates data centres from the segment's other demand drivers (industrial infrastructure, manufacturing-facility MEP work); the FY26 Annual Report names data centres as one of three demand drivers for the segment, not as a standalone reporting line.

Set against that record order book is a fact this report will not paper over: FY26 net profit actually fell, from ₹591 crore in FY25 to ₹527 crore in FY26, even as revenue rose and the order book hit an all-time high. Operating margin held roughly flat (7.5% per the Annual Report's more precise figure, versus 7% in each of the prior two years), and Q1 FY27 commentary explicitly cited rising input costs weighing on margins going into the new year. At the same time the stock trades at roughly 59.5x trailing earnings — not a cheap multiple for a year in which earnings went backwards.

Net: a HOLD. The EMPG franchise is real and well-documented, the order book is at a record, and governance structure (separate MD/CFO roles, a majority-independent board) looks sound on the

TARGET PRICE

12-month target	₹1,607
CMP (18 Sep 2026)	₹1,532
Implied upside	+4.9%
Rating	HOLD

KEY STOCK DATA

Market cap	₹31,496 cr
P/E (trailing)	~59.5x
Book value/share	₹167
ROE / ROCE	17.2% / 21.2%
Credit rating	CRISIL A1+ (short-term)

SHAREHOLDING (JUN 2026)

Promoters	36.49%
DII's	28.24%
FII's	12.75%
Public	22.49%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	9,685	11,968	12,402
Operating margin	7%	7%	7.5%
PAT	414	591	527



evidence available — but a P/E in the high-50s for a company whose profit just declined is not a valuation this report can call cheap, and the tension between record order intake and falling profit is exactly the kind of unresolved margin question that argues against paying up further at current levels.

Investment rationale

- **A dedicated, standards-compliant data-centre business unit.** The Electro-Mechanical Projects Group (EMPG) offers turnkey DC solutions — site assessment, master planning, design, civil/structural works, MEP, HVAC, execution and O&M — across colocation, hyperscale, enterprise-class and edge data centres, and the company states compliance with Uptime Institute and TIA-942 guidelines. This is the most concrete, standards-referenced cooling-specific DC capability found in this report's research.
- **A record total order book.** ₹6,923 crore as of 31 March 2026, described by the company as an all-time high giving "greater visibility across key businesses"; the Electro-Mechanical Projects segment that houses the DC business carried a ₹4,664.5 crore order book at the same date.
- **Data centres are a named demand driver, not an assumed one.** The FY26 Annual Report's MD&A explicitly cites data-centre projects, alongside manufacturing and industrial infrastructure, as drivers of the Electro-Mechanical Projects segment's performance.
- **A diversified, scaled revenue base.** FY26 consolidated revenue of ₹12,402 crore, with the Electro-Mechanical Projects segment (which includes the DC business) contributing 54.5% of the total — data centres sit inside the company's single largest segment, not a peripheral one.
- **Separated leadership roles.** Chairman & Managing Director Vir S Advani shares day-to-day executive duties with a separately-titled Managing Director (B Thiagarajan), and the CFO role (Nikhil Sohoni) is held independently of both — a cleaner leadership structure than some peers in this report.
- **A stable, if narrow, credit signal.** CRISIL has reaffirmed its 'CRISIL A1+' short-term (commercial paper) rating across at least three review cycles (June 2024, December 2024, September 2025), indicating consistent short-term credit quality.

What gives us pause

- **FY26 profit fell even as the order book hit a record — the central tension this report will not explain away.** PAT declined from ₹591 crore to ₹527 crore year-on-year despite revenue growth and an all-time-high ₹6,923 crore order book; Q1 FY27 commentary separately flagged rising input costs pressuring margins. This report treats this as an unresolved margin/cost-pressure signal, not a one-off.
- **The valuation is not cheap for a year of declining earnings.** A trailing P/E of ~59.5x on falling PAT is a demanding multiple to defend, and this report states that plainly rather than assuming the record order book justifies it.
- **No data-centre-specific revenue or order-book figure is disclosed anywhere.** Only the Electro-Mechanical Projects segment-wide order book (₹4,664.5 crore) and total company order book (₹6,923 crore) are confirmed; data centres are cited only qualitatively as one demand driver among several. This report does not attribute any specific rupee figure to the DC business that is not directly disclosed.
- **Only a short-term credit rating is confirmed for the listed entity.** CRISIL's 'CRISIL A1+' rating covers Blue Star Limited's commercial-paper programme only; no CRISIL long-term (bank-facility) rating and no confirmed CareEdge letter grade were found for the listed parent in this report's research (a CareEdge report referencing improved gearing was found, but its rating grade could not be retrieved). This is an open item, not an assumption of an unstated rating.
- **No named data-centre customer or hyperscaler relationship was found.** The company's own data-centre page references "leading clients in the industry" without naming any of them — a real disclosure gap given how central EMPG is to this report's thesis on Blue Star.



■ **Broker-rating signals are inconsistent.** Livemint's cited average broker rating is "Hold," in tension with PL Capital's July 2026 Buy initiation (target ₹1,873) and Trendlyne's average target of ₹1,765; separately, Simply Wall St reported analysts trimming targets (₹1,802 → ₹1,651 per-analyst average) in September 2026 — a recent downward-revision trend this report flags rather than resolves.

Corporate governance assessment

1. Which rules actually apply

Blue Star is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Vir S Advani holds the combined title of Chairman & Managing Director (effective 1 April 2024), which triggers SEBI LODR's requirement that at least half the board be independent directors. Eight independent directors are named against a board of roughly fourteen members on the company's own governance-structure page — comfortably clearing the 50% threshold on that count — but this report could not confirm the exact certified board headcount and independent-director percentage as stated in the FY25-26 Corporate Governance Report itself, since the list used here was drawn from a website governance page rather than the filed annual report.

2. What the company does well

Despite the combined Chairman/MD title, day-to-day executive authority is shared with a separately- titled Managing Director (B Thiagarajan), and the CFO role (Nikhil Sohoni, Group CFO) is held independently of both — MD and CFO roles are not combined. Deloitte Haskins & Sells LLP serves as statutory auditor and Grant Thornton Bharat LLP as internal auditor, per the FY25-26 Annual Report. A dedicated related-party- transactions policy is published on the investor site (last updated ~29 January 2026).

3. Grey areas

Search results for Blue Star-adjacent credit ratings surfaced actions for "Blue Star Climatech Limited" (ICRA-rated) and "Blue Star Malleable Private Limited" (CRISIL-rated) — this report's research indicates these are likely separate, related group or promoter entities, not Blue Star Limited itself, and their ratings must not be conflated with the listed parent's. The company undertook several portfolio-reshaping moves in 2026 (proposed buy-in of the remaining 51% of Blue Star Qatar WLL in May 2026; a Business Transfer Agreement by subsidiary Blue Star Engineering & Electronics in August 2026; completion of a MedTech business sale in September 2026) whose detailed financial impact this report could not fully verify.

4. Red flags

None confirmed as adjudicated matters, but this report could not verify the existence, status, or amount of any litigation or regulatory action against Blue Star Limited from the sources reached — this is an explicit disclosure gap, not a claim that no litigation exists. The Contingent Liabilities note in the FY25-26 financial statements and the Corporate Governance Report's litigation disclosures were not directly reviewed in the source research underlying this report.

5. Items to watch

Confirmation of the certified board composition and independent-director percentage from the FY25-26 Corporate Governance Report; retrieval of the full CareEdge rating rationale to confirm the actual letter grade (only a gearing commentary was found); resolution of the litigation/RPT-amount disclosure gap; and reconciliation of the "Hold" average broker rating against the Buy-leaning target prices from PL Capital and Trendlyne.



GOVERNANCE CONCLUSION

Structurally sound but incompletely verified. Separated MD/CFO roles, an apparently majority-independent board, and a stable (if short-term-only) credit rating are genuine positives found in this research. But an unconfirmed long-term credit rating, an unverified litigation position, and the need to keep Blue Star Limited's disclosures distinct from separately-rated group entities (Blue Star Climatech, Blue Star Malleable) mean several material items remain open. None of this changes the HOLD call, which rests primarily on valuation against a year of declining profit — but it does mean this report cannot call governance "clean," only "not adverse on the evidence gathered."

SWOT analysis

STRENGTHS

- Dedicated EMPG data-centre unit, standards-referenced (Uptime Institute, TIA-942)
- Record ₹6,923cr total order book (Mar-26); ₹4,664.5cr EMP segment order book
- Data centres named as an explicit EMP-segment demand driver in the FY26 Annual Report
- Separated Chairman/MD/CFO executive roles; majority-independent board on current disclosure
- Stable CRISIL A1+ short-term rating across three review cycles

WEAKNESSES

- FY26 PAT fell (₹591cr → ₹527cr) despite record order book and revenue growth
- ~59.5x trailing P/E is rich for a year of declining earnings
- No DC-specific revenue or order-book figure disclosed anywhere
- Only a short-term (CRISIL A1+) rating confirmed; long-term/CareEdge grade unverified
- No named data-centre customer or hyperscaler relationship found

OPPORTUNITIES

- India's broader data-centre build-out as a stated EMP-segment demand driver
- Uptime Institute/TIA-942 compliance positions EMPG for hyperscale and colocation-grade work
- Further conversion of the record order book into revenue over FY27-28
- Qatar WLL moving to a wholly-owned subsidiary (portfolio consolidation, announced May 2026)

THREATS

- Input-cost pressure explicitly flagged in Q1 FY27 commentary as weighing on margins
- Margin/cost-pressure risk implied by the PAT decline despite record order intake — unresolved
- Recent analyst target-price cuts (Simply Wall St, September 2026) against PL Capital's Buy initiation
- Disclosure gaps (long-term credit rating, litigation, DC-specific figures) that limit independent verification

Key developments to watch

- **Whether FY27 quarterly results show the PAT decline reversing or persisting** — the single most important number for testing this report's margin/cost-pressure concern.
- **Retrieval of the full CareEdge rating rationale** to confirm the letter grade, and any confirmed CRISIL long-term bank-facility rating for the listed entity.
- **Any disclosure that disaggregates data-centre revenue or order intake** from the wider Electro-Mechanical Projects segment.
- **Completion of the Blue Star Qatar WLL buy-in** and clarity on the MedTech divestment's financial impact.

Key risks to be aware of

- **Margin/cost-pressure risk (dominant).** FY26 PAT fell despite a record order book and rising revenue; Q1 FY27 commentary cited input-cost pressure — this report treats the trend as unresolved, not transitory, until proven otherwise.
- **Valuation risk.** A ~59.5x trailing P/E leaves limited room for multiple expansion if earnings stay under pressure.



■ **Disclosure risk.** No DC-specific revenue/order-book breakout, no confirmed long-term credit rating, and no named DC customer — all limit independent verification of the EMPG growth story's scale.

■ **Consensus-inconsistency risk.** Materially different broker targets and a "Hold" average rating cited alongside Buy initiations suggest the sell-side itself has not converged on a view.

Valuation

₹ per share unless stated

We use approach (b): $CMP \div \text{disclosed trailing P/E}$. FY26 EPS of ₹25.66 (screener.in) is consistent with the disclosed trailing P/E of ~59.5x against a CMP of ₹1,532 ($₹1,532 \div 59.5 \approx ₹25.75$, a rounding-level match). Because FY26 profit actually fell despite the record order book, we do not assume a return to the company's own 5-year profit CAGR (~50%) is a reasonable forward base case; instead we apply modest, explicitly stated EPS-growth assumptions and vary the target multiple around, not above, the current trailing level, reflecting that a rich multiple is harder to defend against declining, not growing, earnings:

Scenario	Target P/E	FY27E EPS (~)	Target price	Upside/(downside)
Bear	45.0x	24.4	1,098	(28.3)%
Base	58.0x	27.7	1,607	+4.9%
Bull	62.0x	29.5	1,829	+19.4%

Bear assumes FY27E EPS falls a further 5% (input-cost pressure persists, per Q1 FY27 commentary) with the multiple compressing to 45x as the market re-rates a second year of declining profit. Base assumes a modest 8% EPS recovery (order-book conversion partly offsets cost pressure) with the multiple holding just below the current trailing level (58x vs. ~59.5x), rounding to a target of ₹1,607 and +4.9% upside — within this report's HOLD band. Bull assumes a 15% EPS recovery with a modest multiple uptick to 62x, still below the stock's own 52-week-high-implied multiple. Named brokerage targets found in this research span a wide range: PL Capital (Buy, ₹1,873, initiated 2 July 2026, SoTP-based, ~44x FY28E P/E) and Trendlyne's average target of ₹1,765 sit above our base case; MarketScreener's ₹1,585-₹1,655 range and Simply Wall St's September 2026 trimmed average (₹1,650.84) sit closer to it; Livemint separately cites an average broker rating of "Hold," which this report's base case is broadly consistent with.

RECOMMENDATION: HOLD, TARGET ₹1,607 (+4.9% FROM ₹1,532, 18 SEP 2026)

Upgrade triggers: FY27 quarterly results showing the PAT decline reversing with margins recovering above 7.5%; confirmation of a long-term credit rating (CRISIL or CareEdge) at or above the current implied credit quality; disclosure of a DC-specific revenue or order-book figure that shows the EMPG business scaling faster than the segment average.

Downgrade triggers: a further PAT decline in FY27; continued input-cost pressure without offsetting price increases; or any adverse litigation/regulatory disclosure not currently reflected in this report's research.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	9,685	11,968	12,402
Operating margin	7%	7%	7.5%
Net profit (PAT)	414	591	527

Selected metrics	FY26
ROE	17.2%
ROCE	21.2%
EMP segment order book (Mar-26)	₹4,664.5 cr
Total company order book (Mar-26, record)	₹6,923 cr



Source: screener.in (18 Sep 2026), cross-checked against Blue Star's FY25-26 Annual Report (revenue ₹12,401.99cr, matching; operating profit ₹930.41cr / 7.5% margin, a more precise figure than screener's rounded 8%, used here).

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Blue Star Limited, and have received no compensation from the company.



SELL

Voltas Ltd

VOLTAS

The best cross-checked data-centre order-book evidence in this report, undermined by a 79x multiple on a profit that halved

Summary

Voltas's FY26 numbers tell a blunt story before any data-centre angle enters the picture: consolidated PAT fell from ₹834 crore in FY25 to ₹370 crore in FY26 — a 55.6% year-on-year decline, corroborated across two independent sources (screener.in and a scanx.trade results report dated 14 May 2026) — while operating margin swung from an already-thin 6.0% to 3.6%. This is not a one-off miss; OPM has bounced between 2.7% and 6.0% across the past four fiscal years, a pattern of genuine structural volatility in the Electro-Mechanical Projects & Services (EMPS) business rather than a single bad quarter. Against that backdrop, the stock trades at ~78.7x trailing earnings (screener.in, 18 Sep 2026) — a multiple that, on this report's reading, prices in a margin recovery the company's own five-year track record gives no reason to assume.

The genuine positive, and the reason Voltas earns a more careful look than a simple margin-and-multiple mismatch might otherwise warrant, is that its Q4 FY26 results filing (BSE India, 14 May 2026) explicitly names "Data Centres, Metro, and Tunnel projects" as components of a Segment B (EMPS/Projects) carry-forward order book that stood at over ₹6,200 crore as of 31 March 2026 — corroborated independently by scanx.trade the same day and consistent with a Business Standard broker note from 29 January 2026 that already had the EMP order book at ~₹6,100 crore and cited the company as "actively bidding for" data-centre projects. Of every company surveyed for this report, this is the most directly cross-checked, primary-filing-level confirmation that data centres are a named, current component of an order book — not merely a media talking point. It is, however, not a data-centre-exclusive figure: Metro and Tunnel projects sit inside the same ₹6,200+ crore bucket, no data-centre-specific rupee amount has been disaggregated anywhere in the sources reached, and no named data-centre customer or won contract exists yet — the company's own language remains at the "actively bidding" stage as of the most recent sourced commentary.

Credit quality is not in question: ICRA reaffirmed Voltas's long-term/short-term ratings at [ICRA]AA+(Stable)/[ICRA]A1+ around 31 March 2026, while enhancing the total rated bank-facility quantum to ₹4,000 crore from ₹3,500 crore — a genuine, positive credit signal, and one consistent with rising working-capital needs

TARGET PRICE

12-month target	₹819
CMP (18 Sep 2026)	₹1,111
Implied downside	(26.3)%
Rating	SELL

KEY STOCK DATA

Market cap	₹36,758 cr
P/E (trailing)	~78.7x
Book value/share	₹193
Price-to-book	~5.76x
Credit rating	ICRA AA+/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Tata Sons)	30.30%
DII	38.93%
FII	16.94%
Public	13.72%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Sales	12,481	15,413	14,244
OPM	2.7%	6.0%	3.6%
PAT	248	834	370



from a larger EMPS order book. But credit quality is a statement about Voltas's ability to service debt, not about whether its equity is fairly priced; the two questions should not be conflated, and this report treats them separately. A further, unresolved data problem compounds the valuation picture: Trendlyne's cited FY26 revenue figure of ₹10,837 crore does not reconcile with screener.in's ₹14,244 crore or the company's own NSE annual-report filing extract of ₹14,483 crore consolidated total income — a gap of roughly 24% most plausibly explained by a standalone-versus-consolidated definitional difference, but not confirmed as such in any source this research reached, and this report declines to silently pick one over the other.

Net: a SELL. The data-centre order-book evidence here is real and better cross-checked than almost anywhere else in this report, and the credit profile is solid — but neither offsets a nearly 80x trailing multiple sitting on top of a profit base that halved in the most recently reported fiscal year, with margin volatility in the core EMPS/Projects business the dominant, unresolved risk.

Investment rationale

- **The best cross-checked data-centre order-book evidence found anywhere in this report.** Voltas's own Q4 FY26 results filing (BSE India, 14 May 2026) names "Data Centres, Metro, and Tunnel projects" as explicit components of a Segment B (EMPS) carry-forward order book exceeding ₹6,200 crore as of 31 March 2026, independently corroborated by scanx.trade the same day and by a Business Standard broker note from 29 January 2026 describing the company as "actively bidding for" data-centre projects.
- **Solid, improving credit quality.** ICRA reaffirmed [ICRA]AA+(Stable)/[ICRA]A1+ around 31 March 2026 while enhancing total rated bank facilities to ₹4,000 crore from ₹3,500 crore — a genuine positive signal, though one about debt-servicing capacity, not equity valuation.
- **A Tata Group parentage and market-leading Products franchise.** Voltas is long-described as India's #1 Room AC brand by market share, with 5,000+ customer sites under management — a scale and brand position the EMPS/Projects business can draw on when bidding for large infrastructure contracts.
- **A cleaner top-of-house governance structure than some peers.** Chairman (Noel Tata, non-executive) and MD & CEO (Mukundan Menon) are separate individuals, avoiding the combined Chairman/MD structure this report flags as a concern elsewhere.
- **Mixed but partly favourable brokerage coverage.** UBS (Buy, target ₹1,560) and Citi (Buy, target ₹1,550) both cite market leadership while flagging weak margins; Trendlyne's 18-report consensus average target of ₹1,416.86 implies ~27.5% upside from ₹1,110.90 — though Livemint separately describes the average broker rating as "Hold," a tension this report has not seen fully reconciled in its sources.

What gives us pause

- **FY26 PAT halved.** Consolidated net profit fell from ₹834 crore to ₹370 crore, a 55.6% YoY decline corroborated by two independent sources, while operating margin fell from 6.0% to 3.6% — this report's lead concern, and the central reason for its SELL call.
- **A P/E of ~78.7x sitting on top of that profit collapse.** Expensive valuation and collapsing profitability are, on this report's reading, exactly the wrong combination to hold simultaneously; neither the ₹6,200+ crore order book nor the ICRA credit upgrade changes the arithmetic of what is currently being paid for each rupee of trailing earnings.



- **Margin volatility looks structural, not episodic.** OPM has ranged from 2.7% to 6.0% across the last four disclosed fiscal years — a pattern that suggests the EMPS/Projects business carries persistent execution or pricing risk, not merely a single weak year that a data-centre order-book ramp will automatically fix.
- **The ₹6,200+ crore order book is not data-centre-exclusive.** It also explicitly covers Metro and Tunnel projects (plus Industrial Infrastructure and Electronics Manufacturing per other order-book commentary); no source disaggregates a data-centre-specific rupee figure, and no named data-centre customer or won contract was found — company language remains at the "actively bidding" stage as of the most recent sourced commentary (29 January 2026).
- **An unresolved revenue discrepancy.** Trendlyne's cited FY26 revenue of ₹10,837 crore does not reconcile with screener.in's ₹14,244 crore or the company's own NSE filing extract of ₹14,483 crore consolidated total income — most plausibly a standalone-versus-consolidated difference, but not confirmed as such, and this report states it as unresolved rather than silently choosing a figure.
- **An unresolved, time-sensitive Chairman succession.** Noel Tata announced at the 30 June 2026 AGM that he would step down as Chairman "later this year"; as of mid-September 2026 searches, no successor had been publicly named.

Corporate governance assessment

1. Which rules actually apply

Voltas is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Because Voltas currently has a non-executive Chairman (Noel Tata) rather than a combined Chairman/MD structure, the applicable independent-director threshold under SEBI LODR is the lower one (at least one-third of the board), rather than the 50% threshold that applies to an executive-chaired board. This research could confirm only one independent director (Arun Kumar Adhikari, on the board since June 2017) by name — full board composition and the actual independent-director percentage could not be verified from the sources reached and should be pulled directly from the FY25-26 Corporate Governance Report before compliance is asserted either way.

2. What the company does well

Chairman and MD/CEO roles are held by separate individuals — Noel Tata (Non-Executive Chairman) and Mukundan Menon (MD & CEO) — a cleaner separation-of-powers structure than several peers in this report. CFO (K. V. Sridhar, effective 1 April 2025) and Company Secretary/Compliance Officer (Ratnesh Rukhariyar) are named, distinct individuals. Statutory Auditor SRBC & Co. LLP issued unmodified opinions on both standalone and consolidated FY26 results per a Trendlyne aggregation of the company's own filings, and Cost Auditor M/s. Sagar and Associates was reappointed for FY2026-27.

3. Grey areas

The Chairman succession is unresolved and time-sensitive: Noel Tata's 30 June 2026 AGM announcement that he would step down "later this year" had, as of mid-September 2026 searches, produced no named successor — an open item that could resolve before or shortly after this report's publication. Only one independent director could be confirmed by name against an unconfirmed full board count. Related-party-transaction specifics (amounts, counterparties) could not be verified beyond a generic statement that audit-committee policy and procedure exist.

4. Red flags

None confirmed as adjudicated matters, but disclosure gaps exist that should be closed rather than assumed benign: no specific litigation matter, contingent-liability amount, or regulatory action against Voltas Limited was found in the sources this research reached — searches surfaced only generic audit- procedure and RPT-policy language, not a named case or figure. No SEBI enforcement action or insider- trading finding was found. Absence of evidence is not evidence of absence here; the Contingent Liabilities note in the FY25-26 financial statements should be checked directly.



5. Items to watch

Naming of a successor Chairman following Noel Tata's announced departure; full board composition and confirmed independent-director percentage against the applicable one-third SEBI LODR threshold; resolution of the Trendlyne-versus-screener/NSE-filing revenue discrepancy; and direct extraction of the Contingent Liabilities and related-party-transaction schedules from the FY25-26 Annual Report.

GOVERNANCE CONCLUSION

Structurally reasonable, but not fully confirmed, and separate from this report's valuation-driven call. The separated Chairman/MD roles, named CFO and Company Secretary, and clean statutory-audit opinions are genuine positives. But an unresolved, time-sensitive Chairman succession, only one confirmed independent director against an unverified full board count, and unconfirmed litigation/RPT specifics mean governance here should be treated as an open item to monitor rather than a settled positive — though it is not, on its own, the reason for this report's SELL rating, which rests primarily on the valuation-versus- profitability mismatch described above.

SWOT analysis

STRENGTHS

- Tata Group parentage; #1 Room AC brand in India with 5,000+ managed customer sites
- Best cross-checked data-centre order-book evidence in this report (Segment B, >₹6,200cr, 31 Mar 2026)
- ICRA AA+/Stable/A1+ reaffirmed with enhanced ₹4,000cr rated bank-facility quantum
- Separated Chairman (non-executive) and MD/CEO roles, distinct CFO and Company Secretary

WEAKNESSES

- ~78.7x trailing P/E against FY26 PAT down 55.6% YoY
- OPM structurally volatile: 2.7% → 6.0% → 3.6% across FY24-FY26
- Only one confirmed independent director; full board composition unverified
- Unresolved revenue discrepancy (Trendlyne ₹10,837cr vs. screener ₹14,244cr)

OPPORTUNITIES

- Data-centre bidding pipeline described as active and growing (per Jan 2026 broker commentary)
- Potential margin recovery in the EMPS/Projects business off a low FY26 base
- Rising rated bank-facility quantum (₹3,500cr → ₹4,000cr) signalling capacity for order-book growth
- New Chairman appointment as a potential catalyst for renewed strategic clarity

THREATS

- Persistence of margin volatility in EMPS/Projects — this report's dominant risk for Voltas
- Segment B order book is not data-centre-exclusive (Metro/Tunnel share the same ₹6,200cr+ bucket)
- No named data-centre customer or won contract yet; "actively bidding" stage only
- Unresolved Chairman succession creating a period of leadership uncertainty

Key developments to watch

- **Naming of a successor Chairman**, following Noel Tata's 30 June 2026 AGM announcement that he would step down "later this year" — unresolved as of mid-September 2026.
- **Any disaggregated data-centre-specific order-book or revenue figure**, which would meaningfully upgrade the quality of evidence behind the DC thesis beyond the current combined Segment B total.
- **Resolution of the Trendlyne-versus-screener/NSE-filing revenue discrepancy** once the full FY26 annual report is available.
- **Conversion of "actively bidding" data-centre pipeline commentary into a named, won contract.**
- **Full board composition and independent-director count** from the FY25-26 Corporate Governance Report.



Key risks to be aware of

- **Margin volatility risk (dominant).** The EMPS/Projects business has swung between 2.7% and 6.0% OPM over four fiscal years, and FY26 PAT halved; this report finds no disclosed evidence that this volatility is behind Voltas rather than continuing.
- **Valuation risk.** At ~78.7x trailing earnings against a year of collapsing profitability, this report's own arithmetic finds limited room for further multiple expansion even under a constructive outcome.
- **Data-centre materiality risk.** The ₹6,200+ crore Segment B order book is real and well cross-checked, but is not data-centre-exclusive and carries no disaggregated DC figure — treat DC exposure as a real, quantified-but-blended opportunity, not a standalone revenue line.
- **Governance/succession risk.** An unresolved, time-sensitive Chairman transition and unverified full board composition.
- **Data-reconciliation risk.** Materially different revenue figures across secondary sources have not been resolved against a primary filing.

Valuation

₹ per share unless stated

Consistent with this report's approach (b) — CMP divided by the disclosed trailing P/E — a CMP of ₹1,111 (screener.in, 18 Sep 2026) against a disclosed trailing P/E of 78.7x (same source and date) implies trailing EPS of ~₹14.12. We hold EPS flat at this trailing level across all three scenarios rather than assuming a forward-growth rate: given the margin volatility documented above (OPM swinging from 6.0% to 3.6% in a single year, PAT halving), this report does not consider a confident forward-EPS growth assumption defensible for Voltas's EMPS/Projects-exposed earnings base. We flag explicitly, and do not attempt to silently resolve, that a Trendlyne-sourced FY26 revenue figure (₹10,837 crore) does not reconcile with screener's figure (₹14,244 crore) or the company's own NSE filing extract (₹14,483 crore consolidated total income) — most plausibly a standalone-versus-consolidated difference, but unconfirmed, and this valuation uses the trailing P/E and EPS pairing directly rather than resting on either disputed revenue figure. Target multiples below de-rate from the current 78.7x to reflect the margin-volatility and valuation-mismatch concerns above:

Scenario	Target P/E (trailing)	Trailing EPS (₹)	Target price	Upside/(downside)
Bear	45.0x	14.12	635	(42.8)%
Base	58.0x	14.12	819	(26.3)%
Bull	70.0x	14.12	988	(11.1)%

Base case rounded to ₹819. Even our bull-case scenario, applying a target multiple only modestly below the current trailing 78.7x, still implies double-digit downside from ₹1,111 — a sign that the current price does not appear to leave adequate room for the margin volatility this company has repeatedly shown. Named brokerage targets sit well above our range (UBS ₹1,560; Citi ₹1,550; Trendlyne's 18-report consensus average ₹1,416.86), and Investing.com's broader 35-analyst base shows an average 12-month target of ₹1,363.40 (high ₹1,580, low ₹1,075) — this report's more cautious range reflects deliberately not assuming a margin recovery the company's own multi-year track record has not yet demonstrated, and treats the resolution of that question as the single largest swing factor for the stock.

RECOMMENDATION: SELL, TARGET ₹819 (-26.3% FROM ₹1,111, 18 SEP 2026)

Upgrade triggers: two consecutive quarters of stabilised or improving EMPS/Projects OPM; a disaggregated data-centre-specific order-book or revenue figure disclosed by the company; a named, won data-centre contract rather than "actively bidding" commentary; resolution of the revenue discrepancy in favour of a lower, more conservative consolidated figure. **Downgrade triggers:** a further OPM decline or another sharp PAT swing; an unfavourable or prolonged Chairman-succession process; or evidence that the ₹6,200+ crore Segment B order book is increasingly weighted toward Metro/Tunnel rather than data-centre work.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Sales	12,481	15,413	14,244
Operating profit	336	990	516
OPM	2.7%	6.0%	3.6%
Net profit (PAT)	248	834	370

Selected metrics	FY26 / latest
PBT (FY26)	₹557 cr
Consolidated total income (FY26, NSE filing)	₹14,483 cr
Segment B (EMPS) order book (31 Mar 2026)	>₹6,200 cr
Credit rating (ICRA, ~31 Mar 2026)	AA+/Stable/A1+
Rated bank facilities (enhanced)	₹4,000 cr (from ₹3,500 cr)

Source: screener.in (18 Sep 2026), cross-checked against BSE India's Voltas Q4 FY26 results filing (14 May 2026) and an NSE annual-report filing extract (~30 Jun 2026). Note: Trendlyne separately cites FY26 revenue of ₹10,837 crore, which does not reconcile with the ₹14,244 crore / ₹14,483 crore figures above — most likely a standalone-versus-consolidated difference, but this remains unresolved in the sources reached and is stated here rather than silently settled.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Voltas Limited, and have received no compensation from the company.



HOLD

Thermax Ltd

THERMAX

The most credible named hyperscale cooling order in this report — sitting inside the same year as an 85% profit collapse from a legacy EPC project

Summary

Thermax is a Pune-headquartered energy-and-environment engineering group whose Industrial Products segment (~45% of FY26 revenue) houses a vapour-absorption chiller and heat-pump business increasingly marketed directly at hyperscale data-centre cooling. That positioning produced, per Q4 FY26 results commentary (~May 2026), what this report regards as the single most credible named large data-centre order found anywhere in its cooling category: a "breakthrough" order from a large US data centre for hot-water-driven absorption chillers totalling 45,000 tons of refrigeration (TR). The rupee value of that specific order was not disclosed in any source reached for this report, and it arrived inside a quarter in which total order inflows surged 112% YoY to ₹4,490 crore — the data-centre order is a genuine, confirmed contributor to that surge, not necessarily its majority.

Thermax also carries, on the evidence gathered, the strongest credit profile of any construction-adjacent name in this report: CRISIL reaffirmed CRISIL AA+/Stable/A1+ on 28 October 2025 (bank facilities later enhanced), and ICRA independently affirmed the same AA+/Stable/A1+ level in early 2026, both resting on a net-debt-free balance sheet with net worth over ₹4,750 crore. The company's order book grew to ₹14,045 crore (+23% YoY) by Q1 FY27, and its four-segment structure — Industrial Products, Industrial Infra, Green Solutions and Chemicals — spreads risk across a broader base than a pure-play cooling or pure-play EPC name would carry.

Set against that is a fact this report will not soften: Q1 FY27 (quarter ended June 2026) revenue rose 7% YoY to ₹2,303 crore, but PAT collapsed roughly 85-86% YoY to just ₹22 crore, with PBT margin compressing to 1.8% from 9.8% a year earlier — driven by a ₹91 crore one-off cost overrun on a legacy Industrial Infra project, plus losses in Green Solutions and Bio-CNG. The stock fell ~16% on the results. This matters beyond the single quarter: it demonstrates that even Thermax's more engineered, differentiated cooling franchise sits inside a corporate structure that is not fully insulated from the fixed-price, cost-overrun risk this report documents at commodity EPC players elsewhere in its universe. Management guides recovery

TARGET PRICE

12-month target	₹3,419
CMP (18 Sep 2026)	₹3,552
Implied upside	(3.7)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹42,323 cr
P/E (trailing)	~76.9x
Book value/share	₹466
ROE / ROCE	10.6% / 13.9%
Credit rating	CRISIL/ICRA AA+/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Aga/Pudumjee)	61.99%
DIIs	15.22%
FIIIs	11.46%
Public	5.88%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	9,323	10,387	10,774
EBITDA margin	9%	9%	10%
PAT	643	627	720



only from Q3 FY27, meaning at least one more full quarter of residual risk remains on the company's own timeline. Against that miss, a trailing P/E of ~76.9x reads as elevated, not cheap.

Net: a HOLD. The US hyperscale chiller order and the AA+/A1+ credit profile are genuine, well-evidenced strengths — but a rich multiple sitting on top of an 85%+ quarterly profit miss, in a segment (Industrial Infra) management itself does not expect to normalise before Q3 FY27, leaves too little margin of safety for a BUY and too much underlying franchise quality for a SELL.

Investment rationale

- **A confirmed 45,000 TR US hyperscale absorption-chiller order** — disclosed with Q4 FY26 results (~May 2026), this is the most credible named large data-centre order this report finds anywhere in the cooling category, marking Thermax's confirmed entry into the US/global hyperscale cooling supply chain via its Sri City-manufactured vapour-absorption chiller line. The order's rupee value was not disclosed.
- **The strongest credit profile of any construction-adjacent company in this report.** CRISIL AA+/ Stable/A1+ (reaffirmed 28 October 2025, rated bank facilities subsequently enhanced) and an independently affirmed ICRA AA+/Stable/A1+ (early 2026) — both resting on a net-debt-free balance sheet with net worth over ₹4,750 crore, a full notch or more above several EPC-style peers in this report's universe.
- **Record order momentum.** Q4 FY26 order inflows surged 112% YoY to ₹4,490 crore; the consolidated order book grew to ₹14,045 crore (+23% YoY) by Q1 FY27.
- **A diversified four-segment franchise** — Industrial Products (~45% of FY26 revenue, houses the chiller business), Industrial Infra (~41%, EPC), Green Solutions (~7%) and Chemicals (~7%) — reducing single-segment dependence relative to a pure-play cooling or pure-play EPC name.
- **Disclosed further cooling-capacity investment.** Management has referenced a planned expansion at the Sri City absorption-chiller plant specifically to meet data-centre-linked demand, though capex and timeline details were not disclosed in the sources reached.
- **A cleaner leadership structure than several peers in this report.** Chairperson Meher Pudumjee (non-executive, since October 2004) and MD/CEO Ashish Bhandari (a professional, non-family executive) hold separated roles, with family board presence limited to the non-executive chairpersonship.

What gives us pause

- **The Q1 FY27 profit collapse is the central reason for this report's caution.** Revenue rose 7% YoY to ₹2,303 crore, but PAT fell ~85-86% YoY to just ₹22 crore, with PBT margin compressing to 1.8% from 9.8% a year earlier, driven by a ₹91 crore one-off cost overrun on a legacy Industrial Infra project plus losses in Green Solutions and Bio-CNG. The stock fell ~16% on the results. This is direct evidence that Thermax's EPC-adjacent Industrial Infra segment is not immune to the same fixed-price/cost-overrun risk that afflicts commodity EPC players elsewhere in this report, even though its core chiller/Industrial Products line is more engineered and differentiated.
- **The trailing P/E of ~76.9x is elevated set against that miss.** The market is, in effect, paying a "quality franchise" multiple for a company that just posted an 85%+ quarterly profit decline — a bet that the data-centre chiller story outweighs the Industrial Infra execution risk, which this report cannot independently confirm will resolve on schedule.
- **Management guides recovery only from Q3 FY27** — meaning at least one more full quarter beyond the Q1 FY27 miss carries residual legacy-project risk before the company's own guidance expects normalisation to double-digit Industrial Infra margins.



- **The 45,000 TR order's rupee value was never disclosed.** Its materiality is real and directionally large — a confirmed hyperscale reference order — but this report cannot and does not quantify it as a percentage of total revenue or order book; no such figure should be inferred or invented.
- **No confirmed named hyperscaler or Indian data-centre-operator customer was found beyond this single order.** Thermax's disclosed data-centre exposure to date rests on one confirmed deal, not a diversified book of DC-specific business.
- **Sell-side coverage is genuinely, unusually split.** A Trendlyne-style aggregation of 20 analysts shows 6 Buy, 7 Sell and 8 Hold calls, with named targets ranging from JM Financial's Reduce/₹2,700 (January 2026) to a 52-week-high-implied ₹5,600 — a wide, contested range this report treats as genuine disagreement, not noise to be averaged away.
- **Governance-verification gaps remain.** This research could not confirm Thermax's statutory auditor, CFO, or litigation/related-party-transaction disclosures, and the often-cited "9 of 12 board members independent" figure was not independently cross-checked against the FY26 annual report's governance section.

Corporate governance assessment

1. Which rules actually apply

Thermax is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Because Chairperson Meher Pudumjee holds a non-executive title, separate from MD/CEO Ashish Bhandari, the company faces LODR's lower one-third independent-director threshold rather than the heightened 50% bar that applies to an executive-chaired board. Aggregator listings suggest 9 of 12 named board members are independent directors (75%), which would comfortably clear either threshold, but this figure was not independently cross-checked against the FY26 annual report's Corporate Governance Report in this research and should be treated as indicative pending that confirmation.

2. What the company does well

Chairperson and MD/CEO roles are held by separate individuals, with Ashish Bhandari a professional, non-family executive — a lighter family-executive footprint than several peers in this report. A large named slate of independent directors (including Harsh Charandas Mariwala, Rajani Kesari and Shyamak Ramyar Tata) appears on current board listings. Two independent credit-rating agencies, CRISIL and ICRA, both affirm AA+/Stable/A1+ on a net-debt-free balance sheet — a genuine, externally validated financial-discipline signal. No SEBI enforcement action or insider-trading finding was found in this research.

3. Grey areas

Family board presence in the sources reached appears limited to Meher Pudumjee's non-executive chairpersonship — no other Aga/Pudumjee family members were identified as current executive or whole-time directors, a lighter footprint than, for example, a promoter-family board with multiple executive family directors. This research could not independently verify the company's statutory auditor or CFO from a primary filing. A "merger okayed" reference appeared in Q1 FY27 headline coverage; the specific entity or subsidiary involved could not be identified in the sources reached.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action, insider-trading finding, or other regulatory penalty against Thermax was found in the searches conducted — an absence of finding, not an affirmative clean bill, since related-party-transaction disclosures and any pending litigation could not be independently verified in this research pass.

5. Items to watch

Confirmation of the exact board composition and independent-director ratio from the FY26 annual report; identification of the statutory auditor and CFO; clarification of the Q1 FY27 "merger okayed" reference; and delivery against management's own Q3 FY27 timeline for resolving the Industrial Infra legacy-project cost overruns.



GOVERNANCE CONCLUSION

Better-structured than several peers in this report, but not fully verified. A separated Chairperson/MD structure, an apparently large independent-director slate, and dual AA+/A1+ affirmations from two independent rating agencies are genuine positives found in this research. But this report could not confirm the statutory auditor, CFO, or exact certified board composition from a primary filing, and nothing here should be read as clearing those items rather than simply not finding evidence against them. None of this changes the HOLD call, which rests primarily on the Q1 FY27 earnings miss set against an elevated multiple — but governance here should be read as "not adverse on the evidence gathered," not "confirmed clean."

SWOT analysis

STRENGTHS

- Confirmed 45,000 TR US hyperscale absorption-chiller order — most credible named large cooling order in this report
- Best credit profile of any construction-adjacent name in this report: CRISIL/ICRA AA+/A1+, net-debt-free
- Record order momentum: order inflows +112% YoY (Q4 FY26); order book ₹14,045cr (+23% YoY, Q1 FY27)
- Diversified four-segment franchise reduces single-business dependence
- Separated Chairperson/MD structure with a professional, non-family CEO

WEAKNESSES

- Q1 FY27 PAT collapsed ~85-86% YoY on a ₹91cr legacy-project cost overrun in Industrial Infra
- P/E ~76.9x elevated set against that miss
- Rupee value of the flagship US DC order undisclosed — materiality directionally large but unquantifiable
- Governance-verification gaps: statutory auditor, CFO, exact board composition unconfirmed

OPPORTUNITIES

- Sri City absorption-chiller capacity expansion (details undisclosed) to meet DC-linked demand
- Further hyperscale data-centre cooling wins beyond the single disclosed order
- Green Solutions/captive-power segment could capture DC/industrial off-grid power demand as it scales
- Potential re-rating if the Q3 FY27 Industrial Infra recovery is delivered on management's own timeline

THREATS

- Legacy-project cost-overrun risk recurring in Industrial Infra/EPC-style work
- Cyclicalities in end-user industries, per CRISIL's own rating rationale
- Intense competition compressing margins historically held in an 8-10% band
- Wide, contested brokerage dispersion (₹2,700-₹5,600) reflecting genuine market disagreement

Key developments to watch

- **Q2 and Q3 FY27 results** — the direct test of management's own guidance that legacy Industrial Infra issues clear and double-digit segment margins resume by Q3 FY27.
- **Any disclosure of the 45,000 TR US chiller order's rupee value**, or further named hyperscale orders, that would allow this report to size the data-centre business as a share of revenue.
- **Sri City cooling-capacity expansion capex and timeline details**, currently undisclosed.
- **Clarification of the Q1 FY27 "merger okayed" reference** and confirmation of the exact board composition and independent-director ratio from the FY26 annual report.

Key risks to be aware of

- **Execution risk (dominant).** Industrial Infra/legacy-project cost overruns, as evidenced by the Q1 FY27 miss; management's own guidance pushes recovery to Q3 FY27, leaving residual risk in the interim.



- **Valuation risk.** A ~76.9x trailing P/E leaves little room for a further disappointment in either Industrial Infra or the cooling franchise.
- **Materiality/disclosure risk.** The flagship data-centre order is a single, undisclosed-value data point, not yet a diversified DC customer book.
- **Segment-level risk** in Green Solutions/Bio-CNG, which also contributed losses to the Q1 FY27 miss.

Valuation

₹ per share unless stated

We use approach (b): $CMP \div \text{disclosed trailing P/E}$. Given the Q1 FY27 profit collapse, a trailing-twelve-month EPS rebuilt bottom-up from quarterly PAT would be distorted by a single quarter management itself attributes to a one-off legacy-project cost overrun, and full-year FY27 earnings visibility does not return, on management's own guidance, until Q3 FY27. Rather than construct a forward-earnings forecast on a recovery timeline the company has not yet delivered, this report backs into a trailing EPS from the market's own disclosed multiple: $CMP ₹3,552 \div \text{trailing P/E } 76.9x = \text{trailing EPS of } ₹46.2$ (18 Sep 2026, screener.in). We hold this EPS constant across all three scenarios and vary only the target multiple — a more defensible way to express bear/base/bull uncertainty here than fabricating a full-year FY27E EPS estimate around a recovery date management itself has only guided to, not confirmed:

Scenario	Target P/E	Trailing EPS (₹)	Target price	Upside/(downside)
Bear	58.0x	46.2	2,680	(24.5)%
Base	74.0x	46.2	3,419	(3.7)%
Bull	88.0x	46.2	4,066	+14.5%

Bear assumes the multiple compresses to 58x as Industrial Infra execution risk persists beyond Q3 FY27, closer to the multiple a market would assign a more commodity-style EPC franchise. Base assumes a modest compression to 74x from the current 76.9x, reflecting this report's view that the disclosed multiple is elevated set against the Q1 FY27 miss even before any further bad news; this rounds to a target of ₹3,419, or (3.7)% — comfortably within this report's HOLD band. Bull assumes an expansion to 88x as the data-centre chiller narrative dominates and the Q3 FY27 recovery is delivered on management's own timeline. Named brokerage targets found in this research span a genuinely wide, contested range: ICICI Securities upgraded to Buy with a ₹3,400 target (~6 February 2026, pre-dating the Q1 FY27 miss), JM Financial initiated at Reduce/₹2,700 (January 2026), and Trendlyne's 20-analyst consensus average is ₹4,199 (high ₹5,600, low ₹2,893) with an unusually even 6 Buy/7 Sell/8 Hold split. A separate aggregation citing "JM Financial: Neutral, ₹5,200" and "ICICI Securities: Neutral, ₹5,000" appears to reflect stale, pre-Q1-FY27 vintage data and should not be treated as current alongside the dated figures above.

RECOMMENDATION: HOLD, TARGET ₹3,419 (-3.7% FROM ₹3,552, 18 SEP 2026)

Upgrade triggers: confirmed delivery of the Q3 FY27 Industrial Infra margin recovery per management's own guidance; disclosure of the US chiller order's rupee value showing materiality above what this report can currently assume; further named hyperscale data-centre orders. **Downgrade triggers:** further legacy-project cost overruns beyond Q1 FY27; any deterioration in the CRISIL/ICRA AA+/A1+ credit ratings; or Green Solutions/Bio-CNG losses persisting beyond a single quarter.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	9,323	10,387	10,774
EBITDA margin	9%	9%	10%
Net profit (PAT)	643	627	720



Selected metrics	FY26 / latest
ROE	10.6%
ROCE	13.9%
Order book (Q1 FY27, Jun-26)	₹14,045 cr
Q1 FY27 PAT (down ~85-86% YoY)	₹22 cr

Source: screener.in (18 Sep 2026), cross-checked against Q4 FY26 and Q1 FY27 results coverage (Business Standard, Investing.com, ICICIdirect, ~May-Jul 2026) and CRISIL/ICRA rating rationales (28 October 2025; Feb/Mar 2026).

DISCLAIMER

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SELL

Sterlite Technologies Ltd

STLTECH

The most material, best-quantified data-centre revenue story in this report's universe — wrapped in the least reliable financial data of any company in it

Summary

Sterlite Technologies (STL) is India's largest optical-fibre and optical-fibre-cable manufacturer, with ~8-9% of the global ex-China OFC market. Inside that business sits a genuinely exciting growth story: per CRISIL's rating rationale dated 1 September 2026, STL's data-centre segment grew to 21% of Q1 FY27 revenue, up from just 1% a year earlier — the highest disclosed data-centre revenue concentration of any company in this report's entire universe. That growth is backed by a confirmed USD 1.1 billion, three-year data-centre contract sitting inside a record ₹18,618 crore order book (as of 30 June 2026), a dedicated product architecture (the Neuralis brand spanning Data Center Interconnect and Data Center Whitespace, Hollow Core Fibre, and NFPA 262-compliant plenum-rated Fiber Trunk Assemblies launched 10 September 2026), and named senior leadership — a Chief Business Officer for Hyperscale Data Centers and a COO for Optical Interconnectivity & DC Terminated Solutions — run as a distinct business line, not a marketing label.

The balance sheet has also genuinely improved: a ₹1,500 crore Qualified Institutions Placement, completed 2 July 2026, took STL to net-debt-free status, and CRISIL responded by upgrading STL's long-term rating to CRISIL AA/Stable from AA-/Stable on 1 September 2026, with interest coverage expected above 9x medium-term versus 2.9x previously. The company has also announced a funded ~50% capacity expansion (₹3,000 crore of capex through FY29) and a "Lakshya" strategic plan targeting ₹20,000 crore of FY29 revenue at 27%+ EBITDA margin.

The SELL call, however, does not rest on doubt about that demand story — it rests on the reliability of the numbers underneath the stock's ~178x trailing P/E. For the identical Q1 FY27 quarter, three sources give three different profit-after-tax figures: screener.in shows ₹125 crore, STL's own 24 July 2026 press release claims a "record" ₹197 crore, and Groww shows a reported **loss** of ₹17 crore. This report does not resolve that conflict to a single number — the three-way disagreement on the company's own most recently reported, most-hyped quarter is itself the central reason for caution, and it sits on top of a recent loss history (FY24 PAT: ₹(57) crore; FY25 PAT: ₹(123) crore, screener.in consolidated) that makes FY26's small return to profit (₹56 crore) a thin base against a

TARGET PRICE

12-month target	₹191
CMP (18 Sep 2026)	₹819
Implied upside	(76.7)%
Rating	SELL

KEY STOCK DATA

Market cap	₹42,091 cr
P/E (trailing, disclosed)	~178x*
Book value/share	₹46.5*
ROE / ROCE	1% / 7.65%
Credit rating	CRISIL AA/Stable/A1+

SHAREHOLDING (JUL 2026)

Promoters	42.29%
Public	24.74%
FIIIs	19.71%
DIIIs	13.27%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	4,083	3,996	4,745
Operating margin	12%	10%	12%
PAT	(57)	(123)	56



₹42,091 crore market capitalisation. A live \$96.5 million Prysmian trade-secrets jury verdict (2024, under appeal) and an unverified promoter/ownership structure (Wikipedia names STL a Vedanta Limited subsidiary; this could not be independently confirmed against a primary shareholding filing) add further, independent reasons for caution.

Net: a SELL. On the most conservative, most defensible earnings base this report can construct — FY26 PAT divided by the QIP-expanded current share count — fair value sits well below CMP under essentially any plausible target multiple. This is a valuation and data-reliability judgment, not a judgment on the underlying data-centre demand story, which is real and, by disclosed revenue concentration, the strongest in this report's universe.

*Screener.in figures shown; Groww separately shows P/E 174.28x (TTM) and book value ₹70.86/share — a ~52% gap on book value alone. See "What gives us pause" below; this report treats these as unresolved data-quality flags, not as figures to silently average.

Investment rationale

- **The highest disclosed data-centre revenue concentration of any company in this report's 20-company universe.** 21% of Q1 FY27 revenue, up from just 1% a year earlier (CRISIL rationale, 1 September 2026) — the cleanest, most material, best-quantified data-centre revenue story this report finds anywhere.
- **A confirmed USD 1.1 billion, three-year data-centre contract** sits inside a record ₹18,618 crore order book (as of 30 June 2026) — a scale of booked, DC-specific revenue visibility this report does not find matched elsewhere in its universe.
- **Purpose-built data-centre product architecture.** The Neuralis brand (Data Center Interconnect + Data Center Whitespace), Hollow Core Fibre marketed as "India's first" for data-centre networks, Multiverse MCF, and NFPA 262-compliant plenum-rated Fiber Trunk Assemblies launched 10 September 2026 — genuine, differentiated engineering, not a relabelled generic cable line.
- **Dedicated senior data-centre leadership** — a named Chief Business Officer for Hyperscale Data Centers & Optical Interconnectivity and a COO for Optical Interconnectivity & DC Terminated Solutions — evidence this is run as a distinct business line at the C-suite level.
- **A genuine credit upgrade.** CRISIL raised STL's long-term rating to AA/Stable from AA-/Stable on 1 September 2026, citing the ₹1,500 crore QIP (completed 2 July 2026) that took the company to net-debt-free status, with interest coverage expected above 9x versus 2.9x previously.
- **A funded, quantified growth plan.** A ~50% capacity addition backed by ₹3,000 crore of capex through FY29, alongside the "Lakshya" plan targeting ₹20,000 crore of FY29 revenue at 27%+ EBITDA margin.

What gives us pause

- **A three-way conflict on STL's own most recent quarterly PAT — the central reason for this report's SELL call.** For the identical Q1 FY27 quarter (ended June 2026), screener.in shows PAT of ₹125 crore, STL's own 24 July 2026 press release claims a "record" ₹197 crore, and Groww shows a reported **loss** of ₹17 crore. This report does not resolve this conflict to a single figure; the disagreement itself, on the company's most-hyped recent quarter, is the finding.
- **This sits atop a genuinely weak recent earnings history.** FY24 PAT was ₹(57) crore and FY25 PAT was ₹(123) crore (screener.in, consolidated); FY26's return to profit (₹56 crore) is still a very small base relative to STL's ₹42,091 crore market capitalisation.



- **The disclosed ~178x trailing P/E is itself unstable.** Using this report's more conservative FY26-PAT-divided-by-current-share-count construction (see Valuation), the implied EPS is ~₹1.09 against a disclosed-multiple-implied EPS of ~₹4.60 (CMP ÷ 178x) — over a 4x gap between two defensible ways of computing the same ratio, on the same stock, the same day.
- **Book value per share is separately disputed:** ₹46.5 (screener.in) versus ₹70.86 (Groww), a ~52% gap — a second, independent data-quality flag beyond the PAT conflict.
- **Basic ownership and governance facts could not be confirmed.** Wikipedia names STL a subsidiary of Vedanta Limited with Anil Agarwal (Vedanta Resources' founder-chairman) as STL's "Founder/Chairman," but this could not be corroborated against STL's own management-page listing or a primary shareholding filing in this research — an open question on who the company's actual promoter and Chairman are.
- **A live \$96.5 million jury verdict against STL** in the Prysmian trade-secrets litigation (South Carolina, 2024) remains under appeal — a contingent liability roughly comparable in size to a full year of the company's already-small disclosed PAT, independently corroborated by both Wikipedia and CRISIL's own 1 September 2026 rating rationale.
- **Price action tied to group-level, not company-specific, news.** The stock hit a 5% lower circuit on 16 September 2026 amid a broader Vedanta-group selloff, per Groww's news aggregation — a reminder that STL's price is not always driven by its own fundamentals.
- **Promoter holding fell from 44.52% to 42.29% in a single month** (June to July 2026) — worth watching alongside the ownership-structure verification gap above.

Corporate governance assessment

1. Which rules actually apply

STL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The named Managing Director is Ankit Agarwal; Wikipedia separately names Anil Agarwal (Vedanta Resources' founder-chairman) as STL's "Founder/Chairman," which — if accurate — would mean Chairman and MD roles are held by different individuals. This report could not corroborate that Chairman title against STL's own management-page listing, so the Chairman/MD relationship, and therefore which SEBI LODR independent-director threshold applies, is treated here as unconfirmed rather than settled — a basic governance fact this report could not close.

2. What the company does well

Group CFO (Ajay Jhanjhari), Company Secretary (Amit Deshpande) and Head of Investor Relations (Pankaj Dhawan) are separately named and identifiable. Dedicated senior data-centre business leadership (a Chief Business Officer for Hyperscale Data Centers and a COO for Optical Interconnectivity) evidences real organisational investment behind the growth segment, not just messaging. STL won a European Patent Office technical-appeal patent dispute against Fujikura Ltd (10 July 2026) — a governance-adjacent positive on IP defence discipline that partly offsets the Prysmian narrative below. No SEBI enforcement action or insider-trading finding was found, though this research's search on that specific point was thin.

3. Grey areas

STL's own origin-story disclosures conflict: Wikipedia states the company was incorporated around March 2000 as Sterlite Telecom Systems, while screener.in states it "was established in July 2001 following the demerger of Sterlite Industries Ltd's telecom division" — a minor point individually, but symptomatic of the broader data-consistency problems documented throughout this section. The company's actual promoter/parent structure (Vedanta Limited versus a separate Agarwal-family holding vehicle) could not be verified from a primary filing. STL's statutory auditor could not be identified, and related-party-transaction disclosures could not be verified in this research.



4. Red flags

The \$96.5 million Prysmian jury verdict (2024) is a confirmed, trial-level adverse finding against the company, independently corroborated by both Wikipedia and CRISIL's 1 September 2026 rating rationale, which lists it as an explicit rating risk. It remains under appeal, but this is a real, adjudicated-at-trial red flag, not merely an unresolved allegation. No SEBI enforcement action was found in this research, though the search here was thin and should not be read as a clean bill.

5. Items to watch

Reconciliation of the three conflicting Q1 FY27 PAT figures against the audited FY27 annual report; confirmation of STL's actual sitting Chairman and the Chairman/MD relationship; confirmation of the promoter/parent structure (Vedanta Limited versus an Agarwal-family holding vehicle) from a primary filing; the outcome and any provisioning of the Prysmian appeal; and identification of the statutory auditor.

GOVERNANCE CONCLUSION

Not confirmed adequate, and for reasons beyond the usual disclosure gaps. This report could not confirm who STL's sitting Chairman is, whether that role is combined with the Managing Director's, or the precise identity of the company's controlling shareholder — governance basics that should not require this much reconstruction from secondary sources. Layered on top of a confirmed adverse litigation verdict under appeal and a three-way conflict on the company's own most recently reported profit, the appropriate response is not to average away these discrepancies but to treat them, collectively, as the central finding of this governance review — and as independent support, alongside valuation, for this report's SELL call.

SWOT analysis

STRENGTHS

- Highest data-centre revenue concentration of any company in this report's universe: 21% of Q1 FY27 revenue, up from 1% a year earlier
- Confirmed \$1.1bn/3-year data-centre contract inside a record ₹18,618cr order book
- Differentiated DC product portfolio (Neuralis, Hollow Core Fibre, NFPA 262-certified plenum assemblies) with dedicated senior DC leadership
- Credit upgraded to CRISIL AA/Stable (from AA-) on 1 Sep 2026; net-debt-free post the ₹1,500cr QIP

WEAKNESSES

- Three-way conflicting Q1 FY27 PAT figures (₹125cr screener vs ₹197cr company release vs a ₹17cr loss per Groww) on the company's own most-hyped recent quarter
- Recent loss history: FY24 ₹(57)cr, FY25 ₹(123)cr PAT; FY26's ₹56cr profit is a thin base against a ₹42,091cr market cap
- ~178x disclosed P/E vs. an implied ~4x-higher EPS gap under this report's more conservative FY26-PAT/current-share-count construction
- Basic governance facts (sitting Chairman, promoter/parent identity, statutory auditor) unconfirmed

OPPORTUNITIES

- Continued ramp of the \$1.1bn DC contract and the broader ₹18,618cr order book
- "Lakshya" plan targeting ₹20,000cr FY29 revenue at 27%+ EBITDA margin, backed by a funded ~50% capacity expansion (₹3,000cr capex through FY29)
- Further hyperscale DC design wins as Hollow Core Fibre and NFPA 262-certified products scale internationally
- Decarbonisation positioning (~80% carbon-intensity cut on G.657.A2 fibre) as hyperscalers increasingly screen suppliers on embodied carbon

THREATS

- A live \$96.5m Prysmian jury verdict under appeal — a contingent liability comparable in size to a full year's disclosed PAT
- Further Vedanta-group-linked share-price volatility unrelated to STL's own fundamentals (5% lower circuit, 16 Sep 2026)
- Intensely competitive international bidding and telecom-operator capex cyclicalities, per CRISIL's own rating rationale
- A slower-than-expected data-centre ramp-up, explicitly flagged by CRISIL as a key monitorable

Key developments to watch

- **Reconciliation of the three conflicting Q1 FY27 PAT figures against the audited FY27 annual report** — the single most important item this report needs closed before STL's earnings can be trusted.
- **Confirmation of STL's sitting Chairman and the promoter/parent structure** (Vedanta Limited versus an Agarwal-family holding vehicle) from a primary filing.
- **The outcome and any provisioning of the Prysmian \$96.5 million appeal.**
- **Delivery against the "Lakshya" FY29 targets** and the pace of execution on the \$1.1bn data-centre contract.

Key risks to be aware of

- **Financial-reporting-reliability risk (dominant).** The three-way PAT conflict on the same quarter is, on its own, sufficient reason for caution, independent of the underlying data-centre demand story.
- **Valuation risk.** On this report's more conservative earnings construction, essentially every plausible target multiple implies material downside from CMP.
- **Litigation risk.** The \$96.5 million Prysmian verdict remains under appeal and unresolved.
- **Governance-verification risk.** Basic facts — Chairman, promoter identity, statutory auditor — could not be confirmed.
- **Group/contagion risk.** Price moves tied to broader Vedanta-group news rather than STL-specific fundamentals.

Valuation

₹ per share unless stated

We use approach (a): FY26 PAT ÷ implied current share count (market cap ÷ CMP). We deliberately do not use a trailing-P/E approach here: STL's disclosed trailing P/E of ~178x is built on a TTM earnings base that necessarily blends in the disputed Q1 FY27 quarter — and depending on which of the three conflicting PAT figures for that quarter is used, the "correct" trailing multiple could plausibly range from materially above 178x (using Groww's reported loss, which would make a P/E undefined) to well below it (using the company's own higher ₹197 crore claim). We regard building a scenario table on that foundation as irresponsible. Instead, we anchor on FY26's full-year PAT of ₹56 crore (screener.in, consolidated, not itself in dispute) divided by an implied current share count of market cap ÷ CMP — ₹42,091 crore ÷ ₹819 = ~51.41 crore shares, reflecting the July 2026 QIP's expanded base — giving a conservative FY26 EPS of ~₹1.09. We hold this EPS constant across scenarios and vary only the target multiple. We want to be explicit about what this does and does not tell you: this is the most defensible single EPS figure we can construct without taking a side in the three-way PAT dispute, but it is also almost certainly conservative if STL's Q1 FY27 run-rate genuinely reflects a step-change in profitability, as the company's own press release claims. We are not confident enough in any single number to publish one P/E multiple without this caveat attached.

Scenario	Target P/E	FY26 EPS (~)	Target price	Upside/(downside)
Bear	100.0x	1.09	109	(86.7)%
Base	175.0x	1.09	191	(76.7)%
Bull	275.0x	1.09	300	(63.4)%

Bear applies a 100x multiple — still a rich, growth-stock multiple by any conventional measure — reflecting a scenario in which the market re-prices STL toward a more normal multiple once the PAT conflict is resolved unfavourably. Base applies 175x, deliberately close to STL's own disclosed trailing P/E of ~178x, to isolate the point this report is making: even if you accept the market's current multiple as reasonable in isolation, pairing it with the more defensible FY26-PAT/current-share EPS of ₹1.09 — rather than whichever higher, disputed EPS actually produces the headline 178x figure — implies a fair value of just ₹191, a (76.7)% gap from CMP. Bull applies 275x, assuming continued growth-multiple expansion in line with the market's evident enthusiasm (CLSA raised its target by 47% to ₹1,400 with an Outperform rating on ~13 September 2026, citing AI-driven expansion) — even then, on this report's earnings base, the implied target remains well below CMP. We do not know



CLSA's own methodology or which of the three PAT figures it relies on, and we flag the gap between its target and all three of our scenarios rather than attempt to resolve it. Every scenario here implies downside from CMP, consistent with this report's SELL rating; the range communicates how unstable the valuation is at any multiple, not a false precision around one number.

RECOMMENDATION: SELL, TARGET ₹191 (-76.7% FROM ₹819, 18 SEP 2026)

Upgrade triggers: reconciliation of the three conflicting PAT figures against the audited FY27 annual report; confirmation of STL's actual promoter/parent structure and sitting Chairman from a primary filing; a favourable resolution or clearly bounded, disclosed settlement of the Prysmian appeal. **Downgrade triggers:** further conflicting or restated financial figures; an adverse final appellate ruling on the Prysmian matter increasing the liability; or evidence that the data-centre contract ramp is slower than the order book implies.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	4,083	3,996	4,745
Operating margin	12%	10%	12%
Net profit (PAT)	(57)	(123)	56

Selected metrics	Latest disclosed
Order book (30 Jun 2026, record)	₹18,618 cr
Data-centre revenue (Q1 FY27, vs 1% a year earlier)	21% of revenue
Q1 FY27 PAT — screener.in	₹125 cr
Q1 FY27 PAT — company press release (24 Jul 2026)	₹197 cr
Q1 FY27 PAT — Groww	₹(17) cr (loss)

Source: screener.in (20 Sep 2026 fetch) for the FY24-26 annual table; CRISIL rating rationale dated 1 September 2026 for the order book and data-centre revenue-mix figures; STL's own 24 July 2026 press release and Groww (fetched 20 Sep 2026) for the three conflicting Q1 FY27 PAT figures, presented here side-by-side rather than reconciled to one number.

DISCLAIMER

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BUY

Polycab India Ltd

POLYCAB

India's largest wires & cables maker, with this report's cleanest financial reconciliation and a dual-AAA balance sheet — the data-center angle is real but still analyst-driven, not company-disclosed

Summary

Polycab describes itself as India's largest integrated manufacturer of wires and cables, holding roughly 27-31% of the organized domestic market depending on source (CRISIL cites 26-27%; screener.in cites 30-31% — this report flags the range rather than picking one figure silently). Wires & Cables contributed 87% of FY26 revenue, with the balance coming from a Fast-Moving Electrical Goods (FMEG) business spanning fans, LED lighting, switchgear and water heaters under the Levana and Etira brands, plus an EPC services line. Backward integration into aluminum-rod and PVC-compound manufacturing, a 9,650+ SKU catalogue and a 4,300+-entity dealer-distributor network round out a genuinely large, diversified industrial franchise. FY26 revenue reached ₹28,884 crore (up from ₹12,204 crore in FY22, a 27% five-year CAGR) with PAT of ₹2,708 crore (a 24% five-year profit CAGR) — figures corroborated exactly by the company's own investor- relations page (₹288,838 million revenue, ₹27,084 million PAT).

The balance sheet and credit profile are the standout feature.

Polycab is rated CRISIL AAA/Stable (long-term) and CRISIL A1+ (short-term) as of 17 November 2025, and separately holds an India Ratings AAA/Stable upgrade (from AA+/Positive) as of August 2025 — the highest possible domestic rating from *both* agencies simultaneously. Gearing is near zero (0.02x per screener.in; 0.15x per CRISIL's own FY25 balance-sheet reference — both directionally "near debt-free"), interest coverage is 19.6x, and total borrowings were just ₹236 crore against ₹20,465 crore of total assets as of March 2026. Just as notably for this report's purposes: Polycab's FY22-26 figures reconcile cleanly across screener.in, the company's own IR page, and CRISIL's rating rationale — a genuinely rare, unqualified data-integrity result in this report's cabling category, where Finolex Cables (elsewhere in this report) carries two divergent EBITDA figures for the same year and several peers show cross-source discrepancies.

The data-center connection is real but should not be overstated. No named data-center customer, hyperscaler contract, or DC-specific order was found for Polycab in this research — the evidentiary basis is sell-side sector framing (Prabhudas Lilladher's prior note citing

TARGET PRICE

12-month target	₹10,032
CMP (18 Sep 2026)	₹8,400
Implied upside	+19.4%
Rating	BUY

KEY STOCK DATA

Market cap	₹1,26,581 cr
P/E (trailing)	~44.2x
Book value/ share	₹798
ROE / ROCE	23.0% / 33.2%
Credit rating	CRISIL AAA/A1+; India Ratings AAA/A1+

SHAREHOLDING (JUN 2026)

Promoters	61.46%
FII	19.00%
DII	7.62%
Public	11.92%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	18,039	22,408	28,884
EBITDA margin	14%	13%	14%
PAT	1,803	2,046	2,708



India's data-center capacity reaching 4.5 GW by 2030 with "Polycab, KEI likely beneficiaries") rather than a disclosed contract, in contrast to some other names in this report's broader universe with named DC orders. A fresh competitive threat has also emerged: UltraTech Cement has entered wires & cables manufacturing, a development reported as "intensifying competition for Polycab, KEI, and Havells," and JM Financial is reported to have downgraded Polycab (alongside KEI and RR Kabel) on competitive-pressure grounds. At ~44.2x trailing P/E, the stock is not statistically cheap, but the multiple looks reasonable set against the growth/quality combination on offer, and sits below the ~106x this report's sister volume assigns to the richest AI-server name it covers.

Net: a BUY built primarily on business quality — market leadership, a dual-AAA credit profile, and the cleanest cross-source financial reconciliation in this report's cabling category — with a real but secondary and still-unquantified data-center tailwind layered on top, not marketed as a DC pure-play.

Investment rationale

- **Market leadership with a genuinely rare, clean cross-source financial reconciliation.** FY22-26 figures agree, to the rupee, across screener.in, Polycab's own investor-relations page, and CRISIL's rating rationale — a data-integrity result this report found nowhere else in its cabling category.
- **The highest possible domestic credit rating from both major agencies simultaneously:** CRISIL AAA/Stable/A1+ (reaffirmed 17 Nov 2025) and India Ratings AAA/Stable/A1+ (upgraded from AA+/Positive, Aug 2025) — near debt-free at 0.02-0.15x gearing with 19.6x interest coverage.
- **27% five-year revenue CAGR and 24% five-year profit CAGR,** with FY26 revenue of ₹28,884 crore and PAT of ₹2,708 crore, both independently corroborated by the company's own IR disclosures.
- **A large, diversified franchise:** 9,650+ SKUs, 4,300+ dealer-distributor entities, backward integration into aluminum-rod and PVC-compound manufacturing, and an FMEG business (Levana, Etira) that turned EBIT-positive and grew ~30% in FY25.
- **Real, if sector-level rather than company-specific, data-center beneficiary framing** from sell-side research (Prabhudas Lilladher's "4.5 GW by 2030" note), consistent with the broader industrial/ infrastructure capex cycle management references under its "Project Spring" initiative.
- **Reasonable valuation for the quality on offer.** At ~44.2x trailing P/E, Polycab trades well below the richest multiples this report's broader coverage has encountered, while offering a materially cleaner balance sheet and credit profile than most peers.

What gives us pause

- **No named data-center customer, hyperscaler, or disclosed DC contract exists for Polycab.** The DC angle rests on analyst-level sector framing, not company-disclosed evidence — this report states that plainly rather than implying a stronger DC linkage than currently exists.
- **A new, well-capitalized competitor has entered the category.** UltraTech Cement's move into wires & cables manufacturing is reported to be "intensifying competition for Polycab, KEI, and Havells," and JM Financial is reported to have downgraded Polycab on competitive-pressure grounds.
- **An unresolved, unverified litigation item.** Indian financial media reported a Income Tax Department search/survey action involving Polycab around December 2023, related to allegations of unaccounted cash sales through an alleged unofficial dealer network, which the company reportedly disputed at the time — this could not be independently sourced, dated, or resolved in



this research pass and must be confirmed against a primary business-news source or exchange filing before being treated as settled.

- **Statutory auditor identity and related-party-transaction policy could not be verified** in this research — the corporate-governance page on polycab.com could not be retrieved.
- **Board-independence math is calculated from a company-website page, not the primary Corporate Governance Report.** On the website's figures, 5 of 9 directors (~55.6%) are independent, which would satisfy SEBI LODR's threshold for an executive-chaired board — but this should be treated as "likely compliant, subject to primary-source confirmation" rather than a fully verified statement.
- **Organized market-share figures diverge across sources** (26-27% per CRISIL vs. 30-31% per screener.in) — a modest but unreconciled discrepancy.

Corporate governance assessment

1. Which rules actually apply

Polycab is a mainboard NSE/BSE-listed company under the full SEBI LODR regime. Chairman and Managing Director roles are combined in Inder T. Jaisinghani, which requires at least half the board to be independent directors. On the board composition found on polycab.com's Key People page — 4 executive/ promoter-family directors (Chairman & MD plus two Joint Managing Directors, Bharat A. Jaisinghani and Nikhil R. Jaisinghani, plus one Executive Director, Vijay Pandey) against 5 named independent directors on a 9-member board — independent directors represent ~55.6%, which would satisfy the LODR threshold. This report treats that calculation as "likely compliant" rather than fully verified, since it was not cross-checked against the primary Corporate Governance Report.

2. What the company does well

MD and CFO roles are held by separate individuals: Inder T. Jaisinghani as Chairman & MD, and Niyant Maru as a distinct Chief Financial Officer. The five named independent directors carry substantive, relevant credentials — T.P. Ostwal (Chartered Accountant), Sutapa Banerjee (30+ years in financial services), Manju Agarwal (34 years in banking), Bhaskar Sharma (former Red Bull India CEO), and Sumit Malhotra (37 years in FMCG). The company's dual-AAA credit ratings from CRISIL and India Ratings are themselves a governance-adjacent signal of financial discipline and conservative capital management.

3. Grey areas

The executive layer is heavily promoter-family-weighted: three Jaisinghani family members (Chairman & MD plus two Joint Managing Directors) hold executive seats alongside one non-family Executive Director. The statutory auditor's identity could not be confirmed in this research, as the corporate-governance page on polycab.com could not be retrieved before this session's fetch budget was exhausted; the same applies to related-party-transaction policy detail. Neither omission points to a problem on its own, but both should be closed from a primary filing before governance is assessed as fully verified.

4. Red flags

One unresolved, unverified item requires explicit disclosure rather than silent omission. Indian financial media reported an Income Tax Department search/survey action involving Polycab around December 2023, involving allegations related to unaccounted cash sales through an alleged unofficial dealer network, which the company reportedly disputed/clarified at the time. This report could not independently source, date, or determine the current resolution status of this matter in this research pass, and it must be confirmed against a primary business-news source (Business Standard, Economic Times, Livemint) or a Polycab exchange filing before being treated as either material or resolved. No SEBI enforcement action or insider-trading finding was found against Polycab, though this should be read as "not found in a limited search," not as an affirmative clean bill.



5. Items to watch

Independent confirmation (or refutation) of the reported December 2023 Income Tax Department matter; confirmation of the statutory auditor's identity and RPT policy from the primary Corporate Governance Report; confirmation of the ~55.6% independent-director calculation against that same primary filing; reconciliation of the 26-31% organized market-share range; and clarification of the "Project Spring" strategic initiative referenced in FY26 management commentary.

GOVERNANCE CONCLUSION

Provisionally reasonable, pending closure of two verification gaps. Separated MD/CFO roles, a credible slate of independent directors, and a dual-AAA credit profile all point toward disciplined governance. But this report could not independently verify the statutory auditor's identity, could not confirm board-independence math against a primary filing, and — most importantly — could not source or resolve a reported December 2023 tax-search matter that Indian financial media associated with Polycab. None of this is evidence of actual misconduct; it is evidence that this report's own research reached its limits before the loop could be fully closed, and the writer should treat that gap as a to-do, not a clean bill.

SWOT analysis

STRENGTHS

- India's largest integrated wires & cables manufacturer (~27-31% organized market share)
- Rated AAA by both CRISIL and India Ratings — the highest possible rating from both agencies
- Near debt-free (0.02-0.15x gearing, 19.6x interest coverage); the cleanest FY22-26 cross-source financial reconciliation found anywhere in this report's cabling category
- 27% five-year revenue CAGR, 24% five-year profit CAGR, ROCE 33.2%
- Broad distribution (4,300+ dealers) and diversified product base (9,650+ SKUs, FMEG turning EBIT-positive)

WEAKNESSES

- No named data-center customer or disclosed DC contract — DC exposure is sector-level analyst framing only
- Heavily promoter-family-weighted executive layer (three Jaishingani family members in executive seats)
- Statutory auditor and RPT policy could not be verified in this research
- An unresolved, unverified December 2023 Income Tax Department search/survey matter reported in Indian financial media requires primary-source confirmation

OPPORTUNITIES

- Sector-level data-center beneficiary framing from sell-side research (PL Capital: 4.5 GW of DC capacity by 2030)
- FMEG segment's continued growth and margin improvement after turning EBIT-positive
- Management's "Project Spring" strategic initiative, tied to India's broader infrastructure build-out (specific scope unconfirmed)
- Continued capital-structure headroom given the near-debt-free balance sheet

THREATS

- UltraTech Cement's entry into wires & cables, reported to be intensifying competition for Polycab, KEI, and Havells
- A fragmented, highly competitive unorganized-sector segment constraining pricing power (per CRISIL)
- Copper and aluminum input-cost volatility, inherent to the category
- Potential materiality if the unresolved December 2023 tax matter develops further

Key developments to watch

- **Independent verification of the reported December 2023 Income Tax Department matter** — the single most important open item for this company.
- **Primary-source confirmation of the statutory auditor and board-independence percentage**, beyond the company-website figures used in this report.



- **Any progression from sector-level DC framing toward a named, company-specific data-center order or customer**, which would materially strengthen the DC leg of the thesis.
- **Further competitive developments from UltraTech Cement's entry** and any resulting brokerage target revisions, following JM Financial's reported downgrade.
- **Details of the "Project Spring" initiative** referenced in FY26 management commentary.

Key risks to be aware of

- **Valuation multiple compression risk.** At ~44.2x trailing earnings, a normalization of growth below the historical 24-27% CAGR would compress the multiple even if the business itself performs well.
- **New-entrant competitive risk.** UltraTech Cement's well-capitalized entry into wires & cables is a structural threat to industry pricing power, not a cyclical one.
- **Input-cost risk.** Copper and aluminum price volatility flows directly through to margins in this category.
- **DC-thesis risk.** Because no named DC contract exists, any narrative premised on data-center demand converting into Polycab-specific volume remains unproven at the company level.
- **Unresolved-litigation risk,** pending confirmation of the reported December 2023 tax matter's status and materiality.

Valuation

₹ per share unless stated

Using approach (b) — $CMP \div \text{disclosed trailing P/E}$ — Polycab's ₹8,400 share price (18 Sep 2026) against a 44.2x trailing P/E implies trailing EPS of ~₹190.0. We apply an *indicative* 20% forward-growth assumption, moderated below the company's own disclosed 24% five-year profit CAGR to reflect UltraTech's new competitive entry and the typical deceleration of growth off a larger revenue base, arriving at a constructed FY27E EPS of ~₹228. We hold the target multiple in a band around the current trailing level, given the balance-sheet quality and credit profile argue against assuming a de-rating, while the new competitive entrant argues against assuming a re-rating either:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	38.0x	228	8,664	+3.1%
Base	44.0x	228	10,032	+19.4%
Bull	50.0x	228	11,400	+35.7%

Base case rounded to ₹10,032. Named brokerage targets found in this research — BofA Securities (Buy, ₹11,000, date unconfirmed) and Prabhudas Lilladher (Buy, ₹10,764, September 2026) — sit close to or above our base case, while JPMorgan holds an "Overweight" stance "despite competition" without a confirmed target, and JM Financial is reported to have downgraded Polycab on competitive grounds. Our base case is set below both of the named bullish targets, reflecting some conservatism around the UltraTech competitive threat that JM Financial's reported downgrade specifically flags.

RECOMMENDATION: BUY, TARGET ₹10,032 (+19.4% FROM ₹8,400, 18 SEP 2026)

Upgrade triggers: a named data-center customer or disclosed DC-specific contract; independent confirmation that the reported December 2023 tax matter is resolved with no material liability; confirmation of the statutory auditor and board-independence percentage from a primary filing. **Downgrade triggers:** evidence that UltraTech Cement's entry is materially eroding pricing power or market share; any adverse development in the reported December 2023 tax matter; a sustained slowdown in revenue or profit growth below the historical CAGR range.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	18,039	22,408	28,884
EBITDA margin	14%	13%	14%
Net profit (PAT)	1,803	2,046	2,708

Selected metrics	FY26
ROE	23.0%
ROCE	33.2%
Gearing	~0.02-0.15x
Interest coverage	19.6x
Credit rating	CRISIL AAA/A1+; India Ratings AAA/A1+

Source: screener.in (20 Sep 2026), cross-checked against Polycab's own FY26 investor- relations disclosure (₹288,838 million = ₹28,884cr revenue; ₹27,084 million = ₹2,708cr PAT, matching exactly) and CRISIL Ratings' rationale dated 17 Nov 2025. This is the cleanest cross-source reconciliation found across this report's cabling category.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Polycab India Limited, and have received no compensation from the company.



BUY

KEI Industries Ltd

KEI

Steady 23% revenue CAGR, a three-agency AA+/A1+ endorsement, and management's own ₹25,000 crore data-center number — real, but still forward-looking, not yet booked

Summary

KEI Industries, incorporated in 1968 and headquartered in Delhi, is a diversified wires-and-cables manufacturer operating under a Technical Collaboration Agreement with Switzerland's BRUGG Cables to manufacture Extra High Voltage cables up to 400 kV, alongside a broad range of HV, LV, control, instrumentation, house-wiring, solar, marine and EV-charging cable products. The company sells through 2,906 dealers and distributors (54% of FY26 sales), with its top 10 dealers accounting for only 10.86% of dealer sales — a genuinely diversified, non-concentrated distribution base. Revenue grew from ₹5,727 crore in FY22 to ₹11,748 crore in FY26, a ~23% CAGR, with operating margin remarkably stable at ~10% in every one of those five years and PAT growing from ₹376 crore to ₹918 crore. ROCE stands at ~20%. These figures reconcile cleanly between screener.in and KEI's own FY26 Annual Report "Financial Highlights" page — no discrepancy flag needed, one of the two cleanest financial reconciliations found across this report's cabling category, alongside Polycab (covered elsewhere in this report).

Credit quality is unusually broadly endorsed. KEI carries a simultaneous AA+/Stable long-term and A1+ short-term rating from three separate agencies — CARE Ratings, ICRA, and India Ratings and Research — a three-way parallel endorsement this report did not find replicated elsewhere in its cabling coverage. The balance sheet is near debt-free (₹253 crore of borrowings against ₹8,956 crore of total assets), funding a large capacity-expansion program at Sanand, Gujarat (₹1,900-2,000 crore capex; Phase I commissioned December 2025 and ramping; Phase II EHV capacity targeted for March 2027) entirely from internal accruals, which management expects to add up to ₹6,000 crore of annual revenue once fully ramped. Management itself guides to ~20% revenue growth in FY2026-27, driven specifically by Sanand and a wires-capacity expansion at Chinchpada.

The data-center angle here is the most explicitly company-quantified of any name in this report's cabling category. KEI's own management told CNBC-TV18 (19 February 2026) of a "₹25,000 crore opportunity for the cable industry" from India's data-center build-out, and separately told NDTV Profit (4 August 2026)

TARGET PRICE

12-month target	₹5,584
CMP (18-20 Sep 2026)	₹4,650
Implied upside	+20.1%
Rating	BUY

KEY STOCK DATA

Market cap	₹44,454 cr
P/E (trailing)	~44.6x
Book value/ share	₹697
ROE / ROCE	14.7% / 20.0%
Credit rating	CARE/ICRA/India Ratings AA+/A1+ (all three)

SHAREHOLDING (JUN 2026)

Promoters	35.00%
FII	27.32%
DII	25.90%
Public	11.76%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	8,104	9,736	11,748
EBITDA margin	10%	10%	10%
PAT	581	696	918



that data-center demand is expected to help push segment margins toward 12%. That said, this report treats the claim honestly: it is forward-looking market-opportunity commentary, not a disclosed DC customer or contract, and realized Cables & Wires segment margin remains ~10% today, not yet the 12% management is targeting. A fresh competitive risk has also emerged — Jefferies cut its target price on KEI by ~11% (from ₹6,920 to ₹6,150) around 11 September 2026, explicitly citing UltraTech Cement's entry into wires & cables manufacturing, while still retaining a Buy rating.

Net: a BUY. Consistent execution, an unusually broad three-agency credit endorsement, and a management-quantified (if not yet realized) data-center opportunity together justify the ~44.6x trailing multiple, which this report treats as fair rather than stretched given the growth and quality on offer.

Investment rationale

- **Management has directly quantified the data-center opportunity** — "₹25,000 crore opportunity for the cable industry" (CNBC-TV18, 19 Feb 2026), with segment margins targeted to reach 12% on the back of this demand (NDTV Profit, 4 Aug 2026) — more specific, company-sourced DC commentary than most peers in this report's coverage.
- **A three-agency simultaneous AA+/A1+ credit endorsement** — CARE Ratings, ICRA, and India Ratings all rate KEI at the same level in parallel, an unusually broad endorsement not replicated elsewhere in this report's cabling names.
- **Consistent, low-volatility execution**: revenue grew from ₹5,727cr to ₹11,748cr over FY22-26 (~23% CAGR) with operating margin holding at ~10% in every single year — no swings, no one-off spikes.
- **A large, funded, on-schedule capacity expansion**. The Sanand, Gujarat greenfield project (₹1,900-2,000cr capex) had its Phase I commissioned in December 2025 and is ramping; Phase II EHV capacity is targeted for March 2027; the whole program is funded entirely from internal accruals off a net debt-free balance sheet, with management's own ₹6,000cr incremental-revenue estimate once fully ramped.
- **Genuinely diversified distribution**: 2,906 dealers/distributors, with the top 10 accounting for just 10.86% of dealer sales — low concentration risk relative to peers.
- **Well-evidenced governance compliance**. KEI's board meets SEBI LODR's 50%-independent-director threshold exactly (4 of 8), confirmed via a primary regulatory filing (the Q4 FY26 Compliance Report on Corporate Governance) rather than a website scrape — a better-sourced confirmation than most peers in this report.
- **Management's own disclosed FY2026-27 growth guidance of ~20%**, tied specifically to Sanand and Chinchpada capacity coming online — a near-term catalyst that is company-guided, not analyst-estimated.

What gives us pause

- **The ₹25,000 crore DC opportunity and 12% margin target are forward-looking management commentary, not yet reflected in realized numbers**. FY26 Cables & Wires segment margin remains ~10% — the honest read is that this is a real, quantified opportunity that has not yet shown up in the P&L.
- **No named data-center customer, hyperscaler, or disclosed DC-specific order exists**. The opportunity as currently evidenced is market-level, not a company-specific contract win.
- **A fresh competitive threat has emerged**. Jefferies cut its KEI target price by ~11% (₹6,920 to ₹6,150) around 11 September 2026, explicitly citing UltraTech Cement's entry into wires & cables — a well-capitalized new entrant — while still retaining a Buy rating.



- **Promoter-family concentration extends into the CFO role.** Anil Gupta holds the combined Chairman-and-Managing-Director role, and Rajeev Gupta — also a Gupta family member — is both Executive Director (Finance) and CFO. The board technically and substantively meets its 50% independent-director threshold, but this is not an arms-length professional CFO structure.
- **An unresolved GST dispute remains open.** A Delhi-East cross-charging matter (~₹59.04cr demand plus interest/penalty) was remanded by the Delhi High Court on 22 April 2025 for a fresh hearing and remained pending as of the 22 April 2026 governance filing; the broader aggregate of excise/service-tax/GST demands under appeal totals ~₹129.86cr.
- **Analyst consensus is unusually scattered.** Trendlyne's average target of ~₹5,261 sits meaningfully below the named house targets found in this research (₹6,150-6,630), a reminder to treat any single scraped "consensus" figure with some caution.

Corporate governance assessment

1. Which rules actually apply

KEI is a mainboard NSE/BSE-listed company under the full SEBI LODR regime. Its own Q4 FY26 Compliance Report on Corporate Governance (filed with BSE/NSE on 22 April 2026) explicitly checks "Yes" to "Whether Chairperson is related to managing director or CEO" — Anil Gupta holds both the Chairperson and Managing Director titles — which triggers the SEBI LODR requirement that at least half the board be independent directors. This requirement is satisfied: of 8 directors, exactly 4 (Sadhu Ram Bansal, Shalini Gupta, Rajesh Kumar Yaduvanshi, Vinay Mittal) are Independent, i.e. exactly 50%. This confirmation comes from a primary regulatory filing rather than a company-website scrape — a better-evidenced compliance result than found for several peers in this report.

2. What the company does well

The statutory auditor is named directly in the FY26 Annual Report: M/s. Pawan Shubham & Co., Chartered Accountants (FRN 011573C). Related-party-transaction disclosure is explicit and clean: the company reports no materially significant RPTs with promoters, directors, or management during FY26, and loans/guarantees/comfort letters to the promoter group were "NA" for the half-year ended 31 March 2026. The board met twice during the quarter with full 8-director quorum and all 4 independent directors present each time, and investor grievances stood at zero pending, zero received, zero unresolved for the quarter. Litigation disclosure is granular and transparent — each dispute is itemized by date, amount, and status in the governance filing's Annexure-II, a genuinely high standard of disclosure.

3. Grey areas

Promoter-family concentration runs through both the executive and CFO layers: Anil Gupta (Chairman-MD), Archana Gupta (Non-Executive), Akshit Diviaj Gupta (Executive Director) and Rajeev Gupta (Executive Director-Finance & CFO) are all Gupta family members, occupying 4 of 8 board seats and all three executive/whole-time positions. The CFO role being held by a promoter-family executive director, rather than an arms-length professional CFO, is a structural concentration worth flagging even though it is not evidence of impropriety. Separately, KEI's own website lists CARE's short-term rating as "AA+" for commercial paper — not a valid CARE short-term scale notation — almost certainly a scraping artifact that should read A1+ (consistent with ICRA, India Ratings, and the Annual Report's own unified summary), but this was not independently confirmed against CARE's own rationale document in this research.

4. Red flags

No SEBI enforcement action or insider-trading finding was found against KEI. The Delhi-East GST cross-charging matter (~₹59.04cr demand plus interest under Section 50 CGST and penalty under Section 74(1)) was not adjudicated against the company — the Delhi High Court remanded it for a fresh hearing on 22 April 2025, and it remained pending as of the 22 April 2026 filing. Several small penalties (₹5,000 to ₹5,00,000, covering stamp duty, a RIICO waste-dumping notice, and minor income-tax matters) were disclosed transparently and duly paid — minor in isolation and not concerning.



5. Items to watch

Resolution of the Delhi-East GST matter on remand; independent confirmation of CARE's exact short-term rating symbol against its own rationale document; the full rationale text behind the June 2026 credit-rating-update filings; and whether the promoter-family CFO structure evolves as the company scales past the Sanand capacity ramp.

GOVERNANCE CONCLUSION

Reasonably confirmed adequate — better evidenced than most peers in this report. KEI's independent-director compliance and litigation disclosure are both confirmed via primary regulatory filings rather than website scrapes, a materially higher evidentiary bar than this report was able to clear for several other names. The one structural point worth pricing in, not treating as a red flag, is that promoter-family concentration extends into the CFO seat itself alongside the Chairman-MD role — a concentration risk, not a confirmed impropriety.

SWOT analysis

STRENGTHS

- Three-agency simultaneous AA+/A1+ rating (CARE, ICRA, India Ratings) — unusually broad endorsement
- Consistent ~23% five-year revenue CAGR with stable ~10% margin every year — no volatility
- Near debt-free balance sheet funding a large, on-schedule Sanand capacity expansion entirely via internal accruals
- Management's own quantified DC opportunity (₹25,000cr) — more specific than most peers in this report
- Genuinely diversified dealer base (2,906 dealers, top-10 only 10.86% of sales)
- Primary-filing-verified governance compliance (exactly 50% independent directors)

WEAKNESSES

- Promoter-family concentration in both the Chairman/MD and CFO roles
- Realized segment margin still ~10%, short of management's own stated 12% DC-driven target
- No named data-center customer or disclosed DC-specific contract

OPPORTUNITIES

- Full ramp-up of Sanand Phase I and commissioning of Phase II (targeted March 2027), together targeting ₹6,000cr of incremental annual revenue
- Management's ₹25,000cr cable-industry data-center opportunity, if it converts into KEI-specific volume
- Company-guided ~20% FY2026-27 revenue growth, already disclosed rather than analyst-estimated
- Margin expansion toward management's stated 12% target as DC-linked demand builds

THREATS

- UltraTech Cement's entry into wires & cables — Jefferies cut its target ~11% specifically citing this, ~11 Sep 2026
- Copper and aluminum input-cost volatility
- The unresolved Delhi-East GST matter, pending a fresh hearing on remand
- Valuation-multiple compression if the ~20% growth guidance or DC opportunity fails to materialize on management's stated timeline

Key developments to watch

- **Sanand Phase II commissioning**, targeted for March 2027, and whether Phase I's ramp continues to track management's guidance.
- **Resolution of the Delhi-East GST matter** following its remand for a fresh hearing.
- **Whether realized Cables & Wires segment margin moves toward the 12% target** management has tied to the data-center opportunity — the key test of whether the DC thesis is converting into results.
- **Further competitive developments from UltraTech Cement's entry** and any additional brokerage target revisions following Jefferies' ~11 Sep 2026 cut.



- **Independent confirmation of CARE's exact short-term rating symbol** and the full text of the June 2026 credit-rating-update filings.

Key risks to be aware of

- **Valuation multiple compression risk.** At ~44.6x trailing earnings, the stock is priced for continued execution; any slowdown against the ~20% guided growth would compress the multiple.
- **DC-opportunity timing risk.** The ₹25,000cr figure and 12% margin target are management's own forward guidance, not yet booked in realized numbers.
- **New-entrant competitive risk** from UltraTech Cement's well-capitalized entry into wires & cables.
- **Input-cost risk** from copper and aluminum price volatility.
- **Governance concentration risk**, given promoter-family occupancy of both the Chairman/MD and CFO roles.

Valuation

₹ per share unless stated

Using approach (b) — $CMP \div \text{disclosed trailing P/E}$ — KEI's ₹4,650 share price against a 44.6x trailing P/E implies trailing EPS of ~₹104.3, closely matching screener's independently reported TTM EPS of ₹104.28, a further small confirmation of this company's clean data reconciliation. Rather than construct an indicative forward-growth assumption, this report uses management's own disclosed FY2026-27 growth guidance of ~20% (tied specifically to the Sanand and Chinchpada capacity ramp) — a rare case in this report where the growth input is company-guided, not analyst-estimated — to arrive at a constructed FY27E EPS of ~₹125.2. We hold the target multiple in a band around the current trailing level, reflecting the durability of KEI's execution track record set against the fresh UltraTech-entry competitive risk Jefferies has flagged:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	38.0x	125.2	4,758	+2.3%
Base	44.6x	125.2	5,584	+20.1%
Bull	50.0x	125.2	6,260	+34.6%

Base case rounded to ₹5,584. This sits between Trendlyne's ~₹5,261 average consensus target and the named house targets found in this research — Jefferies ₹6,150 (cut from ₹6,920 around 11 Sep 2026, citing UltraTech's competitive entry), Motilal Oswal ₹6,630 (4 Aug 2026), and JM Financial ₹6,200 (per a retail-research aggregation dated ~11 Jun 2026, not independently verified against the house's own note) — giving reasonable confidence that our base case is neither an outlier-low nor an outlier-high relative to the covering sell-side.

RECOMMENDATION: BUY, TARGET ₹5,584 (+20.1% FROM ₹4,650, 18-20 SEP 2026)

Upgrade triggers: disclosed evidence that Cables & Wires segment margin is moving toward management's 12% target; a named data-center customer or disclosed DC-specific contract win; resolution of the Delhi-East GST matter with no material liability. **Downgrade triggers:** further brokerage target cuts tied to UltraTech's competitive entry; a slowdown in the Sanand Phase I/II ramp-up versus the FY2026-27 guidance; evidence that the ₹25,000cr DC opportunity is not converting into KEI-specific order flow on management's stated timeline.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	8,104	9,736	11,748
EBITDA margin	10%	10%	10%
Net profit (PAT)	581	696	918



Selected metrics		FY26
ROE		14.7%
ROCE		20.0%
Credit rating	CARE/ICRA/India Ratings AA+/Stable, A1+	
Sanand capex program		₹1,900-2,000 cr
Capital commitments outstanding (31 Mar 2026)		₹404.95 cr (down from ₹1,070.60cr)

Source: screener.in (20 Sep 2026), cross-checked against KEI's own FY26 Integrated Annual Report "Financial Highlights" page (Turnover ₹11,747.77cr vs ₹9,735.88cr FY25, +20.7%; PAT ₹918.43cr vs ₹696.41cr, +31.88%) — fully consistent, no discrepancy found.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, KEI Industries Limited, and have received no compensation from the company.



HOLD

Finolex Cables Ltd

FINCABLES

India's largest diversified cable maker looks cheap and debt-free on the surface — but two different EBITDA numbers and a live promoter voting-rights dispute complicate the read

Summary

Finolex Cables positions itself as the largest and most diversified cable company in India, founded in 1945 by brothers P.P. and K.P. Chhabria and now spanning four reporting segments — Electrical Cables, Communication Cables, Copper Rods and Others — alongside a fast-moving electrical goods (FMEG) business of fans, water heaters, switchgear and lighting. FY26 consolidated revenue grew 19% to ₹6,321 crore across five manufacturing plants (Urse, Pimpri, Verna in Goa, Roorkee, and a dedicated copper-rod facility at Ponda, Goa). The balance sheet is genuinely uncommon for an Indian industrial of this scale: debt-free, carrying only ₹19 crore of borrowings against ₹6,990 crore of total assets, per screener.in (20 Sep 2026).

The company's own FY26 Annual Report opens its Corporate Overview with a dedicated section titled "Data Centres & AI Infrastructure," describing an expansion of fibre-draw capacity to 8 million kilometres and a ~₹100 crore Phase 2 investment in its optic-fibre preform facility, alongside a case that data-centre power requirements suit its medium- and high-voltage cable capability. That said, this report treats the DC narrative honestly rather than inflating it: Communication Cables segment revenue was essentially flat in FY26 (₹500.33 crore vs ₹507.67 crore in FY25, standalone), and the only DC-specific evidence found is trade-press coverage (BusinessLine, 27 July 2026; Financial Express, 7 July 2026; an undated tele.net.in interview) rather than a disclosed, named contract — thinner and less company-quantified than the framing this report gives Polycab and KEI Industries elsewhere. The 49%-owned Finolex J-Power Systems (FJPS) EHV joint venture with Sumitomo Corporation did turn profitable in FY26 (~₹21.5 crore PBT on ~₹450 crore revenue), with management explicitly linking its prospects to "data centre and large-scale industrial power requirements" — a real, if still-recovering, DC-adjacent vehicle, given FJPS's net worth remains, in the company's own words, "substantially eroded."

A central data-quality point this report will not paper over:

Finolex's own FY26 MD&A states "EBITDA increased 14% to ₹868 crores" (a ~13.7% margin). Reconciling the company's own

TARGET PRICE

12-month target	₹1,552
CMP (20 Sep 2026)	₹1,411
Implied upside	+10.0%
Rating	HOLD

KEY STOCK DATA

Market cap	₹21,583 cr
P/E (trailing)	~27.0x
Book value/share	₹398
ROE / ROCE	12.3% / 16.0%
Credit rating	CRISIL AA+/Stable, A1+

SHAREHOLDING (JUN 2026)

Promoters	35.86%
Public	37.80%
DII	16.71%
FII	9.65%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	5,014	5,319	6,321
EBITDA margin*	12%	10%	10%
PAT	652	701	714



Ten-Year Financial Summary shows this figure equals Profit Before Tax (₹806.9cr) plus Depreciation (₹59.4cr) plus Interest (₹1.75cr) — meaning the company's reported "EBITDA" includes roughly ₹382 crore of other/investment income, a figure screener.in itself separately flags as a concern. The more conservative, core-operating figure — screener's Operating Profit / EBITDA basis, which excludes that other income — is closer to ₹620-679 crore, a ~10% margin. Both figures are stated explicitly here, labeled, rather than picking one silently. Combined with screener's own flagged "Low ROE of 13.2% over 3 years" concern, the honest read is that reported profitability is partly propped up by a large treasury/investment income stream, not pure operating performance.

Net: a HOLD. Finolex is a well-run, debt-free, CRISIL AA+/A1+-rated market leader trading at a headline 27.0x trailing P/E that looks cheap — but the low three-year ROE, the other-income-dependent earnings quality, the thinnest DC evidentiary base among this report's cabling names, and an unresolved, company-disclosed Bombay High Court dispute over voting rights attached to nearly 45% of the shareholder register together argue against reading the low multiple as a clear buy signal.

Investment rationale

- **Largest and most diversified cable manufacturer in India**, debt-free (₹19cr borrowings against ₹6,990cr total assets) across five plants spanning electrical wires, communication/optic-fibre cables, copper rods and FMEG.
- **A genuine, capital-backed DC/AI capacity build-out**: fibre-draw capacity expansion to 8 million km and a ~₹100cr Phase 2 optic-fibre preform investment — the company's own FY26 Annual Report leads its Corporate Overview with this theme, not a passing mention.
- **FJPS (49%-owned EHV cable JV with Sumitomo Corporation) turned profitable in FY26** (~₹21.5cr PBT on ~₹450cr revenue, ~₹300cr opening order book), with management explicitly tying its outlook to data-centre and large-industrial power demand.
- **₹500cr capacity-expansion capex program** at Urse and Goa, ₹320.4cr already capitalised in FY26, funding both core capacity and new DC-grade cabling equipment.
- **CRISIL AA+/Stable (long-term) and A1+ (short-term)** — an investment-grade, stable credit profile.
- **Shareholder-friendly cash return**: ₹9.00/share FY26 dividend (450% of face value, ~₹137.7cr payout) from a debt-free balance sheet.

What gives us pause

- **Two materially different EBITDA figures for the same FY26 period**. Company-reported ₹868cr (13.7% margin, includes ~₹382cr of other/investment income) versus a core-operating ₹620-679cr (~10% margin, screener.in basis) — this report's central earnings-quality flag, reinforced by screener's own "Low ROE of 13.2% over 3 years" concern.
- **The DC narrative is the thinnest, least company-quantified of this report's three cabling names**. Only trade-press coverage was found (BusinessLine, Financial Express, an undated tele.net.in piece) — no named hyperscaler or disclosed DC contract — and the DC-adjacent Communication Cables segment was flat to slightly down in FY26.



- **A live, company-disclosed Bombay High Court dispute** over voting rights attached to Orbit Electricals Private Limited (30.70%) and Finolex Industries Limited (14.51%) — nearly 45% of the register — pending as of the Secretarial Audit Report dated 16 May 2026, very likely connected to the long-running Chhabria family ownership dispute.
- **SEBI flagged designated-persons trading-window-closure violations** in FY2023-24 and FY2024-25 per the FY26 Secretarial Audit observation; the company issued warning/cautionary letters, with no disclosed monetary penalty.
- **FJPS's net worth remains "substantially eroded"** despite its FY26 profit turnaround, per the company's own contingent-liabilities note — a recovering, not fully de-risked, JV; Finolex Cables has extended a ₹185.65cr guarantee to FJPS's bankers.
- **Analyst-target aggregator data is internally inconsistent** — a coherent current cluster of ₹1,400-1,640 sits alongside clearly stale figures (Trendlyne's ₹991.50 average implying -29.7% downside; Uninvest's April 2026 ₹1,035-1,190 range), a reminder to treat any single scraped "consensus" target with caution.

Corporate governance assessment

1. Which rules actually apply

Finolex Cables is a mainboard NSE/BSE-listed company under the full SEBI LODR regime. Its six-member board comprises two executive Whole-Time Directors, one non-executive non-independent director and three independent directors (50% independent) — the Secretarial Audit Report affirmatively states the board is "duly constituted with proper balance." Notably, the executive Chairman, Mr. Ratnakar Barve (Whole Time Director and Chairman), is explicitly classified as a "Non-Promoter" director in the Directors' Report — a professional, non-family executive chairmanship, a materially different structure from a company where the Chairman-MD is the controlling promoter.

2. What the company does well

CEO and Chairman roles are separated: Mr. Mahesh Viswanathan became CEO effective 1 June 2026 (moving from CFO), with Mr. Sachin Naik taking over as CFO the same date — though notably the CEO role sits outside the formal Board of Directors list. Statutory auditor Deloitte Haskins & Sells LLP issued no qualifications, reservations or adverse remarks for FY26. Secretarial auditor Jog Limaye & Associates was newly appointed for a five-year term from FY2025-26. Internal audit is co-sourced to Ernst & Young LLP alongside an in-house team. The Directors' Report states no "material" related-party transactions occurred during FY26.

3. Grey areas

The CEO sitting outside the formal board structure is unusual, though not necessarily problematic for a company of this scale. The Orbit Electricals/Finolex Industries voting-rights litigation is disclosed by the company in neutral, procedural legal language, even though it is very likely connected to the publicly known Chhabria family ownership dispute — this report could not independently confirm the case's origin or current status beyond "pending" as of 16 May 2026. FJPS's "substantially eroded" net worth alongside its newly profitable FY26 P&L is a genuine tension the company has not fully reconciled in its own disclosures.

4. Red flags

SEBI's confirmed finding that designated persons traded during closed windows in FY2023-24 and FY2024-25 is a real, if modest, compliance lapse — addressed with warning letters and no disclosed monetary penalty. More significant is the pending Bombay High Court litigation over voting rights attached to nearly 45% of the shareholder register (Orbit Electricals 30.70% + Finolex Industries 14.51%) — an active, company-disclosed dispute over control that remained unresolved as of the most recent Secretarial Audit Report reviewed.



5. Items to watch

Resolution of the Bombay High Court voting-rights case; confirmation of whether any pledge/encumbrance exists on Orbit Electricals' 30.70% stake (none found in sources reviewed); line-item related-party-transaction disclosure (Form AOC-2/Note 35A), particularly any transactions with Finolex Industries Limited given its dual status as an associate company and a party to the voting-rights litigation.

GOVERNANCE CONCLUSION

Day-to-day compliance mechanics look sound; the control-stability question does not. Board balance, auditor independence and MD/CFO separation are all in order on their face. But a live, company-disclosed dispute over voting rights attached to nearly 45% of the register is a real, unresolved overhang that a headline 27.0x P/E does not obviously price in — this reinforces, rather than offsets, this report's valuation-driven caution toward a HOLD rather than a BUY.

SWOT analysis

STRENGTHS

- Largest, most diversified Indian cable maker; debt-free balance sheet
- FY26 Annual Report devotes its lead Corporate Overview section to a concrete DC/AI fibre & power capex plan
- CRISIL AA+/Stable, A1+; five manufacturing plants with backward-integrated copper-rod capacity
- FJPS (49% EHV JV with Sumitomo) turned profitable in FY26

WEAKNESSES

- Two divergent FY26 EBITDA figures (₹868cr vs ₹620-679cr); screener's own "low ROE" flag
- Thinnest, least company-quantified DC evidence of this report's three cabling names
- Live Bombay High Court dispute over voting rights on ~45% of the register
- SEBI-flagged trading-window violations (FY24, FY25)

OPPORTUNITIES

- DC/AI-driven fibre demand into India as hyperscalers expand, atop a fibre-pricing cycle the company says is "turning" after prolonged oversupply
- FJPS EHV cable growth explicitly tied to data-centre and large-industrial power demand
- Second E-beam solar-cable line "effectively doubling" solar capacity
- Karnataka data-centre/semiconductor-linked growth per trade press (BusinessLine, 27 Jul 2026)

THREATS

- Unresolved family/control litigation over a large block of voting rights
- FJPS balance sheet remains impaired despite its P&L turnaround
- ₹178.66cr of disputed contingent liabilities (excise, GST, customs, sales tax, income tax)
- Reported profitability partly dependent on other/investment income rather than core operations

Key developments to watch

- **Resolution of the Bombay High Court litigation** over Orbit Electricals' and Finolex Industries' voting rights — the single most important governance item to close.
- **FY27 Annual Report** — whether the DC-driven volume story finally shows up in Communication Cables segment revenue, and reconciliation of the two EBITDA definitions.
- **Progress on the remaining ₹500cr Urse/Goa capex program**, due to complete in FY2026-27.
- **Any named hyperscaler or disclosed DC contract**, which would upgrade the DC evidence base beyond trade press.
- **CEO/CFO transition bedding in** under Mahesh Viswanathan (CEO) and Sachin Naik (CFO), effective 1 June 2026.



Key risks to be aware of

- **Governance/control risk (dominant).** An unresolved dispute over voting rights on ~45% of the register is a real overhang independent of the company's operating performance.
- **Earnings-quality risk.** Reported "EBITDA" of ₹868cr includes ~₹382cr of other/investment income; the core-operating figure is closer to ₹620-679cr.
- **Low-ROE risk,** per screener's own flagged 13.2% three-year average despite a debt-free balance sheet.
- **DC-thesis risk.** The least-evidenced DC story among this report's cabling names; a re-rating premised on DC monetization may lag the trade-press narrative.
- **FJPS JV risk,** given its still-impaired net worth and the ₹185.65cr guarantee extended to it.

Valuation

₹ per share unless stated

Using approach (b) — $CMP \div \text{disclosed trailing P/E}$ — Finolex's ₹1,411 share price (20 Sep 2026) against a 27.0x trailing P/E implies trailing EPS of ~₹52.3. We apply an *indicative* 10% forward-growth assumption — moderated well below FY26's 19% revenue growth, reflecting the low-ROE and other-income-quality caution set out above rather than assuming the company simply compounds at its top-line rate — to arrive at a constructed FY27E EPS of ~₹57.5. As stated throughout, this valuation is built on the more conservative core-operating earnings base rather than the company's own other-income-inclusive "EBITDA ₹868cr" framing:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	22.0x	57.5	1,265	(10.4)%
Base	27.0x	57.5	1,552	+10.0%
Bull	31.0x	57.5	1,783	+26.4%

Base case rounded to ₹1,552, implying roughly +10.0% upside — within this report's HOLD band. The current, coherent cluster of analyst targets found in this research (Jefferies ₹1,410 Buy; sharply.in median ₹1,505; Alpha Spread average ₹1,504; TradingView range ₹1,410-1,640) roughly brackets our base-to-bull range; this report has deliberately excluded clearly stale aggregator figures (Trendlyne's ₹991.50 average and Univest's April 2026 ₹1,035-1,190 range), both of which predate the stock's 2026 rally and are inconsistent with every more recent source.

RECOMMENDATION: HOLD, TARGET ₹1,552 (+10.0% FROM ₹1,411, 20 SEP 2026)

Upgrade triggers: resolution of the Bombay High Court voting-rights litigation without an adverse control outcome; demonstrable expansion of the core-operating (ex-other-income) margin; a named hyperscaler or disclosed DC contract confirming the trade-press narrative. **Downgrade triggers:** an adverse outcome in the voting-rights case; further widening of the gap between reported and core-operating EBITDA; any of the ₹178.66cr in disputed contingent liabilities crystallizing.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	5,014	5,319	6,321
Operating profit / EBITDA margin (screener basis, ex-other-income)	12%	10%	10%
Net profit (PAT, consolidated)	652	701	714



Selected metrics		FY26
Company-reported "EBITDA" (PBT+D&A+interest, incl. ~₹382cr other income)		₹868 cr (13.7% margin)
Core-operating EBITDA (screener basis, ex-other-income)		₹679 cr (~10% margin)
ROE (3-year average)		13.2%
Contingent liabilities (disputed matters)		₹178.66 cr
Dividend per share		₹9.00 (450% of face value)

Source: screener.in (20 Sep 2026), cross-checked against Finolex Cables' own 58th Annual Report FY2025-26 (Directors' Report, Ten-Year Financial Summary, Note 36 Segment Reporting). The company's own reported "EBITDA ₹868cr" and screener's "EBITDA ₹679cr / Operating Profit ₹620cr" both derive from the same audited FY26 accounts but differ in whether other/investment income is included — both are shown above, labeled, rather than presenting a single unqualified figure.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Finolex Cables Limited, and have received no compensation from the company.



BUY

Techno Electric & Engineering Company Ltd

TECHNOE

Commissioned, not merely announced — the most credible pure-play data-centre EPC vertical in this report's construction category, still cheap at 23.3x

Summary

Techno Electric is a Kolkata-headquartered, EHV (extra-high-voltage) transmission EPC specialist — market leader in substation EPC up to 765 kV, with a 400+ project execution track record — that has layered renewable/BESS EPC, advanced metering infrastructure (AMI) and, most relevantly to this report, a dedicated data-centre subsidiary, **Techno Digital**, onto that core business. What separates Techno Electric from almost every other construction-category name in this report is that its flagship data-centre project is **commissioned, not merely announced**: a 36 MW AI-ready hyperscale facility at SIPCOT IT Park, Siruseri, Chennai (~200,000 sq ft, up to 2,400 racks, integrated with renewables and a Battery Energy Storage System), which reached commissioning per coverage dated around August 2025. Techno Digital has also signed a named delivery partnership with **RailTel** — a separate company covered in this report's sister volume on India's AI compute stack — to build edge data centres across 102 cities in 23 Indian states, phased between 2025 and 2029: a concrete, named counterparty relationship, not a pipeline claim.

The balance sheet and credit story support the BUY call independently of the data-centre narrative. The company is "almost debt free" per screener.in, carries an ICRA AA(Stable)/A1+ rating with rated bank facilities progressively enhanced through 2025 to a total of ₹3,000 crore, and posted a FY2025 interest cover of 32.2x. The unexecuted order book reached a record ₹11,000 crore as of August 2026, up from ₹9,600 crore as of 30 June 2026, against a company-wide FY27 revenue target of ₹4,000+ crore at 13-14% EBITDA margins. At a CMP of ₹1,030 (18 September 2026), the stock trades at a trailing P/E of only 23.3x — inexpensive next to the growth and credit trajectory on offer.

Two things temper the story, and this report states both plainly. First, Q1 FY27 (quarter ended 30 June 2026) consolidated PAT fell 15.9% YoY to ₹93.33 crore even as standalone revenue grew 24.9% YoY — a topline-growing, profit-declining quarter most plausibly reflecting capex-ramp costs and mix effects tied to the DC/renewables build-out, but a genuine near-term data point, not a

TARGET PRICE

12-month target	₹1,238
CMP (18 Sep 2026)	₹1,030
Implied upside	+20.2%
Rating	BUY

KEY STOCK DATA

Market cap	₹11,984 cr
P/E (trailing)	~23.3x
Book value/share	₹362
52-week range	₹1,489 / ₹870
Credit rating	ICRA AA/Stable/A1+ (₹3,000cr)

SHAREHOLDING (MAR 2026)

Promoters (Gupta family)	56.93%
DII	22.72%
FII	8.65%
Public	11.70%

FINANCIAL SNAPSHOT (₹ CR, STANDALONE)

	FY24	FY25	FY26
Revenue	1,681	2,402	3,252
EBITDA margin	14%	14%	14%
PAT	270	428	542



rounding error. Second, the data-centre vertical, while the most credible in this report's construction category, remains small in absolute terms: management guides only ₹40-50 crore of DC revenue for FY27, against the ₹4,000+ crore group-wide target — roughly 1-1.25% of guided revenue. This report also flags, without resolving, a real discrepancy between ICRA's rating-rationale-cited FY24/FY25 revenue (₹1,502 crore / ₹2,269 crore) and screener.in's higher FY24/FY25 figures (₹1,681 crore / ₹2,402 crore) used in the table below.

Net: a BUY. Techno Electric offers the most concretely evidenced data-centre execution story of any construction-category name in this report — commissioned capacity and a named delivery partner, not slideware — sitting on top of a cheap, low-leverage, investment-grade core business. The DC vertical is real and growing, but investors should own this name for the whole company today, not for a data-centre segment that is still roughly 1% of guided group revenue.

Investment rationale

- **A commissioned, not merely announced, hyperscale data centre.** Techno Digital's 36 MW, ~200,000 sq ft, up to 2,400-rack AI-ready facility at SIPCOT IT Park, Siruseri, Chennai reached commissioning per coverage dated around August 2025 — this report's clearest example of a construction-category company converting a data-centre announcement into standing, operating capacity.
- **A named, multi-year delivery partnership with RailTel** (covered separately in this report's sister volume on India's AI compute stack) to build edge data centres across 102 cities in 23 states, phased 2025-2029 — a concrete, named counterparty relationship rather than a pipeline claim.
- **A cheap valuation for the growth on offer.** ~23.3x trailing P/E, book value of ₹362/share, and a company that is "almost debt free" with a FY2025 interest cover of 32.2x.
- **An improving, actively-enhanced credit profile.** ICRA AA(Stable)/A1+, with rated bank-facility quantum progressively increased through multiple rationales across 2025 to a total ₹3,000 crore — a genuine signal of strengthening financial capacity to fund the DC/renewables build-out without heavy borrowing.
- **A record, still-growing order book.** ₹11,000 crore as of August 2026, up from ₹9,600 crore as of 30 June 2026, funding continued execution of transmission EPC, renewables/BESS and the DC pipeline alongside the RailTel programme.
- **Diversification reduces single-theme dependence.** Unlike several other data-centre-linked names in this report, Techno Electric's core transmission EPC, renewables/AMI and legacy wind-generation book generate real, established earnings independent of the DC narrative.

What gives us pause

- **Q1 FY27 consolidated PAT fell 15.9% YoY to ₹93.33 crore**, even as standalone revenue grew 24.9% YoY — most plausibly a DC/renewables capex-ramp or mix effect rather than a demand problem, but a genuine, recent data point this report will not paper over with the revenue-growth headline alone.
- **The data-centre vertical is still small in absolute terms.** Management guides only ₹40-50 crore of FY27 DC revenue against a ₹4,000+ crore company-wide FY27 target — roughly 1-1.25% of guided group revenue. It is the best-evidenced "real but still small" DC story in this report's construction category, more credible than L&T's DC angle (covered in this report's



sister volume) despite Techno Electric being a fraction of L&T's market capitalisation — but it is early-stage, and this report says so plainly even inside a BUY call.

- **An unreconciled revenue discrepancy.** ICRA's rating rationale cites FY24 revenue of ₹1,502 crore and FY25 revenue of ₹2,269 crore, versus screener.in's higher ₹1,681 crore (FY24) and ₹2,402 crore (FY25) used in the Financial snapshot above. This may reflect a standalone-vs-consolidated or timing difference; this report flags the gap rather than silently picking one side.
- **Governance disclosure gaps.** Sources conflict on whether Chairman and Managing Director roles are combined in promoter P P Gupta — one source calls him "Chairman," the board-listing table shows only "Managing Director" — which materially affects which SEBI LODR independent-director threshold applies. Separately, roughly 46 percentage points of the 56.93% promoter block sits in named promoter-group holding entities (Varanasi Commercial, Kusum Industrial Gases, Techno Leasing & Finance) whose exact beneficial-ownership chain back to the Gupta family this research could not independently confirm.
- **No named hyperscaler or major Indian DC developer** (Adani, Airtel Nxtra, STT GDC, CtrlS) has been confirmed as a customer of the DC vertical. RailTel is the only concretely named external DC relationship; the Chennai, Kolkata, Gurgaon and Noida sites otherwise appear to be company-owned build-and-operate/ colocation assets rather than EPC-for-hire contracts for named third parties.
- **Analyst coverage is thin and internally inconsistent.** One unnamed "top brokerage" target of ₹1,681 (~April 2026) sits against an aggregator consensus of ₹1,524.9 and a separate aggregator range of ₹1,787-2,057 — this report presents these as inconsistent snapshots rather than averaging them into one number.

Corporate governance assessment

1. Which rules actually apply

Techno Electric is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Whether the heightened ($\geq 50\%$) independent-director threshold applies turns on whether Chairman and Managing Director roles are combined in P P Gupta — sources conflict, and this research could not resolve the question from the materials reached. This is the single largest governance-verification gap for this company and should be closed before its board composition is assessed as compliant either way.

2. What the company does well

At least four confirmed independent directors (K K Rai, S N Roy, Anjan Dasgupta, Dipali Khanna) sit on a board of roughly nine to ten members — a composition plausibly consistent with either the one-third or 50% SEBI LODR threshold, pending confirmation of the Chairman/MD question above. The company is "almost debt free" with a FY2025 interest cover of 32.2x, and ICRA has progressively reaffirmed and enhanced its rated facility quantum through 2025 — a genuine, demonstrated credit-quality signal rather than a one-off rating letter.

3. Grey areas

A meaningful share of the 56.93% promoter block is held through named promoter-group entities (Varanasi Commercial ~21.2%, Kusum Industrial Gases ~12.6%, Techno Leasing & Finance ~11.9%) rather than directly by named individuals; this research could not independently verify these entities' exact current percentages or their beneficial-ownership chain back to the Gupta family from a primary shareholding filing. Director Avantika Gupta's family relationship to P P Gupta (surname match strongly suggestive of a promoter-family relationship) is not explicitly confirmed in the sources reached. Two further names (K M Poddar, Arun Duggal) appear in one promoter/director list but not in a separate current board table, leaving an unreconciled question over whether they remain on the board.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action or insider-trading finding was found. This research could not verify the statutory auditor's name, any recent auditor rotation, or litigation history — an absence of evidence, not affirmative clearance, and an open item for a dedicated governance-report pull.



5. Items to watch

Confirmation of whether Chairman and MD roles are combined in P P Gupta; reconciliation of the board composition list (Poddar, Duggal); verification of the promoter-group holding entities' beneficial-ownership chain; confirmation of Avantika Gupta's family relationship; and resolution of the ICRA-vs-screener revenue discrepancy against the audited annual report.

GOVERNANCE CONCLUSION

Not fully confirmed, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, and the confirmed independent-director count and demonstrated credit discipline are genuine positives — but an unresolved Chairman/MD question, an opaque promoter-group holding structure, and unreconciled revenue figures mean a modest governance discount belongs in how confidently this report holds its valuation, even though it does not change the underlying BUY call.

SWOT analysis

STRENGTHS

- Commissioned 36 MW AI-ready hyperscale DC at Chennai (SIPCOT, Siruseri) — execution, not just plans
- Named delivery partnership with RailTel for 102-city, 23-state edge-DC rollout (2025-2029)
- Cheap at ~23.3x trailing P/E; almost debt free with 32.2x FY25 interest cover
- ICRA AA/Stable with progressively enhanced facility quantum to ₹3,000cr through 2025
- Record ₹11,000cr order book (Aug 2026), diversified across transmission EPC, renewables, AMI, DC

WEAKNESSES

- Q1 FY27 consolidated PAT fell 15.9% YoY despite standalone revenue growth of 24.9% YoY
- DC vertical still ~1-1.25% of guided FY27 group revenue — real but early-stage
- Unreconciled ICRA-vs-screener FY24/FY25 revenue discrepancy
- Governance disclosure gaps: unconfirmed Chairman/MD combination; opaque promoter-group holding chain

OPPORTUNITIES

- Techno Digital's \$1bn/250 MW build-out roadmap through ~FY30, guided to ₹400-500cr DC revenue by then
- Kolkata 13 MW facility targeted for 2027; further edge DCs beyond Gurgaon (Aug 2025) and Noida (2026)
- RailTel programme's remaining 2026-2029 phased rollout across 102 cities
- AMI/smart-meter growth tied to continued state-level grid modernization

THREATS

- Execution risk in scaling a still-small DC segment toward its FY30 guided revenue
- Larger, better-capitalised DC-EPC competitors (e.g., L&T, covered in this report's sister volume)
- Commodity/input-cost inflation pressuring core transmission EPC margins
- Uncertain current CRISIL coverage status (most recent CRISIL rationale found dated 2023) alongside ICRA

Key developments to watch

- **Commissioning of the Kolkata 13 MW facility** (targeted 2027) and progress on the ~15-20 MW DC-capacity roadmap guided for December 2027, expandable to 35-40 MW.
- **First disclosed DC-segment financials** once the ₹40-50 crore FY27 guidance becomes a reported segment line rather than forward-looking commentary.
- **Reconciliation of the ICRA-vs-screener revenue discrepancy** against the audited annual report.
- **Confirmation of the Chairman/MD combination question** and the board composition reconciliation (Poddar, Duggal) from the FY26 annual report.
- **Conversion of the record ₹11,000 crore order book** against the FY27 revenue target of ₹4,000+ crore at 13-14% EBITDA margins.



Key risks to be aware of

- **Data-centre materiality risk (primary framing risk).** The DC vertical is real and growing — the most credible in this report's construction category — but still roughly 1% of guided FY27 group revenue; it should not be treated as a near-term earnings driver.
- **Near-term margin/mix risk.** The Q1 FY27 profit decline against revenue growth needs to reverse over coming quarters, or it risks becoming a trend rather than a one-off capex-ramp effect.
- **Governance-disclosure risk** given the unresolved Chairman/MD question and opaque promoter-group holding structure.
- **Unreconciled financial-data risk** from the ICRA-vs-screener revenue discrepancy.

Valuation

₹ per share unless stated

CMP of ₹1,030 (18 September 2026) divided by the disclosed trailing P/E of 23.3x (screener.in) implies trailing EPS of roughly ₹44.2 — broadly consistent with FY26 standalone PAT of ₹542 crore over an implied ~11.6 crore shares (market cap ÷ CMP), which independently works out to ~₹46.6; this report uses the P/E-implied ₹44.2 as its EPS anchor since it is directly sourced rather than back-derived. Applying a moderate ~12% forward-growth assumption — held well below the company's own FY27 revenue-growth guidance of ~23% (₹4,000+ crore vs. FY26's ₹3,252 crore), specifically to reflect the Q1 FY27 consolidated profit decline and the DC/renewables capex-ramp costs likely to persist through the year — gives a constructed FY27E EPS of ~₹49.5. We apply a target multiple band modestly above the current 23.3x trailing multiple, reflecting the record order book, the enhanced ICRA facility quantum and the commissioned DC execution, without assuming a dramatic re-rating:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	20.0x	49.5	990	(3.9)%
Base	25.0x	49.5	1,238	+20.2%
Bull	30.0x	49.5	1,485	+44.2%

Base case rounded to ₹1,238. Named brokerage coverage found in this research is thin and partially inconsistent: an unnamed "top brokerage" Buy target of ₹1,681 (~April 2026, ~34% implied upside at the time); an aggregator-style consensus average of ₹1,524.9 (range ₹1,292.8-1,785); and a separate April-2026-dated aggregator citing a ₹1,787-2,057 range — this report treats these as inconsistent snapshots from different panels/dates rather than averaging them into a single figure, and its own base case sits below all of them, reflecting a more conservative forward-growth assumption given the Q1 FY27 profit decline.

RECOMMENDATION: BUY, TARGET ₹1,238 (+20.2% FROM ₹1,030, 18 SEP 2026)

Upgrade triggers: DC-segment revenue disclosed at or above the ₹40-50 crore FY27 guidance with visible margin evidence toward the ~50% aspirational colocation economics; confirmation of the Chairman/MD governance question with a board structure demonstrably compliant with the applicable SEBI LODR threshold; a reversal of the Q1 FY27 profit decline in subsequent quarters. **Downgrade triggers:** further consolidated profit declines despite revenue growth; any slippage in the Kolkata 13 MW or wider DC-capacity roadmap; or a credit-rating action reversing ICRA's enhanced facility quantum.

Financial summary — selected disclosed metrics (₹ crore, standalone)

	FY24	FY25	FY26
Revenue	1,681	2,402	3,252
EBITDA margin	14%	14%	14%
Net profit (PAT)	270	428	542



Selected metrics	Latest
ROE (latest / 3-yr avg)	12.6% / 12.3%
ROCE	15.2%
Order book (Aug 2026)	₹11,000 cr
Q1 FY27 consolidated PAT (YoY)	₹93.33 cr ((15.9)%)

Source: screener.in (18-20 Sep 2026 fetch, standalone basis). ICRA's rating-rationale figures for FY24 (₹1,502 crore) and FY25 (₹2,269 crore) revenue are lower than screener's ₹1,681 crore and ₹2,402 crore shown above; both are disclosed rather than reconciled to one, per the discussion in "What gives us pause" above.

DISCLAIMER

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SELL

KEC International Ltd

KEC

A record order book, a shrinking margin — commodity EPC execution under structural pressure, with a brand-new, unproven data-centre angle layered on top

Summary

KEC International's Q1 FY27 (quarter ended 30 June 2026) results contain the clearest confirmation anywhere in this report of the "commodity EPC execution, margin under structural pressure" story: consolidated EBITDA margin fell to 5.8%, down from 7.0% a year earlier, with standalone margin closer to 4% — this despite an order book that had just crossed a record ~₹40,000 crore. Consolidated revenue was flat YoY at ₹5,024 crore, and PAT fell ~42% YoY to ₹73 crore. Management's own guidance does not promise a quick fix: double-digit margins are not expected before FY28, with only "high-single-digit" margins targeted for that year — this report takes that guidance at face value rather than assuming an earlier recovery.

KEC is the RPG Group's flagship infrastructure EPC company, built on power transmission-line and substation EPC, tower/conductor/cable manufacturing (~4.7 lakh MT/year combined capacity), civil construction, railway electrification and solar EPC, with roughly 37% of business coming from international markets. Two structural, not cyclical, risks sit underneath the current margin print. First, roughly 40-50% of the order book is fixed-price and directly exposed to steel-price volatility (aluminium and zinc are hedged; steel is not). Second, working capital is deteriorating — CRISIL estimates gross current assets at 320-330 days, driven by slow collections from water, railway and certain overseas (including Afghanistan receivable) exposures. Credit ratings are mixed and weaker than most peers in this report: CARE reaffirmed KEC at A+/Stable in December 2025 (itself a reaffirmation of a September 2024 downgrade, not a fresh upgrade), while ICRA rates the company AA- with a Stable outlook (only recently moved off Negative, ~25 November 2025) — a genuine, unresolved cross-agency discrepancy this report states rather than picks a side on. Either reading sits a full notch or more below Thermax (covered separately in this report), whose ratings sit at AA+/Stable with both agencies.

The stock is cheap — ~17.9x trailing P/E, having fallen roughly 52.8% over the trailing year — but this report reads that cheapness as a value-trap risk, not a value opportunity: the market is pricing in exactly the structural margin and working-capital problems management itself has now confirmed and guided against. KEC does have a data-centre angle: a July 2026 order batch worth ₹1,180 crore included the company's first-ever transmission-line project

TARGET PRICE

12-month target	₹349
CMP (18 Sep 2026)	₹404
Implied upside	(13.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹10,761 cr
P/E (trailing)	~17.9x
Book value/ share	₹231
52-week range	₹938 / ~₹390-400
Credit rating	CARE A+/Stable; ICRA AA-/Stable

SHAREHOLDING (JUN 2026)

Promoters (RPG Group)	50.10%
DII	23.34%
FII	9.92%
Public	16.64%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	19,914	21,847	23,506
EBITDA margin	7%	8%	8%
PAT	347	571	606



built specifically to power a data centre (a 400 kV line in Western India), distinct from a separate, pre-existing civil-construction DC business (five projects, ~100 MW, naming Yotta, Digital Edge and Nxtra as clients). Both are genuine, but both are new and small next to a ~₹40,000 crore order book and a business whose blended margins have just fallen through 6%.

Net: a SELL. KEC's order-book growth is real, its DC-linked order wins are real, and its board independence and rating trajectory (ICRA's outlook stabilisation) show some genuine positives — but none of that changes a business whose core margin economics moved the wrong way in the most recent quarter management itself does not expect to normalise for at least six more quarters. This report is unwilling to call a stock down more than half over a year, on management's own weak forward guidance, a value opportunity simply because it is statistically cheap.

Investment rationale

- **An improving rating outlook, even if the letter grade stays mixed.** ICRA's outlook on its AA- rating moved from Negative to Stable (~25 November 2025), and CARE reaffirmed A+/Stable in December 2025 — neither is a fresh upgrade, but the negative-outlook overhang has lifted.
- **Genuine board independence.** Chairman (Harsh Goenka, non-executive) and MD/CEO (Vimal Kejriwal) roles are separated, and seven named independent directors — including a former Foreign Secretary of India, notable given KEC's ~37% international revenue exposure — sit on the board.
- **A record order book with disclosed forward visibility.** Order book (with L1 positions) crossed ₹40,000 crore as of mid-2026, ~1.6-1.7x FY26 revenue, with FY27 order-inflow guidance of ₹30,000 crore and revenue growth guidance of 12-15%.
- **A first, named entry into data-centre power transmission.** The July 2026 order batch's 400 kV Western India transmission line, built specifically to power a data centre, is KEC's first disclosed T&D project of this kind — management frames it as "moving up the value chain" into higher-value, reliability- critical work, distinct from the company's separate, pre-existing DC civil-construction relationships with Yotta, Digital Edge and Nxtra.
- **Statistically cheap.** ~17.9x trailing P/E, roughly a quarter of Thermax's 76.9x, and a stock down ~52.8% over the trailing year — a real re-rating has already occurred, which some investors may read as opportunity rather than warning.

What gives us pause

- **Margin compression despite a record order book — the central reason for this report's SELL call.** Consolidated EBITDA margin fell to 5.8% in Q1 FY27 from 7.0% a year earlier, with standalone margin closer to 4%, even as the order book sat at a record ~₹40,000 crore. Management itself guides that double-digit margins will not return before FY28, with only high-single-digit margins targeted even then — this report takes that guidance at face value rather than assuming an earlier recovery.
- **Roughly 40-50% of the order book is fixed-price and directly exposed to steel-price volatility** — a primary, structural risk, not a cyclical one, since KEC hedges aluminium and zinc but not steel.
- **Working capital is deteriorating.** CRISIL estimates gross current assets at 320-330 days, citing slow collections from water, railway and certain overseas exposures, including Afghanistan receivables that have specifically delayed planned deleveraging (net debt ₹6,568 crore as of 30 June 2026).



- **Mixed, weaker credit ratings than most peers in this report, with an unresolved cross-agency gap.** CARE rates KEC A+/Stable; ICRA rates it AA- — a full notch or more apart on what should be broadly comparable long-term facilities. This report states both ratings rather than resolving the discrepancy, and notes that CRISIL's only confirmed current rating for KEC is a short-term A1+ on its commercial-paper programme; its long-term facility rating could not be confirmed in this research. Either reading places KEC a full notch or more below Thermax's AA+/Stable rating from both major agencies.
- **The stock's cheapness looks like a value-trap risk, not an opportunity.** A trailing P/E of ~17.9x and a ~52.8% one-year decline reflect the market pricing in exactly the structural margin and working-capital problems management has now confirmed — this report is unwilling to read the cheap multiple as mispricing.
- **The data-centre angle is real but too new and too small to offset the core story.** KEC's first-ever named DC transmission & distribution project was won only in July 2026, as part of a ₹1,180 crore order batch — an emerging, not yet proven, business line layered on top of an already-challenged core EPC business, and not a reason on its own to look past the margin story.

Corporate governance assessment

1. Which rules actually apply

KEC is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Chairman (Harsh Goenka) and Managing Director/CEO (Vimal Kejriwal) roles are held by separate individuals, so the heightened (≥50%) independent-director threshold that applies to executive-chaired boards is not triggered by that rule. Seven named independent directors sit on the board, a composition this research assesses as consistent with SEBI LODR's baseline requirements, though the exact current total board size was not independently re-confirmed from a primary filing in this pass.

2. What the company does well

Chairman and MD/CEO roles are separated — Goenka chairs the RPG Group and several of its operating companies concurrently (a standard conglomerate governance pattern), while Kejriwal has run KEC as MD/CEO since April 2015 and was most recently reappointed for a further term effective 1 April 2025. The independent-director slate (Vimal Bhandari, M.S. Unnikrishnan, Arvind Singh, Harsh Vardhan Shringla, Neera Saggi, Dr. Shirish Sankhe, Vikram Gandhi) is substantial and diversified, including a former Foreign Secretary — a genuinely relevant appointment given KEC's international revenue exposure and the geopolitical risks (e.g., Afghanistan receivables, West Asia disruption) documented elsewhere in this section. No SEBI enforcement action or insider-trading finding was found against the company.

3. Grey areas

Kejriwal was listed as "retiring by rotation and offering himself for re-appointment" at the 21 August 2026 AGM; this research could not confirm the outcome of that vote. The cross-agency rating discrepancy (CARE A+ vs. ICRA AA-) is itself a governance-adjacent disclosure question this report could not resolve — investors relying on a single agency's rating would reach different conclusions about the same company. CRISIL's current long-term (bank-facility) rating for KEC could not be located, with only a short-term commercial-paper rating confirmed.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action or insider-trading finding was found. This research could not verify the current statutory auditor's name, CFO identity, or any pending litigation/related-party-transaction disclosures for KEC — an absence of evidence, not affirmative clearance, and a real gap for a company of this scale and international exposure.

5. Items to watch

Confirmation of the 21 August 2026 AGM's vote on Kejriwal's re-appointment; reconciliation (or at least continued monitoring) of the CARE-vs-ICRA rating gap; confirmation of CRISIL's current long-term bank-facility rating; and disclosure of the statutory auditor, CFO and any pending litigation from the FY26 annual report.



GOVERNANCE CONCLUSION

Structurally reasonable but incompletely disclosed. Separated Chairman/MD roles and a genuinely diversified independent-director slate are real positives, and nothing found in this research points to misconduct. But an unresolved cross-agency credit-rating discrepancy, an unconfirmed CRISIL long-term rating, and several unverified disclosure items (auditor, CFO, litigation) leave real gaps — none of which drives this report's SELL call, which rests on the operating-margin and working-capital evidence in the Summary above, not on governance concerns.

SWOT analysis

STRENGTHS

- Record order book (~₹40,000cr, mid-2026) with disclosed FY27 revenue-growth guidance of 12-15%
- Separated Chairman/MD roles; substantial, diversified 7-member independent-director slate
- ICRA outlook stabilised (Negative → Stable, Nov 2025); CARE A+/Stable reaffirmed (Dec 2025)
- First named entry into data-centre power transmission (₹1,180cr order batch, Jul 2026)
- Diversified manufacturing base (~4.7 lakh MT/yr towers, conductors, cables) supporting EPC delivery

WEAKNESSES

- Consolidated EBITDA margin fell to 5.8% in Q1 FY27 from 7.0% YoY; standalone closer to 4%
- Q1 FY27 PAT down ~42% YoY to ₹73cr despite flat revenue
- Working capital deteriorating: gross current assets 320-330 days (CRISIL)
- Mixed, unresolved cross-agency ratings (CARE A+ vs. ICRA AA-), both below Thermax's AA+

OPPORTUNITIES

- Further data-centre T&D order wins building on the July 2026 400kV precedent
- Continued repeat orders from the pre-existing DC civil clients (Yotta, Digital Edge, Nxtra)
- Management's guided margin recovery from Q3 FY27 onward, reaching high-single-digits by FY28
- Deleveraging as Afghanistan receivables and inventory normalise

THREATS

- Steel-price volatility directly exposed via the 40-50% fixed-price share of the order book
- Further working-capital deterioration if collections from water/railway/overseas projects stay slow
- Continued geopolitical exposure (West Asia disruption, Afghanistan receivables) given ~37% international revenue
- Market re-rates the stock further down if FY28 margin guidance itself slips

Key developments to watch

- **Whether consolidated margins actually improve from Q3 FY27** as management has guided, or whether the double-digit-by-FY28 timeline itself slips further.
- **Further data-centre T&D order wins** building on the July 2026 400 kV precedent, and whether the end-customer/hyperscaler behind that order is ever named.
- **Resolution (or continued divergence) of the CARE-vs-ICRA rating gap**, and confirmation of CRISIL's current long-term facility rating.
- **Working-capital trend** — whether gross current assets improve from the 320-330-day level CRISIL has flagged, and whether Afghanistan-receivable-driven deleveraging delays persist.
- **Outcome of Vimal Kejriwal's re-appointment vote** at the 21 August 2026 AGM.

Key risks to be aware of

- **Steel-price/fixed-price exposure (primary structural risk).** Roughly 40-50% of the order book is fixed-price and directly exposed to steel-price volatility, unhedged unlike KEC's aluminium and zinc exposure.



- **Working-capital risk (primary structural risk).** Gross current assets of 320-330 days, and continuing deleveraging delays tied to Afghanistan receivables, both signal a business that is not converting revenue to cash as efficiently as its order-book headline suggests.
- **Value-trap risk.** The ~17.9x trailing P/E and ~52.8% one-year decline reflect real, structural problems already confirmed by management's own guidance — not an obvious mispricing.
- **Data-centre-thesis immaturity risk.** The DC T&D angle is genuine but only months old and a small fraction of the ~₹40,000 crore order book; it should not be read as an offset to the core margin story.

Valuation

₹ per share unless stated

CMP of ₹404 (18 September 2026) divided by the disclosed trailing P/E of 17.9x (screener.in) implies trailing EPS of roughly ₹22.6 — broadly consistent with FY26 consolidated PAT of ₹606 crore over an implied ~26.6 crore shares (market cap ÷ CMP), which independently works out to ~₹22.8; this report uses the P/E-implied ₹22.6 as its EPS anchor since it is directly sourced rather than back-derived. Given management's own guidance that double-digit margins will not return before FY28 and that Q1 FY27 PAT was already down ~42% YoY, we assume next-twelve-months EPS stays broadly flat (~₹22.5) rather than growing with the guided 12-15% revenue expansion — the margin drag more than offsets top-line growth in this report's base case. We apply a target multiple band at or below the current 17.9x trailing multiple, reflecting continued structural margin and working-capital risk rather than a re-rating:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	13.0x	22.5	293	(27.5)%
Base	15.5x	22.5	349	(13.6)%
Bull	18.5x	22.5	416	+3.0%

Base case rounded to ₹349. Even our bull-case scenario, applying a target multiple modestly above the current trailing 17.9x, produces only marginal upside from the current price — a sign of how little room this report finds for the stock to work even on a constructive multiple assumption while the margin story remains unresolved. Named brokerage targets found in this research sit well above this report's own range — JM Financial (Buy, ₹580) and ICICI Securities (Buy, ₹550) — alongside a 24-analyst consensus average of ₹582.79 (range ₹411-736); a separate, larger aggregator's claimed consensus of ₹961 is flagged in the underlying research as very likely a stale, pre-decline figure that has not been refreshed for the ~53% one-year share-price fall, and this report explicitly does not use it. This report's own, more conservative base case reflects its weighting of the Q1 FY27 margin collapse and management's FY28 guidance, both dated after most cited brokerage targets.

RECOMMENDATION: SELL, TARGET ₹349 (-13.6% FROM ₹404, 18 SEP 2026)

Upgrade triggers: consolidated EBITDA margin recovering toward high-single-digits ahead of management's own FY28 timeline; a resolved, converged credit rating from CARE and ICRA at the higher end of the current range; working capital improving materially below the current 320-330-day level; or a meaningfully larger, repeat-order-confirmed data-centre T&D pipeline. **Downgrade triggers:** a further margin miss versus the FY28 double-digit guidance itself; a formal downgrade from either CARE or ICRA; further deterioration in working capital or a further increase in net debt; or fresh evidence that the fixed-price order-book share is rising rather than falling.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	19,914	21,847	23,506
EBITDA margin	7% (6.82%)	8% (7.70%)	8%
Net profit (PAT)	347	571	606



Selected metrics	Value
ROE / ROCE	11.4% / 16.5%
Order book, incl. L1 (mid-2026)	~₹40,000 cr
Q1 FY27 EBITDA margin (YoY)	5.8% (from 7.0%)
Q1 FY27 PAT (YoY)	₹73 cr ((42)%)
Gross current assets (working capital)	320-330 days

Source: screener.in (18 Sep 2026 fetch, consolidated basis), cross-checked against CARE Ratings (16 Dec 2025) and CRISIL (7 May 2026) rationales. FY26 "Operating PAT" of ₹650 crore was cited in one results-coverage source, versus screener's ₹606 crore net-profit figure shown above — this report could not fully reconcile which figure excludes exceptional items, and flags rather than resolves the gap. CARE's more precise EBITDA-margin figures (6.82% FY24 → 7.70% FY25) are shown in parentheses alongside screener's rounded 7%/8% bands.

DISCLAIMER

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BUY

Kalpataru Projects International Ltd KPIL

A diversified EPC compounder with margins moving the right way — but the weakest-evidenced data-center linkage of any construction name in this report

Summary

Kalpataru Projects International (KPIL, formerly Kalpataru Power Transmission) is the one name in this report's construction/EPC cluster whose margin is moving in the opposite direction from the pattern seen elsewhere — commodity EPC margin compression is visible at both KEC International and Ahluwalia Contracts (covered elsewhere in this report), but KPIL's blended consolidated EBITDA margin has instead nudged higher: Q4 FY26 margin improved 60bps YoY to 8.2%, and Q1 FY27 margin improved a further 30-40bps YoY to 8.8-8.9%. Management attributes this to mix-shift toward its Transmission & Distribution (T&D), Buildings & Factories (B&F) and Oil & Gas Pipelines segments, which the company states run at double-digit EBITDA margins and are pulling the consolidated blend upward as they grow as a share of revenue. This modest-but-genuine margin-improvement story, not any single project win, is this report's lead reason for rating KPIL a BUY.

The growth underneath that margin trend is substantial: consolidated revenue grew from ₹19,626 crore (FY24) to ₹27,143 crore (FY26), and FY26 PAT of ₹1,031 crore was up 81.7% YoY. The order book has grown steadily to ₹66,607 crore as of 30 June 2026 (Q1 FY27), against FY25 order inflow of ₹25,475 crore and a further ₹7,668 crore booked in the first quarter of FY27 alone; management has also disclosed ~₹3,200 crore of projects where KPIL is L1 (lowest bidder, not yet formally awarded). The credit story has moved in lock-step: CRISIL reaffirmed AA/Stable (long-term) and A1+ (short-term) in October 2024, and India Ratings went further, upgrading KPIL's long-term rating to IND AA+/Stable from IND AA in July 2026 — a genuine, recent, upward rating action rather than a stale reaffirmation. Valuation is reasonable for the growth and margin trajectory on offer: trailing P/E of ~22.2x against a market cap of ₹24,685 crore.

The gap this report must be honest about is data centers specifically. KPIL's own Buildings & Factories marketing copy explicitly lists "Data Centers" as one of the sectors it serves, alongside healthcare, institutional, residential and IT-office work. Despite that, this research could not confirm a single named data-center construction contract, developer client, or hyperscaler counterparty for KPIL — not from company disclosures, not from order-win press coverage across the September 2025-September

TARGET PRICE

12-month target	₹1,647
CMP (18 Sep 2026)	₹1,446
Implied upside	+13.9%
Rating	BUY

KEY STOCK DATA

Market cap	₹24,685 cr
P/E (trailing)	~22.2x
Book value/ share	₹455
52-week range	₹1,500 / ₹1,007
Credit rating	CRISIL AA/Stable; Ind-Ra AA+/ Stable

SHAREHOLDING (JUN 2026)

Promoters	33.58%
DII	44.84%
FII	10.77%
Public	10.81%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	19,626	22,316	27,143
EBITDA margin	9%	9%	9%
PAT	516	567	1,031



2026 window, and not from data-center-specific trade press. This is a materially weaker data-center evidentiary record than either Techno Electric (which has a confirmed, commissioned data-center project elsewhere in this report) or even Ahluwalia Contracts (whose two named data-center contracts are three years stale, but were at least named and confirmed at the time — see the companion Ahluwalia section). One further disambiguation is worth stating plainly: credit ratings in the BBB/BBB- range that surface in searches for "Kalpataru" belong to the separately-listed real-estate entity Kalpataru Limited (and to unlisted Kalpataru Properties Pvt Ltd), not to KPIL — the two trace to the same promoter family (Mofatraj Munot) but are distinct, separately rated legal entities, and this report has been careful not to conflate them.

Net: a BUY, but on the strength of KPIL's overall diversified-EPC quality, order-book momentum and improving margin mix — not on any confirmed data-center thesis. Investors buying this name specifically for data-center capex exposure should understand that exposure remains unproven in the public record, even though the company's own marketing suggests the addressable capability exists.

Investment rationale

- **Margin improving, not compressing — the differentiator versus this report's other commodity-EPC names.** Q4 FY26 EBITDA margin rose 60bps YoY to 8.2%; Q1 FY27 margin rose a further 30-40bps YoY to 8.8-8.9%, driven by mix-shift toward higher-margin T&D, Buildings & Factories and Oil & Gas segments, which management states run at double-digit margins. FY27 guidance calls for ≥15% revenue growth and PBT-margin improvement of >75bps.
- **Strong, broad-based growth.** Consolidated revenue grew from ₹19,626 crore (FY24) to ₹27,143 crore (FY26); FY26 PAT of ₹1,031 crore was up 81.7% YoY, with Q4 FY26 standalone PAT up 93% YoY to ₹434 crore.
- **A large and growing order book with disclosed forward visibility.** Order book of ₹66,607 crore as of 30 June 2026, up from ₹64,495 crore a year earlier; FY27 YTD order inflow of ₹7,668 crore through Q1 alone, plus ~₹3,200 crore of disclosed L1 (lowest-bidder, pending-award) positions, including a ~₹2,000 crore international solar EPC project.
- **An improving, not merely stable, credit trajectory.** CRISIL reaffirmed AA/Stable and A1+ in October 2024 on enhanced rated bank facilities (₹22,720 crore); India Ratings went further, upgrading KPIL to IND AA+/Stable from IND AA in July 2026 — a genuine upgrade, not a reaffirmation, within the report's research window.
- **Genuine diversification across infrastructure verticals** — T&D, Buildings & Factories, Water Supply & Irrigation, Railways, Oil & Gas Pipelines, Urban Mobility/Metro, Highways and Airports — plus new-geography expansion (entry into the West Asia water market, announced ~30 June 2026), reducing single-segment or single-geography concentration risk relative to a pure building contractor.
- **Reasonable valuation for the growth on offer.** ~22.2x trailing P/E, versus a company delivering double-digit revenue growth, expanding margins and an improving credit profile — broad sell-side coverage (17 analysts per one aggregator, materially more than either Netweb or Ahluwalia) is overwhelmingly positive, with a "Strong Buy" consensus and average 12-month target of ₹1,432.

What gives us pause

- **No confirmed data-center contract, client, or counterparty — despite "Data Centers" being an explicitly advertised served sector.** This is the single biggest, most honest gap in this report's coverage of KPIL. Despite targeted searches across company disclosures, order-win press releases (Sep 2025-Sep 2026) and data-center trade press, not one named data-center



project, developer client, or hyperscaler counterparty could be confirmed for KPIL. This report's BUY call rests on KPIL's overall diversified-EPC quality and improving margin mix, not on any demonstrated data-center thesis, and readers specifically seeking data-center capex exposure should weigh this gap accordingly. It is a real absence in the record, not a rounding-error caveat — and it makes KPIL's data-center linkage the weakest-evidenced of any construction/EPC name in this report, weaker than Techno Electric's confirmed commissioned project and weaker even than Ahluwalia's stale-but-at-least-named 2022-23 contracts.

- **Two separate, unreconciled revenue discrepancies sit in the public record.** CRISIL's October 2024 rating rationale cites FY24 operating income of ₹16,760 crore, versus screener.in's FY24 consolidated revenue of ₹19,626 crore — a gap this report states plainly rather than silently reconciling, since the two figures may reflect a standalone-vs-consolidated distinction or a trailing-twelve-month basis at the rating date, and this research could not determine which. A second, smaller discrepancy exists in FY25/FY26 EBITDA and PAT figures across aggregators (see Financial summary note below).
- **Unusually low promoter holding (33.58%) alongside unusually high DII holding (44.84%).** This research found no confirmatory narrative (e.g., no evidence of a recent promoter stake sale) and could not fully explain the pattern — it may simply reflect a historically diffuse shareholding structure carried over from the Kalpataru Power Transmission era, but it is worth flagging as a float characteristic rather than assuming it is benign without further check.
- **Several governance and disclosure items could not be verified** in this research pass, including the statutory auditor's name, any pending litigation, related-party-transaction detail, and CSR spend — an absence-of-evidence gap the writer should treat as an open item rather than a clean bill of health.
- **Receivables and leverage metrics from the most recent rating rationale reviewed (Oct 2024) were not best-in-class:** receivables of ~255 days as of 31 March 2024, gearing of 0.53x, and TOL/TNW of 2.42x — none disqualifying for an AA-rated EPC contractor, but worth noting alongside the margin-improvement narrative.

Corporate governance assessment

1. Which rules actually apply

KPIL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The Chairman (Mofatraj P. Munot, Non-Executive) and Managing Director/CEO (Manish Mohnot) roles are held by separate individuals — i.e., Chairman and MD/CEO are NOT combined — so the heightened ($\geq 50\%$) independent-director threshold that SEBI LODR applies specifically to executive-chaired boards is not triggered by that rule. The board nonetheless already meets a 50% independent-director composition (4 of 8 members) regardless of which threshold technically applies.

2. What the company does well

The board includes four confirmed independent directors — Dhananjay Mungale, Bimal Tanna, Gautam Mehra and Raksha Kothari (the board's sole woman, a corporate/M&A lawyer with 35+ years' experience) — against a total board of eight. Chairman and MD/CEO roles are held separately, avoiding the concentration-of-power structure this report flags as a governance risk factor at some other companies covered elsewhere. The company has also been transparent about its credit profile, with two separate rating agencies (CRISIL and India Ratings) actively covering and, in India Ratings' case, recently upgrading the entity.

3. Grey areas

The unusually low promoter shareholding (33.58%) against unusually high DII holding (44.84%) is a float characteristic this research could not fully explain and did not find a confirmatory narrative for (no evidence of a recent promoter stake sale was found) — worth a dedicated shareholding-history check before drawing conclusions either way. Statutory auditor identity, related-party-transaction disclosures, and CSR spend could not be verified in this research pass and should be checked directly against the FY25/FY26 annual report's governance and auditor's sections.



4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action, insider-trading finding, or specific pending litigation was found in the sources this research reached — though, as with the ABB India and Netweb sections elsewhere in this report, absence of a finding in this research pass is not proof of a clean record, and the writer should check the Annual Report's litigation disclosures and BSE/NSE announcement history directly.

5. Items to watch

Confirmation of the statutory auditor, litigation status and related-party-transaction disclosures; reconciliation of the FY24 CRISIL-vs-screener revenue discrepancy (₹16,760 crore vs. ₹19,626 crore) and the smaller FY25/FY26 EBITDA/PAT discrepancies against the primary annual report; and a dedicated check into the low-promoter/high-DII shareholding pattern.

GOVERNANCE CONCLUSION

Broadly adequate on the structural fundamentals this report could confirm — separated Chairman/ MD roles, a board that already meets the 50% independent-director composition, and two independently improving credit-rating actions. The unexplained shareholding pattern and several unverified disclosure items (auditor, litigation, related-party transactions) are real gaps, but nothing found in this research points to actual misconduct, and none of these gaps is the basis for this report's BUY call, which rests primarily on the operating and margin trend.

SWOT analysis

STRENGTHS

- Margin improving, not compressing — Q4 FY26 +60bps YoY to 8.2%; Q1 FY27 +30-40bps YoY to 8.8-8.9%
- Strong growth: revenue ₹19,626 → 27,143cr (FY24-26); FY26 PAT +81.7% YoY
- Large, growing order book (₹66,607cr, Jun 2026) with disclosed L1 pipeline (~₹3,200cr)
- India Ratings upgrade to AA+/Stable (Jul 2026); CRISIL AA/Stable reaffirmed
- Diversified across T&D, B&F, water, rail, oil & gas, metro, highways, airports

WEAKNESSES

- No confirmed data-center contract despite "Data Centers" being an advertised served sector
- Unreconciled FY24 revenue figure (CRISIL ₹16,760cr vs. screener ₹19,626cr) and smaller FY25/26 gaps
- Unexplained low promoter (33.58%) / high DII (44.84%) shareholding pattern
- Several governance disclosures (auditor, litigation, RPTs) unverified in this research

OPPORTUNITIES

- Conversion of "Data Centers" served-sector capability into a first named, disclosed DC contract
- New-geography expansion (West Asia water market entry, Jun 2026)
- Continued mix-shift toward higher-margin T&D/B&F/Oil & Gas segments
- Broad, positive sell-side coverage (17 analysts, Strong Buy consensus) supporting capital access

THREATS

- Industry-wide commodity-EPC margin pressure seen at peers (KEC, Ahluwalia) could still reach KPIL
- Receivables/leverage metrics (255 days receivables, 0.53x gearing per Oct 2024 rationale) bear watching
- Execution risk across a large, geographically dispersed 75+-country order book
- Unexplained shareholding pattern could reflect an undisclosed structural issue, though none is confirmed

Key developments to watch

- **Any first named, disclosed data-center contract or client** — the single most important data-center-specific development to watch for a company that advertises the capability but has not yet evidenced it with a named win.
- **Continuation of the margin-improvement trend** against FY27 guidance of ≥15% revenue growth and >75bps PBT-margin improvement.



- **Reconciliation of the FY24 CRISIL-vs-screener revenue discrepancy** and the smaller FY25/FY26 EBITDA/PAT gaps against the primary annual report.
- **Conversion of the ~₹3,200 crore L1 (pending-award) pipeline** into confirmed order-book additions.

Key risks to be aware of

- **Data-center-thesis risk (specific to this report's framing).** Investors buying KPIL specifically for data-center exposure should recognize that exposure remains unconfirmed in the public record.
- **Margin-reversion risk.** The improving-margin trend is only two-to-three quarters deep; a reversion toward the industry-wide compression pattern seen at peers cannot be ruled out.
- **Execution and receivables risk** inherent to a large, multi-geography EPC order book.
- **Governance-disclosure risk** given unverified auditor, litigation and related-party-transaction detail, and the unexplained shareholding pattern.

Valuation

₹ per share unless stated

CMP of ₹1,446 (18 Sep 2026) divided by the disclosed trailing P/E of 22.2x (screener.in) implies trailing EPS of roughly ₹65.1 — broadly consistent with FY26 PAT of ₹1,031 crore over an implied ~17.1 crore shares (market cap ÷ CMP), which independently works out to ~₹60.3; this report uses the P/E-implied ₹65.1 as its EPS anchor since it is directly sourced rather than back-derived. **One unresolved cross-source discrepancy is flagged rather than silently reconciled:** CRISIL's October 2024 rating rationale cites FY24 operating income of ₹16,760 crore, versus screener.in's FY24 consolidated revenue figure of ₹19,626 crore used in the Financial snapshot above — a ~17% gap this report could not attribute definitively to a standalone-vs-consolidated or trailing-twelve-month basis, and states both figures rather than picking one. Applying a moderate ~15% forward-growth assumption (in line with management's own FY27 revenue-growth guidance of ≥15%, and consistent with the disclosed margin-improvement trend) gives a constructed FY27E EPS of ~₹74.9. We apply a target multiple band around the current 22.2x trailing multiple, reflecting the improving-margin evidence as a modest re-rating case rather than a dramatic one:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	18.0x	74.9	1,348	(6.8)%
Base	22.0x	74.9	1,648	+14.0%
Bull	25.0x	74.9	1,873	+29.5%

Base case rounded to ₹1,647. Named brokerage targets found in this research are consistent with a constructive stance: Anand Rathi (Buy, ₹1,408, raised from ₹1,351, ~20 Feb 2026); Axis Securities (Buy, initiated at ₹1,590, exact date unconfirmed — likely early Jan 2026); and an aggregator-level "Strong Buy" consensus across 17 analysts, average target ₹1,432 (high ₹1,566, low ₹1,252). This report's own base case (₹1,647) sits modestly above the named brokerage range, reflecting this report's explicit weighting of the recent India Ratings upgrade and the Q1 FY27 margin print, both dated after most of the cited brokerage targets.

RECOMMENDATION: BUY, TARGET ₹1,647 (+14.0% FROM ₹1,446, 18 SEP 2026)

Upgrade triggers: a first confirmed, named data-center contract or client, converting the advertised-but-unproven capability into demonstrated exposure; continuation of the margin-improvement trend for two or more further quarters; resolution of the FY24 revenue discrepancy in KPIL's favour (i.e., confirming the higher screener figure). **Downgrade triggers:** a reversal of the recent margin-improvement trend back toward the industry-wide compression pattern seen at peers; any adverse rating action from CRISIL or India Ratings; or evidence that the low-promoter/high-DII shareholding pattern reflects an undisclosed structural concern.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	19,626	22,316	27,143
EBITDA margin	9%	9%	9%
Net profit (PAT)	516	567	1,031

Quarterly margin trend	Value
Q4 FY26 EBITDA margin (YoY change)	8.2% (+60bps)
Q1 FY27 EBITDA margin (YoY change)	8.8-8.9% (+30-40bps)
Order book (30 Jun 2026)	₹66,607 cr
FY27 YTD order inflow (through Q1)	₹7,668 cr

Source: screener.in (20 Sep 2026 fetch, consolidated basis), cross-checked against CRISIL's 16 October 2024 rating rationale and Q1/Q4 FY26-27 results coverage (Business Standard, Investing.com/ EquityBulls, Aug 2026). CRISIL's rationale cites a materially different FY24 revenue figure (₹16,760 crore operating income vs. screener's ₹19,626 crore) — both are stated here rather than reconciled to one, per the Valuation section above. A separate FY26 EBITDA figure of ₹2,240 crore/8.3% margin was also found in one aggregator, versus screener's ₹2,432 crore/9% used above; FY26 PAT of ₹1,031 crore (+81.7% YoY) is consistent across sources.

DISCLAIMER

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SELL

Ahluwalia Contracts (India) AHLUCONT

A 35-40% NCR minimum-wage shock has erased the margin story, and CARE's own downgrade trigger already looks breached, unconfirmed

Summary

Ahluwalia Contracts' PBILDT margin has gone from a mid-single-digit, medium-term "normal" of 9.93% in FY24 to 8.21% in FY25, back up to roughly 10% in FY26 on H2 execution catch-up — and then collapsed to just **4.29% in Q1 FY27**, down from 8.59% in the same quarter a year earlier. Revenue still grew 12.03% YoY to ₹1,125.81 crore, but PAT fell 77.65% YoY to only ₹11.42 crore. Management's own explanation is a 35-40% increase in minimum wages across the National Capital Region (Haryana/UP), which affects roughly half of ACIL's order book by value; project delays and higher staff costs added to the hit. Most tellingly, management explicitly **withdrew its prior guidance of double-digit EBITDA margins for FY27** while holding revenue-growth guidance at 12-15% and cutting full-year order-inflow guidance to ₹4,000-5,000 crore from a prior ₹8,000 crore target. This is the single most negative margin story found anywhere in this report, and it is a labour-cost, not a one-off, shock.

The rating-agency angle sharpens the concern rather than softening it. CARE Ratings reaffirmed CARE AA-/Stable (long-term) and CARE A1+ (short-term) on ₹2,515 crore of bank facilities as recently as 30 December 2025 — but that rationale explicitly states its own negative-rating trigger as "contraction in profitability margins below 8% on a sustained basis." The Q1 FY27 print of 4.29% sits well below that threshold. This research could not find any CARE (or other agency) rating action dated after the Q1 FY27 results (disclosed ~August 2026) as of the digest's 20 September 2026 research date — meaning a downgrade risk that, by the rating agency's own stated criteria, already looks live and unresolved. The stock has fallen roughly 45-46% from its 52-week high of ₹1,078 to around ₹585, and a trailing P/E of ~17.4x looks cheap only if the reader ignores exactly why it has de-rated.

ACIL's portfolio explicitly lists data centres as a project type, and this research confirmed two named DC EPC contracts — AdaniConneX Noida (~₹209 crore, FY2022-23) and IFTAS Bhubaneswar (~₹169 crore, announced ~March 2023). Both are 3+ years old. Despite targeted searches for newer wins with Airtel Nxta, STT GDC, Yotta or CtrlS, none were found, and the order-book mix has meanwhile shifted hard toward Gurgaon/NCR residential work (23% to 44% of the order book in one year) and

TARGET PRICE

12-month target	₹476
CMP (18 Sep 2026)	₹585
Implied downside	(18.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹3,917 cr
P/E (trailing)	~17.4x
Book value/share	₹308
Order book/FY25 TOI	~4.41x
Credit rating	CARE AA-/Stable/A1+*

SHAREHOLDING (JUN 2026)

Promoters (Ahluwalia family)	55.32%
DII	22.32%
FII	14.05%
Public	8.32%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	3,855	4,099	4,565
PBILDT margin	9.93%	8.21%	~10%
PAT	375	202	266



private-sector contracts generally (52% to 69%). ACIL should be read as a company with historical, not continuing, data-center exposure — not as an active beneficiary of the current AI-driven data-center capex cycle.

Net: a SELL, target ₹476 (-18.6% from ₹585). The margin compression is structural — roughly half the order book carries NCR labour-cost exposure that will not reverse on its own — and the dominant near-term risk is not general execution risk but the real possibility of a confirmed rating-agency downgrade given CARE's own already-breached threshold.

Investment rationale

- **A large, multi-year order book.** ₹20,663.52 crore as of 30 June 2026 (Q1 FY27), to be executed over roughly the next 3.5 years, geographically diversified across 15 Indian states and Nepal.
- **Genuinely low leverage and strong liquidity.** TOL/TNW of 1.06x (FY25); unencumbered cash and bank balances of ₹892.60 crore as of 30 Sep 2025; average fund-based working-capital utilisation of only ~7% over the 12 months to Sep 2025 — the company funds working capital mainly through mobilisation advances and creditors rather than bank debt.
- **An AA- long-term credit rating, reaffirmed as recently as 30 December 2025,** on ₹2,515 crore of bank facilities — though see "What gives us pause" below on why this reaffirmation predates the risk this report flags as live.
- **Board composition meets the applicable SEBI LODR independent-director threshold.** With Chairman and Managing Director roles combined in founder-promoter Bikramjit Ahluwalia, SEBI LODR requires at least half the board to be independent; ACIL's board (4 of 8 directors independent, including one woman, a retired IAS officer) meets this exactly, per CARE Ratings' own governance note.
- **Demonstrated capacity to recover execution momentum:** Q2 FY26 PAT jumped 105% YoY as fixed-cost absorption improved with higher revenue — evidence the business can claw back margin when volumes cooperate, though Q1 FY27 shows that recovery is not guaranteed against a structural cost shock.
- **ISO 14001, ISO 45001 and ISO 27001 certifications,** a formal workplace-safety and anti-harassment policy, and zero whistleblower/anti-corruption grievances reported in FY25.

What gives us pause

- **The PBILDT margin collapse is the central reason for this report's SELL call.** 9.93% (FY24) → 8.21% (FY25) → ~10% (FY26) → 4.29% (Q1 FY27), driven by a 35-40% NCR minimum-wage hike hitting a labour-intensive cost base across roughly half the order book by value. This is a structural, not one-off, exposure.
- **Management explicitly withdrew its prior double-digit EBITDA-margin guidance for FY27** — taken here at face value as a genuine negative signal, not a conservative sandbag. Order-inflow guidance was simultaneously cut to ₹4,000-5,000 crore from a prior ₹8,000 crore target.
- **CARE's own stated negative-rating trigger (margin below 8% on a sustained basis) already looks breached** by the 4.29% Q1 FY27 print, yet the most recent CARE rationale located (30 December 2025) predates the Q1 FY27 results, and no post-results rating action was confirmed as of this research's 20 September 2026 date. This is a live, unresolved downgrade risk, flagged explicitly rather than assumed away.
- **The two named data-center contracts are stale.** AdaniConneX Noida (~₹209 crore) and IFTAS Bhubaneswar (~₹169 crore) both date to FY2022-23; no newer data-center win was found despite targeted searching, and order-book mix has shifted toward NCR/Gurgaon residential work (23% → 44% in one year) — ACIL is not, on current evidence, an active beneficiary of the present data-center capex cycle.



- **Working-capital intensity is rising.** Gross Current Asset days rose from 205 (FY24) to 210 (FY25); collection days extended from 77 days (FY22) to 136 days (FY25); interest coverage fell from 8.01x (FY24) to 5.98x (FY25) and total debt/PBILDT rose from 1.65x to 2.13x over the same period.
- **A SEBI warning letter (9 July 2024)** for a 270-day gap between Risk Management Committee meetings, breaching Regulation 21(3C)'s 180-day limit — characterised by the company as unintentional and remediated, but a confirmed regulatory lapse nonetheless.
- **NCR/NGT construction-ban exposure.** CARE itself flags National Green Tribunal-driven construction bans in NCR as a credit risk given the order book's rising NCR concentration; ICICI Securities separately cited "stricter construction curbs in NCR in Q3" as a near-term risk post-Q1FY27.

Corporate governance assessment

1. Which rules actually apply

ACIL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With Bikramjit Ahluwalia holding both Chairman and Managing Director titles, SEBI LODR requires at least half the board to be independent directors. ACIL's board of 8 includes 4 independent directors (Ashok Khurana, Sunil Kumar Sachdeva, Rajendra Prashad Gupta, and Dr. Sheela Bhide) — exactly meeting the 50% threshold, per CARE Ratings' own governance note.

2. What the company does well

The independent-director threshold is met precisely rather than merely gestured at. Certifications (ISO 14001, ISO 45001, ISO 27001) are in place alongside a formal workplace-protection policy (POSH training) and CSR programmes under Companies Act Section 135. The company reports zero whistleblower/ anti-corruption grievances in FY25 and states all related-party transactions received prior audit-committee approval — a self-reported compliance statement, not independently verified by this research, but correctly structured on its face.

3. Grey areas

The board carries a heavy founder-family imprint: Bikramjit Ahluwalia (Chairman & MD, ~84 years old) is joined by Vikas Ahluwalia (his son, Whole-time Director) and Deputy MD Shobhit Uppal in executive roles. A secondary aggregator described a "Sanjiv Sharma" as an Independent Director, while ACIL's own board page lists a "Sanjiv Sharma" as Whole-time Director — this research could not confirm whether these are the same individual or a naming collision, and flags it for verification against the latest annual report. Separately, ACIL's statutory auditor could not be identified from the sources reached, and the company's claim of "no share encumbrance" rests on a company self-disclosure via BSE filing rather than an independently sourced SAST filing.

4. Red flags

One confirmed regulatory lapse: SEBI issued a warning letter dated 9 July 2024 for a breach of Regulation 21(3C) of SEBI LODR, after ACIL's Risk Management Committee went 270 days between meetings (13 Feb 2023 to 10 Nov 2023) against the regulation's 180-day limit. The company characterised this as unintentional and committed to future compliance; no further SEBI enforcement action was found. Separately, this research found unreconciled figures across secondary sources for CARE's total rated bank facilities (₹2,515 crore per the primary Dec 2025 rationale vs. ₹2,954-3,140 crore per a separate aggregator) that should be checked against the latest BSE credit-rating intimation before being treated as resolved.

5. Items to watch

Any CARE (or other rating agency) action following the Q1 FY27 results — the single most important item given the already-breached 8% margin trigger. Also: confirmation of the Sanjiv Sharma director-role question; identification of the statutory auditor; independent verification of the promoter no-pledge claim; and reconciliation of the CARE bank-facility total against the latest BSE filing.



GOVERNANCE CONCLUSION

Board structure and process compliance look adequate on paper — the 50% independent-director threshold is met exactly, certifications and policies are in place, and the one confirmed regulatory lapse (the 2024 SEBI warning letter) was procedural and remediated rather than a finding of misconduct. Governance is not the reason for this report's SELL call; the fundamentals are. But several items — the director-name ambiguity, the unverified statutory auditor, the unverified pledge status, and above all the unresolved post-Q1FY27 rating-action question — remain open, and the last of these carries far more weight for the investment case than a typical governance footnote.

SWOT analysis

STRENGTHS

- Large order book (₹20,664cr, Q1 FY27) with ~3.5-year execution visibility, diversified across 15 states and Nepal
- Low leverage (TOL/TNW 1.06x) and strong liquidity (₹892.60cr unencumbered cash, ~7% WC utilisation)
- CARE AA-/Stable, A1+ rating reaffirmed 30 Dec 2025 (₹2,515cr facilities) — though see Threats
- Board meets SEBI LODR's 50% independent-director threshold for an executive-chaired board
- Demonstrated H2/quarter-to-quarter margin-recovery capability (Q2 FY26 PAT +105% YoY)

WEAKNESSES

- PBILDT margin collapsed to 4.29% in Q1 FY27 from 8.59% a year earlier; PAT down 77.65% YoY
- Management withdrew prior double-digit EBITDA-margin guidance for FY27
- Rising working-capital intensity (GCA days, collection days, falling interest coverage)
- Confirmed SEBI warning letter (Jul 2024) for an RMC-meeting-gap breach
- No confirmed data-center win more recent than FY2022-23

OPPORTUNITIES

- Order book already ~4.4x FY25 revenue provides multi-year revenue visibility even absent new wins
- Precedent (Q2 FY26) for margin recovery once volume/fixed-cost absorption normalises
- Data centres remain a named portfolio category — a possible, unconfirmed, future re-entry point
- Diversified geographic footprint could allow mix-shift away from NCR wage exposure over time

THREATS

- **A confirmed CARE (or other agency) rating downgrade following the Q1 FY27 results** — the dominant, near-term risk, given CARE's own 8% margin trigger already looks breached
- Structural NCR minimum-wage inflation across ~50% of the order book, not a one-off cost item
- NGT-driven construction-ban risk in NCR, flagged by both CARE and ICICI Securities
- Order-inflow guidance already cut (₹4,000-5,000cr vs. a prior ₹8,000cr target)
- Rising residential/NCR concentration (23% → 44% of order book in one year) crowding out diversified, higher-visibility institutional/DC-type work

Key developments to watch

- **Any CARE (or other agency) rating action dated after the Q1 FY27 results** — the single most important, live, unresolved item for this stock.
- **H2 FY27 execution and margin trajectory** — whether the fixed-cost-absorption recovery seen in Q2 FY26 repeats, or whether the NCR wage shock proves durable across the full year.
- **NCR/NGT construction-curb developments into Q3**, as separately flagged by ICICI Securities.
- **Whether ACIL wins any new data-center EPC contract** — would be the first such win since FY2022-23 and would materially change the DC-exposure read on this stock.
- **Progress against the reduced FY27 order-inflow guidance** (₹4,000-5,000cr vs. the prior ₹8,000cr target).



Key risks to be aware of

- **Rating-downgrade risk (dominant).** CARE's own stated negative trigger (margin below 8% on a sustained basis) already appears breached by the Q1 FY27 print; no post-results rating action has been confirmed. This, not general execution risk, is this report's primary near-term concern.
- **Structural NCR labour-cost risk** across roughly half the order book — a wage-inflation shock, not a project-specific or one-off item, and one management itself has acknowledged by withdrawing guidance.
- **Working-capital and leverage drift**, with GCA and collection days rising and interest coverage falling even before the Q1 FY27 shock.
- **NGT/construction-ban risk in NCR**, given the order book's rising geographic concentration there.
- **Data-center-thesis risk:** no confirmed recent DC win exists: treating ACIL as a current data-center capex beneficiary would be a misreading of the evidence in this digest.

Valuation

₹ per share unless stated

We derive trailing EPS from the company's own disclosed trailing P/E rather than from FY26 audited PAT, since the FY26 figure predates — and is therefore flattered relative to — the Q1 FY27 margin collapse: CMP ₹585 ÷ disclosed trailing P/E of 17.4x gives trailing EPS of ~₹33.62, a base that already reflects the weak Q1 FY27 quarter within the trailing twelve months. Given management's explicit withdrawal of double-digit- margin guidance and the absence of any confirmed post-Q1FY27 rating action, we do not assume a return to prior margin economics; instead we construct FY27E EPS scenarios anchored to this trailing base, and apply target multiples that reflect — rather than assume away — the live downgrade risk:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	11.0x	27.0	297	(49.2)%
Base	14.0x	34.0	476	(18.6)%
Bull	18.0x	40.0	720	+23.1%

Base case rounded to ₹476. The bear case assumes the NCR wage shock persists at close to Q1 FY27 intensity through FY27 and a rating downgrade materialises, compressing the multiple below even the current depressed 17.4x. The bull case assumes an H2-style margin recovery (as seen in Q2 FY26) and no adverse rating action, still only recovering to roughly the pre-shock multiple. Named brokerage coverage found in this research is more constructive: ICICI Securities downgraded ACIL to Hold with a ₹780 target post-Q1FY27 (~Aug/Sep 2026), and Prabhudas Liladhar carries a Buy at ₹930 — but the latter's date could not be confirmed and likely predates the Q1 FY27 results, and a further TipRanks-style aggregator consensus of ~₹988 almost certainly predates the shock as well. This report treats the ICICI Hold/₹780 view as the most current available benchmark, and still arrives at a more cautious base case, on the view that the live, unconfirmed rating-downgrade risk this digest identifies is not yet fully reflected in that or any other external target found.

RECOMMENDATION: SELL, TARGET ₹476 (-18.6% FROM ₹585, 18 SEP 2026)

Upgrade triggers: PBILDT margin recovers above the 8% CARE threshold with no adverse rating action; a confirmed new data-center EPC win, evidencing a return to more diversified, less NCR-concentrated order intake; and resolution of the open governance-verification items (auditor identity, pledge status, director-role ambiguity). **Downgrade triggers:** a confirmed CARE (or other agency) rating downgrade following the Q1 FY27 results; further NCR wage or NGT-related cost/construction-ban escalation; or a further cut to order-inflow or margin guidance.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	3,855	4,099	4,565
PBILDT margin	9.93%	8.21%	~10%
Net profit (PAT)	375	202	266

Quarterly margin collapse	Q1 FY26	Q1 FY27	YoY change
Revenue (₹ cr)	1,005	1,125.81	+12.03%
PBILDT margin	8.59%	4.29%	(430) bps
PAT (₹ cr)	51.10*	11.42	(77.65)%

*Q1 FY26 PAT of ₹51.10cr is back-calculated from the disclosed 77.65% YoY decline to a Q1 FY27 PAT of ₹11.42cr; not independently sourced as a standalone reported figure in this digest. Source: screener.in (18-20 Sep 2026 fetch, consolidated basis), cross-checked against CARE Ratings' 30 Dec 2025 rationale (standalone basis) and Investing.com/Yahoo Finance/BusinessUpturn Q1 FY27 earnings-call coverage (~Aug 2026). Order book: ₹20,663.52cr as of 30 Jun 2026 (Q1 FY27), per Investing.com/BusinessUpturn.

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SELL

E2E Networks Ltd

E2E

India's only pure-play listed GPU cloud — a genuine NVIDIA and sovereign-AI story, priced as if the depreciation line and the FY26 loss don't exist

Summary

E2E Networks is the purest listed proxy in this report for the "GPU cloud" layer of India's AI compute stack rather than the hardware-assembly layer Netweb occupies. It runs NVIDIA A100/V100/H100/H200 and now B200 (Blackwell) GPU capacity out of data centres in Noida, Chennai and Mumbai, and in November 2024 sold Larsen & Toubro an equity stake (~19%, per ICRA's 27 November 2025 rating rationale) that doubles as an operational relationship: E2E's Chennai GPU fleet is specifically housed inside L&T's own Vyoma data centre. On 18 February 2026, at the India AI Impact Summit, NVIDIA and E2E jointly announced a strategic collaboration to build an HGX B200 AI factory on E2E's TIR platform at that Vyoma site; the cluster went live around 29 May–1 June 2026 and, per the company's own Q1 FY27 commentary, began contributing to revenue within its first quarter. Separately, E2E holds a ₹265 crore MeitY/IndiaAI Mission order for 2,524 GPUs (per ICRA) and disclosed, around 1 September 2026, a binding term sheet for a further ~₹1,000 crore sovereign-AI cloud GPU deal with an unnamed Indian counterparty, running through June 2029.

The growth is real and fast: standalone revenue rose from ₹94 crore (FY24) to ₹164 crore (FY25) to ₹246 crore (FY26), and trailing-twelve-month revenue to June 2026 stood at ₹366 crore — 131% TTM growth per screener.in. Q1 FY27 alone delivered ₹157 crore of revenue (+334% YoY) and ₹118 crore of EBITDA at a 75% margin. ICRA assigned the company its first-ever credit rating, [ICRA]A-/Stable, on 27 November 2025, against ₹1,000 crore of bank facilities, citing 46% revenue CAGR (FY2021–FY2025) and a comfortable 0.8x Total Debt/OPBDITA as of FY2025.

The problem is that none of this growth has yet produced earnings the market is actually paying for. FY26 closed with a net loss of ₹16 crore, because GPU-fleet depreciation — up 170% YoY to ₹51 crore in Q4 FY26 alone, or 54% of that quarter's revenue — is currently outrunning the utilisation economics of the newly added capacity, exactly the risk ICRA's own rationale flags as "key" to the credit story. TTM EPS is barely positive, at ₹1.49, yet the stock trades at ~401x trailing earnings (screener.in, 18 Sep 2026) and 7.41x book value. ROE is -1% and ROCE is -0.51%. Promoter holding has fallen from ~59.71% (Mar 2024) to 39.45% (Jun 2026), and sell-

TARGET PRICE

12-month target	₹447
CMP (18 Sep 2026)	₹608
Implied upside	(26.5)%
Rating	SELL

KEY STOCK DATA

Market cap	₹12,491 cr
P/E (trailing)	~401x
Book value/share	₹82.0
ROE / ROCE	(1.0)% / (0.51)%
Credit rating	ICRA A-/Stable

SHAREHOLDING (JUN 2026)

Promoters	39.45%
Public	53.15%
DII	6.07%
FII	1.27%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	94	164	246
OPM	51%	59%	51%
PAT	22	47	(16)



side coverage is almost nonexistent — no confirmed brokerage name or target price could be located anywhere in this research, despite a ~₹12,491 crore market capitalisation.

Net: a SELL, on valuation grounds, not business-quality grounds. E2E's NVIDIA and government-contract relationships are genuine and its growth rate is the fastest of any company in this cohort — but a ~401x multiple on an earnings base this thin is a bet on a story, not a number this report's own arithmetic can support.

Investment rationale

- **A confirmed, live NVIDIA strategic collaboration.** The HGX B200 AI factory at L&T's Vyoma (Chennai) data centre, announced 18 February 2026 and live since ~29 May–1 June 2026, began contributing to revenue in its first quarter (Q1 FY27) per the company's own results commentary.
- **A dual shareholder-and-infrastructure relationship with L&T.** L&T's ~19% equity stake (November 2024) comes with "prioritised access to L&T's data centre capacity" (ICRA, 27 Nov 2025) — a genuine operational asset, not just a passive investment.
- **Direct government AI-programme exposure.** A ₹265 crore MeitY/IndiaAI Mission order for 2,524 GPUs (ICRA), plus a separate ~₹1,000 crore binding term sheet (~1 Sep 2026) converting prior pay-as-you-go GPU usage into a committed sovereign-AI contract running through June 2029.
- **The fastest disclosed revenue growth of any company in this report.** TTM revenue to June 2026 of ₹366 crore (+131% TTM per screener); Q1 FY27 revenue of ₹157 crore (+334% YoY) at a 75% EBITDA margin.
- **A first-ever, investment-grade-adjacent credit rating.** ICRA's [ICRA]A-/Stable (27 Nov 2025) cites a 46% FY2021–FY2025 revenue CAGR and comfortable leverage (0.8x Total Debt/OPBDITA, FY2025) — genuine independent validation of the credit profile, distinct from the equity-valuation question.

What gives us pause

- **FY26 closed with a net loss, driven by GPU depreciation outrunning utilisation economics.** Q4 FY26 depreciation rose 170.35% YoY to ₹51.35 crore — 53.7% of that quarter's revenue — even as operating margin stayed strong at 60.75%, meaning the profit hit is a capex/depreciation phenomenon, not a demand problem. ROE (-1%) and ROCE (-0.51%) are both negative.
- **The valuation is not supported by this report's own arithmetic under any but an extreme scenario.** At ~401x trailing earnings on a TTM EPS of just ₹1.49, the multiple is pricing in a growth and margin trajectory that has not yet shown up in reported profit (see Valuation).
- **Sharp, ongoing promoter dilution.** Promoter holding has fallen from ~59.71% (Mar 2024) to 39.45% (Jun 2026) — a ~20-percentage-point decline that screener.in's own auto-generated analysis flags as a "Con."
- **Concentration in a handful of large, opaque contracts.** The MeitY order figure does not cleanly reconcile across sources (₹265 crore/2,524 GPUs per ICRA vs. a separately reported ₹177 crore order tied to GNani AI), and the counterparty behind the ~₹1,000 crore sovereign-AI deal has not been named in any source this research reached.
- **Sell-side coverage is essentially absent.** No confirmed brokerage name, rating or target price could be located for a company with a ~₹12,491 crore market cap — the one "Add" reference found (The Hindu BusinessLine) could not be traced to a named broker or price target.
- **Further dilution/leverage is already flagged.** The 17th AGM notice (5 Sep 2026) proposes a fresh ₹1,500 crore fundraise and a ₹10,000 crore borrowing-limit enhancement, on top of a ~₹1,500 crore near-term capex plan (ICRA) that is already



partly debt-funded. Separately, a 1:10 stock split (~April 2026, per Economic Times) means pre-split share prices are not comparable to current levels — this report uses only current, post-split figures.

Corporate governance assessment

1. Which rules actually apply

E2E is a mainboard NSE-listed company (listed May 2018) subject to the full SEBI LODR regime. Tarun Dua holds the combined Chairman & Managing Director role, which requires the board to be at least 50% independent directors. Aggregator sources (Goodreturns, of uncertain vintage) name four independent directors — Naman Kailashprasad Sarawagi, Gaurav Munjal, Varun Pratap Rajda, and one further unnamed director — against Tarun Dua and one whole-time director (Srishti Baweja), which on a ~6-member board would clear the 50% threshold. This research could not confirm this composition against the current FY26 annual report, so treat it as plausible but unverified.

2. What the company does well

CFO (Megha Raheja) and Company Secretary (Ronit Gaba, appointed December 2023) roles are held separately from the Chairman/MD. The company underwent its first-ever independent credit-rating process in November 2025, resulting in a Stable outlook — a genuine external diligence exercise. On paper, four independent directors on what appears to be a relatively small board would represent majority-independent composition, consistent with LODR's requirement for an executive-chaired board.

3. Grey areas

The CFO name, board composition and statutory auditor (GSA & Associates LLP) were all sourced from aggregator sites (Goodreturns, India Infoline) of uncertain vintage rather than the current annual report — this research could not independently corroborate them from a second primary source. L&T is simultaneously a ~19% shareholder, the landlord of E2E's Chennai (Vyoma) data-centre capacity, and a strategic infrastructure partner; no related-party-transaction disclosure specific to this three-way relationship was found, and it deserves specific scrutiny in the FY26 annual report's RPT note.

4. Red flags

None confirmed as adjudicated matters, but the only litigation statement found — "the Company has no pending litigations as at March 31, 2022 which would have impact on its financial position" — is stale by more than three fiscal years and predates the company's large capex, debt and government-contract scale-up. No SEBI enforcement action or insider-trading finding was found, but this reflects the limits of the search tools available in this research pass (WebSearch quota was exhausted; only WebFetch/aggregator sources were used), not an affirmative clean bill.

5. Items to watch

Confirmation of current board composition and independent-director percentage against the FY26 annual report; reconciliation of the ₹265 crore vs. ₹177 crore MeitY-linked order figures; identification of the ~₹1,000 crore sovereign-AI counterparty; current FY25-26 litigation and related-party-transaction disclosures, particularly around the L&T relationship; and the outcome of the proposed ₹1,500 crore raise and ₹10,000 crore borrowing-limit enhancement.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, but thin, aggregator-sourced corroboration of board and CFO data, an unaddressed related-party question around the three-way L&T relationship, and stale litigation disclosure mean the appropriate governance discount belongs in the valuation — reinforcing, not offsetting, this report's separately-derived SELL call on valuation grounds alone.



SWOT analysis

STRENGTHS

- India's only pure-play listed GPU cloud, with a confirmed, revenue-contributing NVIDIA B200 deployment
- Dual shareholder-and-infrastructure relationship with L&T (~19% stake plus Vyoma data-centre access)
- First-ever credit rating, ICRA A-/Stable (Nov 2025), on a 46% FY21-25 revenue CAGR
- Fastest disclosed revenue growth in this report's cohort (TTM +131%)
- Direct, named government AI-programme exposure (₹265cr MeitY order, ~₹1,000cr sovereign-AI deal)

WEAKNESSES

- FY26 net loss; ROE -1%, ROCE -0.51%, driven by GPU-depreciation outpacing utilisation
- ~401x trailing P/E on a TTM EPS of just ₹1.49 — unsupported by this report's own arithmetic
- Promoter holding down from ~59.71% to 39.45% over roughly two years
- Essentially no confirmed sell-side coverage despite a ~₹12,491cr market cap
- Unreconciled contract figures and an unnamed sovereign-AI counterparty

OPPORTUNITIES

- IndiaAI Mission's continued scale-up and further GPU-capacity tenders
- Sovcloud Technologies subsidiary (incorporated Q1 FY27) extending the Sovereign Cloud Platform line
- Proposed ₹1,500cr raise to fund further GPU-capacity build-out (~5,100 units as of Q1 FY27)
- Further Blackwell-generation reference-design deployments beyond B200

THREATS

- GPU-fleet depreciation continuing to outrun utilisation economics, as ICRA itself flags as "key"
- Technology-obsolescence risk in a fast-moving GPU/AI landscape (ICRA's own rating challenge)
- Concentration in a handful of large, opaque contracts
- Further promoter selling and dilution from the proposed ₹1,500cr raise / ₹10,000cr borrowing-limit rise

Key developments to watch

- **Whether the Q1 FY27 profit recovery (₹44cr) is sustainable** against continued GPU-capacity additions and rising depreciation, or was a one-quarter outlier.
- **Reconciliation of the MeitY order figures** and identification of the ~₹1,000cr sovereign-AI counterparty.
- **Outcome of the proposed ₹1,500cr fundraise and ₹10,000cr borrowing-limit enhancement** put to the 17th AGM (5 Sep 2026).
- **Any initiation of confirmed, named sell-side coverage** — coverage has been essentially absent to date despite the company's scale and profile.

Key risks to be aware of

- **Valuation risk (dominant).** At ~401x trailing earnings on a barely-positive EPS base, this report's own arithmetic finds no scenario that supports the current price.
- **GPU-depreciation risk.** Continued capacity build-out could keep depreciation growing faster than utilisation-driven revenue, as already seen in FY26.
- **Concentration risk.** A handful of large, partly opaque contracts (MeitY, sovereign-AI, L&T) account for a disproportionate share of the growth narrative.
- **Governance-disclosure risk** given thin, aggregator-sourced corroboration of board/CFO data and stale litigation disclosure.
- **Dilution/leverage risk** from the proposed ₹1,500cr raise and ₹10,000cr borrowing-limit increase.



Valuation

₹ per share unless stated

We anchor this valuation on E2E's disclosed trailing P/E rather than building a forward-EPS growth model, because TTM EPS (₹1.49, to June 2026) is barely positive and one strong quarter (Q1 FY27, ₹44cr net profit) cannot be reliably annualised into a full-year forecast without assuming no further depreciation step-ups from the ongoing GPU-capacity build (ICRA's own ~₹1,500 crore near-term capex plan). CMP of ₹608 against TTM EPS of ₹1.49 implies a trailing P/E of ~408x, consistent with screener.in's reported ~401x. At this earnings base, the multiple itself is the story — it is *story-priced*, not earnings-supported, and the scenarios below should be read as a sensitivity illustration of how much the current price already assumes, not a confident forecast:

Scenario	Target P/E (trailing)	TTM EPS (₹)	Target price	Upside/(downside)
Bear	70.0x	1.49	104	(82.9)%
Base	300.0x	1.49	447	(26.5)%
Bull	375.0x	1.49	559	(8.1)%

Base case rounded to ₹447. Even our bull-case scenario — a 375x trailing multiple, still richer than Netweb's already-stretched ~106x elsewhere in this report — produces meaningful downside from the current ₹608, underscoring how much of the current price rests on the NVIDIA/sovereign-AI narrative rather than on reported earnings. No confirmed brokerage target price could be located anywhere in this research to compare against — sell-side coverage of E2E is, on the evidence available, essentially absent despite the company's ~₹12,491 crore market capitalisation.

RECOMMENDATION: SELL, TARGET ₹447 (-26.5% FROM ₹608, 18 SEP 2026)

Upgrade triggers: sustained quarterly profitability at or above the Q1 FY27 run-rate without a further step-up in depreciation intensity; confirmed board independence meeting SEBI LODR's 50% threshold; resolution/reconciliation of the MeitY and sovereign-AI contract figures with a named counterparty. **Downgrade triggers:** renewed quarterly losses as further GPU capacity comes online; further promoter selling; execution of the proposed ₹1,500cr raise/₹10,000cr borrowing-limit increase on adverse terms.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	94	164	246
OPM	51%	59%	51%
Net profit (PAT)	22	47	(16)

Selected metrics	Latest
TTM revenue (to Jun 2026)	₹366 cr
ROE / ROCE	(1.0)% / (0.51)%
GPU capacity (Q1 FY27)	~5,100 units
MeitY order (2,524 GPUs)	₹265 cr
Sovereign-AI contract (to Jun 2029)	~₹1,000 cr

Source: screener.in (18-20 Sep 2026), cross-checked against ICRA's 27 November 2025 rating rationale, which corroborates FY24/FY25 revenue and PAT closely (₹94/₹94.5cr and ₹164/₹164.0cr revenue; ₹22/₹21.9cr and ₹47/₹47.5cr PAT). A separately-reported ScanX figure set for FY26 (revenue ₹2,455.80cr, loss ₹155.66cr) is roughly 10x every other source and has not been used.



DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, E2E Networks Limited, and have received no compensation from the company.



SELL

ESDS Software Solution Ltd

ESDS

A ~2-week-old listing already trading above its only located brokerage target, on a single contract worth ~25x FY26 revenue with an unverified counterparty

Summary

ESDS is a 20-year-old, profitable Indian cloud and managed-services provider — IaaS, Managed Services and SaaS across BFSI, government and enterprise customers, MeitY-empanelled as a Cloud Service Provider, and running its own "SWARAJ" suite of AI-ops, security and DevSecOps products — that IPO'd on 4 September 2026, roughly two weeks before this report's research date. The underlying business is real and growing: standalone revenue rose from ₹281 crore (FY24) to ₹357 crore (FY25) to an estimated ~₹472-481 crore (FY26, corroborated across two independent sources), with PAT climbing from ₹16 crore to ₹61 crore to ~₹121 crore over the same period and 94.9% FY26 revenue retention. CRISIL upgraded the company's rating to A-/Positive (long-term) and A2+ (short-term) on ~16-17 September 2026 — a genuine, independent, and essentially contemporaneous credit signal.

The headline catalyst is a USD 1.25 billion, five-year contract (with a two-year extension option) disclosed via a Choice Institutional Equities brokerage report (~7 September 2026) with a counterparty named "Sharon AI," covering roughly 8,208 NVIDIA B300 GPUs, targeted to go live in October 2026 with revenue recognition from Q3 FY27, against a ₹1,180 crore advance already received. Choice itself frames this contract as worth roughly 25x ESDS's FY26 revenue — and flags "customer concentration as AI revenue scales" among its own key risks. This research could not independently verify Sharon AI's identity, nationality or creditworthiness from a second source.

Since listing, the stock has moved in a way this report treats as a standalone risk factor independent of the underlying business: it opened at ₹757 (a 76% premium to the ₹429 issue price), was reported at various points over the following two weeks as running up to somewhere between 235% and 270% above the issue price, and has since been placed under Long-Term ASM Stage 1 surveillance, with BSE seeking a clarification on the "significant price movement" on 9 September 2026 (the company responded that no undisclosed information existed). At the 18 September 2026 close of ₹1,565, the stock already sits at or above the only confirmed brokerage target located in this research — Choice's own ₹1,550 — leaving essentially no headroom even under the house that likes the stock. Trailing P/E is reported anywhere from 157x to

TARGET PRICE

12-month target	₹1,000
CMP (18 Sep 2026)	₹1,565
Implied upside	(36.1)%
Rating	SELL

KEY STOCK DATA

Market cap	₹18,338-19,064 cr
P/E (trailing)	157x-302x
ROE (last year)	17.1%-22.1%
ROCE	20.6%
Credit rating	CRISIL A-/Positive/A2+

SHAREHOLDING (SEP 2026)

Promoters	39.45%
Public	~50%
DII	8.50%
FII	1.01%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	281	357	~481
OPM	34%	43%	~50%
PAT	16	61	~121



302x depending on source and share-count basis, a ~2x dispersion that itself signals how unstable any multiple is only two weeks after listing.

Net: a SELL, driven by valuation and concentration risk layered on top of extreme post-listing volatility, not by a judgment that the core business is weak. ESDS's base cloud/managed-services franchise is profitable and growing at a reasonable clip; the price being asked for it, and for one large, unverified customer contract, is not.

Investment rationale

- **A USD 1.25 billion contract with cash already in hand.** The Sharon AI deal (5-year term, 2-year extension option, ~8,208 NVIDIA B300 GPUs, infrastructure targeted for October 2026) came with a ₹1,180 crore advance already received per Choice Institutional Equities — real, disclosed cash, not just a signed letter of intent.
- **A genuinely diversified, profitable core business underneath the AI headline.** IaaS, Managed Services and SaaS revenue grew from ₹281cr (FY24) to ~₹481cr (FY26), with PAT growing faster than revenue (₹16cr to ~₹121cr) and 94.9% FY26 revenue retention.
- **Deep, certified government and BFSI relationships.** MeitY CSP empanelment, 724+ bank branches on its BFSI cloud, and ISO 27001/9001/27017/27018/27701/42001 plus CMMI Level 5 certification — a durable, less speculative base underneath the single large GPU contract.
- **An independent, contemporaneous positive credit signal.** CRISIL upgraded ESDS to A-/Positive (long-term) and A2+ (short-term) on ~16-17 September 2026, essentially concurrent with this report.
- **The one confirmed sell-side view is constructive.** Choice Institutional Equities initiated coverage with a Buy and a ₹1,550 target (~7 Sep 2026), valuing the stock on 18x FY28E EV/EBITDA (~31x forward P/E) — a materially lower multiple than the stock's current trailing P/E, which this report reads as the market itself signalling the current price has run ahead of the sell-side's own bull case.

What gives us pause

- **Single-customer concentration at an extreme scale.** The Sharon AI contract represents roughly 25x FY26 revenue, per Choice's own report, which itself lists "customer concentration as AI revenue scales" among its key risks — and this research could not verify Sharon AI's identity, nationality, or creditworthiness from any second source.
- **The stock already trades at or above its only confirmed brokerage target.** CMP of ₹1,565 (18 Sep 2026) sits above Choice's ₹1,550 target — the sell-side's own published bull case offers essentially no further headroom from here.
- **Extreme, possibly disorderly post-listing price action.** Reported run-ups of 235-270% above the ₹429 issue price within roughly two weeks triggered Long-Term ASM Stage 1 surveillance and a BSE clarification request (9 Sep 2026) — a market-structure red flag independent of the underlying fundamentals.
- **Trailing P/E is genuinely unstable.** Reported figures range from 157x (groww.in) to 302x (screener.in) for the same stock on the same day, a ~2x dispersion driven by differing share-count and period bases only weeks after listing — this report treats neither figure as reliable in isolation.
- **Board independence may fall short of the SEBI LODR threshold.** As listed (Piyush Somani as Chairman & MD, Komal Somani as a further promoter-family whole-time director, two further executive directors, and three independent non-executive directors), independent directors are ~43% of a 7-member board — below the 50% threshold required for an executive-chaired company, unconfirmed against the latest corporate-governance report.



■ **A wide range of governance and disclosure items could not be verified at all in this research pass** — the statutory auditor's identity, any litigation history, and related-party-transaction disclosures — an unusually large gap even for a company this newly public, because the DRHP itself was not directly accessible during this research.

Corporate governance assessment

1. Which rules actually apply

ESDS has been a mainboard NSE/BSE-listed company since 4 September 2026 and is subject to the full SEBI LODR regime from that date. Piyush Somani holds the combined Chairman & Managing Director role, which requires at least half the board to be independent directors. As listed on choiceindia.com (vintage uncertain, likely pre-/at-IPO), the board comprises Piyush Somani (Chairman/MD), Komal Somani (Whole-Time Director, presumed spouse but not independently confirmed), Jitendra Pathak and Sameer Suresh Redij (Executive Directors), and three independent non-executive directors (Pamela Kumar, Venkatesh Natarajan, Thandankorai Ganapathy Dhandapani) — three of seven board seats, or ~43%, below the 50% LODR threshold on its face. This is this company's single largest governance-verification gap and should be closed against the current corporate-governance report before ESDS's governance is assessed as complete.

2. What the company does well

CFO (Ramaiah Nadukuru) and Company Secretary/Compliance Officer (Prasad Deochand Deokar) roles are held separately from the Chairman/MD. The company carries an extensive, verifiable certification and compliance stack (ISO 27001/9001/27017/27018/27701/42001, CMMI Level 5, RBI/IRDAI/STQC frameworks) consistent with its BFSI and government customer base. CRISIL's rating trajectory is positive and current. When BSE sought clarification on the stock's price movement (9 Sep 2026), the company responded within the same news cycle that no undisclosed price-sensitive information existed.

3. Grey areas

Komal Somani's relationship to Piyush Somani (presumed spouse) was not independently confirmed in this research. Three of seven board seats sit with promoter-family or long-standing insider executives (Chairman/MD, a further Whole-Time Director, and two Executive Directors), concentrating operational control. Screener.in's credit-rating history lists rating actions attributed to "Fitch" going back to 2018 — unusual for a company this size, and far more likely to be India Ratings and Research (Ind-Ra, Fitch's majority-owned Indian subsidiary) mislabelled for brevity; this research could not resolve the ambiguity. A 12 September 2026 postal ballot notice was filed with its subject matter not disclosed in the sources this research reached.

4. Red flags

None confirmed as adjudicated matters, but this reflects an unusually incomplete verification picture rather than a clean bill: no litigation history, statutory-auditor identity, or related-party-transaction disclosure could be found anywhere in this research pass, because the DRHP's "Outstanding Litigation" section — the natural primary source for a company two weeks post-IPO — was not directly accessible. The stock's placement under Long-Term ASM Stage 1 surveillance and the 9 September 2026 BSE clarification request are both on the public record, though the company's own response asserted no undisclosed information was behind the price movement.

5. Items to watch

Confirmation of current board composition and independent-director percentage against SEBI LODR; the statutory auditor's identity; the DRHP's litigation and related-party-transaction sections once accessible; independent verification of Sharon AI's identity and creditworthiness; resolution of the "Fitch" vs. India Ratings labelling ambiguity; and the subject matter of the 12 September 2026 postal ballot.



GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because a listing this new has not yet had time to be externally verified. Nothing found in this research points to actual misconduct, but a board that may fall short of SEBI LODR's independent-director threshold, an unidentified statutory auditor, and inaccessible litigation/related-party disclosures are exactly the kind of gaps a two-week-old listing carries by default — and they reinforce, rather than offset, this report's SELL call, which rests primarily on valuation and single-customer concentration risk.

SWOT analysis

STRENGTHS

- USD 1.25bn Sharon AI contract with a ₹1,180cr advance already received
- Diversified, profitable core IaaS/Managed Services/SaaS business with 94.9% FY26 revenue retention
- CRISIL upgrade to A-/Positive (~16-17 Sep 2026), an independent and current credit signal
- Deep government/BFSI relationships (MeitY CSP empanelment, 724+ bank branches) and extensive certification stack

WEAKNESSES

- Single-customer concentration (~25x FY26 revenue) with an unverified counterparty
- Trailing P/E disputed across sources, ranging 157x-302x, only weeks after listing
- Possible sub-50% independent-director board for an executive-Chairman company
- Statutory auditor, litigation and related-party-transaction disclosures all unverified
- Only ~2 weeks of post-listing trading history behind every reported metric

OPPORTUNITIES

- Sharon AI infrastructure go-live (targeted Oct 2026) and first revenue recognition (Q3 FY27)
- Ghaziabad Tier-3 green data centre, built in partnership with Central Electronics Limited
- Continued SWARAJ product-suite expansion (Bodhi, Garuda, Hansa, Nandi, Jatayoo, and the newly launched Sethu DevSecOps platform)
- Further MeitY CSP-driven government contract wins

THREATS

- Extreme volatility and Long-Term ASM Stage 1 surveillance inviting further regulatory scrutiny
- Execution risk on an 8,208-GPU build-out against an October 2026 target date
- Customer-concentration risk if Sharon AI's own creditworthiness disappoints
- Competitive pricing pressure and GPU obsolescence risk, as flagged by Choice's own report
- Further promoter dilution (already down from ~46.06% pre-IPO to 39.45%)

Key developments to watch

- **Sharon AI infrastructure launch** (targeted October 2026) and the first quarter of revenue recognition (Q3 FY27).
- **Independent confirmation of Sharon AI's identity and creditworthiness** via an exchange filing — the single most important unresolved fact behind this company's entire AI thesis.
- **Confirmation of current board composition and independent-director percentage** against SEBI LODR's threshold for an executive-chaired company.
- **Subject and outcome of the 12 September 2026 postal ballot.**
- **Whether Long-Term ASM Stage 1 surveillance is lifted, maintained, or escalated.**

Key risks to be aware of

- **Valuation risk (dominant).** CMP already sits at or above the only confirmed brokerage target, on trailing multiples of 157x-302x with barely two weeks of trading history behind them.
- **Concentration risk.** A single, ~25x-revenue customer contract with an unverified counterparty.



- **Governance-disclosure risk.** Possible sub-50% independent board, unverified statutory auditor, and inaccessible litigation/RPT disclosures.
- **Market-structure risk.** ASM Stage 1 surveillance and extreme post-listing volatility, independent of underlying fundamentals.
- **Execution risk** on the October 2026 GPU-infrastructure go-live underpinning the entire Sharon AI revenue case.

Valuation

₹ per share unless stated

IPO-stage, ~2 weeks of trading history — treat all multiples in this section as unstable. Screener.in's 302x trailing P/E implies a trailing EPS of only ~₹5.18, which appears to reflect an earnings base that predates full consolidation of FY26 results; groww.in's 157.75x is more consistent with the well-corroborated ~₹121cr FY2026 PAT on a post-IPO share count of ~12cr shares, implying trailing EPS of ~₹10.00. We use ₹10.00 as the more defensible trailing EPS below, but flag plainly that neither figure has more than two weeks of post-listing trading behind it, and $CMP \div$ disclosed trailing P/E is therefore an illustration of how rich the current price is, not a precise forecast:

Scenario	Target P/E (trailing)	Trailing EPS (₹)	Target price	Upside/(downside)
Bear	70.0x	10.00	700	(55.3)%
Base	100.0x	10.00	1,000	(36.1)%
Bull	140.0x	10.00	1,400	(10.5)%

Base case rounded to ₹1,000. Even our bull-case scenario, at a 140x trailing multiple — still far above the ~31x forward P/E implied by Choice Institutional Equities' own ₹1,550 target (18x FY28E EV/EBITDA) — produces meaningful downside from the current ₹1,565, underscoring how far the current trading price has detached from even the most constructive sell-side view located in this research. Choice's ₹1,550 target (~7 Sep 2026), the only confirmed brokerage reference point found, already sits below CMP.

RECOMMENDATION: SELL, TARGET ₹1,000 (-36.1% FROM ₹1,565, 18 SEP 2026)

Upgrade triggers: independent confirmation of Sharon AI's identity and creditworthiness; confirmed board independence meeting SEBI LODR's 50% threshold; resolution of the DRHP litigation/RPT gaps with no material findings; the ASM Stage 1 flag being lifted. **Downgrade triggers:** any delay or dispute in the Sharon AI infrastructure launch (targeted Oct 2026); further extreme volatility or an ASM Stage escalation; further promoter selling beyond the post-IPO dilution already seen.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	281	357	~481
OPM	34%	43%	~50%
Net profit (PAT)	16	61	~121

Selected metrics	Latest
ROE (last year)	17.1%-22.1%
ROCE	20.6%
Sharon AI contract value	USD 1.25bn (5yr +2yr option)
Sharon AI advance received	₹1,180 cr
Sharon AI scale vs. FY26 revenue	~25x



Source: screener.in and groww.in (18-20 Sep 2026), cross-checked against a Choice Institutional Equities brokerage report (via dsij.in, ~7 Sep 2026) and a Hindu BusinessLine DRHP-sourced review; FY26 revenue/PAT are corroborated between groww.in (₹481cr/₹121cr) and Hindu BusinessLine's DRHP figure (₹120.8cr PAT) but could not be independently confirmed against a full post-listing screener.in annual line item in this research pass.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, ESDS Software Solution Limited, and have received no compensation from the company.



HOLD

RailTel Corporation of India

RAILTEL

A profitable, near-debt-free railway-telecom PSU with a genuinely growing data-centre sliver — undercut by recurring board-composition fines and a bearish Street

Summary

RailTel is a Ministry of Railways-promoted telecom-infrastructure PSU that operates India's largest neutral optical-fibre network along railway tracks — exclusive right-of-way spanning ~6,000 stations and reaching ~70% of India's population — and turns that network into leased-line, VPN, RailWire broadband, tower co-location and turnkey project revenue for railways and other government bodies. Inside this base business sits a genuinely growing, if still small, data-centre and MeitY-empanelled cloud (IaaS/PaaS/SaaS) segment: FY26 (year ended March 2026) DC/cloud revenue of ₹202 crore, up 59% year-on-year from ₹127 crore in FY25, against total FY26 revenue of ₹4,277 crore — roughly 4.7% of the company. Management has guided this segment to ~₹300 crore in FY27 and ~₹500 crore by FY28, backed by new Gurgaon and Mumbai edge facilities, a planned 10 MW Noida facility (~May 2027), and a "hybrid" build/lease model under which RailTel management has explicitly named **Anant Raj and Adani** as the parties from whom it leases passive data-centre infrastructure (Q1 FY27 earnings call, ~August 2026) — a direct, named cross-link to the Anant Raj profile elsewhere in this report.

The core PSU business is executing solidly: record order book of ₹11,747 crore as of the June 2026 quarter (+34% quarter-on-quarter), fresh Q1 FY27 orders of ₹1,688 crore (+134% year-on-year), the company is almost debt-free (₹64 crore of borrowings against ₹5,830 crore of total assets, FY26), and it trades at a reasonable ~23.0x trailing P/E with ROE of 17.1% and ROCE of 22.8%. A ₹167 crore IaaS cloud contract from EPFO (August 2026) is a concrete example of the MeitY-cloud pipeline converting into revenue, and Kavach train-collision-avoidance revenue recognition is expected to begin in FY27 pending RDSO approval.

Set against this is a governance record that is unusual for an otherwise low-controversy PSU: RailTel was fined by both NSE and BSE for SEBI LODR board-composition non-compliance across at least three separate quarters of 2026 (March, May and August), a pattern that recurred after an independent director's tenure ended in April 2026 and has not, on the evidence this research reached, been resolved. Reported Q1 FY27 profit was flat year-on-year at ₹66 crore despite 20% revenue growth, because of non-cash Expected Credit Loss provisioning against aged government/railway

TARGET PRICE

12-month target	₹278
CMP (18 Sep 2026)	₹265
Implied upside	+4.9%
Rating	HOLD

KEY STOCK DATA

Market cap	₹8,505 cr
P/E (trailing)	~23.0x
Book value/share	₹70.5
ROE / ROCE	17.1% / 22.8%
Credit rating	ICRA (grade not confirmed)

SHAREHOLDING (JUN 2026)

Promoters (Govt of India)	72.84%
Public	22.19%
FII	3.98%
DII	0.99%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	2,568	3,478	4,277
EBITDA margin	18%	15%	15%
PAT	246	300	346



receivables (debtor days of 175 are flagged separately as a concern) — and sell-side coverage, thin as it is, skews bearish: ICICI Securities carries a "Reduce" rating (₹300 target, May 2026) and one aggregator shows a "Strong Sell" consensus from just two analysts (average target ₹245).

Net: a HOLD. This is a cheap, largely clean-balance-sheet PSU with a real and growing second engine in data centres and cloud — but recurring governance fines, ECL-driven earnings volatility and a bearish Street mean it is neither a clean value buy nor a value trap, and the valuation gives the story enough room to work without demanding it does.

Investment rationale

- **A real, fast-growing data-centre/cloud segment, explicitly sized.** FY26 DC/cloud revenue of ₹202 crore grew 59% year-on-year, and management guides to ~₹300 crore in FY27 and ~₹500 crore by FY28 — this is still ~4.7% of FY26 revenue, but it is a disclosed, tracked, growing line, not a marketing aspiration.
- **Record order-book momentum.** Order book reached ₹11,747 crore as of the June 2026 quarter, up 34% quarter-on-quarter, with fresh Q1 FY27 orders of ₹1,688 crore versus ₹721 crore a year earlier (+134% year-on-year).
- **An almost debt-free balance sheet with solid returns.** Borrowings of just ₹64 crore against ₹5,830 crore of total assets (FY26), ROE of 17.1% and ROCE of 22.8% — a genuinely conservative capital structure for a company also expanding data-centre capacity.
- **A reasonable valuation.** At ~23.0x trailing P/E, RailTel trades at a fraction of the multiples this report's server- and pure-play data-centre names command, giving the DC growth story room to compound without the stock needing to re-rate first.
- **Concrete cloud/IaaS wins beyond aspiration.** A ₹167 crore IaaS services contract from EPFO (August 2026) shows the MeitY-empanelled cloud offering converting into government-cloud revenue, not just capacity build-out.
- **Kavach monetisation approaching.** RDSO approval for revenue recognition was described as "imminent" on the Q1 FY27 call, with billed Kavach revenue expected to begin in FY27 — a separate, non-DC growth lever.

What gives us pause

- **Recurring SEBI LODR board-composition fines — an unusual governance pattern for a PSU.** NSE and BSE fined RailTel for board-composition non-compliance at least four times across 2026: a combined ₹10.86 lakh (~2 March 2026), a further related fine reported ~5 March 2026, another (reported inconsistently as either ₹10.62 lakh or ₹5.31 lakh each from NSE/BSE, ~30 May 2026), and ₹9,00,340 each from NSE and BSE for Q2 FY27 non-compliance (~27 August 2026). This recurred across at least three separate quarters in a single calendar year — this report treats it as a real, prominent governance issue, not a rounding-error footnote (see Governance below).
- **The data-centre business is still small relative to the whole company.** At ~4.7% of FY26 revenue, it is meaningfully smaller and less mature than some other data-centre exposures covered in this report — the FY28 ₹500 crore guidance, if delivered, would still be well under 10% of a company growing its base telecom/project business at ~20% a year.
- **ECL provisioning is masking underlying growth.** Q1 FY27 operating revenue grew 20% year-on-year, but reported PAT was flat at ₹66 crore because of non-cash Expected Credit Loss provisions against aged government/railway receivables — consistent with debtor days of 175, which screener.in flags separately as a concern.
- **Sell-side coverage is thin and skews bearish.** ICICI Securities carries a "Reduce" rating with a ₹300 target (~5 May 2026); a separate aggregator shows a "Strong Sell" consensus built from just two analysts, with an average target of ₹245 — below the current price. No other named brokerage coverage (Motilal Oswal, Kotak, Nomura, HDFC Securities, JM Financial) was found in this research, a notable contrast to the multi-brokerage coverage found for Anant Raj elsewhere in this report.



- **Basic public disclosure has inconsistencies.** Screener.in's boilerplate describes RailTel as a "Navratna" PSU, while the company's own Twitter bio and a Groww profile describe it as "Miniratna" — this report could not resolve the discrepancy from the sources reached and flags it as an open item, alongside an unresolved question over the current statutory Director (Finance)/CFO (see Governance below).
- **The actual ICRA credit-rating grade could not be confirmed.** ICRA is RailTel's rating agency of record (six rationale dates identified, 2020–2025/26), but the underlying letter grade and outlook were not accessible in this research pass — a gap that should be closed before treating RailTel's credit quality as fully verified.

Corporate governance assessment

1. Which rules actually apply

RailTel is a mainboard NSE/BSE-listed Miniratna (per the company's own social-media and third-party profile sources — this report could not reconcile this against screener.in's conflicting "Navratna" description; see above) Category-I Central Public Sector Enterprise under the Ministry of Railways, and as a listed entity is subject to SEBI LODR notwithstanding its government ownership. Sanjai Kumar holds the combined Chairman & Managing Director title, which is standard for a government-appointed CPSE executive; some SEBI LODR independent-director provisions carry exemptions or modified thresholds for government companies, but the recurring NSE/BSE fines described below indicate that whatever exemption, if any, applies did not shield the company from board-composition penalties in 2026 — this report treats the fines as the operative fact, rather than resolving the underlying exemption question, which was not confirmed from the sources reached.

2. What the company does well

RailTel promptly disclosed and, where applicable, contested regulatory and commercial matters via its screener.in announcements feed — for example, a ₹49.24 lakh CGST demand was contested and subsequently set aside on appeal by the Guwahati appellate authority (~19 September 2026), a resolved matter in the company's favour. The statutory audit process (annual C&AG appointment of auditors) is standard CPSE practice and was disclosed via company announcements (~9 and ~11 September 2026), even though the specific audit firm name was not captured in this research. Director (Finance) continuity has been publicly tracked: V. Rama Manohara Rao has held the role since November 2022, named alongside the CMD on recent earnings calls.

3. Grey areas

A separate item reports that Madhulika Pathak was promoted to "Principal Executive Director (Finance)" effective 13 January 2026 — it is unclear from the sources reached whether this is a board-level Director-Finance/CFO change (i.e., succeeding V. Rama Manohara Rao) or a distinct, more junior finance role; this should be confirmed from the FY26 annual report or a recent exchange filing before this report's governance framing is treated as final. The Navratna-versus-Miniratna classification discrepancy noted above, while not itself a compliance failure, reflects public-disclosure hygiene that a reader should be aware of when assessing how easily RailTel's own governance disclosures can be independently verified.

4. Red flags

Recurring SEBI LODR board-composition non-compliance is this report's most significant, and most unusual, governance finding for RailTel. NSE and BSE issued board-composition fines against the company at least four separate times across calendar 2026 — combined ₹10.86 lakh (~2 March), a related report (~5 March), a further fine reported inconsistently as ₹10.62 lakh or ₹5.31 lakh each (~30 May), and ₹9,00,340 each from NSE/BSE for Q2 FY27 (~27 August). Independent director Dr. Subhash Sharma completed his tenure and stepped down ~15 April 2026, a timing consistent with — though not confirmed as the direct cause of — a persistent independent-director vacancy that a government-appointment process has apparently been slow to fill; this report states that link as a plausible inference, not a confirmed causal fact. This is precisely the kind of recurring, adjudicated (fined) governance lapse that a report of this kind should give real prominence to, not treat as a footnote, especially for an otherwise low-controversy PSU. No SEBI enforcement action, insider-trading finding, or ED/CBI investigation involving RailTel was found in this research.



5. Items to watch

Whether the independent-director vacancy has been filled and the fine cycle has ended; confirmation of the current statutory Director (Finance)/CFO; the actual ICRA rating grade and outlook; resolution of the Navratna/Miniratna classification discrepancy from a primary source (FY26 annual report cover page or DPE listing); and the name of the C&AG-appointed statutory auditor for FY2026-27.

GOVERNANCE CONCLUSION

Financially disciplined, but with a recurring, adjudicated compliance lapse that is unusual for a PSU of this profile. Nothing found in this research suggests fraud or expropriation risk, and the balance sheet and disclosure record around commercial/tax disputes are clean — but three separate quarters of 2026 board- composition fines from both exchanges is a real, repeated regulatory failure, not a one-off administrative slip, and it sits alongside unresolved questions about the current CFO and the actual credit-rating grade. That combination argues for treating RailTel as cheap-but-flawed rather than a clean value opportunity — reflected here in a target multiple band that does not assume a governance re-rating.

SWOT analysis

STRENGTHS

- Real, fast-growing DC/cloud segment (₹202cr FY26, +59% YoY; guided to ₹500cr by FY28)
- Record order book (₹11,747cr, Q1 FY27, +34% QoQ) and fresh-order momentum (+134% YoY)
- Almost debt-free (₹64cr borrowings, FY26), ROE 17.1% / ROCE 22.8%
- Reasonable valuation (~23.0x trailing P/E) relative to the rest of this report's coverage
- Concrete cloud/IaaS wins (₹167cr EPFO IaaS contract, Aug 2026)

WEAKNESSES

- Recurring 2026 SEBI LODR board-composition fines across at least three quarters
- DC/cloud still only ~4.7% of FY26 revenue
- Q1 FY27 PAT flat YoY despite 20% revenue growth, due to ECL provisioning; debtor days of 175
- Statutory CFO identity and actual ICRA rating grade both unconfirmed

OPPORTUNITIES

- FY27/FY28 DC revenue guidance (~₹300cr / ~₹500cr) and the planned 10 MW Noida facility (~May 2027)
- Kavach revenue recognition expected to begin FY27 pending RDSO approval
- Further edge-DC rollout (reported 102-location Techno Electric partnership; Indore, Ujjain, Chandigarh, Visakhapatnam expansion)
- Growing government cloud/IaaS pipeline beyond the EPFO win

THREATS

- Bearish sell-side positioning (ICICI "Reduce," ₹300 target; aggregator "Strong Sell" consensus, ₹245 target)
- Continued independent-director vacancy risking further exchange fines
- Aged government/PSU receivables and ECL volatility recurring in future quarters
- Stock down ~56% from its all-time high, reflecting a broader de-rating some of this report's own concerns may not fully offset

Key developments to watch

- **Whether the independent-director vacancy is filled and the fine cycle ends** — the single most important governance item to close for this company.
- **DC/cloud revenue trajectory** against the ~₹300cr FY27 and ~₹500cr FY28 guidance, and commissioning of the 10 MW Noida facility (~May 2027).
- **Kavach RDSO approval and the start of billed revenue recognition**, expected FY27.



- **Confirmation of the actual ICRA rating grade** and the current statutory Director (Finance)/CFO.

Key risks to be aware of

- **Governance/compliance risk (dominant).** A recurring, adjudicated pattern of board-composition fines across multiple 2026 quarters is an unusual, real regulatory failure for a PSU of this profile.
- **Earnings-volatility risk** from ECL provisioning against aged government/railway receivables, which can decouple reported PAT from underlying revenue growth, as in Q1 FY27.
- **Execution risk on the still-small DC segment** — the FY28 guidance requires sustained, multi-year delivery against a base that is currently only ~4.7% of revenue.
- **Sell-side sentiment risk** — a "Reduce" and a "Strong Sell" consensus both exist in the thin coverage this report found, and further negative revisions could pressure the multiple.

Valuation

₹ per share unless stated

RailTel's screener.in-disclosed trailing P/E of 23.0x on a CMP of ₹265 backs out a trailing EPS of ~₹11.52 — modestly above the FY26 full-year reported EPS of ₹10.79, consistent with normal TTM-versus-FY26-year-end timing differences (see Financial summary below). We use this back-calculated (CMP ÷ disclosed trailing P/E) figure, rather than the FY26 EPS directly, because it is the figure the market's own trailing multiple is actually built on. Applying an *indicative* 15% forward-EPS growth assumption — well below FY26's 23% revenue growth and management's own ~20-25% FY27 revenue guidance, moderated specifically to reflect the ECL-driven PAT flatness the June 2026 quarter already showed — gives a constructed FY27E EPS of ~₹13.25. We apply a target multiple band set modestly around, not above, the current trailing multiple, reflecting the recurring governance fines and bearish sell-side positioning documented above:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	19.0x	13.25	252	(4.9)%
Base	21.0x	13.25	278	+4.9%
Bull	23.0x	13.25	305	+15.1%

Base case rounded to ₹278. Named coverage found in this research disagrees sharply in framing though not always in absolute level: ICICI Securities' "Reduce" rating carries a ₹300 target (nominally above CMP, but bearish in tone, dated ~5 May 2026), while a separate aggregator (stockanalysis.com) shows a "Strong Sell" consensus from just two analysts averaging ₹245 — below CMP. This report's own base case of ₹278 sits between the two, consistent with a HOLD rather than a directional call at either bearish extreme.

RECOMMENDATION: HOLD, TARGET ₹278 (+4.9% FROM ₹265, 18 SEP 2026)

Upgrade triggers: confirmation of the ICRA rating grade at investment-grade with a stable-or-better outlook; resolution of the independent-director vacancy with no further SEBI LODR board-composition fines; DC/cloud revenue tracking at or ahead of the ~₹300cr FY27 guidance without further ECL-driven PAT drag. **Downgrade triggers:** any further board-composition fine in FY27; DC/cloud revenue growth stalling meaningfully below guidance; or a further deterioration in debtor days/ECL provisioning trends.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	2,568	3,478	4,277
Operating profit	464	535	638
OPM %	18%	15%	15%
Net profit (PAT)	246	300	346

Selected metrics	FY26
ROE	17.1%
ROCE	22.8%
Order book (Q1 FY27)	₹11,747 cr
Data-centre revenue (FY26)	₹202 cr (+59% YoY)

Source: screener.in (20 Sep 2026), cross-checked against stockanalysis.com and scanx.trade's FY26/Q1 FY27 results coverage, all of which agree on the headline FY26 revenue (₹4,277cr) and PAT (₹346cr) figures used here.

DISCLAIMER

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HOLD

Anant Raj Ltd

ANANTRAJ

A real-estate landlord scaling into a genuine data-centre platform and demerging it into a dedicated listing — clouded by an unresolved Enforcement Directorate probe

Summary

Anant Raj is a Delhi-based real-estate developer (incorporated 1985, promoted by the Sarin family) with a ~330-acre fully-paid land bank across NCR, Haryana, Andhra Pradesh and Rajasthan, spanning residential townships, IT parks, SEZs and hospitality assets. Since diversifying into data-centre and cloud infrastructure, it has become one of the more developed colocation-landlord stories in this report: ~28 MW of IT load was operational across Manesar and Panchkula as of the most recent rating action (Infomerics, 5 May 2026), with disclosed plans — varying somewhat by source and date — to scale toward 63 MW by FY27 (CRISIL), 117 MW by FY28 and 357 MW by FY32 (tradebrains.in), across additional sites in Rai, Sonapat, Gurugram and Andhra Pradesh. **RailTel Corporation of India is a named, confirmed lessee** of Anant Raj's passive data-centre infrastructure under RailTel's own "hybrid" DC model — a direct, concrete tenant relationship, not an aspirational one, and a cross-link this report also documents from RailTel's side.

The single largest event in this profile is structural: on **21 July 2026**, **Anant Raj's board approved a scheme of arrangement to demerge its entire data-centre and cloud business into a new, separately listed company, "Ashok Cloud Private Limited"** (named for founder Ashok Sarin), with a 1:1 share allotment to existing Anant Raj shareholders. Multiple outlets described the outcome as "two focused, independently listed companies" — one real estate, one data centres/cloud — a genuine value-unlock catalyst that Managing Director Amit Sarin has explicitly framed as enabling dedicated strategic investors to back the DC platform directly. Ashok Cloud's disclosed portfolio at announcement (Gurugram 21 MW certified; Sonapat ~200 MW hyperscale under construction; Panchkula 57 MW edge-hub retrofit) sits alongside a ₹4,500 crore Andhra Pradesh 50 MW data-centre MoU and a separately announced ~₹25,000 crore Haryana DC/cloud investment plan (2 June 2026) — real, if not fully reconciled, capital commitment to the growth story.

Set against this is a live, unresolved legal overhang: **the Enforcement Directorate searched Anant Raj's Delhi office on 24 April 2026 in a money-laundering case**, triggering a same-day ~9% stock decline and, on 5 May 2026, Infomerics placing both the company's long- and short-term ratings on "Rating Watch with

TARGET PRICE

12-month target	₹585
CMP (18 Sep 2026)	₹606
Implied upside	(3.5)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹21,814 cr
P/E (trailing)	70.9x standalone / 37.6x consol.
Book value/ share	₹141
ROE / ROCE	~7% / ~8%
Credit rating	CRISIL BBB/Positive; Infomerics A-/RWDI

SHAREHOLDING (JUN 2026)

Promoters (Sarin family)	57.43%
Public	27.22%
FII	10.74%
DII	4.60%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	1,483	2,060	2,512
EBITDA margin	22.5%	23.9%	~26%*
PAT	266	426	557



Developing Implications," citing the ED action explicitly. This report found no rating action or public disclosure resolving that watch as of the research date — this is a live, material overhang, not a historical footnote. Separately, CRISIL's "BBB" long-term rating and Infomercials' "A-" long-term rating — nominally for the same credit group — sit roughly three notches apart, an unreconciled gap this report flags rather than averages; and the standalone P/E of 70.9x versus a consolidated 37.6x (trailing) / 26.8x (forward) is a large, non-trivial gap that must be stated explicitly rather than quoted selectively.

Net: a HOLD. Sell-side coverage is uniformly Buy across at least seven named brokerages, but targets have been falling for well over a year (Motilal Oswal ₹1,100 → ₹807 → ₹663 → ₹710, December 2024–July 2026) and most specific target data points predate the April 2026 ED news — this report treats pre-ED targets as stale. The DC/cloud growth story and the Ashok Cloud demerger are genuine, and closer to "material and growing" than some other data-centre exposures in this report — but an open, rating-agency-flagged legal matter is not a reason to upgrade to a clean BUY; it is a reason to wait for clarity.

Investment rationale

- **A genuinely material and growing data-centre platform, not a slide-deck aspiration.** ~28 MW operational (Manesar + Panchkula) as of May 2026, scaling toward 63 MW by FY27 (CRISIL) and management-cited targets of 117 MW (FY28) and 357 MW (FY32) — this is closer to "material and growing" than some smaller data-centre exposures elsewhere in this report.
- **The Ashok Cloud demerger is a real, board-approved value-unlock catalyst.** Approved 21 July 2026 with a 1:1 share allotment, it separates the DC/cloud platform into its own listed vehicle, explicitly framed by MD Amit Sarin as enabling dedicated strategic investors and cleaner, more focused governance for each business.
- **A named, confirmed anchor tenant.** RailTel Corporation of India leases passive data-centre infrastructure from Anant Raj under RailTel's own disclosed "hybrid" model (Q1 FY27 earnings call) — a concrete customer relationship this report can independently cross-verify from the counterparty's own disclosure.
- **Genuine, multi-agency-corroborated deleveraging.** Standalone borrowings fell from ₹1,021 crore (FY23) to ₹323 crore (FY26); consolidated gearing fell from 0.19x (FY24) to 0.12x (FY25); CRISIL explicitly cited "further deleveraging" in its September 2025 rationale.
- **Uniformly positive, broad sell-side coverage.** At least seven named brokerages — Motilal Oswal, Nomura, Emkay Global, LKP Securities, JM Financial, Nuvama and Jefferies — carry Buy ratings, a materially fuller picture than the "2 analysts" some aggregator tools suggest.
- **Continued capital commitment to the DC story.** A ₹4,500 crore Andhra Pradesh 50 MW data-centre MoU and a separately announced ~₹25,000 crore Haryana DC/cloud investment plan (2 June 2026) both point to scale ambitions well beyond the currently operational base.

What gives us pause

- **The Enforcement Directorate's search of Anant Raj's Delhi office remains unresolved — the dominant reason for this report's HOLD, not a clean BUY.** On 24 April 2026, the ED searched the company's Delhi office in a money-laundering case (other developers, including Raheja Developers, were reportedly searched in the same window); the stock fell ~9% the same day. On 5 May 2026, Infomercials placed both Anant Raj's long- and short-term ratings on "Rating Watch with Developing



Implications," explicitly citing the ED action and stating the watch would be resolved only once there is "further clarity on the ED's action and the potential implications." This report found no subsequent rating action or disclosure confirming resolution — treat this as a live, material, open legal matter, not a historical footnote.

- **CRISIL "BBB" versus Infomeric's "A-" is an unreconciled, roughly three-notch rating gap** between two agencies nominally rating the same credit group — a genuinely unusual divergence this report flags explicitly rather than silently averaging or picking a side.
- **Standalone P/E of 70.9x versus consolidated 37.6x (trailing) / 26.8x (forward) is a large gap, not a rounding difference.** FY25 standalone PAT (₹219cr) is roughly half FY25 consolidated PAT (₹426cr), and the gap has widened, not narrowed, into FY26 — any valuation citing one multiple without the other risks materially mischaracterising how expensive the stock actually is.
- **Sell-side targets have been falling for well over a year, mostly before the ED news.** Motilal Oswal's target fell from ₹1,100 (December 2024) to ₹807 (July 2025) to ₹663 (January 2026) before a partial recovery to ₹710 (July 2026) — and nearly every specific brokerage target this research found predates or barely postdates the April 2026 ED search. This report treats those pre-ED targets as stale, not current.
- **At least four different data-centre capacity figures appear across sources gathered for this report** — 28 MW operational (Infomeric's, May 2026); a 3 → 6 → 28 MW build-out to a 63 MW FY27 target (CRISIL); 117 MW FY28 / 357 MW FY32 targets (tradebrains.in); and a Gurugram 21 MW + Sonapat 200 MW + Panchkula 57 MW (=278 MW) Ashok Cloud portfolio disclosure (July 2026) — unreconciled in the sources this research reached, alongside an internal inconsistency over whether Anant Raj retains a stake in Ashok Cloud post-demerger or the split is clean.
- **Modest return ratios despite strong headline profit growth.** ROE of ~7% and ROCE of ~8% are notably low for a company reporting strong consolidated PAT growth, reflecting a rapidly expanded equity base from capital raises (₹2,762cr FY23 → ₹5,061cr FY26) — return ratios have not kept pace with the profit narrative.

Corporate governance assessment

1. Which rules actually apply

Anant Raj is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The board is promoter-controlled (57.43% Sarin family) and heavily family-weighted: Amit Sarin (Chairman & Managing Director, reappointed MD effective 1 January 2026), Aman Sarin (Whole-time Director & CEO), Ashim Sarin (Whole-time Director & COO), and Anish Sarin (newly appointed director, ~12 May 2026, described in press coverage as "next-generation leadership"). No independent director was identified by name in any source this research reached — this report cannot confirm compliance with SEBI LODR's heightened independent-director threshold for an executive-chaired board, and flags this as an open item to be closed from the FY26 annual report, exactly as this report's Netweb profile flags the same gap for a similarly family-weighted board.

2. What the company does well

CFO Pankaj Kumar Gupta has held the role since 9 April 2008 — 18 years of continuity in financial leadership as of 2026, a genuine positive against a growth narrative that depends heavily on execution discipline. The deleveraging trend is independently corroborated by two separate rating agencies (CRISIL and Infomeric's), not merely self-reported. The company issued prompt clarifying statements after the ED search (~25 and ~28 April 2026) and, separately, responded to an exchange query over unusual share-volume movement on 4 September 2026 with a statement of "no undisclosed material information" — a routine but responsive disclosure record on its face.

3. Grey areas

The Ashok Cloud demerger's post-completion ownership structure is internally inconsistent across the press coverage this research reached: one source describes Anant Raj "retaining its existing shareholding" (i.e., Ashok Cloud staying a subsidiary), while the 1:1 share-allotment-to-existing-shareholders mechanic and multiple other headlines describe "two independently listed companies" — a materially different outcome for shareholders. This should be resolved from the actual scheme-of-



arrangement filing, not assumed either way. Real-estate portfolio size is also reported inconsistently (more than 20 million sq ft per Infomerics versus 11.3 million sq ft per screener.in, likely different scopes), and Q1 FY27 net profit was reported inconsistently across sources (₹79 crore standalone per screener.in versus a ₹149.19 crore headline figure that is almost certainly consolidated but was not confirmed as such in the source retrieved).

4. Red flags

The Enforcement Directorate's search of the company's Delhi office (24 April 2026), in a money- laundering case, is this report's most significant governance finding for Anant Raj and is treated as a live red flag, not a resolved historical event. The search directly triggered a rating-agency consequence — Infomerics' 5 May 2026 "Rating Watch with Developing Implications" — and no subsequent public disclosure or rating action confirming resolution was found in this research. This report could not verify the specific transaction(s), subsidiary, or time period underlying the ED's action, nor the full content of the company's own clarifying statements, from the headline-level sources reached; that primary-source detail should be obtained before this matter is treated as closed in either direction. Separately, no independent director was named for the board in any source this research reached, and the statutory auditor's identity could not be confirmed.

5. Items to watch

Resolution of the ED matter and the lifting (or escalation) of Infomerics' Rating Watch with Developing Implications; whether CRISIL has placed a parallel rating watch (a 5 May 2026 CRISIL rating update exists per screener.in's document index, coincident with the Infomerics action, but its content was not independently confirmed in this research); the actual scheme-of-arrangement filing clarifying Ashok Cloud's post-demerger ownership structure; the full independent-director roster; and the statutory auditor's identity.

GOVERNANCE CONCLUSION

An improving financial-discipline story overlaid by a live, unresolved legal matter that a reader should not discount. Deleveraging is real and independently corroborated, CFO continuity is genuine, and the company has been responsive to exchange queries — but an active Enforcement Directorate probe that has already moved a credit rating onto a developing watch, a family-dominated board with no confirmed independent director, and an unreconciled three-notch gap between two rating agencies together argue against treating today's governance as fully verified. The appropriate response is patience, not a valuation discount alone — this report's HOLD, rather than BUY, is the governance call as much as the valuation call.



SWOT analysis

STRENGTHS

- Genuinely material, scaling DC platform (~28MW operational, targets to 357MW by FY32)
- Board-approved Ashok Cloud demerger (21 Jul 2026) — a real value-unlock catalyst
- Named, confirmed anchor tenant (RailTel) cross-verified from the counterparty's own disclosure
- Genuine, two-agency-corroborated deleveraging trend
- Uniformly Buy sell-side coverage across seven named brokerages

WEAKNESSES

- Standalone (70.9x) vs consolidated (37.6x/26.8x) P/E gap complicates valuation
- Modest ROE (~7%) / ROCE (~8%) despite strong headline profit growth
- No independent director named; statutory auditor unconfirmed
- At least four unreconciled DC-capacity figures across disclosed sources

OPPORTUNITIES

- ₹4,500cr Andhra Pradesh 50MW MoU and ~₹25,000cr Haryana DC/cloud investment plan
- Reported government consideration of eased tax rules for leased data centers
- Ashok Cloud as a dedicated vehicle to attract strategic DC-focused investors post-demerger
- Continued real-estate pipeline progress in parallel (e.g., RERA registration for a 1.22m sq ft Gurugram project, Aug 2026)

THREATS

- Unresolved ED money-laundering probe and Infomerics Rating Watch with Developing Implications — dominant threat
- Unreconciled CRISIL BBB vs Infomerics A- rating gap (~3 notches)
- Nomura's own June 2026 target cut citing cloud-ramp-up and project delays
- Ashok Cloud demerger completion contingent on NCLT/regulatory/shareholder approvals with no confirmed timeline

Key developments to watch

- **Resolution of the ED matter and the Infomerics Rating Watch with Developing Implications** — the single most important item for this stock, by this report's own weighting.
- **The Ashok Cloud scheme-of-arrangement filing and NCLT approval timeline**, including clarity on the post-demerger ownership structure.
- **Whether CRISIL places a parallel rating watch**, and any eventual reconciliation of the CRISIL/ Infomerics rating gap.
- **DC capacity delivery against the 63MW FY27 target**, and any brokerage rating or target revisions made after the April 2026 ED news (most current targets predate it).

Key risks to be aware of

- **Legal/regulatory risk (dominant)**. The ED matter is unresolved and could escalate; a rating watch already reflects agency-level uncertainty.
- **Demerger execution and timeline risk** — completion depends on NCLT and other regulatory approvals with no confirmed date, and could be delayed or altered by the ED matter's outcome.
- **Rating-gap/credit-uncertainty risk** — the unreconciled three-notch CRISIL/Infomerics gap signals genuine disagreement about credit quality.
- **Valuation-basis risk** — the standalone/consolidated multiple gap makes headline P/E comparisons unusually easy to misstate.



Valuation

₹ per share unless stated

We value Anant Raj on FY26 consolidated PAT (₹557 crore, stockanalysis.com, +30.81% YoY) divided by the implied current share count (market cap ÷ CMP = ₹21,814cr ÷ ₹606 ≈ 36.00 crore shares), rather than on disclosed standalone or consolidated EPS directly, because the standalone/consolidated gap documented above is effectively a scope/share-count normalisation issue that needs to be made explicit, not a literal dilution event. This gives an implied FY26 EPS of ~₹15.47 — broadly consistent with, though not identical to, the ~37.6x trailing consolidated P/E reported elsewhere, allowing for TTM-versus-FY26-year-end timing differences. Applying an *indicative* 22% forward-EPS growth assumption — well below the 30.81% consolidated PAT growth just delivered and far below the 41-72% standalone multi-year profit CAGRs, moderated specifically to reflect Nomura's own June 2026 commentary on cloud-ramp and project delays and the unresolved ED overhang — gives a constructed FY27E EPS of ~₹18.87. We apply a target multiple band set below, not above, the current consolidated trailing multiple, reflecting the open legal matter and the rating-agency watch:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	26.0x	18.87	491	(19.0)%
Base	31.0x	18.87	585	(3.5)%
Bull	36.0x	18.87	679	+12.1%

Base case rounded to ₹585. Named brokerage targets found in this research (Motilal Oswal ₹710, ~23 Jul 2026; Emkay Global ₹800, reaffirmed ~8 Aug 2025; Nomura Buy with a cut but unspecified target, ~24-25 Jun 2026) sit above our base case — but every one of these data points predates or only barely postdates the 24 April 2026 ED search, and this report treats them as stale rather than current. All identified brokerage coverage is Buy-only, with no Hold or Sell rating found from a named brokerage — a gap this report treats as evidence that the Street has not yet fully repriced the ED overhang, rather than as evidence the overhang is immaterial.

RECOMMENDATION: HOLD, TARGET ₹585 (-3.5% FROM ₹606, 18 SEP 2026)

Upgrade triggers: ED matter resolved with no material finding; confirmation of a full independent-director roster meeting SEBI LODR's threshold; reconciliation of the CRISIL/Infomerics rating gap in Anant Raj's favour, or an Infomerics watch lifted with the rating affirmed or upgraded. **Downgrade triggers:** ED matter escalates (e.g., a formal charge-sheet or asset attachment) or the Ashok Cloud demerger is delayed or cancelled; a parallel CRISIL rating watch or downgrade; or further brokerage target cuts citing DC-ramp or project delays.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	1,483	2,060	2,512
EBITDA	334	492	n.d.*
EBITDA margin	22.5%	23.9%	~26%*
Net profit (PAT)	266	426	557

Selected metrics	FY26
ROE / ROCE	~7% / ~8%
DC/cloud capacity (operational)	~28 MW
Standalone PAT (for comparison)	₹298 cr
P/E: standalone / consolidated	70.9x / 37.6x (trailing)



*Full-year FY26 consolidated EBITDA was not separately disclosed in sources this research reached; the ~26% margin is the 9M FY26 run-rate (Infomerics, 5 May 2026: 9M FY26 EBITDA ₹488.25cr on revenue ₹1,864.79cr, 26.18% margin), applied here as an approximation, not a confirmed full-year figure. Consolidated figures are the primary basis for this valuation (see Valuation section); standalone figures (FY26: revenue ₹1,492cr, PAT ₹298cr, EPS ₹8.29, per screener.in) are shown separately above because the two bases are not interchangeable and press coverage in this research pass used both inconsistently. Source: Infomerics Ratings press release (5 May 2026), stockanalysis.com (20 Sep 2026) for full-year consolidated figures, and screener.in (20 Sep 2026) for standalone figures.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Anant Raj Limited, and have received no compensation from the company.



HOLD

Bharti Airtel Ltd

BHARTIARTL

Included for completeness of India's data-center ownership map — Nxtra is real, but too small to move Airtel's own investment case

Summary

Bharti Airtel is India's second-largest telecom operator by revenue and subscribers, a full-scale diversified group spanning mobile, fixed broadband, DTH, enterprise connectivity, digital/fintech services and a separately-listed African arm (Airtel Africa plc). Its data-center exposure sits entirely inside an unlisted, wholly/majority-owned subsidiary, Nxtra Data Ltd, which posted FY26 revenue of ~₹2,430 crore, up ~17% YoY — approximately 1.1-1.6% of Airtel's ~₹2,10,973 crore consolidated FY26 revenue, depending on the base used. This report includes Bharti Airtel for completeness of India's DC-infrastructure ownership map, not because Nxtra is material enough to move the investment case: no brokerage note found in this research frames Airtel as a data-center or AI-infrastructure stock, and this report's HOLD call is made specifically from that DC-thesis lens, not as a verdict on Airtel's broader telecom franchise.

Judged as a telecom stock, Airtel is genuinely high quality and improving. CRISIL upgraded it to CRISIL AAA/Stable/A1+ in July 2025 (from AA+/Positive) and reaffirmed that rating in July 2026; S&P Global upgraded it twice in roughly thirteen months — to BBB from BBB- in November 2025, then to BBB+ in June 2026 — citing India/Africa growth and debt reduction; Moody's rates it Baa2/Stable and Fitch BBB-/Stable. Sell-side coverage is broad (7+ brokers per Trendlyne) and skews bullish, with targets from Jefferies (₹2,360), Morgan Stanley (₹2,435, upgraded to Overweight), Axis Securities (₹2,530) and JM Financial (₹2,100) clustering in a ₹2,100-2,530 range — all anchored to ARPU growth, tariff hikes, Africa and deleveraging, not to any DC/AI re-rating thesis.

The real, non-consolidated optionality is Nxtra's own build-out: a US\$1 billion capital raise into Nxtra completed in March 2026, led by Alpha Wave Global with Carlyle (an existing investor) and Anchorage Capital participating, and a stated ambition to scale Nxtra's capacity roughly 4x from ~250MW to 1GW — a materially more ambitious re-scoping of an older (2021/2024-reiterated) 400MW-by-2025 target. A Google partnership (October 2025) to build "India's first AI hub and data center" in Visakhapatnam adds further strategic signal. All of this, however, sits inside an unlisted subsidiary whose revenue is not broken out as a segment in Airtel's

TARGET PRICE

12-month target	₹2,039
CMP (18 Sep 2026)	₹1,893
Implied upside	+7.7%
Rating	HOLD

KEY STOCK DATA

Market cap	₹11,81,725 cr
P/E (trailing)	~37.8x
Book value/share	₹245
ROE / ROCE	20.3% / 17.6%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters	50.07%
FII	26.48%
DII	20.64%
Public	2.64%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	1,49,982	1,72,985	2,10,973
EBITDA margin	52%	49%	55%
PAT	8,558	37,481	33,823



own reported financials, and no Nxtra IPO or DRHP has been confirmed as of this research (September 2026) — only unverified speculation of one.

Net: HOLD. Airtel's own credit and telecom fundamentals justify a constructive stance, but not one this report can attribute to its data-center exposure — and a genuinely material, DC-unrelated overhang (the ~₹44,000 crore AGR litigation) argues against pricing in a scenario where everything goes right. Our target sits toward the lower end of the sell-side range precisely because we are not crediting Nxtra with the premium a pure-play DC re-rating would imply.

Investment rationale

- **A genuinely improving, multi-agency credit profile.** CRISIL AAA/Stable/A1+ (upgraded Jul 2025, reaffirmed Jul 2026); S&P upgraded twice in ~13 months to BBB+ (Nov 2025, Jun 2026); Moody's Baa2/Stable; Fitch BBB-/Stable — an unusually rich, and improving, international rating profile for an Indian corporate.
- **Broad, bullish sell-side coverage anchored to telecom fundamentals.** Jefferies (Buy, ₹2,360), Morgan Stanley (Overweight, ₹2,435), Axis Securities (₹2,530) and JM Financial (Buy, ₹2,100); Trendlyne consensus ~₹2,331 from 7+ brokers — none of it framed as a DC/AI-infrastructure thesis.
- **Real, if non-consolidated, Nxtra optionality.** A US\$1 billion March 2026 capital raise (Alpha Wave Global-led, with Carlyle and Anchorage Capital), a stated 1GW capacity target (~4x the current ~250MW), and an October 2025 Google AI-hub/data-center partnership in Visakhapatnam are genuine signals of scale ambition.
- **Diversification beyond core India mobile,** via Airtel Africa plc (separately listed) and a reported plan to list Airtel Money (fintech) in London in H2 2026 — additional, non-DC growth and optionality vectors.
- **Nxtra's own segment growth is outpacing the parent:** FY26 revenue of ~₹2,430cr (+17% YoY) with EBITDA growing faster still (+24% YoY), consistent with a scaling, margin-expanding data-center adjacency — genuinely encouraging, even though it remains too small to matter at the consolidated level.

What gives us pause

- **The ~₹44,000 crore AGR (Adjusted Gross Revenue) litigation overhang** — material, long-running, and entirely unrelated to the data-center story. The Supreme Court dismissed Airtel's AGR-relief pleas in February and May 2025 (liability cited at ~₹43,980cr as of May 2025); DoT directed ~₹10,000cr of payment by 31 March 2026 with no relief granted; a subsequent, imprecisely-dated report (~mid-2026) describes a partial ~₹20,000cr relief order that this research could not verify against a primary source. This report treats the net current AGR liability as unresolved and material.
- **An unexplained FY25 PAT spike** (₹37,481cr, versus FY24's ₹8,558cr and FY26's ₹33,823cr) that this research could not trace to a specific one-off item — and which is almost certainly why disclosed trailing P/E multiples vary so widely across data providers (from ~28x to ~44x).
- **Nxtra remains immaterial to the consolidated numbers:** ~1.1-1.6% of group revenue, no separately disclosed segment financials beyond YoY growth rates, no confirmed hyperscaler/AI customer contracts named in sources found, and two different, unreconciled capacity targets (400MW-by-2025 vs. the newer 1GW ambition) with no single board-approved capex roadmap located.
- **Governance clarity around the December 2025 leadership overhaul is incomplete.** This research could not confirm whether Shashwat Sharma's "MD & CEO of Bharti Airtel India" title is a statutory, board-level Managing Director appointment on the listed entity, or an internal/operational designation — a distinction that matters for SEBI LODR's independent-director-threshold analysis if the board is ever found to be executive-chaired.



■ **ICRA's instrument-level ratings could not be reconciled** into one clean rating from the sources this research reached (three different data points — AA-, AA+/Stable, and an AAA → AA+ downgrade on different facilities) — plausibly normal for a multi-instrument issuer, but unverified.

Corporate governance assessment

1. Which rules actually apply

Bharti Airtel is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Sunil Bharti Mittal is confirmed as Chairman across sources, but this research could not confirm from the sources reached whether he holds that role in an Executive or Non-Executive capacity on the listed Bharti Airtel Limited board — a distinction that determines whether SEBI LODR's heightened (50%) independent-director threshold applies. Similarly, whether Shashwat Sharma's "MD & CEO of Bharti Airtel India" title (effective 1 January 2026) constitutes a statutory Managing Director appointment on the listed entity, or an internal operating-company designation, could not be confirmed. Both points should be resolved from the FY26 Annual Report / Corporate Governance Report before this company's board-independence compliance can be assessed as complete.

2. What the company does well

Bharti Airtel carries an unusually rich, multi-agency international credit-rating profile (CRISIL, Moody's, S&P, Fitch) reflecting its USD bond issuance discipline, and every domestic and international rating action found in this research over the past ~13 months has been an upgrade, not a downgrade. The December 2025 leadership transition followed a disciplined process — Shashwat Sharma spent twelve months as CEO-designate shadowing outgoing MD & CEO Gopal Vittal before the handover, and Soumen Ray's promotion to Group CFO followed a multi-year tenure as operating-company CFO. Strong secondary evidence (cross-corroborated across two independent sources citing PRIME Database data) points to Deloitte as statutory auditor, though this research could not confirm the precise legal entity name or appointment date from a primary filing.

3. Grey areas

The December 2025 leadership overhaul, while orderly, leaves the statutory board-level status of the new MD & CEO title unconfirmed (see Section 1). Related-party-transaction disclosures specific to Bharti Airtel were not independently verified beyond generic SEBI LODR policy references. ICRA's instrument-level ratings for Bharti Airtel's various debt facilities point in different directions across the fragments this research located and require primary-source reconciliation.

4. Red flags

No SEBI enforcement action, insider-trading finding, or adjudicated governance misconduct was identified in this research pass (absence of a finding is not proof of absence). The one large, continuing regulatory/litigation matter — the AGR dispute — is a sector-wide dues dispute with the Department of Telecommunications, not a company-specific governance failure, but it is material enough (~₹44,000cr cited liability, ~₹10,000cr directed payment) to flag prominently; see Key Risks.

5. Items to watch

Confirmation of Sunil Mittal's exact Chairman designation and Shashwat Sharma's statutory board status; the precise legal name and appointment date of the statutory auditor; resolution/reconciliation of the AGR litigation timeline and current net liability; and a primary-source reconciliation of ICRA's instrument-level ratings.

GOVERNANCE CONCLUSION

Nothing found in this research points to actual misconduct, and the credit-rating trajectory and succession process both reflect well-run processes. But several structural questions — the Chairman's exact designation, the new MD & CEO's statutory board status, and the auditor's precise legal identity — remain unconfirmed from the sources this research reached, and should be closed before governance is assessed as fully adequate. None of this changes the HOLD call, which rests on valuation and the AGR overhang rather than on governance concerns.



SWOT analysis

STRENGTHS

- Multi-notch, multi-agency credit upgrades (CRISIL AAA, S&P BBB+ twice-upgraded, Moody's Baa2, Fitch BBB-)
- Broad, bullish sell-side coverage (7+ brokers, ₹2,100-2,530 target range)
- Scale and market position as India's #2 telecom operator by revenue/subscribers
- Genuine Nxtra optionality: \$1bn Mar 2026 capital raise, 1GW capacity target, Google AI-hub partnership

WEAKNESSES

- Nxtra immaterial to consolidated financials (~1.1-1.6% of group revenue), not separately disclosed as a segment
- Unexplained FY25 PAT spike distorting trailing P/E readings (~28x to ~44x spread across providers)
- Leadership-transition statutory clarity (MD & CEO board status, Chairman designation) unconfirmed
- Two unreconciled Nxtra capacity targets (400MW-by-2025 vs. newer 1GW ambition) with no single disclosed capex roadmap

OPPORTUNITIES

- Nxtra's 1GW build-out, if delivered, funded by the \$1bn Mar 2026 raise
- Continued Africa (Airtel Africa) growth and deleveraging
- Reported Airtel Money London listing (H2 2026) as a separate fintech optionality vector
- Further ARPU/tariff repricing supporting the credit-upgrade trajectory

THREATS

- The ~₹44,000cr AGR litigation overhang — material, DC-unrelated, and not yet fully resolved
- Competitive intensity from Reliance Jio and continued regulatory/tariff intervention risk
- Execution risk on Nxtra's 1GW target absent a single reconciled, board-approved roadmap
- No confirmed named hyperscaler/AI customer contracts for Nxtra despite its stated AI-hosting ambitions

Key developments to watch

- **Resolution of the AGR litigation** and disclosure of a clean, reconciled net current liability figure — the single most consequential near-term item, and entirely unrelated to the DC story.
- **Reconciliation of Nxtra's capacity roadmap** (400MW-by-2025 vs. 1GW) against a single disclosed, board-approved capex plan, and whether Nxtra discloses standalone segment financials with more granularity.
- **Confirmation of Shashwat Sharma's statutory board status** and Sunil Mittal's exact Chairman designation, from the FY26/FY27 Corporate Governance Report.
- **Any confirmed move toward a separate Nxtra listing or DRHP** — as of this research, unconfirmed market speculation only.

Key risks to be aware of

- **AGR litigation risk (dominant, DC-unrelated).** A ~₹44,000cr cited liability with an already-directed ~₹10,000cr payment and an unresolved, only partially-verified relief order — a real cash and earnings risk sitting entirely outside the data-center story.
- **Valuation-multiple ambiguity** stemming from the unexplained FY25 PAT spike, which this report's valuation approach works around by deriving EPS from the disclosed trailing P/E rather than from PAT directly (see Valuation).
- **Regulatory and competitive risk** generic to the Indian telecom sector (tariff intervention, spectrum costs, Jio competitive intensity).
- **Nxtra execution and disclosure risk** — capacity targets have shifted materially with no single reconciled roadmap, and no named hyperscaler customer contracts were confirmed.



Valuation

₹ per share unless stated

Bharti Airtel's FY25 PAT spike (₹37,481cr, versus FY24's ₹8,558cr and FY26's ₹33,823cr) is unexplained in the sources this research reached, and it drives a wide, unreliable spread in trailing P/E across data providers (~28x to ~44x). Rather than build EPS from PAT ÷ share count — which would embed that distortion directly into the target price — we use screener.in's disclosed trailing P/E of 37.8x against the 18 September 2026 CMP of ₹1,893.30 to back out an implied trailing EPS of ~₹50.1. Applying a modest, indicative 10% forward-growth assumption (consistent with steady ARPU-led telecom growth rather than any DC-driven re-rating) gives a constructed FY27E EPS of ~₹55.1. We apply a target multiple band around, not materially above, the current implied multiple — reflecting the view that Airtel's credit-quality improvements are real but already substantially reflected in sell-side targets, and that this report is not crediting Nxtra with a DC-thesis premium:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	33.0x	55.1	1,818	(4.0)%
Base	37.0x	55.1	2,039	+7.7%
Bull	41.0x	55.1	2,259	+19.3%

Base case rounded to ₹2,039, an upside of +7.7% consistent with a HOLD. This target sits below the ₹2,100-2,530 range of named brokerage targets found in this research (Jefferies ₹2,360, Morgan Stanley ₹2,435, Axis Securities ₹2,530, JM Financial ₹2,100) because those targets reflect the sell side's telecom-fundamentals thesis (ARPU, Africa, deleveraging) in full, whereas this report's mandate is to assess Bharti Airtel specifically through a data-center lens — on that basis, we see no reason to add a DC-driven premium on top of the telecom-fundamentals case already reflected in consensus.

RECOMMENDATION: HOLD, TARGET ₹2,039 (+7.7% FROM ₹1,893, 18 SEP 2026)

Upgrade triggers: a favourable, confirmed resolution of the AGR litigation removing the ~₹44,000cr overhang; Nxtra disclosing standalone segment financials at a scale that becomes genuinely material to consolidated results (e.g., a confirmed IPO or DRHP); confirmed board-level clarity on the Chairman and MD & CEO designations. **Downgrade triggers:** an adverse AGR ruling requiring incremental cash outflow beyond the ~₹10,000cr already directed; disruption from the December 2025 leadership transition; or evidence that Nxtra's capacity build-out is slipping against either of its stated targets.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	1,49,982	1,72,985	2,10,973
EBITDA margin	52%	49%	55%
Net profit (PAT)	8,558	37,481	33,823

Selected metrics	FY26
ROE	20.3%
ROCE	17.6%
Nxtra revenue (FY26)	~₹2,430 cr (+17% YoY)
AGR liability (cited, May 2025)	~₹43,980 cr

Source: screener.in (18 Sep 2026). The FY25 PAT figure (₹37,481cr) is materially higher than both FY24 (₹8,558cr) and FY26 (₹33,823cr); this research could not trace the specific one-off driver and flags it explicitly rather than smoothing it into a trend line. Nxtra figures per ET Datacenters, 20 Jul 2026; AGR figure per Supreme Court Observer, 3 Nov 2025 reference to a May 2025 status.



DISCLAIMER

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HOLD

Tata Communications Ltd TATACOMM

A divested data-center real-estate business, replaced by a pending minority-stake re-rating and a smaller, already-consolidated Nvidia AI Cloud build

Summary

Tata Communications is a B2B enterprise-connectivity, managed-services and cybersecurity company built on the old VSNL network backbone, not a data-center-real-estate business today. Its physical DC portfolio was sold off years ago — a 74% stake in 14 India and 3 Singapore facilities to ST Telemedia in May 2016 (deal closed 2017), with the remaining 26% Singapore stake bought out by STT GDC in June 2019. That history is now immaterial to the investment case; what remains is a residual, unconsolidated 26% minority equity stake in STT GDC India, held as an associate investment rather than a subsidiary.

Two live threads matter more. First, STT GDC India has been preparing a Mumbai IPO since at least May 2026, with reported figures moving inconsistently across sources — from an initial ~\$500 million raise at a reported ~\$5 billion valuation, to later reports of \$800 million-\$1 billion at a \$6-8 billion valuation. This range is genuinely unresolved across the sources this research reached, not resolvable to one number, and should be read as a live, moving target rather than a settled figure. Second, and more operationally relevant today, Tata Communications announced an NVIDIA "AI Cloud" partnership in October 2024 — a phased Hopper-GPU rollout (2024) followed by a planned Blackwell-GPU phase (2025) for its own public-cloud infrastructure, which a March 2025 reference suggests proceeded roughly on schedule. This sits inside Tata Communications' own consolidated books, unlike the STT GDC stake, and is the more currently-real AI angle for this company, even though no GPU count or MW-scale figures could be confirmed.

The balance sheet carries real leverage: debt-to-equity of ~3.55x, against a book value of ~₹121/share supporting a rich price-to-book of ~14.82x — a valuation that plausibly already reflects some of the STT GDC and AI Cloud optionality rather than the core connectivity business alone. Profitability has been volatile and non-monotonic — PAT of ₹970cr (FY24), ₹1,837cr (FY25, though a separately-cited figure of ₹2,069.64cr for the same year could not be reconciled from sources reached), and ₹997cr (FY26) — a pattern this report states plainly rather than smoothing into a clean growth trend.

TARGET PRICE

12-month target	₹1,852
CMP (18 Sep 2026)	₹1,780
Implied upside	+4.0%
Rating	HOLD

KEY STOCK DATA

Market cap	₹50,748 cr
P/E (trailing)	~48.8x
Book value/share	₹121
ROE / ROCE	32.6% / 14.6%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters	58.86%
DII	19.85%
FII	13.75%
Public	7.53%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	20,969	23,109	24,803
EBITDA margin	20%	20%	19%
PAT	970	1,837*	997



Net: HOLD. The optionality is real on both fronts, but a meaningfully leveraged balance sheet, volatile and partly-unreconciled earnings, and a rich P/B that already appears to price in some of the upside argue against a high-conviction BUY. Sell-side coverage is thin (as few as 3 brokers per Trendlyne, though one aggregator counts 11) but Buy-leaning, with targets clustering in a ₹1,900-2,600 range.

Investment rationale

- **A live, already-consolidated AI angle.** The October 2024 NVIDIA AI Cloud partnership — Hopper GPUs in phase 1, Blackwell GPUs planned for phase 2 in 2025, with a March 2025 reference indicating the rollout proceeded roughly on schedule — sits inside Tata Communications' own reported business, unlike the divested DC real estate or the unconsolidated STT GDC stake.
- **Real, if unresolved, value-unlock potential in the STT GDC India stake.** A 26% minority holding in an entity reportedly preparing a Mumbai IPO, with cited figures ranging from ~\$500m/~\$5bn valuation to \$800m-1bn/\$6-8bn — this research treats the range as genuinely unsettled, but any outcome in that band would represent a meaningful value-recognition event against a stake whose carrying basis on Tata Communications' balance sheet was not confirmed (cost vs. fair value).
- **Top-tier domestic credit quality.** CRISIL AAA/Stable/A1+, reaffirmed June 2026, reflecting strong Tata Group parentage and financial flexibility even against the company's own elevated standalone leverage.
- **A cleaner governance structure than some peers:** Chairman (N. Ganapathy Subramaniam, Non-Executive) and MD & CEO (Ganesh Lakshminarayanan) roles are held by separate individuals, with a confirmed, five-year (FY2027-32) reappointment of Deloitte Haskins & Sells as statutory auditor.
- **Buy-leaning sell-side coverage,** albeit thin: ICICI Securities (Buy, ₹2,500) and Systematix (Buy, ₹2,400), with broader aggregator estimates ranging up to ₹2,600.

What gives us pause

- **A meaningfully leveraged balance sheet.** Debt-to-equity of ~3.55x is high for an enterprise-services business, and ROCE (~14.6%) sitting well below ROE (~32.6%) confirms that leverage, not just operating efficiency, is doing real work in the return profile.
- **Volatile, non-monotonic PAT with an unreconciled FY25 figure.** PAT moved ₹970cr → ₹1,837cr → ₹997cr across FY24-FY26, and the FY25 figure itself conflicts with a separately-cited ₹2,069.64cr number this research could not reconcile — this report states the volatility directly rather than presenting a smoothed trend.
- **The STT GDC India IPO numbers are a genuinely moving target,** not a settled figure: reported raise size and valuation have shifted across 2026 reporting from ~\$500m/~\$5bn to \$800m-1bn/\$6-8bn, and a separate February 2026 ICRA reference to an \$5.1bn, 82%-stake transaction at the STT GDC global-parent level could not be confirmed as related (or unrelated) to Tata Communications' India-specific 26% stake.
- **A rich P/B (~14.82x) and trailing P/E (~48.8x, itself varying 36x-55x across providers)** suggest the market may already be pricing meaningful optionality — leaving less room for multiple re-rating even if the STT GDC IPO and AI Cloud build-out both proceed well.
- **No confirmed GPU-count or MW-scale figures** for the AI Cloud deployment, and this research could not independently re-verify the specific NVIDIA NIM/Omniverse/Isaac integration or target-industry claims (manufacturing/healthcare/retail/BFSI) against the original October 2024 press release, which returned a 404 on the URLs attempted.
- **Thin, inconsistently-counted sell-side coverage** — Trendlyne cites 3 brokers, Investing.com India cites 11 analysts — a large enough discrepancy that this report treats "coverage breadth" as unresolved rather than quoting a single count.



Corporate governance assessment

1. Which rules actually apply

Tata Communications is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The Chairman (N. Ganapathy Subramaniam) is Non-Executive and the MD & CEO (Ganesh Lakshminarayanan) is a separate individual — a combined-role independent-director threshold concern, of the kind flagged elsewhere in this report series, does not apply here on the facts found.

2. What the company does well

Board leadership is cleanly separated between a Non-Executive Chairman and an MD & CEO. Four named independent directors were identified (Ashok Sinha, Sangeeta Anand, Sujit Kumar Varma, P. Jagdish Rao). The statutory auditor, Deloitte Haskins & Sells Chartered Accountants LLP, was reappointed for a fresh five-year term (FY2027-32) by Board recommendation on 22 April 2026 — a well-confirmed, multiply-sourced fact, including from the company's own Q4 FY26 statutory-financials filing and its FY25-26 Integrated Report. Routine treasury management (commercial paper issuance and redemption through August-September 2026) is disciplined and unremarkable.

3. Grey areas

The relationship between "Tata Tele Business Services" (referenced in a July 2026 AI-infrastructure press release) and Tata Communications itself could not be confirmed — these appear to be related but legally distinct Tata-group entities (the former closer to Tata Teleservices), and this report has not attributed that press release's content to Tata Communications' own AI Cloud initiative. Whether Tata Communications' 26% STT GDC India stake is carried at historical cost or fair value on its balance sheet was not confirmed — material given the scale of reported IPO valuation talk. Company-specific related-party-transaction disclosures were not independently verified beyond generic policy references.

4. Red flags

No SEBI enforcement action or insider-trading matter was identified in this research (absence of a finding is not proof of absence). A Canada tax litigation matter was reported resolved around 15 September 2026, described by a secondary source as removing "a major contingent liability overhang" — this report could not verify the exact resolution terms or amount from a primary filing, and treats the matter as resolved-but-unquantified pending confirmation.

5. Items to watch

Confirmation of the STT GDC India IPO's final size and valuation once a DRHP is filed; clarification of whether the February 2026 STT GDC global-parent transaction has any read-through to Tata Communications' India stake; reconciliation of the FY25 PAT discrepancy; and confirmation of the exact terms of the Canada tax litigation resolution.

GOVERNANCE CONCLUSION

Broadly adequate on the evidence available, with a cleaner board structure than several peers in this report.

Nothing found points to misconduct, and the Chairman/MD split plus a confirmed long-tenure auditor reappointment are genuine positives. The open items — the STT GDC stake's carrying basis, the FY25 PAT discrepancy, and the precise Canada tax-litigation terms — are disclosure gaps in this research rather than evidence of a problem, but should be closed before governance is called fully verified.



SWOT analysis

STRENGTHS

- Top-tier CRISIL AAA/Stable/A1+ credit rating, reaffirmed June 2026, on strong Tata Group parentage
- Live, consolidated NVIDIA Hopper/Blackwell AI Cloud partnership (Oct 2024), reportedly on schedule
- Clean board structure: separate Non-Executive Chairman and MD & CEO, confirmed independent directors
- Real optionality in the 26% STT GDC India stake ahead of a reported Mumbai IPO

WEAKNESSES

- Elevated leverage (D/E ~3.55x) with ROCE (~14.6%) well below ROE (~32.6%)
- Volatile, non-monotonic PAT (₹970cr → ₹1,837cr → ₹997cr, FY24-FY26) with an unreconciled FY25 figure
- Rich valuation (P/B ~14.82x, trailing P/E ~48.8x) that may already price in optionality
- Thin, inconsistently-counted sell-side coverage (3 vs. 11 analysts across aggregators)

OPPORTUNITIES

- STT GDC India IPO, if it proceeds near reported figures, as a value-recognition event for the 26% stake
- Further AI Cloud scale-up (post-Blackwell) if GPU/MW capacity is disclosed and grows
- Deleveraging supported by AAA-rated access to capital markets
- India-Singapore digital-corridor and other connectivity-led growth initiatives

THREATS

- A weaker-than-reported STT GDC IPO outcome, given how unsettled the valuation figures currently are
- Continued earnings volatility undermining confidence in a clean growth narrative
- Leverage constraining flexibility if AI Cloud capex needs scale up materially
- Thin analyst coverage limiting price discovery and scrutiny relative to peers

Key developments to watch

- **STT GDC India's Mumbai IPO process** — the single most report-relevant catalyst; watch for an actual DRHP filing and a settled valuation, given how inconsistently current figures are reported.
- **Disclosure of GPU-count/MW-scale figures** for the NVIDIA AI Cloud build-out, which would allow this report to size the business rather than describe it only qualitatively.
- **Reconciliation of the FY25 PAT discrepancy** (₹1,837cr vs. a separately-cited ₹2,069.64cr) against the primary FY25 results filing.
- **Confirmation of the Canada tax litigation resolution terms** from a primary filing.

Key risks to be aware of

- **Leverage risk (dominant).** A ~3.55x debt-to-equity ratio leaves less headroom for disappointment than the credit rating alone might suggest, particularly if AI Cloud capex needs to scale.
- **Earnings-volatility risk.** Non-monotonic PAT and an unreconciled FY25 figure make it difficult to underwrite a clean forward earnings trend with confidence.
- **STT GDC IPO-outcome risk.** The currently wide range of reported valuation figures (\$5-8bn) means actual IPO terms, if and when they materialise, could land meaningfully below the more optimistic figures already reflected in some sell-side commentary.
- **Valuation-multiple risk.** A rich P/B (~14.82x) leaves this stock more exposed than most in this report to a de-rating if either the AI Cloud or STT GDC narratives disappoint.

Valuation

₹ per share unless stated

Tata Communications' PAT has been volatile and non-monotonic — ₹970cr (FY24), ₹1,837cr (FY25, itself unreconciled against a separately-cited ₹2,069.64cr figure), and ₹997cr (FY26) — and building EPS from PAT ÷ share count would carry that noise directly into a target price. We instead derive trailing EPS from CMP ÷ the disclosed trailing P/E (screener.in, 48.8x)



against the 18 September 2026 CMP of ₹1,780, giving an implied trailing EPS of ~₹36.5. Applying a modest 8% forward-growth assumption (in line with the company's own steady ~8% revenue-CAGR characterisation, deliberately not extrapolated from the volatile PAT line) gives a constructed FY27E EPS of ~₹39.4. Given that the current trailing P/E (48.8x) and P/B (14.82x) already look rich relative to the core connectivity business — plausibly reflecting some AI Cloud/STT GDC optionality already being priced in — our base case holds the target multiple roughly flat rather than assuming further re-rating:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	42.0x	39.4	1,655	(7.0)%
Base	47.0x	39.4	1,852	+4.0%
Bull	53.0x	39.4	2,088	+17.3%

Base case rounded to ₹1,852, an upside of +4.0% consistent with a HOLD. Named brokerage targets found in this research (ICICI Securities ₹2,500, Systematix ₹2,400, Trendlyne consensus ₹1,903 from only 3 brokers) sit mostly above our base case; this report's more conservative stance reflects the combination of balance-sheet leverage, unreconciled earnings volatility, and the view that a meaningful share of the STT GDC/AI Cloud optionality already appears embedded in the current rich multiple, rather than any disagreement that the underlying optionality is real.

RECOMMENDATION: HOLD, TARGET ₹1,852 (+4.0% FROM ₹1,780, 18 SEP 2026)

Upgrade triggers: a confirmed STT GDC India DRHP with a settled valuation at or above the upper end of the currently-reported \$6-8bn range; disclosed GPU/MW-scale figures showing material AI Cloud growth; a clean reconciliation of the FY25 PAT figure removing the current ambiguity; visible deleveraging from the current ~3.55x D/E.

Downgrade triggers: an STT GDC IPO priced meaningfully below reported expectations, or further delay/withdrawal; continued unreconciled earnings volatility; or evidence that leverage is constraining the AI Cloud build-out.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	20,969	23,109	24,803
EBITDA margin	20%	20%	19%
Net profit (PAT)	970	1,837*	997

Selected metrics	FY26
ROE	32.6%
ROCE	14.6%
Debt/Equity	~3.55x
STT GDC India stake held	26% (unconsolidated)

Source: screener.in (18 Sep 2026). *FY25 PAT of ₹1,837cr is screener.in's figure; a separately-cited source states ₹2,069.64cr for the same year, and this research could not reconcile the two from sources reached — flagged here explicitly rather than resolved to a single number. PAT across FY24-FY26 is volatile and non-monotonic; treat the trend with caution.



DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Tata Communications Ltd, and have received no compensation from the company.



SELL

Adani Enterprises Ltd

ADANIENT

A \$275 million US sanctions settlement and an unresolved land-allotment PIL overshadow a data-center JV whose financials are not even disclosed

Summary

Adani Enterprises' most recent quarter is the right place to start, because it is more consequential to this stock than anything happening in data centers. Q1 FY27 (quarter ended 30 June 2026, reported 29 July 2026) produced a **consolidated net loss of ₹1,461.54 crore**, even as underlying operations were strong — revenue rose roughly 50% year-on-year and EBITDA hit a record ₹5,642 crore, up ~49% YoY. The loss was driven by a one-time exceptional charge: a **₹2,644.02 crore (~\$275 million) settlement with the US Treasury's Office of Foreign Assets Control (OFAC)** over apparent violations of US sanctions on Iran, reached around May 2026. This is a fresh, serious compliance finding against the flagship listed entity of India's most closely-watched business group, not an ordinary operating setback, and it is the dominant fact in this report's rating.

The data-center story, by contrast, is genuinely thin on hard numbers. AdaniConneX — AEL's 50:50 joint venture with EdgeConneX — operates campuses across Chennai, Hyderabad, Navi Mumbai, Noida, Pune and Visakhapatnam, and in October 2025 announced what is, on paper, the single largest data-center headline in this report: a planned **\$15 billion, five-year, 1-gigawatt AI data-center hub with Google in Visakhapatnam**. But this is not a settled win — a Public Interest Litigation filed in the Andhra Pradesh High Court challenges the project on environmental-clearance and land-allotment grounds, and as of the most recent coverage found (early-to-mid September 2026) the matter remains open, with the High Court seeking verification of clearances from the state government. No standalone AdaniConneX revenue, profit or capacity figure could be found or confirmed anywhere within AEL's ~₹1,00,469 crore FY26 consolidated revenue base — a result consistent with the JV being genuinely immaterial to AEL's current financial picture, not merely under-disclosed.

Layered on top of both is a recurring pattern of AdaniConneX buying land from sister Adani Group companies: it acquired Chandenvalle Infra Park, a land-holding subsidiary of **Adani Power**, for ₹535.69 crore in around late August 2026, to "fast-track data centre expansion." This sits within a wider Adani Group governance backdrop that also includes an ongoing SEBI matter pursuing roughly \$22.25 million from parties alleged to have traded

TARGET PRICE

12-month target	₹2,620
CMP (18 Sep 2026)	₹3,020
Implied downside	(13.3)%
Rating	SELL

KEY STOCK DATA

Market cap	₹4,08,736 cr
P/E (trailing, distorted*)	~172x
Book value/share	₹627
ROE (TTM) / ROCE	(3.38)% / 5.80%
Credit rating	CARE AA-, ICRA AA-/Stable

SHAREHOLDING (JUL 2026)

Promoters	71.97%
DII	10.75%
FII	10.51%
Public	6.78%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	96,421	97,895	100,469
Net margin	3.5%	8.2%	9.9%
PAT	3,335	8,005	9,951



ahead of the 2023 Hindenburg report (five offshore funds are contesting SEBI's proceedings at the Securities Appellate Tribunal, and SEBI rejected settlement bids from some of them in August 2026), and the May–August 2026 dismissal of the unrelated US bribery/securities- fraud indictment against Gautam Adani and Sagar Adani. AEL's headline trailing P/E of ~172x is itself a symptom of the Q1 FY27 loss distorting trailing earnings, not a meaningful valuation signal either way.

Net: a SELL, and one driven almost entirely by governance and legal risk rather than by any judgment on the data-center business. The AdaniConneX upside is real as optionality but currently speculative and financially invisible; the OFAC settlement, the unresolved Vizag PIL, and the related-party land-buying pattern are concrete, recent, and large enough to dominate the near-term picture regardless of how the data-center JV eventually performs.

Investment rationale

The case for this stock is genuinely thin at present, given the OFAC settlement and the unresolved Vizag litigation; what follows is the best of what this research found, not an endorsement.

- **A confirmed hyperscaler relationship at real scale.** The October 2025 Google partnership — a planned \$15bn, 1GW AI data-center hub in Visakhapatnam — is the largest single data-center headline number in this report, and Andhra Pradesh's Investment Promotion Committee has formally approved the investment.
- **Strong underlying operating performance outside the one-off.** Q1 FY27 revenue grew ~50% YoY and EBITDA hit a record ₹5,642 crore (+~49% YoY) — the reported net loss was driven entirely by the OFAC settlement, not by weakening operations.
- **Reaffirmed domestic credit ratings.** CARE Ratings and ICRA both reaffirmed AEL's long-term rating at AA-/Stable and short-term at A1+ in December 2025 — a genuine, if modest, credit signal.
- **An established incubator model with real de-merger track record** (Adani Ports, Power, Green Energy, Transmission, Wilmar, Total Gas all originated inside AEL) — AdaniConneX and the new Kutch copper smelter are the current generation of that pipeline, giving AEL genuine multi-business optionality.
- **The Gautam Adani/Sagar Adani US bribery indictment was permanently dismissed** by a US federal judge in August 2026, removing one specific legal overhang — though this is a personal, not corporate, matter, and it does not touch the OFAC settlement or the Vizag PIL.

What gives us pause

- **A \$275 million (₹2,644.02 crore) OFAC settlement over alleged Iran-sanctions violations**, announced around May 2026, drove AEL's Q1 FY27 consolidated net loss of ₹1,461.54 crore. This is a material, fresh compliance finding against the flagship listed Adani entity — this report could not verify which specific transactions or counterparties triggered the apparent violations, whether AEL admitted wrongdoing, or whether any individuals were separately named, and treats the absence of that detail as itself a reason for caution rather than for benefit of the doubt.
- **The Google/Vizag data-center deal is under active, unresolved litigation.** A Public Interest Litigation in the Andhra Pradesh High Court challenges the project's environmental clearance, proximity to a wildlife sanctuary, water-usage impact, and land allotment without competitive auction. As of the most recent coverage found (~early-to-mid September 2026), the High Court had sought clearance verification from the state government and the matter remained open — this is a live legal risk to the single largest data-center number in this report, not a settled project.



- **A recurring pattern of AdaniConneX buying land from sister Adani Group companies.** Chandenvale Infra Park, a land-holding subsidiary of Adani Power, was sold to AdaniConneX for ₹535.69 crore in around late August 2026 — a related-party transaction on its face, even absent any specific allegation of impropriety in the sources found. A separately-flagged ₹1,556 crore "Support Properties" Adani Power stake purchase could not be corroborated by any source in this research and should be checked directly against AEL's BSE/NSE related-party-transaction filings before being treated as confirmed.
- **AdaniConneX's financials are completely invisible inside AEL's consolidated accounts.** No segment-level revenue, profit or capacity figure specific to AdaniConneX could be found anywhere in AEL's ~₹1,00,469 crore FY26 consolidated base — consistent with genuine immateriality of the JV today, not merely thin disclosure, and a reminder that the data-center thesis here is entirely forward-looking.
- **AdaniConneX's own stated capacity figures do not reconcile.** The company's own website cites "1+ GW... deployed and under deployment" alongside a separate "1 GW platform" target, while a Wikipedia summary cites a "3GW by 2031" vision — this report could not resolve which figure is current from any primary source reached.
- **The wider Adani Group governance backdrop remains active.** SEBI continues to pursue roughly \$22.25 million from parties alleged to have traded ahead of the January 2023 Hindenburg report, with five offshore funds contesting the proceedings before the Securities Appellate Tribunal and SEBI rejecting settlement bids from some of them as recently as August 2026. This is a different matter from AEL's own OFAC settlement, but it is part of the same pattern of unresolved cross-border legal exposure surrounding the group AEL sits atop.
- **The headline trailing P/E of ~172x is a symptom, not a signal.** It is a mechanical result of the Q1 FY27 OFAC-driven loss depressing trailing EPS, and this report has deliberately not used it in the valuation below — see the Valuation section for the normalized approach used instead.

Corporate governance assessment

1. Which rules actually apply

AEL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Gautam Adani holds the Chairman title and Rajesh Adani holds the separate Managing Director title, so the stricter "≥50% independent directors" trigger for a combined Chairman/MD role may not formally apply here — but this report could not confirm from the sources reached whether AEL's own governance disclosure classifies Gautam Adani's Chairman role as executive or non-executive, which affects which LODR threshold governs. On the board composition found (4 of 8 named directors independent, non-executive), AEL appears on its face to meet the general 50% independent-director norm.

2. What the company does well

CFO (Jugeshinder Singh) and Company Secretary (Jatin Jalundhwala) roles are held by named individuals separate from the Chairman/MD. CARE Ratings and ICRA both reaffirmed AEL's long-term rating at AA-/Stable in December 2025, a genuine third-party credit-quality signal. The unrelated US bribery/securities-fraud indictment against Gautam Adani and Sagar Adani was permanently dismissed by a US federal judge in August 2026, after the DOJ dropped all charges in May 2026 — a resolved matter, even though it does not touch the OFAC settlement.

3. Grey areas

AdaniConneX has repeatedly acquired land assets from sister Adani Group companies rather than solely from unrelated third parties: Chandenvale Infra Park was bought from Adani Power for ₹535.69 crore (~late August 2026), following an earlier ₹231.34 crore acquisition of Trade Castle Tech Park from a third-party seller (December 2023). No specific allegation of impropriety was found associated with the Adani Power transaction in the sources reviewed, but a pattern of a group-incubated JV buying land from a listed sister company is the kind of related-party structure that warrants continued disclosure scrutiny, particularly given the group's recent history of governance scrutiny more broadly. A separately-cited ₹1,556 crore "Support Properties" Adani Power stake purchase could not be corroborated at all in this research and should not be treated as confirmed pending direct verification against AEL's related-party-transaction filings.



4. Red flags

A \$275 million (₹2,644.02 crore) OFAC settlement, announced around May 2026, is a confirmed, material governance and compliance red flag — this is not a matter of interpretation or an unresolved allegation but a settlement AEL (or a related Adani entity — the precise legal entity settled should be independently confirmed) actually paid, over apparent violations of US sanctions on Iran, and it is large enough to have driven the company's entire Q1 FY27 group into a consolidated net loss. This report could not verify the underlying conduct, whether wrongdoing was admitted, or whether individuals were separately named, and treats those open questions as aggravating rather than mitigating the finding. Separately, and at the wider Adani Group level rather than AEL specifically, SEBI's ongoing pursuit of trading gains tied to the 2023 Hindenburg report, and Adani Ports & SEZ's own unrelated SEBI settlement (Karan Adani and a former CFO, ₹13.65 lakh each) over PMC Projects inter-corporate deposits, are further data points on the group's compliance track record, even though neither is an AEL-specific finding.

5. Items to watch

The full OFAC enforcement-action release (for the precise legal entity settled, admission language, and underlying conduct); the outcome of the Andhra Pradesh High Court PIL on the Google/Vizag project; confirmation or denial of the "Support Properties" ₹1,556 crore transaction; and whether AEL's segment disclosure ever breaks out AdaniConneX-specific figures as the JV scales.

GOVERNANCE CONCLUSION

Not adequate, and unambiguously so on the OFAC point. A \$275 million sanctions settlement that drove a consolidated net loss is a serious, recent, material governance and compliance finding on its own terms — it is not offset by the reaffirmed domestic credit ratings, the dismissal of the unrelated US bribery case, or the strength of underlying operations, and it should not be read as a one-off that closes the book on the company's compliance posture. Combined with an unresolved land-allotment PIL on the company's single largest data-center project and a recurring pattern of related-party land purchases from sister Adani companies, the appropriate response is a governance-driven discount to any valuation built on this stock, not a valuation exercise that treats governance as a footnote.



SWOT analysis

STRENGTHS

- Confirmed \$15bn/1GW Google hyperscaler relationship (Vizag) — the largest DC number in this report
- Strong underlying Q1 FY27 operations (+50% revenue, +49% EBITDA) outside the one-off loss
- Reaffirmed CARE/ICRA AA-/Stable domestic credit ratings (Dec 2025)
- Proven incubator-to-demerger track record across six prior businesses

WEAKNESSES

- AdaniConneX financials completely undisclosed/immaterial within AEL's consolidated base
- Headline trailing P/E (~172x) mechanically distorted by the Q1 FY27 loss, not a usable signal
- Token dividend yield (0.04%) typical of a heavy-capex conglomerate, offering little income cushion
- Reconciliation gaps across secondary sources on ROE, 52-week high, and loss-quarter figures

OPPORTUNITIES

- AdaniConneX's stated 1GW-3GW platform ambition, if the capacity-target discrepancy resolves favorably
- Jabil partnership (~mid-2026) to manufacture AI rack infrastructure at scale in India
- Further hyperscaler tenants beyond Google, given EdgeConneX's global design/ops playbook
- Copper (Kutch smelter) and other incubating businesses as additional de-merger candidates

THREATS

- Unresolved Andhra Pradesh High Court PIL directly threatening the Vizag project's terms or timeline
- Further OFAC-style governance/compliance findings, given the group's recent and ongoing legal exposure (Hindenburg-adjacent SEBI proceedings, related-party land transactions)
- Related-party land-acquisition pattern (Adani Power sales to AdaniConneX) drawing continued scrutiny
- Conglomerate-level capital allocation risk across a very large, diversified capex program

Key developments to watch

- **Resolution of the Andhra Pradesh High Court PIL** on the Google/Vizag data-center project — the single most important near-term data-center-specific catalyst or risk.
- **Any further disclosure on the OFAC settlement** — the underlying conduct, admission language, and whether any individuals were separately named.
- **Reconciliation of AdaniConneX's capacity target** (1GW near-term vs. 3GW-by-2031 vision) via a primary investor presentation or leadership statement.
- **Confirmation or denial of the "Support Properties" ₹1,556 crore Adani Power transaction.**
- **Progress of the SEBI/Hindenburg-adjacent Securities Appellate Tribunal proceedings** involving offshore funds and the roughly \$22.25 million in disputed trading gains.

Key risks to be aware of

- **Governance/legal risk (dominant).** The \$275 million OFAC settlement is a fresh, material compliance finding; the Vizag PIL is a live legal threat to the largest data-center project in this report; and the group carries ongoing SEBI/Hindenburg-adjacent proceedings. This is the primary basis for this report's SELL call, ahead of anything specific to the data-center business.
- **Related-party-transaction risk,** given the recurring pattern of AdaniConneX buying land from sister Adani companies.
- **Data-center-specific risk:** AdaniConneX's financials are undisclosed, its capacity targets are internally unreconciled, and its largest deal is under litigation — the DC thesis here is speculative, not confirmed.
- **General conglomerate risk:** heavy leverage (₹1,06,622 crore debt as of March 2026), thin dividend cushion, and capital-allocation risk across a wide diversified capex program.



Valuation

AEL's reported trailing P/E of ~172x is not usable for valuation here: it is a mechanical artifact of the Q1 FY27 ₹1,461.54 crore consolidated net loss (itself driven entirely by the one-time ₹2,644.02 crore OFAC settlement) depressing trailing twelve-month EPS, not a reflection of the company's underlying earnings power. Given AEL's scale and diversification across many businesses, this report instead normalizes off **full-year FY26 PAT of ₹9,951 crore** — the last complete, un-distorted annual earnings figure — divided by an implied share count of ~135.34 crore shares (market cap ÷ CMP), giving a normalized FY26 EPS of ~₹73.5. We apply a conservative single-digit forward-growth assumption of 8% (well below the data-center-and-copper-driven growth narrative some brokerages are using) given the unresolved governance and legal overhang, producing a constructed FY27E EPS of ~₹79.4. We then apply a target multiple band well below the distorted trailing 172x figure, reflecting a governance discount rather than a business-quality judgment:

Scenario	Target multiple (FY27E, normalized)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	28.0x	79.4	2,223	(26.4)%
Base	33.0x	79.4	2,620	(13.3)%
Bull	38.0x	79.4	3,017	(0.1)%

Base case rounded to ₹2,620. Even our bull-case scenario — applying a 38x normalized multiple against an 8% growth assumption already below what data-center-bull narratives assume — produces essentially no upside from the current ₹3,020 price, meaning the market is pricing in resolution of the OFAC matter, the Vizag PIL, and continued conglomerate growth simultaneously and favorably. Named brokerage targets found in this research point the other way: Motilal Oswal initiated/reiterated Buy with a ₹3,880 target (~9 September 2026, ~25% upside, citing data-center and copper growth triggers), and Jefferies carries a Buy rating citing 25-29% upside without a precisely-sourced target price. Both predate or coincide with the stock's recent rally and, on this report's reading, do not appear to weight the OFAC settlement or the Vizag PIL as heavily as this report's governance-first framework does.

RECOMMENDATION: SELL, TARGET ₹2,620 (-13.3% FROM ₹3,020, 18 SEP 2026)

Upgrade triggers: the OFAC matter and PIL litigation both resolved without further material findings; a confirmed, disclosed AdaniConneX-specific revenue/capacity figure that validates the data-center thesis independently of AEL's other businesses; and resolution of the SEBI/Hindenburg-adjacent Securities Appellate Tribunal proceedings without adverse findings against AEL. **Downgrade triggers:** any further sanctions, compliance, or SEBI enforcement action against AEL specifically; an adverse ruling in the Vizag PIL; or additional related-party land transactions between AdaniConneX and sister Adani companies without clear arm's-length disclosure.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	96,421	97,895	100,469
Net margin	3.5%	8.2%	9.9%
Net profit (PAT)	3,335	8,005	9,951



Selected metrics	Value
Q1 FY27 revenue growth (YoY)	~+50%
Q1 FY27 EBITDA (YoY)	₹5,642 cr (+~49%)
Q1 FY27 consolidated net loss	₹(1,461.54) cr
OFAC settlement (one-time, drove the loss)	₹2,644.02 cr (~\$275m)
ROE (TTM) / ROCE	(3.38)% / 5.80%
Debt (Mar 2026)	₹1,06,622 cr

Source: screener.in (18 Sep 2026); AEL Q1 FY27 results coverage (reported 29 Jul 2026, quarter ended 30 Jun 2026). Note: one source cites the Q1 FY27 net loss as ₹1,160 crore rather than ₹1,461.54 crore, likely a standalone-vs-consolidated distinction not fully reconciled in this research — the consolidated figure is used here as the more relevant one for a diversified group holding company. ROE of (3.38)% is a trailing-twelve-month figure pulled negative by the Q1 FY27 loss despite a profitable FY26.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Adani Enterprises Limited, and have received no compensation from the company.



HOLD

Larsen & Toubro Ltd

LT

Rated on infrastructure, energy and IT scale, not on data centers: L&T-Vyoma is real, but at roughly one-hundredth of one percent of group revenue, not yet the story

Summary

Larsen & Toubro is a ~₹2,85,874 crore-revenue (FY26, consolidated) Indian conglomerate spanning engineering & construction/infrastructure, hydrocarbon, power, heavy engineering, defense, IT & technology services (via listed subsidiaries LTIMindtree and L&T Technology Services), financial services and realty. It carries no identifiable promoter or promoter group — a structure dating back to its defense of hostile stake-building attempts decades ago — with ownership dispersed across domestic institutions (43.01%), FIIs (19.13%) and the public (37.60%) as of June 2026. CRISIL reaffirmed CRISIL AAA/Stable on bank facilities and fixed deposits and CRISIL A1+ on commercial paper on 3 September 2026, alongside a fresh AAA/Stable NCD rating; ICRA separately reaffirmed ratings citing L&T's "continued strong operational and financial risk profiles" against a group-wide unexecuted order book of ₹7.4 lakh crore as of March 2026.

This report covers L&T because of its data-center construction and services arm, branded **Larsen & Toubro-Vyoma** (launched in 2024 as L&T-Cloudfiniti, rebranded 26 November 2025). The business is being transferred via slump sale into a newly incorporated wholly-owned subsidiary, **Vyoma.AI Limited**, for ₹1,400 crore (plus ₹30 crore for L&T Network Services Pvt Ltd, ~₹1,430 crore combined), paid in Vyoma equity and expected to complete 31 October 2026. The disclosed FY2025-26 financials behind that transfer are the central fact governing how this report treats L&T: Data Centre & Cloud Services revenue of just **₹36.6 crore** against L&T's consolidated FY26 group revenue of **₹2,85,874 crore** — roughly one-hundredth of one percent of group revenue. A further subsidiary under Vyoma.AI, **LTN Compute**, won an order valued at ₹10,000-15,000 crore (~\$1.05-1.57 billion) from Together AI to deploy 10,000 Nvidia B300 GPUs at a Chennai campus (250 MW first phase, 150 MVA power readiness) — a genuine, large number, but one that is **multi-year contract value**, not in-period revenue, and should not be read as implying near-term revenue materiality it does not have.

On the numbers that do move the group, FY26 consolidated PAT grew to ₹18,954 crore (up ~7.2% YoY) on revenue of ₹2,85,874 crore (up ~11.8% YoY), though EBITDA margin compressed slightly to 12% from 13%, and Q4FY26 net profit actually declined

TARGET PRICE

12-month target	₹4,017
CMP (18 Sep 2026)	₹3,885
Implied upside	+3.4%
Rating	HOLD

KEY STOCK DATA

Market cap	₹5,34,535 cr
P/E (trailing)	~30.3x
Book value/share	₹794
ROE / ROCE	15.9% / 14.6%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026, NO PROMOTER)

DII	43.01%
Public	37.60%
FII	19.13%
Government	0.25%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	2,21,113	2,55,734	2,85,874
EBITDA margin	13%	13%	12%
PAT	15,547	17,673	18,954



~3% YoY even as revenue rose ~11%. The Infrastructure Projects segment remains the core, at 47% of FY26 revenue with a segment order book of ₹4.22 lakh crore (48% international) — overwhelmingly non-DC infrastructure (roads, buildings, power T&D, water, minerals/metals), which this report does not conflate with the DC story. The stock trades at 30.3x trailing P/E against a CMP of ₹3,885 (18 September 2026), roughly in line with named brokerage targets (Nuvama ₹4,680, Motilal Oswal ₹4,500, Emkay ₹4,000, all dated autumn 2025).

Net: a HOLD, earned entirely on L&T's own diversified-conglomerate merits — credit quality, order-book visibility, professionally managed governance, and a broad multi-segment franchise — not on any data-center thesis. Vyoma/LTN Compute is a real and strategically interesting call option embedded in the stock, worth tracking, but this report is explicit that it is financially immaterial today and should not be treated as an investment thesis on its own.

Investment rationale

- **A genuinely diversified, AAA-rated conglomerate.** Infrastructure/E&C, hydrocarbon, power, heavy engineering, defense, IT services (LTIMindtree, L&T Technology Services), financial services and realty spread execution and cyclical risk across segments that do not all move together.
- **No promoter overhang.** L&T is professionally managed with no identifiable promoter or promoter group — ownership dispersed across DIIs (43.01%), the public (37.60%) and FIIs (19.13%) as of June 2026 — removing a governance-concentration risk this report flags at several other companies.
- **Top-tier, recently reaffirmed credit quality.** CRISIL AAA/Stable and A1+ (3 September 2026, including a fresh NCD rating) plus a parallel ICRA reaffirmation citing strong operational and financial risk profiles and a ₹7.4 lakh crore group-wide unexecuted order book with ~3-3.5 year execution visibility.
- **A large, growing Infrastructure order book** — ₹4.22 lakh crore as of 31 March 2026, 48% international — providing multi-year revenue visibility independent of any single project or segment.
- **A real, if early-stage, data-center franchise.** Company materials claim L&T built roughly half of India's data-center capacity added over the last 12 years as EPC contractor (a company-sourced claim, not independently verified against a third-party market-share study); the rebranded Vyoma business, LTN Compute's Together AI order, and a stated Nvidia gigawatt-scale partnership give L&T a credible, if currently tiny, foothold in India's AI-infrastructure build-out.
- **Optionality embedded at effectively no valuation cost.** Because the DC business is immaterial to group financials, none of the current ~30x trailing multiple appears to price in Vyoma/LTN Compute — any future scale-up would be genuine upside optionality rather than an already-priced-in assumption.

What gives us pause

- **Margin trajectory is softening, not improving.** Consolidated EBITDA margin slipped to 12% in FY26 from 13% in both FY24 and FY25, and Q4FY26 net profit fell ~3% YoY even as revenue rose ~11% — a reminder that L&T's core EPC businesses are working-capital-intensive and margin is not a one-way story.
- **The data-center business is still pre-scale relative to its own balance sheet,** let alone the group's: FY2025-26 DC revenue of ₹36.6 crore sits against a disclosed DC-business net worth of ₹1,142 crore — a large invested/asset base relative to current revenue, consistent with a capacity build-out phase rather than a proven revenue-generating steady state.



- **Combined Chairman-and-Managing-Director role.** S N Subrahmanyam has held both titles since 2023; this report could not confirm the full current board composition or independent-director percentage from the sources reached, only three recently (re)appointed independent directors (Amitabh Kant, B. Santhanam, Preetha Reddy) were named.
- **Capacity and structure disclosure for the DC business is fragmented across press mentions** — 2 MW (Navi Mumbai) and 30 MW (Chennai) cited as live; 90 MW, 200 MW+, 250 MW (Chennai/Together AI) and 250 MW (Dholera) cited as separate targets at different dates — this report could not reconcile these into a single consolidated capacity roadmap, and neither could it fully pin down the post-31-October-2026 entity structure linking Vyoma, Vyoma.AI Limited and LTN Compute.
- **The Tamil Nadu MoU context should not be over-read.** L&T's ₹2,000 crore/90 MW Kanchipuram commitment sits alongside separate MoUs signed by Adani Enterprises, STT GDC, CtrlS and Nxtra as parallel signatories in the same state cluster — this report could not confirm any of them as paying EPC customers of L&T specifically, and treats them as adjacent projects, not confirmed L&T revenue.
- **No DC segment financials exist outside the one-off slump-sale disclosure.** L&T does not report a standalone data-center segment in regular quarterly/annual filings; the ₹36.6 crore revenue and ₹1,142 crore net-worth figures are the only DC-specific numbers this research could find, with no multi-year history behind them.

Corporate governance assessment

1. Which rules actually apply

L&T is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With S N Subrahmanyam holding both Chairman and Managing Director titles (a non-independent, executive combined role), SEBI LODR requires at least half the board to be independent directors — this report could not confirm the company's compliance with that threshold from the sources reached, since only three independent directors (two newly appointed, one re-appointed) were named against an unconfirmed total board size. This is the report's single largest governance-verification gap for L&T and should be closed before its governance is assessed as complete.

2. What the company does well

L&T carries no promoter or promoter group — a structural governance strength relative to promoter-family-controlled peers elsewhere in this report — with ownership dispersed across large domestic institutions, FIIs and the public. The board was recently refreshed: Amitabh Kant and B. Santhanam were appointed independent directors for five-year terms effective 29 October 2025, and Preetha Reddy was re-appointed for a further five-year term from 1 March 2026, following a postal ballot that ran 20 December 2025 to 18 January 2026 — a functioning, disclosed director-appointment process. Both CRISIL and ICRA credit-rating rationales, dated as recently as 3 September 2026, describe healthy cash accruals, low net gearing and superior liquidity.

3. Grey areas

The combined Chairman-and-Managing-Director role concentrates authority in a single executive without a separate non-executive or independent chair. The internal slump sale of the DC business into Vyoma.AI Limited (₹1,400 crore, paid in Vyoma equity rather than cash) is classified as a related-party transaction on an arm's-length basis per company disclosure — a self-reported characterization this research did not independently verify. The full current board list and independent-director ratio could not be confirmed from the sources this research reached.

4. Red flags

None confirmed in this research pass. No SEBI enforcement action, insider-trading finding, or adjudicated litigation specific to L&T was identified — though this pass did not investigate group-wide litigation or auditor history in depth, given the group's scale and this report's focus on the data-center angle; a fuller L&T governance review would need to treat that as a separate, larger research task.



5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance for an executive-chaired board with no separate independent chair; completion of the Vyoma.AI slump sale (targeted 31 October 2026) and any post-completion disclosure on the settled Vyoma/Vyoma.AI/LTN Compute entity structure; confirmation of ICRA's exact long-term rating symbol; and whether FY27 segment reporting begins to break out data-center financials with any more granularity than the current one-off disclosure.

GOVERNANCE CONCLUSION

Broadly reassuring on structure, incomplete on disclosure. The absence of a promoter/promoter group and a recently refreshed, credibly named independent-director slate are genuine positives relative to several other companies in this report series. Nothing found in this research points to actual misconduct. But an unconfirmed independent-director ratio against a combined Chairman/MD structure, and an internal related-party slump sale of the DC business whose arm's-length characterization is self-reported rather than independently verified, mean this report treats L&T's governance as adequate-but-unconfirmed — consistent with, though not the driver of, the HOLD rating below, which rests on valuation rather than governance concerns.

SWOT analysis

STRENGTHS

- Diversified across E&C, hydrocarbon, power, defense, IT services, financial services and realty
- No promoter/promoter group; professionally managed, institutionally owned
- CRISIL AAA/Stable/A1+ (reaffirmed 3 Sep 2026) and a parallel ICRA reaffirmation
- ₹4.22 lakh crore Infrastructure order book (48% international); ₹7.4 lakh crore group-wide unexecuted order book
- Genuine, if small, DC/EPC track record and Vyoma/LTN Compute optionality (Together AI order, Nvidia partnership)

WEAKNESSES

- EBITDA margin compressed to 12% (FY26) from 13%; Q4FY26 PAT fell ~3% YoY despite revenue growth
- DC business pre-scale: ₹36.6cr FY26 revenue against ₹1,142cr disclosed net worth
- Combined Chairman/MD role; unconfirmed independent-director ratio
- Fragmented, unreconciled DC-capacity disclosure across press announcements

OPPORTUNITIES

- Vyoma/LTN Compute AI-factory build-out (Together AI, Nvidia gigawatt-scale partnership)
- State-level DC pipeline: Dholera (Gujarat, ₹25,000cr/250MW planned), Kanchipuram (Tamil Nadu, ₹2,000cr/90MW)
- Continued growth at listed IT subsidiaries LTIMindtree and L&T Technology Services
- International order-book diversification (48% of Infrastructure segment order book)

THREATS

- Working-capital-intensive EPC cycles and execution risk across many simultaneous mega-projects
- Further margin compression across the core E&C/infrastructure businesses
- DC business could remain a financially immaterial "call option" indefinitely rather than scale
- Governance-disclosure gaps (board composition, related-party slump-sale terms) left unresolved

Key developments to watch

- **Completion of the Vyoma.AI Limited slump sale** (targeted 31 October 2026) and any post-completion disclosure clarifying the Vyoma/Vyoma.AI/LTN Compute entity structure.
- **FY27 segment reporting**, to see whether L&T begins disclosing data-center financials with more granularity than the current one-off slump-sale figures.



- **Execution milestones on the Chennai/Together AI campus** (250 MW first phase, 150 MVA power readiness) and progress on the Dholera and Kanchipuram state-level DC commitments.
- **Full board composition and independent-director percentage disclosure**, to confirm SEBI LODR compliance for the combined Chairman/MD structure.

Key risks to be aware of

- **None of the material risks here are data-center-specific** — this is a diversified-conglomerate risk profile, not a DC-thesis risk profile.
- **Execution and working-capital risk** across a very large number of simultaneous infrastructure, hydrocarbon and defense projects, inherent to the EPC business model.
- **Margin trajectory risk** — EBITDA margin has drifted from 13% to 12% over the disclosed three-year window, and Q4FY26 PAT declined YoY despite revenue growth.
- **Governance-disclosure risk** given the unconfirmed independent-director ratio against a combined Chairman/MD role.
- **Group-level cyclicality** to order inflows, interest rates and commodity/input costs across its core capital-goods and infrastructure segments.

Valuation

₹ per share unless stated

DC-specific segment financials are not disclosed at a granularity that would support their own valuation line — the only DC figures available are the one-off ₹36.6 crore FY26 revenue / ₹1,142 crore net-worth disclosure made in the context of the Vyoma.AI slump sale. This report therefore values L&T using its consolidated group figures only: CMP ÷ disclosed trailing P/E. At a CMP of ₹3,885 (18 September 2026) and a disclosed trailing P/E of 30.3x, implied trailing EPS is ~₹128.2. Applying a conservative +8% forward-growth assumption (in line with FY26's ~7.2% consolidated PAT growth, and deliberately excluding any uplift from the DC business given its immateriality) gives a constructed FY27E EPS of ~₹138.5. We apply a target multiple band around, not materially above, the current trailing multiple, consistent with a HOLD call on a fairly valued, quality conglomerate rather than a re-rating thesis:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	24.0x	138.5	3,324	(14.4)%
Base	29.0x	138.5	4,017	+3.4%
Bull	33.0x	138.5	4,571	+17.7%

Base case rounded to ₹4,017, an implied +3.4% return that sits within this report's HOLD band (-5% to +15%). Named brokerage targets found in this research — Nuvama ₹4,680 (25x FY28E, core business), Motilal Oswal ₹4,500, Emkay ₹4,000, all dated autumn 2025 — bracket our base case; none of the coverage found values Vyoma/LTN Compute as a standalone sum-of-the-parts component, consistent with its current sub-0.02%-of-revenue scale. The bull case above, at 33x forward earnings, would require broad multiple expansion across the group rather than any single DC-linked catalyst.

RECOMMENDATION: HOLD, TARGET ₹4,017 (+3.4% FROM ₹3,885, 18 SEP 2026)

Upgrade triggers: sustained EBITDA-margin recovery back toward 13%+ across the core E&C businesses; confirmed board independence meeting SEBI LODR's 50% threshold; and/or credible, disclosed evidence that the DC/Vyoma business is scaling toward a financially material share of group revenue. **Downgrade triggers:** further margin compression or working-capital deterioration in the core infrastructure/hydrocarbon segments; any credit-rating action adverse to the current AAA/A1+ profile; or a slowdown in Infrastructure order-book conversion.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	2,21,113	2,55,734	2,85,874
EBITDA margin	13%	13%	12%
Net profit (PAT)	15,547	17,673	18,954

Selected metrics	FY26
ROE	15.9%
ROCE	14.6%
Group unexecuted order book (Mar 2026)	₹7.4 lakh cr
Infrastructure segment order book (Mar 2026)	₹4.22 lakh cr
DC business revenue (FY26, slump-sale disclosure)	₹36.6 cr
DC business net worth (slump-sale disclosure)	₹1,142 cr

Source: screener.in (18-20 Sep 2026), consolidated group figures; DC-business figures from the Vyoma.AI Limited slump-sale disclosure (tradebrains.in, ~Aug 2026), not from regular segment reporting — L&T does not disclose a standalone data-center segment in its quarterly/annual filings, so these two figures have no multi-year history behind them.

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