Choice Institutional Equities

Q1FY27 Result Update

MONOLITH: Higher Realisations Support Margin Expansion

BUY

July 28, 2026 | CMP: INR 821 | Target Price: INR 1,060

Expected Share Price Return: 29.1% I Dividend Yield: 0.0% I Potential Upside: 29.1%

Sector View: Positive

Change in Estimates	✔
Target Price Change	✔
Recommendation Change	✘

Company Info	
BB Code	MONOLITH : IN EQUITY
Face Value (INR)	10.0
52-week High/Low (INR)	827.9 / 367.0
Mkt Cap (Bn)	INR 17.7 / USD 0.2
Shares o/s (Mn)	21.7
3M Avg. Daily Volume	42,266

Change in Estimates

	FY27E			FY28E		
INR Bn	**New**	**Old**	**Dev. (%)**	**New**	**Old**	**Dev. (%)**
Revenue	2.7	2.5	5.9	4.1	4.0	2.8
EBITDA	0.6	0.6	15.5	1.0	0.9	3.5
EBITDAM%	24.0	22.0	200 bps	24.5	23.0	150 bps
PAT	0.4	0.4	16.9	0.7	0.7	10.0

Actual vs CIE

INR Bn	Q1FY27A	CIE Est.	Dev.%
Revenue	0.5	0.5	(8.1)
EBITDA	0.1	0.1	2.1
EBITDAM %	27.8	25.0	278 bps
PAT	0.1	0.1	13.0

Key Financials

INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	1.0	1.4	2.7	4.1	4.6
YoY (%)	41.3	39.0	98.1	54.4	11.9
EBITDA	0.2	0.3	0.6	1.0	1.2
EBITDAM %	21.7	23.6	24.0	24.5	25.0
Adj. PAT	0.1	0.2	0.4	0.7	0.8
EPS	9.0	10.6	20.4	33.0	37.8
ROE %	53.4	27.8	29.0	34.0	28.5
ROCE %	45.7	24.5	27.9	33.0	27.9
EV/EBITDA (x)	62.2	54.8	27.0	16.8	14.1

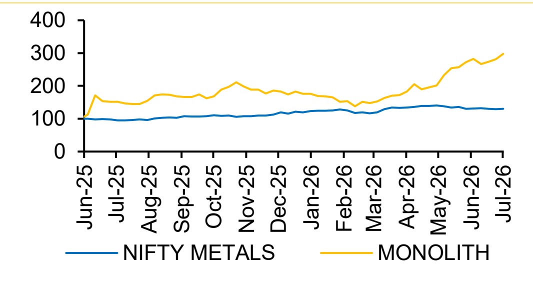
Shareholding Pattern (%)

	Jun-26	Mar-26	Dec-25
Promoters	74.27	74.27	74.24
FIIs	1.79	1.31	1.33
DIIs	2.82	2.61	2.37
Public	21.12	21.81	22.06

Relative Performance (%)

YTD	1 Year	6 Months	3 Months
MONOLITH	96.0	69.3	63.3
METAL	37.1	5.5	(2.8)

Rebased Price Performance



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Investment View & Target Price: INR 1,060 (29.1% Upside)

We maintain our **'BUY' rating** on MONOLITH with **a revised TP** to INR 1,060, reflecting an earnings upgrade of 16.9% in FY27E and 10.0% in FY28E, **backed by focus on higher revenue share from SGB- Limited to 65% from 50% in Q1FY27 and increased realisation.**

We remain **constructive on MONOLITH**, owing to **a) Resilient structural demand** for **non-substitutable ramming mass** supported by India's rising induction furnace steel production (India's crude steel output targeted to increase from **~168 MnT to ~255 MnT by FY31**); **b) A strategic Purulia manufacturing base**, providing a **freight cost advantage of ~INR 800–1,200/t** in Eastern India; **c) Capacity expansion from ~2.1 lakh to ~5.75 lakh MTPA**, supporting **~42% volume CAGR through FY29E** and improved operating leverage; d) The **Metalurgica** unit commissioning in **September 2026**, providing an incremental growth catalyst and e) Management continues to target **FY27 revenue of ~INR 2.5 Bn and guided EBITDA margin of 22–25%.**

View and Valuation

We **reiterate our 'BUY' rating** and **upgrade our TP to INR 1,060/share**, implying an **upside potential of 29.1%** from the current market price of **INR 821**. Our revised target price is based on **22x FY28E consolidated EV/EBITDA**. This reflects **strong earnings visibility, a net cash balance sheet, and solid growth prospects**, while accounting for **execution risks from expansion and SME-listing status**.

Q1FY27 Performance Summary

- **Record Revenue:** INR 472 Mn (+63.9% YoY / +16.1% QoQ) — highest-ever quarterly sales
- **Steady Margin:** Highest-ever EBITDA at INR 131 Mn (+99.1% YoY / +14.9% QoQ); margin almost steady at 27.8% on higher premiumisation
- **Strong Earnings:** PAT surged to INR 101 Mn (+134.8% YoY / +24.1% QoQ); highest-ever quarterly PAT. Accordingly, EPS stood at INR 4.63 (vs INR 1.97 in Q1FY26)

Exhibit 1: Quarterly performance

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Volumes (in units)	52,000	NI		NI	
Net Sales (incl OOI)	472	288	63.9	407	16.1
Material Expenses	115	149	(23.1)	143	(19.6)
Employee Expenses	13	9	45.4	13	(2.2)
Other Operating Expenses	213	64	233.0	137	56.1
EBITDA	131	66	99.1	114	14.9
Depreciation	6	4	46.9	7	(15.8)
EBIT	125	62	102.8	107	17.0
Interest Cost	0.835	1.473	(43.3)	1.266	(34.0)
PBT	135	60	124.5	109	23.5
RPAT	101	43	134.8	81	24.1
APAT	101	43	134.8	81	24.1
Adj EPS (Rs)	4.6	2.0	134.8	3.7	24.1
Margin Analysis	**Q1FY27**	**Q1FY26**	**YoY (bps)**	**Q4FY26**	**QoQ (bps)**
Material Exp % of Sales	24.3	51.9	(2,752.3)	35.1	(1,077.9)
Employee Exp. % of Sales	2.7	3.1	(34.5)	3.2	(50.8)
Other Op. Exp % of Sales	45.2	22.2	2,294.5	33.6	1,158.2
EBITDA Margin (%)	27.8	22.9	492.3	28.1	(29.5)
Tax Rate (%)	25.4	28.6	(327.4)	25.8	(41.0)
APAT Margin (%)	21.3	14.9	644.4	20.0	138.6

Source: MONOLITH, Choice Institutional Equities

Management Call – Highlights

Management continues to target **FY27 revenue of ~INR 2.5 Bn** and guided EBITDA margin of 22–25%.

Focus on value-accretive growth: Beyond capacity expansion, management plans to diversify into **high-value silica-based speciality products**, which should improve margins while strengthening its position as a global high-performance refractory player

Further mix improvement expected in Q2FY27: Management anticipates **SGB Limited's revenue contribution to increase to ~65% in Q2FY27**, supporting better realizations and margins

Structural steel demand remains a long-term growth catalyst: India's target of **300 MT steel capacity by FY30** is expected to support sustained demand for induction furnaces and refractory products

A. Product mix and commercial developments

- **Premium product mix continues to improve:** The flagship **SGB Limited** series contributed **~50% of Q1FY27 revenue**, a sharp increase from **15% in Q4FY26**, reflecting successful premiumisation
- **Further mix improvement expected in Q2FY27:** Management anticipates **SGB Limited's revenue contribution to increase to ~65% in Q2FY27**, supporting better realisation and margin
- **Customer migration progressing well:** Approximately **50% of existing SGB-777 customers have already adopted SGB Limited**, indicating a strong customer acceptance of premium offering
- **Performance-led procurement trend benefitting the company:** Customers are increasingly prioritising **furnace performance, reliability and lower lifecycle costs over product pricing**, supporting demand for premium refractory products

B. Capacity expansion and operational strategy

- **Large-scale capacity expansion remains on track:** Installed capacity has expanded from **78,000 MTPA (FY23) to 210,000 MTPA (FY26)**, now, moving towards **5.75-lakh MTPA target**
- **Greenfield project to create India's largest ramming mass facility:** The upcoming project is anticipated to significantly enhance production scale, supply reliability and operating efficiencies
- **Strategic manufacturing footprint provides structural advantages:** Plants are located in **Eastern India's largest secondary steel manufacturing cluster**, enabling lower logistics cost, faster delivery and superior customer service

C. Competitive positioning

- **Strong competitive moat backed by customer stickiness:** MONOLITH enjoys **high switching cost**, longstanding customer relationships and proven furnace performance, creating durable competitive advantages
- **Deep penetration across steel customers:** Monolithisch supplies **80%+ of integrated steel plants**, strengthening repeat business opportunities and long-term customer retention
- **Premium product portfolio supports pricing power:** High-performance products, such as **SGB-777 and SGB Limited** enable better pricing and differentiation versus conventional ramming mass products

D. Industry outlook and demand drivers

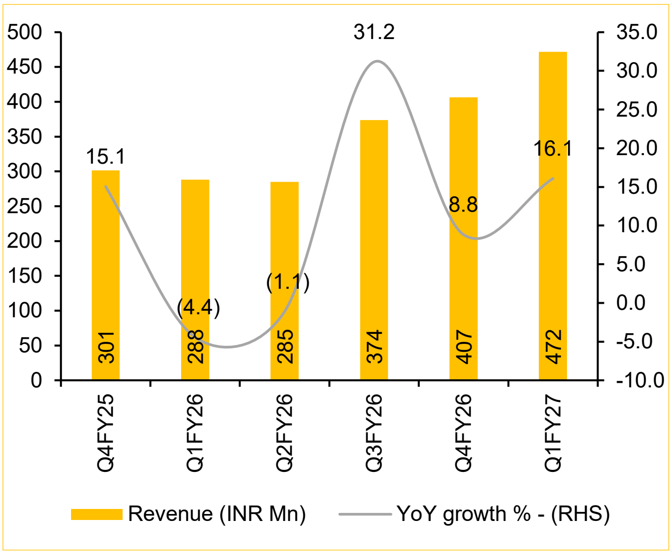
- **Structural steel demand remains a long-term growth catalyst:** India's target of **300 MT steel capacity by FY30** is expected to support sustained demand for induction furnaces and refractory products
- **Recurring replacement demand enhances business visibility:** Since **ramming mass requires periodic relining and replacement**, industry expansion is anticipated to generate recurring revenue opportunities
- **Infrastructure and manufacturing investments remain supportive:** Government-led infrastructure spending, construction activity, railways and renewable energy investments are projected to drive steel production growth over the medium term

Exhibit 2: EV/EBITDA valuation framework

Valuation (Consol)	FY26	FY27E	FY28E	FY29E
EBITDA	320	643	1,014	1,157
Multiple (x)	22.0	22.0	22.0	22.0
EV	7,032	14,149	22,305	25,462
NetDebt/(Cash)	(206)	(367)	(689)	(1,361)
Mcap	7,238	14,516	22,995	26,824
Shares o/s (Mn)	21.7	21.7	21.7	21.7
Fair Value per share (INR)	333.0	667.8	1,060.0	1,234.1
TP (INR/sh)			**1060.0**	
Upside (%) from CMP INR 821			**29.1%**	

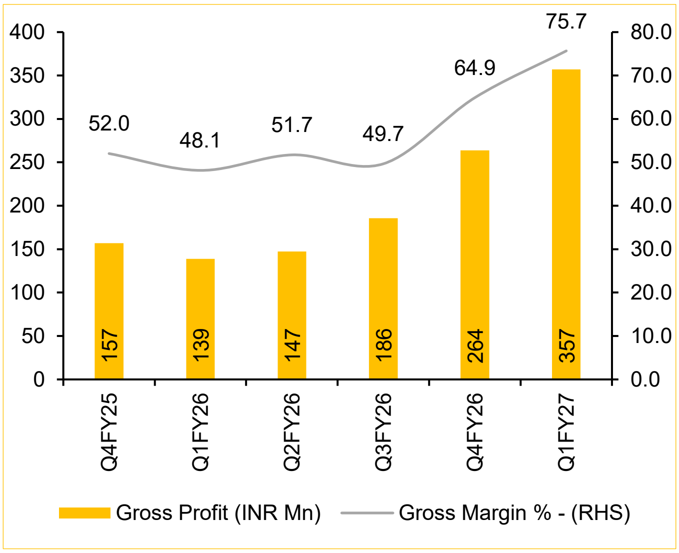
Source: MONOLITH, Choice Institutional Equities

Higher revenue driven by a sharp increase in realisation



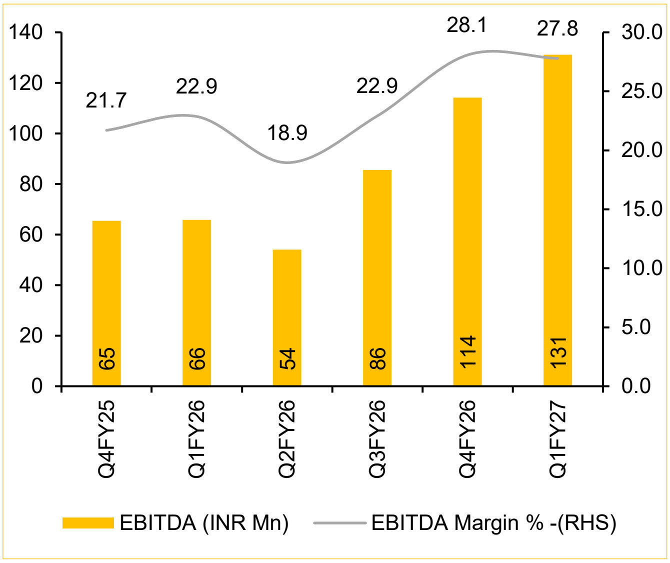
Source: MONOLITH, Choice Institutional Equities

Higher contribution of SGB leads to better gross margin



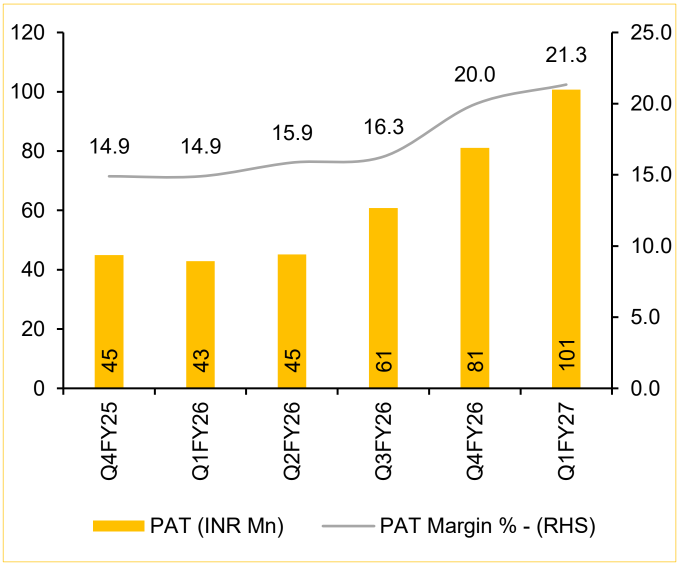
Source: MONOLITH, Choice Institutional Equities

EBITDA margin expanded by 492 bps YoY



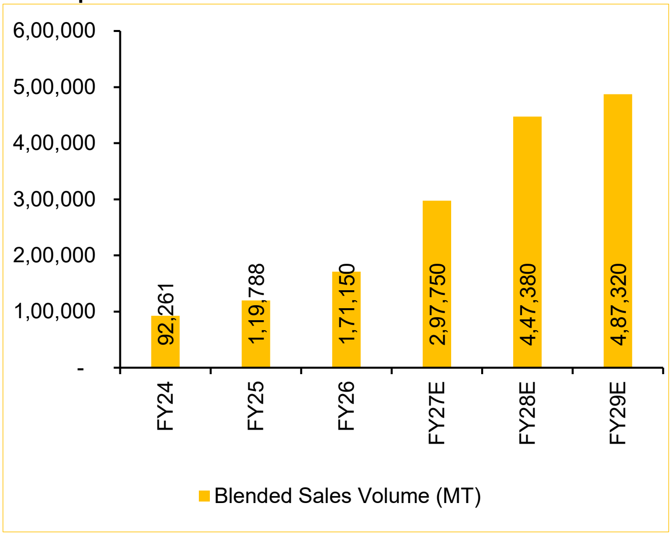
Source: MONOLITH, Choice Institutional Equities

Robust PAT growth



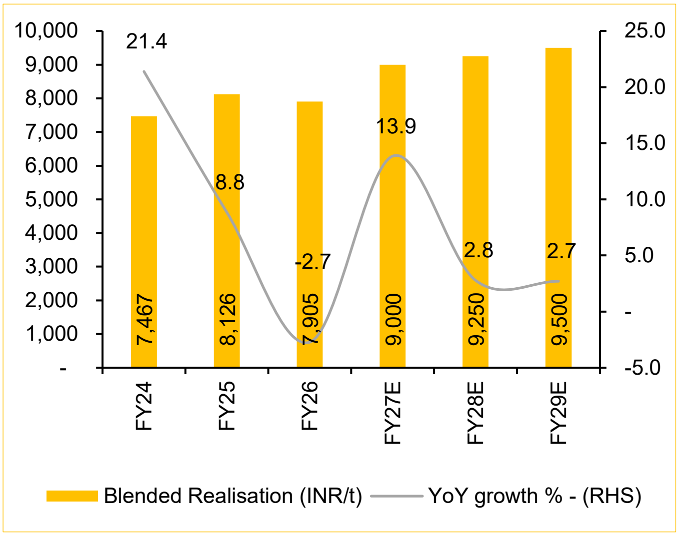
Source: MONOLITH, Choice Institutional Equities

Capacity expansion & market penetration drive strong vol. scale-up



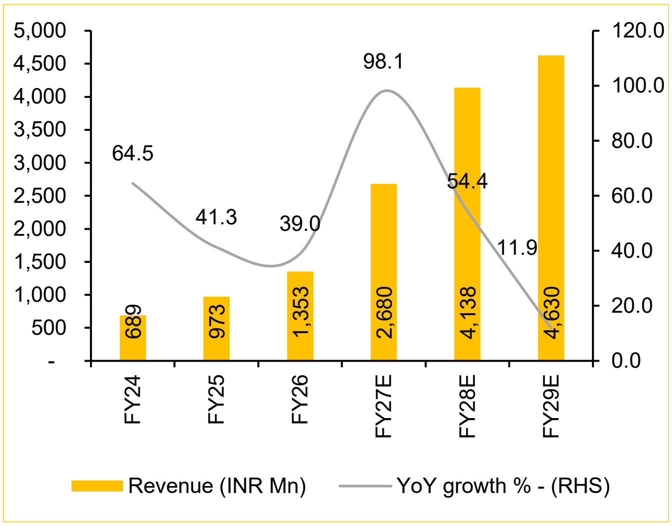
Source: MONOLITH, Choice Institutional Equities

Blended realisation moving towards new highs



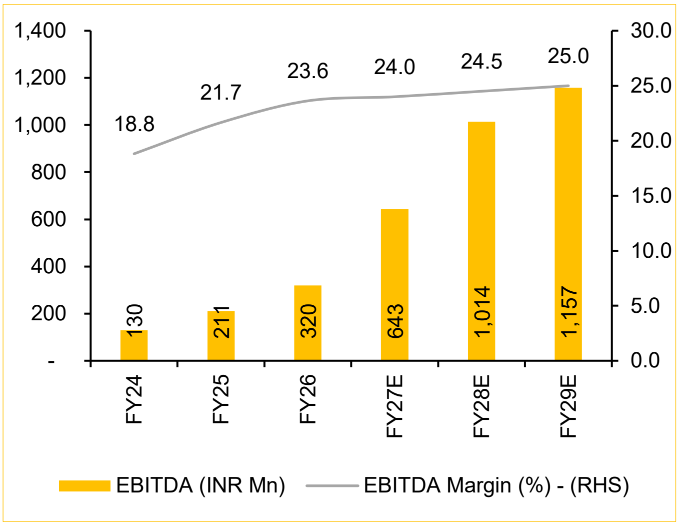
Source: MONOLITH, Choice Institutional Equities

Backed by strong vol., multi-yr rev. growth momentum intact



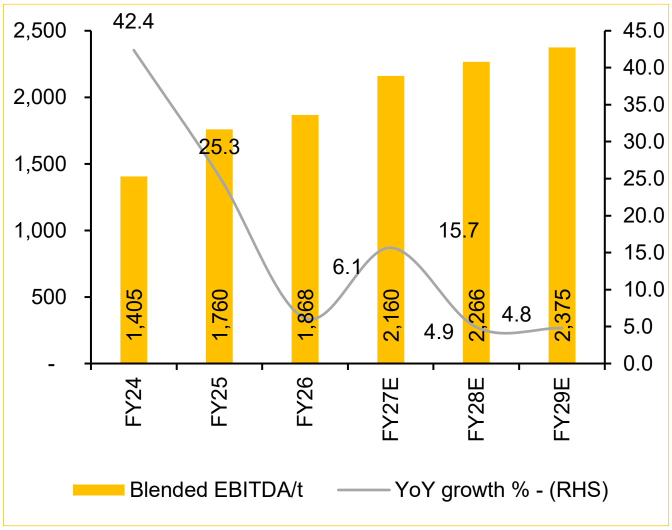
Source: MONOLITH, Choice Institutional Equities

EBITDA trajectory strengthens materially amid sustained business scale-up



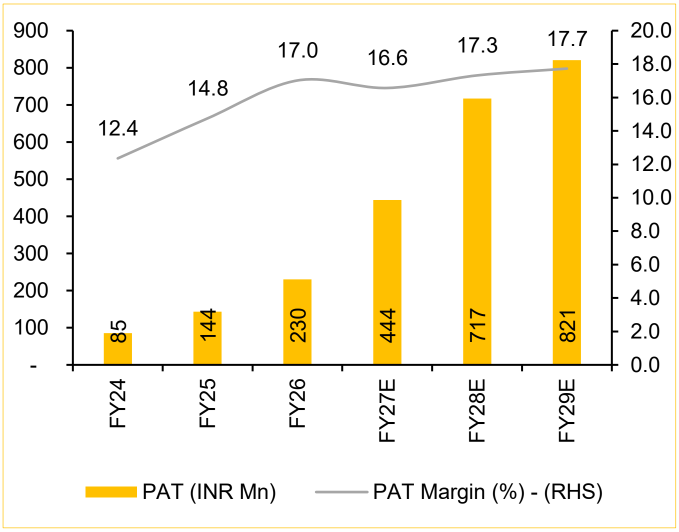
Source: MONOLITH, Choice Institutional Equities

Blended EBITDA/t expansion supported by better cost absorption



Source: MONOLITH, Choice Institutional Equities

Sharp PAT expansion underscores improving earnings trajectory



Source: MONOLITH, Choice Institutional Equities

Income Statement (Consolidated INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	973	1,353	2,680	4,138	4,630
Gross Profit	559	735	1,635	2,566	2,917
EBITDA	211	320	643	1,014	1,157
Depreciation	15	24	46	52	58
EBIT	196	296	597	962	1,100
Other Income	-	17	2	3	5
Interest Expenses	3	4	4	4	4
PAT	144	230	444	717	821
EPS (INR)	9.0	10.6	20.4	33.0	37.8

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	41.3	39.0	98.1	54.4	11.9
EBITDA	62.7	51.6	101.2	57.6	14.2
PAT	68.7	60.4	92.8	61.4	14.5
Margins (%)					
Gross Margin	57.5	54.4	61.0	62.0	63.0
EBITDA	21.7	23.6	24.0	24.5	25.0
PAT	14.8	17.0	16.6	17.3	17.7
Profitability (%)					
ROE	53.4	27.8	29.0	34.0	28.5
ROIC	46.1	28.9	35.8	45.4	44.2
ROCE	45.7	24.5	27.9	33.0	27.9
Valuation					
Mcap/Sales (x)	13.4	13.1	6.6	4.3	3.8
EV/EBITDA (x)	62.2	54.8	27.0	16.8	14.1
P/BV (x)	37.0	13.6	10.1	7.2	5.4
Working Capital Days					
Debtors Days	72.1	62.7	61.8	61.8	61.8
Inventories Days	127.5	226.0	111.8	111.8	111.8
Creditors Days	52.5	21.3	31.3	31.3	31.3
Working Capital Cycle Days	147.1	267.5	142.3	142.3	142.3

Source: MONOLITH, Choice Institutional Equities

Balance Sheet (Consolidated INR Mn)

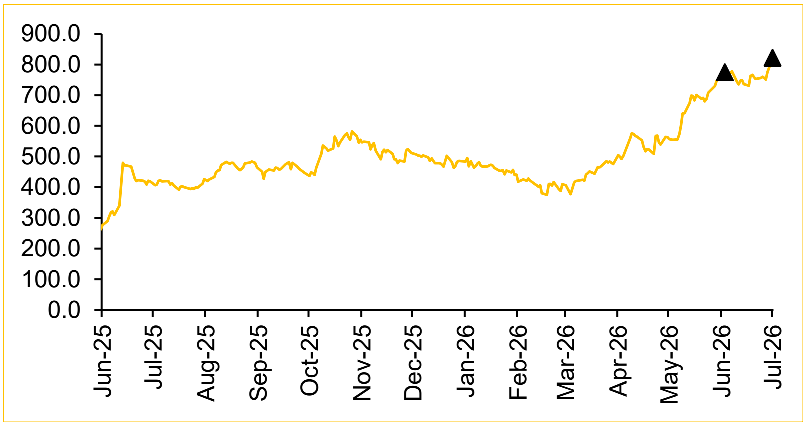
Particulars	FY25	FY26	FY27E	FY28E	FY29E
Tangible Fixed Assets	116	249	537	568	603
Capital WIP	-	110	-	-	-
Goodwill	1	36	36	36	36
Investments	-	70	70	70	70
Cash & Cash Equivalents	4	271	432	754	1,426
Loans Advance & Other Assets	52	103	103	103	103
Inventories	145	382	320	482	525
Debtors	192	232	453	700	783
Total assets	**509**	**1,453**	**1,951**	**2,713**	**3,546**
Shareholder's Funds	352	1,307	1,751	2,468	3,289
Deferred Tax	-	-	-	-	-
Borrowings	74	65	65	65	65
Trade Payables	60	36	90	135	147
Other Liabilities & Provisions	23	46	46	46	46
Total equity & liabilities	**509**	**1,453**	**1,951**	**2,713**	**3,546**

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	40	138	387	407	764
Cash Flows from Investing	(105)	(539)	(222)	(80)	(88)
Cash Flows from Financing	65	624	(4)	(4)	(4)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (x)	0.75	0.75	0.75	0.75	0.75
Interest Burden (x)	0.98	1.04	1.00	1.00	1.00
EBITM (%)	20.1	21.9	22.3	23.3	23.8
Asset Turnover (x)	2.5	1.4	1.6	1.8	1.5
Equity Multiplier (x)	1.5	1.2	1.1	1.1	1.1
DuPont Analysis (%)	**53.4**	**27.8**	**29.0**	**34.0**	**28.5**

Source: MONOLITH, Choice Institutional Equities

Historical share price chart: MONOLITH



Date	Rating	Target Price
June 08, 2026	BUY	960
July 28, 2026	BUY	1,060

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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