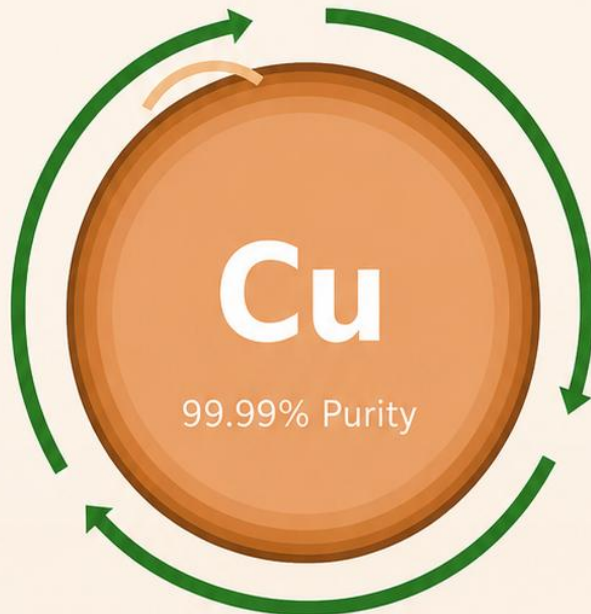


Initiating Coverage Report

SUNLITE

RECYCLING INDUSTRIES LTD.

Solving India's Copper Crunch through Sustainable Recycling



55%
Recycled Cu share
by 2030

3.3 MT
India Cu demand
by FY30

34%
EV-led Cu demand
growth in FY24

— Key End-Markets —



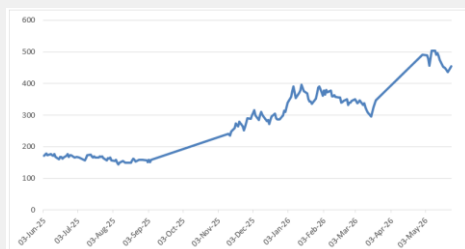
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(All Prices as on June 5, 2026)

June 5, 2026

Company Initiation



Key Financials – Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (Rs. Cr)	1397	2791	3349	4019
EBITDA (Rs. Cr)	23.8	61	83.7	120.6
Margin (%)	1.7%	2.2%	2.5%	3.0%
PAT (Rs. Cr)	14.3	41.0	56.7	80.6
Margin (%)	1.0%	1.5%	1.7%	2.0%
EPS (Rs.)	14.6	29.7	41.1	58.4

KEY RATIOS

ROE (%)	36.1	37.0	30.0	31.6
ROCE (%)	35.6	36.0	37.3	40.6
EV/EBITDA (x)	21.9	9.7	7.0	4.9
P/E (x)	7.0	12.2	10.2	7.2
P/BV (x)	6.6	3.6	2.7	2.0

Key Data

Sunlite Recycling Industries

CMP	Rs. 419
Exchange	NSE
Platform	SME
Symbol	SUNLITE
52-W High / Low	Rs. 584/ Rs. 142
Sensex / Nifty	74,076 / 23,310
Market Cap. (Rs.)	Rs. 578 Cr.
Shares Outstanding	1.38 Cr.
1M Avg. Daily Volume	33,614

All prices are as on June 5, 2026

Shareholding Pattern (%)

	Mar-26
Promoter's	73.47
Foreign	0.00
Domestic Institution	0.84
Public & Others	24.69
Promoter Pledge	0.00

Sunlite Recycling Industries

Rating: BUY | CMP: Rs. 419 | TP: Rs. 815 | Horizon- 24 Months

Solving India's Copper Crunch through Sustainable Recycling

We initiate coverage on Sunlite Recycling Industries Limited (SRIL) with a 'Buy' rating, a copper recycler as its core business also diversifying into aluminium with 100% acquisition of Sunlite Aluminium. The strategic pivot toward a ₹6 crore copper anode plant and expanded busbar capacity focuses on higher-margin niche applications for the power sector, complemented by a rapid shift toward value-added products (30% mix target by FY28). SRIL is a prime beneficiary of structural tailwinds, including the global 'copper crunch,' India's 500 GW renewable target, and Extended Producer Responsibility driven formalization of recycling, which became effective by April 1, 2026 as per Govt notification. The company targets consolidated revenue of ₹3,500–₹4000 crore by FY28, supported by its high-velocity "Money Cycle" model and multi-metal synergies. SRIL maintains an exceptional return profile (Consolidated ROCE 36%) and a debt-light balance sheet. While execution remains a key monitorable, robust FY26 performance and structural margin expansion support a positive investment view.

Service Offerings: SRIL operates as an integrated B2B supplier of recycled copper products for power and infrastructure sectors, with capabilities spanning scrap sourcing, processing, and value-added manufacturing. The company is expanding into higher-margin segments such as Annealed Tinned Copper (ATC) wires and busbars, supported by strong utilization in core operations. The upcoming copper cathode project is expected to further enhance scale, margins, and product diversification.

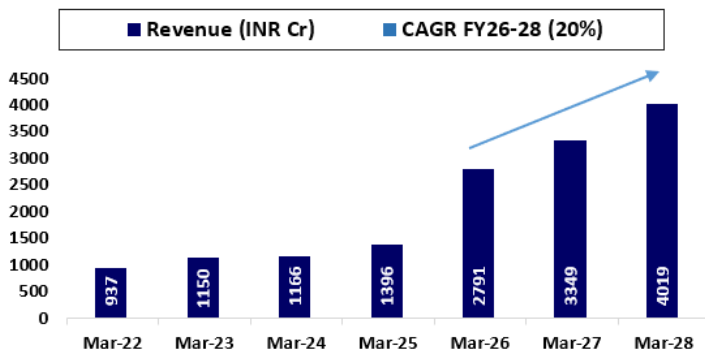
Financial Overview: SRIL reported strong growth in FY26, with consolidated revenue doubling to ₹2,791.10 crore from ₹1,396.71 crore in FY25. Profitability improved at a faster pace, as consolidated PAT increased 187% to ₹41.00 crore compared to ₹14.27 crore in the previous year. EBITDA margins also expanded to around 2.2%, supported by a gradual shift towards higher-margin value-added products. The company operates on a high asset-turnover business model, enabling it to generate healthy ROE/ROCE of 37%/36% respectively. SRIL also maintains a comfortable balance sheet, with consolidated borrowings of only ₹20.62 crore against a consolidated net worth of ₹161.59 crore. The low leverage position provides financial flexibility to support its planned expansion into the anode, busbar segments, and working capital requirement as well.

Strategically evolving into an integrated multi-metal manufacturing platform: SRIL is executing a diversifying product mix by adding Aluminum to its recycling bouquet into a high-value producer of comprehensive conductor solutions following its 100% acquisition of Sunlite Aluminium. This plan is anchored by the doubling of its ATC wire capacity and the commissioning of a new ₹6 crore copper anode plant, which facilitates structural margin expansion by shifting the product mix toward a 30% revenue share from Value-Added Products from current 10%.

Outlook and Valuation: We expect Sales / PAT to grow at CAGR of 20%/40% respectively over FY26-FY28 supported by multi-metal synergies and shift to 30% high-margin VAPs. This trajectory is supported by a new Rs. 6 crore anode plant and doubling manufacturing facilities. At CMP of ₹419, the stock trades at 7.2x FY28E EPS. We initiate coverage with a "BUY" rating and value the company at 14x its FY'28 estimated EPS, arriving at a Target Price of Rs 815 per share (upside 95%).

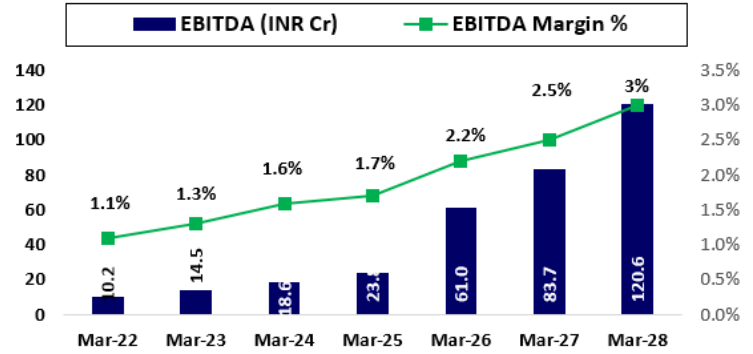
Story in charts

Exhibit 1: Revenue CAGR of 20% over FY26-28E



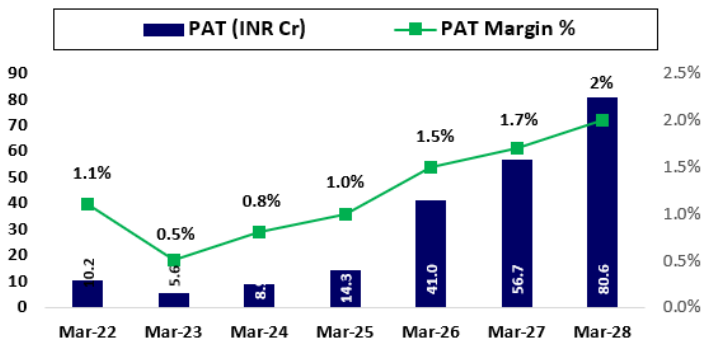
Source: Annual report & Company FS

Exhibit 2: EBITDA & EBITDA Margins %



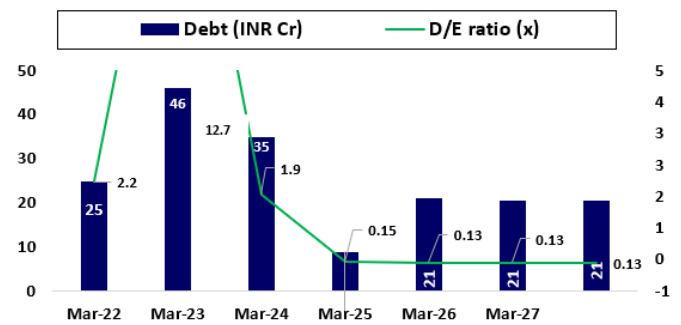
Source: Annual report & Company FS

Exhibit 3: PAT CAGR of 40% over FY26-28E



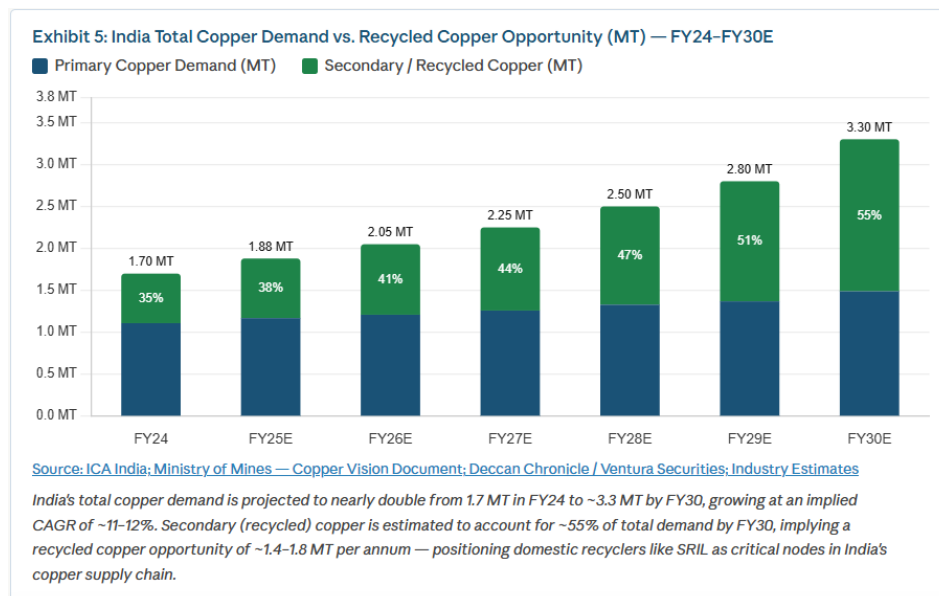
Source: Annual report & Company FS

Exhibit 4: Debt Profile



Source: Annual report & Company FS

Exhibit 5: India Total Copper Demand Vs Recycled Copper Opportunity (MT) FY24-30E



Market Drivers & Structural Tailwinds

India's copper recycling sector is at an inflection point, driven by three converging forces.

1. The global "Copper Crunch" — EV-led demand has pushed copper consumption past 1.28 million tons, making supply security a strategic priority.
2. With India importing over 90% of its copper concentrate, the government is aggressively pivoting toward recycled copper to reduce its structural trade deficit.
3. The rollout of EPR norms for non-ferrous metals from 1 April 2026 is set to formalize the fragmented scrap ecosystem — a direct structural tailwind for organized recyclers like SRIL.

Sunlite Recycling Industries - Brief Profile

Sunlite Recycling Industries Limited (SRIL), headquartered in Kheda, Gujarat, operates as a specialized manufacturer and recycler of high-quality copper products derived from recycled scrap. Established in 2012 as a proprietorship, the entity underwent multiple structural transformations before successfully listing on the NSE SME platform on August 20, 2024 (IPO price INR 105). The company processes copper scrap sourced from over 10 countries to produce essential copper rods, wires, conductors, and strips catering to the power generation, automotive, and electronic sectors. SRIL follows a **high-volume, high-turnover B2B model** that explicitly prioritizes capital safety and short working capital cycles over high profit margins, with debtors & creditor days are less than 5 days in FY2026. To mitigate commodity price volatility, the management employs a **robust** "physical hedging" strategy through back-to-back buy/sell transactions against confirmed orders.

The company is currently executing a strategic forward integration shift, aggressively expanding its mix of high-margin value-added products like Annealed Tinned Coated (ATC) copper and busbars. Furthermore, SRIL is consolidating its operations by integrating Sunlite Aluminium Private Limited to create a unified non-ferrous metal platform. Looking ahead, the company is venturing into electrolysis-based recycling to produce 99.99% pure copper cathodes as a strategic import substitution measure. Consistent with its focus on the circular economy, SRIL integrates clean natural gas and solar power into its state-of-the-art manufacturing processes with backup fuel option light diesel oil.

Products & Portfolio: SRIL operates a vertically oriented copper products portfolio spanning commodity and value-added segments, serving power, automotive, and electronics end-markets.

Core Copper Rods (25,000 MTPA, Kheda)

- Oxygen Free Copper Rods (OFC): High-purity, OFC for telecom, audio-video, and power generation applications
- Fire Refined High Conductivity Rods (FRHC): Cost-efficient, high-conductivity rods for household/industrial wiring, transformers, and solar systems

Copper Wires & Conductors

- General wires, power conductors, earthing wires, and submersible cables serving building, industrial, transmission, and pump applications.

Copper Strips & Busbars

- Strips & Earthing Strips: OFC-extruded, used in switchgear, connectors, and control panels
- Busbars (launched 2024): Electrolyte Tough Pitch recycled copper; targets EV charging, rail traction, and industrial bus ducts

Value-Added Products — Forward Integration Focus

- ATC Copper Wire: 99.99%-pure copper, tin-electroplated for oxidation resistance; critical for solar and electrical sectors. Capacity expansion from 3 MT/day → 6 MT/day completed in January 2026.
- Management targets value-added products at 30% of revenue within 18 months

Pipeline / Expansion

- **Copper Cathodes (operational by mid-2027):** Electrolysis-based, 99.99% purity — import substitution play against mine-based producers.
- **Aluminium Rods:** Via Sunlite Aluminium integration; targets transformer and power sectors, with alloy rod expansion planned.

Exhibit: 6 Sunlite Recycling Industries growth trajectory

Year	Key developments
1986	Founded by Mr. Akshay Heda and Mr. Prahlad Rai Heda, initially operating as a trading business in the scrap industry.
2012	Entry into manufacturing – Established facility in Kheda, Gujrat. It began producing Oxygen-Free Copper Rods with a capacity of 250 MT.
2019	Modernized the plant by importing advanced German & Chinese machinery, which boosted production capacity to 2,000 MT per month.
2022	The partnership was converted into a private limited company, incorporated as Sunlite Alucop Private Limited on August 4, 2022.
2024	The Company got listed on NSE SME with an Issue Size of Rs. 30.24 Cr & IPO getting oversubscribed by more than 260x.
2024	Forward Integration: Launched two high-margin value-added products: Copper Busbars and Annealed Tinned Coated Copper (ATC)
2025	Acquisition of Sunlite Aluminium Pvt. Ltd., marking the transition from a single-metal copper focus to a multi-metal platform.
2028E	Secured 20,000 sq. yds. near the existing facility for a new Anode and Busbar plant under a ₹30–₹40 crore CapEx plan through 2028.

Source: Company Research

Manufacturing Facility, Current Capacity & Utilization: The company's operations are centralized in a single state-of-the-art facility located in Kheda, Gujarat, which covers a total area of 12,152 sq. mtr. The facility is equipped to process segregated copper scrap through bailing and furnace melting at 1200°C. It houses a total of 20 specialized machines for converting scrap into various high-quality copper solutions, including rods, wires, busbars, and strips. The facility utilizes advanced machinery imported from Germany and China.

Product Segment	Installed Capacity (MTPA)	FY26 Utilization Rate
Copper Rods	25,000.00	93.61%
Copper Wires	1,900.00	44.03%
Annealed Tinned Coated Copper (ATC)	1920	56.08%
Copper Busbars	720	38.06%
Copper Strips	720	14.59%
Total Consolidated	30,260.00	84.91%

Management expects the utilization for Copper Busbars to ramp up significantly to 60–70% by the end of the current financial year as they complete the commissioning of various molds and dies required for customer-specific orders. Additionally, the company has de-bottlenecked operations to potentially increase capacity by a further 20% without major additional capital expenditure.

Revenue Bifurcation by Product: The company's revenue is dominated by commodity copper rods, although value-added products like Annealed Tinned Coated (ATC) copper a copper busbar are growing in significance.

Product Category	FY 2023-24 (₹ Cr)	% of Total	FY 2024-25 (₹ Cr)	% of Total	FY 2025-26 (₹ Cr)*	% of Total
Copper Rods	1,045.62	89.66%	1,229.54	88.03%	2,488.25	89.15%
Copper Wires & ATC	71.88	6.16%	107.07	7.67%	215.12	7.71%
Copper Strips & Busbars	22.67	1.94%	15.66	1.12%	41.35	1.48%
Aluminium Rods	—	—	—	—	26.38	0.95%
Others / Jobwork	26.1	2.24%	44.44	3.18%	20	0.71%
Total Revenue	1,166.27	100%	1,396.71	100%	2,791.10	100%

For FY26, SRIL's product mix remained at 90% commodity rods and 10% value-added products (VAPs) following aggressive capacity expansions. While H1 ATC revenue reached ₹30–35 crore, full-year production hit 1,077 MT (56% utilization), and the busbar segment, launched in August 2025, reached 38.06% utilization with management targeting 60–70% in the near term. The company is executing a roadmap to transition to a 70:30 commodity-to-VAP mix within 1.5 years to structurally improve EBITDA margins.

Revenue By Geography - SRIL has established a strong domestic footprint across more than 10 Indian states and Union Territories, while also expanding its international presence. The company's domestic revenue is highly concentrated in Western India, leveraging its strategic location in Gujarat to optimize logistics.

Region	Revenue Share (%)
Gujarat	40.44%
Dadra & Nagar Haveli	30.92%
Maharashtra	7.46%
Madhya Pradesh	5.78%
Rajasthan	4.07%
Other States (Tamil Nadu, Goa, etc.)	11.13%

Competitive Landscape

SRIL operates within a highly capital-intensive and cyclical copper recycling industry, where it competes against both primary mine-based producers and a fragmented field of secondary recyclers. Listed peers frequently cited in market comparisons include Jain Recycling, Pandy Oxides & Chemicals, Parmeshwar Metals, and Gravita. The industry is witnessing rising attractiveness that is drawing new entrants and international competitors, intensifying price-based competition and exerting downward pressure on margins.

The company's core differentiation lies in its "high-volume, high-turnover" operating philosophy, running at ₹17,500 EBITDA per tonne — materially lower than the ₹35,000–₹50,000 range seen at peers — but compensating through superior working capital velocity. Management consciously trades off per-unit margins for a shorter cash conversion cycle, contrasting sharply with the 180-day cycles prevalent in the cable industry. This approach is designed to maximise ROCE rather than unit-level profitability.

On the operational side, SRIL's 40 years of scrap sourcing expertise across 10+ countries constitutes its most defensible moat. The ability to procure the right grade at the right price from a global network is a skill-intensive capability that is difficult to replicate. This is further supported by a physical hedging strategy — a back-to-back buy/sell mechanism — that effectively neutralises copper price volatility, which management has historically seen range from ₹15 to ₹950 per kg.

Looking ahead, SRIL is strengthening its competitive positioning through forward integration into value-added products (ATC wires, copper busbars), targeting a 30% value-added revenue mix within 1.5 years, with applications in EV charging, solar, and telecom. The integration of Sunlite Aluminium creates a unified non-ferrous platform, offering a one-stop advantage to transformer and power sector clients. Externally, EPR norms effective from April 2026 and India's push for import substitution in copper (trade deficit of ~\$6 billion in FY23) provide meaningful regulatory and policy tailwinds that disproportionately benefit established recyclers like SRIL.

Industry Outlook: Copper Manufacturing & Recycling in India

India's copper demand is projected to nearly **double from 1.7 MT in FY24 to 3.3 MT by 2030**, driven by electrification, infrastructure scale-up, and a structural shift toward recycled copper. The convergence of policy, capital investment, and ESG priorities makes copper one of India's most strategically important industrial metals this decade.

1. Demand Drivers

- **Infrastructure & Construction** – Largest segment at 40% of domestic demand, sustained by government spending on housing and smart cities.
- **Renewable Energy** – India's 500 GW target by 2032 requires copper-intensive transmission buildout across substations and electrical machinery.
- **Electric Vehicles** – Transportation copper demand rose 34% in FY24, led by a 41% YoY surge in EV sales. Given that EVs use 3–4x more copper than ICE vehicles, this remains the fastest-growing demand engine.
- **Consumer Durables & Auto** – Steady baseline consumers, each accounting for 11–13% of domestic copper demand.

2. Growth Potential

India's per capita copper consumption of **0.5–0.6 kg** remains far below the global average of 3.2 kg and Germany's 13.6 kg, indicating substantial long-term headroom. India currently represents just 3% of global demand with near-term growth expected at 15% CAGR.

3. Shift to Recycled Copper

Recycled copper is projected to constitute 55% of total demand by 2030. The introduction of EPR norms for non-ferrous metals (effective April 2026) is a key regulatory catalyst, mandating end-of-life recovery and directly benefiting specialized secondary processors. Growing ESG commitments across the supply chain are further accelerating this transition.

4. Structural Risks

- **Import Dependency** – Over 90% of copper concentrate is imported, contributing to a \$6 bn trade deficit in FY23, underscoring the need for domestic secondary production.
- **Supply Chain Exposure** – Concentration of global primary supply in Chile, Peru, and DRC introduces geopolitical risk.
- **Price Volatility** – Structural demand-supply imbalance in global primary copper keeps prices unpredictable, adding margin risk for producers.

5. Competitive Dynamics

Rising sector attractiveness is drawing new entrants, intensifying price-based competition. Companies investing in advanced electrolysis-based refining to achieve **99.99% purity copper** are better positioned to serve premium end-markets such as EVs and precision electronics, reducing exposure to commodity margin pressures.

Investment Rationale

Structural Demand Drivers from Electrification and Energy Transition: -

SRIL is well positioned to benefit from India's target of achieving 500 GW of renewable energy capacity by 2032, which is expected to drive sustained demand for copper across solar, wind, and transmission infrastructure. Copper remains a critical input in these applications, particularly in power generation and grid connectivity. In addition, copper demand from the transportation segment increased by 34% in FY24, supported by rising electric vehicle (EV) adoption. These trends collectively provide long-term demand visibility for SRIL's copper rods and conductors.

Regulatory Tailwinds Supporting the Recycling Ecosystem - The implementation of Extended Producer Responsibility (EPR) norms for non-ferrous metals, effective April 1, 2026, is expected to strengthen the formal recycling ecosystem in India. These regulations mandate higher recycling of end-of-life products, thereby supporting demand for secondary metal producers such as SRIL. Compared to primary (mine-based) producers, organized recyclers are likely to benefit from improved volume visibility and compliance-driven demand. This regulatory shift could enable capacity scaling and sustained volume growth over the medium term.

Established Scrap Sourcing Network as a Competitive Advantage: SRIL's sourcing capability represents a key operational strength in the recycling value chain, where profitability is closely linked to the ability to procure the appropriate grade of scrap at competitive prices. The company's long-standing presence in the scrap trade, coupled with a global sourcing network spanning 10+ countries, supports consistent raw material availability and cost efficiency. As one of the largest importers of copper scrap in India, SRIL benefits from scale-driven procurement advantages, which can be challenging for new entrants to replicate, thereby reinforcing its competitive positioning.

Earnings Stability Supported by a Hedged Business Model: SRIL follows a "material-to-material" physical hedging approach to mitigate copper price volatility. The company typically undertakes back-to-back procurement and sales against confirmed orders, enabling it to lock in spreads at the time of transaction. This reduces exposure to adverse commodity price movements and limits inventory-related risks. As a result, the business operates with relatively stable spreads, supporting earnings visibility and resilience across commodity cycles.

Efficient Capital Utilization Driving Strong Return Ratios: - SRIL's operating model emphasizes a shorter working capital cycle and disciplined capital deployment, with a focus on throughput rather than margin maximization. The company's high-volume, high-turnover approach limits capital lock-up in receivables and inventory, resulting in efficient asset utilization. This is reflected in its robust return profile, with ROE of 37% and ROCE of 36% in FY26. Such capital efficiency underscores the company's ability to generate strong returns on incremental capital.

Gradual Shift Toward Higher-Margin Value-Added Products: SRIL is undertaking a forward integration strategy to diversify its product mix from commodity copper rods toward higher value-added products such as ATC wires and copper busbars. The company aims to increase the contribution of value-added products to ~30% over the near to medium term, from a predominantly commodity-led mix at present. As these products typically command relatively higher realizations, the evolving mix is expected to support gradual margin expansion, while the core high-volume business continues to provide scale.

Scalable Capacity Expansion with Capital Efficiency: SRIL has demonstrated an ability to scale capacity through disciplined capital allocation and operational optimization. The company expanded its copper rod capacity to 25,000 MTPA in August 2025 and is in the process of increasing capacity in higher-margin segments such as ATC products. In addition, ongoing debottlenecking initiatives are expected to enable incremental capacity expansion of ~20% without significant capital expenditure. This approach reflects a focus on **asset-light growth**, supporting scalability while maintaining capital efficiency.

Forward Integration into Copper Cathodes Enhancing Growth Visibility: SRIL's entry into electrolysis-based recycling to produce high-purity (99.99%) copper cathodes marks a strategic expansion within the value chain. This initiative supports import substitution in a segment traditionally reliant on primary (mine-based) supply. Phase 1 of the project is estimated to have a revenue potential of ₹1,300–₹1,400 crore annually, with expected gross margins of ~5%. The cathode segment is likely to provide incremental revenue visibility over the medium term, supporting the company's broader growth trajectory.

Diversification into Aluminium Expanding Addressable Opportunity: The consolidation of Sunlite Aluminium Private Limited under the listed entity simplifies the corporate structure and expands SRIL's presence within the non-ferrous metals segment. The addition of an aluminium rod business, catering primarily to the transformer industry, broadens the company's product portfolio and end-market exposure. The entity also benefits from state-level incentives, which are expected to support profitability. Overall, this integration provides incremental diversification and potential cross-selling opportunities across a wider industrial customer base.

Strategic Location Advantage Supporting Operational Efficiency: SRIL's manufacturing facility in Kheda, Gujarat—within a key industrial corridor—provides proximity to a dense customer base across Gujarat, Dadra & Nagar Haveli, and Maharashtra, which together contributed over 75% of H1FY26 revenue. This geographic positioning reduces freight costs and transit times, enabling faster order execution and improved working capital efficiency. The company's ability to offer reliable, just-in-time delivery supports strong customer relationships and utilization levels, while also creating a regional logistical advantage that may be difficult for geographically distant competitors to replicate.

Key Risks

Regulatory and Tax-Related Uncertainties: The company is subject to ongoing proceedings with regulatory authorities, including income tax investigations and GST-related disputes. While the financial impact remains uncertain, any adverse outcome could result in financial liabilities and reputational implications, thereby affecting earnings visibility.

Corporate Governance and Compliance Track Record: Certain compliance gaps have been observed in the recent past, including delays in regulatory disclosures and gaps in maintaining structured databases under insider trading regulations. While corrective steps may be underway, sustained adherence to governance standards will be important from an investor perspective.

Dependence on Imported Scrap and Supply Chain Risks: SRIL relies on imported copper scrap from multiple geographies, exposing it to logistical disruptions, geopolitical risks, and supply volatility. Any disruption in sourcing or deterioration in scrap quality could impact production efficiency and margins.

Industry Competition and Margin Sensitivity: The copper recycling industry is competitive, with relatively thin margins. Increased competition from domestic and global players could lead to pricing pressure, particularly in commodity segments, impacting profitability.

Execution Risk in New Projects and Product Lines: The company's growth strategy involves scaling new initiatives such as the cathode project and value-added products. Delays in project execution, regulatory approvals, or slower-than-expected utilization ramp-up could affect anticipated growth outcomes.

Customer and Geographic Concentration: A significant portion of revenue is derived from a concentrated customer base and specific regions in Western India. This exposes the company to demand concentration risk, where any slowdown in key customers or regions may impact revenues.

SME Listing and Disclosure Framework: As an SME-listed entity, the company is subject to relatively relaxed disclosure requirements compared to mainboard-listed peers. This may limit transparency and disclosure depth, which could be a consideration for certain investors. SRIL will be eligible to migrate to the main board in the near future.

Historical Financials

Exhibit 7: Consolidated Income Statement (in Rs Cr.)

INCOME STATEMENT	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	CAGR 3Y
Revenue	937.2	1150.2	1166.3	1396.7	2791.1	34.4%
<i>Revenue Growth</i>		22.7%	1.4%	19.8%	99.8%	
Gross Profit	26.9	37.2	48.2	48.6	104	40.9%
<i>Gross Profit Margin</i>	2.9%	3.2%	4.1%	3.5%	3.7%	
EBITDA	10.2	14.5	18.6	23.8	61	61.4%
<i>EBITDA Growth</i>		42.0%	28.7%	27.9%	155%	
<i>EBITDA Margin</i>	1.1%	1.3%	1.6%	1.7%	2.2%	
Depreciation	2.2	2.4	2.3	2	3.9	
<i>Depreciation % Sales</i>	0.2%	0.2%	0.2%	0.1%	0.1%	
EBIT	8.0	12.1	16.3	21.8	57.0	67.6%
<i>EBIT Margin</i>	0.9%	1.1%	1.4%	1.6%	2.0%	
Interest	2.8	4.7	4.7	3.1	2.6	
<i>Interest % Sales</i>	0.3%	0.4%	0.4%	0.2%	0.1%	
PBT	5.6	7.6	11.9	19.2	54.9	93%
Tax	1.4	2	3	4.9	13.9	
<i>Effective Tax Rate</i>	24.5%	25.8%	25.0%	25.6%	25.3%	
Net Profit	4.3	5.6	8.9	14.3	41.0	94.2%
<i>Net Profit Margin</i>	0.5%	0.5%	0.8%	1.0%	1.5%	
<i>Net Profit Growth</i>		31.5%	59.6%	59.6%	187%	
EPS (Rs.)	10.65	14.01	19.38	14.61	29.7	
Dividend Per Share (Rs.)	0	0	0	0	1.00	
<i>Dividend Payout Ratio</i>	0.0%	0.0%	0.0%	0.0%	3.4%	
<i>Dividend Yield</i>					0.24%	

Exhibit 8: Cash Flow Statement, Consolidated (Rs Cr.)

CASH FLOW STATEMENT	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
OPERATING ACTIVITIES						
Net Profit	2.5	4.3	5.6	8.9	14.3	41.0
<i>Depreciation & Amortisation</i>	1.4	2.2	2.4	2.3	2.0	3.5
<i>Other Non-Cash Adjustments</i>	2.1	2.2	4.6	4.7	3.0	3.2
<i>Change in Working Capital</i>	(2.5)	(16.5)	(10.2)	(4.6)	(11.0)	-48.1
Operating Cash Flow	3.5	(7.9)	2.4	11.4	8.2	-0.4
<i>OCF Growth (%)</i>		(327.1%)	130.2%	379.4%	(27.9%)	-
Capital Expenditure	(10.8)	(3.1)	(2.9)	(2.4)	(8.8)	(9.1)
<i>Proceeds from Asset Sales</i>	-	-	-	-	2.4	0.0
<i>Other Investing Activities</i>	(0.2)	0.8	(0.3)	0.1	0.1	-5.8
Investing Cash Flow	(11.1)	(2.3)	(3.3)	(2.4)	(6.4)	(14.9)
<i>Net Debt Raised/(Repaid)</i>	4.5	8.2	21.1	(11.0)	(25.9)	1.8
<i>Equity Issued/(Bought back)</i>	6.8	1.1	-	4.7	27.1	17.1
<i>Other Financing</i>	-	(2.9)	(4.7)	(4.7)	(3.1)	(2.6)
Financing Cash Flow	11.4	6.4	2.9	(11.0)	(1.9)	16.3
Net Change in Cash	3.8	(3.8)	2.0	(2.0)	(0.0)	(1.0)
Free Cash Flow	(7.4)	(11.0)	(0.5)	9.0	(0.6)	(9.5)

Exhibit 9: Balance Sheet Statement, Consolidated (Rs Cr.)

Particulars	FY21	FY22	FY23	FY24	FY25	FY26
<i>Period ending →</i>	<i>Mar-21</i>	<i>Mar-22</i>	<i>Mar-23</i>	<i>Mar-24</i>	<i>Mar-25</i>	<i>Mar-26</i>
Current Assets						
Cash & Cash Equivalents	3.8	0.1	2.0	0.1	0.0	1.0
Trade Receivables	6.8	5.1	11.7	14.2	19.5	24.8
Inventories	11.0	24.0	38.8	29.7	45.6	95.3
Prepaid & Other Current Assets	2.8	5.0	4.4	5.1	11.4	42.8
Total Current Assets	24.3	34.2	56.9	49.1	76.5	163.9
Non-Current Assets						
Gross Block (PP&E)	16.3	19.4	22.3	15.5	21.7	28.1
Long-Term Investments	-	-	-	0.2	0.3	-
Other Non-Current Assets	0.7	0.5	0.8	0.0	1.0	43.5
Total Non-Current Assets	13.1	13.8	14.7	12.3	17.9	71.6
TOTAL ASSETS	37.4	48.0	71.6	61.4	94.4	235.5
B. LIABILITIES & EQUITY						
Current Liabilities						
Trade Payables	11.3	8.5	16.0	0.5	16.1	33.7
Short-Term Borrowings	3.5	12.6	21.6	28.7	3.1	12.4
Current Portion of LT Debt	1.0	1.4	2.5	2.8	0.9	-
Tax Payable & Accruals	0.6	1.9	2.8	5.0	5.1	14.4
Other Current Liabilities	1.3	0.0	2.1	2.2	3.9	4.9
Total Current Liabilities	17.7	24.3	45.0	39.2	29.1	65.3
Non-Current Liabilities						
Long-Term Debt	12.7	11.4	22.4	3.4	5.0	8.3
Deferred Tax & Other LT Liab	0.8	0.8	0.7	0.1	0.3	0.3
Total Non-Current Liabilities	13.5	12.1	23.1	3.5	5.3	8.6
Total Liabilities	31.2	36.4	68.0	42.7	34.4	73.9
Shareholders' Equity						
Share Capital	6.2	11.6	0.5	8.0	10.9	13.8
Securities Premium / APIC	-	-	-	0.7	24.9	-
Retained Earnings	-	-	3.1	10.0	24.2	147.8
Total Shareholders' Equity	6.2	11.6	3.6	18.7	60.0	161.6
TOTAL LIABILITIES & EQUITY	37.4	48.0	71.6	61.4	94.4	235.5
C. KEY METRICS						
Total Debt	17.1	25.3	46.5	34.9	9.0	20.6
Net Debt / (Cash)	13.3	25.3	44.4	34.8	9.0	19.6
Working Capital	6.6	9.9	12.0	9.9	47.4	98.5
Book Value per Share (₹)	1.6	2.9	0.9	2.3	5.5	117.0

Exhibit 10: Working capital Ratio

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	FY2026
Revenue	394.0	937.0	1,150.0	1,166.0	1,397.0	2,791.0
Receivables	6.8	5.1	11.7	14.2	19.5	24.8
<i>Receivables as % of Revenue</i>	1.7%	0.5%	1.0%	1.2%	1.4%	0.9%
Inventory	11.0	24.0	38.8	29.7	45.6	95.3
Payables	11.3	8.5	16.0	0.5	16.1	33.7
Net Working Capital	6.5	20.6	34.4	43.4	49.0	86.4
<i>NWC / Revenue %</i>	1.6%	2.2%	3.0%	3.7%	3.5%	3.1%
Receivable Days		2.0	3.0	4.0	4.0	3.2
Payable Days		4.0	4.0	3.0	2.0	4.6
Inventory Days		7.0	10.0	11.0	10.0	12.9
Cash Conversion Cycle	-	5.0	9.0	13.0	12.0	11.6

Exhibit 11: Half Yearly Financial Results (H2FY26)

INCOME STATEMENT	H1 FY25	H2 FY25	H1 FY26	H2FY2026	HoH %	YoY %
Revenue	636.8	759.9	1,122.3	1668.8	46.3%	116.1%
Gross Profit	24.61	23.98	39.57	62.11	57.0%	159.1%
<i>Gross Profit Margin</i>	3.9%	3.2%	3.5%	3.8%	-	-
EBITDA	12.13	11.98	21.97	39.0	72.0%	215.4%
<i>EBITDA Margin</i>	1.9%	1.6%	2.0%	2.3%	-	-
Net Profit (PAT)	7.06	7.21	14.35	26.66	79.9%	257.7%
<i>PAT Margin</i>	1.1%	0.9%	1.3%	1.6%	-	-

Conference Call Highlights – H2 & FY26 (Consolidated)

Business Updates

- Consolidated revenue stood at **₹2,791.1 crore** in FY26, while H2 FY26 revenue reached **₹1,668.8 crore**, driven by strong copper volumes and consolidation of the aluminium subsidiary.
- Acquisition of **Sunlite Aluminium Pvt. Ltd.** transformed SRIL into a diversified multi-metal player, improving resilience across metal cycles and creating operational synergies.
- Value-added products (VAPs) continued to support margin expansion:
- ATC wire** capacity doubled to **1,600 MTPA**, achieving ~56% utilization in FY26.
- Copper busbar** operations commenced in Aug'25 and reached ~38% utilization, with management targeting **70% utilization** by next fiscal-end.
- The aluminium subsidiary provides fiscal benefits including a **15% corporate tax rate**, **7% interest subsidy**, and SGST reimbursements, while the company continues focusing on rapid inventory turnover and hedging-led capital efficiency.
- Consolidated PAT stood at **₹41 crore** in FY26, and the Board recommended a maiden dividend of **₹1/share**.
- Management targets consolidated revenue of **₹3,500 – 4000 crores by FY2028** with upcoming CapEx focused on a **copper anode plant** and increasing VAP contribution to **30% of revenue** within 1.5 years.

Financials Projections

Exhibit 12: Projected Income statement for next 2 Years

INR (Cr)	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27'E	Mar-28'E
Revenue	937.2	1150.2	1166.3	1396.7	2791.1	3349.3	4019.2
<i>Revenue growth (%)</i>	-	22.7%	1.4%	19.8%	99.8%	20.0%	20.0%
Gross Profit	26.9	37.2	48.2	48.6	103.6	134.0	168.8
<i>Gross Profit Margin %</i>	2.9%	3.2%	4.1%	3.5%	3.7%	4.0%	4.2%
Total Op. Expenses	927.0	1135.7	1147.6	1372.9	2730	3265	3898
EBITDA	10.2	14.5	18.6	23.8	61.0	83.7	120.6
<i>EBITDA growth (%)</i>	-	42.0%	28.7%	27.9%	156%	37.4%	44.0%
<i>EBITDA margin (%)</i>	1.1%	1.3%	1.6%	1.7%	2.2%	2.5%	3.0%
Depreciation	2.2	2.39	2.32	1.97	3.9	5.5	9.0
EBIT	10.2	12.1	16.3	21.8	57.0	78.2	111.6
<i>EBIT margin (%)</i>	1.1%	1.1%	1.4%	1.6%	2.0%	2.3%	2.8%
Other Income	0.0	0.2	0.3	0.4	0.4	0.4	0.4
Interest	0.0	4.7	4.7	3.1	2.6	3.0	4.5
PBT	10.2	7.6	11.9	19.2	54.9	75.6	107.4
Taxes	0.0	2.0	3.0	4.9	13.9	18.9	26.9
<i>Tax rate (%)</i>	-	26%	25.02%	25.64%	25.26%	25.0%	25.00%
Net Profit	4.3	5.6	8.9	14.3	41.0	56.7	80.6
<i>Profit growth (%)</i>	-	31%	57.0%	59.8%	187.3%	38.3%	42.1%
<i>Profit margins (%)</i>	1.1%	0.5%	0.8%	1.0%	1.5%	1.7%	2.0%
EPS	10.65	14.01	19.38	14.61	29.7	41.1	58.4

Exhibit 13: Key Ratios

Particulars	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27'E	Mar-28'E
ROE (%)	-	310%	80.1%	36.1%	37.0%	30.0%	31.6%
ROCE (%)	-	48.2%	31.5%	35.6%	36.0%	37.3%	40.4%
EV/Sales (x)	-	-	-	0.20x	0.20x	0.20x	0.16x
EV/EBITDA (x)	-	-	-	21.9x	10.7x	7.0x	4.9x
P/B (x)	-	-	-	6.6x	3.8x	2.7x	2.0x
P/E (x)	-	-	-	7.0x	12.2x	10.2x	7.2x

Exhibit 14: Valuations & View

Particulars	FY28'E
Net Profit (Cr.)	81
EPS (Rs.)	58.4
P/E 2028E (x)	7.2
Target P/E multiple (x)	14
Implied Market Cap (Cr.)	1128
Shares outstanding (Cr.)	1.38
CMP	419
Target price (Rs.)	815
Upside (%)	95%

Price as on June 5, 2026

Our View and Recommendation

SRIL has successfully transitioned from a specialized copper recycler into a **diversified multi-metal platform** following the 100% acquisition of **Sunlite Aluminium Private Limited**, evolving into a comprehensive conductor solutions provider. The company's exceptional **FY26 performance** (consolidated PAT growth of 187% to ₹41 crore and revenue growth of 100% to ₹2791 crore) validates its high-velocity "Money Cycle" model and ability to scale rapidly. Strategic forward integration through the upcoming ₹6 crore copper anode plant, alongside the already-completed doubling of ATC wire capacity to 1,600 MTPA, positions the company to capture significantly higher margins across the value chain. Over the medium term, the management's target to reach a 30% revenue share from high-margin Value-Added Products (VAPs) like busbars and ATC wires will structurally enhance earnings quality and cash flow.

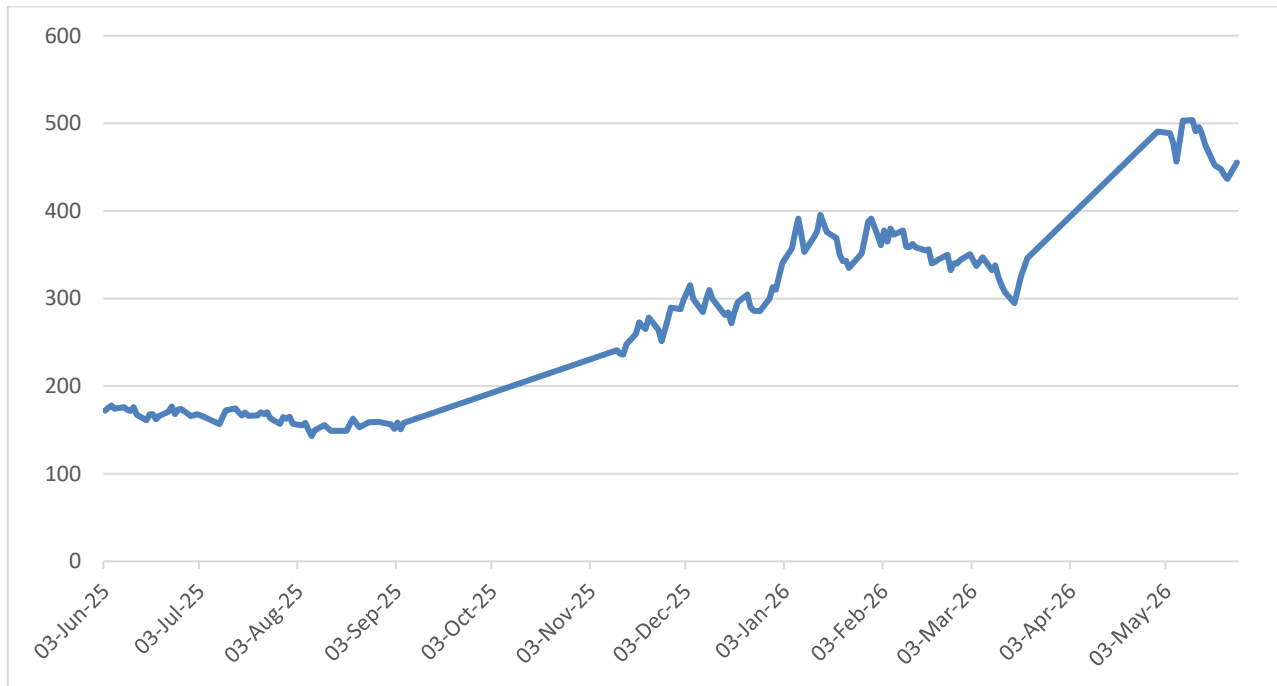
SRIL's growth is underpinned by a debt-light, capital-efficient structure further bolstered by a recent preferential capital infusion and the recommendation of a maiden 10% dividend, signaling strong management confidence. The company maintains a clear roadmap targeting ₹3500–₹4000 crore in revenue by FY28, with an ambitious vision to scale to ₹5,000 crore within 4-5 years

The demand environment is increasingly favorable as the global "copper crunch" becomes a market reality, driven by surging EV demand and India's 500 GW renewable energy target. Additionally, the implementation of EPR norms for non-ferrous metals (April 2026) acts as a structural catalyst for organized recyclers like SRIL. On balance, we maintain a positive stance, supported by robust execution, accelerating volume growth, and the integration of high-margin aluminium and anode segments which should drive a significant valuation re-rating.

SRIL is expected to deliver strong growth with Revenue/PAT CAGR of 20%/40% over FY26–FY28 respectively driven by the upcoming copper cathode project and improving product mix. Margin expansion should be supported by higher contribution from value-added products and aluminium integration, alongside favourable industry tailwinds.

At CMP of ₹419, the stock trades at 7.2x FY28E EPS. We value SRIL at 14x FY28E EPS, implying a target price of ₹815 and 95% upside.

Exhibit 14: Price Chart



Recommendation Nomenclature

Category : Potential

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

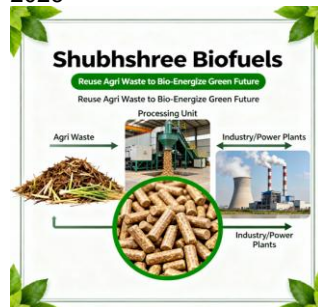
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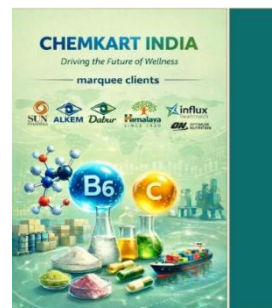
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