

Tata Steel

Estimate change



TP change



Rating change



Bloomberg	TATA IN
Equity Shares (m)	12484
M.Cap.(INRb)/(USDb)	1865.5 / 21.9
52-Week Range (INR)	185 / 123
1, 6, 12 Rel. Per (%)	4/3/-20
12M Avg Val (INR M)	6563
Free float (%)	66.8

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	2,185	2,493	2,636
EBITDA	259	343	407
Adj. PAT	42	123	174
EBITDA Margin (%)	11.9	13.7	15.4
Adj. EPS (INR)	3.4	9.9	13.9
EPS Gr. (%)	41.5	193.5	41.1
BV/Sh. (INR)	68	71	78

Ratios

Net D:E	1.0	1.0	0.9
RoE (%)	4.9	14.2	18.7
RoCE (%)	9.0	13.1	15.8
Payout (%)	136.7	70.9	50.2

Valuations

P/E (x)	37.7	12.9	9.1
P/BV (x)	1.9	1.8	1.6
EV/EBITDA(x)	9.3	7.2	6.0
Div. Yield (%)	3.6	5.5	5.5
FCF Yield (%)	5.4	6.4	10.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	33.2	33.2	33.2
DII	24.7	23.7	23.7
FII	18.8	19.0	20.3
Others	23.4	24.1	22.9

FII Includes depository receipts

CMP: INR149

TP: INR155 (+4%)

Neutral

In-line operating performance; lower tax outgo boosts APAT

Standalone performance

- 4QFY25 revenue at INR344b (-6% YoY and +5% QoQ) came in line with our estimate. The QoQ increase was driven by seasonally higher volumes and a marginal increase in realizations.
- During the quarter, steel production stood at 5.24mt (flat YoY) and deliveries stood at 5.6mt (+3% YoY), which came in line with our estimates. 4Q ASP was flat QoQ but declined 9% YoY to INR61,427/t.
- EBITDA stood at INR69.8b (-13% YoY and -7% QoQ), in line with our estimate. EBITDA/t came in at INR12,470/t (-16% YoY and -12% QoQ) vs. our estimate of INR12,370/t.
- 4Q APAT stood at INR37b (-21% YoY and -8% QoQ) vs. our estimate of INR36b.
- For FY25, revenue declined 6% YoY to INR1,325b, EBITDA was down 7% YoY to INR279b, and APAT fell 19% YoY to INR149b.

European operations

- Consolidated steel deliveries stood at 2.38mt (+12% YoY/+13% QoQ), in line with our estimate.
- Revenue stood at INR208b (flat YoY and +6% QoQ) and EBITDA loss stood at INR7.5b (flat YoY and QoQ), in line with our estimates.
- EBITDA loss per ton declined to USD38/t in 4QFY25 vs. USD42/t in 3QFY25 and USD38/t in 4QFY24 (vs. our estimate of USD40/t). UK operation fixed costs declined by ~GBP230m annually.

Consolidated performance

- Revenue of INR562b (-4% YoY and +5% QoQ) was in line with our estimate. Sales volume stood at 8.3mt (+4% YoY and +8% QoQ), which was offset by muted ASP of INR67,489/t (-8% YoY and -3% QoQ) in 4QFY25.
- Adjusted EBITDA stood at INR65.6b (-1% YoY and -8% QoQ), in line with our estimate of INR64.4b, translating into EBITDA/t of INR7,874 (-5% YoY and -15% QoQ) in 4QFY25.
- 4Q APAT stood at INR16.9b (+40% YoY and +128% QoQ) against our estimate of INR6.5b, aided by a lower tax outgo.
- For FY25, revenue declined 5% YoY to INR2,185b, EBITDA grew 19% YoY to INR259b, and APAT rose 41% YoY to INR42b.
- The board recommended a dividend of INR3.6 per share.
- Capex stood at INR32b (INR157b in FY25). Net debt stood at INR825b.

Highlights from the management commentary

- In 1QFY26, India prices are expected to rise by INR3,000/t and Europe prices by EUR20-30/t. Deliveries for FY26 are expected to increase by 1.5mt, primarily from Kalinganagar's ramp-up in India.
- Management aims for cost savings of INR115b in FY26: a) INR40b from India (conversion costs reduction of INR1,000-1,200/t) via contract optimization and technology-driven procurement; b) UK fixed cost reduction by 29% (GBP220m out of GBP540m cost reduction target); and c) EUR500m in the Netherlands via operational improvements and volume maximization.

Alok Deora - Research analyst (Alok.Deora@MotilalOswal.com)

Sonu Upadhyay - Research analyst (Sonu.Upadhyay@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Coking coal costs (on a consumption basis) for India operations would be USD10/t lower QoQ in 1QFY26, although spot prices increased QoQ. For the Netherlands operation, coking coal prices may also fall by USD10/t QoQ and iron ore prices might be higher by USD10/t QoQ.
- The company spent INR157b in capex in FY25 and plans to spend INR150b in FY26, primarily for Indian growth projects (e.g., Kalinganagar, Ludhiana EAF).

Valuation and view

- India business posted a decent performance, driven by healthy volume and lower costs. Steel prices are expected to be higher in 1QFY26, driven by the imposition of safeguard duty and lower imports. Management expects EBITDA losses of the Europe operation to decline in the coming quarters on account of its cost-restructuring measures. The capacity ramp-up in the Netherlands and lower fixed cost should also support the overall EBITDA performance.
- Though there are near-term challenges related to price volatility due to trade tension, the long-term outlook remains strong for TATA. While India business is expected to continue its strong performance, improving performance in Europe business would support overall earnings.
- We have reduced our EBITDA estimates by 4%/6% for FY26/FY27, owing to slower-than-expected growth in volumes. TATA is trading at 6x FY27E EV/EBITDA and 1.6x FY27E P/B. We reiterate our Neutral rating with a revised SOTP-based TP of INR155 per share.

Standalone quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales Vol (kt)	4,790	4,820	4,880	5,420	4,940	5,110	5,290	5,600	19,910	20,940	5,624	(0.4)
Change (YoY %)	17.7	-1.8	6.3	5.2	3.1	6.0	8.4	3.3	8.4	5.2		
Change (QoQ %)	-7.0	0.6	1.2	11.1	-8.9	3.4	3.5	5.9				
ASP (INR/t)	74,083	70,924	71,069	67,592	66,720	63,404	61,929	61,427	70,812	63,284	62,404	(1.6)
Abs Change (QoQ)	203	-3,159	146	-3,478	-872	-3,316	-1,475	-503	-7,002	-7,528		
Change (YoY %)	-16.9	0.5	-3.9	-8.5	-9.9	-10.6	-12.9	-9.1	-9.0	-10.6		
Net Sales	354.9	341.9	346.8	366.3	329.6	324.0	327.6	344.0	1,409.9	1,325.2	351.0	(2.0)
Change (YoY %)	-2.2	-1.3	2.2	-3.7	-7.1	-5.2	-5.5	-6.1	-1.3	-6.0		
Change (QoQ %)	-6.7	-3.7	1.5	5.6	-10.0	-1.7	1.1	5.0				
EBITDA	66.7	68.7	82.5	80.5	67.7	66.1	75.0	69.8	298.3	278.7	69.6	0.3
Change (YoY %)	-32.0	47.2	60.6	-7.0	1.6	-3.8	-9.1	-13.3	5.5	-6.6		
Change (QoQ %)	-22.9	3.0	20.1	-2.5	-15.8	-2.4	13.5	-6.9				
EBITDA(INR/t)	13,924	14,248	16,905	14,846	13,711	12,935	14,179	12,463	14,984	13,307	12,372	0.7
Interest	10.4	11.4	10.6	9.4	9.2	11.3	10.8	11.0	41.8	42.4		
Depreciation	14.7	14.7	15.1	15.3	15.2	15.6	15.6	16.2	59.7	62.5		
Other Income	14.9	8.2	3.3	4.8	3.7	8.5	4.6	5.6	31.2	22.5		
PBT (before EO Inc.)	56.5	50.9	60.1	60.6	47.0	47.7	53.2	48.3	228.1	196.2		
EO Income(exp)	-0.1	-129.9	0.1	-6.4	-2.4	0.1	-1.5	-5.3	-136.4	-9.0		
PBT (after EO Inc.)	56.4	-79.0	60.2	54.2	44.6	47.9	51.7	42.9	91.7	187.2	47.9	(10.5)
Current Tax	12.0	8.2	16.7	12.7	10.8	11.1	3.8	12.0	49.5	37.7		
Current Tax Rate%	21.3	-10.4	27.7	23.4	24.3	23.1	7.3	27.9	54.0	20.1		
Deferred Tax	-1.8	-2.1	-3.0	1.0	0.5	0.9	9.2	-0.7	-5.9	9.8		
Total Tax	10.2	6.1	13.7	13.7	11.3	11.9	13.0	11.2	43.6	47.5		
% Tax	18.1	-7.7	22.7	25.2	25.4	25.0	25.0	26.2	47.6	25.4		
Reported PAT	46.2	-85.1	46.5	40.5	33.3	35.9	38.8	31.7	48.1	139.7	35.8	
Adjusted PAT	46.3	44.8	46.4	46.9	35.7	35.8	40.2	37.0	184.4	148.7	35.8	3.4
Change (YoY %)	-22.7	100.5	95.8	-3.7	-23.0	-20.1	-13.3	-21.1	19.3	-19.4		
Change (QoQ %)	-5.0	-3.2	3.7	1.1	-24.0	0.3	12.5	-8.0				

Source: MOFSL, Company

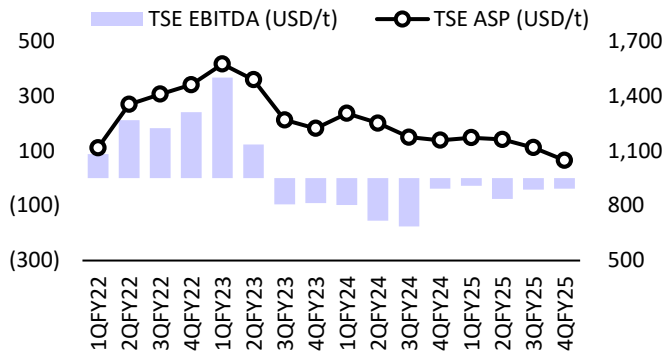
Consolidated quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales (k tons)	7,200	7,070	7,150	7,980	7,390	7,520	7,720	8,330	29,400	30,950	8,084	3.0
Change (YoY %)	8.6	-2.2		2.6	2.6	6.4	8.0	4.4	2.1	5.3		
Avg Realization (INR/t)	82,625	78,758	77,359	73,543	74,116	71,682	69,493	67,489	77,949	70,589	69,321	(2.6)
Net Sales	594.9	556.8	553.1	586.9	547.7	539.0	536.5	562.2	2,291.7	2,185.4	560.4	0.3
Change (YoY %)	-6.2	-7.0	-3.1	-6.8	-7.9	-3.2	-3.0	-4.2	-5.8	-4.6		
Change (QoQ %)	-5.5	-6.4	-0.7	6.1	-6.7	-1.6	-0.5	4.8				
EBITDA	51.7	42.7	57.4	66.0	66.9	55.2	71.5	65.6	217.8	259.3	64.4	1.9
Change (YoY %)	-65.4	-29.6	41.9	-8.6	29.4	29.4	24.6	-0.6	-32.6	19.0		
Change (QoQ %)	-28.3	-17.5	34.5	15.0	1.4	-17.5	29.6	-8.3				
EBITDA (INR/t)	7,186	6,037	8,031	8,271	9,059	7,343	9,268	7,874	7,410	8,378	7,962	(1.1)
Interest	18.3	19.6	18.8	18.4	17.8	19.7	18.0	17.9	75.1	73.4		
Depreciation	24.1	24.8	24.2	25.7	25.4	26.0	25.7	27.2	98.8	104.2		
Other Income	11.8	2.3	2.3	1.8	2.6	6.0	2.2	4.6	18.1	15.4		
PBT (before EO Inc.)	21.1	0.6	16.7	23.7	26.4	15.5	30.0	25.1	62.0	97.1		
EO Income(exp)	0.1	-69.0	1.9	-5.9	-3.6	6.4	-13.8	-3.9	-72.9	-14.9		
PBT (after EO Inc.)	21.3	-68.4	18.5	17.7	22.8	21.9	16.3	21.2	-10.9	82.2	20.9	1.6
Total Tax	13.3	-2.3	14.1	12.5	14.6	14.1	13.8	10.0	37.6	52.4		
% Tax	63.0	NA	84.3	53.0	55.2	90.5	45.8	39.8	60.7	54.0		
PAT before MI and Sh. of associate	8.0	-66.1	4.5	5.2	8.3	7.8	2.5	11.2	-48.5	29.8		
Minority Interests	-1.1	-3.1	0.1	-0.6	-0.4	-0.7	-0.3	-1.0	-4.7	-2.5		
Share of asso. PAT	-2.7	1.0	0.7	0.4	0.9	-0.3	0.5	0.8	-0.6	1.9		
Reported PAT (After MI & asso.)	6.3	-62.0	5.1	6.1	9.6	8.3	3.3	13.0	-44.4	34.2		
Adj. PAT (after MI & asso)	6.2	7.0	4.4	12.1	13.2	4.5	7.4	16.9	29.7	42.0	6.5	160.4
Change (YoY %)	-92.0	-54.2	LP	-28.8	112.3	-35.8	68.8	40.1	-65.7	41.5		
Change (QoQ %)	-63.4	13.2	-37.6	175.1	9.3	-65.8	64.1	128.3				

Source: MOFSL, Company

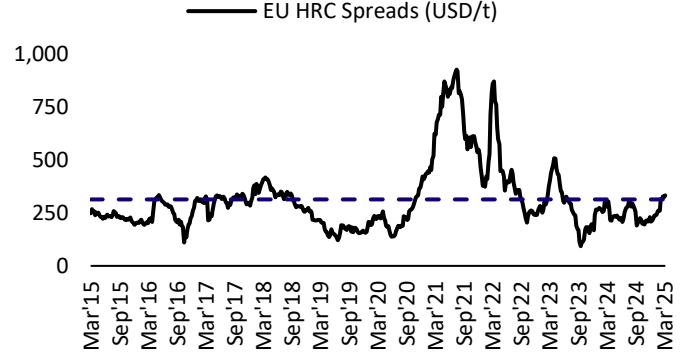
Story in charts

Exhibit 1: TSE's EBITDA losses shrank to USD38/t



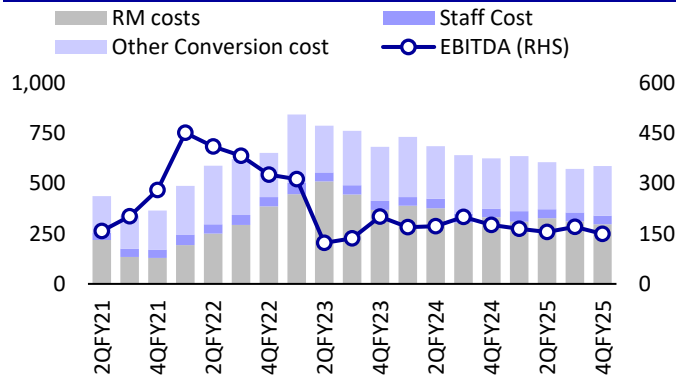
Source: MOFSL, Company

Exhibit 2: EU HRC spreads started improving



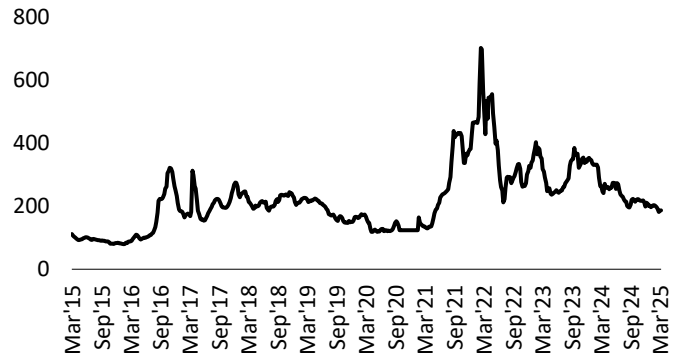
Source: MOFSL, SteelMint

Exhibit 3: India EBITDA remained stable at USD150/t



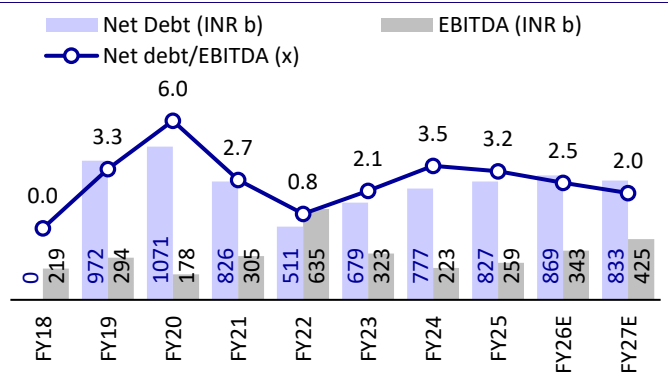
Source: MOFSL, SteelMint, Bloomberg

Exhibit 4: Coking coal price (USD/t) remained soft



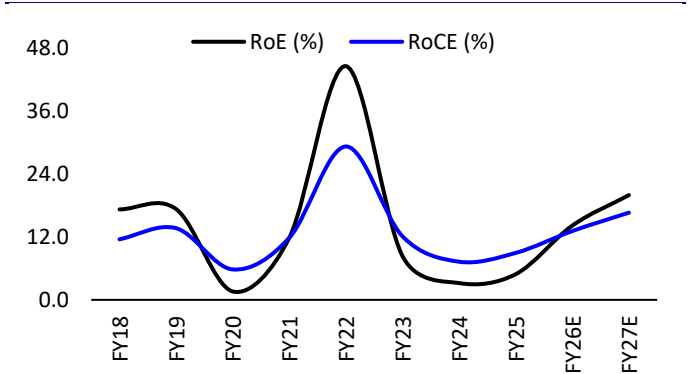
Source: MOFSL, SteelMint

Exhibit 5: Net debt-to-EBITDA ratio expected to come down



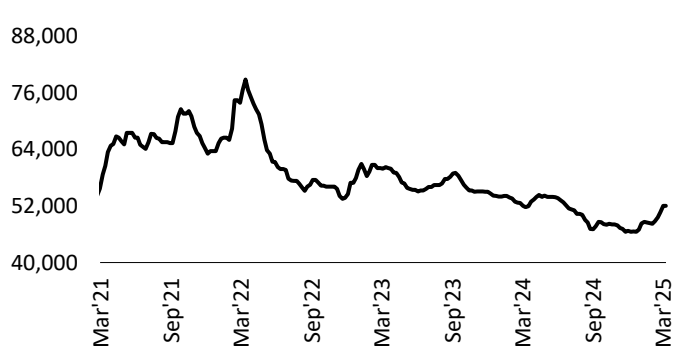
Source: MOFSL, Company

Exhibit 6: ROE/ROCE expected to improve



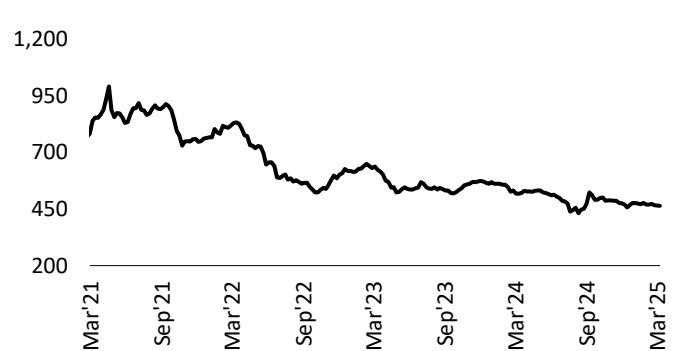
Source: MOFSL, SteelMint

Exhibit 7: India Domestic HRC price (INR/t)



Source: MOFSL, SteelMint, Bloomberg

Exhibit 8: China's domestic HRC prices (USD/t)



Source: MOFSL, SteelMint



Highlights from the management commentary

Management guidance

- In 1QFY26, India prices are expected to rise by INR3,000/t and Europe prices by EUR20–30/t. The long-term contracts (automotive and packaging) provide stability, though spot prices (30-40% of volumes) fluctuate around USD50/t.
- Deliveries for FY26 are expected to increase by 1.5mt, primarily from India's Kalinganagar ramp-up.
- The company achieved cost savings of INR66b in FY25 via fixed cost reductions, manufacturing efficiencies, and raw material optimization.
- Management aims for cost savings of INR115b in FY26: a) INR40b from India (conversion costs reduction of INR1,000-1,200/t) via contract optimization and technology-driven procurement; b) UK fixed cost reduction by 29% (GBP220m out of GBP540m cost reduction target); and c) EUR500m in the Netherlands via operational improvements and volume maximization.
- Coking coal costs (on a consumption basis) for India operations would be USD10/t lower QoQ in 1QFY26, although spot prices increased QoQ. For the Netherlands operation, coking coal prices may also fall by USD10/t QoQ and iron ore prices might be higher by USD10/t QoQ.
- The company spent INR157b in capex in FY25 and plans to spend INR150b in FY26, primarily for Indian growth projects (e.g., Kalinganagar, Ludhiana EAF).

TATA – European operations

- UK operation is shifting to EAF and the company has successfully decommissioned blast furnaces at Port Talbot. The planning permission is secured and construction is set to begin by Jul'25 with a support of GBP500m in government grant.
- After shutting blast furnaces, UK operation has transitioned into downstream processing, for which TSUK relies on imported slabs and HR coils from India, the Netherlands and other locations.
- UK operation had reduced its fixed cost by 23% (GBP230m) annually.
- Management believes the profitability in Europe will shift from traditional steel price spreads to factors like carbon border adjustments, green fuel availability, scrap pricing, and customer willingness to pay premiums for low-CO2 steel.
- Management indicated that the discussions with the Dutch government continue for de-carbonization support, aiming to replace a blast furnace with a DRI-EAF setup by 2030.

Indian operations

- NINL achieved annual EBITDA of ~INR10b with a margin of 19% and free cash flow of +INR10b, demonstrating a turnaround of the company, which was closed at the time of acquisition.
- Growth projects in India – 1) Kalinganagar about to get completed; 2) Ludhiana 0.8mtpa EAF should be commissioned in FY26; 3) NINL expansion to 9.5mtpa; and 4) Kalinganagar next phase and Bhushan (from 5 to 6.5mtpa).
- To mitigate Jamshedpur's legacy costs, management is undertaking certain measures like workforce renewal (1,000 retirements annually in Jamshedpur) and redistributing overheads.

Other Highlights

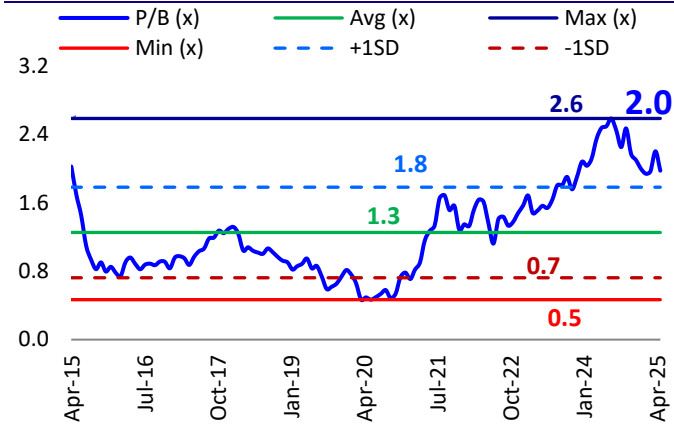
- The steel industry faced headwinds in FY25, with increased exports from China pressuring global price sentiment. Since Jan'25, evolving USA policies and regional protectionist measures have supported the price momentum across India, Europe, and the UK.
- India remains a structurally attractive market, supported by safeguard duties and limiting imports. The UK is struggling with import pressures and subdued demand led by unrevised import quotas, while Europe has refined its quotas to curb imports.
- Tata Steel adopted IND AS 109 to value its UK and Netherlands subsidiaries at a fair value, reflecting future profitability drivers (e.g., carbon costs, scrap availability). This led to a non-cash adjustment of INR249b in standalone financials, with no consolidated impact.
- The USD2.5b infusion into Europe reflects a rebalancing of debt from overseas to India, reducing currency risks and post-tax costs.
- The UK-US trade deal is marginally positive for Tata Steel UK as it focuses on packaging exports, but larger indirect benefits come via reduced automotive tariffs (10% within quotas).

Exhibit 9: Changes to our estimates and key financials

Key Assumptions	UoM	FY26E			FY27E		
		New	Old	Change (%)	New	Old	Change (%)
Standalone							
Volumes	mt	22.5	23.3	-3.3	23.9	24.7	-2.9
ASP	INR/t	71,045	71,045	0.0	72,545	73,045	-0.7
Revenue	INR b	1,598	1,652	-3.3	1,737	1,802	-3.6
EBITDA	INR/t	14,538	14,660	-0.8	15,990	16,598	-3.7
EBITDA	INR b	327	341	-4.1	383	409	-6.5
Europe							
Volumes	mt	8.4	7.5	11.5	8.2	7.3	11.8
ASP	USD/t	1,213	1,213	0.0	1,233	1,233	0.0
Revenue	INR b	856	768	11.5	856	766	11.8
EBITDA	USD/t	33	37	-9.4	37	42	-11.4
EBITDA	INR b	24	23	1.0	26	26	-0.9
Consolidated (INR b)							
Revenue	INR b	2,493	2,460	1.3	2,636	2,610	1.0
EBITDA	"	343	356	-3.9	407	434	-6.2
APAT	"	123	133	-7.4	174	194	-10.2

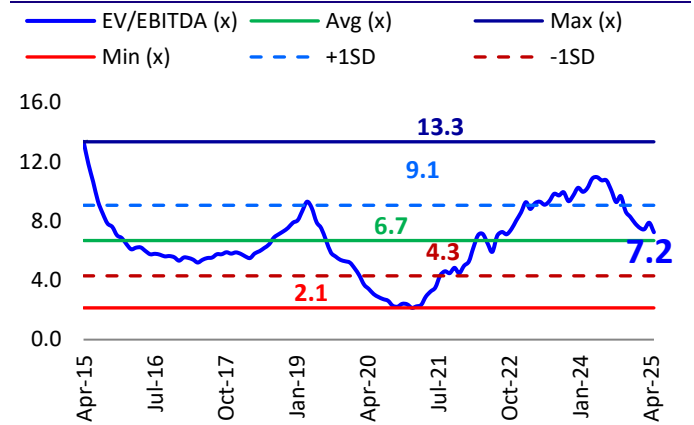
Source: MOFSL

Exhibit 10: P/B ratio slipped from its historical peak...



Source: MOFSL, Company data

Exhibit 11: ... and so is EV/EBITDA



Source: MOFSL, Company data

Exhibit 12: TATA (INR b) looks fairly valued at CMP

Y/E March	UoM	FY27E
Standalone		
Sales	mt	23.9
EBITDA	INR/t	15,990
EBITDA	INR b	383
Target multiple	x	6.5
Target EV	INR b	2,488
Europe		
Sales	mt	7.0
EBITDA	INR/t	3,191
EBITDA	INR b	22
Target multiple	x	5.0
Target EV	INR b	112
Other Subsidiaries		
EBITDA - India subs	INR b	2
Target EBITDA multiple	x	4.0
Target EV	INR b	7
Target EV	INR b	2,607
Net Debt (d)	INR b	844
Total equity value	INR b	1,763
No of shares o/s	b	12.5
Target Price	INR/sh	155

Source: MOFSL

Financials and valuations

Income Statement (Consolidated)										(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	1,322	1,577	1,490	1,563	2,440	2,434	2,292	2,185	2,493	2,636
Change (%)	17.7	19.3	-5.5	4.9	56.1	-0.2	-5.8	-4.6	14.1	5.7
EBITDA	219	294	178	305	635	323	223	259	343	407
% of Net Sales	16.6	18.6	12.0	19.5	26.0	13.3	9.7	11.9	13.7	15.4
Depn. & Amortization	60	73	87	92	91	93	99	104	106	106
EBIT	159	220	91	213	544	230	124	155	237	301
Finance cost	55	77	76	76	55	63	75	73	75	75
Other income	9	14	18	9	8	10	18	15	20	21
PBT before EO	113	158	34	146	497	177	67	97	181	247
EO income	96	-1	-49	-10	-1	1	-78	-15	0	0
PBT after EO	209	157	-16	135	496	178	-11	82	181	247
Tax	34	67	-26	57	85	102	38	52	63	78
Rate (%)	16	43	163	42	17	57	NA	NA	35	32
PAT (Before MI & asso.)	175	90	10	79	411	77	-49	30	118	169
Minority interest P/L	43	-11	-4	7	16	-7	-5	-2	0	0
Share of asso. PAT	2	2	2	3	6	4	-1	2	5	5
Reported PAT (After MI & asso.)	134	103	16	75	402	88	-44	34	123	174
Div. on Pref. /Hybrid Sec.	3	3	3	3	0	0	0	0	0	0
Adjusted PAT	80	101	10	83	402	86	30	42	123	174
Change (%)	116.3	27.3	-89.8	697.0	386.8	-78.5	-65.7	41.5	193.5	41.1

Balance Sheet (Consolidated)										(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	11	11	11	12	12	12	12	12	12	12
Reserves	575	655	702	723	1,132	1,019	908	899	935	1,022
Net Worth	586	667	713	735	1,144	1,031	920	912	948	1,034
Minority Interest	9	24	26	33	27	21	4	2	2	2
Total Loans	942	1,031	1,186	956	756	849	871	948	958	968
Deferred Tax Liability	95	115	78	75	93	115	89	105	110	116
Capital Employed	1,632	1,836	2,003	1,798	2,020	2,016	1,884	1,966	2,017	2,120
Gross Block	1,399	1,730	1,955	2,120	2,159	2,382	2,243	2,369	2,736	2,986
Less: Accum. Depn.	479	526	652	806	869	972	932	1,036	1,142	1,248
Net Fixed Assets	920	1,204	1,305	1,314	1,290	1,410	1,431	1,450	1,594	1,738
Capital WIP	166	186	195	190	220	312	344	416	326	236
Investments	30	32	29	35	58	48	55	58	58	58
Goodwill on consolidation	41	40	41	43	43	56	57	60	60	60
Curr. Assets	929	863	921	855	1,213	1,028	806	772	810	878
Inventory	283	317	311	333	488	544	492	446	509	538
Account Receivables	124	118	79	95	122	83	63	53	60	63
Cash & liquid investment	228	59	115	130	244	170	94	121	89	124
Others	294	370	417	297	358	231	158	152	152	152
Curr. Liability & Prov.	455	490	487	639	805	838	809	788	829	849
Account Payables	204	217	214	260	368	378	354	293	334	354
Provisions & Others	251	273	273	380	437	460	455	495	495	495
Net Current Assets	475	373	434	216	408	189	-3	-16	-20	29
Appl. of Funds	1,632	1,836	2,003	1,798	2,020	2,016	1,884	1,966	2,017	2,120

Financials and valuations

Ratios (Consolidated)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)										
EPS	7.0	8.9	0.9	6.9	33.0	7.1	2.4	3.4	9.9	13.9
Cash EPS	12.2	15.3	8.5	14.6	40.4	14.7	10.3	11.7	18.4	22.4
BV/Share (ex-goodwill)	47.6	54.7	58.7	57.7	90.2	79.8	69.2	68.3	71.2	78.1
DPS	0.8	1.0	1.0	2.5	5.1	3.6	3.6	4.6	7.0	7.0
Payout (%)	11.6	11.3	110.4	36.2	15.5	50.8	151.3	136.7	70.9	50.2
Valuation (x)										
P/E	18.3	14.3	140.2	18.4	3.9	17.9	53.4	37.7	12.9	9.1
Cash P/E	10.4	8.3	14.9	8.7	3.1	8.6	12.3	10.8	6.9	5.7
P/BV	2.7	2.3	2.2	2.2	1.4	1.6	1.8	1.9	1.8	1.6
EV/Sales	1.6	1.5	1.7	1.5	0.8	0.9	1.0	1.1	1.0	0.9
EV/EBITDA	9.9	8.3	14.2	7.7	3.2	6.9	10.6	9.3	7.2	6.0
Dividend Yield (%)	0.6	0.8	0.8	2.0	4.0	2.8	2.8	3.6	5.5	5.5
Return Ratios (%)										
EBITDA Margins (%)	16.6	18.6	12.0	19.5	26.0	13.3	9.7	11.9	13.7	15.4
Net Profit Margins (%)	6.0	6.4	0.7	5.3	16.5	3.6	1.3	1.9	4.9	6.6
RoE	17.2	17.3	1.6	11.9	44.6	8.3	3.2	4.9	14.2	18.7
RoCE (pre-tax)	11.6	13.7	5.8	11.8	29.2	12.1	7.3	9.0	13.1	15.8
RoIC (pre-tax)	14.6	15.9	5.7	13.7	37.0	15.4	8.6	11.2	16.2	18.5
Working Capital Ratios										
Fixed Asset Turnover (x)	1.4	1.3	1.1	1.2	1.9	1.7	1.6	1.5	1.6	1.5
Asset Turnover (x)	0.8	0.9	0.7	0.9	1.2	1.2	1.2	1.1	1.2	1.2
Debtor (Days)	34	27	19	22	18	12	10	9	9	9
Inventory (Days)	78	73	76	78	73	82	78	74	74	74
Payables (Days)	56	50	52	61	55	57	56	49	49	49
Working Capital T/O (Days)	56	50	43	39	36	37	32	34	34	34
Leverage Ratio (x)										
Current Ratio	2.0	1.8	1.9	1.3	1.5	1.2	1.0	1.0	1.0	1.0
Interest Cover Ratio	2.9	2.9	1.2	2.8	10.0	3.6	1.7	2.1	3.1	4.0
Net Debt/Equity	1.3	1.6	1.6	1.2	0.5	0.7	0.9	1.0	1.0	0.9

Cash Flow Statement (Consolidated)

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
EBITDA	219	294	178	305	635	323	223	259	343	407
Reconciliation income (loss)	-17	-15	3	-20	24	-14	-1	-20	0	0
(Inc)/Dec in Wkg. Cap.	-93	26	42	165	-96	-37	34	22	-29	-13
Tax Paid	-29	-51	-21	-7	-119	-55	-53	-26	-58	-72
Other operating activities	0	0	0	0	0	0	0	0	5	5
CF from Op. Activity	80	253	202	443	444	217	203	235	261	327
(Inc)/Dec in FA + CWIP	-75	-91	-104	-70	-105	-141	-182	-149	-160	-160
Free Cash Flow to Firm	5	162	98	373	339	75	21	86	101	167
(Pur)/Sale of Non-cur. Invest.	-9	4	4	4	-6	0	5	1	0	0
Acquisition in subsidiaries	-2	-351	-41	1	12	-104	1	0	0	0
Int. & Dividend Income	4	3	4	5	3	6	7	5	20	21
Others	-38	135	-9	-33	-12	53	27	0	0	0
CF from Inv. Activity	-120	-299	-145	-93	-109	-187	-143	-142	-140	-139
Equity raised/(repaid)	91	0	2	32	3	0	-2	0	0	0
Debt raised/(repaid)	41	82	76	-321	-160	54	16	56	10	10
Dividend (incl. tax)	-12	-14	-18	-12	-30	-63	-44	-45	-87	-87
Interest & equiv. paid	-54	-74	-77	-71	-47	-61	-81	-81	-75	-75
CF from Fin. Activity	66	-7	-17	-371	-234	-70	-111	-70	-153	-153
(Inc)/Dec in Cash	26	-52	39	-21	101	-40	-50	23	-32	35
Add: opening balance	49	82	33	77	55	156	121	71	96	64
Forex Adj.	-7	-3	5	-1	0	5	0	2	0	0
Closing cash balance	82	33	77	55	156	121	71	96	64	99
Bank Balance	147	26	38	75	88	49	23	25	25	25
Closing balance (incl. Bank balance)	228	59	115	130	244	170	94	121	89	124

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online-reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:
financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.