BUY HEG

Solid 1Q; earnings visibility improves

Emkay
Your success is our success

Metals & Mining | **Result Update** | **July 25, 2026**

CMP (Rs): 643 | TP (Rs): 750

HEG reported a strong 1QFY27, with EBITDA at Rs1.5bn and margin at 22%, driven by higher graphite electrode realizations and resilient volumes despite Middle East related disruptions. Management reiterated its 90-95% utilization guidance, while GrafTech's highest utilization since CY22 (74%) and recent price hikes by GrafTech and Tokai Carbon reinforce improving industry fundamentals. We expect higher GE prices to flow through from 2HFY27 and believe that Indian players would follow suit, providing a key catalyst for earnings re-rating. Factoring in the impending demerger, we follow SOTP-based valuation and maintain our TP of Rs750 (assigning Rs503 for Graphite and Rs254 for Greentech), while reiterating BUY.

Higher GE prices and contained volume loss support 1Q

HEG reported a strong set of 1QFY27 numbers, significantly beating our estimates, driven by a 13% qoq increase in revenue. The improvement was mainly led by higher GE realizations and ~4% increase in volume despite the negative market outlook owing to the West Asia conflict – this resulted in HEG diversifying its market and providing visibility on shipments ahead. Consequently, EBITDA recovered to Rs1.5bn, returning to the levels seen in 3QFY26. EBITDA margin also rebounded, to ~22%, in line with management guidance given during 3QFY26 results. PAT stood at Rs1.22bn (+203% qoq, +17% yoy), primarily driven by the sharp improvement in EBITDA. Earnings were further supported by higher other income, which increased to Rs436mn in 1QFY27 from Rs399mn in 4QFY26, along with a sequential increase in profit from associates.

Price hikes to materialize; earnings to strengthen from 2H

Despite geopolitical headwinds, HEG maintained strong utilization in 1Q and reiterated confidence in sustaining 90–95% utilization in the near term. This is corroborated by GrafTech, which reported its highest utilization since CY22 (at 74%), pointing to a gradual recovery in global graphite electrode demand. At the same time, recent price hikes by GrafTech and Tokai Carbon, improving EAF steel production outside China, tightening trade protection measures, and rising needle coke costs indicate that industry fundamentals are inflecting. With GrafTech already securing >90% of its 2026 volumes at prices averaging >15% above pre-hike levels, we believe the improving pricing environment increases the likelihood of Indian players emulating the same – this could emerge as the key catalyst for earnings re-rating, in our view.

Maintain our positive stance; BUY

As HEG moves closer to its demerger, we decouple the Graphite business from the consolidated financials over FY27-29E; this results in a 16-27% cut to our consolidated EBITDA estimates for FY28-29. We value the company on SOTP basis, assigning 12x Jun-27 EV/EBITDA to the Graphite business, 9x EV/EBITDA to BEL, and 20x FY30E PER to TACC (discounted to Jun-27); we maintain our TP of Rs750 (assigning Rs503 for Graphite and Rs254 for Greentech); reiterate BUY.

Target Price – 12M	Jun-27
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	16.6

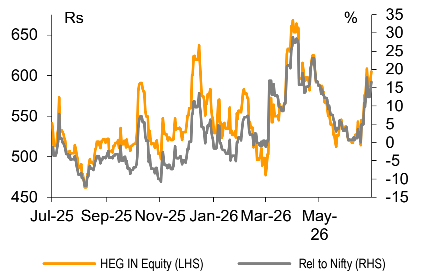
Stock Data	**HEG IN**
52-week High (Rs)	690
52-week Low (Rs)	460
Shares outstanding (mn)	193.0
Market-cap (Rs bn)	124
Market-cap (USD mn)	1,285
Net-debt, FY27E (Rs mn)	5,486.1
ADTV-3M (mn shares)	2.4
ADTV-3M (Rs mn)	1,032.9
ADTV-3M (USD mn)	10.7
Free float (%)	44.2
Nifty-50	23,767.4
INR/USD	96.6

Shareholding,Jun-26	
Promoters (%)	56.3
FPIs/MFs (%)	8.5/9.3

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	22.3	(1.6)	21.2
Rel. to Nifty	23.6	(1.0)	27.8

1-Year share price trend (Rs)



HEG: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	21,527	25,685	29,474	34,323	39,861
EBITDA	2,598	288	6,303	7,914	9,929
Adj. PAT	1,186	(315)	4,370	5,292	6,688
Adj. EPS (Rs)	6.1	(1.6)	22.6	27.4	34.7
EBITDA margin (%)	12.1	1.1	21.4	23.1	24.9
EBITDA growth (%)	(32.1)	(88.9)	2,087.8	25.6	25.5
Adj. EPS growth (%)	(61.9)	0	0	21.1	26.4
RoE (%)	2.7	(0.7)	8.9	10.1	11.8
RoIC (%)	1.1	(8.9)	7.1	8.7	10.8
P/E (x)	104.6	(393.8)	28.4	23.5	18.6
EV/EBITDA (x)	49.5	446.0	20.4	16.2	12.9
P/B (x)	2.8	2.6	2.5	2.3	2.1
FCFF yield (%)	0.8	(0.3)	1.2	1.6	3.5

Source: Company, Emkay Research

Akhilesh Kumar
akhilesh.kumar@emkayglobal.com
+91-22-66121262

Key takeaways from the conference call

Electric Arc Furnace capacity

- Global EAF expansion remains on track, with ~71mt capacity expected by CY28, supporting long-term graphite electrode demand.
- Around 8-10mt of EAF capacity has already been commissioned in 1HCY26, with majority of the announced projects progressing as planned.
- Management expects structural demand to benefit from rising EAF penetration and decarbonization-led steelmaking.

Greentech

- 20kt anode project remains on track for commissioning in 1QFY28.
- Around 70% of capacity is expected to be tied up under 3-5-year contracts with global Tier-1 customers over the next 1-2 months.
- Management reiterated FY28 revenue guidance of Rs6-7bn at 40-50% utilization, with EBITDA margins of ~35%.
- Existing hydro assets generate annual free cash flow of Rs3.2-3.5bn, while upcoming hydro and solar projects are expected to add Rs2.bn EBITDA by 2030.
- Greentech business targets four-digit EBITDA by 2030.

Graphite market

- Ex-China, steel production continues to improve while global steel demand appears to be stabilizing.
- Structural demand outlook remains positive, supported by EAF capacity additions and decarbonization policies.
- HEG expects to sustain high capacity utilization of 92-95% despite industry uncertainties.

US ADD/CVD

- Preliminary CVD outcome expected in July, while final AD determination is anticipated by September.
- US contributes less than 10% of HEG's sales, limiting earnings exposure.
- Management believes any adverse outcome can be mitigated through its diversified global customer base.

Price hikes

- Industry-wide price hikes announced by major global producers are expected to be implemented by Indian players as well.
- Price increases are likely to reflect from October onward, as existing order books are largely committed.
- Needle coke prices have increased by $200-300/t, although the cost impact is expected to flow through only toward the end of FY27.
- Management expects price hikes to largely offset higher raw material and logistics costs, supporting margin stability.

Middle East volumes

- Middle East typically accounts for ~20% of HEG's sales; however, geopolitical disruptions did not result in any volume loss during the quarter.
- Temporary shipment delays were mitigated by diverting dispatches to other export markets, with plant utilization remaining above 90%.
- Management highlighted its diversified presence across >30 countries, enabling seamless reallocation of volumes and limiting any earnings impact from regional disruptions.

Balance Sheet

- Post demerger, HEG Greentech is expected to carry Rs15bn of gross debt, primarily relating to the anode materials project.
- The anode project has already secured Rs12.4bn of debt funding from SBI (phase 1), with the remaining funding to be met through internal accruals and equity.
- Around 40% of the Rs22bn capex for the 20kt anode project has already been incurred, with the bulk of spending scheduled over the next three quarters and ~90% of project payments expected to be completed by FY27-end.
- Any incremental debt beyond the current sanction will be linked to the proposed 10kt brownfield expansion, with funding decisions to be taken closer to project execution.

Operational

- Capacity utilization remained above 90% during the quarter, with FY27 utilization guidance at 92-95%.
- Middle East disruptions did not materially impact volumes, as shipments were redirected to other export markets.
- Export contribution remains at around 70-75% of sales.

Others

- Graphite electrode capacity expansion to 115kt remains on schedule, for early CY28.
- Demerger process is in its final stages, with NCLT approval received and record date expected to be announced shortly.
- Management continues to see HEG as well positioned to benefit from the global transition toward EAF steelmaking.

Exhibit 1: HEG reported a strong 1QFY27, with EBITDA of Rs1.5bn

Consolidated	Units	1Q FY26A	2Q FY26A	3Q FY26A	4Q FY26A	1Q FY27A	1Q FY27E	1Q FY27 Consensus	vs Emkay	vs Consensus	QoQ	YoY
Production	kt	21.8	23.3	21.3	22.8	23.8	22.5	-	5.6%	na	4.4%	9.2%
Revenue	Rs mn	6,169.3	6,992.2	6,556.6	6,032.1	6,807.9	6,273.8	6,508.0	8.5%	4.6%	12.9%	10.4%
EBITDA	Rs mn	1,054.3	1,183.5	1,425.3	-1,482.9	1,505.8	172.2	423.0	774.6%	256.0%	201.5%	42.8%
EBITDA spread	USD/t	555.1	571.3	732.9	-688.6	667.4	80.5	-	728.6%	na	196.9%	20.2%
Net profit	Rs mn	1,048.3	1,433.3	2,072.5	-1,188.0	1,223.4	2,072.5	207.0	-41.0%	491.0%	203.0%	16.7%
EPS	Rs	5.43	7.43	10.72	-5.90	6.34	10.72	na	-40.9%	na	207.5%	16.8%

Source: Company, Emkay Research

Exhibit 2: Decoupling the Graphite business from consolidated financials over FY27-29E results in a 17-28%EBITDA cut

	Units	FY27E			FY28E			FY29E		
		New	Old	Chg	New	Old	Chg	New	Old	Chg
Financial metrics										
Net sales	Rs mn	29,473.6	29,815.6	-1.1%	34,323.3	39,531.6	-13.2%	39,861.3	52,423.8	-24.0%
EBITDA	Rs mn	6,303.2	4,983.7	26.5%	7,913.7	9,413.6	-15.9%	9,929.1	13,630.8	-27.2%
EBIT	Rs mn	5,296.7	4,439.7	19.3%	6,852.7	7,327.1	-6.5%	8,566.4	10,779.8	-20.5%
Net profit	Rs mn	4,370.3	3,373.8	29.5%	5,291.6	4,442.6	19.1%	6,687.5	6,922.5	-3.4%
EPS	Rs	22.6	17.5	29.6%	27.4	23.0	19.2%	34.7	35.9	-3.4%
DPS	Rs	6.8	5.2	29.6%	8.2	6.9	19.2%	10.4	10.8	-3.4%
Net debt / (cash)	Rs mn	5,486.1	16,005.6	65.7%	5,724.3	23,299.9	75.4%	5,724.3	23,299.9	75.4%
Production	tonnes	93.0	90.0	-3.3%	90.0	90.0	0.0%	90.0	90.0	0.0%
Utilization	%	93.0%	90.0%	3.3%	90.0%	90.0%	0.0%	90.0%	90.0%	0.0%

Source: Company, Emkay Research

Exhibit 3: We maintain our TP of Rs750 (assigning Rs503 for Graphite and Rs254 for Greentech)

VALUATION	Methodology	Multiple (x)	Value (Rs mn)	Shares O/s (mn)	Value/sh (Rs)
HEG Graphite					
Enterprise Value	Jun-27 EV/EBITDA	12.0	101,010.7		523.4
less net debt / (net cash)			5,486.1		28.4
Equity value			**95,524.6**		**495.0**
GrafTech Investment Value @ 9.98%			1,450.6		7.5
Graphite Business Equity Value			**96,975.2**	**193.0**	**502.5**
HEG Greentech					
BEL	Jun-27 EV/EBITDA	9.0	55,053.7		166.9
TACC	FY28 PER	20.0	28,535.5		86.5
HEG Greentech Equity Value			**83,589.1**	**329.8**	**253.5**
Total Equity Value			**180,564.3**		**756.0**
Rounded target price					**750.0**
Current share price					643.2
Expected price return					16.6%
Expected dividend yield					0.5%
Expected total return					**17.1%**

Source: Emkay Research

Exhibit 4: HEG – Summary of estimates

Rs mn	FY25	FY26	FY27E	FY28E	FY29E
P&L					
Net sales	21,527.1	25,685.0	29,473.6	34,323.3	39,861.3
Operating expenses	18,929.0	21,702.0	23,170.4	26,409.6	29,932.1
EBITDA	**2,598.1**	**3,983.0**	**6,303.2**	**7,913.7**	**9,929.1**
Depreciation	2,005.5	2,132.1	2,312.2	2,555.8	2,809.9
EBIT	**1,868.3**	**3,260.7**	**5,296.7**	**6,852.7**	**8,566.4**
Interest and taxes	857.0	1,036.1	1,680.1	2,433.8	2,899.1
Net earnings	**1,186.1**	**3,379.7**	**4,370.3**	**5,291.6**	**6,687.5**
EPS (Rs)	**6.0**	**17.5**	**22.6**	**27.4**	**34.7**
Dividend (Rs/sh)	1.8	3.4	6.8	8.2	10.4
Number of shares (mn)	193.0	193.0	193.0	193.0	193.0
Balance sheet					
Gross block	**33,934.2**	**34,578.7**	**38,028.7**	**42,453.7**	**45,578.7**
Inventories	12,546.4	11,337.4	12,919.9	15,045.8	17,473.4
Receivables	4,447.0	4,995.1	6,056.2	7,052.7	8,190.7
Payables	3,992.9	4,007.7	4,675.4	5,724.7	6,732.4
Net working capital	**13,000.5**	**12,324.8**	**14,300.8**	**16,373.9**	**18,931.6**
Cash	**1,470.4**	**2,501.3**	**3,446.7**	**3,208.5**	**5,017.0**
Total assets	56,481.5	61,657.5	66,384.4	71,137.8	76,826.9
Total liabilities	11,944.0	14,078.3	15,746.0	16,795.3	17,803.0
Total Equity	**44,537.7**	**47,579.2**	**50,638.4**	**54,342.5**	**59,023.8**
Cash flow					
Operating cash before WC	2,552.5	2,430.3	2,535.5	3,225.8	3,479.9
Working capital and other	244.4	-298.4	2,394.3	3,218.5	4,129.7
Operating cash flow	**2,796.9**	**2,131.9**	**4,929.8**	**6,444.3**	**7,609.6**
Capex	-1,822.3	-2,526.7	-3,450.0	-4,425.0	-3,125.0
Other investing items	-246.0	-675.7	0.0	0.0	0.0
Investing cash flow	**-2,068.3**	**-3,202.4**	**-3,450.0**	**-4,425.0**	**-3,125.0**
Borrowings/(repayments)	-381.5	1,728.9	1,000.0	0.0	0.0
Equity changes	0.0	0.0	0.0	0.0	0.0
Other financing items	-1,210.0	-760.1	-1,534.4	-2,257.5	-2,676.2
Financing cash flow	**-1,591.5**	**968.8**	**-534.4**	**-2,257.5**	**-2,676.2**
Net change in cash	**-862.9**	**-101.7**	**945.4**	**-238.2**	**1,808.4**
Ending cash	**507.6**	**405.9**	**1,351.3**	**1,113.1**	**2,921.6**
Free cash flow	637.1	-788.1	1,256.5	1,349.3	3,814.7

	FY25	FY26	FY27E	FY28E	FY29E
Operational metrics					
GE Price (USD/t)	4,100.0	4,075.0	4,150.0	4,750.0	5,200.0
Needle Coke (USD/t)	1,329.2	1,358.3	1,362.5	1,550.0	1,700.0
GE Capacity (kt)	100.0	100.0	100.0	100.0	115.0
Capacity Utilization	77.0%	89.0%	93.0%	90.0%	80.0%
Production (kt)	77.0	89.0	93.0	90.0	92.0
Realization (USD/t)	3,235.2	3,138.6	3,300.0	3,900.0	4,350.0
Raw material cost (USD/t)	1,379.1	1,318.1	1,237.5	1,650.0	1,925.0
Financial metrics					
EBITDA margin	12.1%	15.5%	21.4%	23.1%	24.9%
Net margin	5.5%	13.2%	14.8%	15.4%	16.8%
EBITDA spread (USD/t)	396.5	493.7	713.4	907.4	1,091.9
ROE	2.7%	7.3%	8.9%	10.1%	11.8%
ROCE	4.1%	6.9%	10.6%	12.8%	14.9%
ROIC	3.2%	6.3%	8.9%	10.6%	12.4%
Gross debt (Rs mn)	5,848.6	7,932.8	8,932.8	8,932.8	8,932.8
Net debt/(cash) (Rs mn)	4,378.2	5,431.5	5,486.1	5,724.3	3,915.8
Net debt to EBITDA (x)	1.7	1.4	0.9	0.7	0.4
Net debt to Equity	9.8%	11.4%	10.8%	10.5%	6.6%
Valuation					
P/E (x)	74.2	29.7	28.4	23.5	18.6
EV/EBITDA (x)	34.6	26.5	20.6	16.4	12.9
FCF yield	0.7%	-0.8%	1.0%	1.1%	3.1%
Dividend yield	0.4%	0.7%	1.1%	1.3%	1.6%

Methodology	**Rs mn**	**Rs/sh**
Graphite Business EV	101,010.7	523.4
less net debt / (net cash)	5,486.1	28.4
GrafTech Inv @ 9.98%	1,450.6	7.5
Graphite Business Equity Value	**96,975.2**	**502.5**
HEG Greentech	**83,589.1**	**253.5**
Target price		**750.0**
Current price		643.2
Expected return		**16.6%**

Source: Company, Emkay Research

HEG: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**21,527**	**25,685**	**29,474**	**34,323**	**39,861**
Revenue growth (%)	(10.1)	19.3	14.8	16.5	16.1
EBITDA	**2,598**	**288**	**6,303**	**7,914**	**9,929**
EBITDA growth (%)	(32.1)	(88.9)	2,087.8	25.6	25.5
Depreciation & Amortization	2,006	2,132	2,312	2,556	2,810
EBIT	**593**	**(1,844)**	**3,991**	**5,358**	**7,119**
EBIT growth (%)	(71.5)	0	0	34.2	32.9
Other operating income	-	-	-	-	-
Other income	1,276	1,410	1,306	1,495	1,447
Financial expense	392	372	223	670	670
PBT	**1,476**	**(806)**	**5,073**	**6,183**	**7,896**
Extraordinary items	0	0	0	0	0
Taxes	465	664	1,457	1,764	2,229
Minority interest	-	-	-	-	-
Income from JV/Associates	175	1,155	754	873	1,020
Reported PAT	**1,186**	**(315)**	**4,370**	**5,292**	**6,688**
PAT growth (%)	(61.9)	0	0	21.1	26.4
Adjusted PAT	**1,186**	**(315)**	**4,370**	**5,292**	**6,688**
Diluted EPS (Rs)	**6.1**	**(1.6)**	**22.6**	**27.4**	**34.7**
Diluted EPS growth (%)	(61.9)	0	0	21.1	26.4
DPS (Rs)	**4.5**	**1.9**	**6.8**	**8.2**	**10.4**
Dividend payout (%)	**73.6**	**(116.4)**	**30.0**	**30.0**	**30.0**
EBITDA margin (%)	12.1	1.1	21.4	23.1	24.9
EBIT margin (%)	2.8	(7.2)	13.5	15.6	17.9
Effective tax rate (%)	31.5	(82.4)	28.7	28.5	28.2
NOPLAT (pre-IndAS)	**406**	**(3,363)**	**2,845**	**3,829**	**5,109**
Shares outstanding (mn)	193	193	193	193	193

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	386	386	386	386	386
Reserves & Surplus	44,152	47,193	50,252	53,957	58,638
Net worth	**44,538**	**47,579**	**50,638**	**54,343**	**59,024**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	949	829	829	829	829
Total debt	**5,849**	**7,933**	**8,933**	**8,933**	**8,933**
Total liabilities & equity	**51,481**	**56,492**	**60,551**	**64,255**	**68,936**
Net tangible fixed assets	18,922	17,434	18,572	20,441	20,757
Net intangible assets	-	-	-	-	-
Net ROU assets	375	369	369	369	369
Capital WIP	709	2,236	2,236	2,236	2,236
Goodwill	-	-	-	-	-
Investments [JV/Associates]	10,136	10,810	10,810	10,810	10,810
Cash & equivalents	**1,470**	**2,501**	**3,447**	**3,209**	**5,017**
Current assets (ex-cash)	23,095	26,432	29,076	32,198	35,764
Current Liab. & Prov.	5,000	5,166	5,834	6,883	7,891
NWC (ex-cash)	**18,095**	**21,266**	**23,242**	**25,315**	**27,873**
Total assets	**51,481**	**56,492**	**60,551**	**64,255**	**68,936**
Net debt	4,378	5,432	5,486	5,724	3,916
Capital employed	51,481	56,492	60,551	64,255	68,936
Invested capital	**37,043**	**38,726**	**41,840**	**45,782**	**48,655**
BVPS (Rs)	230.8	246.6	262.4	281.6	305.9
Net Debt/Equity (x)	0.1	0.1	0.1	0.1	0.1
Net Debt/EBITDA (x)	1.7	18.9	0.9	0.7	0.4
Interest coverage (x)	4.8	(1.2)	23.7	10.2	12.8
RoCE (%)	**3.7**	**(0.8)**	**9.2**	**11.2**	**13.1**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	1,429	2,938	5,827	7,056	8,917
Others (non-cash items)	351	(75)	0	0	0
Taxes paid	(447)	(223)	(1,457)	(1,764)	(2,229)
Change in NWC	(737)	(3,013)	(1,976)	(2,073)	(2,558)
Operating cash flow	**2,797**	**2,132**	**4,930**	**6,444**	**7,610**
Capital expenditure	(1,822)	(2,527)	(3,450)	(4,425)	(3,125)
Acquisition of business	-	-	-	-	-
Interest & dividend income	301	132	0	0	0
Investing cash flow	**(2,068)**	**(3,202)**	**(3,450)**	**(4,425)**	**(3,125)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(382)	1,729	1,000	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(338)	(393)	(223)	(670)	(670)
Dividend paid (incl tax)	(873)	(367)	(1,311)	(1,587)	(2,006)
Others	0	0	0	0	0
Financing cash flow	**(1,592)**	**969**	**(534)**	**(2,257)**	**(2,676)**
Net chg in Cash	(863)	(102)	945	(238)	1,808
OCF	2,797	2,132	4,930	6,444	7,610
Adj. OCF (w/o NWC chg.)	3,534	5,145	6,906	8,517	10,167
FCFF	975	(395)	1,480	2,019	4,485
FCFE	883	(635)	1,256	1,349	3,815
OCF/EBITDA (%)	107.7	740.0	78.2	81.4	76.6
FCFE/PAT (%)	74.5	201.4	28.8	25.5	57.0
FCFF/NOPLAT (%)	**240.1**	**11.7**	**52.0**	**52.7**	**87.8**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	104.6	(393.8)	28.4	23.5	18.6
EV/CE(x)	2.6	2.3	2.2	2.0	1.9
P/B (x)	2.8	2.6	2.5	2.3	2.1
EV/Sales (x)	6.0	5.0	4.4	3.7	3.2
EV/EBITDA (x)	49.5	446.0	20.4	16.2	12.9
EV/EBIT(x)	216.8	(69.7)	32.2	24.0	18.0
EV/IC (x)	3.5	3.3	3.1	2.8	2.6
FCFF yield (%)	0.8	(0.3)	1.2	1.6	3.5
FCFE yield (%)	0.7	(0.5)	1.0	1.1	3.1
Dividend yield (%)	0.7	0.3	1.1	1.3	1.6
DuPont-RoE split					
Net profit margin (%)	5.5	(1.2)	14.8	15.4	16.8
Total asset turnover (x)	0.4	0.5	0.5	0.6	0.6
Assets/Equity (x)	1.2	1.2	1.2	1.2	1.2
RoE (%)	**2.7**	**(0.7)**	**8.9**	**10.1**	**11.8**
DuPont-RoIC					
NOPLAT margin (%)	1.9	(13.1)	9.7	11.2	12.8
IC turnover (x)	0.6	0.7	0.7	0.8	0.8
RoIC (%)	**1.1**	**(8.9)**	**7.1**	**8.7**	**10.8**
Operating metrics					
Core NWC days	306.8	302.2	287.8	269.2	255.2
Total NWC days	**306.8**	**302.2**	**287.8**	**269.2**	**255.2**
Fixed asset turnover	0.7	0.7	0.8	0.9	0.9
Opex-to-revenue (%)	43.6	43.1	28.3	24.0	21.5

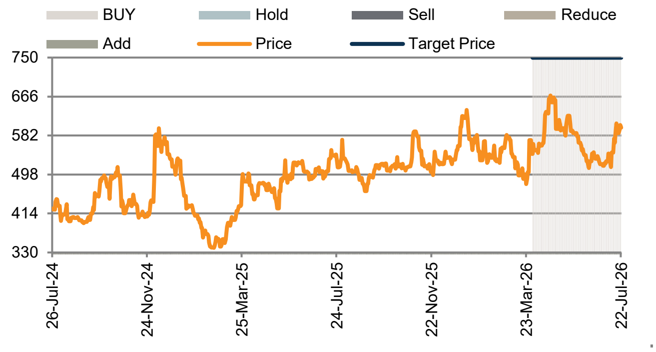
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
07-Jul-26	531	750	Buy	Akhilesh Kumar
16-Jun-26	541	750	Buy	Akhilesh Kumar
29-May-26	567	750	Buy	Akhilesh Kumar
04-May-26	616	750	Buy	Akhilesh Kumar
08-Apr-26	565	750	Buy	Akhilesh Kumar
31-Mar-26	542	750	Buy	Akhilesh Kumar

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. 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.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL . All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, 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 or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons1 may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests2 in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

[1] An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

1. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of July 25, 2026
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report

Disclosure of previous investment recommendation produced:

3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of July 25, 2026
5. EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the July 25, 2026
6. EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
7. EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
8. EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.

SESHADRI KUMAR SEN

Digitally signed by SESHADRI KUMAR SEN
Date: 2026.07.25 00:02:35 +05'30'