TATA Steel

BSE SENSEX	S&P CNX
82,626	25,327

Stock Info

Bloomberg	TATA IN
Equity Shares (m)	12484
M.Cap.(INRb)/(USDb)	2609.5 / 28.8
52-Week Range (INR)	211 / 124
1, 6, 12 Rel. Per (%)	11/29/43
12M Avg Val (INR M)	5072
Free float (%)	66.8

Financials Snapshot (INR b)

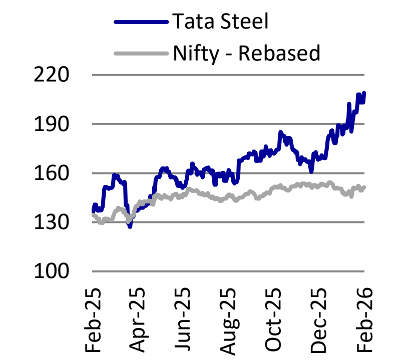
Y/E MARCH	2026E	2027E	2028E
Sales	2,316	2,619	2,704
EBITDA	345	436	471
Adj. PAT	117	179	197
EBITDA Margin (%)	14.9	16.7	17.4
Adj. EPS (INR)	9.4	14.3	15.8
BV/Sh. (INR)	80.3	92.6	106.4
Ratios			
Net D:E	0.8	0.7	0.5
RoE (%)	12.2	16.6	15.9
RoCE (%)	11.9	15.3	15.4
Payout (%)	21.4	14.0	12.7
Valuations			
P/E (x)	22.3	14.6	13.2
P/BV (x)	2.6	2.3	2.0
EV/EBITDA(x)	10.0	7.7	6.9
Div. Yield (%)	1.0	1.0	1.0

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	33.2	33.2	33.2
DII	27.2	27.1	23.7
FII	18.0	17.8	19.0
Others	21.7	21.9	24.1

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR209 TP:INR240 (+15%) BUY

Strong domestic outlook; improvement in Europe to drive consolidated earnings

We upgraded Tata Steel (TATA) to BUY in Oct'25 at INR177 and reiterated **our positive stance on the name in our detailed steel thematic report in Jan'26. While the stock has performed well after our upgrade, we remain constructive on the stock on the back of a strong domestic demand outlook, safeguard duty-led price support, ongoing capacity expansions and a gradual turnaround in the EU business.**

Capacity expansion to drive earnings amid demand upswing

- India's steel demand is projected to grow by ~8-10% over FY26-30, backed by a robust demand environment, policy support, and ongoing recovery in industry fundamentals. TATA is aggressively expanding its capacity in India to capitalize on rising domestic demand, scaling from 26.5mtpa in FY25 to 40mtpa by FY31 over the medium term, with an annual capex commitment of ~INR160b.
- Recently, TATA commissioned 5mtpa integrated capacity at Kalinganagar, increasing the plant's total capacity to 8mtpa (INR270b investment), with phase-III expansion targeting 13mtpa.
- Other key projects include scaling NINL from 1mtpa to 5.8mtpa. The board has approved the expansion under Phase-I of its long-term plan with expected timeline of 3-3.5 years. Ongoing commissioning of 0.75mtpa scrap-based EAF in Ludhiana by FY27 will focus on high-margin retail products.
- The board has approved establishing a ~1mtpa demonstration plant in Jamshedpur, based on Hisarna low-carbon technology.
- TATA is transitioning into green steelmaking in Europe, where it is converting Port Talbot (UK) to a 3mtpa EAF from conventional BF route steelmaking. The company is also exploring a gas-based DRI + EAF route at IJmuiden (the Netherlands), subject to policy clarity.

Steel prices to recover, backed by safeguard duty + CABM + China's supply discipline

- As per the Joint Plant Committee (JPC), India's crude steel production rose 10% YoY to 123mt in 9MFY26 and imports declined 39% YoY to 4.4mt due to tighter import controls, while exports increased 34% YoY to 4.8mt.
- Domestic HRC prices rebounded from INR47,500/t in 3QFY26 to INR53,500/t in Feb'25 following the government's definitive safeguard duty, supporting our expectation of stable domestic steel prices over the medium term. TATA remains well-placed to benefit from India's structural growth. In 4Q, notable price recovery is expected and will be driving margin expansion.
- Under CBAM, EU steel importers will progressively bear carbon costs (from 10% in CY26 to 20% in CY27 and higher thereafter), narrowing the carbon cost gap between EU and non-EU producers. This will support EU steel prices to improved NSR (higher industry floor price) than direct cost savings.

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- Weak domestic demand in China had led to global steel oversupply. Multiple countries have imposed trade barriers to restrict low-cost Chinese steel. Meanwhile, China’s crude steel production declined 5% YoY to ~950mt in CY25, following production curbs and export restrictions. With lower Chinese production, global steel prices are expected to stabilize.

Breakeven for European operations – TSUK breakeven on track; TSN cost restructuring to drive profitability

- Europe continues to face structural challenges from weak demand, excess imports, elevated carbon costs, and policy distortions, suppressing spreads. However, CBAM implementation and tighter import quotas after Jun’26 are expected to provide medium-term structural support, potentially lifting regional steel prices.
- Tata Steel Europe (UK & Netherlands) remains challenged by high energy/operational costs, subdued demand, and decarbonization obligations. The INR115b cost transformation program (India, UK, and the Netherlands) is on track, with the UK targeted to break even in the next few quarters.
- Europe operations are making visible progress toward breakeven, with recent quarters showing a narrowing of losses from USD42/t in 3QFY25 to USD10/t in 3QFY26 despite weak NSR, which reflects strong cost reduction.
- We expect further improvement to be driven by cost optimization, softer energy prices, and benefits from the legacy BF shutdown in the UK. This could lift Europe EBITDA to ~USD70/t and consolidated EBITDA/t to ~INR13,000 by FY28E (vs. INR8,376 in FY25).

Valuation and view: BUY

- TATA is one of the largest players in India's steel sector and we maintain a constructive stance, supported by a strong domestic demand outlook and safeguard duty-led price support.
- In Europe, while near-term profitability remains contingent on spread recovery and energy costs, structural measures such as CBAM and tighter import quotas should gradually improve pricing discipline and reduce import-led margin pressure.
- India business is expected to continue its strong performance, and an improvement in the EU performance to support overall earnings. Net debt stood at INR818b as of 3QFY26, which includes cash of INR108b. This translates into a net debt-to-EBITDA ratio of 2.59x as of Dec’25.
- **At CMP, TATA is trading at 7.7x EV/EBITDA and 2.3x FY27E P/B. We maintain our BUY rating with an SoTP-based TP of INR240 per share on Sep’27 estimate.**

Story in charts

Exhibit 1: TATA scaling up in India to capitalize on growth opportunity

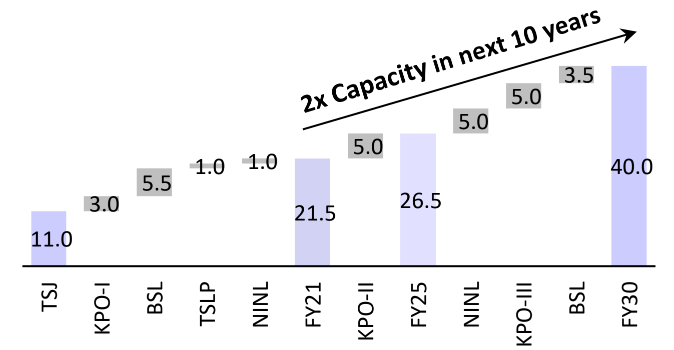


Exhibit 2: Shipment (mt) to hit +35mt by FY287E

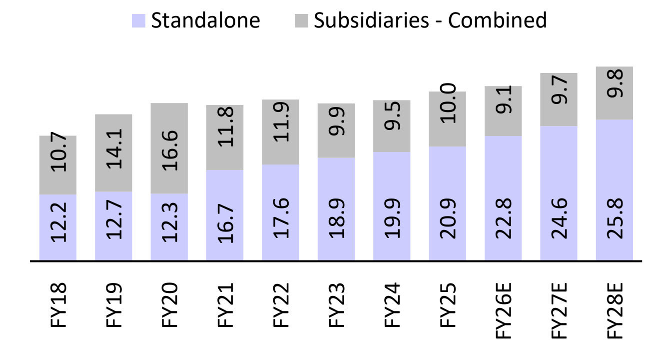


Exhibit 3: Domestic HRC/Rebar prices (INR/t)

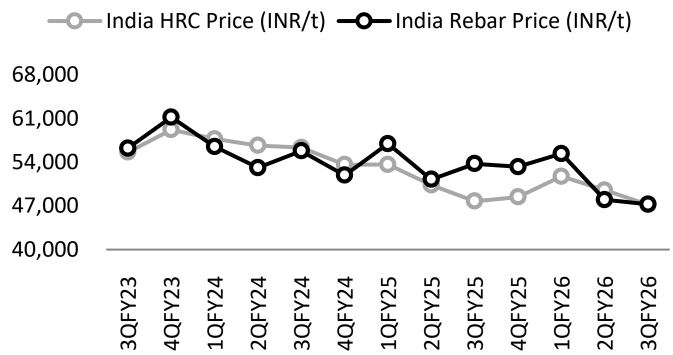


Exhibit 4: NSR effected over sharp correction in steel prices

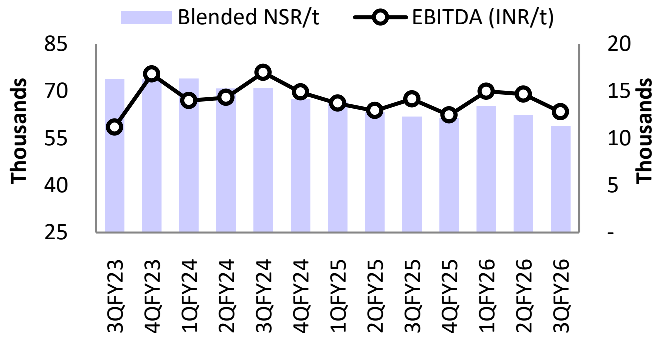


Exhibit 5: Europe HRC prices (USD/t)

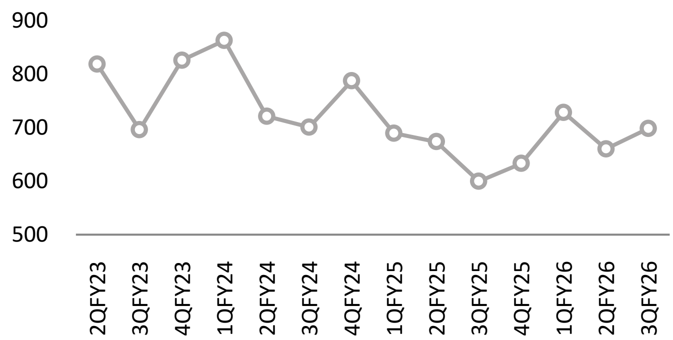


Exhibit 6: EU spreads weakened over muted steel prices

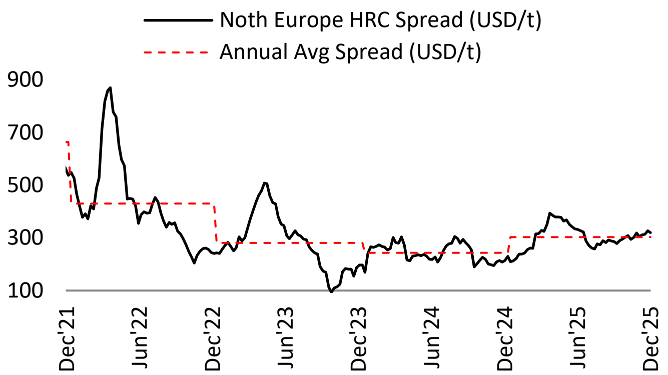


Exhibit 7: TATA Europe's EBITDA steadily improving to a breakeven

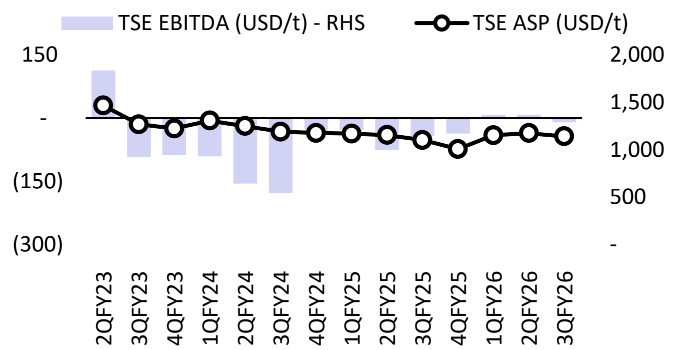
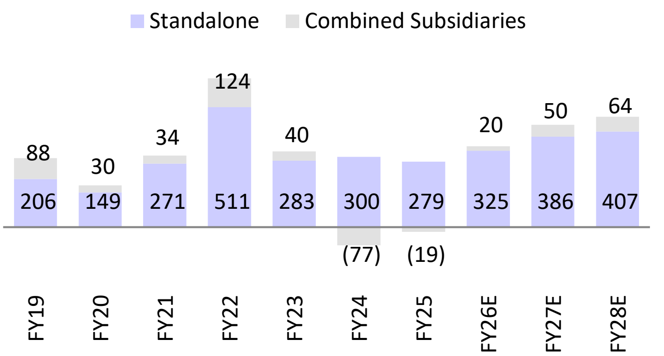


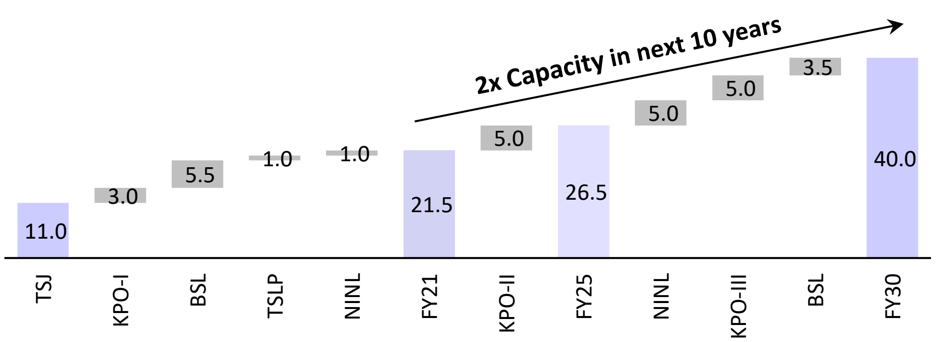
Exhibit 8: Europe EBITDA +ve to drive overall consol. EBITDA (INR b)



Capacity expansion to drive earnings amid demand upswing

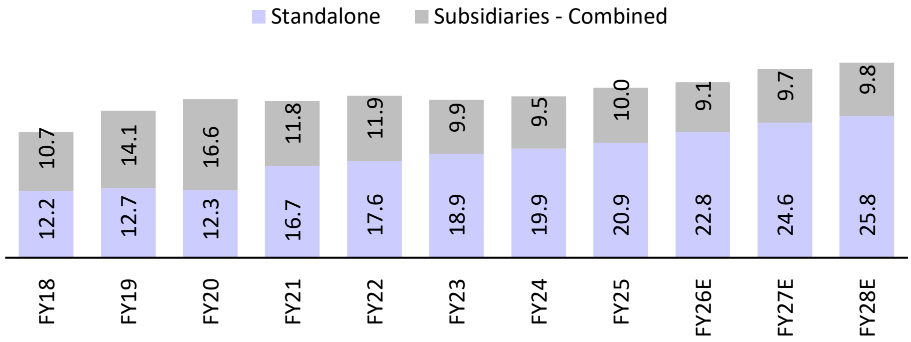
- India's steel output clocked ~6% CAGR over the past five years (~5.3% CAGR over the past 15 years), significantly outpacing global steel manufacturing countries (World/China crude steel output has been largely flat). To meet growing domestic demand and remain self-reliant, the government has targeted 300mt of crude steel capacity by FY31. We expect India's steel consumption to sustain at ~7% CAGR over FY25-27, driven by capacity expansion and robust demand.
- TATA is strategically executing capacity expansion to capitalize on India's robust steel demand. TATA plans to scale its capacity from ~26.5MTPA currently to ~40 MTPA over the medium term, with an annual capex commitment of ~INR160b. Recently, it commissioned 5mtpa integrated capacity at Kalinganagar in FY25, backed by an investment of INR270b. The capacity ramp-up is currently underway and management aims to add another 5mtpa, bringing the total Kalinganagar capacity to 13mtpa.
- Other key expansions include scaling Neelachal Ispat Nigam Ltd (NINL) from 1mtpa to 5.8mtpa. The board approved a 4.8mtpa expansion under Phase-I of its long-term plan with expected timeline of 3-3.5 years. This expansion strengthens TATA's portfolio of long products, enhancing its presence in construction and retail markets, which continue to demonstrate robust domestic growth. TATA also commissioning a 0.75mtpa scrap-based EAF in Ludhiana by FY27 focused on high-margin retail products, catering to customers within a 300km radius.
- The board approved proceeding with engineering and regulatory approvals for establishing a 1mtpa demonstration plant in Jamshedpur, based on Hisarna low-carbon technology. Hisarna technology enables low-carbon steelmaking by eliminating coke and using low-grade ore with slag. TATA holds global IP rights, positioning this technology as a long-term differentiator for sustainable steelmaking.

Exhibit 9: TATA scaling up in India to capitalize on the growth opportunity



Source: Company

Exhibit 10: Shipment (mt) to hit +35mt by FY287E

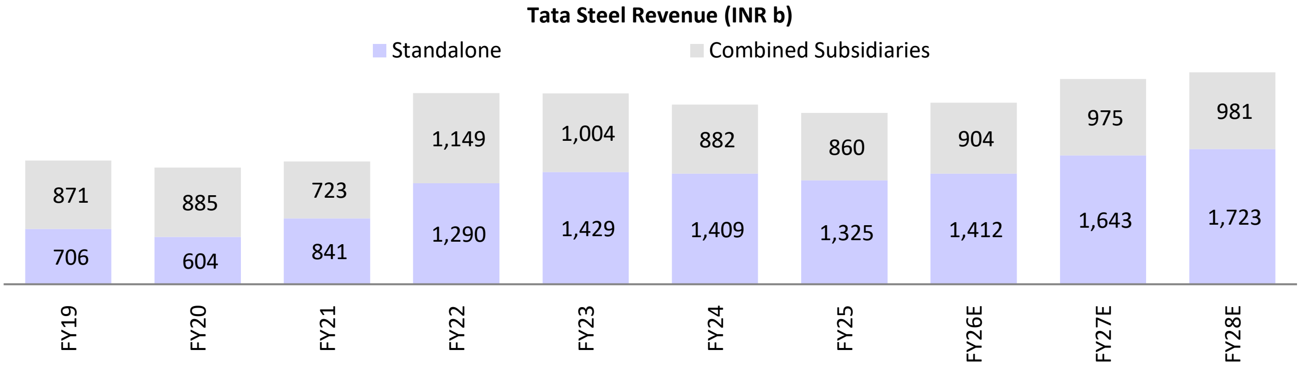


Source: MOFSL, Company

- **Expansion in downstream and flat products:** To enhance its finish flat steel capacity, the board approved undertaking design and engineering work for a 2.5mtpa thin slab caster & rolling mill at Meramandali. This will support faster expansion in value-added thin-gauge steels. Additionally, the setup of a 0.7mtpa hot rolled pickling & galvanizing line (HRPGL) at Tarapur (Tata Steel BlueScope - JV) will cater primarily to automotive OEMs, enable import substitution, and strengthen TATA's leadership in the coated steel segment.

- TATA is actively restructuring its European operations to advance decarbonization efforts and improve competitiveness. In the Netherlands, a major decarbonization plan is underway with support from the Dutch government. The project is currently in the engineering and capital cost estimation phase. A letter of intent will be presented to parliament, and following the elections/formation of a new government, binding agreements will be negotiated. In the UK, construction has commenced on a 3mtpa EAF project at Port Talbot, aimed at achieving significant cost and carbon reductions (increased local scrap use, lower energy costs, and improved competitiveness post-transition).

Exhibit 11: Robust domestic volume to drive overall consolidated revenue to INR2.7t by FY28E



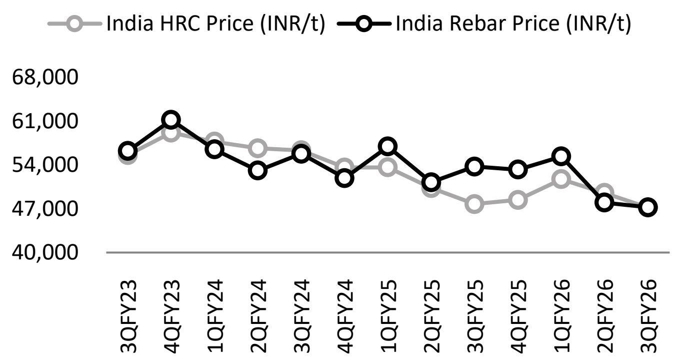
Source: MOFSL, Company

Steel prices to recover, backed by safeguard duty + CABM + China's supply discipline

Safeguard duty and other trade restrictions to support domestic steel prices

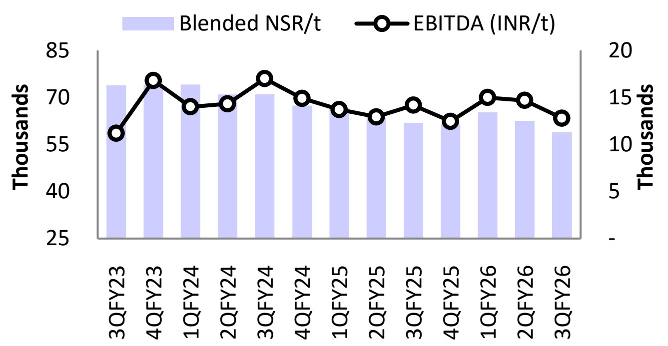
- According to the JPC, India's crude steel production stood at 123mt (10% YoY) in 9MFY26, driven by robust demand and incremental capacities. In 9MFY26, steel imports in India declined 39% YoY to 4.4mt, driven by a 12% safeguard duty and other import control measures. Meanwhile, exports rose 34% YoY to 4.8mt as exports to the EU/MEA increased.
- Domestic HRC prices recovered from INR47,500/t in 3QFY26 to INR53,500/t in Feb'25 as the government announced a definitive 12% safeguard duty for three years. Prices of China's landed steel in India are currently at a 6% premium to domestic steel prices on account of the safeguard duty. Therefore, we expect domestic steel prices to remain steady for the next three years, supported by safeguard duty. TATA is well-positioned to benefit from India's strong domestic growth story through its ongoing capacity expansion and product diversification strategies. In 3QFY26, TATA standalone reported EBITDA/t of INR12,800, despite muted NSR. Management commentaries during 3QFY26 have indicated a significant price recovery in 4Q, marginally offset by a rise in input costs (coking coal).

Exhibit 12: Domestic HRC/Rebar prices (INR/t)



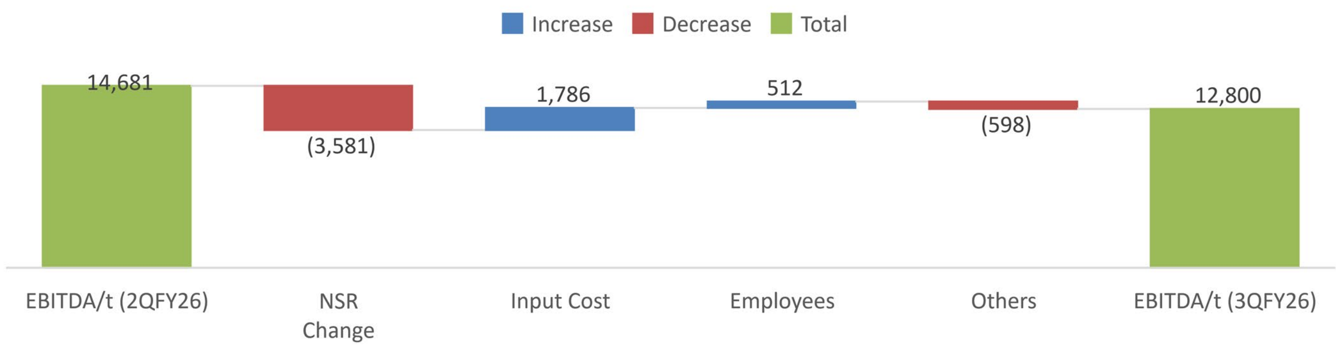
Source: MOFSL, BigMint

Exhibit 13: NSR effected over sharp correction in steel prices



Source: MOFSL, Company

Exhibit 14: Muted NSR was key catalyst for weak EBITDA/t in 3Q



Source: MOFSL, Company

Exhibit 15: Prices of China's landed steel in India are currently trades at premium to domestic steel prices

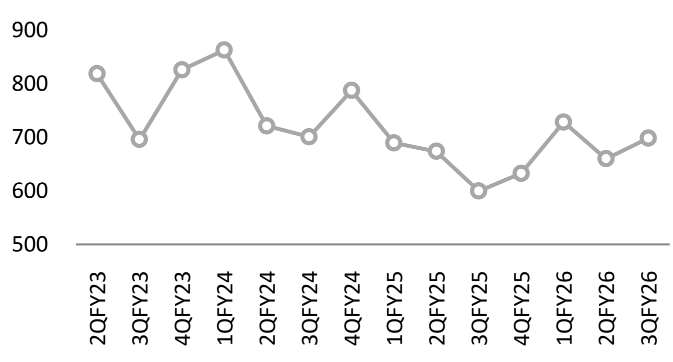
	Non-FTA Countries		FTA Countries	
Cost Component (USD/t)	**Basic Import**	**Imports with SDs**	**Basic Import**	**Imports with SDs**
FOB Price	475		505	
Freight via Sea Route	20		20	
Insurance (0.5% of CIF)	2		3	
CIF Price (FOB + Freight + Insurance)	**497**		**528**	
Basic Customs Duty (BCD 7.5% of CIF)	37			
Social Welfare Surcharge (10% of BCD)	4			
Cost of Imports	**539**	**539**	**528**	**528**
Minimum Price Cap by GOI	**-**	**675**	**-**	**675**
Additional Duties and Charges				
Safeguard Duty (12% of CIF) + 10% Cess	-	71	-	63
Port Handling & Clearance Charges (At Ports)	22	22	22	22
Total Landed Cost	**561**	**632**	**550**	**613**
USD/INR	**90.0**	**90.0**	**90.0**	**90.0**
Total Landed Cost (INR/t)	**50,470**	**56,860**	**49,490**	**55,180**
HRC, Exy-Mumbai, India @ INR53,500 (INR/t)	**3,030**	**(3,360)**	**4,010**	**(1,680)**

Source: MOFSL, Industry

CBAM and EU import reduction quota will support EU operations

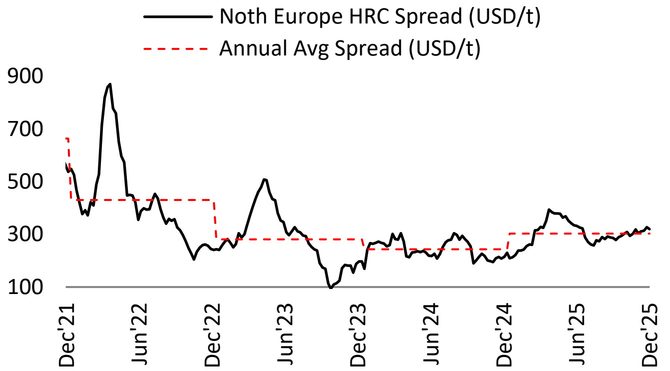
- During 3QFY26 earnings commentaries, management highlighted that CBAM moves into its definitive implementation phase from Jan'26, shifting from the transitional reporting regime to a phased financial adjustment mechanism.
- Under the mechanism, EU importers will progressively bear carbon costs, beginning at 10% in CY26, increasing to 20% in CY27, and scaling further thereafter, thereby reducing the carbon cost differential between EU and non-EU producers. As a result, we expect CBAM to structurally support European steel prices, as non-EU exporters will no longer enjoy a carbon cost advantage when selling into the EU market. Tata Steel Netherlands has already absorbed ~EUR150m of carbon-related costs in 9MFY26, which materially impacted EBITDA, underscoring the significance of carbon pricing in Europe. The benefit of CBAM is expected to manifest through improved realizations rather than direct cost savings, effectively lifting the industry price floor.
- CBAM, alongside the tightening of import quotas after Jun'26, could reduce excess imports, which have been a key driver of margin compression in Europe. We believe that while these measures are structurally positive, management indicated the pricing impact may be phased in gradually, depending on contract structures and pass-through mechanisms across the supply chain.
- CBAM strengthens the long-term investment case for the Netherlands decarbonization project, as lower-carbon steel production would enhance competitiveness under the new regulatory framework.

Exhibit 16: Europe HRC prices (USD/t)



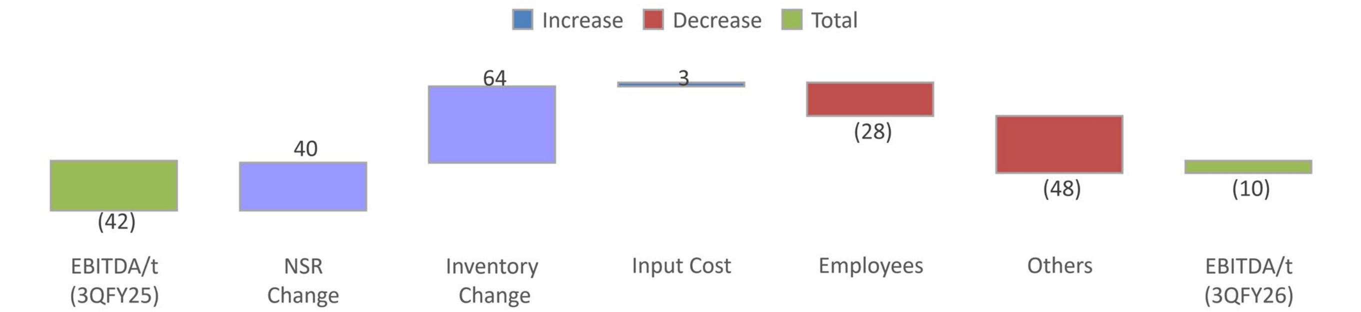
Source: MOFSL, BigMint

Exhibit 17: EU spreads weakened over muted steel prices



Source: MOFSL, Bloomberg, BigMint

Exhibit 18: TATA EU's EBITDA/t improved YoY mainly on account of cost takeout program

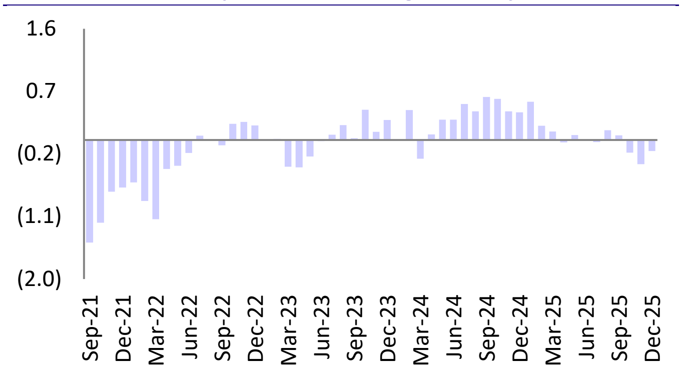


Source: MOFSL, Company

China's supply discipline is vital for global price recovery

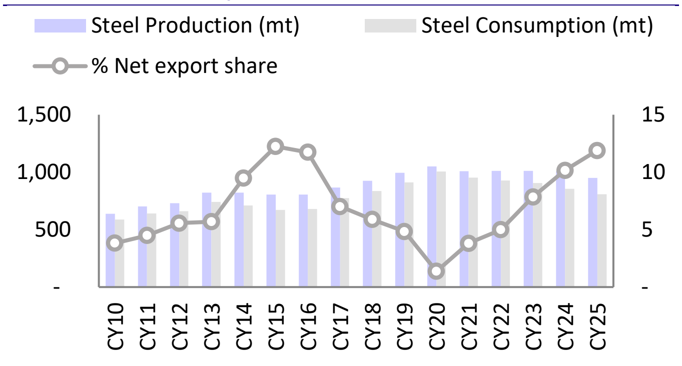
- Subdued demand in China had resulted in a global steel oversupply, with the country's steel exports rising to ~26% (~113mt) of global exports in CY25 vs ~14% (~53mt) in CY20.
- Several countries across geographies have imposed trade barriers on China to curb cheaper steel imports. Despite that, China's steel imports rose 10% YoY to 113mt in CY25, as it rerouted the exports to other geographies (LATM/MEA).
- However, China production declined -5% YoY to 950mt in CY25 (below 1bt average production in last 5-years) as China imposed production cuts and export restrictions, which will support global steel prices.

Exhibit 19: India imports declined significantly in CY25



Source: MOFSL, BigMint

Exhibit 20: China exports increased over muted demand

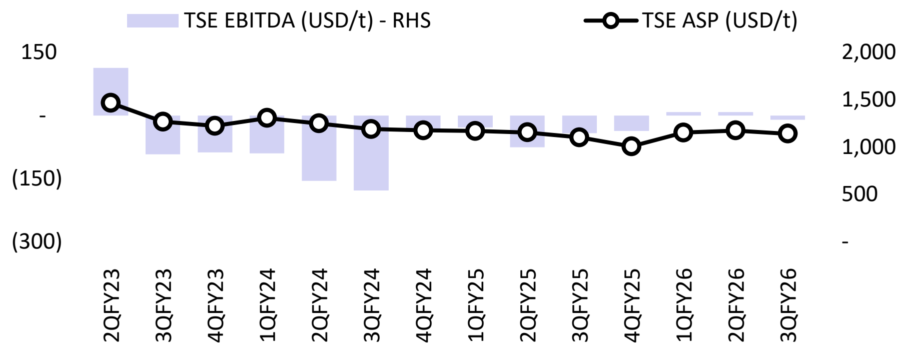


Source: MOFSL, Industry

Breakeven in European operations – TSUK breakeven on track; TSN cost restructuring to drive profitability

- Europe continues to face structural challenges from weak demand, excess imports, high carbon costs, and policy distortions, which have suppressed spreads. However, we foresee medium-term structural support from CBAM implementation and tighter import quotas after Jun'26, which could lift European steel pricing closer to global parity.
- TATA Europe's operations in the UK and the Netherlands have faced persistent financial challenges due to high energy/operational costs, unfavorable demand, and the obligation to reduce carbon emissions. Cost transformation initiatives across Europe have delivered meaningful savings, partially offsetting adverse pricing conditions. The INR115b cost transformation initiatives across three locations (India, UK, and Netherlands) remain on track, with the UK operations expected to achieve breakeven by 4QFY26. Europe operations are making visible progress toward breakeven, with recent quarters showing a narrowing of losses from USD42/t in 3QFY25 to USD10/t in 3QFY26, despite weak NSR.
- We expect further improvements on account of cost optimization, lower energy prices, and the impact of the legacy BF shutdown in the UK. This should boost the overall EBITDA of its Europe operations to USD70/t and Consol. EBITDA/t to INR13,000/t by FY28E (vs. INR8,376/t in FY25).

Exhibit 21: TATA Europe's EBITDA steadily improving toward breakeven

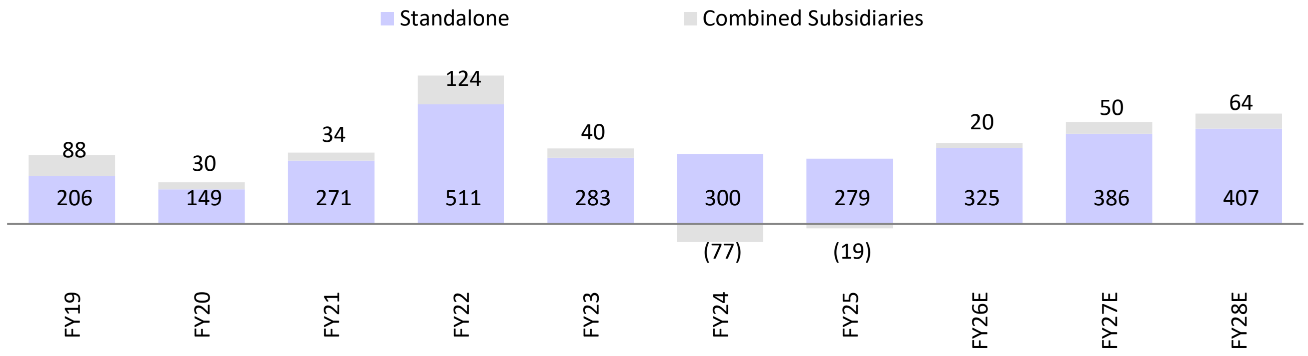


Source: MOFSL, Company

- **Tata Steel Netherlands 3Q highlights:** The company delivered EBITDA of ~EUR55m in 3QFY26 (~EUR39/t) vs. EUR90m in 2QFY26 (~EUR58/t), led by muted realizations; however, it grew from ~EUR0/t in 3QFY25, supported by strong cost reduction. In 9MFY26, the Netherlands business generated EUR210m in EBITDA, after absorbing ~EUR150m of carbon costs and around EUR50m impact from US tariffs, highlighting underlying resilience. Ex-carbon and tariff headwinds, management indicated that EBITDA would have been near EUR400m (+EUR90/t), implying structural earning potential once external distortions normalize. Despite lower NSR of EUR30-33/t over product-mix dilution, management guided EBITDA to improve in 4Q on account of cost take-outs and higher volumes by ~0.4mt QoQ.
- **Tata Steel UK 3Q highlights:** UK operations remained loss-making, with ~EBITDA loss of GBP63m in 3QFY26, reflecting weak prices and depressed steel spreads. In 9MFY26, EBITDA losses narrowed by ~GBP135m YoY to GBP172m

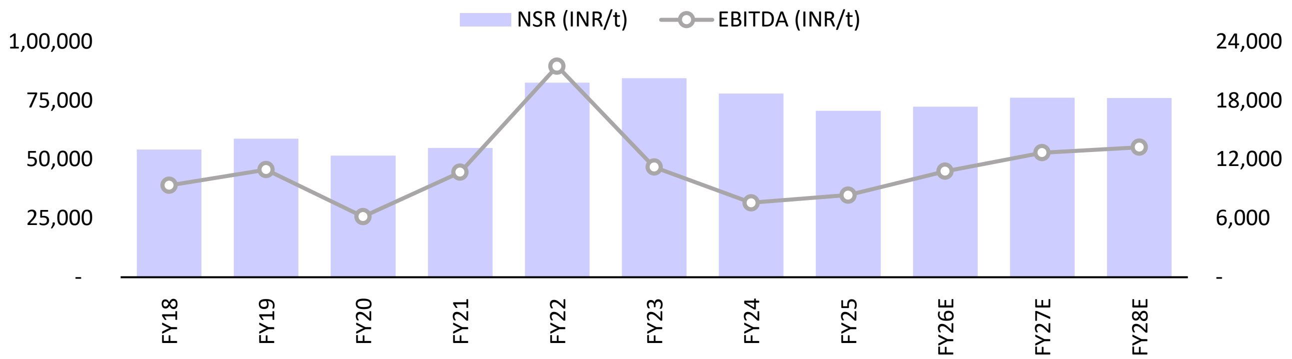
(~GBP102/t), demonstrating cost improvement despite continued pricing pressure. UK steel prices have significantly fallen to ~GBP500-510/t from the historical peak of ~GBP900/t, indicating severe spread compression. Management noted that ~GBP100/t improvement in spreads would be required for the UK business to return to EBITDA breakeven.

Exhibit 22: Incremental EBITDA (INR b) from the Europe business to drive overall consol. EBITDA (INR b)



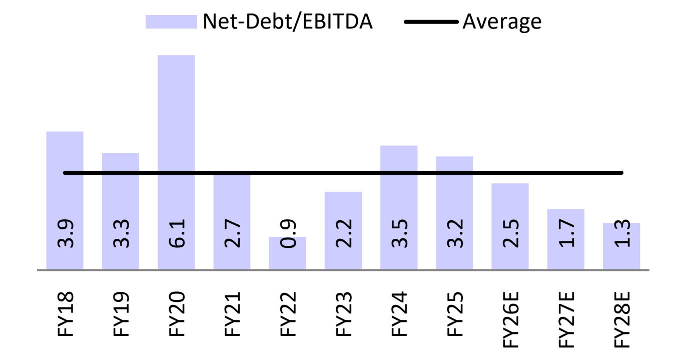
Source: MOFSL, Company

Exhibit 23: Overall consol. EBITDA/t is expected to hit INR13,000/t by FY28E



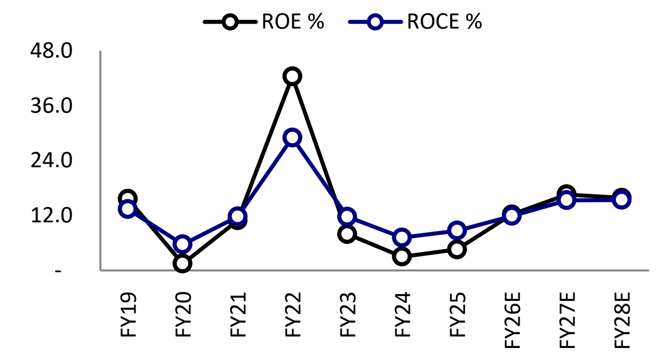
Source: MOFSL, Company

Exhibit 24: Net debt-to-EBITDA ratio expected to reduce



Source: MOFSL, Company

Exhibit 25: ROE/ROCE expected to improve



Source: MOFSL, Company

Exhibit 26: Financial Summary

		FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Standalone										
Volume	mt	12.3	16.7	17.6	18.9	19.9	20.9	22.8	24.6	25.8
Realisation	INR/t	49,047	50,488	73,212	75,736	70,785	63,284	61,790	66,679	66,776
EBITDA/t	INR/t	12,061	16,277	29,013	14,982	15,062	13,307	14,240	15,667	15,788
Revenue	INR b	604	841	1,290	1,429	1,409	1,325	1,412	1,643	1,723
EBITDA	INR b	149	271	511	283	300	279	325	386	407
PAT	INR b	85	164	332	153	191	149	173	208	218
Subsidiaries										
Revenue	INR b	816	863	1,149	1,004	883	860	904	975	981
EBITDA	INR b	28	76	124	40	(77)	(19)	20	50	64
Europe*										
Volume	mt	9.3	8.8	9.0	8.5	8.1	8.8	8.2	8.9	8.9
Realisation	USD/t	853	859	1,339	1,377	1,231	1,106	1,144	1,130	1,134
EBITDA/t	USD/t	(10)	(6)	181	68	(113)	(45)	3	44	62
Revenue	INR b	559	561	900	933	829	819	827	890	896
EBITDA	INR b	(7)	(4)	122	46	(76)	(33)	2	34	49
Consolidated										
Volume	mt	28.9	28.5	29.5	28.8	29.4	31.0	32.0	34.4	35.5
Realisation	INR/t	51,583	54,885	82,642	84,527	77,976	70,589	72,437	76,187	76,063
EBITDA/t	INR/t	6,173	10,699	21,507	11,219	7,590	8,376	10,804	12,686	13,253
Revenue	INR b	1,490	1,565	2,440	2,434	2,292	2,185	2,316	2,619	2,704
EBITDA	INR b	178	305	635	323	223	259	345	436	471
Adj. PAT	INR b	10	83	403	86	30	42	117	179	197
Adj. EPS	INR	0.9	6.9	33.0	7.1	2.4	3.4	9.4	14.3	15.8

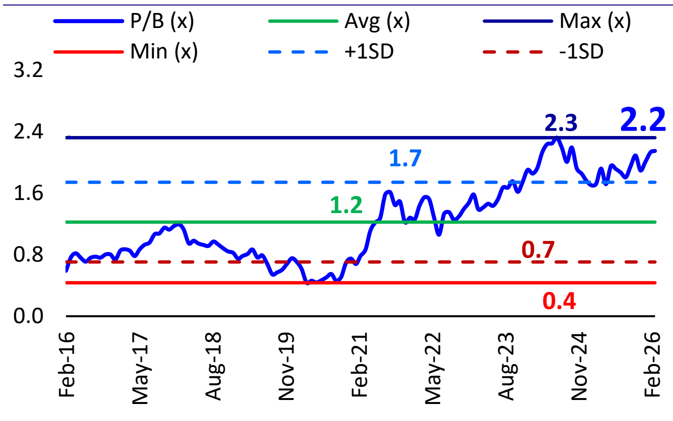
Note - * Europe operations excluding intersegment and other non-operating income

Exhibit 27: Valuation summary

Y/E March	UoM	Sep'27E
Standalone		
Sales	mt	25.2
EBITDA	INR/t	15,729
EBITDA	INR b	397
Target multiple	x	8.5
Target EV	**INR b**	**3,372**
Europe		
Sales	mt	8.9
EBITDA	INR/t	4,677
EBITDA	INR b	42
Target multiple	x	7.0
Target EV	**INR b**	**291**
Other Subsidiaries		
EBITDA - India subs	INR b	15
Target EBITDA multiple	x	4.0
Target EV	**INR b**	**61**
Target EV	**INR b**	**3,724**
Net Debt (d)	INR b	691
Total equity value	**INR b**	**3,033**
No of shares o/s	**b**	**12.5**
Target Price	**INR/sh**	**240**

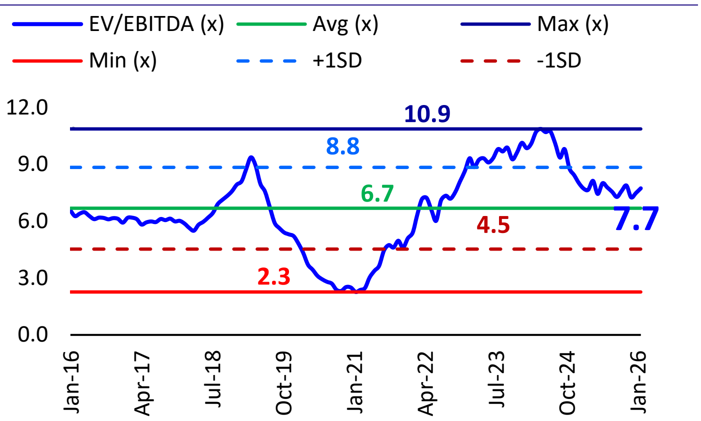
Source: MOFSL

Exhibit 28: P/B ratio slipped from its historical peak…



Source: MOFSL, Company data

Exhibit 29: …and so has EV/EBITDA



Source: MOFSL, Company data

Financials and valuations

Income Statement (Consolidated)								(INR b)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Net Sales	**1,565**	**2,440**	**2,434**	**2,292**	**2,185**	**2,316**	**2,619**	**2,704**
Change (%)	5.0	55.9	(0.2)	(5.8)	(4.6)	6.0	13.1	3.3
EBITDA	**305**	**635**	**323**	**223**	**259**	**345**	**436**	**471**
% of Net Sales	19.5	26.0	13.3	9.7	11.9	14.9	16.7	17.4
Depn. & Amortization	92	91	93	99	104	117	116	123
EBIT	**213**	**544**	**230**	**124**	**155**	**228**	**320**	**348**
Finance cost	76	55	63	75	73	72	77	79
Other income	9	8	10	18	15	16	16	17
PBT before EO	**146**	**497**	**177**	**67**	**97**	**173**	**259**	**286**
EO income	(10)	(1)	1	(78)	(15)	(7)	-	-
Share of asso.	3	6	4	(1)	2	2	-	-
PBT after EO	**138**	**502**	**182**	**(11)**	**84**	**169**	**259**	**286**
Tax	57	85	102	38	52	54	80	89
Rate (%)	40.8	16.9	55.7	(328.0)	62.3	32.0	31.0	31.0
PAT (Before MI & asso.)	**82**	**417**	**81**	**(49)**	**32**	**115**	**179**	**197**
Minority interest P/L	7	16	(7)	(5)	(2)	1	-	-
Reported PAT (After MI & asso.)	**75**	**402**	**88**	**(44)**	**34**	**114**	**179**	**197**
Adjusted PAT	**83**	**403**	**86**	**30**	**42**	**117**	**179**	**197**
Change (%)	694.9	387.8	(78.5)	(65.7)	41.4	178.4	53.0	10.2

Balance Sheet (Consolidated)								(INR b)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Share Capital	12	12	12	12	12	12	12	12
Reserves	730	1,132	1,019	908	899	989	1,143	1,315
Net Worth	**742**	**1,144**	**1,031**	**920**	**912**	**1,001**	**1,155**	**1,327**
Minority Interest	33	27	21	4	2	2	2	2
Total Loans	885	756	849	871	948	973	988	1,002
Deferred Tax Liability	92	123	141	130	144	130	130	130
Capital Employed	**1,753**	**2,050**	**2,042**	**1,925**	**2,006**	**2,106**	**2,275**	**2,461**
Other Liabilities	155	150	142	135	141	135	135	135
Total Liabilities	**1,907**	**2,200**	**2,184**	**2,060**	**2,147**	**2,241**	**2,410**	**2,596**
Gross Block	1,925	1,909	2,021	2,167	2,288	2,448	2,608	2,768
Less: Accum. Deprn.	735	748	834	931	1,036	1,153	1,269	1,392
Net Fixed Assets	**1,190**	**1,162**	**1,187**	**1,235**	**1,252**	**1,295**	**1,339**	**1,376**
Capital WIP	181	212	303	334	406	406	406	406
Goodwill & Others	177	179	288	263	267	268	268	268
Investments	35	58	48	55	58	55	55	55
Other Assets	270	317	187	142	127	146	146	146
Curr. Assets	**602**	**926**	**867**	**705**	**684**	**736**	**884**	**1,057**
Inventory	333	488	544	492	446	480	512	544
Account Receivables	95	122	83	63	53	62	68	73
Cash & liquid investment	58	159	134	87	116	126	236	371
Others	116	156	106	64	69	68	68	68
Curr. Liability & Prov.	**548**	**655**	**697**	**674**	**647**	**664**	**687**	**710**
Account Payables	260	368	378	302	293	347	370	393
Provisions & Others	288	287	318	372	354	317	317	317
Net Current Assets	**54**	**271**	**170**	**31**	**37**	**72**	**197**	**346**
Appl. of Funds	**1,907**	**2,200**	**2,184**	**2,060**	**2,147**	**2,241**	**2,410**	**2,596**

Financials and valuations

Ratios (Consolidated)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	**6.9**	**33.0**	**7.1**	**2.4**	**3.4**	**9.4**	**14.3**	**15.8**
Cash EPS	14.6	40.4	14.7	10.3	11.7	18.7	23.6	25.7
BVPS	62.0	93.7	84.4	73.8	73.1	80.3	92.6	106.4
DPS	2.5	5.1	3.6	3.6	3.6	2.0	2.0	2.0
Payout (%)	36.3	15.5	50.9	151.4	107.0	21.4	14.0	12.7
Valuation (x)								
P/E	7.0	3.7	15.1	53.2	45.8	22.3	14.6	13.2
Cash P/E	3.3	3.0	7.3	12.3	13.2	11.1	8.8	8.1
P/BV	0.8	1.3	1.3	1.7	2.1	2.6	2.3	2.0
EV/Sales	0.9	0.9	0.8	1.0	1.3	1.5	1.3	1.2
EV/EBITDA	4.6	3.3	6.3	10.6	10.6	10.0	7.7	6.9
Dividend Yield (%)	5.2	4.2	3.4	2.8	2.3	1.0	1.0	1.0
Return Ratios (%)								
RoE	10.9	42.4	8.0	3.0	4.6	12.2	16.6	15.9
RoCE (pre-tax)	11.8	29.0	11.7	7.2	8.7	11.9	15.3	15.4
RoIC (pre-tax)	9.6	27.4	8.7	2.8	7.8	12.5	14.7	14.2
Working Capital Ratios								
Debtor (Days)	21	20	15	11	9	10	10	10
Inventory (Days)	91	98	96	90	86	90	90	90
Payables (Days)	69	63	65	60	56	65	65	65
Leverage Ratio (x)								
Net Debt/EBITDA	2.7	0.9	2.2	3.5	3.2	2.5	1.7	1.3
Net Debt/Equity	1.1	0.5	0.7	0.9	0.9	0.8	0.7	0.5

E: MOFSL Estimates

Cash Flow Statement (Consolidated) (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EBITDA	**305**	**635**	**323**	**223**	**259**	**345**	**436**	**471**
(Inc)/Dec in Wkg. Cap.	165	(96)	(37)	34	22	(25)	(15)	(14)
Tax Paid	(7)	(119)	(55)	(53)	(26)	(54)	(80)	(89)
Other operating activities	(20)	24	(14)	(1)	(20)	(5)	-	-
CF from Op. Activity	**443**	**444**	**217**	**203**	**235**	**262**	**341**	**368**
(Inc)/Dec in FA + CWIP	(65)	(100)	(138)	(177)	(144)	(160)	(160)	(160)
Free Cash Flow to Firm	**378**	**344**	**79**	**26**	**91**	**101**	**181**	**208**
(Pur)/Sale of Non-cur. Invest.	(36)	(23)	49	32	2	(16)	(0)	0
Acquisition in subsidiaries	1	12	(104)	1	0	-	-	-
Int. & Dividend Income	5	3	6	7	5	16	16	17
Others	2	(1)	1	(5)	(5)	-	-	-
CF from Inv. Activity	**(93)**	**(109)**	**(187)**	**(143)**	**(142)**	**(160)**	**(144)**	**(143)**
Equity raised/(repaid)	32	3	0	(2)	(0)	-	-	-
Debt raised/(repaid)	(321)	(160)	54	16	56	25	15	14
Dividend (incl. tax)	(12)	(30)	(63)	(44)	(45)	(72)	(77)	(79)
Interest & equiv. paid	(71)	(47)	(61)	(81)	(81)	(25)	(25)	(25)
Other Financing activities	-	-	-	-	-	(21)	-	-
CF from Fin. Activity	**(371)**	**(234)**	**(70)**	**(111)**	**(70)**	**(92)**	**(87)**	**(90)**
(Inc)/Dec in Cash	**(21)**	**101**	**(40)**	**(50)**	**23**	**10**	**110**	**135**
Add: opening balance	77	55	156	121	71	96	106	216
Forex Adj.	(1)	(0)	5	(0)	2	-	-	-
Closing cash balance	55	156	121	71	96	106	216	351
Bank Balance	3	3	12	16	20	20	20	20
Closing balance (incl. Bank balance)	**58**	**159**	**134**	**87**	**116**	**126**	**236**	**371**

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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

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