This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions.com) only

BUY Tata Steel

Strong 1H; even stronger 2H

Metals & Mining ▸ Result Update ▸ **November 07, 2026**

CMP (Rs): 186 | TP (Rs): 210

Tata Steel's 2QFY27 adjusted EBITDA was broadly in line with our estimates, with strong India volumes offsetting higher coking coal costs, while UK losses widened further. We expect India operations to remain resilient in 3QFY27, supported by higher realizations, incremental volumes, and cost efficiencies. European profitability should improve gradually, although UK breakeven remains uncertain amid persistent operational challenges. FY28 earnings growth is likely to accelerate on capacity ramp-up and improved operating leverage. We maintain BUY with an unchanged TP of Rs210.

Volume-led EBITDA growth, with UK operations disappointing

Consolidated adjusted EBITDA of Rs106.7bn was broadly in line with our estimates, while exceeding consensus by 6.6% (up 13.8% qoq), primarily driven by a 15.7% sequential increase in volumes despite seasonally softer demand. The volume-led improvement was partly offset by heightened cost pressures amid the West Asia conflict. India adjusted EBITDA rose 7.3% qoq to Rs106.3bn, supported by strong volumes, which partly offset the impact of higher coking coal costs. EBITDA/t remained healthy at Rs17,783, albeit declining 7.2% qoq from Rs19,164 in 1QFY27. UK operations witnessed a further deterioration, with EBITDA loss widening to Rs7.2bn from Rs3.4bn in 1QFY27, primarily due to weak demand and inventory buildup across the UK supply chain ahead of revised trade measures. In contrast, Netherlands profitability improved, aided by lower purchases following the restart of DSP, resulting in a positive EBITDA contribution from European operations in 2QFY27. Net debt increased 8.6% qoq and 5.0% yoy to Rs914bn.

India strength and European recovery to drive earnings growth

TATA's India operations to remain robust in 3QFY27, with higher realizations of Rs3,500-3,600/t and incremental volumes, including higher iron ore sales (~10mt for FY27), likely to largely offset the impact of elevated coking coal prices. The earnings trajectory should be further supported by ongoing cost takeout initiatives, with management targeting Rs70bn of cost savings in FY27. While improving steel prices and contract renegotiations are expected to drive a recovery in European realizations, UK operations continue to face volume-related challenges amid elevated import inventories, constraining the path to breakeven. Nevertheless, UK losses are expected to moderate in 2HFY27, with breakeven targeted by 4QFY27. Looking ahead, FY28 should witness a meaningful step-up in earnings, driven by incremental volumes from capacity expansions, improved operating leverage, and continued enrichment of the value-added product mix. We believe the combination of a resilient India business, European loss moderation, and volume-led growth in FY28 provides a favorable earnings trajectory for Tata Steel.

Europe remains a key overhang; maintain BUY

We view the results as broadly positive, with TATA delivering a healthy ~Rs575/t qoq improvement in EBITDA spreads, supported by improved Netherlands profitability, while peers lagged. However, widening European losses reinforce concerns over sustainable breakeven, given repeated operational setbacks. We maintain BUY and TP of Rs210.

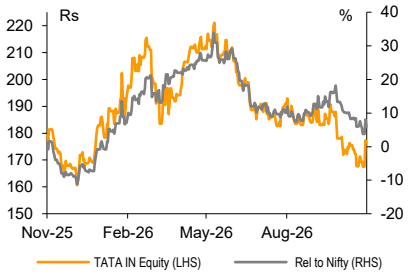
Target Price – 12M	Sep-27
Change in TP (%)	**-**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	12.9

Stock Data	**TATA IN**
52-week High (Rs)	224
52-week Low (Rs)	160
Shares outstanding (mn)	12,483.5
Market-cap (Rs bn)	2,322
Market-cap (USD mn)	24,724
Net-debt, FY27E (Rs mn)	824,430.3
ADTV-3M (mn shares)	28.2
ADTV-3M (Rs mn)	4,779.6
ADTV-3M (USD mn)	50.9
Free float (%)	66.8
Nifty-50	25,030.3
INR/USD	93.9

Shareholding,Sep-26	
Promoters (%)	33.0
FPIs/MFs (%)	17.7/28.0

Price Performance			
(%)	**1M**	**3M**	**12M**
Absolute	4.1	(1.7)	4.9
Rel. to Nifty	(5.3)	(3.3)	6.9

1-Year share price trend (Rs)



Tata Steel: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	2,185,425	2,321,399	2,716,949	2,662,107	2,629,318
EBITDA	258,020	348,480	452,854	437,598	494,015
Adj. PAT	25,998	122,620	172,281	164,342	197,961
Adj. EPS (Rs)	2.1	9.8	13.8	13.2	15.9
EBITDA margin (%)	11.8	15.0	16.7	16.4	18.8
EBITDA growth (%)	10.3	35.1	30.0	(3.4)	12.9
Adj. EPS growth (%)	(24.4)	371.8	40.5	(4.6)	20.5
RoE (%)	2.8	12.7	16.1	14.0	15.5
RoIC (%)	2.7	11.0	13.0	12.1	13.7
P/E (x)	133.0	20.7	13.5	14.1	11.7
EV/EBITDA (x)	11.9	8.8	6.8	7.0	6.2
P/B (x)	2.5	2.3	2.1	1.9	1.7
FCFF yield (%)	2.6	6.7	4.6	6.5	6.6

Source: Company, Emkay Research

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Earnings call takeaways

Guidance and outlook

- India realizations: Expected to improve by Rs3,500-3,600/t in 3Q vs 2Q.
- UK realizations: Expected to increase by £28-30/t qoq in 3Q.
- Netherlands realizations: Product-level realizations expected to improve by ~€30/t qoq; however, adverse product mix is expected to result in ~€11/t decline in overall realizations.
- Coking coal cost is expected to increase by ~$15/t in India and Netherlands in 3Q.
- Netherlands iron ore cost is expected to decline by ~$5/t in 3QFY27.
- The management expects the UK business to approach breakeven in 4QFY27, supported by improved pricing and inventory normalization.
- Netherlands 2H performance is expected to be better than 1H.
- FY27 target of Rs70bn savings remains unchanged, with Rs18bn achieved in 1HFY27. Benefits are expected to be weighted toward 2HFY27.

India operations

- Tata Steel expects higher volumes in 2HFY27, supported by seasonal demand recovery and improved realizations.
- Auto segment remains strong, with high-end sales growing 26% yoy and market share of ~50% maintained.
- Retail business remains a key realization driver. Tata Tiscon sales increased 13% yoy, while retail sales are increasingly being prioritized over lower-margin institutional construction sales.
- VAP continues to grow strongly, including ready-to-use construction solutions (+32% yoy), tinplate (+17% yoy), and Tata Steel Colors (+49% yoy).

UK operations

- Elevated imports under transitional safeguard arrangements led to inventory accumulation, with UK flat steel inventories at ~865kt in September, nearly 60% above normal levels and equivalent to ~3 months of demand.
- The management expects the inventory overhang to largely normalize by Mar-27, with certain categories potentially taking until Jun-27.
- The management expects the UK business to approach breakeven in 4QFY27.
- Tata Steel UK is increasingly being viewed as an extension of Tata Steel India's downstream value chain rather than a standalone operation. India earns ~Rs8,000/t EBITDA on substrate, while UK downstream conversion adds another Rs5,000-6,000/t, implying combined system EBITDA of Rs13,000-14,000/t.
- The 3.2mt EAF project continues to progress in line with plans. Major enabling works have been completed and key contracts awarded.
- UK government engagement continues on trade quotas, competitive energy prices, grid connectivity, and investment support.

Netherlands operations

- Restart of the DSP in early August was a key positive. The facility represents ~1.4mt of annual processing capacity (~20% of Netherlands volumes).

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- DSP is currently operating at rated capacity, with chromium-6 emissions remaining below prescribed limits.
- The DSP restart improves product mix, integrated plant efficiency, and conversion costs.

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- Full-year production target is ~6.5mt and deliveries of ~6mt. This implies average quarterly production of ~1.7mt in 2HFY27.
- The management expects stronger performance in 2HFY27, supported by better pricing, annual contract renegotiations, and operational stability.
- Key unresolved issues include:
  - Closure timeline of Coke and Gas Plants (CGP).
  - Steel slag storage, disposal, and export-related regulatory issues.
  - Long-term energy affordability, permitting, and investment framework.
- The management expects greater clarity on the long-term decarbonization and investment pathway by Mar-27.
- DRI-EAF remains the reference decarbonization pathway, although strategic alternatives and sequencing options are being evaluated.
- No impairment is currently being recognized given the uncertainty around future outcomes.

Balance sheet and cash flow

- Net debt/EBITDA of 2.4x remains comfortable and within the company's stated threshold of below 3x.
- The management does not target a rapid reduction in leverage to below 1.5x, as it intends to continue pursuing growth opportunities.
- Annual capex is expected to remain around Rs200bn.
- Dividend payment of ~Rs50bn was made during 2QFY27.
- Capital allocation remains focused on India growth projects, while UK EAF funding is already allocated. Netherlands funding will depend on the final investment case.

Iron ore sales and mining

- Tata Steel plans to increase iron ore sales significantly, optimizing between captive consumption and external sales.
- FY27 iron ore sales guidance is 8-10mt, compared with ~2mt in FY26.
- Iron ore sales could increase to 14-15mt in FY28.
- The management declined to provide specific EBITDA/t economics for iron ore sales.

Cost transformation and operational efficiency

- FY27 cost transformation target remains Rs70bn, compared with Rs110bn achieved in FY26.
- A multi-year structural cost transformation program has been launched, extending through FY30. Key levers include:
  - Coal blend optimization
  - Procurement optimization
  - Energy and logistics efficiencies
  - Inland waterways
  - Operating model restructuring
  - Productivity improvements and structural cost takeouts
- The management intends to establish a continuous cost-reduction cadence through FY30.

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Exhibit 1: Tata Steel delivered strong 2Q, with consolidated adj EBITDA of Rs106.7bn

Consolidated	Units	2QFY26A	3QFY26A	4QFY26A	1QFY27A	2QFY27A	2QFY27E	2QFY27 Consensus	vs Emkay	vs Consensus	qoq	yoy
Production	mt	7.7	8.4	8.2	7.7	8.1	7.9	-	2.0%	na	4.9%	4.4%
Sales volume	mt	7.9	8.2	8.7	7.3	7.9	8.2	-	-3.4%	na	8.9%	0.1%
Revenue	Rs mn	586,892.9	570,024.0	632,701.3	607,942.9	654,362.4	637,735.3	641,521.0	2.6%	2.0%	7.6%	11.5%
Adj EBITDA	**Rs mn**	**89,680.0**	**82,700.0**	**99,460.0**	**93,700.0**	**106,650.0**	**102,255.9**	**100,071.9**	**4.3%**	**6.6%**	**13.8%**	**18.9%**
Adj EBITDA spread	**Rs/t**	**11,337.5**	**10,073.1**	**11,406.0**	**12,888.6**	**13,465.9**	**12,466.4**	**12,200.2**	**8.0%**	**10.4%**	**4.5%**	**18.8%**
Net profit	Rs mn	31,017.5	26,887.0	29,257.4	23,183.5	36,664.1	38,654.0	31,444.7	-5.1%	16.6%	58.1%	18.2%
EPS	Rs	2.49	2.16	2.34	1.86	2.94	3.10	2.76	-5.1%	6.7%	58.1%	18.1%
Net debt	Rs mn	870,400.0	818,340.0	801,440.0	841,730.0	914,230.0	-	-	-	na	8.6%	5.0%
Net debt-to-EBITDA	x	3.0	2.6	2.3	2.3	2.4	-	-	-	na	4.3%	-19.2%
Capex	Rs mn	38,590.0	32,910.0	36,550.0	35,790.0	32,800.0	-	-	-	na	-8.4%	-15.0%
India Business												
Production	mt	5.7	6.3	6.2	5.8	6.2	6.0	-	3.4%	na	7.3%	9.4%
Sales volume	mt	5.6	6.0	6.2	5.2	6.0	5.8	-	3.1%	na	15.7%	7.7%
Revenue	Rs mn	347,870.0	357,250.0	386,540.0	369,890.0	426,530.0	357,250.0	-	19.4%	na	15.3%	22.6%
Adj EBITDA	Rs mn	85,160.0	82,520.0	98,330.0	99,080.0	106,340.0	99,341.6	-	7.0%	na	7.3%	24.9%
EBITDA	Rs mn	86,942.0	83,309.4	98,806.9	99,074.8	106,333.2	99,847.2	-	6.5%	na	7.3%	22.3%
EBITDA spread	Rs/t	15,344.1	13,662.3	15,885.3	19,164.4	17,782.6	17,120.5	-	3.9%	na	-7.2%	15.9%
					71,545.5	71,326.1						
Netherlands												
Production	mt	1.7	1.7	1.6	1.6	1.5	1.6	-	-5.7%	na	-1.9%	-9.0%
Sales volume	mt	1.5	1.4	1.7	1.4	1.3	1.5	-	-14.8%	na	-7.1%	-15.6%
Revenue	Rs mn	157,190.0	140,010.0	170,160.0	158,030.0	153,300.0	163,154.7	-	-6.0%	na	-3.0%	-2.5%
EBITDA	Rs mn	9,160.0	5,700.0	6,240.0	390.0	7,900.0	6,708.8	-	17.8%	na	1925.6%	-13.8%
EBITDA spread	Rs/t	5,948.1	4,071.4	3,670.6	278.6	6,076.9	4,399.2	-	38.1%	na	2081.5%	2.2%
UK												
Production	mt	0.0	0.0	0.0	0.0	0.0	0.0	-	na	na	na	na
Sales volume	mt	0.6	0.5	0.5	0.5	0.4	0.6	-	-33.9%	na	-20.8%	-33.3%
Revenue	Rs mn	59,270.0	55,360.0	57,740.0	61,150.0	52,750.0	66,117.4	-	-20.2%	na	-13.7%	-11.0%
EBITDA	Rs mn	-7,650.0	-7,420.0	-5,910.0	-3,410.0	-7,190.0	-3,162.0	-	-127.4%	na	-110.9%	6.0%
EBITDA spread	Rs/t	-13,421.1	-14,269.2	-11,365.4	-7,104.2	-18,921.1	-5,499.1	-	-244.1%	na	-166.3%	-41.0%

Source: Company, Emkay Research

Exhibit 2: FY28-29 EBITDA estimates are broadly unchanged

	FY27E			FY28E			FY29E		
Rs mn	**New**	**Old**	**Chg**	**New**	**Old**	**Chg**	**New**	**Old**	**Chg**
Financial metrics									
Net sales	2,716,949.3	2,701,102.0	0.6%	2,662,107.1	2,699,876.2	-1.4%	2,629,317.6	2,661,660.4	-1.2%
EBITDA	450,478.5	442,914.2	1.7%	437,597.7	437,897.0	-0.1%	494,015.3	489,814.4	0.9%
EBIT	323,743.9	322,141.6	0.5%	308,846.6	310,692.9	-0.6%	356,965.8	354,815.8	0.6%
Rec Net profit	167,903.9	178,676.4	-6.0%	164,342.0	170,366.9	-3.5%	197,960.8	202,068.8	-2.0%
EPS (Rs)	13.5	14.3	-6.0%	13.2	13.7	-3.5%	15.9	16.2	-2.0%
DPS (Rs)	5.4	5.7	-6.0%	5.3	5.5	-3.5%	6.3	6.5	-2.0%
Net debt / (cash)	824,430.3	812,248.6	1.5%	764,565.5	717,220.4	6.6%	715,896.1	669,104.5	7.0%
Operations									
Production (kt)	33.2	33.1	0.3%	33.8	33.8	0.0%	35.6	35.6	0.2%
Sales (kt)	31.5	31.6	-0.4%	32.5	32.7	-0.6%	34.5	34.6	-0.4%

Source: Company, Emkay Research

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Exhibit 3: Summary of estimates

Rs mn	FY25	FY26	FY27E	FY28E	FY29E
P&L					
Net sales	2,185,425.1	2,321,399.4	2,716,949.3	2,662,107.1	2,629,317.6
Operating expenses	1,924,125.1	1,974,999.4	2,266,470.9	2,224,509.4	2,135,302.4
EBITDA	**261,300.0**	**346,400.0**	**450,478.5**	**437,597.7**	**494,015.3**
Depreciation	104,213.3	119,545.1	134,687.6	142,001.8	149,581.9
EBIT	164,176.5	237,997.1	323,743.9	308,846.6	356,965.8
Interest and taxes	73,409.5	71,670.6	73,979.9	74,072.3	74,164.7
Net earnings	**42,751.5**	**118,263.3**	**167,903.9**	**164,342.0**	**197,960.8**
EPS (Rs)	**3.4**	**9.5**	**13.5**	**13.2**	**15.9**
Dividend (Rs/sh)	3.6	4.0	5.4	5.3	6.3
Number of shares	12,483.6	12,478.5	12,478.5	12,478.5	12,478.5
Balance sheet					
Gross block	**2,580,502.7**	**2,970,141.4**	**3,162,291.4**	**3,354,595.2**	**3,561,479.0**
Inventories	445,899.4	472,492.2	521,058.8	510,541.1	504,252.7
Receivables	52,600.6	49,168.9	52,105.9	51,054.1	50,425.3
Payables	293,143.8	345,123.8	351,138.8	351,130.8	331,408.5
Net working capital	**205,356.2**	**176,537.3**	**222,025.9**	**210,464.4**	**223,269.5**
Cash	116,469.8	100,575.3	99,386.5	159,251.3	207,920.7
Total assets	2,793,948.0	3,012,541.1	3,120,318.3	3,218,915.6	3,317,969.7
Total liabilities	1,880,420.2	1,974,736.6	1,980,751.6	1,980,743.6	1,961,021.3
Total Equity	**913,527.8**	**1,037,804.5**	**1,139,566.7**	**1,238,171.9**	**1,356,948.4**
Cash flow					
Operating cash before WC	239,290.1	342,187.4	460,547.6	450,848.4	506,547.7
Working capital and other	-4,172.0	8,457.2	-128,432.1	-58,870.8	-97,645.5
Operating cash flow	**235,118.1**	**350,644.6**	**332,115.5**	**391,977.6**	**408,902.2**
Capex	-156,705.2	-145,590.5	-192,150.0	-192,303.8	-206,883.9
Other investing items	14,977.9	-3,462.6	0.0	0.0	0.0
Investing cash flow	**-141,727.3**	**-149,053.1**	**-192,150.0**	**-192,303.8**	**-206,883.9**
Borrowings/(repayments)	53,249.5	-91,054.2	0.0	0.0	0.0
Equity changes	0.0	0.0	0.0	0.0	0.0
Other financing items	-121,399.1	-122,817.0	-141,154.2	-139,809.1	-153,349.0
Financing cash flow	**-68,149.6**	**-213,871.2**	**-141,154.2**	**-139,809.1**	**-153,349.0**
Net change in cash	**25,241.2**	**-12,279.7**	**-1,188.8**	**59,864.7**	**48,669.4**
Ending cash	**96,049.6**	**88,849.5**	**87,660.7**	**147,525.5**	**196,194.9**
Adj Free cash flow	-2,778.8	124,398.6	65,985.6	125,601.5	127,853.7

	FY25	FY26	FY27E	FY28E	FY29E
Operational metrics					
Iron Ore (USD/t)	98.6	98.1	95.0	90.0	85.0
Steel HRC (Rs/t)	50,034.0	50,612.5	60,600.0	54,000.0	54,000.0
Rebar (Rs/t)	53,759.1	52,036.7	58,970.0	53,000.0	53,000.0
Capacity (mt)					
India	26.6	26.6	27.4	27.4	27.4
Consolidated	35.3	35.3	36.1	39.1	39.1
Steel Production (mt)	**30.9**	**31.7**	**33.2**	**33.8**	**35.6**
Steel Sales (mt)	**31.0**	**32.0**	**31.5**	**32.5**	**34.5**
Blended realizations (Rs/t)					
India	63,284.0	62,015.2	69,983.8	64,894.2	65,129.6
Europe	104,393.6	137,927.5	145,972.9	144,229.5	107,506.3
Financial metrics					
EBITDA margin	11.8%	15.0%	16.6%	16.4%	18.8%
EBITDA/t - Consol (Rs)	8,439.9	10,835.2	14,317.4	13,468.5	14,324.7
EBITDA/t - India (Rs)	13,985.2	15,211.7	18,418.2	16,068.1	16,804.9
Net margin	2.0%	5.1%	6.2%	6.2%	7.5%
ROE	4.7%	12.1%	15.4%	13.8%	15.3%
ROCE	8.9%	12.0%	15.5%	14.1%	15.5%
ROIC	7.6%	10.4%	13.4%	12.4%	14.0%
Gross debt (Rs mn)	948,010.0	923,820.0	923,816.8	923,816.8	923,816.8
Net debt/(cash) (Rs mn)	825,790.0	801,440.0	824,430.3	764,565.5	715,896.1
Net debt-to-EBITDA (x)	3.2	2.3	1.8	1.7	1.4
Net debt-to-Equity	0.9	0.8	0.7	0.6	0.5
Valuation					
P/E (x)	44.9	17.9	13.8	14.1	11.7
EV/EBITDA (x)	10.5	8.5	7.0	7.1	6.2
FCF yield	4.1%	9.7%	6.0%	8.6%	8.7%
Dividend yield	2.3%	2.4%	2.9%	2.8%	3.4%
EV/EBITDA	**Rs mn**	**Rs/sh**			
India	2,898,349.0	232.3			
Netherlands	316,208.8	25.3			
UK	130,540.4	10.5			
SEA	69,149.3	5.5			
Less: Net debt, minorities	839,557.6	67.3			
Equity Value	**4,253,804.9**	**206.3**			
Target price		**210.0**			
Current price		186.0			
Expected return		**12.9%**			

Source: Company, Emkay Research

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Tata Steel: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**2,185,425**	**2,321,399**	**2,716,949**	**2,662,107**	**2,629,318**
Revenue growth (%)	(4.6)	6.2	17.0	(2.0)	(1.2)
EBITDA	**258,020**	**348,480**	**452,854**	**437,598**	**494,015**
EBITDA growth (%)	10.3	35.1	30.0	(3.4)	12.9
Depreciation & Amortization	104,213	119,545	134,688	142,002	149,582
EBIT	**153,807**	**228,935**	**318,167**	**295,596**	**344,433**
EBIT growth (%)	13.8	48.8	39.0	(7.1)	16.5
Other operating income	-	-	-	-	-
Other income	10,370	9,062	7,953	13,251	12,532
Financial expense	73,410	71,671	73,980	74,072	74,165
PBT	**90,767**	**166,327**	**252,140**	**234,774**	**282,801**
Extraordinary items	(8,546)	(10,325)	32	0	0
Taxes	69,144	48,311	82,944	70,432	84,840
Minority interest	2,467	920	1,001	0	0
Income from JV/Associates	1,908	3,685	2,084	0	0
Reported PAT	**17,452**	**112,295**	**172,313**	**164,342**	**197,961**
PAT growth (%)	0	543.5	53.4	(4.6)	20.5
Adjusted PAT	**25,998**	**122,620**	**172,281**	**164,342**	**197,961**
Diluted EPS (Rs)	**2.1**	**9.8**	**13.8**	**13.2**	**15.9**
Diluted EPS growth (%)	(24.4)	371.8	40.5	(4.6)	20.5
DPS (Rs)	**3.6**	**3.6**	**5.4**	**5.3**	**6.3**
Dividend payout (%)	**257.3**	**40.0**	**39.0**	**40.0**	**40.0**
EBITDA margin (%)	11.8	15.0	16.7	16.4	18.8
EBIT margin (%)	7.0	9.9	11.7	11.1	13.1
Effective tax rate (%)	76.2	29.0	32.9	30.0	30.0
NOPLAT (pre-IndAS)	**36,640**	**162,439**	**213,503**	**206,917**	**241,103**
Shares outstanding (mn)	12,484	12,478	12,478	12,478	12,478

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	12,474	12,474	12,474	12,474	12,474
Reserves & Surplus	899,222	1,009,202	1,109,964	1,208,569	1,327,345
Net worth	**911,696**	**1,021,677**	**1,122,438**	**1,221,043**	**1,339,820**
Minority interests	1,832	16,128	15,127	15,127	15,127
Non-current liab. & prov.	104,939	105,928	105,928	105,928	105,928
Total debt	**948,011**	**923,817**	**923,817**	**923,817**	**923,817**
Total liabilities & equity	**2,107,816**	**2,219,920**	**2,319,681**	**2,418,286**	**2,537,063**
Net tangible fixed assets	1,252,152	1,498,782	1,556,245	1,606,547	1,663,848
Net intangible assets	186,314	209,437	209,437	209,437	209,437
Net ROU assets	80,880	100,727	100,727	100,727	100,727
Capital WIP	406,019	275,103	275,103	275,103	275,103
Goodwill	-	-	-	-	-
Investments [JV/Associates]	145,306	155,896	155,896	155,896	155,896
Cash & equivalents	**116,470**	**100,575**	**99,387**	**159,251**	**207,921**
Current assets (ex-cash)	567,446	624,626	676,130	664,561	657,643
Current Liab. & Prov.	646,770	745,226	751,241	751,233	731,511
NWC (ex-cash)	**(79,325)**	**(120,600)**	**(75,111)**	**(86,673)**	**(73,868)**
Total assets	**2,107,816**	**2,219,920**	**2,321,682**	**2,420,287**	**2,539,064**
Net debt	831,541	823,242	824,430	764,566	715,896
Capital employed	2,107,816	2,219,920	2,319,681	2,418,286	2,537,063
Invested capital	**1,359,141**	**1,587,619**	**1,690,570**	**1,729,311**	**1,799,418**
BVPS (Rs)	73.0	81.9	90.0	97.9	107.4
Net Debt/Equity (x)	0.9	0.8	0.7	0.6	0.5
Net Debt/EBITDA (x)	3.2	2.4	1.8	1.7	1.4
Interest coverage (x)	2.2	3.3	4.4	4.2	4.8
RoCE (%)	**9.0**	**12.5**	**16.2**	**14.6**	**16.1**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	84,129	159,687	251,880	234,774	282,801
Others (non-cash items)	(12,090)	350	0	0	0
Taxes paid	(26,242)	(45,966)	(82,944)	(70,432)	(84,840)
Change in NWC	22,070	54,423	(45,489)	11,561	(12,805)
Operating cash flow	**235,118**	**350,645**	**332,115**	**391,978**	**408,902**
Capital expenditure	(156,705)	(145,591)	(192,150)	(192,304)	(206,884)
Acquisition of business	(3,928)	(2,547)	0	0	0
Interest & dividend income	5,357	10,572	0	0	0
Investing cash flow	**(141,727)**	**(149,053)**	**(192,150)**	**(192,304)**	**(206,884)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	53,250	(91,054)	0	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(81,192)	(80,656)	(73,980)	(74,072)	(74,165)
Dividend paid (incl tax)	(44,899)	(44,899)	(67,174)	(65,737)	(79,184)
Others	4,691	2,737	0	0	0
Financing cash flow	**(68,150)**	**(213,871)**	**(141,154)**	**(139,809)**	**(153,349)**
Net chg in Cash	25,241	(12,280)	(1,189)	59,865	48,669
OCF	235,118	350,645	332,115	391,978	408,902
Adj. OCF (w/o NWC chg.)	213,048	296,222	377,604	380,416	421,707
FCFF	78,413	205,054	139,965	199,674	202,018
FCFE	10,360	143,955	65,986	125,602	127,854
OCF/EBITDA (%)	91.1	100.6	73.3	89.6	82.8
FCFE/PAT (%)	59.4	128.2	38.3	76.4	64.6
FCFF/NOPLAT (%)	**214.0**	**126.2**	**65.6**	**96.5**	**83.8**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	133.0	20.7	13.5	14.1	11.7
EV/CE(x)	1.6	1.6	1.5	1.4	1.3
P/B (x)	2.5	2.3	2.1	1.9	1.7
EV/Sales (x)	1.4	1.3	1.1	1.2	1.2
EV/EBITDA (x)	11.9	8.8	6.8	7.0	6.2
EV/EBIT(x)	19.9	13.4	9.6	10.4	8.9
EV/IC (x)	2.3	1.9	1.8	1.8	1.7
FCFF yield (%)	2.6	6.7	4.6	6.5	6.6
FCFE yield (%)	0.4	6.2	2.8	5.4	5.5
Dividend yield (%)	1.9	1.9	2.9	2.8	3.4
DuPont-RoE split					
Net profit margin (%)	1.2	5.3	6.3	6.2	7.5
Total asset turnover (x)	1.1	1.1	1.3	1.2	1.1
Assets/Equity (x)	2.2	2.1	2.0	1.9	1.9
RoE (%)	**2.8**	**12.7**	**16.1**	**14.0**	**15.5**
DuPont-RoIC					
NOPLAT margin (%)	1.7	7.0	7.9	7.8	9.2
IC turnover (x)	1.6	1.6	1.7	1.6	1.5
RoIC (%)	**2.7**	**11.0**	**13.0**	**12.1**	**13.7**
Operating metrics					
Core NWC days	(13.2)	(19.0)	(10.1)	(11.9)	(10.3)
Total NWC days	**(13.2)**	**(19.0)**	**(10.1)**	**(11.9)**	**(10.3)**
Fixed asset turnover	0.9	0.8	0.9	0.8	0.8
Opex-to-revenue (%)	88.2	85.0	83.3	83.6	81.2

Source: Company, Emkay Research

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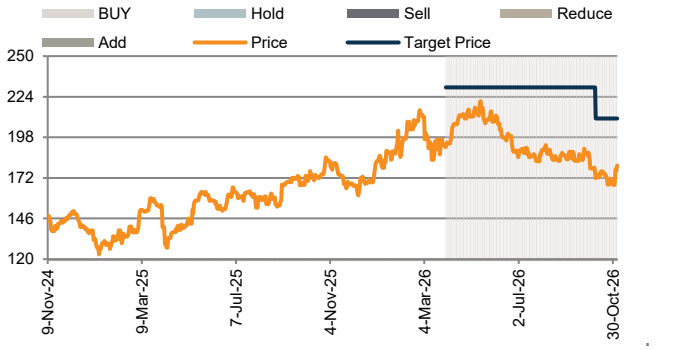
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Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
08-Oct-26	172	210	Buy	Akhilesh Kumar
24-Sep-26	188	230	Buy	Akhilesh Kumar
26-Aug-26	188	230	Buy	Akhilesh Kumar
31-Jul-26	190	230	Buy	Akhilesh Kumar
07-Jul-26	190	230	Buy	Akhilesh Kumar
16-Jun-26	196	230	Buy	Akhilesh Kumar
29-May-26	208	230	Buy	Akhilesh Kumar
17-May-26	217	230	Buy	Akhilesh Kumar
08-Apr-26	204	230	Buy	Akhilesh Kumar
31-Mar-26	192	230	Buy	Akhilesh Kumar

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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