BUY Tata Steel

1Q – India resilient; Europe remains key overhang

Metals & Mining ▸ Result Update ▸ **July 31, 2026**

CMP (Rs): 190 | TP (Rs): 230

TATA reported an in-line 1Q, with resilient India operations offsetting weaker Europe performance. India EBITDA/t improved by Rs3,280 qoq to Rs19,164/t on stronger realizations, while Europe slipped to an EBITDA loss due to the Netherlands' DSP shutdown. While the management guides for a ~Rs1,500/t qoq decline in India realizations and $5/t increase in coking-coal costs in 2Q, we expect qoq EBITDA improvement, driven by higher volumes, normalization after maintenance shutdowns, and better fixed-cost absorption. While Europe should improve gradually, recurring operational disruptions keep the sustainability of breakeven earnings uncertain. We retain BUY and TP of Rs230.

1Q performance was on expected lines

Consolidated adjusted EBITDA of Rs93.7bn was in line with expectations (+1.3% vs Emkay and +3.2% vs consensus; -5.8% qoq), owing to lower volumes, primarily on account of seasonal inventory buildup in India and lower Netherlands volumes. India Business: Adjusted EBITDA at Rs99.1bn was sequentially flat on account of strong pricing tailwinds during the quarter, partly offset by a qoq decrease in deliveries. EBITDA/t stood at Rs19,164 vs Rs15,885 in 4QFY26 (+20.6% qoq). Sequential price improvement aided EBITDA, partly offset by a 16.6% qoq decrease in volumes, along with elevated input costs arising from the West Asia conflict. European operations disappointed in 1QFY27, with EBITDA slipping to a loss of Rs3.0bn (vs Rs0.3bn profit in 4QFY26), largely reflecting weak profitability in the Netherlands, following the DSP shutdown. Higher realizations provided only a partial offset, with Netherlands EBITDA falling 93.8% qoq to Rs0.4bn. Net debt increased to Rs842bn (+5.0% qoq and flat yoy).

India outlook remains robust in 2Q

India HRC prices remain firm at a QTD average of ~Rs58,000/t, while rebar prices have declined ~14.3% QTD vs 1Q averages due to seasonal weakness during the monsoon. Accordingly, TATA has guided for a modest ~Rs1,500/t qoq decline in India realizations. Additionally, a $5/t qoq increase in coking-coal consumption costs is likely to exert further pressure on spreads. Nevertheless, we expect India EBITDA to improve sequentially, as production normalizes following the completion of annual maintenance shutdowns and resolution of operational disruptions. Higher volumes should drive better fixed-cost absorption, largely offsetting the impact of lower realizations and elevated raw material costs. In Europe, the management expects realizations to improve sequentially; however, the translation into EBITDA is likely to be gradual, as higher substrate costs and contractual pricing mechanisms will temper the flow-through to margins.

European profitability remains elusive; maintain BUY

We view the results as broadly positive, with TATA's India business delivering a healthy Rs3,280/t qoq improvement in EBITDA spreads. However, the widening losses in Europe reinforce our long-held view that the sustainability of its breakeven earnings remains uncertain, given the business's repeated operational disappointments. We maintain BUY with an unchanged target price of Rs230.

Target Price – 12M	Jun-27
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	21.1

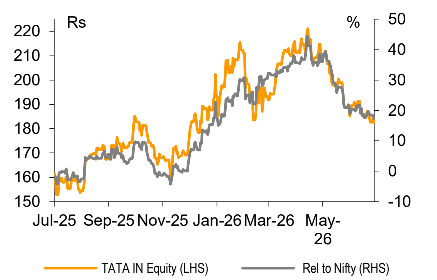
Stock Data	**TATA IN**
52-week High (Rs)	224
52-week Low (Rs)	153
Shares outstanding (mn)	12,483.5
Market-cap (Rs bn)	2,368
Market-cap (USD mn)	24,825
Net-debt, FY27E (Rs mn)	813,427.9
ADTV-3M (mn shares)	32.8
ADTV-3M (Rs mn)	6,001.1
ADTV-3M (USD mn)	62.9
Free float (%)	66.8
Nifty-50	24,383.6
INR/USD	95.4

Shareholding,Jun-26	
Promoters (%)	33.0
FPIs/MFs (%)	18.9/27.1

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	0.9	(10.3)	20.1
Rel. to Nifty	(1.3)	(11.7)	22.0

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	2,690,868	2,699,906	2,661,701
EBITDA	258,020	348,480	431,774	438,411	490,280
Adj. PAT	25,998	122,620	171,419	170,746	202,434
Adj. EPS (Rs)	2.1	9.8	13.7	13.7	16.2
EBITDA margin (%)	11.8	15.0	16.0	16.2	18.4
EBITDA growth (%)	10.3	35.1	23.9	1.5	11.8
Adj. EPS growth (%)	(24.4)	371.8	39.8	(0.4)	18.6
RoE (%)	2.8	12.7	16.0	14.5	15.7
RoIC (%)	2.7	11.0	13.1	12.7	14.2
P/E (x)	135.7	21.1	13.8	13.9	11.7
EV/EBITDA (x)	12.1	8.9	7.2	7.1	6.3
P/B (x)	2.6	2.3	2.1	1.9	1.8
FCFF yield (%)	2.5	6.6	4.9	7.5	6.6

Source: Company, Emkay Research

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Key takeaways from the conference call

India operations

- Realizations increased by ~Rs9,200/t qoq, partly offset by ~Rs6,700/t higher costs.
- Cost inflation was driven by:
  - Higher coking coal costs.
  - Annual shutdowns and temporary operational disruptions.
  - Higher iron ore royalty expenses.
  - Lower fixed-cost absorption due to reduced volumes.
  - Higher purchases from NINL and Tata Steel Thailand.
- Operational issues have largely been resolved, with the management expecting improved fixed-cost absorption from 2QFY27 onward.

Demand

- Automotive and Special Products delivered record 1Q volumes, supported by 21% yoy growth in high-end steel sales.
- TATA continues to focus on downstream, branded, and approval-based segments, including automotive, shipbuilding, oil and gas, and data centers.

NINL

- The Board approved 4.8mt long products expansion at NINL, involving Rs339bn investment.
- Capacity will increase to 6.2mt in Phase-I as part of the long-term 10mtpa plan.
- Expansion is targeted for commissioning within 48 months.
- NINL's merger with TATA is on track for completion by FY27-end.

UK operations

- The management expects UK operations to move close to EBITDA breakeven during 2HFY27, although the timing may slip by one quarter.
- The fire incident at the Port Talbot pickle line impacted volumes by ~10kt and EBITDA by ~£5mn.
- Alternate facilities have been restarted, with normalization expected by 3Q/4QFY27.
- The 3mt EAF project remains largely on schedule, despite delays in National Grid connection.

Netherlands

- EBITDA remained marginally positive, at €4mn.
- Profitability was impacted by the shutdown of the 1.4mt Direct Strip Plant (20% of volumes) due to chromium emission issues.
- The plant is expected to restart with a four-week trial, after which the management expects normal operations to resume.
- The management highlighted that Dutch environmental standards remain significantly stricter than broader EU norms.
- The company continues discussions with regulators regarding long-term operating framework and investment certainty.

Europe outlook

- Tightened EU safeguards and CBAM are expected to support European steel pricing over the medium term.
- UK safeguard measures have improved domestic pricing, although the management continues to seek tighter quota revisions.
- European demand remains subdued due to elevated inventories, but the management expects pricing to improve gradually as inventories normalize and annual contract renewals begin.

Capex and growth

- 1QFY27 capex stood at Rs35.8bn, largely directed toward India.
- Kalinganagar Phase-II (5mt) and Ludhiana EAF are ramping up steadily.
- Tinplate expansion (0.3mt) and the HR Pickling and Galvanizing project (0.74mt) remain on track.
- Tube capacity of 0.42mt will be added during FY27 under an asset-light model.
- Iron ore mining capacity at MBK mines to be expanded by 15mt in phases.

Balance sheet

- Net debt stood at ~Rs840bn, with net debt/EBITDA at 2.3x, comfortably within the company's target range of 2.5-3.0x.
- Group liquidity remains strong at ~Rs460bn, including Rs132bn cash and equivalents, providing sufficient flexibility to fund ongoing expansion.

Management outlook

- **India:** Cost pressures from shutdowns are expected to normalize, while downstream expansion and better product mix should continue to support margins.
- **UK:** Sequential improvement is expected to continue, with EBITDA approaching breakeven in 2HFY27.
- **Netherlands:** 2QFY27 should improve, as the Direct Strip Plant resumes operations.
- **Europe:** Structural pricing outlook remains constructive, supported by safeguards and CBAM, despite near-term demand weakness.
- **Growth strategy:** The management reiterated that India remains the primary capital allocation priority, with continued focus on high-value downstream products, branded offerings, and disciplined expansion.

Management guidance

India

- 2QFY27 steel realizations: The management expects ~Rs1,500/t qoq decline in India steel realizations, largely due to weaker long steel prices during the monsoon, partly offset by auto contract price increases flowing through in 2Q.
- Despite lower realizations, absolute India EBITDA is expected to improve qoq, supported by higher volumes and normalization of operations.
- Annual shutdowns and operational disruptions are behind the company, with better fixed-cost absorption expected from 2Q onward.

- India coking-coal consumption cost is guided to increase by ~$5/t qoq.

UK

- 2QFY27 realizations are expected to improve by £70-80/t qoq.
- Margin expansion will be lower than the full price increase, as substrate costs will also move higher.
- The management continues to target near-breakeven EBITDA in 2HFY27, although breakeven may shift by one quarter depending on market conditions.
- Port Talbot operations are expected to normalize by 3Q/4QFY27. following the fire-related disruption.
- The UK EAF project remains on schedule despite delays in grid connectivity.

Netherlands

- 2QFY27 performance is expected to improve with the restart of the Direct Strip Plant.
- The management expects the four-week regulatory trial beginning in early-Aug-26 to facilitate a return to normal production.
- 2Q realizations are guided to improve by ~€10/t qoq.
- Coking-coal consumption cost in the Netherlands is expected to increase by ~$10/t qoq.

Europe outlook

- The management remains constructive on European steel prices, supported by:
  - EU safeguard tightening.
  - CBAM implementation.
  - Lower import quotas.
- It expects gradual rather than sharp price increases, as inventories normalize and annual contract renewals begin from Nov-26.
- UK steel prices have already improved, and are expected to remain supported by trade protection measures.

Cost guidance

- West Asia-related cost inflation (energy, freight, insurance, logistics, and natural gas) is expected to ease over the coming quarters.
- The company expects improved fixed-cost absorption as volumes recover.
- Ongoing cost transformation initiatives will partly offset higher raw-material costs.

Exhibit 1: Tata Steel delivered an in-line 1Q, with consolidated adj EBITDA of Rs93.7bn

Consolidated	Units	1Q FY26A	2Q FY26A	3Q FY26A	4Q FY26A	1Q FY27A	1Q FY27E	1Q FY27 Consensus	vs Emkay	vs Consensus	QoQ	YoY
Production	mt	7.3	7.7	8.4	8.2	7.7	7.9	-	-3.0%	na	-6.6%	4.9%
Sales volume	mt	7.1	7.9	8.2	8.7	7.3	7.6	-	-4.0%	na	-16.6%	2.1%
Revenue	Rs mn	531,781.2	586,892.9	570,024.0	632,701.3	607,942.9	591,757.1	581,547.2	2.7%	4.5%	-3.9%	14.3%
Adj EBITDA	**Rs mn**	**74,560.0**	**89,680.0**	**82,700.0**	**99,460.0**	**93,700.0**	**92,539.7**	**90,775.0**	**1.3%**	**3.2%**	**-5.8%**	**25.7%**
EBITDA	**Rs mn**	**74,800.0**	**91,060.0**	**83,090.0**	**99,530.0**	**93,700.0**	**92,539.7**	**90,775.0**	**1.3%**	**3.2%**	**-5.9%**	**25.3%**
Adj EBITDA spread	**Rs/t**	**10,471.9**	**11,337.5**	**10,073.1**	**11,406.0**	**12,888.6**	**12,216.5**	**11,983.5**	**5.5%**	**7.6%**	**13.0%**	**23.1%**
Net profit	Rs mn	20,776.8	31,017.5	26,887.0	29,257.4	23,183.5	21,315.3	25,015.5	8.8%	-7.3%	-20.8%	11.6%
EPS	Rs	1.67	2.49	2.16	2.34	1.86	1.71	2.30	8.9%	-19.2%	-20.5%	11.4%
Net debt	Rs mn	848,350.0	870,400.0	818,340.0	801,440.0	841,730.0	-	-	-	-	5.0%	-0.8%
Net debt-to-EBITDA	x	3.2	3.0	2.6	2.3	2.3	-	-	-	-	0.0%	-28.1%
Capex	Rs mn	32,200.0	38,590.0	32,910.0	36,550.0	35,790.0	-	-	-	-	-2.1%	11.1%
India Business												
Production	mt	5.2	5.7	6.3	6.2	5.8	5.9	-	-3.0%	na	-7.4%	9.9%
Sales volume	mt	4.8	5.6	6.0	6.2	5.2	5.4	-	-4.2%	na	-16.5%	8.8%
Revenue	Rs mn	311,370.0	347,870.0	357,250.0	357,250.0	357,250.0	357,250.0	-	0.0%	na	0.0%	14.7%
Adj EBITDA	Rs mn	74,630.0	85,160.0	82,520.0	98,330.0	99,080.0	95,574.9	-	3.7%	na	0.8%	32.8%
EBITDA	Rs mn	75,255.9	86,932.1	83,299.5	98,797.0	99,074.8	96,333.3	-	2.8%	na	0.3%	31.7%
EBITDA spread	Rs/t	15,711.6	15,344.1	13,662.3	15,885.3	19,164.4	17,715.5	-	8.2%	na	20.6%	22.0%
Netherlands												
Production	mt	1.7	1.7	1.7	1.6	1.6	1.7	-	-6.8%	na	-4.9%	-8.8%
Sales volume	mt	1.5	1.5	1.4	1.7	1.4	1.4	-	0.0%	na	-17.6%	-6.7%
Revenue	Rs mn	146,190.0	157,190.0	140,010.0	170,160.0	158,030.0	150,279.0	-	5.2%	na	-7.1%	8.1%
EBITDA	Rs mn	6,120.0	9,160.0	5,700.0	6,240.0	390.0	616.2	-	-36.7%	na	-93.8%	-93.6%
EBITDA spread	Rs/t	4,080.0	5,948.1	4,071.4	3,670.6	278.6	440.2	-	-36.7%	na	-92.4%	-93.2%
UK												
Production	mt	0.0	0.0	0.0	0.0	0.0	0.0	-	na	na	na	na
Sales volume	mt	0.6	0.6	0.5	0.5	0.5	0.5	-	0.0%	na	-7.7%	-20.0%
Revenue	Rs mn	60,960.0	59,270.0	55,360.0	57,740.0	61,150.0	55,364.2	-	10.5%	na	5.9%	0.3%
EBITDA	Rs mn	-4,680.0	-7,650.0	-7,420.0	-5,910.0	-3,410.0	-4,014.3	-	15.1%	na	42.3%	27.1%
EBITDA spread	Rs/t	-7,800.0	-13,421.1	-14,269.2	-11,365.4	-7,104.2	-8,363.1	-	15.1%	na	37.5%	8.9%

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	2,690,867.9	2,668,182.3	0.9%	2,699,906.0	2,701,384.0	-0.1%	2,661,700.8	2,663,203.2	-0.1%
EBITDA	431,773.7	416,697.6	3.6%	438,411.1	439,964.5	-0.4%	490,279.5	485,834.2	0.9%
EBIT	312,061.8	304,720.1	2.4%	311,219.3	320,747.2	-3.0%	355,323.6	359,099.1	-1.1%
Rec Net profit	171,419.0	166,132.9	3.2%	170,745.9	177,606.0	-3.9%	202,434.4	205,152.8	-1.3%
EPS (Rs)	13.7	13.3	3.2%	13.7	14.2	-3.9%	16.2	16.4	-1.3%
DPS (Rs)	5.5	5.3	3.2%	5.5	5.7	-3.9%	6.5	6.6	-1.3%
Net debt / (cash)	813,427.9	812,831.3	0.1%	721,205.4	736,375.1	-2.1%	672,212.3	692,328.1	-2.9%
Operations									
Production (kt)	33.1	33.1	0.0%	33.8	33.8	0.0%	35.6	35.6	0.0%
Sales (kt)	32.0	32.0	0.0%	32.7	32.7	0.0%	34.6	34.6	0.0%

Source: Company, Emkay Research

Exhibit 3: Summary of estimates

Rs mn	FY25	FY26	FY27E	FY28E	FY29E
P&L					
Net sales	2,185,425.1	2,321,399.4	2,690,867.9	2,699,906.0	2,661,700.8
Operating expenses	1,924,125.1	1,974,999.4	2,259,094.2	2,261,494.9	2,171,421.3
EBITDA	**261,300.0**	**346,400.0**	**431,773.7**	**438,411.1**	**490,279.5**
Depreciation	104,213.3	119,545.1	134,683.5	141,990.0	149,551.8
EBIT	164,176.5	237,997.1	312,061.8	311,219.3	355,323.6
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**	**171,419.0**	**170,745.9**	**202,434.4**
EPS (Rs)	**3.4**	**9.5**	**13.7**	**13.7**	**16.2**
Dividend (Rs/sh)	3.6	4.0	5.5	5.5	6.5
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**	**3,162,196.4**	**3,354,317.3**	**3,560,785.4**
Inventories	445,899.4	472,492.2	552,918.1	517,790.2	510,463.2
Receivables	52,600.6	49,168.9	73,722.4	73,970.0	72,923.3
Payables	293,143.8	345,123.8	414,436.9	419,462.6	395,537.5
Net working capital	**205,356.2**	**176,537.3**	**212,203.6**	**172,297.6**	**187,848.9**
Cash	116,469.8	100,575.3	110,388.9	202,611.4	251,604.5
Total assets	2,793,948.0	3,012,541.1	3,184,705.5	3,292,178.8	3,389,714.4
Total liabilities	1,880,420.2	1,974,736.6	2,044,049.7	2,049,075.4	2,025,150.3
Total Equity	**913,527.8**	**1,037,804.5**	**1,140,655.9**	**1,243,103.4**	**1,364,564.1**
Cash flow					
Operating cash before WC	239,290.1	342,187.4	446,745.3	453,209.3	504,875.4
Working capital and other	-4,172.0	8,457.2	-102,329.2	-26,495.2	-94,275.8
Operating cash flow	**235,118.1**	**350,644.6**	**344,416.1**	**426,714.1**	**410,599.6**
Capex	-156,705.2	-145,590.5	-192,055.0	-192,120.9	-206,468.1
Other investing items	14,977.9	-3,462.6	0.0	0.0	0.0
Investing cash flow	**-141,727.3**	**-149,053.1**	**-192,055.0**	**-192,120.9**	**-206,468.1**
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	-142,547.5	-142,370.6	-155,138.4
Financing cash flow	**-68,149.6**	**-213,871.2**	**-142,547.5**	**-142,370.6**	**-155,138.4**
Net change in cash	**25,241.2**	**-12,279.7**	**9,813.6**	**92,222.5**	**48,993.1**
Ending cash	**96,049.6**	**88,849.5**	**98,663.1**	**190,885.6**	**239,878.7**
Adj Free cash flow	-2,778.8	124,398.6	78,381.2	160,520.9	129,966.8

	FY25	FY26	FY27E	FY28E	FY29E
Operational metrics					
Iron Ore (USD/t)	98.6	98.1	100.0	90.0	85.0
Steel HRC (Rs/t)	43,711.5	50,612.5	56,400.0	54,000.0	54,000.0
Rebar (Rs/t)	0.0	47,002.1	52,500.0	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**	**33.1**	**33.8**	**35.6**
Steel Sales (mt)	**31.0**	**32.0**	**32.0**	**32.7**	**34.6**
Blended realizations (Rs/t)					
India	63,284.0	62,015.2	65,567.1	64,659.2	64,674.9
Europe	104,393.6	137,927.5	150,141.3	148,222.2	111,395.1
Financial metrics					
EBITDA margin	11.8%	15.0%	16.0%	16.2%	18.4%
EBITDA/t - Consol (Rs)	8,439.9	10,835.2	13,474.5	13,411.0	14,165.0
EBITDA/t - India (Rs)	13,985.2	15,211.7	17,260.1	15,673.4	16,167.1
Net margin	2.0%	5.1%	6.4%	6.3%	7.6%
ROE	4.7%	12.1%	15.7%	14.3%	15.5%
ROCE	8.9%	12.0%	14.9%	14.2%	15.4%
ROIC	7.6%	10.4%	12.9%	12.6%	14.2%
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	813,427.9	721,205.4	672,212.3
Net debt-to-EBITDA (x)	3.2	2.3	1.9	1.6	1.4
Net debt-to-Equity	0.9	0.8	0.7	0.6	0.5
Valuation					
P/E (x)	44.9	17.9	12.4	12.4	10.5
EV/EBITDA (x)	10.5	8.5	6.8	6.5	5.7
FCF yield	4.1%	9.7%	7.2%	11.1%	9.6%
Dividend yield	2.3%	2.4%	3.2%	3.2%	3.8%
EV/EBITDA	**Rs mn**	**Rs/sh**			
India	3,146,013.2	252.1			
Netherlands	311,850.0	25.0			
UK	123,468.3	9.9			
SEA	60,310.9	4.8			
Less: Net debt, minorities	829,555.9	66.5			
Equity Value	**4,471,198.2**	**225.4**			
Target price		**230.0**			
Current price		189.7			
Expected return		**21.3%**			

Source: Company, Emkay Research

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**	**2,690,868**	**2,699,906**	**2,661,701**
Revenue growth (%)	(4.6)	6.2	15.9	0.3	(1.4)
EBITDA	**258,020**	**348,480**	**431,774**	**438,411**	**490,280**
EBITDA growth (%)	10.3	35.1	23.9	1.5	11.8
Depreciation & Amortization	104,213	119,545	134,684	141,990	149,552
EBIT	**153,807**	**228,935**	**297,090**	**296,421**	**340,728**
EBIT growth (%)	13.8	48.8	29.8	(0.2)	14.9
Other operating income	-	-	-	-	-
Other income	10,370	9,062	14,972	14,798	14,596
Financial expense	73,410	71,671	73,980	74,072	74,165
PBT	**90,767**	**166,327**	**238,082**	**237,147**	**281,159**
Extraordinary items	(8,546)	(10,325)	0	0	0
Taxes	69,144	48,311	66,663	66,401	78,724
Minority interest	2,467	920	0	0	0
Income from JV/Associates	1,908	3,685	0	0	0
Reported PAT	**17,452**	**112,295**	**171,419**	**170,746**	**202,434**
PAT growth (%)	0	543.5	52.7	(0.4)	18.6
Adjusted PAT	**25,998**	**122,620**	**171,419**	**170,746**	**202,434**
Diluted EPS (Rs)	**2.1**	**9.8**	**13.7**	**13.7**	**16.2**
Diluted EPS growth (%)	(24.4)	371.8	39.8	(0.4)	18.6
DPS (Rs)	**3.6**	**3.6**	**5.5**	**5.5**	**6.5**
Dividend payout (%)	**257.3**	**40.0**	**40.0**	**40.0**	**40.0**
EBITDA margin (%)	11.8	15.0	16.0	16.2	18.4
EBIT margin (%)	7.0	9.9	11.0	11.0	12.8
Effective tax rate (%)	76.2	29.0	28.0	28.0	28.0
NOPLAT (pre-IndAS)	**36,640**	**162,439**	**213,905**	**213,423**	**245,324**
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	1,112,053	1,214,501	1,335,962
Net worth	**911,696**	**1,021,677**	**1,124,528**	**1,226,975**	**1,348,436**
Minority interests	1,832	16,128	16,128	16,128	16,128
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**	**2,322,771**	**2,425,219**	**2,546,680**
Net tangible fixed assets	1,252,152	1,498,782	1,556,154	1,606,285	1,663,201
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**	**110,389**	**202,611**	**251,605**
Current assets (ex-cash)	567,446	624,626	729,606	694,726	686,352
Current Liab. & Prov.	646,770	745,226	814,539	819,565	795,640
NWC (ex-cash)	**(79,325)**	**(120,600)**	**(84,933)**	**(124,839)**	**(109,288)**
Total assets	**2,107,816**	**2,219,920**	**2,322,771**	**2,425,219**	**2,546,680**
Net debt	831,541	823,242	813,428	721,205	672,212
Capital employed	2,107,816	2,219,920	2,322,771	2,425,219	2,546,680
Invested capital	**1,359,141**	**1,587,619**	**1,680,657**	**1,690,882**	**1,763,349**
BVPS (Rs)	73.0	81.9	90.1	98.3	108.1
Net Debt/Equity (x)	0.9	0.8	0.7	0.6	0.5
Net Debt/EBITDA (x)	3.2	2.4	1.9	1.6	1.4
Interest coverage (x)	2.2	3.3	4.2	4.2	4.8
RoCE (%)	**9.0**	**12.5**	**15.5**	**14.7**	**16.0**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	84,129	159,687	238,082	237,147	281,159
Others (non-cash items)	(12,090)	350	0	0	0
Taxes paid	(26,242)	(45,966)	(66,663)	(66,401)	(78,724)
Change in NWC	22,070	54,423	(35,666)	39,906	(15,551)
Operating cash flow	**235,118**	**350,645**	**344,416**	**426,714**	**410,600**
Capital expenditure	(156,705)	(145,591)	(192,055)	(192,121)	(206,468)
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)**	**(192,055)**	**(192,121)**	**(206,468)**
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)	(68,568)	(68,298)	(80,974)
Others	4,691	2,737	0	0	0
Financing cash flow	**(68,150)**	**(213,871)**	**(142,547)**	**(142,371)**	**(155,138)**
Net chg in Cash	25,241	(12,280)	9,814	92,223	48,993
OCF	235,118	350,645	344,416	426,714	410,600
Adj. OCF (w/o NWC chg.)	213,048	296,222	380,082	386,808	426,151
FCFF	78,413	205,054	152,361	234,593	204,131
FCFE	10,360	143,955	78,381	160,521	129,967
OCF/EBITDA (%)	91.1	100.6	79.8	97.3	83.7
FCFE/PAT (%)	59.4	128.2	45.7	94.0	64.2
FCFF/NOPLAT (%)	**214.0**	**126.2**	**71.2**	**109.9**	**83.2**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	135.7	21.1	13.8	13.9	11.7
EV/CE(x)	1.7	1.6	1.5	1.4	1.4
P/B (x)	2.6	2.3	2.1	1.9	1.8
EV/Sales (x)	1.4	1.3	1.2	1.2	1.2
EV/EBITDA (x)	12.1	8.9	7.2	7.1	6.3
EV/EBIT(x)	20.2	13.6	10.5	10.5	9.1
EV/IC (x)	2.3	2.0	1.9	1.8	1.8
FCFF yield (%)	2.5	6.6	4.9	7.5	6.6
FCFE yield (%)	0.4	6.1	3.3	6.8	5.5
Dividend yield (%)	1.9	1.9	2.9	2.9	3.4
DuPont-RoE split					
Net profit margin (%)	1.2	5.3	6.4	6.3	7.6
Total asset turnover (x)	1.1	1.1	1.2	1.2	1.1
Assets/Equity (x)	2.2	2.1	2.0	1.9	1.9
RoE (%)	**2.8**	**12.7**	**16.0**	**14.5**	**15.7**
DuPont-RoIC					
NOPLAT margin (%)	1.7	7.0	7.9	7.9	9.2
IC turnover (x)	1.6	1.6	1.6	1.6	1.5
RoIC (%)	**2.7**	**11.0**	**13.1**	**12.7**	**14.2**
Operating metrics					
Core NWC days	(13.2)	(19.0)	(11.5)	(16.9)	(15.0)
Total NWC days	**(13.2)**	**(19.0)**	**(11.5)**	**(16.9)**	**(15.0)**
Fixed asset turnover	0.9	0.8	0.9	0.8	0.8
Opex-to-revenue (%)	88.2	85.0	84.0	83.8	81.6

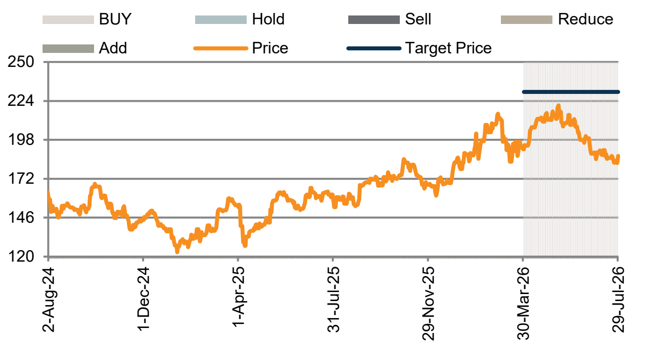
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
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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