# BUY SAIL

## Strong pricing offsets volume-led weakness

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

**CMP (Rs): 161 | TP (Rs): 190**

**SAIL reported an in-line quarter, with adjusted EBITDA of Rs41.5bn, which was 9.1% below our estimate due to weaker-than-expected sales volumes, while it was in line with street estimate. Despite the volume decline, EBITDA remained resilient, aided by improvement in NSRs, while EBITDA/t improved to Rs9,974. We expect pricing strength and ongoing cost-efficiency initiatives to support gradual margin expansion. However, weak 1Q performance raises the execution risk on FY27 volume guidance, with earnings likely to remain realization-led in the near term. Additionally, the 20% correction in rebar prices and SAIL's high exposure to long products could weigh on 2QFY27 earnings. Hence, we cut our TP by 5% to Rs190 (from Rs200) while retaining BUY, supported by improving operational efficiencies and attractive medium-term earnings potential.**

### In-line quarter

SAIL reported broadly in-line 1QFY27 results. Adjusted EBITDA of Rs41.5bn was 9.1% below our estimate but broadly in line with street expectation, with the miss primarily driven by lower sales volumes of 4.16mt (vs our estimate of 4.7mt), reflecting weaker-than-expected dispatches. Despite sales volumes declining 21.8% qoq and 8.5% yoy, absolute EBITDA remained resilient, supported by a ~Rs4,600/t qoq improvement in NSRs. However, the realization benefit lagged peers' due to SAIL's relatively higher exposure to semi-finished products, where pricing remained largely flat during the quarter. EBITDA/t improved by ~Rs1,700 qoq to Rs9,974, broadly in line with our estimate, while PAT stood at Rs16.4bn, down 2.6% qoq but up 139% yoy.

### Margin expansion intact; volume execution remains key

While the strong pricing environment and continued cost-efficiency initiatives should support absolute EBITDA growth and drive a gradual improvement in EBITDA spreads over the medium term to ~Rs7,500/t, we remain cautious on SAIL's volume outlook. The company guided healthy volume growth for FY27 during the 4QFY26 earnings call; however, the subdued performance in 1QFY27 raises the execution hurdle for the remainder of the year. Although seasonally stronger demand and higher capacity utilization in the coming quarters could aid recovery, achieving the full-year guidance now appears challenging. Consequently, we expect earnings improvement in the near term to be driven largely by better realizations and operational efficiencies rather than volume growth. That said, we remain constructive on the medium-term margin trajectory but cautious on SAIL's structural volume growth until the next leg of major capacity expansion is commissioned in FY29-30.

### Rebar price correction to weigh on 2QFY27 earnings

We expect the market to take the results largely neutrally, as EBITDA spread expansion remained modest despite a favorable pricing environment in 1QFY27. With the company entering a seasonally weaker quarter and rebar prices correcting ~20% to ~Rs48,000/t, SAIL's high exposure to long products could weigh on 2QFY27 earnings. Accordingly, we cut our TP to Rs190 (from Rs200) while maintaining BUY, supported by its improving cost structure and medium-term earnings potential.

### SAIL: Financial Snapshot (Standalone)

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue | 1,024,782 | 1,108,102 | 1,198,595 | 1,250,055 | 1,308,018 |
| EBITDA | 117,638 | 131,456 | 161,501 | 166,948 | 180,347 |
| Adj. PAT | 24,606 | 39,017 | 62,330 | 62,834 | 64,197 |
| Adj. EPS (Rs) | 6.0 | 9.4 | 15.1 | 15.2 | 15.5 |
| EBITDA margin (%) | 11.5 | 11.9 | 13.5 | 13.4 | 13.8 |
| EBITDA growth (%) | (4.2) | 11.7 | 22.9 | 3.4 | 8.0 |
| Adj. EPS growth (%) | (31.2) | 58.6 | 59.8 | 0.8 | 2.2 |
| RoE (%) | 4.5 | 6.9 | 10.3 | 9.7 | 9.3 |
| RoIC (%) | 5.1 | 6.5 | 9.9 | 10.7 | 12.9 |
| P/E (x) | 31.0 | 20.6 | 10.7 | 10.6 | 10.4 |
| EV/EBITDA (x) | 8.1 | 7.3 | 5.9 | 5.7 | 5.3 |
| P/B (x) | 1.2 | 1.1 | 1.1 | 1.0 | 0.9 |
| FCFF yield (%) | 3.6 | 10.5 | (0.4) | (3.4) | (6.7) |

*Source: Company, Emkay Research*

| | |
|---|---|
| Target Price – 12M | Jun-27 |
| **Change in TP (%)** | **(5.0)** |
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Upside/(Downside) (%) | 18.0 |

| **Stock Data** | **SAIL IN** |
|---|---|
| 52-week High (Rs) | 210 |
| 52-week Low (Rs) | 118 |
| Shares outstanding (mn) | 4,130.1 |
| Market-cap (Rs bn) | 667 |
| Market-cap (USD mn) | 6,905 |
| Net-debt, FY27E (Rs mn) | 253,455.3 |
| ADTV-3M (mn shares) | 25.4 |
| ADTV-3M (Rs mn) | 4,447.2 |
| ADTV-3M (USD mn) | 46.1 |
| Free float (%) | 35.0 |
| Nifty-50 | 23,767.4 |
| INR/USD | 96.6 |

| **Shareholding,Jun-26** | |
|---|---|
| Promoters (%) | 65.0 |
| FPIs/MFs (%) | 7.1/16.9 |

**Price Performance**

| **(%)** | **1M** | **3M** | **12M** |
|---|---|---|---|
| Absolute | (5.8) | (9.5) | 18.6 |
| Rel. to Nifty | (4.8) | (9.0) | 25.0 |

**1-Year share price trend (Rs)**

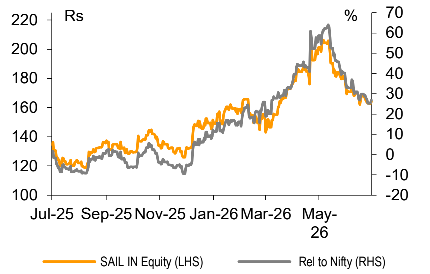


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**Exhibit 1: 1Q adjusted EBITDA of Rs41.5bn in line with market expectation**

| Standalone | Units | 1Q FY26A | 2Q FY26A | 3Q FY26A | 4Q FY26A | 1Q FY27A | 1Q FY27E | 1Q FY27 Consensus | vs Emkay | vs Consensus | QoQ | YoY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Production | mt | 4.9 | 4.6 | 4.8 | 5.1 | 4.8 | 4.8 | - | -1.7% | na | -6.4% | -2.0% |
| Sales volume | mt | 4.6 | 4.9 | 5.1 | 5.3 | 4.2 | 4.7 | - | -11.3% | na | -21.8% | -8.5% |
| Revenue | Rs mn | 259,214.6 | 267,039.4 | 273,713.9 | 308,134.5 | 262,456.4 | 288,095.0 | 268,871.0 | -8.9% | -2.4% | -14.8% | 1.3% |
| Reported EBITDA | Rs mn | 29,253.9 | 28,286.3 | 26,297.8 | 47,618.0 | 43,556.0 | 48,890.2 | - | -10.9% | na | -8.5% | 48.9% |
| **Adj EBITDA** | **Rs mn** | **25,910.0** | **25,256.0** | **22,983.9** | **44,060.0** | **41,520.9** | **45,690.2** | **41,291.0** | **-9.1%** | **0.6%** | **-5.8%** | **60.3%** |
| **Adj EBITDA spread** | **Rs/t** | **5,694.5** | **5,141.7** | **4,464.6** | **8,278.8** | **9,973.8** | **9,730.2** | **na** | **2.5%** | **na** | **20.5%** | **75.1%** |
| Net profit | Rs mn | 6,854.8 | 4,267.9 | 4,417.0 | 16,795.1 | 16,360.0 | 22,744.1 | 16,282.0 | -28.1% | 0.5% | -2.6% | 138.7% |
| EPS | Rs | 1.66 | 1.03 | 1.07 | 4.07 | 3.96 | 5.51 | 3.32 | -28.2% | 19.3% | -2.7% | 138.6% |

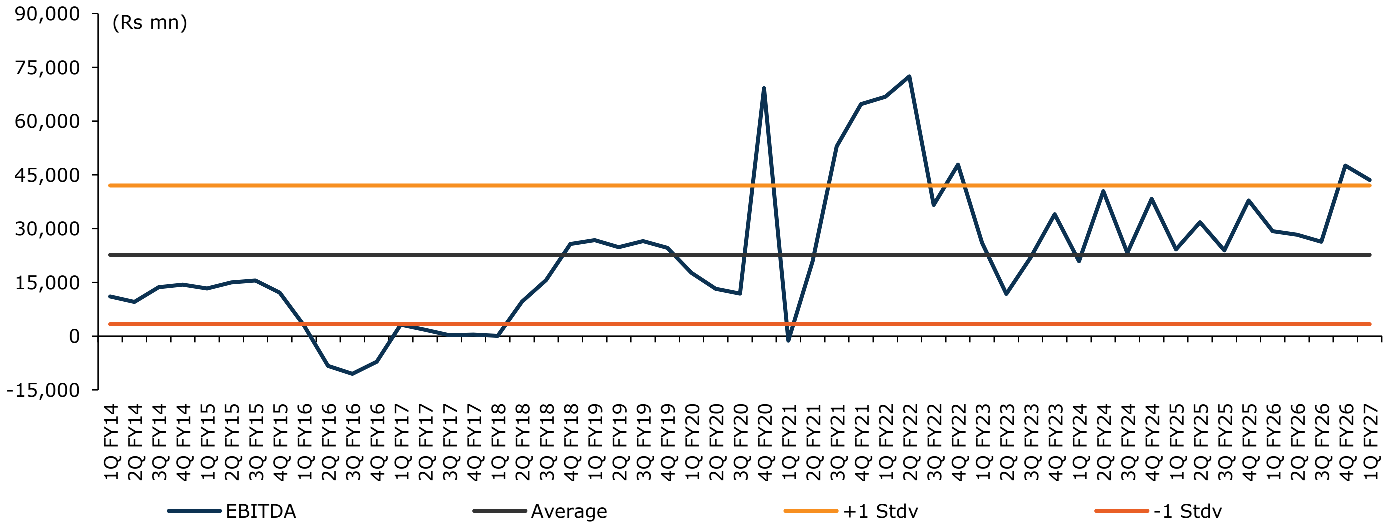
*Source: Company, Bloomberg, Emkay Research*

**Exhibit 2: EBITDA estimates for FY28-29 are revised downward on revisiting rebar price assumptions**

| | Units | FY27E | | | FY28E | | | FY29E | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | New | Old | Chg | New | Old | Chg | New | Old | Chg |
| **Financial metrics** | | | | | | | | | | |
| Net sales | Rs mn | 1,193,902.0 | 1,263,155.1 | -5.5% | 1,250,055.2 | 1,301,497.0 | -4.0% | 1,308,017.7 | 1,357,809.4 | -3.7% |
| EBITDA | Rs mn | 156,807.7 | 151,659.0 | 3.4% | 166,948.0 | 171,927.1 | -2.9% | 180,346.7 | 181,834.7 | -0.8% |
| Adj EBITDA | Rs mn | 144,721.4 | 139,572.7 | 3.7% | 154,257.4 | 159,236.5 | -3.1% | 167,021.6 | 168,509.5 | -0.9% |
| EBIT | Rs mn | 95,880.7 | 90,731.9 | 5.7% | 100,453.9 | 105,433.0 | -4.7% | 109,702.0 | 111,190.0 | -1.3% |
| Net profit | Rs mn | 58,669.0 | 56,732.7 | 3.4% | 60,246.9 | 68,010.7 | -11.4% | 64,197.2 | 65,357.8 | -1.8% |
| EPS | Rs | 14.2 | 13.7 | 3.4% | 14.6 | 16.5 | -11.4% | 15.5 | 15.8 | -1.8% |
| DPS | Rs | 4.3 | 4.1 | 3.4% | 4.4 | 4.9 | -11.4% | 4.7 | 4.7 | -1.8% |
| **Operating metrics** | | | | | | | | | | |
| Production | mt | 20.5 | 20.5 | 0.0% | 20.7 | 21.1 | -2.0% | 21.6 | 22.0 | -2.0% |
| Sales | mt | 19.9 | 20.9 | -4.8% | 21.0 | 21.5 | -2.4% | 21.9 | 22.5 | -2.4% |

*Source: Company, Emkay Research*

**Exhibit 3: SAIL – Quarterly EBITDA variability over the years**




*Source: Company, Emkay Research*

### Exhibit 4: Summary of estimates

| Rs mn | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **P&L** | | | | | |
| Net sales | 1,024,781.9 | 1,108,102.4 | 1,193,902.0 | 1,250,055.2 | 1,308,017.7 |
| Operating expenses | 907,143.9 | 976,646.4 | 1,037,094.3 | 1,083,107.1 | 1,127,671.0 |
| **EBITDA** | **117,638.0** | **131,456.0** | **156,807.7** | **166,948.0** | **180,346.7** |
| Depreciation | 56,495.7 | 59,854.2 | 60,927.1 | 66,494.1 | 70,644.7 |
| **EBIT** | **61,142.3** | **71,601.8** | **95,880.7** | **100,453.9** | **109,702.0** |
| Interest and taxes | 36,536.3 | 32,584.8 | 37,211.6 | 40,207.0 | 45,504.8 |
| **Net earnings** | **24,606.0** | **39,017.0** | **58,669.0** | **60,246.9** | **64,197.2** |
| **EPS (Rs)** | **6.0** | **9.4** | **14.2** | **14.6** | **15.5** |
| Dividend (Rs/sh) | 1.6 | 2.4 | 4.3 | 4.4 | 4.7 |
| Number of shares (mn) | 4,130.7 | 4,129.6 | 4,129.6 | 4,129.6 | 4,129.6 |
| **Balance sheet** | | | | | |
| **Gross block** | **1,276,739.3** | **1,332,665.7** | **1,332,665.7** | **1,332,665.7** | **1,332,665.7** |
| Inventories | 290,723.6 | 234,560.8 | 228,967.5 | 256,860.6 | 268,770.8 |
| Receivables | 75,571.5 | 65,413.9 | 81,774.1 | 85,620.2 | 89,590.3 |
| Payables | 104,985.5 | 109,199.8 | 123,353.5 | 152,131.5 | 166,814.3 |
| **Net working capital** | **261,309.6** | **190,774.9** | **187,388.2** | **190,349.3** | **191,546.7** |
| **Cash** | **9,050.2** | **6,453.6** | **11,835.7** | **2,541.5** | **16,927.0** |
| Total assets | 1,329,180.5 | 1,332,527.0 | 1,437,749.0 | 1,573,699.9 | 1,758,320.7 |
| Total liabilities | 772,616.4 | 750,573.4 | 814,727.1 | 908,505.1 | 1,048,187.9 |
| **Total Equity** | **556,564.1** | **581,953.6** | **623,021.9** | **665,194.8** | **710,132.8** |
| **Cash flow** | | | | | |
| Operating cash before WC | 109,675.8 | 118,772.5 | 156,807.7 | 166,948.0 | 180,346.7 |
| Working capital and other | -10,792.4 | 71,298.7 | -13,160.9 | -19,953.9 | -19,304.2 |
| **Operating cash flow** | **98,883.4** | **190,071.2** | **143,646.8** | **146,994.1** | **161,042.5** |
| Capex | -64,275.2 | -90,071.2 | -150,000.0 | -180,000.0 | -225,000.0 |
| Other investing items | 11,946.0 | 11,329.1 | 0.0 | 0.0 | 0.0 |
| **Investing cash flow** | **-52,329.2** | **-78,742.1** | **-150,000.0** | **-180,000.0** | **-225,000.0** |
| Borrowings/(repayments) | -7,822.1 | -81,920.7 | 50,000.0 | 65,000.0 | 125,000.0 |
| Equity changes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financing items | -36,013.2 | -32,169.5 | -38,264.7 | -41,288.3 | -46,657.1 |
| **Financing cash flow** | **-43,835.3** | **-114,090.2** | **11,735.3** | **23,711.7** | **78,342.9** |
| **Net change in cash** | **2,718.9** | **-2,761.1** | **5,382.1** | **-9,294.2** | **14,385.4** |
| **Ending cash** | **9,050.2** | **6,453.6** | **11,835.7** | **2,541.5** | **16,927.0** |
| Free cash flow | 10,948.6 | 85,455.7 | -27,017.2 | -56,220.1 | -91,355.4 |

| | 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) | 50,034.0 | 50,612.5 | 56,400.0 | 54,000.0 | 54,000.0 |
| **Crude Capacity (mt)** | **19.5** | **20.7** | **20.7** | **20.7** | **21.6** |
| **Production (mt)** | | | | | |
| Hot Metal | 20.3 | 20.5 | 21.6 | 21.8 | 22.7 |
| Crude Steel | 19.2 | 19.4 | 20.5 | 20.7 | 21.6 |
| **Sales volumes (mt)** | 17.9 | 19.9 | 19.9 | 21.0 | 21.9 |
| **Realization (Rs/t)** | 55,066.4 | 53,394.1 | 57,819.5 | 57,259.0 | 57,475.0 |
| **Financial metrics** | | | | | |
| EBITDA margin | 11.5% | 11.9% | 13.1% | 13.4% | 13.8% |
| Net margin | 2.4% | 3.5% | 4.9% | 4.8% | 4.9% |
| EBITDA/t (Rs) | 5,939.9 | 5,930.7 | 7,275.4 | 7,343.4 | 7,619.9 |
| ROE | 4.5% | 6.9% | 9.7% | 9.4% | 9.3% |
| ROCE | 7.2% | 8.1% | 10.2% | 9.7% | 9.3% |
| ROIC | 4.1% | 5.0% | 6.5% | 6.3% | 6.2% |
| Gross debt (Rs mn) | 298,111.1 | 216,632.0 | 266,632.0 | 331,632.0 | 456,632.0 |
| Net debt/(cash) (Rs mn) | 289,060.9 | 210,178.4 | 254,796.3 | 329,090.5 | 439,705.0 |
| Net debt-to-EBITDA (x) | 2.5 | 1.6 | 1.6 | 2.0 | 2.4 |
| Net debt-to-Equity | 51.9% | 36.1% | 40.9% | 49.5% | 61.9% |
| **Valuation** | | | | | |
| P/E (x) | 22.0 | 14.2 | 11.4 | 11.1 | 10.4 |
| EV/EBITDA (x) | 7.1 | 5.8 | 5.9 | 6.0 | 6.1 |
| FCF yield | 6.4% | 18.0% | -1.0% | -5.0% | -9.6% |
| Dividend yield | 1.2% | 1.7% | 2.6% | 2.7% | 2.9% |
| **Methodology** | **Rs mn** | **Rs/sh** | | | |
| EV/EBITDA | 1,021,786.2 | 247.4 | | | |
| Less: Net debt, minorities | -254,796.3 | -61.7 | | | |
| **Equity Value** | **766,989.9** | **185.7** | | | |
| **Target price** | | **190.0** | | | |
| Current price | | 161.4 | | | |
| **Expected return** | | **17.7%** | | | |

*Source: Company, Emkay Research*

# SAIL: Standalone Financials and Valuations

## Profit & Loss

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Revenue** | **1,024,782** | **1,108,102** | **1,198,595** | **1,250,055** | **1,308,018** |
| Revenue growth (%) | (2.7) | 8.1 | 8.2 | 4.3 | 4.6 |
| **EBITDA** | **117,638** | **131,456** | **161,501** | **166,948** | **180,347** |
| EBITDA growth (%) | (4.2) | 11.7 | 22.9 | 3.4 | 8.0 |
| Depreciation & Amortization | 56,496 | 59,854 | 60,927 | 66,494 | 70,645 |
| **EBIT** | **61,142** | **71,602** | **100,574** | **100,454** | **109,702** |
| EBIT growth (%) | (12.7) | 17.1 | 40.5 | (0.1) | 9.2 |
| Other operating income | - | - | - | - | - |
| Other income | - | - | - | - | - |
| Financial expense | 27,928 | 21,581 | 20,664 | 19,898 | 27,398 |
| **PBT** | **33,215** | **50,021** | **79,910** | **80,556** | **82,304** |
| Extraordinary items | (3,126) | (6,682) | 0 | 0 | 0 |
| Taxes | 8,609 | 8,037 | 17,580 | 17,722 | 18,107 |
| Minority interest | - | - | - | - | - |
| Income from JV/Associates | - | - | - | - | - |
| **Reported PAT** | **21,480** | **32,335** | **62,330** | **62,834** | **64,197** |
| PAT growth (%) | (21.4) | 50.5 | 92.8 | 0.8 | 2.2 |
| **Adjusted PAT** | **24,606** | **39,017** | **62,330** | **62,834** | **64,197** |
| **Diluted EPS (Rs)** | **6.0** | **9.4** | **15.1** | **15.2** | **15.5** |
| Diluted EPS growth (%) | (31.2) | 58.6 | 59.8 | 0.8 | 2.2 |
| **DPS (Rs)** | **1.0** | **1.6** | **4.5** | **4.6** | **4.7** |
| **Dividend payout (%)** | **19.2** | **20.4** | **30.0** | **30.0** | **30.0** |
| EBITDA margin (%) | 11.5 | 11.9 | 13.5 | 13.4 | 13.8 |
| EBIT margin (%) | 6.0 | 6.5 | 8.4 | 8.0 | 8.4 |
| Effective tax rate (%) | 25.9 | 22.0 | 22.0 | 22.0 | 22.0 |
| **NOPLAT (pre-IndAS)** | **45,295** | **55,851** | **78,448** | **78,354** | **85,568** |
| Shares outstanding (mn) | 4,131 | 4,130 | 4,130 | 4,130 | 4,130 |

*Source: Company, Emkay Research*

## Balance Sheet

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Share capital | 41,305 | 41,305 | 41,305 | 41,305 | 41,305 |
| Reserves & Surplus | 515,259 | 540,648 | 584,279 | 628,263 | 673,201 |
| **Net worth** | **556,564** | **581,954** | **625,584** | **669,568** | **714,506** |
| Minority interests | - | - | - | - | - |
| Non-current liab. & prov. | 64,223 | 63,738 | 63,738 | 63,738 | 63,738 |
| **Total debt** | **298,111** | **216,632** | **266,632** | **331,632** | **456,632** |
| **Total liabilities & equity** | **1,070,388** | **1,047,916** | **1,141,547** | **1,250,530** | **1,420,469** |
| Net tangible fixed assets | 650,229 | 646,663 | 585,736 | 519,242 | 448,597 |
| Net intangible assets | 14,257 | 13,895 | 13,895 | 13,895 | 13,895 |
| Net ROU assets | 0 | 0 | 0 | 0 | 0 |
| Capital WIP | 72,062 | 105,517 | 255,517 | 435,517 | 660,517 |
| Goodwill | - | - | - | - | - |
| Investments [JV/Associates] | 107,314 | 109,868 | 109,868 | 109,868 | 109,868 |
| **Cash & equivalents** | **9,050** | **6,454** | **13,177** | **6,915** | **21,300** |
| Current assets (ex-cash) | 407,883 | 351,240 | 363,229 | 393,746 | 409,627 |
| Current Liab. & Prov. | 258,792 | 284,611 | 298,765 | 327,543 | 342,225 |
| **NWC (ex-cash)** | **149,091** | **66,629** | **64,464** | **66,204** | **67,401** |
| **Total assets** | **1,070,388** | **1,047,916** | **1,141,547** | **1,250,530** | **1,420,469** |
| Net debt | 289,061 | 210,178 | 253,455 | 324,717 | 435,332 |
| Capital employed | 1,070,388 | 1,047,916 | 1,141,547 | 1,250,530 | 1,420,469 |
| **Invested capital** | **881,962** | **826,077** | **762,985** | **698,230** | **628,783** |
| BVPS (Rs) | 134.7 | 140.9 | 151.5 | 162.1 | 173.0 |
| Net Debt/Equity (x) | 0.5 | 0.4 | 0.4 | 0.5 | 0.6 |
| Net Debt/EBITDA (x) | 2.5 | 1.6 | 1.6 | 1.9 | 2.4 |
| Interest coverage (x) | 2.2 | 3.3 | 4.9 | 5.0 | 4.0 |
| **RoCE (%)** | **7.2** | **8.7** | **11.9** | **10.6** | **10.1** |

*Source: Company, Emkay Research*

## Cash flows

| Y/E Mar (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| PBT (ex-other income) | 30,088 | 43,339 | 79,910 | 80,556 | 82,304 |
| Others (non-cash items) | (1,784) | (2,327) | 0 | 0 | 0 |
| Taxes paid | (6,374) | (6,810) | (17,580) | (17,722) | (18,107) |
| Change in NWC | (4,418) | 78,108 | 2,165 | (1,740) | (1,197) |
| **Operating cash flow** | **98,883** | **190,071** | **146,086** | **147,486** | **161,043** |
| Capital expenditure | (64,275) | (90,071) | (150,000) | (180,000) | (225,000) |
| Acquisition of business | 0 | 0 | 0 | 0 | 0 |
| Interest & dividend income | 4,453 | 4,879 | 0 | 0 | 0 |
| **Investing cash flow** | **(52,329)** | **(78,742)** | **(150,000)** | **(180,000)** | **(225,000)** |
| Equity raised/(repaid) | 0 | 0 | 0 | 0 | 0 |
| Debt raised/(repaid) | (16,045) | (92,937) | 50,000 | 65,000 | 125,000 |
| Payment of lease liabilities | 0 | 0 | 0 | 0 | 0 |
| Interest paid | (23,660) | (14,544) | (20,664) | (19,898) | (27,398) |
| Dividend paid (incl tax) | (4,131) | (6,609) | (18,699) | (18,850) | (19,259) |
| Others | 0 | 0 | 0 | 0 | 0 |
| **Financing cash flow** | **(43,835)** | **(114,090)** | **10,637** | **26,252** | **78,343** |
| Net chg in Cash | 2,719 | (2,761) | 6,723 | (6,262) | 14,385 |
| OCF | 98,883 | 190,071 | 146,086 | 147,486 | 161,043 |
| Adj. OCF (w/o NWC chg.) | 103,302 | 111,963 | 143,921 | 149,226 | 162,240 |
| FCFF | 34,608 | 100,000 | (3,914) | (32,514) | (63,957) |
| FCFE | 11,134 | 83,298 | (24,578) | (52,412) | (91,355) |
| OCF/EBITDA (%) | 84.1 | 144.6 | 90.5 | 88.3 | 89.3 |
| FCFE/PAT (%) | 51.8 | 257.6 | (39.4) | (83.4) | (142.3) |
| **FCFF/NOPLAT (%)** | **76.4** | **179.0** | **(5.0)** | **(41.5)** | **(74.7)** |

*Source: Company, Emkay Research*

## Valuations and key Ratios

| Y/E Mar | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| P/E (x) | 31.0 | 20.6 | 10.7 | 10.6 | 10.4 |
| EV/CE(x) | 1.1 | 1.2 | 1.1 | 1.0 | 0.8 |
| P/B (x) | 1.2 | 1.1 | 1.1 | 1.0 | 0.9 |
| EV/Sales (x) | 0.9 | 0.9 | 0.8 | 0.8 | 0.7 |
| EV/EBITDA (x) | 8.1 | 7.3 | 5.9 | 5.7 | 5.3 |
| EV/EBIT(x) | 15.6 | 13.4 | 9.5 | 9.5 | 8.7 |
| EV/IC (x) | 1.1 | 1.2 | 1.3 | 1.4 | 1.5 |
| FCFF yield (%) | 3.6 | 10.5 | (0.4) | (3.4) | (6.7) |
| FCFE yield (%) | 1.7 | 12.5 | (3.7) | (7.9) | (13.7) |
| Dividend yield (%) | 0.6 | 1.0 | 2.8 | 2.8 | 2.9 |
| **DuPont-RoE split** | | | | | |
| Net profit margin (%) | 2.4 | 3.5 | 5.2 | 5.0 | 4.9 |
| Total asset turnover (x) | 1.0 | 1.0 | 1.1 | 1.0 | 1.0 |
| Assets/Equity (x) | 1.9 | 1.9 | 1.8 | 1.8 | 1.9 |
| **RoE (%)** | **4.5** | **6.9** | **10.3** | **9.7** | **9.3** |
| **DuPont-RoIC** | | | | | |
| NOPLAT margin (%) | 4.4 | 5.0 | 6.5 | 6.3 | 6.5 |
| IC turnover (x) | 1.2 | 1.3 | 1.5 | 1.7 | 2.0 |
| **RoIC (%)** | **5.1** | **6.5** | **9.9** | **10.7** | **12.9** |
| **Operating metrics** | | | | | |
| Core NWC days | 53.1 | 21.9 | 19.6 | 19.3 | 18.8 |
| **Total NWC days** | **53.1** | **21.9** | **19.6** | **19.3** | **18.8** |
| Fixed asset turnover | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 |
| Opex-to-revenue (%) | 88.5 | 88.1 | 86.5 | 86.6 | 86.2 |

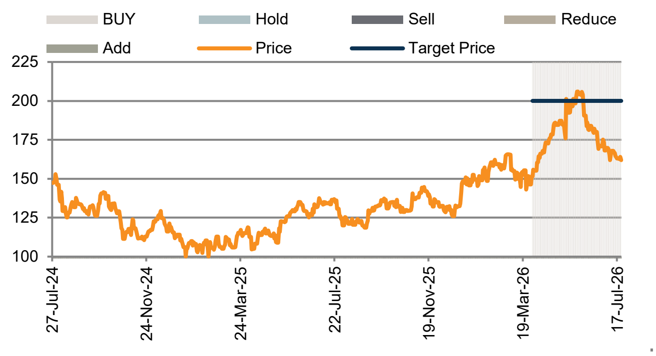
*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (Rs) | TP (Rs) | Rating | Analyst |
|---|---|---|---|---|
| 07-Jul-26 | 166 | 200 | Buy | Akhilesh Kumar |
| 16-Jun-26 | 181 | 200 | Buy | Akhilesh Kumar |
| 29-May-26 | 204 | 200 | Buy | Akhilesh Kumar |
| 16-May-26 | 192 | 200 | Buy | Akhilesh Kumar |
| 08-Apr-26 | 164 | 200 | Buy | Akhilesh Kumar |
| 31-Mar-26 | 151 | 200 | Buy | Akhilesh Kumar |

*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - TREND




*Source: Company, Bloomberg, Emkay Research*

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| SELL | >15% downside |

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