

## Q1 earnings miss owing to inventory valuation loss

Metals &amp; Mining ▶ Result Update ▶ July 28, 2025

CMP (Rs): 126 | TP (Rs): 155

**SAIL reported standalone adj EBITDA of Rs27.5bn, down 12.8% QoQ, missing the street's expectation of Rs33.9bn by 18.8%. Blended NSR increased by Rs1,600/t QoQ; however, the gains were offset by a one-time inventory valuation loss of Rs9.5bn, owing to lower coking coal price during the quarter. The management expects Q2 performance to be similar to Q1, with July's seasonal price weakness likely being offset by an expected rebound in Aug-Sep. We reiterate BUY, with the view that the company could achieve EBITDA/t of Rs8,000 in H2FY26, from Rs6,000 currently. Volumes are expected to rise as well, resulting in reasonable earnings upside potential.**

**One-off hit masks NSR gains**

SAIL reported standalone adj EBITDA of Rs27.5bn, down 12.8% sequentially, missing the street's expectation of Rs33.9bn by 18.8%. Adjusted EBITDA margin increased merely by Rs242/t to Rs6,048/t in Q1 vs Rs5,806/t in Q4FY25 which is a miss vs the market's expectation despite anticipated benefits from price hikes during the quarter. Breaking down the numbers into volumes, price, and cost – there was a 3% miss on volumes vs expectations; blended NSR improved by Rs1,600/t sequentially (a tad below the guidance of ~Rs2,300/t) to Rs51,700 and was offset by a one-time inventory valuation impact of Rs9.5bn, primarily because of the lower imported coking coal price during the quarter which came as a surprise. Sales volumes stood at 4.6mt in Q1 vs 5.3mt in Q4FY25. Crude steel production stood at 4.9mt (down 4.4% QoQ).

**Key takeaways from the conference call**

**Operational:** SAIL targets sales volume of 18.5mt in FY26 (excluding NMDC Steel offtake). Inventory stood at 1.7mt of saleable steel and 1.3mt of in-process stock, valued at Q1 cost with no further downside expected. Coking coal inventory is maintained at 25–30 days. **Financials:** Debt reduced by Rs11bn to Rs363bn in Q1. Capex for FY26 is guided at Rs75bn, with FY27 expected to see a sharp rise, led by the Rs360bn IISCO expansion. Railway pricing for Q1 was based on the FY24 rate, with the FY26 provisional rate at Rs74,000/t. However, the management does not expect any further benefit this year, as it has already been realized. **Pricing and cost:** Blended NSR rose to Rs51,700/t in Q1 (vs Rs50,100 in Q4). Imported coking coal cost fell to Rs17,600/t, from Rs18,500, improving blended cost by ~Rs600/t. **Outlook:** Q2 is expected to remain in line with Q1. Seasonal weakness in July prices may be offset by an expected rebound in Aug–Sep. The one-off impact of inventories is unlikely to recur, and the lower cost base should work favorably for spreads. IISCO tendering is underway, with major spending expected from FY27.

**Reiterate BUY**

We reiterate BUY on SAIL, with the view that the company could achieve EBITDA/tonne of Rs8,000 in H2FY26, from the current Rs6,000. Volumes are expected to rise as well, resulting in reasonable earnings upside potential.

Target Price – 12M	Jun-26
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	23.0

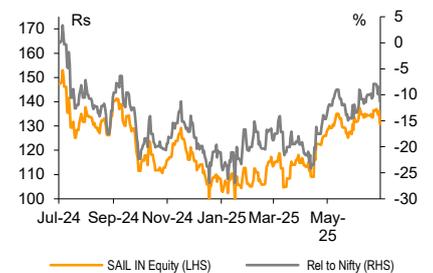
Stock Data	SAIL IN
52-week High (Rs)	156
52-week Low (Rs)	99
Shares outstanding (mn)	4,130.1
Market-cap (Rs bn)	519
Market-cap (USD mn)	5,986
Net-debt, FY26E (Rs mn)	269,465.8
ADTV-3M (mn shares)	19
ADTV-3M (Rs mn)	1,909.5
ADTV-3M (USD mn)	22.0
Free float (%)	35.0
Nifty-50	24,680.9
INR/USD	86.7

**Shareholding, Jun-25**

Promoters (%)	65.0
FPIs/MFs (%)	3.7/17.3

**Price Performance**

(%)	1M	3M	12M
Absolute	(4.6)	7.6	(14.8)
Rel. to Nifty	(0.9)	6.0	(14.3)

**1-Year share price trend (Rs)****SAIL: Financial Snapshot (Standalone)**

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,053,746	1,024,782	1,060,984	1,092,689	1,092,689
EBITDA	122,798	117,638	138,812	149,618	144,069
Adj. PAT	35,739	24,606	40,591	48,052	39,478
Adj. EPS (Rs)	8.7	6.0	9.8	11.6	9.6
EBITDA margin (%)	11.7	11.5	13.1	13.7	13.2
EBITDA growth (%)	30.9	(4.2)	18.0	7.8	(3.7)
Adj. EPS growth (%)	117.3	(31.2)	65.0	18.4	(17.8)
RoE (%)	6.7	4.5	7.1	8.0	6.2
RoIC (%)	6.5	5.1	6.8	7.4	6.4
P/E (x)	19.0	24.2	12.8	10.8	13.1
EV/EBITDA (x)	6.7	6.9	5.8	5.4	5.6
P/B (x)	1.0	0.9	0.9	0.8	0.8
FCFF yield (%)	(2.4)	4.3	7.4	5.5	(2.7)

Source: Company, Emkay Research

**Amit Lahoti**

amit.lahoti@emkayglobal.com

+91-22-66121284

**Akhilesh Kumar**

akhilesh.kumar@emkayglobal.com

+91-22-66121262

**Exhibit 1: Q1 adj EBITDA of Rs27.5bn was down 12.8% sequentially**

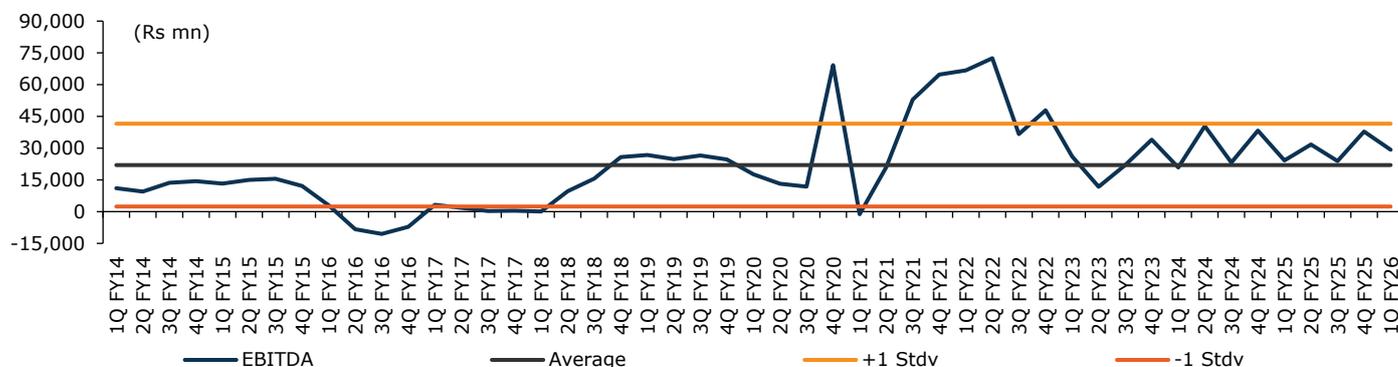
Standalone	Units	Q1 FY25A	Q2 FY25A	Q3 FY25A	Q4 FY25A	Q1 FY26A	Q1 FY26E	Q1FY26 Consensus	vs Emkay	vs Consensus	QoQ	YoY
Production	mt	4.7	4.8	4.6	5.1	4.9	4.8	-	1.6%	na	-4.3%	3.3%
Sales volume	mt	4.0	4.1	4.8	5.3	4.6	4.7	-	-2.8%	na	-14.6%	13.4%
Revenue	Rs mn	239,977.8	246,747.0	244,896.3	293,160.8	259,214.6	279,910.7	255,294.6	-7.4%	1.5%	-11.6%	8.0%
EBITDA	Rs mn	24,195.6	31,737.4	23,893.4	37,811.6	29,253.9	37,850.8	33,895.9	-22.7%	-13.7%	-22.6%	20.9%
Adj EBITDA	Rs mn	16,320.6	23,862.4	23,893.4	31,561.6	27,518.6	37,850.8	33,895.9	-27.3%	-18.8%	-12.8%	68.6%
Adjusted EBITDA spread	Rs/t	4,067.9	5,825.8	4,977.8	5,921.5	6,048.0	8,085.4	na	-25.2%	na	2.1%	48.7%
Net profit	Rs mn	106.8	8,335.2	1,258.0	11,779.6	6,854.8	12,414.2	11,277.6	-44.8%	-39.2%	-41.8%	nm
EPS	Rs	0.03	2.02	0.30	2.85	1.66	3.01	2.88	-44.8%	-42.3%	-41.8%	nm

Source: Company, Emkay Research

**Exhibit 2: EBITDA estimates for FY27/28E remain broadly unchanged**

	Units	FY26E			FY27E			FY28E		
		New	Old	Chg	New	Old	Chg	New	Old	Chg
<b>Financial metrics</b>										
Net sales	Rs mn	1,060,984.3	1,092,688.8	-2.9%	1,092,688.8	1,092,688.8	0.0%	1,092,688.8	1,092,688.8	0.0%
EBITDA	Rs mn	138,811.9	154,009.4	-9.9%	149,618.3	149,294.9	0.2%	144,069.4	145,706.1	-1.1%
EBIT	Rs mn	84,077.0	99,274.5	-15.3%	93,667.5	93,344.2	0.3%	86,075.7	88,612.4	-2.9%
Net profit	Rs mn	40,591.1	51,533.3	-21.2%	48,051.5	47,818.7	0.5%	39,478.4	43,182.4	-8.6%
EPS	Rs	9.8	12.5	-21.2%	11.6	11.6	0.5%	9.6	10.5	-8.6%
DPS	Rs	2.9	3.7	-21.2%	3.5	3.5	0.5%	2.9	3.1	-8.6%
Net debt / (cash)	Rs mn	358,982.9	331,092.3	8.4%	337,741.1	315,244.5	7.1%	402,992.2	378,802.8	6.4%
<b>Operating metrics</b>										
Production	mt	19.9	19.9	0.0%	19.9	19.9	0.0%	19.9	19.9	0.0%
Sales	mt	18.5	18.7	-1.0%	18.7	18.7	0.0%	18.7	18.7	0.0%

Source: Company, Emkay Research

**Exhibit 3: Quarterly EBITDA trend over the years**

Source: Company, Emkay Research

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

## Exhibit 4: Summary of estimates

Rs mn	FY24	FY25	FY26E	FY27E	FY28E		FY24	FY25	FY26E	FY27E	FY28E
<b>P&amp;L</b>						<b>Operational metrics</b>					
Net sales	1,053,745.9	1,024,781.9	1,060,984.3	1,092,688.8	1,092,688.8	Iron Ore (USD/t)	114.9	98.6	100.0	94.0	88.0
Operating expenses	930,948.2	907,143.9	922,172.4	943,070.5	948,619.4	Steel HRC (Rs/t)	56,019.6	50,034.0	51,500.0	52,000.0	52,000.0
<b>EBITDA</b>	<b>122,797.7</b>	<b>117,638.0</b>	<b>138,811.9</b>	<b>149,618.3</b>	<b>144,069.4</b>	<b>Crude Capacity (mt)</b>	<b>19.5</b>	<b>19.5</b>	<b>20.3</b>	<b>20.3</b>	<b>20.3</b>
Depreciation	52,774.5	56,495.7	54,734.9	55,950.8	57,993.7	<b>Production (mt)</b>					
<b>EBIT</b>	<b>70,023.2</b>	<b>61,142.3</b>	<b>84,077.0</b>	<b>93,667.5</b>	<b>86,075.7</b>	Hot Metal	20.5	20.3	21.0	21.0	21.0
Interest and taxes	34,283.7	36,536.3	43,485.9	45,616.0	46,597.3	Crude Steel	19.2	19.2	19.9	19.9	19.9
<b>Net earnings</b>	<b>35,739.5</b>	<b>24,606.0</b>	<b>40,591.1</b>	<b>48,051.5</b>	<b>39,478.4</b>	<b>Sales volumes (mt)</b>	<b>17.0</b>	<b>17.9</b>	<b>18.5</b>	<b>18.7</b>	<b>18.7</b>
EPS (Rs)	8.7	6.0	9.8	11.6	9.6	<b>Realization (Rs/t)</b>	<b>59,785.1</b>	<b>55,066.4</b>	<b>55,044.0</b>	<b>56,153.0</b>	<b>56,153.0</b>
Dividend (Rs/sh)	2.0	1.6	2.9	3.5	2.9	<b>Financial metrics</b>					
Number of shares (mn)	4,130.4	4,130.4	4,130.4	4,130.4	4,130.4	EBITDA margin	11.7%	11.5%	13.1%	13.7%	13.2%
<b>Balance sheet</b>						Net margin	3.4%	2.4%	3.8%	4.4%	3.6%
<b>Gross block</b>	<b>1,244,251.7</b>	<b>1,296,379.0</b>	<b>1,371,379.0</b>	<b>1,461,379.0</b>	<b>1,611,379.0</b>	EBITDA/t (Rs)	7,223.4	6,573.8	7,489.4	7,990.1	7,693.8
Inventories	326,455.8	290,723.6	290,680.6	299,366.8	299,366.8	ROE	6.7%	4.5%	7.1%	8.0%	6.2%
Receivables	83,087.2	75,571.5	87,204.2	89,810.0	89,810.0	ROCE	8.6%	7.2%	9.5%	10.3%	8.9%
Payables	153,323.9	104,985.5	128,021.6	142,679.7	141,800.0	ROIC	5.2%	4.1%	5.4%	5.9%	5.1%
<b>Net working capital</b>	<b>256,219.1</b>	<b>261,309.6</b>	<b>249,863.2</b>	<b>246,497.1</b>	<b>247,376.8</b>	Gross debt (Rs mn)	363,149.7	369,339.3	369,339.3	369,339.3	419,339.3
<b>Cash</b>	<b>5,416.0</b>	<b>9,050.2</b>	<b>28,645.2</b>	<b>31,598.2</b>	<b>16,347.1</b>	Net debt/(cash) (Rs mn)	357,733.7	360,289.1	340,694.1	337,741.1	402,992.2
Total assets	1,375,324.5	1,329,180.5	1,380,630.4	1,428,924.6	1,505,679.8	Net debt to EBITDA (x)	2.9	3.1	2.5	2.3	2.8
Total liabilities	834,019.1	772,616.4	795,652.5	810,310.6	859,430.9	Net debt to Equity	66.1%	64.7%	58.2%	54.6%	62.4%
<b>Total Equity</b>	<b>541,305.4</b>	<b>556,564.1</b>	<b>584,977.9</b>	<b>618,614.0</b>	<b>646,248.8</b>	<b>Valuation</b>					
<b>Cash flow</b>						P/E (x)	10.3	22.7	12.8	10.8	13.1
Operating cash before WC	107,163.9	109,675.8	138,811.9	149,618.3	144,069.4	EV/EBITDA (x)	5.9	7.8	6.2	5.7	6.4
Working capital and other	-77,832.0	-10,792.4	-4,339.1	-15,320.6	-16,232.4	FCF yield	-5.3%	6.2%	11.5%	8.5%	-4.3%
<b>Operating cash flow</b>	<b>29,331.9</b>	<b>98,883.4</b>	<b>134,472.8</b>	<b>134,297.7</b>	<b>127,837.0</b>	Dividend yield	2.2%	1.2%	2.3%	2.8%	2.3%
Capex	-48,630.9	-64,275.2	-75,000.0	-90,000.0	-150,000.0	<b>Methodology</b>	<b>Rs/sh</b>				
Other investing items	5,828.3	11,946.0	0.0	0.0	0.0	EV/EBITDA	235.5				
<b>Investing cash flow</b>	<b>-42,802.6</b>	<b>-52,329.2</b>	<b>-75,000.0</b>	<b>-90,000.0</b>	<b>-150,000.0</b>	Less: Net debt, minorities	-82.5				
Borrowings/(repayments)	49,315.4	-7,822.1	0.0	0.0	50,000.0	<b>Equity Value</b>	<b>153.0</b>				
Equity changes	5,278.7	6,194.0	6,194.0	6,194.0	6,194.0	<b>Target price</b>	<b>155.0</b>				
Other financing items	-41,050.5	-42,207.2	-46,071.8	-47,538.8	-49,282.1	Current price	125.6				
<b>Financing cash flow</b>	<b>13,543.6</b>	<b>-43,835.3</b>	<b>-39,877.8</b>	<b>-41,344.8</b>	<b>6,911.9</b>	<b>Expected return</b>	<b>23.4%</b>				
<b>Net change in cash</b>	<b>72.9</b>	<b>2,718.9</b>	<b>19,595.0</b>	<b>2,953.0</b>	<b>-15,251.1</b>						
<b>Ending cash</b>	<b>5,416.0</b>	<b>9,050.2</b>	<b>28,645.2</b>	<b>31,598.2</b>	<b>16,347.1</b>						
Free cash flow	-19,299.0	34,608.2	59,472.8	44,297.7	-22,163.0						

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

## SAIL: Standalone Financials and Valuations

### Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Revenue</b>	<b>1,053,746</b>	<b>1,024,782</b>	<b>1,060,984</b>	<b>1,092,689</b>	<b>1,092,689</b>
Revenue growth (%)	0.9	(2.7)	3.5	3.0	0
<b>EBITDA</b>	<b>122,798</b>	<b>117,638</b>	<b>138,812</b>	<b>149,618</b>	<b>144,069</b>
EBITDA growth (%)	30.9	(4.2)	18.0	7.8	(3.7)
Depreciation & Amortization	52,775	56,496	54,735	55,951	57,994
<b>EBIT</b>	<b>70,023</b>	<b>61,142</b>	<b>84,077</b>	<b>93,668</b>	<b>86,076</b>
EBIT growth (%)	58.6	(12.7)	37.5	11.4	(8.1)
Other operating income	-	-	-	-	-
Other income	-	-	-	-	-
Financial expense	24,738	27,928	27,700	26,929	31,245
<b>PBT</b>	<b>45,285</b>	<b>33,215</b>	<b>56,377</b>	<b>66,738</b>	<b>54,831</b>
Extraordinary items	(8,408)	(3,126)	0	0	0
Taxes	9,546	8,609	15,785	18,687	15,353
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>27,331</b>	<b>21,480</b>	<b>40,591</b>	<b>48,052</b>	<b>39,478</b>
PAT growth (%)	43.6	(21.4)	89.0	18.4	(17.8)
<b>Adjusted PAT</b>	<b>35,739</b>	<b>24,606</b>	<b>40,591</b>	<b>48,052</b>	<b>39,478</b>
<b>Diluted EPS (Rs)</b>	<b>8.7</b>	<b>6.0</b>	<b>9.8</b>	<b>11.6</b>	<b>9.6</b>
Diluted EPS growth (%)	117.3	(31.2)	65.0	18.4	(17.8)
<b>DPS (Rs)</b>	<b>1.5</b>	<b>1.0</b>	<b>2.9</b>	<b>3.5</b>	<b>2.9</b>
<b>Dividend payout (%)</b>	<b>22.7</b>	<b>19.2</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
EBITDA margin (%)	11.7	11.5	13.1	13.7	13.2
EBIT margin (%)	6.6	6.0	7.9	8.6	7.9
Effective tax rate (%)	21.1	25.9	28.0	28.0	28.0
<b>NOPLAT (pre-IndAS)</b>	<b>55,263</b>	<b>45,295</b>	<b>60,535</b>	<b>67,441</b>	<b>61,974</b>
Shares outstanding (mn)	4,130	4,130	4,130	4,130	4,130

Source: Company, Emkay Research

### Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	36,877	30,088	56,377	66,738	54,831
Others (non-cash items)	(4,161)	(1,784)	0	0	0
Taxes paid	(934)	(6,374)	(15,785)	(18,687)	(15,353)
Change in NWC	(76,898)	(4,418)	11,446	3,366	(880)
<b>Operating cash flow</b>	<b>29,332</b>	<b>98,883</b>	<b>134,473</b>	<b>134,298</b>	<b>127,837</b>
Capital expenditure	(48,631)	(64,275)	(75,000)	(90,000)	(150,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	3,609	4,453	0	0	0
<b>Investing cash flow</b>	<b>(42,803)</b>	<b>(52,329)</b>	<b>(75,000)</b>	<b>(90,000)</b>	<b>(150,000)</b>
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	41,305	(16,045)	0	0	50,000
Payment of lease liabilities	0	0	0	0	0
Interest paid	(21,566)	(23,660)	(27,700)	(26,929)	(31,245)
Dividend paid (incl tax)	(6,196)	(4,131)	(12,177)	(14,415)	(11,844)
Others	0	0	0	0	0
<b>Financing cash flow</b>	<b>13,544</b>	<b>(43,835)</b>	<b>(39,878)</b>	<b>(41,345)</b>	<b>6,912</b>
Net chg in Cash	73	2,719	19,595	2,953	(15,251)
OCF	29,332	98,883	134,473	134,298	127,837
Adj. OCF (w/o NWC chg.)	106,230	103,302	123,026	130,932	128,717
FCFF	(19,299)	34,608	59,473	44,298	(22,163)
FCFE	(40,428)	11,134	31,772	17,368	(53,408)
OCF/EBITDA (%)	23.9	84.1	96.9	89.8	88.7
FCFE/PAT (%)	(147.9)	51.8	78.3	36.1	(135.3)
<b>FCFF/NOPLAT (%)</b>	<b>(34.9)</b>	<b>76.4</b>	<b>98.2</b>	<b>65.7</b>	<b>(35.8)</b>

Source: Company, Emkay Research

### Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	41,305	41,305	41,305	41,305	41,305
Reserves & Surplus	500,000	515,259	543,673	577,309	604,944
<b>Net worth</b>	<b>541,305</b>	<b>556,564</b>	<b>584,978</b>	<b>618,614</b>	<b>646,249</b>
Minority interests	-	-	-	-	-
Non-current liab. & prov.	61,782	64,223	64,223	64,223	64,223
<b>Total debt</b>	<b>305,933</b>	<b>298,111</b>	<b>298,111</b>	<b>298,111</b>	<b>348,111</b>
<b>Total liabilities &amp; equity</b>	<b>1,056,185</b>	<b>1,070,388</b>	<b>1,098,802</b>	<b>1,132,438</b>	<b>1,210,073</b>
Net tangible fixed assets	653,966	650,229	670,494	704,543	796,550
Net intangible assets	14,888	14,257	14,257	14,257	14,257
Net ROU assets	0	0	0	0	0
Capital WIP	61,406	72,062	72,062	72,062	72,062
Goodwill	-	-	-	-	-
Investments [JV/Associates]	111,031	107,314	107,314	107,314	107,314
<b>Cash &amp; equivalents</b>	<b>5,416</b>	<b>9,050</b>	<b>28,645</b>	<b>31,598</b>	<b>16,347</b>
Current assets (ex-cash)	473,405	407,883	419,472	430,764	430,764
Current Liab. & Prov.	319,140	258,792	281,828	296,486	295,607
<b>NWC (ex-cash)</b>	<b>154,266</b>	<b>149,091</b>	<b>137,644</b>	<b>134,278</b>	<b>135,158</b>
<b>Total assets</b>	<b>1,056,185</b>	<b>1,070,388</b>	<b>1,098,802</b>	<b>1,132,438</b>	<b>1,210,073</b>
Net debt	300,517	289,061	269,466	266,513	331,764
Capital employed	1,056,185	1,070,388	1,098,802	1,132,438	1,210,073
<b>Invested capital</b>	<b>878,332</b>	<b>881,962</b>	<b>890,781</b>	<b>921,464</b>	<b>1,014,350</b>
BVPS (Rs)	131.1	134.7	141.6	149.8	156.5
Net Debt/Equity (x)	0.6	0.5	0.5	0.4	0.5
Net Debt/EBITDA (x)	2.4	2.5	1.9	1.8	2.3
Interest coverage (x)	2.8	2.2	3.0	3.5	2.8
<b>RoCE (%)</b>	<b>8.6</b>	<b>7.2</b>	<b>9.7</b>	<b>10.4</b>	<b>9.0</b>

Source: Company, Emkay Research

### Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	19.0	24.2	12.8	10.8	13.1
EV/CE(x)	1.0	0.9	0.9	0.9	0.8
P/B (x)	1.0	0.9	0.9	0.8	0.8
EV/Sales (x)	0.8	0.8	0.8	0.7	0.7
EV/EBITDA (x)	6.7	6.9	5.8	5.4	5.6
EV/EBIT(x)	11.7	13.2	9.6	8.6	9.4
EV/IC (x)	0.9	0.9	0.9	0.9	0.8
FCFF yield (%)	(2.4)	4.3	7.4	5.5	(2.7)
FCFE yield (%)	(7.8)	2.1	6.1	3.3	(10.3)
Dividend yield (%)	1.2	0.8	2.3	2.8	2.3
<b>DuPont-RoE split</b>					
Net profit margin (%)	3.4	2.4	3.8	4.4	3.6
Total asset turnover (x)	1.0	1.0	1.0	1.0	0.9
Assets/Equity (x)	1.9	1.9	1.9	1.9	1.9
<b>RoE (%)</b>	<b>6.7</b>	<b>4.5</b>	<b>7.1</b>	<b>8.0</b>	<b>6.2</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	5.2	4.4	5.7	6.2	5.7
IC turnover (x)	1.2	1.2	1.2	1.2	1.1
<b>RoIC (%)</b>	<b>6.5</b>	<b>5.1</b>	<b>6.8</b>	<b>7.4</b>	<b>6.4</b>
<b>Operating metrics</b>					
Core NWC days	53.4	53.1	47.4	44.9	45.1
<b>Total NWC days</b>	<b>53.4</b>	<b>53.1</b>	<b>47.4</b>	<b>44.9</b>	<b>45.1</b>
Fixed asset turnover	0.8	0.8	0.8	0.7	0.7
Opex-to-revenue (%)	88.3	88.5	86.9	86.3	86.8

Source: Company, Emkay Research

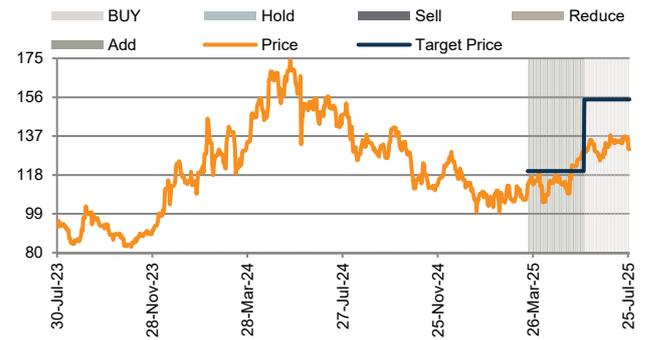
This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Jul-25	135	155	Buy	Amit Lahoti
28-Jun-25	132	155	Buy	Amit Lahoti
02-Jun-25	131	155	Buy	Amit Lahoti
31-May-25	129	155	Buy	Amit Lahoti
30-May-25	129	155	Buy	Amit Lahoti
29-May-25	130	120	Add	Amit Lahoti
28-Apr-25	117	120	Add	Amit Lahoti
25-Apr-25	115	120	Add	Amit Lahoti
09-Apr-25	105	120	Add	Amit Lahoti
26-Mar-25	113	120	Add	Amit Lahoti
19-Mar-25	113	120	Add	Amit Lahoti

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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

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

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

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

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

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

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

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

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

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

This report is intended for Team White Marque Solutions ([team.emkay@whitemarqueresolutions.com](mailto:team.emkay@whitemarqueresolutions.com))

**RESTRICTIONS ON DISTRIBUTION**

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons<sup>1</sup> may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

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

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

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

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

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of July 28, 2025
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report

**Disclosure of previous investment recommendation produced:**

- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of July 28, 2025
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the July 28, 2025
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

**Emkay Rating Distribution**

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

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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

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

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

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

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

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

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

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

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

This report is intended for Team White Marque Solutions ([team.emkay@whitemarqueresolutions.com](mailto:team.emkay@whitemarqueresolutions.com))