ADD Hindalco

Strong operational momentum; valuations cap upside

Metals & Mining | Result Update | **May 23, 2026**

CMP (Rs): 1,109 | TP (Rs): 1,200

We downgrade HNDL to ADD from Buy, while increasing TP by ~9% to Rs1,200 from Rs1,100. HNDL reported strong Q4 adjusted EBITDA of Rs101.7bn, led by robust Novelis performance (already known); the India business remained broadly in line. Upstream aluminium (Al) EBITDA benefited from higher Al prices, with EBITDA/t remaining globally competitive. We expect earnings momentum to remain strong over FY27-29E, supported by elevated Al prices amid worsening global supply tightness, easing Novelis headwinds, and improved backward integration benefits. However, following the 20% rally (vs 8.4% for Nifty Metals) in the stock since the onset of the US-Iran conflict, valuations appear relatively demanding.

Novelis drives strong Q4 EBITDA; upstream margins stay robust

While Novelis's performance was already known and the India business was broadly in line with expectations, HNDL reported Q4 adjusted EBITDA of Rs101.7bn (+9.6% vs Emkay; +11.2% vs consensus; +27.2% QoQ, +6.0% YoY), driven by strong Novelis performance with adjusted EBITDA of USD459mn and EBITDA/t of USD544 (read: *Robust quarter; early Oswego restart adds comfort*). Al upstream EBITDA came in at Rs54.5bn, aided by 12.8% QoQ improvement in average Al prices, resulting in a globally competitive EBITDA/t of USD1,756. Al downstream and copper segment EBITDA was also strong QoQ at Rs25.5bn (+9.4% QoQ) and Rs9.1bn (+52.4% QoQ), respectively, supporting consolidated EBITDA. Consolidated net debt rose 9.0% QoQ and 83.5% YoY to Rs648.4bn, primarily due to the higher Oswego fire impact of USD1.7bn vs earlier guidance of USD1.3-1.4bn and capex of Rs316.2bn in FY26.

Rising Al prices and easing Novelis headwinds support earnings

The ongoing geopolitical tensions between the US and Iran have led to Al capacity curtailments of 2mt, widening the global supply deficit to 2.5-3.0mt in CY26 and intensifying near-term supply tightness. As a result, QTD average Al prices have increased to USD3,607/t vs Q1CY26 average of USD3,195/t. Accordingly, we raise our Al price assumptions to USD3,325/3,250/3,200/t for FY27/28/29E, respectively. We expect the stronger Al pricing environment to support earnings over FY27-29E. This should be further aided by enhanced backward integration benefits, as the Chakla and Bandha coal mines commence production over FY28-29, helping HNDL maintain a competitive position on the global Al cost curve. In addition, with key Novelis headwinds beginning to ease from Q1FY27 onward, we expect a gradual normalization in Novelis's operations, supporting a stronger earnings recovery over the medium term.

Medium-term outlook intact; downgrade to ADD

While we believe our medium-term investment thesis of sustained earnings, driven by firm Al prices and recovery at Novelis is intact, the recent ~20% rebound in the stock since the onset of the US-Iran conflict has made valuations relatively demanding. Hence, we downgrade HNDL to ADD from Buy, while raising our TP to Rs1,200 from Rs1,100.

Target Price – 12M	Mar-27
Change in TP (%)	**9.1**
Current Reco.	ADD
Previous Reco.	BUY
Upside/(Downside) (%)	8.2

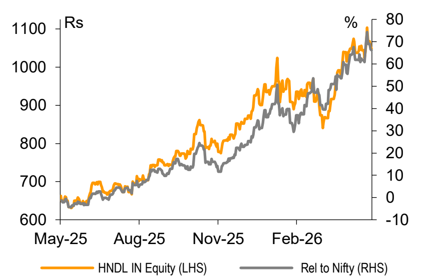
Stock Data	HNDL IN
52-week High (Rs)	1,115
52-week Low (Rs)	618
Shares outstanding (mn)	2,247.2
Market-cap (Rs bn)	2,493
Market-cap (USD mn)	26,045
Net-debt, FY27E (Rs mn)	972,582.4
ADTV-3M (mn shares)	6.4
ADTV-3M (Rs mn)	6,454.9
ADTV-3M (USD mn)	67.4
Free float (%)	64.9
Nifty-50	23,719.3
INR/USD	95.7

Shareholding,Mar-26	
Promoters (%)	34.6
FPIs/MFs (%)	30.0/25.6

Price Performance

(%)	1M	3M	12M
Absolute	6.7	18.5	70.8
Rel. to Nifty	9.6	27.8	77.2

1-Year share price trend (Rs)



Hindalco: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	2,384,960	2,749,440	3,447,380	3,558,821	4,132,925
EBITDA	354,960	380,970	477,082	517,114	592,260
Adj. PAT	168,810	203,540	225,033	243,418	289,656
Adj. EPS (Rs)	75.9	91.5	101.1	109.4	130.2
EBITDA margin (%)	14.9	13.9	13.8	14.5	14.3
EBITDA growth (%)	38.0	7.3	25.2	8.4	14.5
Adj. EPS growth (%)	66.5	20.6	10.6	8.2	19.0
RoE (%)	14.7	15.6	15.3	14.4	15.0
RoIC (%)	14.3	15.1	14.9	14.0	14.8
P/E (x)	15.4	18.4	11.7	8.2	8.5
EV/EBITDA (x)	8.1	7.5	6.0	5.5	4.8
P/B (x)	2.0	1.8	1.6	1.4	1.2
FCFF yield (%)	1.3	(6.9)	(2.3)	2.8	4.2

Source: Company, Emkay Research

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Key takeaways from the conference call

Projects and expansion pipeline

- All key upstream expansion projects remain on track, including the Aditya alumina refinery and aluminium smelter expansions.
- The first 180 pots at the Aditya smelter are expected to be commissioned by Dec-27, followed by the next 180 pots by Dec-28.
- Bay Minette (600kt greenfield rolling and recycling facility) remains on schedule for completion in CY26, with commercial coil sales expected from FY28 onward and full ramp-up over 18-24 months.
- Novelis reiterated long-term EBITDA guidance of USD600/t, supported by its USD350-400mn structural cost reduction program.

Coal mines and backward integration

- Bandha completed box-cut during Q4, while Chakla received Stage-1 forest clearance; Meenakshi is under approval.
- HNDL expects meaningful captive coal contribution only from FY28 onward, led initially by Chakla, while Meenakshi is expected to ramp up faster due to a very low strip ratio.

Cash flow and capex

- FY27 India capex guidance stands at ~Rs120bn, while Novelis capex is expected at USD2.3-2.4bn, largely for Bay Minette.
- The management indicated that consolidated capex should moderate after FY27 as Bay Minette spending declines materially post commissioning.

Balance sheet and leverage

- HNDL reiterated its commitment to maintain leverage at ~2x the consolidated level.
- India business remains net cash positive, with gross debt of Rs122bn and cash of Rs180bn, while Novelis net debt stands at Rs630bn.
- Peak consolidated net debt is expected at Rs800-900bn over the next two years.

Hedging and pricing

- HNDL has hedged 29% of FY27 aluminium volumes at USD3,013/t.
- ~14% of FY27 currency exposure has been hedged at Rs90.1/USD.
- HNDL highlighted sharply higher Midwest and regional premiums due to supply tightness, freight inflation and US tariff impacts.

Guidance

- Q1FY27 aluminium cost inflation is expected at ~5% QoQ, largely driven by higher furnace oil, CPC coke, and pitch costs.
- Novelis expects the Oswego hot mill to restart within weeks, with most fire-related impact recoverable in FY27.
- The management expects FY27 to be a 'recovery year' for Novelis, aided by the Oswego restart, easing scrap spreads, and Bay Minette commissioning.
- The management guided for copper EBITDA to remain elevated in Q1FY27, before normalizing to Rs6-7bn/quarter thereafter.

Exhibit 1: Adjusted EBITDA of Rs101.7bn in Q4 was supported by Novelis performance (already known)

Consolidated	Units	Q4 FY25A	Q1 FY26A	Q2 FY26A	Q3 FY26A	Q4 FY26A	Q4 FY26E	Q4 FY26 Consensus	vs Emkay	vs Consensus	QoQ	YoY
Revenue	Rs mn	648,900.0	642,320.0	660,580.0	665,210.0	781,330.0	802,550.6	740,627.2	-2.6%	5.5%	17.5%	20.4%
Rep EBITDA	Rs mn	102,960.0	86,730.0	96,840.0	85,430.0	111,970.0	100,156.1	-	11.8%	-	31.1%	8.8%
Adj EBITDA	**Rs mn**	**95,960.0**	**80,710.0**	**89,710.0**	**79,940.0**	**101,720.0**	**92,796.1**	**91,510.7**	**9.6%**	**11.2%**	**27.2%**	**6.0%**
Rep EBITDA margin	%	15.9	13.5	14.7	12.8	14.3	12.5	-	-185bps	-	149bps	-154bps
Adj Net profit	Rs mn	52,780.0	40,020.0	49,220.0	46,620.0	67,720.0	54,029.2	44,913.3	25.3%	50.8%	45.3%	28.3%
Adj EPS	Rs	23.8	18.0	21.3	9.2	11.7	24.3	18.6	-51.9%	-37.3%	26.7%	-50.9%
Net debt	Rs mn	353,380.0	342,570.0	414,150.0	594,610.0	648,410.0	-	-	-	-	9.0%	83.5%
Net debt-to-EBITDA	x	1.1	1.0	1.2	1.7	1.8	-	-	-	-	5.8%	72.6%
Segment EBITDA												
Novelis	Rs mn	41,030.0	35,570.0	36,850.0	31,020.0	42,020.0	38,146.7	-	10.2%	-	35.5%	2.4%
Aluminium Upstream	Rs mn	48,380.0	40,800.0	45,240.0	48,320.0	54,480.0	53,260.2	-	2.3%	-	12.7%	12.6%
Aluminium Downstream	Rs mn	2,190.0	2,290.0	2,610.0	2,330.0	2,550.0	2,815.1	-	-9.4%	-	9.4%	16.4%
Copper	Rs mn	6,140.0	6,730.0	6,340.0	5,950.0	9,070.0	6,934.0	-	30.8%	-	52.4%	47.7%
Business segment EBITDA	**Rs mn**	**97,740.0**	**85,390.0**	**91,040.0**	**87,620.0**	**108,120.0**	**101,156.1**	-	**6.9%**	-	**23.4%**	**10.6%**
Inter segment	Rs mn	150.0	-110.0	-1,780.0	-1,640.0	-1,590.0	-1,000.0	-	-59.0%	-	3.0%	-1160.0%
Unallocable	Rs mn	5,070.0	1,450.0	7,580.0	-550.0	5,440.0	0.0	-	na	-	1089.1%	7.3%
Total	**Rs mn**	**102,960.0**	**86,730.0**	**96,840.0**	**85,430.0**	**111,970.0**	**100,156.1**	**91,510.7**	**11.8%**	**22.4%**	**31.1%**	**8.8%**
Shipments												
Novelis	kt	957.0	963.0	941.0	809.0	844.0	885.0	-	-4.6%	-	4.3%	-11.8%
Aluminium Upstream	kt	332.0	325.0	341.0	345.0	339.0	339.0	-	0.0%	-	-1.7%	2.1%
Aluminium Downstream	kt	105.0	101.0	113.0	108.0	124.0	110.0	-	12.7%	-	14.8%	18.1%
Copper	kt	135.0	124.0	113.0	122.0	128.0	133.6	-	-4.2%	-	4.9%	-5.2%

Source: Company, Emkay Research

Exhibit 2: We derive TP of Rs1,200 using blended valuation methodology

VALUATION	Period	Multiple (x)	Rs mn	Rs/share	Weightage
DCF					
Novelis			1,595,285.1	716.9	
Aluminium - Upstream			1,552,541.6	697.7	
Aluminium - Downstream			81,113.4	36.5	
Copper			169,753.5	76.3	
Enterprise Value			**3,398,693.5**	**1,527.3**	
Add: Value of investments			119,595.4	53.7	
less: Net debt/(cash)			797,691.2	358.5	
less: Minorities			120.0	0.1	
Equity value			**2,720,477.7**	**1,222.5**	**50.0%**
EV/EBITDA					
Novelis	FY28	6.5	1,329,186.2	597.3	
Aluminium Upstream	FY28	6.5	1,704,577.3	766.0	
Aluminium Downstream	FY28	6.5	80,569.0	36.2	
Copper	FY28	6.5	195,444.6	87.8	
Enterprise Value			**3,309,777.0**	**1,487.4**	
Add: Value of investments			119,595.4	53.7	
less: Net debt/(cash)			797,691.2	358.5	
less: Minorities			120.0	0.1	
Equity value			**2,631,561.2**	**1,182.6**	**50.0%**
Blended equity value			**2,676,019.4**	**1,202.6**	
Rounded target price				**1,200.0**	
Current share price				1,109.2	
Expected price return				8.2%	
Expected dividend yield				0.5%	
Expected total return				**8.6%**	

Source: Company, Emkay Research

Exhibit 3: EBITDA estimates for FY27-28 increased by 7-8%, on revising up our Al price assumptions

	Units	FY26E			FY27E			FY28E		
		New	Old	Chg	New	Old	Chg	New	Old	Chg
Financial metrics										
Net sales	Rs mn	2,749,440.0	2,770,298.5	-0.8%	3,447,380.3	3,202,645.4	7.6%	3,558,820.8	3,449,428.7	3.2%
Rep EBITDA	Rs mn	380,970.0	369,156.1	3.2%	477,081.9	444,667.5	7.3%	517,114.4	479,835.4	7.8%
Adj EBITDA	Rs mn	352,080.0	343,156.1	2.6%	447,325.2	417,667.5	7.1%	485,869.8	446,785.3	8.7%
EBIT	Rs mn	289,430.0	280,113.5	3.3%	369,145.2	351,454.0	5.0%	398,117.7	380,375.4	4.7%
Net profit	Rs mn	203,580.0	189,889.2	7.2%	225,032.6	224,067.2	0.4%	243,417.8	240,435.6	1.2%
EPS	Rs	91.5	85.3	7.2%	101.1	100.7	0.4%	109.4	108.0	1.2%
DPS	Rs	6.4	6.0	7.2%	7.1	7.0	0.4%	7.7	7.6	1.2%
Net debt / (cash)	Rs mn	658,280.0	621,281.5	6.0%	797,691.2	770,276.0	3.6%	793,873.5	794,543.6	-0.1%

Source: Company, Emkay Research

Exhibit 4: Summary of estimates

Consolidated (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
P&L					
Net sales	2,384,960.0	2,749,440.0	3,447,380.3	3,558,820.8	4,132,925.4
Cost of sales	2,057,080.0	2,397,360.0	3,000,055.2	3,072,950.9	3,573,472.0
Adj EBITDA	**327,880.0**	**352,080.0**	**447,325.2**	**485,869.8**	**559,453.5**
EBITDA margin	**14.9%**	**13.9%**	**13.8%**	**14.5%**	**14.3%**
Depreciation	88,640.0	91,540.0	107,936.6	118,996.6	129,922.9
EBIT	266,320.0	289,430.0	369,145.2	398,117.7	462,337.3
Interest and taxes	34,190.0	34,800.0	56,600.0	60,037.5	60,037.5
PBT	232,130.0	254,630.0	312,545.3	338,080.3	402,299.8
Tax	63,350.0	51,050.0	87,512.7	94,662.5	112,644.0
Net earnings post MI	**160,020.0**	**133,910.0**	**210,371.4**	**301,262.2**	**289,655.9**
EPS (Rs)	**71.9**	**91.5**	**101.1**	**109.4**	**130.2**
Dividend (Rs/sh)	5.0	6.4	7.1	7.7	9.1
Dividend Payout (%)	7.0%	7.0%	7.0%	7.0%	7.0%
Number of shares	2,225.3	2,225.3	2,225.3	2,225.3	2,225.3
Balance sheet					
Gross block	**2,301,780.0**	**2,751,560.0**	**3,163,548.9**	**3,538,361.8**	**3,846,752.2**
Inventories	488,010.0	755,170.0	613,917.0	585,011.6	679,385.0
Receivables	198,340.0	272,220.0	236,121.9	243,754.8	283,077.1
Payables	413,680.0	715,150.0	493,159.8	505,142.6	587,420.0
Net working capital	**272,670.0**	**312,240.0**	**356,879.2**	**323,623.9**	**375,042.0**
Cash	**108,460.0**	**148,080.0**	**119,007.6**	**180,669.6**	**220,163.9**
Total assets	2,659,910.0	3,477,950.0	3,590,240.1	3,828,601.5	4,180,258.9
Total liabilities	1,422,700.0	2,112,000.0	2,015,009.8	2,026,992.6	2,109,270.0
Total Equity	**1,237,210.0**	**1,365,950.0**	**1,575,230.3**	**1,801,608.9**	**2,070,988.8**
Cash flow					
Operating cash before WC	321,980.0	309,630.0	477,081.9	517,114.4	592,260.2
Working capital and other	-77,880.0	-207,130.0	-132,151.9	-61,407.1	-164,062.1
Operating cash flow	**244,100.0**	**102,500.0**	**344,929.9**	**455,707.3**	**428,198.1**
Capex	-206,490.0	-300,960.0	-411,988.9	-374,812.9	-308,390.4
Investing cash flow	**-247,390.0**	**-265,830.0**	**-426,650.1**	**-316,968.5**	**-308,390.4**
Borrowings/(repayments)	62,370.0	281,930.0	125,000.0	0.0	0.0
Equity changes	-7,780.0	-11,100.0	-15,752.3	-17,039.2	-20,275.9
Financing cash flow	**-18,160.0**	**200,870.0**	**52,647.8**	**-77,076.7**	**-80,313.4**
Net change in cash	**-21,450.0**	**37,540.0**	**-29,072.4**	**61,662.0**	**39,494.3**
Ending cash	**108,460.0**	**148,080.0**	**119,007.6**	**180,669.6**	**220,163.9**
Free cash flow	37,610.0	-198,460.0	-67,059.0	80,894.4	119,807.7

	FY25	FY26	FY27E	FY28E	FY29E
Operational metrics					
Aluminium (USD/t)	2,525.3	2,772.9	3,325.0	3,250.0	3,200.0
Copper (USD/t)	9,365.9	10,819.5	12,500.0	11,250.0	11,500.0
Production (kt)					
Novelis	3,757.0	3,557.0	3,674.0	3,895.0	4,200.0
Alumina	3,857.0	3,784.0	3,740.0	3,740.0	4,590.0
Aluminium Upstream	1,323.0	1,336.0	1,333.3	1,333.3	1,512.4
Aluminium Downstream	403.0	446.0	510.0	510.0	510.0
Copper	491.0	487.0	470.1	470.1	644.4
Realization (USD/t)					
Novelis	4,564.5	5,182.5	6,057.0	5,993.1	5,937.0
Aluminium Upstream	2,971.3	3,148.6	3,775.0	3,700.0	3,650.0
Aluminium Downstream	3,761.5	3,946.6	4,475.0	4,400.0	4,400.0
Copper	13,174.8	15,837.6	17,500.0	16,250.0	16,500.0
Cost of Production (USD/t)					
Novelis	4,084.9	4,720.0	5,526.6	5,453.0	5,380.5
Aluminium Upstream	1,754.8	1,682.8	1,749.5	1,721.5	1,744.1
Aluminium Downstream	3,575.8	3,704.4	4,225.0	4,150.0	4,150.0
Copper	12,446.2	15,200.5	16,847.8	15,592.1	15,792.7
Financial metrics					
EBITDA margin	14.9%	13.9%	13.8%	14.5%	14.3%
Net margin	6.7%	4.9%	6.1%	8.5%	7.0%
ROE	13.9%	10.3%	14.3%	17.8%	15.0%
ROCE	14.3%	13.4%	14.9%	14.4%	15.4%
ROIC	14.4%	14.2%	14.0%	13.2%	13.9%
Gross debt (Rs mn)	619,310.0	966,590.0	1,091,590.0	1,091,590.0	1,091,590.0
Net debt/(cash) (Rs mn)	335,820.0	658,280.0	797,691.2	793,873.5	754,379.2
Net debt-to-EBITDA (x)	0.9	1.7	1.7	1.5	1.3
Net debt-to-Equity	27.1%	48.2%	50.6%	44.1%	36.4%
Valuation					
P/E (x)	9.1	12.1	11.0	10.1	8.5
EV/EBITDA (x)	5.1	8.2	6.8	6.3	5.4
FCF yield	-0.2%	-10.0%	-5.0%	0.8%	2.4%
Dividend yield	0.8%	0.6%	0.6%	0.7%	0.8%
Methodology	**Rs mn**	**Rs/sh**			
DCF	2,720,477.7	1,222.5			
EV/EBITDA	2,631,561.2	1,182.6			
Blended fair value	**2,676,019.4**	**1,202.6**			
Target price		**1,200.0**			
Current price		1,109.2			
Price return		8.2%			
Dividend return		0.5%			
Expected total return		**8.6%**			
WACC		**11.0%**			

Source: Company, Emkay Research

Hindalco: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**2,384,960**	**2,749,440**	**3,447,380**	**3,558,821**	**4,132,925**
Revenue growth (%)	10.4	15.3	25.4	3.2	16.1
EBITDA	**354,960**	**380,970**	**477,082**	**517,114**	**592,260**
EBITDA growth (%)	38.0	7.3	25.2	8.4	14.5
Depreciation & Amortization	88,640	91,540	107,937	118,997	129,923
EBIT	**266,320**	**289,430**	**369,145**	**398,118**	**462,337**
EBIT growth (%)	49.2	8.7	27.5	7.8	16.1
Other operating income	-	-	-	-	-
Other income	27,080	28,890	29,757	31,245	32,807
Financial expense	34,190	34,800	56,600	60,037	60,037
PBT	**232,130**	**254,630**	**312,545**	**338,080**	**402,300**
Extraordinary items	(8,790)	(69,630)	(14,661)	57,844	0
Taxes	63,350	51,050	87,513	94,662	112,644
Minority interest	0	0	0	0	0
Income from JV/Associates	30	(40)	0	0	0
Reported PAT	**160,020**	**133,910**	**210,371**	**301,262**	**289,656**
PAT growth (%)	57.6	(16.3)	57.1	43.2	(3.9)
Adjusted PAT	**168,810**	**203,540**	**225,033**	**243,418**	**289,656**
Diluted EPS (Rs)	**75.9**	**91.5**	**101.1**	**109.4**	**130.2**
Diluted EPS growth (%)	66.5	20.6	10.6	8.2	19.0
DPS (Rs)	**3.5**	**5.0**	**7.1**	**7.7**	**9.1**
Dividend payout (%)	**4.9**	**8.3**	**7.5**	**5.6**	**7.0**
EBITDA margin (%)	14.9	13.9	13.8	14.5	14.3
EBIT margin (%)	11.2	10.5	10.7	11.2	11.2
Effective tax rate (%)	27.3	20.0	28.0	28.0	28.0
NOPLAT (pre-IndAS)	**193,639**	**231,403**	**265,785**	**286,645**	**332,883**
Shares outstanding (mn)	2,225	2,225	2,225	2,225	2,225

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	2,220	2,220	2,220	2,220	2,220
Reserves & Surplus	1,234,870	1,363,610	1,572,890	1,799,269	2,068,649
Net worth	**1,237,090**	**1,365,830**	**1,575,110**	**1,801,489**	**2,070,869**
Minority interests	120	120	120	120	120
Non-current liab. & prov.	87,800	45,650	45,650	45,650	45,650
Total debt	**619,310**	**966,590**	**1,091,590**	**1,091,590**	**1,091,590**
Total liabilities & equity	**2,048,730**	**2,496,670**	**2,830,950**	**3,057,329**	**3,326,709**
Net tangible fixed assets	1,087,620	1,388,570	1,692,622	1,948,439	2,126,906
Net intangible assets	326,480	379,300	379,300	379,300	379,300
Net ROU assets	25,430	29,900	29,900	29,900	29,900
Capital WIP	270,230	475,690	475,690	475,690	475,690
Goodwill	-	-	-	-	-
Investments [JV/Associates]	183,880	238,740	238,740	238,740	238,740
Cash & equivalents	**108,460**	**148,080**	**119,008**	**180,670**	**220,164**
Current assets (ex-cash)	911,130	1,262,220	1,099,530	1,020,413	1,154,109
Current Liab. & Prov.	594,270	950,140	728,150	740,133	822,410
NWC (ex-cash)	**316,860**	**312,080**	**371,380**	**280,281**	**331,699**
Total assets	**2,048,730**	**2,496,670**	**2,830,950**	**3,057,329**	**3,326,709**
Net debt	510,850	818,510	972,582	910,920	871,426
Capital employed	2,048,730	2,496,670	2,830,950	3,057,329	3,326,709
Invested capital	**1,460,730**	**1,604,260**	**1,967,613**	**2,132,329**	**2,362,215**
BVPS (Rs)	555.9	613.8	707.8	809.6	930.6
Net Debt/Equity (x)	0.4	0.6	0.6	0.5	0.4
Net Debt/EBITDA (x)	1.4	2.1	2.0	1.8	1.5
Interest coverage (x)	7.8	8.3	6.5	6.6	7.7
RoCE (%)	**15.4**	**13.8**	**14.8**	**14.3**	**15.3**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	223,370	184,960	312,545	338,080	402,300
Others (non-cash items)	(4,680)	13,050	0	0	0
Taxes paid	(54,670)	(64,760)	(87,513)	(94,662)	(112,644)
Change in NWC	(23,210)	(142,370)	(44,639)	33,255	(51,418)
Operating cash flow	**244,100**	**102,500**	**344,930**	**455,707**	**428,198**
Capital expenditure	(206,490)	(300,960)	(411,989)	(374,813)	(308,390)
Acquisition of business	(120)	(1,370)	0	0	0
Interest & dividend income	8,570	12,010	0	0	0
Investing cash flow	**(247,390)**	**(265,830)**	**(426,650)**	**(316,969)**	**(308,390)**
Equity raised/(repaid)	(1,040)	(1,170)	0	0	0
Debt raised/(repaid)	62,370	281,930	125,000	0	0
Payment of lease liabilities	(3,970)	(3,580)	0	0	0
Interest paid	(40,440)	(47,910)	(56,600)	(60,037)	(60,037)
Dividend paid (incl tax)	(7,780)	(11,100)	(15,752)	(17,039)	(20,276)
Others	(27,300)	(17,300)	0	0	0
Financing cash flow	**(18,160)**	**200,870**	**52,648**	**(77,077)**	**(80,313)**
Net chg in Cash	(21,450)	37,540	(29,072)	61,662	39,494
OCF	244,100	102,500	344,930	455,707	428,198
Adj. OCF (w/o NWC chg.)	267,310	244,870	389,569	422,452	479,616
FCFF	37,610	(198,460)	(67,059)	80,894	119,808
FCFE	11,990	(221,250)	(123,659)	20,857	59,770
OCF/EBITDA (%)	68.8	26.9	72.3	88.1	72.3
FCFE/PAT (%)	7.5	(165.2)	(58.8)	6.9	20.6
FCFF/NOPLAT (%)	**19.4**	**(85.8)**	**(25.2)**	**28.2**	**36.0**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	15.4	18.4	11.7	8.2	8.5
EV/CE(x)	1.5	1.2	1.1	1.0	0.9
P/B (x)	2.0	1.8	1.6	1.4	1.2
EV/Sales (x)	1.2	1.0	0.8	0.8	0.7
EV/EBITDA (x)	8.1	7.5	6.0	5.5	4.8
EV/EBIT(x)	10.8	9.9	7.8	7.2	6.2
EV/IC (x)	2.0	1.8	1.5	1.3	1.2
FCFF yield (%)	1.3	(6.9)	(2.3)	2.8	4.2
FCFE yield (%)	0.5	(8.9)	(5.0)	0.8	2.4
Dividend yield (%)	0.3	0.4	0.6	0.7	0.8
DuPont-RoE split					
Net profit margin (%)	7.1	7.4	6.5	6.8	7.0
Total asset turnover (x)	1.3	1.2	1.3	1.2	1.3
Assets/Equity (x)	1.6	1.7	1.8	1.7	1.6
RoE (%)	**14.7**	**15.6**	**15.3**	**14.4**	**15.0**
DuPont-RoIC					
NOPLAT margin (%)	8.1	8.4	7.7	8.1	8.1
IC turnover (x)	1.8	1.8	1.9	1.7	1.8
RoIC (%)	**14.3**	**15.1**	**14.9**	**14.0**	**14.8**
Operating metrics					
Core NWC days	48.5	41.4	39.3	28.7	29.3
Total NWC days	**48.5**	**41.4**	**39.3**	**28.7**	**29.3**
Fixed asset turnover	1.2	1.3	1.4	1.3	1.3
Opex-to-revenue (%)	85.1	86.1	86.2	85.5	85.7

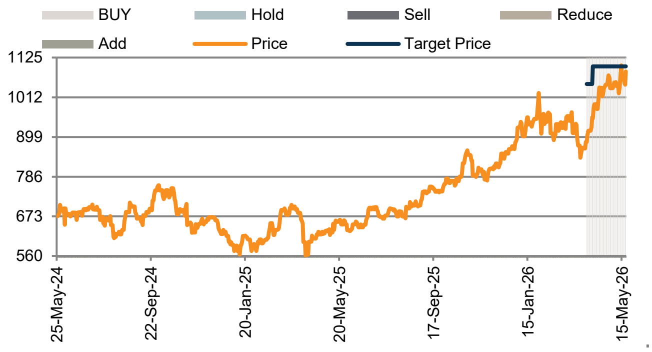
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
19-May-26	1,048	1,100	Buy	Akhilesh Kumar
08-Apr-26	952	1,100	Buy	Akhilesh Kumar
31-Mar-26	884	1,050	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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