

Tata Steel | BUY

In-line results; glimmer of hope for EU ops

Tata steel reported consol. EBITDA of INR82.7bn, marginally above JMfe of INR80bn. Indian ops EBITDA came in at INR82.5bn, above our estimate of INR79bn - implying an EBITDA/t of INR13.7k/t, down sequentially on lower realisations. TSE reported negative EBITDA of USD19mn compared to positive USD17mn in 2Q. EBITDA/t for TSE stood at negative USD10/t in 3Q, down sequentially. Net debt stands at INR818bn – down INR52bn QoQ from INR870bn as at end 2Q - company utilized cash flows of a strong quarter towards debt repayment. Key takeaways from the call are – 1) expected coking coal consumption cost movement in 4QFY26 to be USD15/t 2) Indian operations are expected to witness higher NSR to the tune of ~INR2.3k/t (leading to improved spreads) while Netherland NSR to be down EUR33/t in 4Q driven primarily by poor mix; UK to be up GBP5/t 3) cost takeout plan remains on track with cost savings of ~INR86bn achieved in 9MFY26 and ~INR33bn in 3Q (full-year guidance for cost optimisations stood at ~INR115bn, so the implied cost-savings for 4QFY26 stands at ~INR29bn). Indian operations spreads continue to trend up in tandem with higher steel prices while the European region awaits CBAM/Quota cut (June) led price hikes to sustain and trickle to margins eventually. The company expects similar Government led ring-fencing in UK ops too. Management stated net debt EBITDA target stands at 3x. We revise our earnings upwards for FY27/28 by ~12-13% and an equivalent increase in fair value to INR240/sh to factor in an improved steel price outlook across regions. Maintain BUY.

- **Margins maintained amidst challenging price environment:** Tata Steel reported consol. EBITDA of INR82.7bn (down 8% QoQ). Standl. EBITDA stood at INR82.5bn, marginally higher than JMfe of INR79bn - implying an EBITDA/t of INR13.7k/t, down sequentially on lower realisations. Standalone Adj. PAT for the quarter stood at INR47bn vs INR48.2bn in 2Q. Net debt stands at INR818bn – down INR52bn QoQ from INR870bn as at end of 2Q as company utilized cash flows of a strong quarter towards debt repayment. In 4QFY26, a) the expected coking coal consumption cost movement to be USD15/t; b) Indian operations are expected to witness higher NSR to the tune of ~INR2.3k/t (leading to improved spreads) c) Netherland NSR to be down EUR33/t in 4Q driven primarily by poor mix d) UK NSR to be up GBP5/t.
- **Margins under pressure; awaits CBAM/Quota cut:** TSE reported negative EBITDA of USD19mn compared to positive USD17mn in 2Q. EBITDA/t for TSE stood at negative USD10/t in 3Q, down sequentially. UK EBITDA loss stood at (-) INR7.4bn vs (-) INR7.6bn in 2Q mainly on account of marginally better realisation/ton. Netherland operations reported an EBITDA of INR5.7bn during the quarter vs INR9.2bn in 2Q. For 9MFY26, Netherlands EBITDA was impacted by ~EUR150mn due to emission rights related costs. The European region awaits CBAM/Quota cut (June) led price hikes to sustain and trickle to margins eventually. improve the competitive landscape for EU producers. The company expects similar Government led ring-fencing in UK ops too.
- **Cost takeout initiatives remain on track:** Cost takeout plan remains on track with cost savings of ~INR86bn (93%) achieved in 9MFY26. The full-year guidance for cost optimisations stood at ~INR115bn, so the implied cost-savings for 4QFY26 stands at ~INR29bn. This aided the margins significantly in 3Q – a) India: ~INR8.9bn driven by purchase optimization of spares and increased use of coastal waterways along with higher power wheeling and leaner coal mix. b) UK: ~INR5.7bn driven by calibrated maintenance cost, stronger spares, management discipline and improved efficiency in natural gas and electricity consumption. c) Netherlands: ~INR16bn driven by optimization of coal blend leading to decline in procurement cost and improving operating efficiency.



Ashutosh Somani

ashutosh.somani@jmfl.com | Tel: (91 22) 66303083

Anirudh Nagpal

anirudh.nagpal@jmfl.com | Tel: (91 22) 66303263

Anuj Khandelwal

anuj.khandelwal@jmfl.com | Tel: (91 22) 66303018

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	240
Upside/(Downside)	21.7%
Previous Price Target	215
Change	11.5%

Key Data – TATA IN

Current Market Price	INR197
Market cap (bn)	INR2,460.1/US\$27.1
Free Float	66%
Shares in issue (mn)	12,474.4
Diluted share (mn)	12,474.4
3-mon avg daily val (mn)	INR5,144.6/US\$56.7
52-week range	203/124
Sensex/Nifty	83,580/25,694
INR/US\$	90.7

Price Performance

%	1M	6M	12M
Absolute	5.8	24.2	48.7
Relative*	7.7	19.7	38.9

* To the BSE Sensex

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,291,708	2,185,425	2,268,694	2,509,888	2,667,779
Sales Growth (%)	-5.8	-4.6	3.8	10.6	6.3
EBITDA	223,059	252,985	336,518	423,621	465,276
EBITDA Margin (%)	9.7	11.6	14.8	16.9	17.4
Adjusted Net Profit	33,766	43,752	112,328	191,428	224,559
Diluted EPS (INR)	2.7	3.5	9.0	15.3	18.0
Diluted EPS Growth (%)	-61.8	29.6	156.7	70.4	17.3
ROIC (%)	3.2	3.7	8.5	12.5	13.5
ROE (%)	3.5	4.8	11.8	18.0	18.2
P/E (x)	72.8	56.2	21.9	12.8	10.9
P/B (x)	2.7	2.7	2.5	2.2	1.9
EV/EBITDA (x)	14.7	13.2	9.9	7.7	6.9
Dividend Yield (%)	1.8	1.8	1.5	1.5	1.5

Source: Company data, JM Financial. Note: Valuations as of 06/Feb/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Conference Call takeaways:

- **4QFY26 guidance:**
 - India: NSR to be up by ~INR2.3k/t; coking coal consumption cost to be up by ~USD15/t. Company expects 0.5mn tons of extra volume in 4Q.
 - UK: NSR is expected to be up by ~GBP5/t QoQ.
 - Netherlands: NSR is expected to be down by EUR33/t QoQ in 4Q due to higher packaging product mix however the same is expected to be offset by the cost take outs plan.
- **Cost takeout plan:** remains on track with cost savings of ~INR86bn (93%) achieved in 9MFY26. The full-year guidance for cost optimisations stood at ~INR115bn, so the implied cost-savings for 4QFY26 stands at ~INR29bn. This aided the margins significantly in 3Q –
 - India: ~INR8.9bn driven by purchase optimization of spares and increased use of coastal waterways along with higher power wheeling and leaner coal mix.
 - UK: ~INR5.7bn driven by calibrated maintenance cost, stronger spares, management discipline and improved efficiency in natural gas and electricity consumption.
 - Netherlands: ~INR16bn driven by optimization of coal blend leading to decline in procurement cost and improving operating efficiency.
- European producers expect significant margin improvements as the EU's Carbon Border Adjustment Mechanism (CBAM) enters its definitive phase and CBAM/Quota cut in June'26 which reduces the imports from ~30mn to ~15mn tons which improve the competitive landscape for EU producers. The European region awaits CBAM/Quota cut (June) led price hikes to sustain and trickle to margins eventually.
- The key capacity expansion projects include NINL which is expected to take 35-40 months post environmental clearance (EC) followed by Meramandali, Maharashtra and Kalinganagar expansion projects.
- Tata Steel Netherlands' EBITDA for 9MFY26 was impacted by ~ EUR150mn due to emission rights related costs.
- In 3QFY26, the coking coal cost was up by USD4/t and the prices were down by INR2100/t due to softer market conditions as compared to 2Q.
- Company expects the prices for the auto contracts to be higher which are due for renewal in Apr'26. Currently auto contracts are renewed in every quarter.
- Net debt stood at INR818bn. Current Net Debt to EBITDA is 2.6x. Company plans to maintain Net Debt to EBITDA below 3x.

Exhibit 1. Quarterly performance (Consolidated)

(INR mn)

Y/E March (INR mn)	3QFY26	3QFY26E	Var%	3QFY25	YoY %	2QFY26	QoQ %	9MFY26	9MFY25	YoY%
Net Sales	5,70,024	5,60,937	1.6	5,36,483	6.3	5,86,893	-2.9	16,88,698	16,23,244	4%
EBITDA	82,700	79,986	3.4	57,421	44.0	89,680	-7.8	2,46,940	1,82,140	36%
EBITDA (%)	14.5	14.3		10.7		15.3		14.6	11.2	
Other income	5,011	3,700		2,210		3,636		11,533	10,795	7%
Depreciation	30,488	29,000		25,692	18.7	28,930	5.4	86,861	77,014	
EBIT	57,223	54,686		33,939		64,385		1,71,612	1,15,922	
Interest	17,473	18,500		18,041		17,750		53,747	55,522	
PBT	39,750	36,186		15,899		46,636		1,17,866	60,400	
Tax	11,384	12,665		13,765		10,394		32,375	42,403	
Eff. Tax rate (%)	28.6	35.0		86.6		22.3		27.5	70.2	
XO items	-2,102	0		352		-4,919		-8,627	592	
PAT before MI/Assoc.	26,264	23,521		2,485		31,323		76,864	18,589	
Minority Interest	417	0		-312		813		527	-1,468	
Share of Associates	1,040	0		470		508		2,344	1,140	
PAT- Reported	26,887	23,521	14.3	3,266		31,017		78,681	21,197	
PAT- Adjusted	28,989	23,521	23.2	2,914	894.7	35,936	-19.3	87,308	20,605	
EPS (INR)	2.3	1.9		0.2		2.9		7.0	1.7	
Key monitorables (INR bn)										
Net Debt	818			858		870		818	858	
Capex	33			39		33		104	125	

Source: Company, JM Financial

Exhibit 2. Quarterly performance (Standalone)

(INR mn)

Y/E March (INR mn)	3QFY26	3QFY26E	Var%	3QFY25	YoY %	2QFY26	QoQ %	9MFY26	9MFY25	YoY%
Net Sales	3,55,784	3,67,480	-3.2	3,27,605	8.6	3,46,795	2.6	10,12,723	9,81,196	3%
Volumes (mtons)	6.0	6.0	-0.1	5.3	14.2	5.6	8.8	16	15	7%
Realization (INR/ton)	58,905	60,786	-3.1	61,929	-4.9	62,486	-5.7	61,789	63,963	-3%
Raw material cost	1,37,026	1,49,458	-8.3	1,39,285	-1.6	1,29,611	5.7	3,84,855	4,10,390	-6%
RM cost/t	22,686	24,722	-8.2	26,330	-13.8	23,353	-2.9	23,481	26,753	-12%
Change in stock	-673	0		-2,201		5,594		-3,592	-6,538	
Change in stock/t	-111	0		-416		1,008		-219	-426	
Gross profit	2,19,430	2,18,022	0.6	1,90,521	15.2	2,11,590	3.7	6,31,459	5,77,344	9%
Gross margin (%)	61.7	59.3		58.2		61.0		62	59	
Gross margin/t	36,329	36,064		36,015		38,124		38,527	37,637	
Staff cost	18,627	22,368	-16.7	19,560	-4.8	19,959	-6.7	58,548	60,212	-3%
Staff cost/t	3,084	3,700		3,697		3,596		3,572	3,925	
Other cost	1,18,283	1,16,678	1.4	1,06,890	10.7	1,06,471	11.1	3,30,600	3,13,851	5%
Other cost/t	19,583	19,300		20,206		19,184		20,171	20,460	
Total expenditure	2,73,263	2,88,504	-5.3	2,63,533	3.7	2,61,635	4.4	7,70,412	7,77,915	-1%
EBITDA	82,520	78,976	4.5	64,071	28.8	85,160	-3.1	2,42,311	2,03,281	19%
EBITDA (%)	23.2	21.5		19.6		24.6		24	21	
Blended EBITDA/ton	13,662	13,064	4.6	12,112	12.8	15,344	-11.0	14,784	13,252	12%
Other income	7,797	6,200		4,560		6,101		19,449	16,799	
Depreciation	18,264	17,350	5.3	15,555		17,183		51,713	46,335	
EBIT	72,053	67,826	6.2	53,076	35.8	74,079	-2.7	2,10,047	1,73,745	21%
Interest	12,904	12,400	4.1	10,802		12,371		37,986	31,378	
PBT	59,149	55,426	6.7	42,274	39.9	61,708	-4.1	1,72,061	1,42,367	21%
Tax	12,240	13,856		12,960		13,432		36,018	36,246	
Eff. Tax rate (%)	20.7	25.0		30.7		21.8		21	25	
XO items	-8,688	0		9,471		-7,674		-21,989	1,865	
PAT- Reported	38,220	41,569	-8.1	38,786	-1.5	40,601	-5.9	1,14,054	1,07,986	6%
PAT- Adjusted	46,908	41,569	12.8	29,315	60.0	48,275	-2.8	1,36,043	1,06,121	28%
EPS (INR)	3.8	3.4		2.3		3.9		11	9	

Source: Company, JM Financial

Exhibit 3. Quarterly performance - TSE

(USD mn)

(US\$ mn)	3QFY26	3QFY26E	% Var	3QFY25	YoY %	2QFY26	QoQ %	9MFY26	9MFY25	YoY(%)
Net Sales	2,193	2,171	1.0	2,188	0.2	2,482	-11.7	7,095	6,807	4%
Deliveries (mn tons)	1.9	1.9		2.1	-9%	2.1	-9%	6	6	-4%
Realisations (US\$/ton)	1,142	1,126	1.4	1,042	9.6	1,176	-2.9	1,157	1,067	8%
EBITDA	-19	-22	-13.9	-87		17	-210.6	14	-307	-105%
EBITDA/ton (US\$/ton)	-10	-12	-13.5	-41	-75.9	8	-221.6	2	-48	-105%

Source: Company, JM Financial

Exhibit 4. Quarterly performance - TSE UK

(INR mn)

Particulars (INR mn)	3QFY26	3QFY25	YoY %	2QFY26	QoQ %	9MFY26	9MFY25	YoY%
Deliveries (in mn tons)	0.52	0.57	-8.8%	0.57	-8.8%	1.69	1.88	-10%
Revenue	55,360	56,650	-2.3%	59,270	-6.6%	1,75,590	1,89,900	-8%
Revenue/ton (in INR/Ton)	1,06,462	99,386		1,03,982		1,03,899	1,01,011	
EBITDA	(7,420)	(7,350)	-	(7,650)	-3.0%	-19,750	-32,790	-40%
EBITDA/ton (in INR/Ton)	(14,269)	(12,895)		(13,421)		-11,686	-17,441	-33%

Source: Company, JM Financial

Exhibit 5. Quarterly performance - TSE Netherlands

(INR mn)

Particulars (INR mn)	3QFY26	3QFY25	YoY %	2QFY26	QoQ %	9MFY26	9MFY25	YoY%
Deliveries (in mn tons)	1.40	1.53	-8.5%	1.54	-9.1%	4.44	4.50	-1%
Revenue	1,40,010	1,38,670	1.0%	1,57,190	-10.9%	4,43,390	4,21,350	5%
Revenue/ton (in INR/Ton)	1,00,007	90,634		1,02,071		99,863	93,633	
EBITDA	5,700	(10)		9,160	-37.8%	20,980	6,950	202%
EBITDA/ton (in INR/Ton)	4,068	(7)		5,948		4,725	1,544	206%

Source: Company, JM Financial

Exhibit 6. Tata Steel- Key assumptions and estimates

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Tata Steel Consolidated					
Net sales (INR bn)	2,292	2,185	2,269	2,510	2,668
EBITDA (INR bn)	223	253	337	424	465
EPS (INR)	2.7	3.5	9.0	15.3	18.0
Tata Steel India (incl BSL)					
Net sales (INR bn)	1,410	1,325	1,471	1,614	1,726
Sales volume (mn ton)	19.9	20.9	22.5	24.4	26.1
Blended realisation ('000 INR/ton)	70.7	63.3	65.5	66.1	66.0
EBITDA (INR bn)	298	279	327	374	404
EBITDA/t ('000 INR)	15.0	13.3	14.6	15.3	15.4
Tata Steel Europe					
Net sales (US\$ mn)	9,386	9,035	8,881	9,812	10,283
Sales volume (mn tons)	8.1	8.7	8.3	8.8	9.1
EBITDA (USD mn)	(917)	(394)	41	436	541
EBITDA/t (USD/t)	(117)	(45)	5	50	60

Source: JM Financial

Exhibit 7. Tata Steel – SOTP valuation

(INR mn)

Companies	FY28E	Multiple
EBITDA		
India business (incl. Bhushan Steel & Tata longs)	4,03,891	8.0
TSE	48,731	7.0
Others	17,814	5.0
Total EV	36,61,315	
Total Net debt	7,75,107	
Target mcap	28,86,208	
No. of shares	12,474	
Value INR/share	232	
Investments (INR/share)	4	
Target Price (INR/share)	240	

Source: JM Financial

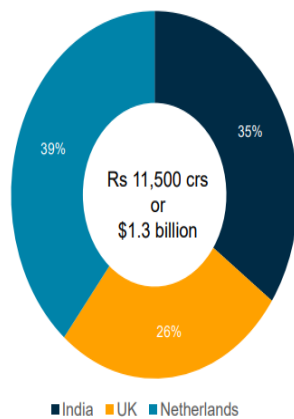
Exhibit 8. Change in estimates

	Unit	OLD			NEW			% Change		
		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	INR mn	23,09,182	24,78,052	26,01,319	22,68,694	25,09,888	26,67,779	-1.8%	1.3%	2.6%
EBITDA	INR mn	3,49,257	3,98,558	4,30,821	3,36,518	4,23,621	4,65,276	-3.6%	6.3%	8.0%
PAT	INR mn	1,22,813	1,70,705	1,98,776	1,12,328	1,91,428	2,24,559	-8.5%	12.1%	13.0%
EPS		9.8	13.7	16	9.0	15.3	18.0	-8.5%	12.1%	13.0%
Target Price	INR			215			240			11.4%
Rating				BUY			BUY			

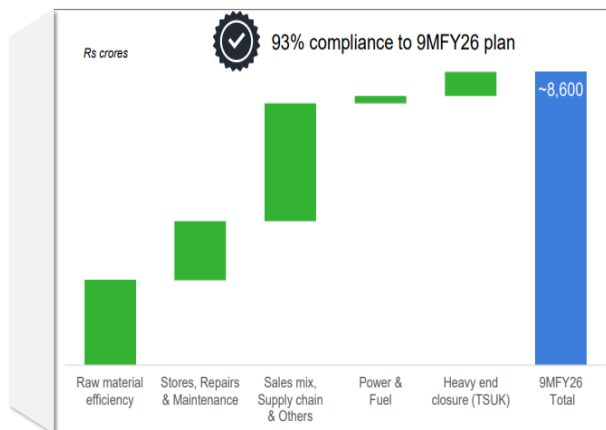
Source: JM Financial

Exhibit 9. Cost takeout plan for FY26

Targeted cost transformation program across geographies



Progressing as per plan delivering an improvement of ~ Rs 8,600 crores for the nine months ended FY2026



Source: Company, JM Financial

Exhibit 10. Tata: 1yr forward PE valuation



Source: Bloomberg, JM Financial

Exhibit 11. Tata: 1yr forward EV/EBITDA valuation



Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,291,708	2,185,425	2,268,694	2,509,888	2,667,779
Sales Growth	-5.8%	-4.6%	3.8%	10.6%	6.3%
Other Operating Income	0	0	0	0	0
Total Revenue	2,291,708	2,185,425	2,268,694	2,509,888	2,667,779
Cost of Goods Sold/Op. Exp	1,238,240	1,159,583	533,522	574,774	594,369
Personnel Cost	186,216	207,991	220,551	221,968	232,996
Other Expenses	644,192	564,867	1,178,104	1,289,525	1,375,138
EBITDA	223,059	252,985	336,518	423,621	465,276
EBITDA Margin	9.7%	11.6%	14.8%	16.9%	17.4%
EBITDA Growth	-30.9%	13.4%	33.0%	25.9%	9.8%
Depn. & Amort.	98,822	104,213	112,761	112,385	114,305
EBIT	124,237	148,771	223,757	311,236	350,971
Other Income	18,089	15,405	15,431	21,330	22,804
Finance Cost	75,076	73,410	78,549	80,550	81,894
PBT before Excep. & Forex	67,250	90,767	160,640	252,016	291,881
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	67,250	90,767	160,640	252,016	291,881
Taxes	37,626	52,391	52,807	65,039	71,513
Extraordinary Inc./Loss(-)	-78,141	-8,546	0	0	0
Assoc. Profit/Min. Int.(-)	-4,142	-5,375	-4,495	-4,451	-4,191
Reported Net Profit	-44,374	35,205	112,328	191,428	224,559
Adjusted Net Profit	33,766	43,752	112,328	191,428	224,559
Net Margin	1.5%	2.0%	5.0%	7.6%	8.4%
Diluted Share Cap. (mn)	12,474.4	12,474.4	12,474.4	12,474.4	12,474.4
Diluted EPS (INR)	2.7	3.5	9.0	15.3	18.0
Diluted EPS Growth	-61.8%	29.6%	156.7%	70.4%	17.3%
Total Dividend + Tax	44,950	44,950	37,458	37,458	37,458
Dividend Per Share (INR)	3.6	3.6	3.0	3.0	3.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	71,392	96,142	165,135	256,466	296,072
Depn. & Amort.	98,822	104,213	112,761	112,385	114,305
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	33,837	35,091	-17,518	-20,169	-40,628
Others	-78,141	-8,546	0	0	0
Taxes Paid	-37,626	-52,391	-52,807	-65,039	-71,513
Operating Cash Flow	88,285	174,510	207,570	283,643	298,236
Capex	-182,066	-204,301	-150,000	-200,000	-200,000
Free Cash Flow	-93,781	-29,791	57,570	83,643	98,236
Inc (-) / Dec in Investments	21,527	635	0	0	-12,388
Others	57,621	20,350	-2,587	-2,542	-2,283
Investing Cash Flow	-102,917	-183,316	-152,587	-202,542	-214,671
Inc / Dec (-) in Capital	-1,198	-1,198	-1,197	-1,197	-1,197
Dividend + Tax thereon	-44,950	-44,950	-37,458	-37,458	-37,458
Inc / Dec (-) in Loans	12,787	83,449	50,000	20,000	15,000
Others	1,199	1,198	1,197	1,197	1,197
Financing Cash Flow	-32,162	38,499	12,542	-17,458	-22,458
Inc / Dec (-) in Cash	-46,795	29,693	67,525	63,643	61,107
Opening Cash Balance	133,573	86,777	116,470	183,995	247,638
Closing Cash Balance	86,777	116,470	183,995	247,638	308,745

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	920,358	911,696	986,566	1,140,536	1,327,636
Share Capital	12,474	12,474	12,474	12,474	12,474
Reserves & Surplus	907,883	899,222	974,092	1,128,061	1,315,162
Preference Share Capital	0	0	0	0	0
Minority Interest	3,970	1,832	-756	-3,298	-5,581
Total Loans	919,830	1,003,278	1,053,278	1,073,278	1,088,278
Def. Tax Liab. / Assets (-)	163,585	178,568	178,568	178,568	178,568
Total - Equity & Liab.	2,007,742	2,095,374	2,217,657	2,389,084	2,588,902
Net Fixed Assets	1,831,699	1,925,364	1,962,603	2,050,218	2,135,914
Gross Fixed Assets	2,521,510	2,653,143	2,733,143	2,823,143	2,913,143
Intangible Assets	57,453	59,585	59,585	59,585	59,585
Less: Depn. & Amort.	1,090,820	1,203,587	1,316,348	1,428,733	1,543,038
Capital WIP	343,555	416,224	486,224	596,224	706,224
Investments	62,576	61,941	61,941	61,941	74,329
Current Assets	839,960	806,643	918,980	1,073,970	1,239,116
Inventories	491,575	445,899	481,405	532,585	600,053
Sundry Debtors	62,635	52,601	54,605	60,410	67,421
Cash & Bank Balances	86,777	116,470	183,995	247,638	308,745
Loans & Advances	198,973	191,673	198,976	233,338	262,898
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	726,493	698,574	725,868	797,046	860,458
Current Liabilities	634,462	601,626	624,549	690,948	749,102
Provisions & Others	92,031	96,948	101,319	106,098	111,356
Net Current Assets	113,468	108,069	193,112	276,924	378,659
Total - Assets	2,007,742	2,095,374	2,217,657	2,389,084	2,588,902

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	1.5%	2.0%	5.0%	7.6%	8.4%
Asset Turnover (x)	1.2	1.2	1.1	1.2	1.2
Leverage Factor (x)	1.9	2.1	2.1	2.0	1.9
RoE	3.5%	4.8%	11.8%	18.0%	18.2%

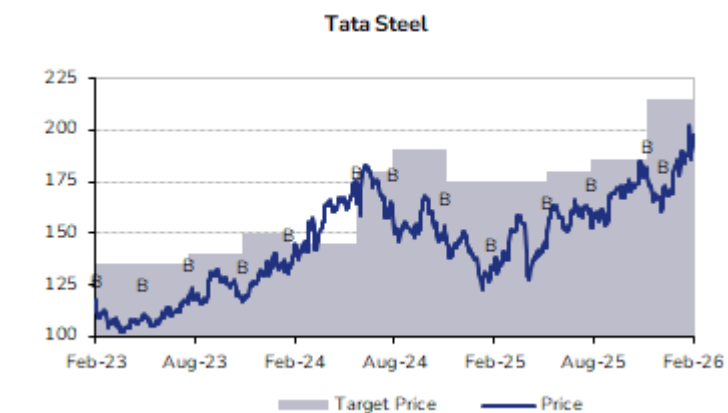
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	73.8	73.1	79.1	91.4	106.4
ROIC	3.2%	3.7%	8.5%	12.5%	13.5%
ROE	3.5%	4.8%	11.8%	18.0%	18.2%
Net Debt/Equity (x)	0.9	1.0	0.9	0.7	0.6
P/E (x)	72.8	56.2	21.9	12.8	10.9
P/B (x)	2.7	2.7	2.5	2.2	1.9
EV/EBITDA (x)	14.7	13.2	9.9	7.7	6.9
EV/Sales (x)	1.4	1.5	1.5	1.3	1.2
Debtor days	10	9	9	9	9
Inventory days	78	74	77	77	82
Creditor days	112	114	118	121	124

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
6-May-21	Buy	142	
13-Aug-21	Buy	178	25.4
12-Nov-21	Buy	172	-3.7
7-Feb-22	Buy	168	-2.0
4-May-22	Buy	174	3.5
26-Jul-22	Buy	123	-29.3
1-Nov-22	Buy	125	1.9
7-Feb-23	Buy	135	7.7
3-May-23	Buy	135	0.0
25-Jul-23	Buy	140	3.7
2-Nov-23	Buy	150	7.1
25-Jan-24	Buy	145	-3.0
30-May-24	Buy	180	23.8
1-Aug-24	Buy	190	5.8
7-Nov-24	Buy	175	-8.2
28-Jan-25	Buy	175	0.0
13-May-25	Buy	180	3.2
31-Jul-25	Buy	185	2.9
13-Nov-25	Buy	215	16.1
11-Dec-25	Buy	215	0.0

Recommendation History



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed 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, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions. Please click [here](#) to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1177 Avenue of the Americas, 5th Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (332) 900 4956 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH0000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com
