

## From hot metal to a firm market; upgrade to BUY

Metals &amp; Mining ▶ Company Update ▶ September 24, 2025

CMP (Rs): 746 | TP (Rs): 900

We upgrade Hindalco to BUY from Reduce, with an increased TP of Rs900 (Rs650 earlier). After the flatlined stock performance in the past 12M, we see HNDL doing well from here. We see aluminium prices going from strength to strength which should benefit Hindalco's India business meaningfully, along with its industry-leading cost curve. Meanwhile, Novelis's profitability has likely bottomed out, per our scrap spread workings; we expect margins to reset to normalized levels of ~USD480/t by FY28E. From a market perspective, after the 'commodity supercycle' sunset around 2012, if there was ever a time to own industrial metals, it is now, as we believe supply restraint alongside the macro tailwind of weak DXY provides an optimal position of strength (read: [Grinding higher](#)). To add to it, HNDL is relatively better placed among global peers to benefit from the improving dynamics. Firm aluminium prices should also help in adding duration visibility to earnings, resulting in a valuation re-rating.

**India business – above-normal margins and cash generation**

HNDL's India business thrives on aluminium strength and its cost leadership globally. The company operates at a cost of production of USD1,700/t, which is meaningfully lower than the average cost of USD2,300/t in China. We see this working favorably for cash flow generation, with the company generating consolidated operating cash flow of Rs300bn pa (13% of EV), which is sufficient for planned capital allocation decisions.

**Novelis – profitability trough likely in place already**

The conventional approach to calculating scrap spread has distorted due to a spike in Midwest premia, which accounts for implementation of 50% tariffs under Section 232 (Exhibit 8). Even as scrap spreads appear to have increased optically, the net impact from tariffs is negative for the business. That said, UBC scrap cost pressures have eased in recent months while LME has moved up (Exhibit 9), thereby creating a possibility of mitigation of the tariff impact through improvement in spreads. With that, we believe that a trough in profitability is already in place; we expect Novelis's margins to improve back to ~USD480/t by FY28E and over USD500/t by FY29E, from ~USD430/t now, when the Bay Minette project is fully ramped-up.

**Aluminium risk-reward proposition skewed upward; risks could stem from industry-level capital indiscipline and easing of Russian sanctions**

We raise our 0-6M point target for aluminium to USD2,850/t, from USD2,700/t, to reflect the improving fundamentals and deficit expectations for 2026. Likewise, we raise our average price forecasts by 2% to USD2,650/2,750/t for FY27E/28E. We reckon a new earnings upgrade cycle could ensue for aluminium players; we thus raise HNDL's EBITDA by 3.1%/3.5% for FY27E/28E. Risks to our base case are: 1) higher prices could catalyze a countercyclical industry-level capital allocation indiscipline, resulting in a wave of new supply; 2) easing of Russian sanctions could weaken the cost curve support.

Target Price – 12M	Sep-26
Change in TP (%)	38.5
Current Reco.	BUY
Previous Reco.	REDUCE
Upside/(Downside) (%)	20.6

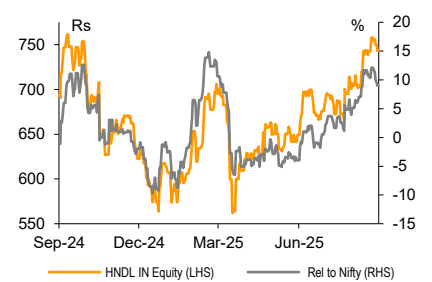
Stock Data	HNDL IN
52-week High (Rs)	773
52-week Low (Rs)	546
Shares outstanding (mn)	2,247.2
Market-cap (Rs bn)	1,676
Market-cap (USD mn)	18,886
Net-debt, FY26E (Rs mn)	530,732.6
ADTV-3M (mn shares)	5
ADTV-3M (Rs mn)	3,362.1
ADTV-3M (USD mn)	37.9
Free float (%)	64.9
Nifty-50	25,169.5
INR/USD	88.8

**Shareholding, Jun-25**

Promoters (%)	34.6
FPIs/MFs (%)	27.6/28.8

**Price Performance**

(%)	1M	3M	12M
Absolute	5.9	12.8	8.0
Rel. to Nifty	4.7	11.9	11.3

**1-Year share price trend (Rs)****Hindalco: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,159,620	2,384,960	2,583,908	2,765,445	2,948,220
EBITDA	257,280	354,960	339,592	354,222	388,847
Adj. PAT	101,340	168,810	169,210	177,199	201,506
Adj. EPS (Rs)	45.6	75.9	76.0	79.6	90.6
EBITDA margin (%)	11.9	14.9	13.1	12.8	13.2
EBITDA growth (%)	6.6	38.0	(4.3)	4.3	9.8
Adj. EPS growth (%)	0.8	66.5	0.2	4.7	13.7
RoE (%)	10.1	14.7	12.9	12.0	12.2
RoIC (%)	5.4	7.3	6.1	5.7	5.9
P/E (x)	16.3	10.4	9.9	9.6	8.6
EV/EBITDA (x)	8.0	5.8	6.1	5.8	5.3
P/B (x)	1.6	1.3	1.2	1.1	1.0
FCFF yield (%)	4.0	1.8	1.5	(0.5)	5.8

Source: Company, Emkay Research

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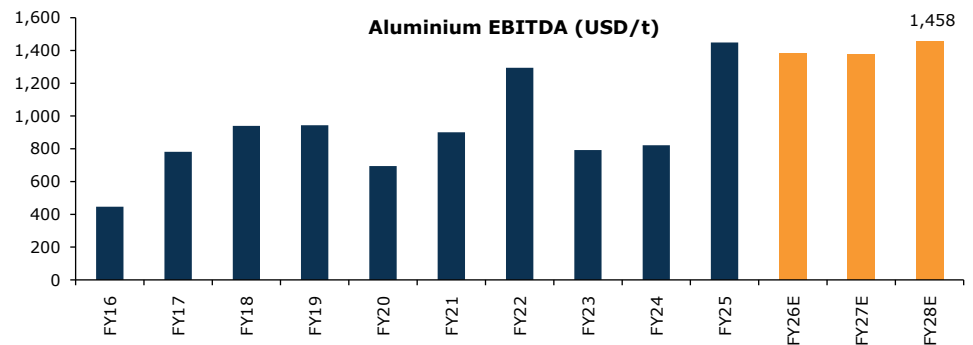
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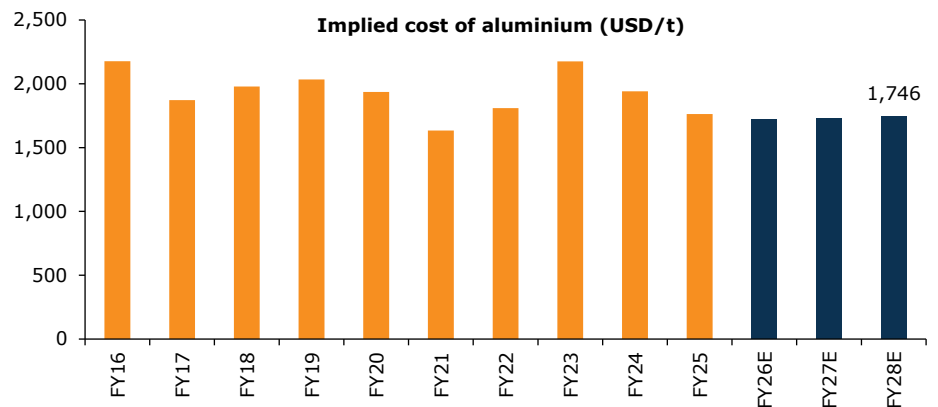
## India business – above-normal margins and cash generation

**Exhibit 1: Aluminium upstream margins to remain steady**



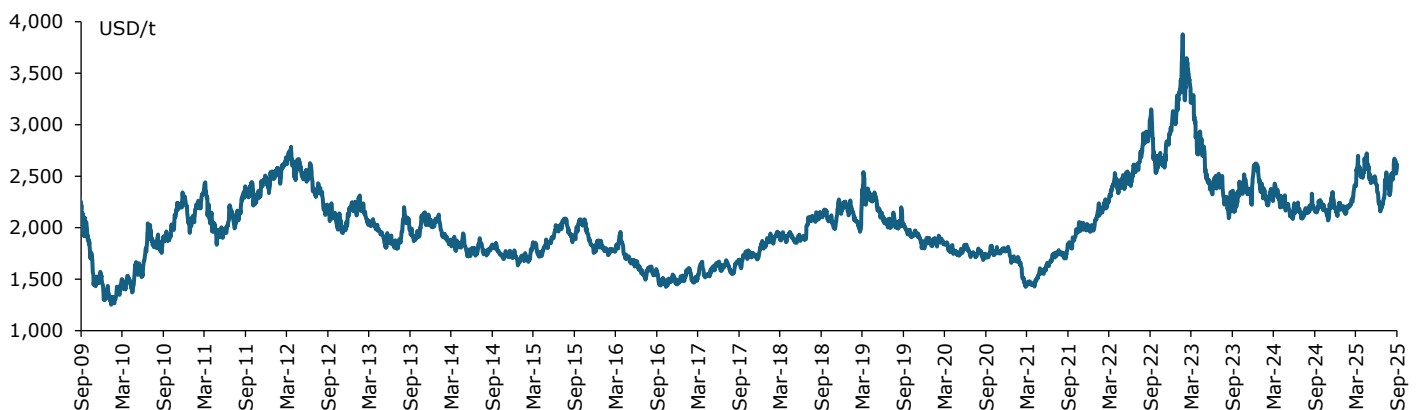
Source: Company, Emkay Research

**Exhibit 2: Aluminium upstream business' cost/t broadly remains in line with FY25 level**



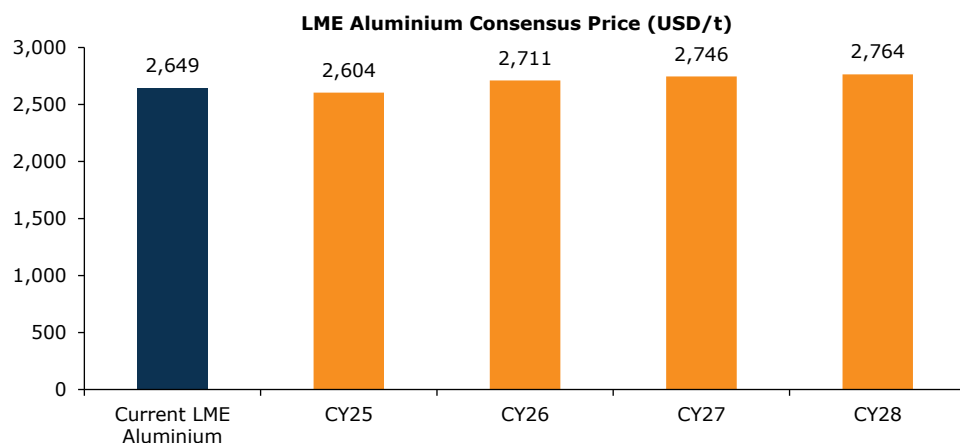
Source: Company, Emkay Research

**Exhibit 3: Aluminium prices trading well above their 10Y average of USD2,100/t**

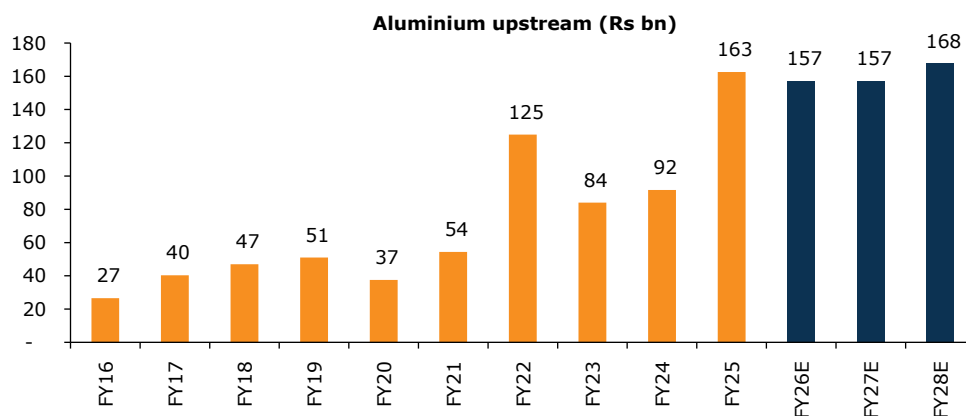


Source: Bloomberg, Emkay Research

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**Exhibit 4: Consensus' aluminium price forecast is in the range of USD2,700-2,800/t**

Source: Bloomberg, Emkay Research

**Exhibit 5: Absolute EBITDA of India upstream business steady**

Source: Company, Emkay Research

**Exhibit 6: Alumina and aluminium price sensitivity on FY27E EBITDA**

FY27 EBITDA	Alumina Price (USD/t)							
	344,168.1	300.0	350.0	400.0	450.0	500.0	550.0	600.0
Aluminium Price (USD/t)	2,200.0	271,641.2	275,290.9	278,940.6	282,590.4	286,240.1	289,889.8	293,539.5
	2,300.0	286,947.2	290,597.0	294,246.7	297,896.4	301,546.1	305,195.9	308,845.6
	2,400.0	302,253.3	305,903.0	309,552.7	313,202.5	316,852.2	320,501.9	324,151.6
	2,500.0	317,559.3	321,209.0	324,858.8	328,508.5	332,158.2	335,807.9	339,457.7
	2,600.0	332,865.4	336,515.1	340,164.8	343,814.5	347,464.3	351,114.0	354,763.7
	2,700.0	348,171.4	351,821.1	355,470.9	359,120.6	362,770.3	366,420.0	370,069.7
	2,800.0	363,477.4	367,127.2	370,776.9	374,426.6	378,076.3	381,726.1	385,375.8

Source: Company, Emkay Research

**Exhibit 7: % change sensitivity over FY27E EBITDA**

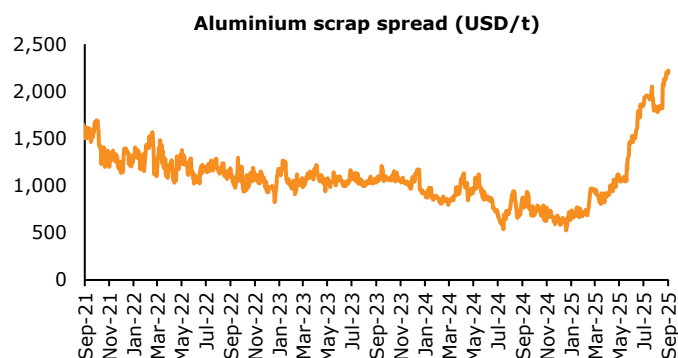
FY27 EBITDA	Alumina Price (USD/t)							
	344,168.1	300.0	350.0	400.0	450.0	500.0	550.0	600.0
Aluminium Price (USD/t)	2,200.0	-21.1%	-20.0%	-19.0%	-17.9%	-16.8%	-15.8%	-14.7%
	2,300.0	-16.6%	-15.6%	-14.5%	-13.4%	-12.4%	-11.3%	-10.3%
	2,400.0	-12.2%	-11.1%	-10.1%	-9.0%	-7.9%	-6.9%	-5.8%
	2,500.0	-7.7%	-6.7%	-5.6%	-4.5%	-3.5%	-2.4%	-1.4%
	2,600.0	-3.3%	-2.2%	-1.2%	-0.1%	1.0%	2.0%	3.1%
	2,700.0	1.2%	2.2%	3.3%	4.3%	5.4%	6.5%	7.5%
	2,800.0	5.6%	6.7%	7.7%	8.8%	9.9%	10.9%	12.0%

Source: Company, Emkay Research

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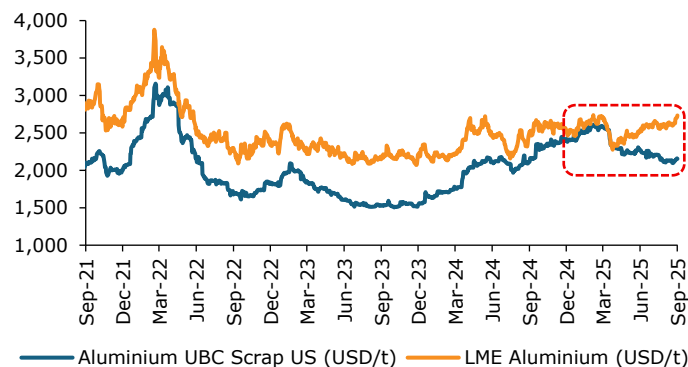
## Novelis – margin trough likely in place already

**Exhibit 8: Conventional approach to calculating scrap spread has distorted, owing to a spike in Midwest premia and tariffs**



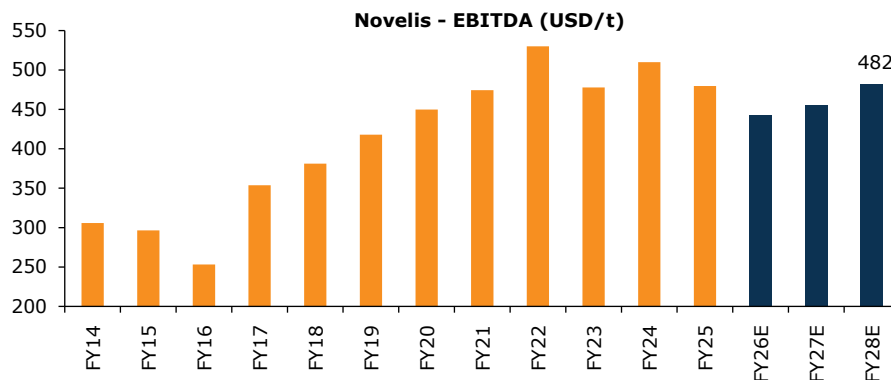
Source: Bloomberg, Emkay Research

**Exhibit 9: UBC scrap cost pressures have eased in recent months, while LME has moved up**



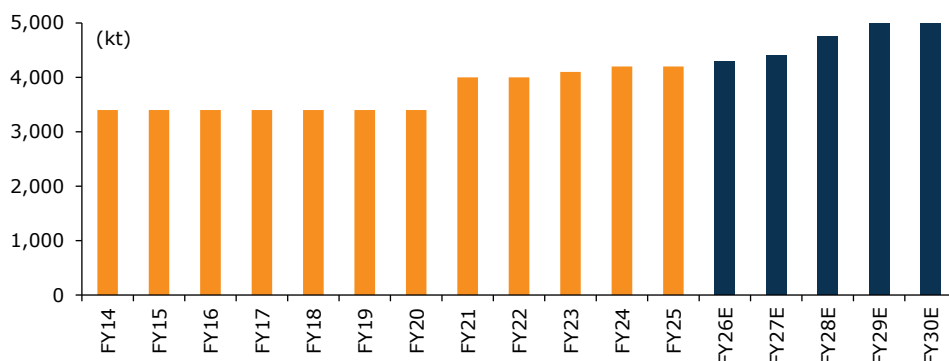
Source: Bloomberg, Emkay Research

**Exhibit 10: Novelis's EBITDA/t to increase to USD482/t in FY28E, from ~USD430/t currently**



Source: Company, Emkay Research

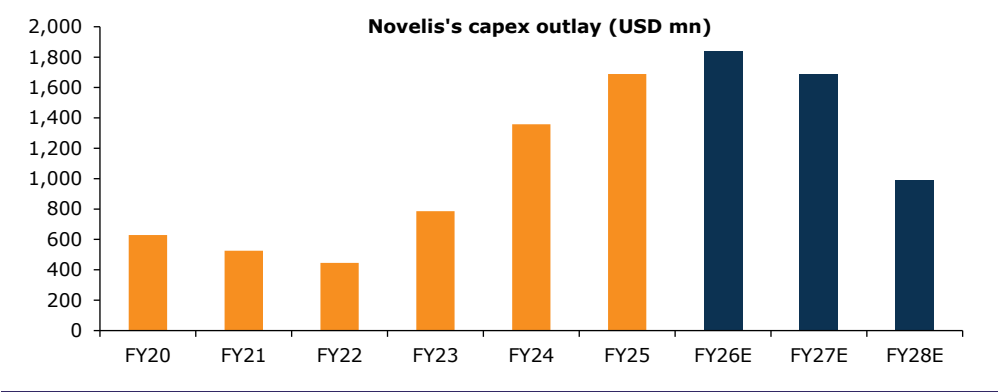
**Exhibit 11: Novelis's capacity to go up from 4.2mt in FY25 toward 5.0mt by FY28E, driven by Bay Minette's commissioning**



Source: Company, Emkay Research

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Exhibit 12: Novelis’s capex to peak over the next two years



Source: Company, Emkay Research

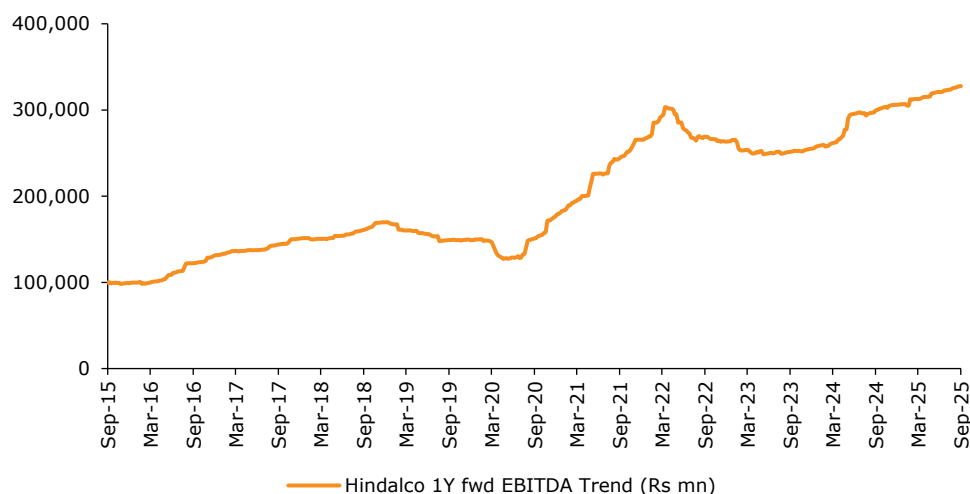
Exhibit 13: Novelis’s Bay Minette project indicated to generate margin of USD1,000/t

Bay Minette	Project details
Type	Recycling and rolling plant
Capacity	600kt
Project capex	USD4.1bn
Expected commissioning	H2CY26
Management’s ROCE guidance	Low double digits

Source: Company, Emkay Research

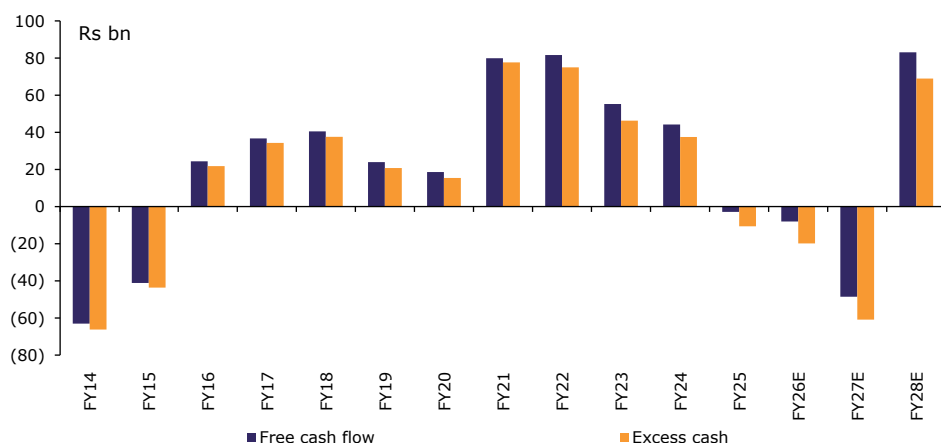
## Group – Upstream-downstream performance divergence trend to reverse

**Exhibit 14: Consensus' 1Y forward EBITDA momentum**



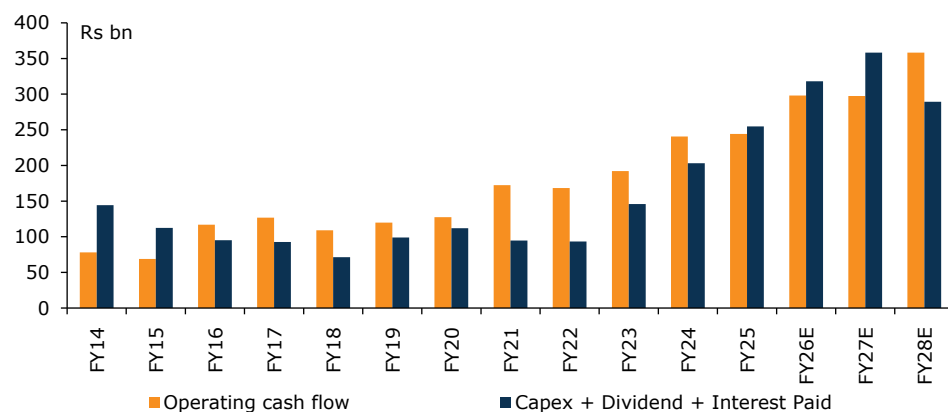
Source: Bloomberg, Emkay Research

**Exhibit 15: FCF to remain negative in FY26E/27E before rising in FY28E due to planned capex program**



Source: Company, Emkay Research

**Exhibit 16: Operating cash generation is sufficient for planned capital allocation decisions**



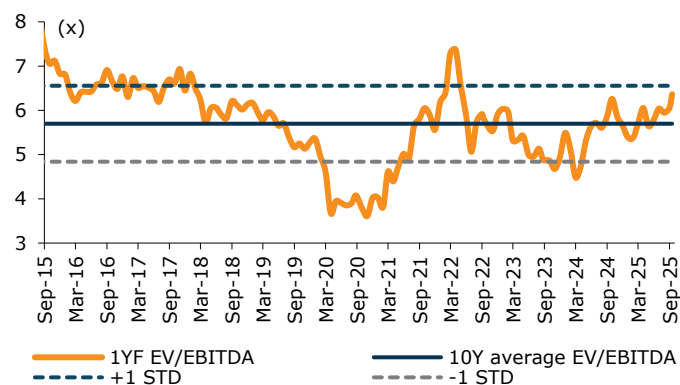
Source: Company, Emkay Research

Exhibit 17: India business – Key projects under execution

Projects	Plant / Region	Capacity (kt)	Estimated Investments (USD mn)	Expected Year of Commissioning
<b>Aluminium Upstream</b>				
Aditya Alumina Greenfield Project	Rayagada	850	840	FY28
Aluminium Smelter Expansion	Aditya	180	1,120	FY28
Green Energy Projects	Aditya / Mahan	200MW	70	FY26 / FY27
<b>Coal Mines</b>				
Chakla	Jharkhand	4.5 MTPA	225	FY26
Meenakshi	Odisha	10-12MTPA	220	FY29
<b>Aluminium Downstream</b>				
FRP Casting and Cold Rolling	Aditya / Hirakud	170	450	Q1 FY26
Coasted AC Fins	Taloja	26	50	Q1 FY26
Extrusions: Die Manufacturing	Silvassa	5,000 Nos	25	Commissioned
Aluminium Bicycle Parts	Chakan, Pune	26	50	FY26
Battery Foil Mill	Aditya	24	100	FY26
Battery Enclosures	Pune	6.5	35	
<b>Copper Upstream</b>				
Copper Smelter	Gujarat	300	1,130	FY29
Copper and E-Waste Recycling	Gujarat	50	290	FY26
Copper Continuous Cast Rods	Gujarat	300	60	FY26
Copper Infra Projects	Dahej	NA	155	FY29
<b>Copper Downstream</b>				
Inner Grove Tubes and Alloy Rods	Vadodara	22.5	65	Commissioned
Copper Batter Foil	Gujarat	11.5	240	FY28
<b>Specialty Alumina</b>				
Precipitate Hydrate	Belagavi	20	35	Q1 FY26
White Fused Alumina	Aditya	60	30	FY27
<b>Total</b>			<b>5,190</b>	

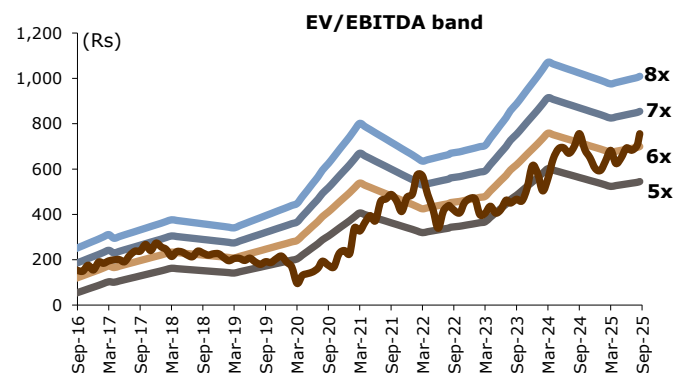
Source: Company, Emkay Research

Exhibit 18: HNDL is trading at 6.4x, around +1SD of the 10Y average EV/EBITDA



Source: Company, Bloomberg, Emkay Research

Exhibit 19: EV/EBITDA bands show the potential share price in case of re-rating



Source: Company, Bloomberg, Emkay Research

**Exhibit 20: EBITDA estimates for FY26-28 changed to the tune of 2-4%**

	Units	FY26E			FY27E			FY28E		
		New	Old	Chg	New	Old	Chg	New	Old	Chg
<b>Financial metrics</b>										
Net sales	Rs mn	2,583,908.2	2,494,547.0	3.6%	2,765,445.0	2,603,317.7	6.2%	2,948,219.6	2,741,159.8	7.6%
EBITDA	Rs mn	339,592.4	333,234.6	1.9%	354,222.3	343,469.7	3.1%	388,847.4	375,805.0	3.5%
EBIT	Rs mn	273,672.8	270,075.5	1.3%	284,297.2	275,750.6	3.1%	316,681.5	306,068.5	3.5%
Net profit	Rs mn	169,210.3	167,700.1	0.9%	177,199.3	172,035.8	3.0%	201,506.0	191,884.6	5.0%
EPS	Rs	76.0	75.4	0.9%	79.6	77.3	3.0%	90.6	86.3	5.0%
DPS	Rs	5.3	5.3	0.9%	5.6	5.4	3.0%	6.3	6.0	5.0%
Net debt / (cash)	Rs mn	530,732.6	510,016.3	4.1%	591,655.3	588,299.7	0.6%	522,698.6	537,191.9	-2.7%

Source: Emkay Research

**Exhibit 21: Target price of Rs900, per blended valuation methodology**

Valuation	Period	Multiple (x)	Rs mn	Rs/share	Weightage
<b>DCF</b>					
Novelis			1,158,552.1	520.6	
Aluminium - Upstream			1,075,609.6	483.4	
Aluminium - Downstream			97,867.7	44.0	
Copper			129,458.2	58.2	
<b>Enterprise Value</b>			<b>2,461,487.5</b>	<b>1,106.1</b>	
Add: Value of investments			108,938.8	49.0	
less: Net debt/(cash)			530,732.6	238.5	
less: Minorities			120.0	0.1	
<b>Equity value</b>			<b>2,039,573.7</b>	<b>916.5</b>	<b>50.0%</b>
<b>EV/EBITDA</b>					
Novelis	FY27E/28E	6.5	1,072,689.1	482.0	
Aluminium Upstream	FY27E/28E	6.0	1,009,432.0	453.6	
Aluminium Downstream	FY27E/28E	6.5	102,102.0	45.9	
Copper	FY27E/28E	6.5	157,081.0	70.6	
<b>Enterprise Value</b>			<b>2,341,304.1</b>	<b>1,052.1</b>	
Add: Value of investments			108,938.8	49.0	
less: Net debt/(cash)			530,732.6	238.5	
less: Minorities			120.0	0.1	
<b>Equity value</b>			<b>1,919,390.3</b>	<b>862.5</b>	<b>50.0%</b>
<b>Blended equity value</b>			<b>1,979,482.0</b>	<b>889.5</b>	
<b>Rounded target price</b>				<b>900.0</b>	
Current share price				745.9	
Expected price return				20.7%	
Expected dividend yield				0.7%	
<b>Expected total return</b>				<b>21.3%</b>	

Source: Company, Emkay Research

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



## Exhibit 22: Hindalco – Summary of estimates

Consolidated (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E		FY24	FY25	FY26E	FY27E	FY28E
<b>P&amp;L</b>						<b>Operational metrics</b>					
Net sales	2,159,620.0	2,384,960.0	2,583,908.2	2,765,445.0	2,948,219.6	Aluminium (USD/t)	2,205.6	2,525.3	2,575.0	2,650.0	2,750.0
Cost of sales	1,902,340.0	2,030,000.0	2,244,315.9	2,411,222.7	2,559,372.2	Copper (USD/t)	8,364.6	9,365.9	9,750.0	10,250.0	10,750.0
<b>Rep EBITDA</b>	<b>257,280.0</b>	<b>354,960.0</b>	<b>339,592.4</b>	<b>354,222.3</b>	<b>388,847.4</b>	<b>Production (kt)</b>					
<i>EBITDA margin</i>	<i>11.9%</i>	<i>14.9%</i>	<i>13.1%</i>	<i>12.8%</i>	<i>13.2%</i>	Novelis	3,673.0	3,757.0	3,784.0	3,872.0	4,085.0
Depreciation	78,810.0	88,640.0	86,742.2	94,312.2	99,721.9	Alumina	3,665.0	3,857.0	3,665.2	3,665.2	3,665.2
EBIT	178,470.0	266,320.0	273,672.8	284,297.2	316,681.5	Aluminium Upstream	1,331.0	1,323.0	1,323.9	1,323.9	1,323.9
Interest and taxes	38,580.0	34,190.0	38,658.6	38,187.1	36,812.1	Aluminium Downstream	393.0	403.0	408.5	510.0	510.0
PBT	139,890.0	232,130.0	235,014.2	246,110.2	279,869.5	Copper	506.0	491.0	482.6	462.6	462.6
Tax	38,570.0	63,350.0	65,804.0	68,910.8	78,363.4	<b>Realization (USD/t)</b>					
<b>Net earnings post MI</b>	<b>101,550.0</b>	<b>160,020.0</b>	<b>169,210.3</b>	<b>177,199.3</b>	<b>201,506.0</b>	Novelis	4,413.3	4,564.5	4,985.7	5,223.9	5,293.9
<b>EPS (Rs)</b>	<b>45.7</b>	<b>71.9</b>	<b>76.0</b>	<b>79.6</b>	<b>90.6</b>	Aluminium Upstream	2,684.8	2,971.3	3,025.0	3,050.0	3,150.0
Dividend (Rs/sh)	3.5	5.0	5.3	5.6	6.3	Aluminium Downstream	3,236.6	3,761.5	3,775.0	3,850.0	3,950.0
Dividend Payout (%)	7.7%	7.0%	7.0%	7.0%	7.0%	Copper	11,773.0	13,174.8	13,250.0	13,750.0	14,250.0
Number of shares	2,224.5	2,225.3	2,225.3	2,225.3	2,225.3	<b>Cost of Production (USD/t)</b>					
<b>Balance sheet</b>						Novelis	3,903.3	4,084.9	4,542.8	4,768.5	4,812.2
<b>Gross block</b>	<b>2,053,580.0</b>	<b>2,314,540.0</b>	<b>2,582,057.1</b>	<b>2,889,714.3</b>	<b>3,128,073.1</b>	Aluminium Upstream	1,941.9	1,762.7	1,711.5	1,710.8	1,727.6
Inventories	408,120.0	488,010.0	495,544.0	492,476.5	484,638.8	Aluminium Downstream	3,060.4	3,575.8	3,500.0	3,500.0	3,600.0
Receivables	164,040.0	198,340.0	176,980.0	189,414.0	201,932.9	Copper	11,148.5	12,446.2	12,682.9	13,156.4	13,667.7
Payables	344,440.0	413,680.0	403,380.8	400,374.2	425,248.5	<b>Financial metrics</b>					
<b>Net working capital</b>	<b>227,720.0</b>	<b>272,670.0</b>	<b>269,143.2</b>	<b>281,516.3</b>	<b>261,323.2</b>	EBITDA margin	11.9%	14.9%	13.1%	12.8%	13.2%
<b>Cash</b>	<b>144,370.0</b>	<b>108,460.0</b>	<b>138,577.4</b>	<b>127,654.7</b>	<b>96,611.4</b>	Net margin	4.7%	6.7%	6.5%	6.4%	6.8%
Total assets	2,319,070.0	2,659,910.0	2,856,976.4	3,068,765.1	3,181,040.0	ROE	10.1%	13.9%	12.9%	12.0%	12.2%
Total liabilities	1,257,500.0	1,422,700.0	1,462,400.8	1,509,394.2	1,434,268.5	ROCE	10.6%	14.3%	13.0%	12.3%	12.8%
<b>Total Equity</b>	<b>1,061,570.0</b>	<b>1,237,210.0</b>	<b>1,394,575.5</b>	<b>1,559,370.9</b>	<b>1,746,771.5</b>	ROIC	10.9%	14.4%	13.2%	12.1%	12.2%
<b>Cash flow</b>						Gross debt (Rs mn)	545,010.0	619,310.0	669,310.0	719,310.0	619,310.0
Operating cash before WC	247,870.0	321,980.0	360,415.1	378,609.4	416,403.4	Net debt/(cash) (Rs mn)	400,640.0	510,850.0	530,732.6	591,655.3	522,698.6
Working capital and other	-7,310.0	-77,880.0	-62,277.2	-81,284.0	-58,170.4	Net debt to EBITDA (x)	1.6	1.4	1.6	1.7	1.3
<b>Operating cash flow</b>	<b>240,560.0</b>	<b>244,100.0</b>	<b>298,137.9</b>	<b>297,325.5</b>	<b>358,233.0</b>	Net debt to Equity	37.7%	41.3%	38.1%	37.9%	29.9%
Capex	-157,280.0	-206,490.0	-267,517.1	-307,657.1	-238,358.8	<b>Valuation</b>					
<b>Investing cash flow</b>	<b>-142,760.0</b>	<b>-247,390.0</b>	<b>-267,517.1</b>	<b>-307,657.1</b>	<b>-238,358.8</b>	P/E (x)	10.6	9.1	9.8	9.4	8.2
Borrowings/(repayments)	-43,930.0	62,370.0	50,000.0	50,000.0	-100,000.0	EV/EBITDA (x)	5.7	5.6	6.5	6.4	5.6
Equity changes	-6,670.0	-7,780.0	-11,844.7	-12,404.0	-14,105.4	FCF yield	7.7%	2.6%	1.8%	-0.6%	7.2%
<b>Financing cash flow</b>	<b>-108,170.0</b>	<b>-18,160.0</b>	<b>-503.3</b>	<b>-591.0</b>	<b>-150,917.5</b>	Dividend yield	0.7%	0.8%	0.7%	0.7%	0.8%
<b>Net change in cash</b>	<b>-10,370.0</b>	<b>-21,450.0</b>	<b>30,117.4</b>	<b>-10,922.7</b>	<b>-31,043.3</b>	<b>Methodology</b>					
<b>Ending cash</b>	<b>144,370.0</b>	<b>108,460.0</b>	<b>138,577.4</b>	<b>127,654.7</b>	<b>96,611.4</b>	DCF	Rs/sh	916.5			
Free cash flow	83,280.0	37,610.0	30,620.7	-10,331.7	119,874.2	EV/EBITDA	862.5				
						<b>Blended fair value</b>	<b>889.5</b>				
						<b>Target price</b>	<b>900.0</b>				
						Current price	745.9				
						Price return	20.7%				
						Dividend return	0.7%				
						<b>Expected total return</b>	<b>21.3%</b>				
						<b>WACC</b>	<b>10.5%</b>				

Source: Company, Emkay Research

Hindalco: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,159,620	2,384,960	2,583,908	2,765,445	2,948,220
Revenue growth (%)	(3.2)	10.4	8.3	7.0	6.6
EBITDA	257,280	354,960	339,592	354,222	388,847
EBITDA growth (%)	6.6	38.0	(4.3)	4.3	9.8
Depreciation & Amortization	78,810	88,640	86,742	94,312	99,722
EBIT	178,470	266,320	252,850	259,910	289,126
EBIT growth (%)	6.0	49.2	(5.1)	2.8	11.2
Other operating income	-	-	-	-	-
Other income	-	-	20,823	24,387	27,556
Financial expense	38,580	34,190	38,659	38,187	36,812
PBT	139,890	232,130	235,014	246,110	279,869
Extraordinary items	210	(8,790)	0	0	0
Taxes	38,570	63,350	65,804	68,911	78,363
Minority interest	0	0	0	0	0
Income from JV/Associates	20	30	0	0	0
Reported PAT	101,550	160,020	169,210	177,199	201,506
PAT growth (%)	0.6	57.6	5.7	4.7	13.7
Adjusted PAT	101,340	168,810	169,210	177,199	201,506
Diluted EPS (Rs)	45.6	75.9	76.0	79.6	90.6
Diluted EPS growth (%)	0.8	66.5	0.2	4.7	13.7
DPS (Rs)	3.0	3.5	5.3	5.6	6.3
Dividend payout (%)	6.6	4.9	7.0	7.0	7.0
EBITDA margin (%)	11.9	14.9	13.1	12.8	13.2
EBIT margin (%)	8.3	11.2	9.8	9.4	9.8
Effective tax rate (%)	27.6	27.3	28.0	28.0	28.0
NOPLAT (pre-IndAS)	129,263	193,639	182,052	187,135	208,170
Shares outstanding (mn)	2,225	2,225	2,225	2,225	2,225

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	140,120	223,370	235,014	246,110	279,869
Others (non-cash items)	1,820	(4,680)	0	0	0
Taxes paid	(26,750)	(54,670)	(65,804)	(68,911)	(78,363)
Change in NWC	19,440	(23,210)	3,527	(12,373)	20,193
Operating cash flow	240,560	244,100	298,138	297,325	358,233
Capital expenditure	(157,280)	(206,490)	(267,517)	(307,657)	(238,359)
Acquisition of business	(300)	(120)	0	0	0
Interest & dividend income	5,850	8,570	0	0	0
Investing cash flow	(142,760)	(247,390)	(267,517)	(307,657)	(238,359)
Equity raised/(repaid)	0	(1,040)	0	0	0
Debt raised/(repaid)	(43,930)	62,370	50,000	50,000	(100,000)
Payment of lease liabilities	(5,000)	(3,970)	0	0	0
Interest paid	(39,120)	(40,440)	(38,659)	(38,187)	(36,812)
Dividend paid (incl tax)	(6,670)	(7,780)	(11,845)	(12,404)	(14,105)
Others	(13,450)	(27,300)	0	0	0
Financing cash flow	(108,170)	(18,160)	(503)	(591)	(150,917)
Net chg in Cash	(10,370)	(21,450)	30,117	(10,923)	(31,043)
OCF	240,560	244,100	298,138	297,325	358,233
Adj. OCF (w/o NWC chg.)	221,120	267,310	294,611	309,699	338,040
FCFF	83,280	37,610	30,621	(10,332)	119,874
FCFE	50,550	11,990	(8,038)	(48,519)	83,062
OCF/EBITDA (%)	93.5	68.8	87.8	83.9	92.1
FCFE/PAT (%)	49.8	7.5	(4.8)	(27.4)	41.2
FCFF/NOPLAT (%)	64.4	19.4	16.8	(5.5)	57.6

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	2,220	2,220	2,220	2,220	2,220
Reserves & Surplus	1,059,240	1,234,870	1,392,236	1,557,031	1,744,431
Net worth	1,061,460	1,237,090	1,394,456	1,559,251	1,746,651
Minority interests	110	120	120	120	120
Non-current liab. & prov.	81,600	87,800	87,800	87,800	87,800
Total debt	545,010	619,310	669,310	719,310	619,310
Total liabilities & equity	1,789,020	2,048,730	2,256,096	2,470,891	2,558,291
Net tangible fixed assets	918,390	1,087,620	1,268,395	1,481,740	1,620,377
Net intangible assets	322,900	326,480	326,480	326,480	326,480
Net ROU assets	25,470	24,980	24,980	24,980	24,980
Capital WIP	146,430	270,230	270,230	270,230	270,230
Goodwill	-	-	-	-	-
Investments [JV/Associates]	217,040	184,330	184,330	184,330	184,330
Cash & equivalents	144,370	108,460	138,577	127,655	96,611
Current assets (ex-cash)	679,060	911,130	897,304	906,671	911,352
Current Liab. & Prov.	518,210	594,270	583,971	580,964	605,838
NWC (ex-cash)	160,850	316,860	313,333	325,706	305,513
Total assets	2,991,830	3,457,240	3,753,246	4,054,783	4,236,496
Net debt	400,640	510,850	530,733	591,655	522,699
Capital employed	1,789,020	2,048,730	2,256,096	2,470,891	2,558,291
Invested capital	2,458,520	2,869,240	3,135,128	3,447,588	3,660,344
BVPS (Rs)	477.2	555.9	626.6	700.7	784.9
Net Debt/Equity (x)	0.4	0.4	0.4	0.4	0.3
Net Debt/EBITDA (x)	1.6	1.4	1.6	1.7	1.3
Interest coverage (x)	4.6	7.8	7.1	7.4	8.6
RoCE (%)	11.4	15.4	14.0	13.1	13.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	16.3	10.4	9.9	9.6	8.6
EV/CE(x)	1.3	1.1	1.0	0.9	0.9
P/B (x)	1.6	1.3	1.2	1.1	1.0
EV/Sales (x)	1.0	0.9	0.8	0.7	0.7
EV/EBITDA (x)	8.0	5.8	6.1	5.8	5.3
EV/EBIT(x)	11.5	7.7	8.1	7.9	7.1
EV/IC (x)	0.8	0.7	0.7	0.6	0.6
FCFF yield (%)	4.0	1.8	1.5	(0.5)	5.8
FCFE yield (%)	3.0	0.7	0.8	(4.0)	3.9
Dividend yield (%)	0.4	0.5	0.7	0.7	0.8
DuPont-RoE split					
Net profit margin (%)	4.7	7.1	6.5	6.4	6.8
Total asset turnover (x)	0.8	0.7	0.7	0.7	0.7
Assets/Equity (x)	2.8	2.8	2.7	2.6	2.5
RoE (%)	10.1	14.7	12.9	12.0	12.2
DuPont-RoIC					
NOPLAT margin (%)	6.0	8.1	7.0	6.8	7.1
IC turnover (x)	0.9	0.9	0.9	0.8	0.8
RoIC (%)	5.4	7.3	6.1	5.7	5.9
Operating metrics					
Core NWC days	27.2	48.5	44.3	43.0	37.8
Total NWC days	27.2	48.5	44.3	43.0	37.8
Fixed asset turnover	0.9	1.0	0.9	0.9	0.9
Opex-to-revenue (%)	88.1	85.1	86.9	87.2	86.8

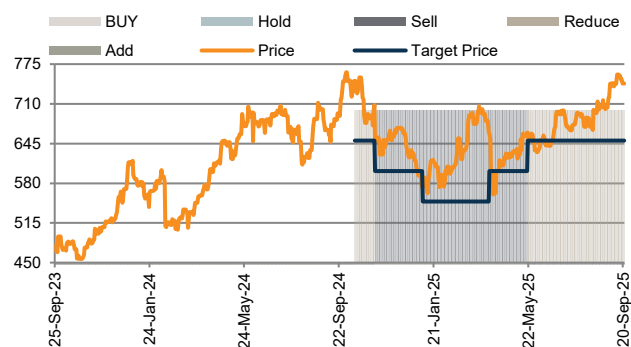
Source: Company, Emkay Research

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
10-Sep-25	743	650	Reduce	Amit Lahoti
27-Aug-25	706	650	Reduce	Amit Lahoti
18-Aug-25	714	650	Reduce	Amit Lahoti
13-Aug-25	701	650	Reduce	Amit Lahoti
11-Aug-25	673	650	Reduce	Amit Lahoti
10-Jul-25	675	650	Reduce	Amit Lahoti
28-Jun-25	697	650	Reduce	Amit Lahoti
02-Jun-25	631	650	Reduce	Amit Lahoti
31-May-25	634	650	Reduce	Amit Lahoti
29-May-25	650	650	Reduce	Amit Lahoti
21-May-25	663	650	Reduce	Amit Lahoti
28-Apr-25	629	600	Sell	Amit Lahoti
25-Apr-25	622	600	Sell	Amit Lahoti
09-Apr-25	564	600	Sell	Amit Lahoti
02-Apr-25	661	600	Sell	Amit Lahoti
19-Mar-25	699	550	Sell	Amit Lahoti
20-Feb-25	639	550	Sell	Amit Lahoti
15-Feb-25	606	550	Sell	Amit Lahoti
15-Jan-25	592	550	Sell	Amit Lahoti
08-Jan-25	587	550	Sell	Amit Lahoti

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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<b>ADD</b>	5-15% upside
<b>REDUCE</b>	5% upside to 15% downside
<b>SELL</b>	>15% downside

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