METALS & MINING

17 September 2025

Growth momentum to continue, pricing to see improvement

- **Demand growth cycle to continue driven by government spend and growth in steel consuming sectors**
- **Companies with expansion projects and cost savings from captive mines to benefit more, relative to other players**
- **Initiate coverage on JSW Steel, Jindal Steel, TATA Steel & SAIL. Jindal Steel and Tata Steel our top picks**

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Demand drivers in place; expansion projects to benefit: Indian steel industry is witnessing a good demand cycle, driven by a large public capex and continued growth in the underlying steel consuming sectors. To leverage this demand cycle, all major steel companies are adding capacity in next 5 years with estimated addition of 30mnt over FY25-FY30E period.

Safeguard duty – a positive for pricing environment: The imposition of 12% safeguard duty in April'25 has eased pricing pressure for domestic steel producers, especially ahead of the seasonally strong post-monsoon quarter. Now, the 12% duty will be in the 1st year, 11.5% in 2nd year and 11.0% in the 3rd. This move has led to lower imports and stabilised local steel prices. The benefit was seen in Q1FY26 with decline in steel imports by 27.3% YoY. This policy measure will help pricing growth for FY26E, FY27E and FY28E on demand growth and price hikes.

Initiating coverage on Steel and India's key players in the sector: We initiate coverage on JSW Steel, Jindal Steel, Tata Steel and Steel Authority of India (SAIL).

JSW Steel – HOLD: We value the company on 7x its Sept'27E EBITDA basis to arrive at TP of Rs1,074. Ongoing expansion projects of 7.7mnt and ramp-up in commissioned Vijayanagar 5.0mnt expansion, provides strong growth visibility on volume growth with est. 10% CAGR over FY25-FY28E.

Jindal Steel – BUY: We value the company on 6.5x its Sept'27E EBITDA basis to arrive at TP of Rs1,213. We estimate 14% CAGR volume growth over FY25-FY28E, aided by expansion, incremental savings from coal mines and pricing growth.

Tata Steel – BUY: We value the company on SoTP basis to arrive at TP of Rs202. We value the India business at 7x its Sept'27 EBITDA and value the Europe business at 5.5x its Sept'27E EBITDA. Ramp up in Kalinganagar project in India and cost savings programme across Netherlands & UK to drive Europe profitability.

SAIL – SELL: We value the company on 5.5x its Sept'27E EBITDA basis to arrive at TP of Rs121. Higher costs to keep EBITDA/t at a discount to peers.

Recommendation snapshot

Ticker	Price	Target	Rating
JSP IN	1,034	1,213	BUY
JSTL IN	1,111	1,074	HOLD
SAIL IN	133	121	SELL
TATA IN	171	202	BUY

Price & Target in Rupees | Price as of 17 Sep 2025

Steel demand drivers in place, positive trend continues

Steel industry in India continues to play a crucial role in driving India's economic growth. Indian steel industry is witnessing a good demand cycle, driven by a large public capex and continued growth in the underlying steel consuming sectors. Among sectors, steel demand is driven by auto, housing, infrastructure and industrial/commercial sectors. Demand in housing is driven by Pradhan Mantri Awas Yojna (PMAY) while that in infra is driven by urban infra projects, metro projects and significant infra outlay in state budgets.

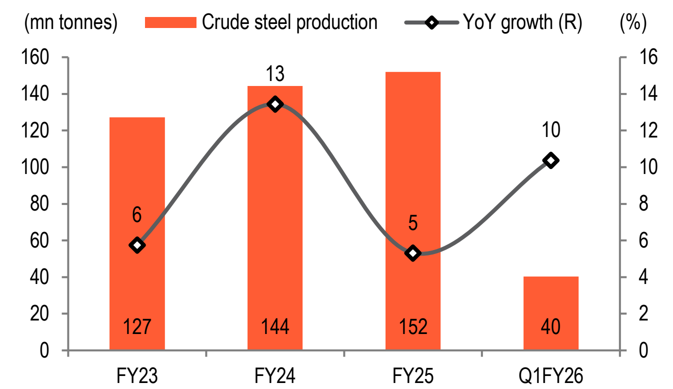
Crude steel production and consumption trends have been strong in last 3 years

Fig 1 – Crude steel production and consumption trends

(mn tonnes)	FY23	FY24	FY25	Q1FY26
Crude steel production	127.2	144.3	152.0	40.3
Steel consumption	119.9	136.3	152.0	38.3
Steel exports	8.3	8.5	6.3	1.2

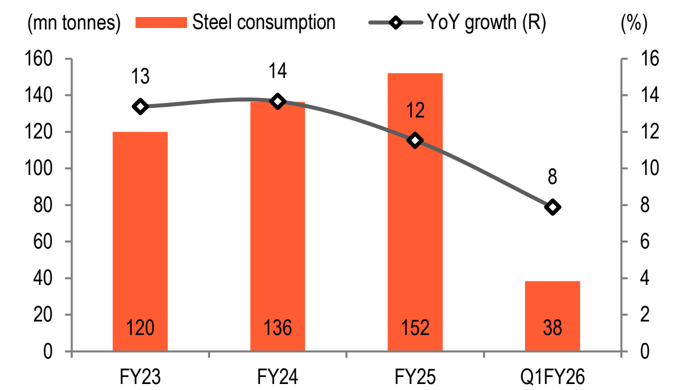
Source: JSW Steel

Fig 2 – Crude steel production and YoY growth



Source: JSW Steel

Fig 3 – Crude steel consumption and YoY growth



Source: JSW Steel

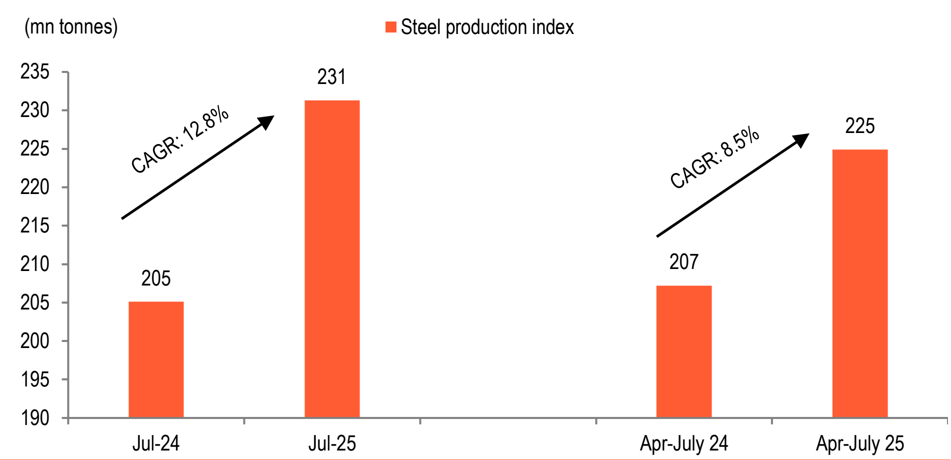
- Crude steel production increased from 127mnt in FY23 to 152mnt in FY25, with annual growth of 13.4%YoY in FY24 and 5.3%YoY in FY25.
- Finished steel consumption increased from 120mnt in FY23 to 152mnt in FY25 with annual growth of 13.7%YoY in FY24 and 11.5%YoY in FY25.
- Industry demand has been good in Q1FY26. Crude steel production increased by 10.4%YoY to 40.3mnt and finished steel consumption increased by 7.9%YoY to 38.3mnt.
- We expect growth momentum to continue indicated by Steel index performance in Index of Eight core industries (ICI) data. Steel has a weightage of 17.9% in ICI. Production increased by 12.8% YoY in July'25 and increased by 8.5% YoY in the Apr-July'25 period.

Fig 4 – Steel production index

(mn tonnes)	Jul-24	Jul-25	Apr-July 24	Apr-July 25
Steel	205.1	231.3	207.2	224.9
% YoY growth		12.8		8.5

Source: GoI – Ministry of Commerce & Industry

Fig 5 – Steel production index (ICI)



Source: GoI – Ministry of Commerce & Industry

Government spending continues to drive steel-consumption demand

There has been strong capex allocation by the government. Government has budgeted a capital outlay of Rs5,693bn, a growth of 3%yoy over FY25 budget. This has shown consistent growth, thereby driving demand from government capex.

Fig 6 – India budget capital expenditure allocation

(Rs bn)	FY23	FY24	FY25	FY26BE
Ministry of roads & highways	2,170	2,760	2,805	2,873
Ministry of Railways	1,623	2,458	2,553	2,554
Ministry of renewable energy	70	79	173	265
Total	3,864	5,297	5,532	5,693
%YoY growth	45.6	37.1	4.4	2.9

Source: GoI Budget Document

With demand drivers in place, the management of companies estimate industry growth to be at least in line with GDP growth, going forward. As per the RBI, GDP growth is estimated to be 6.5% for FY26E.

Capacity addition pipeline to cater to growing demand

To leverage the benefit of growing demand, various steel companies have taken/planned expansion projects. Among these:

- JSW Steel adding 7.7mnt of steel capacity
- Jindal steel adding 6.0mnt of steel capacity
- Tata Steel adding 3.5mnt of steel capacity

- SAIL adding 4.5mnt of steel capacity
- Arcelor Mittal Nippon Steel (AM/NS India) adding 6.0mnt of steel capacity
- Vedanta adding 1.8mnt of steel capacity

Amongst domestic steel players, JSW Steel is one of the best-placed to cater to the growing steel demand by adding 7.7 mnt of capacity over FY25-FY30; followed by Jindal Steel that will be adding 6.0mn tonnes by FY27.

Fig 7 – Capacity target of companies

Companies	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	Addition over FY25-FY30E
JSW Steel	34.2	36.4	36.4	41.9	41.9	41.9	7.7
Tata Steel	26.6	26.6	26.6	30.1	30.1	30.1	3.5
Jindal Steel	9.6	15.6	15.6	15.6	15.6	15.6	6.0
SAIL	21.4	21.4	21.4	21.9	21.9	25.9	4.5
AMNS India	9.6	9.6	15.6	15.6	15.6	15.6	6.0
Vedanta	1.7	1.7	3.2	3.5	3.5	3.5	1.8
Total	**103.1**	**111.3**	**118.8**	**128.6**	**128.6**	**132.6**	**29.5**

Source: Company, Media release

Fig 8 – Additions of capacity

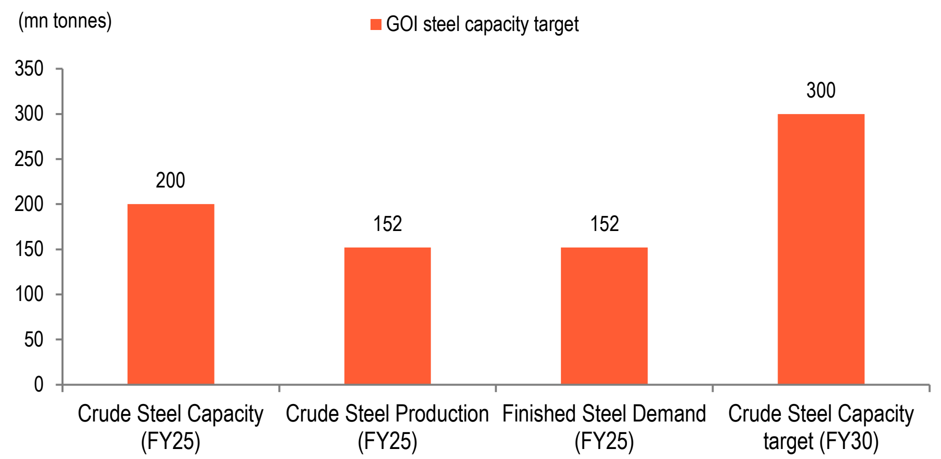
Companies	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	Addition over FY25-FY30E
JSW Steel	0.0	2.2	0.0	5.5	0.0	0.0	7.7
Tata Steel	0.0	0.0	0.0	3.5	0.0	0.0	3.5
Jindal Steel	0.0	6.0	0.0	0.0	0.0	0.0	6.0
SAIL	0.0	0.0	0.0	0.5	0.0	4.0	4.5
AMNS India	0.0	0.0	6.0	0.0	0.0	0.0	6.0
Vedanta	0.0	0.0	1.5	0.3	0.0	0.0	1.8
Total	**0.0**	**8.2**	**7.5**	**9.8**	**0.0**	**4.0**	**29.5**

Source: Company, Media release

Government target

Government of India (GoI) remains committed to ramping up domestic capacity to cater to growing demand. The National Steel Policy 2017 aims to enhance India's steel production capacity to 300mnt by 2030 from the current 200mnt, with a goal of increasing domestic per capita consumption to 160kg from current 100kg.

Fig 9 – Government's crude steel capacity target (mn tonnes)



Source: GoI – Ministry of Steel)

Imports

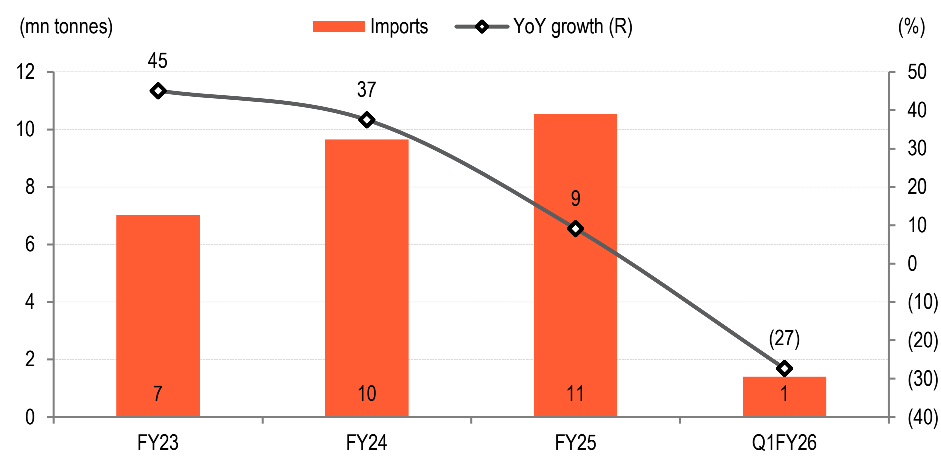
Imports remain elevated in the last 3 years. Imposition of safeguard duty brought relief to domestic industry, in terms pricing pressure and potential for price hikes, as we enter a seasonally strong quarter post monsoon. Q1FY26 imports declined by 27.35% YoY, owing to safeguard duty.

Fig 10 – Crude steel imports

(mn tonnes)	FY23	FY24	FY25	Q1FY26
Imports	7.0	9.7	10.5	1.4
% YoY growth	45.0	37.5	9.1	(27.3)

Source: JSW Steel

Fig 11 – Crude steel import trend



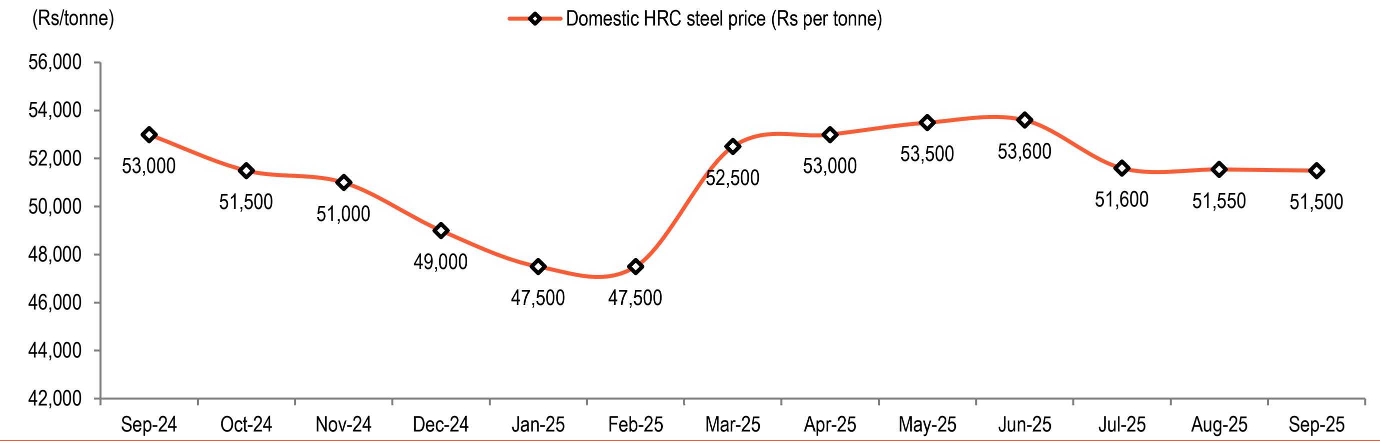
Source: JSW Steel

Domestic steel prices

The 12% extension of safeguard duty on steel imports protects domestic steel industry from pricing risk due to imports.

Currently, domestic HRC steel price is Rs51,500 per tonne, up 8% from the Feb'25 levels.

Fig 12 – Domestic HRC steel prices trend



Source: BOBCAPS Research

Thus, the overall strong demand drivers are supported by expansion projects and positive policy measures.

Coverage Universe

Fig 13 – Financials

Company	Rating	CMP (Rs)	Target (Rs)	Upside (%)	Mkt cap (Rs bn)	Revenues (Rs mn)		EBITDA (Rs mn)		PAT (Rs mn)		EPS (Rs)	
						FY25	FY28E	FY25	FY28E	FY25	FY28E	FY25	FY28E
JSW Steel	Hold	1,111	1,074	(3.3)	2,716	16,88,240	23,68,478	2,29,040	4,80,798	35,040	1,98,827	14.4	81.0
Jindal Steel	Buy	1,034	1,213	17.3	1,055	4,97,650	7,91,174	94,942	1,95,808	28,121	1,06,454	27.8	105.0
Tata Steel	Buy	171	202	18.1	2,135	21,85,425	26,05,778	2,52,985	4,98,135	34,205	2,10,717	2.7	17.0
SAIL	Sell	133	121	(9.0)	549	10,24,791	12,17,198	1,06,462	1,55,081	23,718	45,777	5.7	11.0

Source: BOBCAPS Research

Valuations

Fig 14 – Valuations

Company	EV (Rs bn)	EV/EBITDA				P/BV			
		FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
JSW Steel	3,725	15.1	9.4	7.6	6.8	3.4	3.0	2.5	2.1
Jindal Steel	1,182	12.4	8.6	6.2	5.1	2.3	2.0	1.7	1.5
Tata Steel	2,941	11.4	7.4	6.0	5.3	2.4	2.1	1.9	1.7
SAIL	894	7.9	6.8	6.6	5.9	0.9	0.9	0.9	0.8

Source: BOBCAPS Research

JSW Steel

JSW Steel is the largest steel producer in India with a capacity of 34.2mn tonnes, as on June 2025. Further, it has ongoing capex programme to add capacity of 7.7mnt, taking the total domestic capacity to 42mnt by Sept'27. Well placed among peers to benefit from the ongoing strong demand cycle, the company is also investing in cost efficiency projects and adding more captive iron ore mines to improve operational performance. With growth visibility on volume growth and incremental cost benefit of captive iron ore mines, we initiate coverage on JSW Steel with HOLD rating and TP of Rs1,074, based on 7.0x Sept'27E EBITDA.

Investment Rationale

- **Demonstrated ability to drive domestic capacity growth:** JSW Steel ramped up capacity significantly over the years with 15% CAGR over FY03 to FY25. Strong demand has led utilisation at 91% in FY25. Past execution ability builds confidence about growth visibility on incremental volumes from commissioned and ongoing expansion projects.

- **Ongoing expansion projects to drive growth**: The company has ongoing expansion project to add 7.7mnt capacity in India to 42mnt and plans to increase India capacity to 50mnt by FY31.

- **Operational efficiency to continue, driven by increased usage of captive iron ore mines:** JSW Steel operational performance has increased over the years due to lower cost as it executed cost saving projects and benefitted from captive iron ore mines. This will continue through additional mines and overseas assets

- **Value added and special products (VASP) assets showing improvement in performance:** JSW Steel continues to invest in value added and special product portfolio/assets (VASP) to drive business performance with improving margins.

- **Proven management experience in turning around acquired businesses:** JSW Steel management has demonstrated an experience of turning around businesses and accelerating growth momentum.

Key Risks:

- Delay in commissioning of ongoing 7.7mnt expansion project to impact growth profile.

- Capex hikes on new projects to risk leverage ratio.

- Negative outcome of Bhushan Power and Steel (BPSL) in Supreme court risks 3.5mnt of volumes.

Valuation:

At the CMP, on EV/EBITDA - the stock is trading at 9.4x FY26E and 7.6x FY27E and at a P/BV of 3.0x FY26E and 2.5x FY27E. We initiate coverage on JSW Steel with HOLD rating and TP of Rs1,074, based on 7.0x Sept'27 EBITDA.

Company Overview

JSW Steel manufactures steel and value-added steel products

- It has a total crude steel capacity of 35.7mnt. This consists of domestic capacity of 34.2mnt and overseas capacity of 1.5mnt in the US.
- A value-added downstream capacity of 13.5mnt with value-added downstream facilities at Vasind and Tarapur in Maharashtra.
- An Electric arc furnace (EAF) - based steel manufacturing facility and plate & pipe mill in the US, and value-added long product facility in Italy.
- Sales volumes in FY25: It sold 25.7mnt of crude steel under India operations with 91% utilisation.

Fig 15 – Installed capacity (domestic) and utilisation

(mn tonnes)	FY21	FY22	FY23	FY24	FY25
Capacity – Domestic	18.0	27.0	27.7	28.2	34.2
Production volumes	15.1	19.5	24.2	25.6	27.0
Utilisation %	84.0	89.0	90.0	92.0	91.0
Sales volumes	15.0	18.2	22.4	24.0	25.7

Source: Company

- **Diversified product portfolio including:** HRC, CRC, coated, tinplate, electrical steel, TMT bar, wire rod, advance high strength steel (AHSS), grinding balls.
- **Strong brand portfolio in value added category:** It has below brands in Color Coated steel category, Galvalume and Galvanized corrugated (GC) category:

Color Coated Steel

- Everglow
- Colouron+
- Pragati+
- Radiance

Galvalume

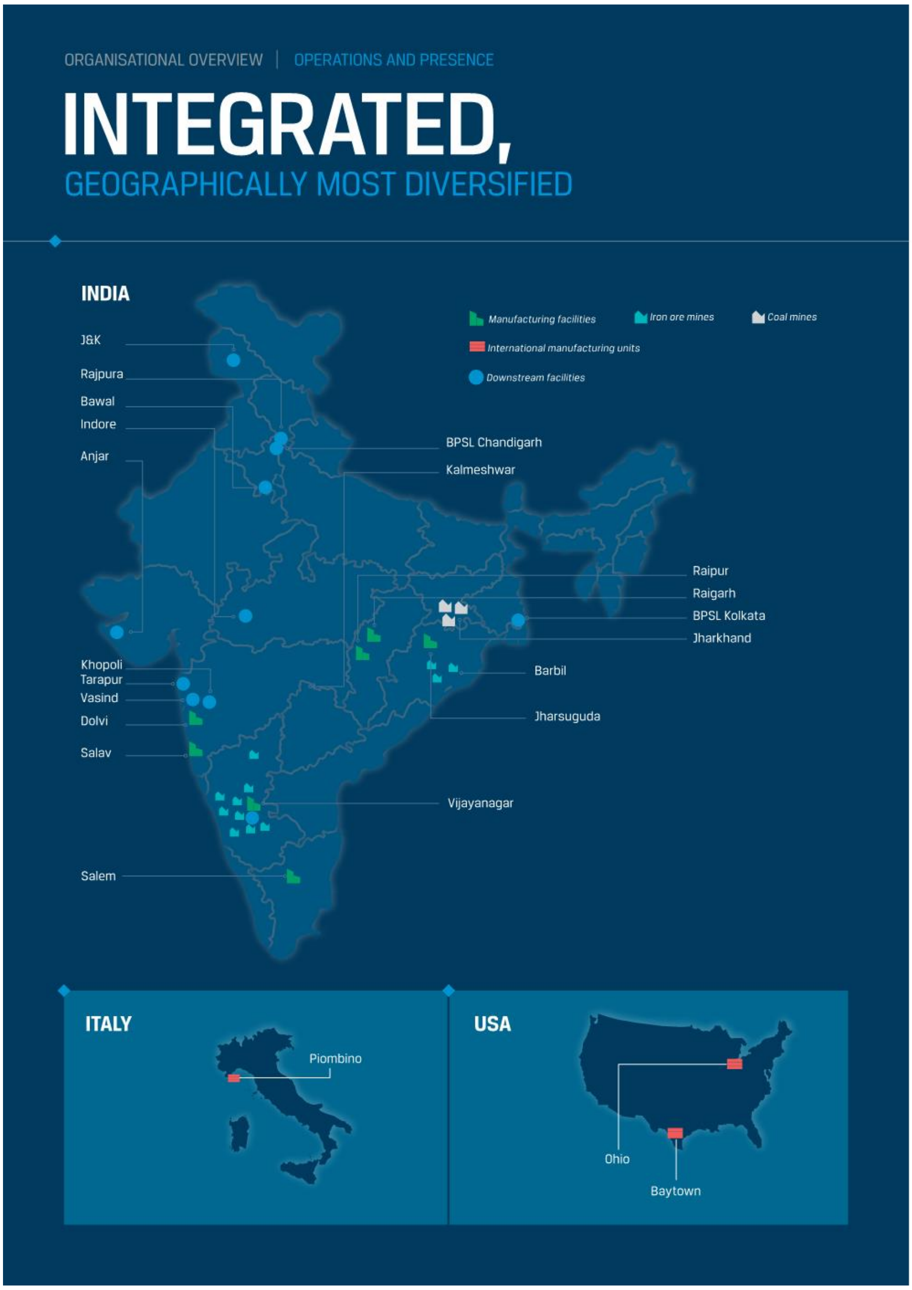
- Silveron+
- Vishwas+

Galvanized Corrugated (GC)

- Vishwas

- Strong distribution network of ~20,100 retail outlets and 2,339 branded retail stores
- Manufacturing assets: It has 16 domestic plants and 3 international units

Fig 16 – Manufacturing footprint



Source: Company

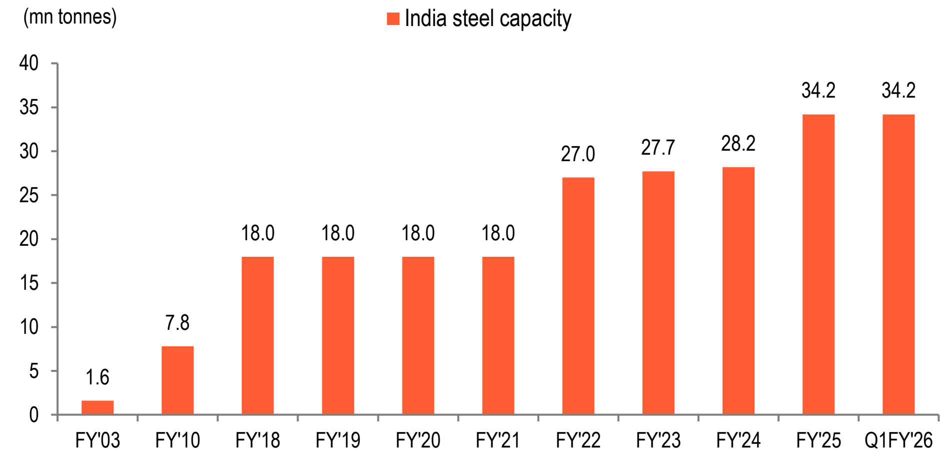
JSW Steel was founded by Late OP Jindal of Jindal Group

- Sajjan Jindal is Chairman and MD
- Jayant Acharya is Joint MD and CEO
- GS Rathore is Whole time Director and COO
- Swayam Saurabh is CFO

Investment Rationale

- **Demonstrated execution of growth in domestic capacity:** JSW Steel increased its capacity significantly over the years to cater to the India market and expand presence there. The company ramped up capacity from 1.6mnt in FY03 to 27.0mnt in FY22 and then to 34.2mnt in FY25; thereby, delivering India capacity growth of 15% CAGR over FY03 to FY25.

Fig 17 – India capacity in previous years



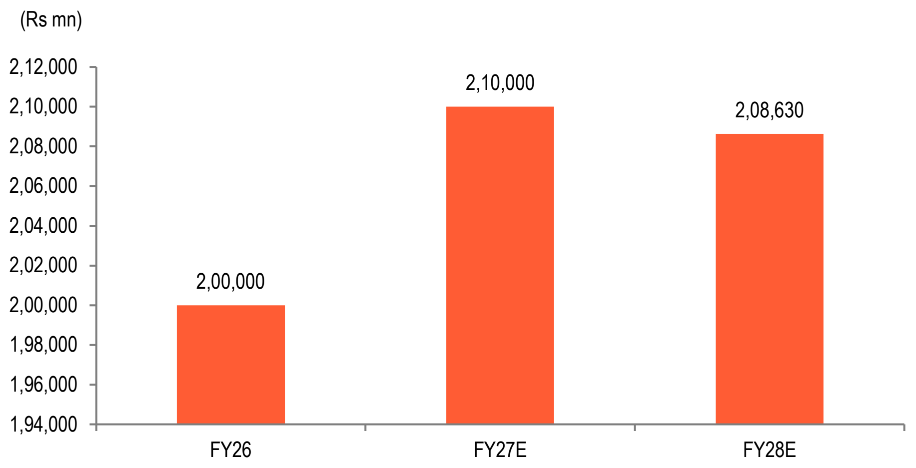
Source: Company

Further, JSW Steel plans to raise domestic crude capacity from 34.2mnt to 41.9mnt by Sept'27

Thus, as the commissioning of ongoing expansion projects happens, we expect these incremental volumes to be easily absorbed into the market due to strong and sustainable demand. The past execution ability builds confidence about growth visibility on incremental volumes from the commissioning of expansion projects.

- **Ongoing expansion projects to drive growth**: The company has ongoing expansion project and plans to increase capacity significantly in the coming years.
  - It has ongoing expansion project, which will increase domestic crude capacity from the current 34.2mnt to 41.9mnt by Sept'27 – adding 7.7mnt capacity.
  - Ongoing expansion includes 2.0mnt at Vijayanagar and 5.0mnt at Dolvi Ph-III expansion from10.0 to 15.0mnt. Vijayanagar 5.0mnt hot strip mill was commissioned in FY24.
  - There are other downstream projects to be commissioned over FY25-FY27E period. 0.6mnt cold rolling mill for coated products for appliances, general engineering and renewable; 0.4mnt high strength steel for the auto sector.
  - Overall, capex of Rs 618,630mn planned over FY26-FY28E

Fig 18 – Estimated Capex



Source: Company

- **Over the long term, aims to achieve 50mnt capacity by FY31. Long-term options are:**
  - Brownfield expansion of 5.0mnt in Vijayanagar and Bhushan Power & Steel (BPSL) Jharsuguda.
  - Greenfield growth of 13.0mnt in Odisha.
  - Investments in various projects will help expand capacity and leverage the growing industry demand in the coming years. Further, it will selectively explore value-accretive acquisitions.
- **Operational efficiency to continue through increased usage of captive iron ore mines**: JSW Steel operational performance has increased over the years with the execution of cost saving projects and benefits from captive iron ore mines.
  - JSW Steel commissioned Pellet plant at Vijayanagar and Coke oven facility at Dolvi. This eliminated high-cost external purchases of pellet and coke.
  - The company invested in pipe conveyor system for transportation of iron ore fines at Vijayanagar.
  - Iron ore and coking coal are key raw materials, constituting ~80-85% of the total raw material costs. Previously, iron ore purchases were majorly through spot purchases. These have been shifted to captive over a past period.
  - The company has 23 captive iron ore mines with 1.6bn tonnes of reserves and resources. It has 3 coking coal mines with 0.4bn tonnes of reserves.

Iron ore: Produced 24mnt iron ore in FY25. 37% of iron ore requirements are met through captive mines in FY25.

- It operates 12 captive iron ore mines out of 23 mines.
- Further, it won 2 mines in Karnataka, 2 in Goa and 2 exploration blocks in Maharashtra in CY23 through auction mechanism, which will be commissioned over a period of time.

Coking coal: JSW Steel secured 3 coking coal mines in Eastern India

- **Overseas:** It completed the acquisition of 20% stake in Illawarra metallurgical coal in Australia and is in the process of acquiring Minas de Revuboe deposit in Mozambique.

It is building 30mntpa slurry pipeline for transporting iron ore in Odisha to be commissioned in FY27E, which will deliver significant logistics cost savings.

These projects will help in additional savings through overseas assets.

- **VASP assets continue to support margins**
  - JSW Steel continues to invest in value added and special product portfolio/assets (VASP) to drive business performance with improving margins. This strategy is in line with domestic and global prospects. India's steel exports predominantly comprise special steels and JSW Steel is well placed to benefit from this export market environment. It has 13.5mnt domestic downstream capacity.
  - Value added & special products (VASP) contribution is 64% in overall sales mix.
  - It offers a range of coated steel products that provide anti-corrosive properties. Management estimates coated steel demand to grow at a CAGR of 10% to 13mnt by FY25.
  - Over the last 3 years, it invested in downstream projects in Vijayanagar, Vasind, Tarapur and Kalmeshwar. Going forward, there are other downstream projects, to be commissioned over FY25-FY27E period. 0.6mnt cold rolling mill for coated products for appliances, general engineering and renewable; 0.4mnt high strength steel for auto sector.

Balance Sheet:

- Net debt increased to Rs826,720mn on Mar'25 from net debt of Rs581,280mn in Mar'23. The increase is primarily for capex for the ongoing expansion projects and increase in working capital needs. Net D/E stands at 1.1x on Mar'25.
- Net debt was Rs798,500mn on June 25. Management has commented that the net debt is near peak level and once the ongoing projects start generating revenue and ramp up to optimum level, deleveraging will happen by end of FY27E.

Fig 19 – Consolidated Debt

(Rs mn)	Mar.23	Mar.24	Mar.25
Long term debt	6,19,660	6,73,540	8,19,830
Short term debt	1,68,760	1,82,210	1,39,740
Total debt	7,88,420	8,55,750	9,59,570
Cash & bank balance	2,07,140	1,23,480	1,32,850
Net debt	5,81,280	7,32,270	8,26,720
Net debt/Eq	0.9	1.0	1.1
Net debt/EBITDA	3.1	2.6	3.6

Source: Company

Proven management experience in turning around acquired businesses:

- JSW Steel is headed by Sajjan Jindal, Chairman and MD. Under his leadership, JSW has expanded into key sectors including steel, energy, infrastructure, and cement.
- JSW Steel management has experience in turning around businesses and accelerating growth momentum. Management has remained focused on lowering cost that has helped reduce investment cost/tonne of capacity expansion.

E.g.:

- **Ispat Industries (now Dolvi plant)**
  - When JSW Steel acquired Ispat Industries in 2010, the company was loss-making with high-cost debt. Management took several corrective steps — commissioning a gas-based power plant, installing railway sidings for logistics, setting up a coke oven and pellet plant for backward integration, sourcing power from JSW Energy, and refinancing debt — significantly improving operational efficiency. Thus, these actions led to improved performance of Dolvi plant.
  - Further, the plant was backward integrated with a pellet plant of 4 mtpa and a coke oven of 1 mtpa through its 100% subsidiary Amba river coke Ltd.
- **Welspun Maxsteel**
  - JSW Steel acquired Welspun Maxsteel at EV of Rs10,000 million in August,2014. It had an installed capacity of 0.9 mtpa DRI (direct reduced iron) plant.
  - At the time of acquisition, Welspun was facing constraints to operate at optimum capacity due to irregular supply of natural gas. Post acquisition, it was integrated with JSW's Dolvi plant through the use of iron for its steel making operations and supply of excess pellets from JSW Steel to Welspun facility.

Risks and Concern:

- **Delay in commissioning of ongoing 7.7mnt expansion project:**

  JSW Steel has ongoing expansion of 7.7mnt to be commissioned by Sept'27. This includes expansion at Vijayanagar and Dolvi. Any delay in commissioning of project

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will postpone its business performance in terms of revenue and volumes, which will have an impact on valuation.

- **Capex on new projects to risk leverage ratio**

  JSW Steel has plans to increase domestic capacity from 34mnt to 50mnt by FY31. Increased capex on this account and an environment of weak demand during this period can lead to higher debt and thus increase net debt to equity, which currently stands at 1.1x.

- **Outcome of review petition on Bhushan Power and Steel (BPSL):**

  JSW Steel has filed a review petition before Supreme court on 25th June 2025, in respect of SC judgement of 2nd May 2025. Any negative outcome of this will impact its volume growth from BPSL. BPSL produced 3.54mnt in FY25 and sales volumes of 3.31mnt in FY25. It generated revenues of Rs214,400mn and EBITDA of Rs.22,120mn in FY25 with EBITDA per tonne of Rs6,683.

  BPSL was acquired by JSW Steel in March 2021 through the Insolvency and Bankruptcy Code. BPSL is an integrated steel producer based in Sambalpur, Odisha, with current capacity of 4.5 MTPA and a downstream capacity of 1.8 MTPA across Sambalpur, Kolkata and Chandigarh.

In case of negative outcome - volumes to an extent of 3.3mnt, which are 13% of the overall India volumes, will be at risk.

Outlook and Valuation:

- JSW Steel is well placed to benefit from consumption growth, driven by auto, infra and construction sectors. This will be driven by ongoing expansion projects of 7.7mnt and ramp-up in Vijayanagar 5.0mnt expansion, which provides strong growth visibility on volume growth and benefit of captive iron ore mines.

- We estimate 10% CAGR volumes growth over FY25-FY28E period and 3% CAGR pricing growth, benefiting from safeguard duty. Ramp-up in projects and future expansion will benefit volumes, leading to EBITDA growth and expansion in EBITDA per tonne. We estimate EBITDA/t to increase from Rs8,455 in FY25 to Rs14,820 in FY27E and Rs16,469 in FY28E.

Fig 20 – Assumptions

	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Sales volumes (mnt)	19.7	21.2	21.7	24.3	26.8	29.2
Realization (Rs/t)	66,948	63,704	58,741	60,796	62,620	63,873
INR/USD	74.0	82.0	85.0	87.0	89.0	91.0
% growth YoY						
Volumes	(26.6)	7.9	2.5	12.0	10.0	8.0
Realization	(6.9)	(4.8)	(7.8)	3.5	3.0	2.0
Realization (Rs/t)	66,948	63,704	58,741	60,796	62,620	63,873
Raw material (Rs/t)	38,482	33,442	31,080	28,127	27,987	27,707
Employee (Rs/t)	1,004	1,111	1,144	1,150	1,179	1,191
EBITDA/t (Rs)	7,814	10,358	8,455	13,277	14,820	16,469
Revenues (Rs mn)	1,659,600	1,750,060	1,688,240	1,920,327	2,148,010	2,368,478
EBITDA (Rs mn)	185,470	282,360	229,040	370,321	445,851	480,798

Source: BOBCAPS Research

At the CMP, on EV/EBITDA - the stock is trading at 9.4x FY26E and 7.6x FY27E and at a P/BV of 3.0x FY26E and 2.5x FY27E. We initiate coverage on JSW Steel with HOLD rating and TP of Rs1,074, based on 7.0x Sept'27E EBITDA.

Fig 21 – Valuation

Particulars	Sept27 EBITDA (Rs mn)	Multiple	Value (Rs mn)	Rs/share	Comments
JSW Steel	4,63,325	7.0	32,43,274	1,329	Premium to average commodity cycle multiple to account for volume visibility on capacity execution
Less - Net debt			8,26,720	339	Mar.25
CWIP			2,04,780	84	
Target price				**1,074**	

Source: BOBCAPS Research

Fig 22 – JSW Steel vs consensus

(Rs mn)	FY26E			FY27E			FY28E		
	Our	Consensus	Var (%)	Our	Consensus	Var (%)	Our	Consensus	Var (%)
Revenue	19,20,327	19,05,000	0.8	21,48,010	21,15,000	1.6	23,68,478	22,04,000	7.5
EBITDA	3,70,321	3,49,120	6.1	4,45,851	4,07,630	9.4	4,80,798	4,23,970	13.4
EBITDA % margin	19.3	18.3		20.8	19.3		20.3	19.2	
PAT	1,26,932	1,24,000	2.4	1,77,900	1,62,000	9.8	1.98,827	1,71,000	16.3
EPS (Rs)	52	51	2.1	73	66	9.8	81	70	16.3

Source: BOBCAPS Research, Bloomberg

Jindal Steel Ltd.

Jindal Steel Ltd (JSL) has a robust product portfolio and low-cost manufacturing advantage, which positions it to benefit from a strong demand cycle. It is increasing capacity expansion from 9.6mnt to 15.6mnt with the benefit of backward integration. Benefit of capex programme will flow in gradually in FY27E with incremental volumes and margin expansion. Backward integration to captive mines will improve gross margins. With strong growth visibility on expansion projects and incremental cost benefit of captive iron ore mines, we initiate coverage on JSL with BUY rating and TP of of Rs1,213 based on 6.5x Sept'27E EBITDA.

Investment Rationale

- **Wide product portfolio positions it competitively:** Jindal Steel has a wide product portfolio having application in wider Industry segments. Almost 56% of Jindal Steel's volumes come from long products like rebars, wire rods, and rails, while 44% are flat products. The company has a strong expertise in rail manufacturing for Indian Railways and benefits from a high share (72%) of value-added products.

- **Expansion projects to drive growth:** Jindal Steel is increasing capacity by 6.0mnt from the current 9.6mnt to 15.9mnt by end of FY26. 63% of capex is targeted at volume expansion while 37% of capex aimed at margin expansion. These projects will start contributing in FY27E and further ramp-up will benefit in FY28E and onwards.

- **RM security & projects to drive operational efficiency:** Key raw materials (RM) for steel operations are iron ore and coking coal. The company has iron ore and coal assets and aims to extract more iron ore from its captive mines. Ramp-up /expansion of captive coal mines will help reduce the cost, going forward.

- **Balance sheet parameters to remain a comfort**: Net debt stood at Rs144,000mn in June'25. Net debt Net D/E stands at 0.3x. Net Debt/EBITDA at 1.4x – which is within the limit of 1.5x as per the company's capital allocation policy. We expect gross debt to decrease on the ramp-up of expansion projects in FY27-28E. Thus, we expect leverage ratio Net D/E and Net D/EBITDA to trend down in FY27E onwards.

Key risks

- Delay in the completion of ongoing expansion project of 6mnt.

- Promoter's pledge – 11% of promoters stake poses a risk

Valuation

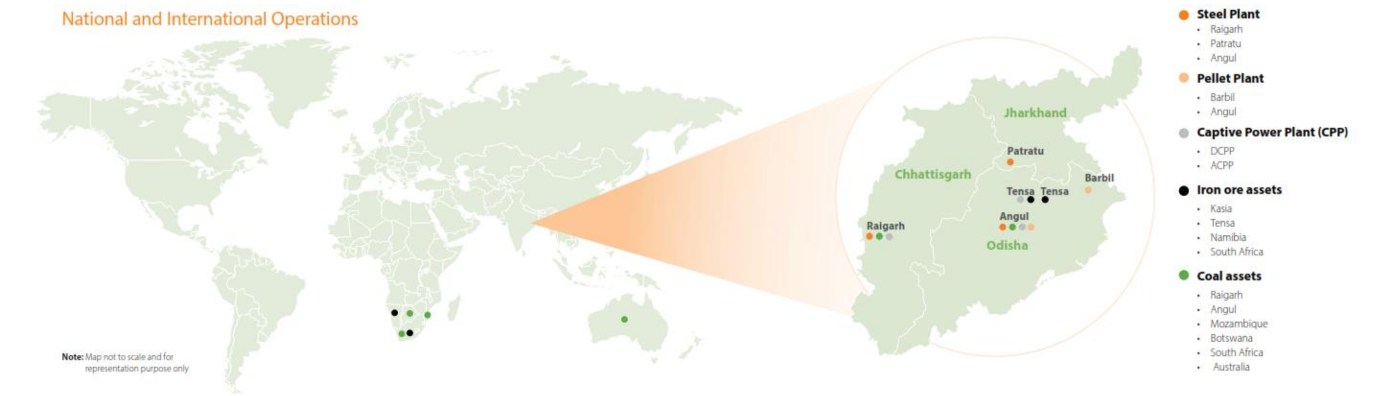
At the CMP, on EV/EBITDA - the stock is trading at 8.6x FY26E and 6.2xFY27E and at a P/BV of 2.0x FY26E and 1.7x FY27E. We initiate coverage on Jindal Steel with a Buy rating with a target price of Rs1,213 based on 6.5x Sept 27 EBITDA

Company Overview

Jindal Steel Limited manufactures crude steel and value-added steel products. The company has a crude steel capacity of 9.6mntpa, backed by 9mntpa of pellet plant and 10.6mnt of iron ore. It has mining operations in Mozambique (coal), South Africa (coal) and Australia (coking coal).

Presence in National and International:

Fig 23 – National and International operations



Source: Company

Product portfolio comprises long and flat steel products consisting of:

- Rails, parallel flange beams and columns, plates & coils, angles & channels, wire rods, round bars, fabricated sections and semi- finished products, speedfloor, Jindal Panther TMT bars, sheet piles, cathode collector bar.
- Exports are 7% of sales.

Manufacturing assets: It has 2 crude steel manufacturing units (total -9.6mnt) located at Angul, Odisha and Raigarh, Chhattisgarh.

- It has pellet production plant of 9mntpa at Barbil, Odisha.
- Captive power plant (CPP) of 1,634MW at Raigarh, Chhattisgarh and Angul, Odisha.
- **International presence**: Subsequent to the sale of 2.4mtpa steel capacity in Oman to a promoter entity in 2020, the company is left with mining operations in Mozambique (coal), South Africa (coal) and Australia (coking coal).

Fig 24 – International presence

Country	Asset	Details
Mozambique	Coal	5mtpa coal mine in the Moatize coal rich region
South Africa	Coal	Kiepersol Colliery produces anthracite coal
Australia	Coking Coal	60.38% stake in Wollongong Coal, which has 2 coking coal mines, viz. Wonga Walli and Russel Vale

Source: Company

Jindal Steel is part of OP Jindal group:

- Naveen Jindal is Chairman.
- Pankaj Malhan – Executive Director.
- Sunil Agarwal is the Head (Finance).

Investment Rationale

- **Wide product portfolio:** Jindal Steel has a wide product portfolio having application in the wider Industry segments. Jindal Steel Ltd.'s product portfolio comprises both long and flat steel. Jindal Steel Ltd.'s product mix is well positioned to benefit from a strong outlook for domestic infra spends from the central government. Almost 56% of domestic installed finished steel capacity of Jindal Steel is geared towards long products such as rebars, wire rods, rails, etc., and 44% towards flats.

Fig 25 – Share of industry segments in overall revenue

Industry segments	% Share of Revenues
Infra	40
Distribution	33
Engineering & Packaging	11
Building & construction	14
Automotive	3
Total	**100**

Source: Company

- Product portfolio has products across value chain. It has intermediate products such as pellets (largely exported) and sponge iron. Processed steel products are such as blooms, billets, rounds and slabs, finished steel products are such as rebars, wire rods, plates, coils, rails and structural. It has value added products, pellets and other products, which keep blended realisation at a premium to spot steel pricing.
- 72% share from value added products – comprising project-based as well as spot sales, which has increased from 58% in Q1FY25.

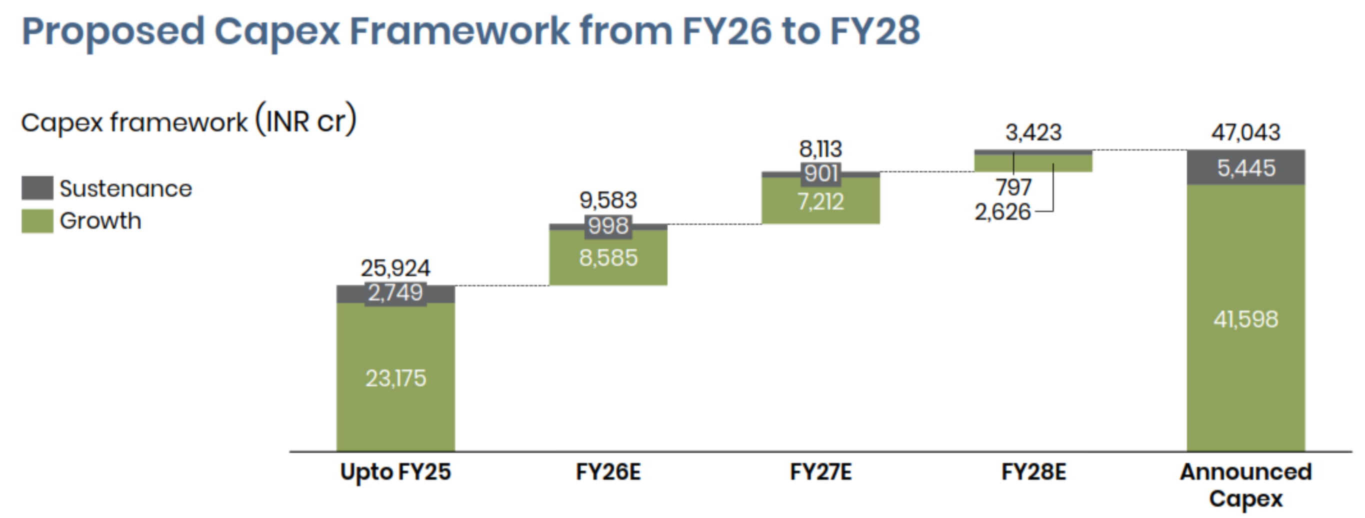
Jindal Steel has strong competency in rails

- Jindal steel ltd. has emerged as the first private-sector steel supplier to have secured Indian Railways' approval for regular rail supplies, for the ongoing and future projects.
- First and the only Indian manufacturer to have successfully developed 60E1 1175 Heat Treated (HT) Rails suitable for High speed and High Axle Load applications.

  Wider product portfolio and competency in rails for Indian Railways is positive for the company in maintaining relationships and future volume offtake.

- **Expansion projects to drive growth**: The company has an ongoing expansion project and is increasing capacity by 6mnt from the current 9.6mnt to 15.6mnt by end of FY26E. Total capex outlay is Rs470,430mn up to FY28. Out of this, it spent Rs259,240mn till Mar'25 and Rs281,500mn has been spent till June 25.

Fig 26 – Proposed capex framework



Source: Company

The project includes setting up:

- 2 pellet plants (6 mtpa each)
- 5.5 mtpa Hot strip mill (HSM mill)
- Slurry pipeline
- BF-BOF (Blast furnace – Basic oxygen furnace) - (4.25 mtpa and 3.3 mtpa respectively)
- DRI-EAF (Direct reduced iron – EAF) – (2.7 mtpa and 3 mtpa respectively)
- Coke oven and other raw material handling plants

The company targets to complete major facilities – blast furnace and cold rolling mill (CRM) by end of FY26E.

These projects will start contributing in FY27E. Ramp-up will result in higher volumes, combined with higher value addition with increasing share from flats.

Capital intensity of the capex plan is attractive at ~USD430 per tonne, given brownfield nature and at 50% of greenfield replacement cost.

- **Raw material security & projects to drive operational efficiency:** Key raw material (RM) for steel operations are iron ore and coking coal. The company has iron ore and coal assets as:

Fig 27 – Iron ore assets

Iron ore	mn t
Tensa	3.1
Kasia	7.5
Total	**10.6**

Source: Company

Fig 28 – Coal assets

Coal	mn t
Mozambique	5.0
South Africa	1.2
Australia	1.2
Gare Palma IV/6	4.0
Utkal C	3.7
Total	**15.1**
To commission in future	
Utkal B1	5.5
Utkal B2	2.5
Total	8.0
Total (operational + to be commissioned)	**23.1**

Source: Company

- **Iron Ore:**
  - Jindal Steel has long-term sourcing arrangements with NMDC and other iron ore miners in the region.
  - The company got license from Odisha government for Kasia iron ore mines. This has reserves of 78mnt.
- **Coking Coal:**
  - Jindal Steel has access to coal mines in Mozambique, South Africa & Australia.
  - Two captive mines (Gare Palma IV/6 (4mnt) and Utkal-C(3.7mnt) are running at full capacity. Utkal- B1 (5.5mnt) & B2 (2.5mnt) – total 8mnt are expected to be commissioned by Q2-Q4FY26E period. Total capacity of 4 domestic mines is 15.7mnt.
  - In addition, the company won Roida-I iron ore mine and commenced exploration activities at Saradhapur Jalatap East coal block.
  - Thus, rising coking coal prices are not a significant concern for JINDAL STEEL LTD.

Currently, meeting 90-95% of its coal requirement from its captive mines and incremental will be used for captive power plants.

- **Balance sheet parameters to remain a comfort:**
  - Net debt increased from Rs77,185mn n Mar'23 to Rs136,619mn in Mar'25 due to increased borrowing for ongoing capacity expansion programme. Gross debt was Rs178,420mn.Net D/E stands at 0.3x on Mar.25. Net debt further increased to Rs144,000mn on June 25
  - Net Debt/EBITDA stands at 1.4x – lower than 1.5x limit, as per the company's capital allocation policy.
  - We expect gross debt to decrease on the ramp-up of expansion projects in FY26-FY27E. Thus, we expect leverage ratio Net D/E and Net D/EBITDA to trend down in FY27E post ramp-up of commissioned capacity. Management is committed to target of Net Debt/EBITDA of < 1.5x across cycle, which currently stands at 1.4x.
  - It guided for a capex of Rs75,000-100,000mn range for FY26E. Maintenance capex would be in the range of Rs20,000-25,000mn on an annual basis. For expansion -total capex outlay is Rs470,430mn up to FY28E. Out of this, Rs281,500mn has been spent till June 25.

Fig 29 – Overall Debt

(Rs mn)	Mar.23	Mar.24	Mar.25
Long term debt	72,076	1,00,585	1,40,054
Short term debt	52,277	58,378	38,366
Total debt	1,24,353	1,58,963	1,78,420
Cash & bank balance	47,168	40,241	41,801
Net debt	77,185	1,18,722	1,36,619
Net D/E	0.2	0.3	0.3
Net Debt/EBITDA	0.8	1.2	1.4

Source: Company

Key Risks

- **Delay in completion of ongoing expansion project of 6mnt:**
  - Jindal Steel is expanding capacity by 6mnt from 9.6mnt to 15.6mnt, which will be commissioned by FY26E. Any delay in commissioning this expansion will delay its business growth performance, in terms of volume growth, revenue growth and EBITDA growth. This will limit its growth in an environment of pick up in domestic demand.
- **Promoter's pledge of shares poses a risk:**
  - Promoters' shareholding is 62.4% in the company. Out of this, ~11.2% is pledged with banks. Thus, this pledge poses a risk in a scenario of decline in demand and price realisation, which may breach some of the covenant ratios decided by the bank.

Outlook and Valuation

- Jindal Steel is well placed to benefit from industry growth due to its robust product portfolio, low-cost manufacturing advantage and capacity expansion. It is increasing capacity by 6mnt from 9.6mnt to 15.6mnt with the benefit of backward integration. Benefits of capex program will flow in gradually from FY27E with incremental volumes and margin expansion. Backward integration to captive mines will improve gross margins.
- We estimate 14% CAGR volumes growth over FY25-FY28E period, benefitting from the commissioning of 6mnt capacity in FY26E. Ramp-up in project and future expansion will benefit volumes. Incremental savings in costs from 2 coal mines in FY26E shall aid EBITDA growth and expansion in EBITDA per tonne. We estimate EBITDA/t to increase from Rs11,216 in FY25 to Rs16,592 in FY27E and Rs16,824 in FY28E.
- Post ramp-up in commissioned capacity, leverage ratios will improve.

Fig 30 – Assumptions

Particulars	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
INR/USD	74.0	82.8	85.0	87.0	89.0	91.0
Steel business						
Capacity (mnt)	9.6	9.6	9.6	15.9	15.9	15.9
Sales volumes (mnt)	7.7	7.7	8.0	9.1	10.6	11.8
Production vols (mnt)	7.9	7.9	7.9	9.1	10.6	11.8
Utilization (%)	82	83	50	57	67	74
Realization						
Global steel price (USD/t)	650	593	590	590	590	590
Jindal Steel Steel price (USD/t)	789	732	728	738	753	763
Jindal Steel Steel price (Rs/t)	65,083	63,214	60,399	61,229	62,474	63,304
Input cost						
Iron ore domestic fine (Rs/t)	4,700	4,400	4,500	5,000	5,300	5,300
Steel EBITDA (Rs/t)	12,413	13,303	11,216	14,653	16,592	16,824
Growth % YoY						
Sales volume	0.5	(0.1)	3.9	14.3	16.5	11.3
Price	4.7	(2.9)	(4.5)	1.4	2.0	1.3
Revenues (Rs mn)	610,050	582,859	582,402	603,130	708,679	791,174
EBITDA (Rs mn)	99,349	102,007	94,942	133,635	176,270	195,808

Source: BOBCAPS Research

- **At CMP, on EV/EBITDA - the stock is trading at 8.6x FY26E and 6.2x FY27E and at a P/BV of 2.0x FY26E and 1.7x FY27E.**
- **With strong growth visibility on expansion projects and incremental cost benefit of captive iron ore mines, we initiate coverage on Jindal Steel with BUY with TP of Rs1,213, based on 6.5x Sept 27E EBITDA.**

Fig 31 – Valuation

Particular	Sept27 EBITDA (Rs mn)	Multiple (x)	EV (Rs mn)	Value (Rs/share)	Remarks
Jindal Steel	1,86,039	6.5	12,09,255	1,195	In line with average commodity cycle multiple
Net debt			1,36,619	135	Net debt as on Mar. 25
CWIP			1,55,175	153	
Target price				**1,213**	

Source: BOBCAPS Research

Fig 32 – Jindal Steel vs consensus

(Rs mn)	FY26E			FY27E			FY28E		
	Our	Consensus	Var (%)	Our	Consensus	Var (%)	Our	Consensus	Var (%)
Revenue	6,03,130	5,76,000	4.7	7,08,679	7,06,000	0.4	7,91,174	7,83,000	1.4
EBITDA	1,33,635	1,28,000	4.4	1,76,270	1,63,000	8.1	1,95,808	1,88,000	4.2
EBITDA % margin	22.2	22.2		24.9	23.1		24.7	24.0	
PAT	62,205	62,000	0.3	89,690	89,000	0.8	1,06,454	1,02,000	4.4
EPS (Rs)	61	61	0.3	89	88	0.8	105	101	4.4

Source: BOBCAPS Research, Bloomberg

TATA Steel

Tata Steel has a blend of domestic and international portfolio. India portfolio has been strong with benefit of captive coal mines. Consolidated performance has been dragged by its UK business, which kept Europe profitability at low levels. It is doing GBP1.25bn capex towards replacing its blast furnace with EAF (electric arc furnace), which will improve profitability of the Europe business and thus, the overall consolidated profitability. With strong India business and recovery in Europe profitability, we initiate coverage on Tata Steel with BUY and TP of Rs202. We value the company on SoTP basis - India business at 7x its Sept'27 EBITDA and value the Europe business at 5.5x its Sept 27E EBITDA.

Investment Rationale

- **Strong India business to continue driving growth performance:** Tata Steel has a strong India business with efficient assets of Jamshedpur and Kalinganagar. On the cost front, India operations benefit from 100% usage of captive coal mines. This growth outlook will benefit Tata Steel. Drivers continue for EBITDA growth through volume growth and cost saving.

- **Expansion potential in India business provides long-term growth:** Tata Steel plans to ramp up capacity significantly in the coming years. Its 100% subsidiary – Neelanchal Ispat Nigam Ltd (NINL) has plans to increase capacity from 1.0mnt to 4.5mnt. The company targets to reach 40mntpa capacity in India by 2030 from the current 27mntpa.

- **Europe and UK business on path to improved performance:** Tata Steel is implementing a cross-geography and cross-function efficiency programme to enhance performance and margins at its Netherlands and UK plants through Rs75,000mn cost savings for FY26E and transition in UK asset.

- **Balance sheet parameters to remain a comfort:** Net debt stood at Rs773,168mn on Mar'25 and at Rs848,350mn on June 25. Despite capex programme, leverage ratios are comfortable with Net D/E at 0.8x and Net D/EBITDA at 3.1x on Mar'25 and Net D/E at 0.8x on June 25.

Key risks

- UK asset may take time to ramp up and can delay profitability path of Europe business.

- Capex on new projects to risk leverage ratio and delay debt repayments.

Valuations

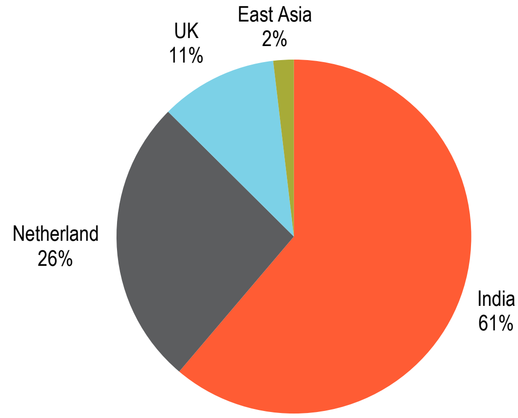
At the CMP, on EV/EBITDA - the stock is trading at 7.4x FY26E and 6.0x FY27E and at a P/BV of 2.1x FY26E and 1.9x FY27E.

We initiate coverage on Tata Steel with BUY and TP of Rs202. We value the company on SoTP basis - India business at 7x its Sept'27 EBITDA and value the Europe business at 5.5xits Sept 27E EBITDA.

Company Overview

Tata Steel manufactures crude steel and value-added steel products. The company has a crude steel capacity of 35mnt, which consists of 27mnt at India and 9mnt in Europe. UK operations undergoing transition to EAF manufacturing.

Fig 33 – Revenue mix across geographies



Source: Company

- Product portfolio comprises both long and flat steel products
- Targets sectors – auto, retail (individual housebuilders), construction, infrastructure, engineering goods, consumer durables.
- Value added product share is 67% of total volumes

Manufacturing assets:

- It has India plants located at Jamshedpur and Kalinganagar in Jharkhand state.

Tata Steel is part of Tata Group

- N Chandrasekaran is Chairman
- TV Narendran is CEO & MD and
- Koushik Chatterjee is CFO.

Fig 34 – Product portfolio

Market	Products/Brands
Auto OEMS	Hot-rolled (HR), Cold-rolled (CR), Coated coils and sheets
Auto ancillaries	HR, CR, Coated steel coils & sheets
Construction	Tata Tiscon (Rebars), Tata Pravesh (Steel doors & Windows), Tata Shaktee (roofing sheets)
Infrastructure	TMT rebars
Industrial	Tata Steelium (CR), Galvano (Coated), Tata Astrum (HR)
Process Industries	Tata Tiscrome (ferro chrome), Tata Ferrromag (ferro manganese), Boiler tubes, Tata pipes

Source: Company

Investment Rationale

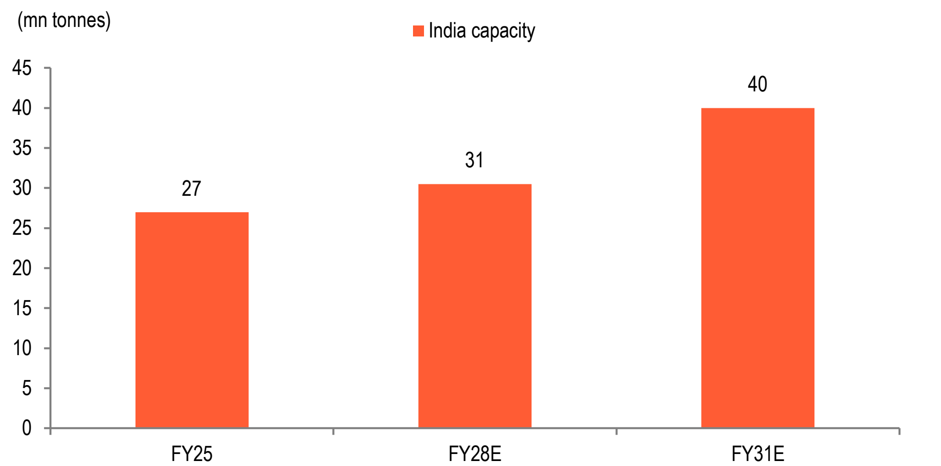
- **Strong India business to continue driving growth performance:**
  - Tata Steel's India business remains strong, anchored by efficient assets at Jamshedpur and Kalinganagar. Its cost advantage is driven by full reliance on captive coal mines. With volume growth and ongoing cost savings, the company is well-positioned for continued EBITDA expansion. Kalinganagar project to add 2.0mnt volumes in FY26 through ramp-up. Project of 5.0mnt was commissioned in Sept'24. Ramp-up to rated capacity underway.
  - Of the Rs115,000mn cost saving target for FY26, India business has a target for Rs40,000mn through reduction in conversion cost.

So, in an environment of subdued demand, India business can withstand volatility in steel prices with cost benefits from captive coal mines.

- **Expansion potential in India business provides long-term growth:** The company plans to increase capacity significantly in the coming years. Its 100% subsidiary – Neelanchal Ispat Nigam Ltd (NINL) – has plans to ramp up the capacity from 1.0mnt to 4.5mnt.

The company targets to reach 40mntpa capacity in India by 2030 from the current 27mntpa through brownfield expansions and would not require greenfield projects for growth.

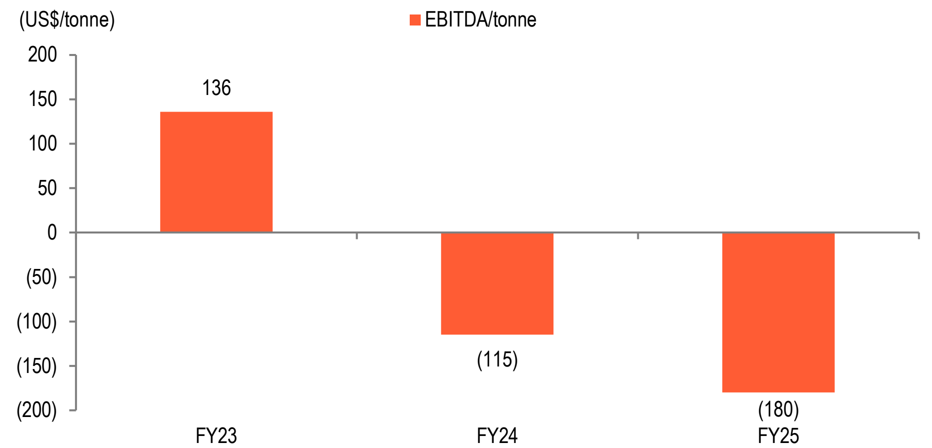
Fig 35 – TATA Steel domestic capacity



Source: Company

- **Europe and UK business on path to improved performance:** Europe portfolio has been undergoing various cost challenges that have led to a weak EBITDA performance in the last 2 years.

Fig 36 – Europe-EBITDA/tonne



Source: Company

The company is implementing a cross geography and cross-function efficiency programme to enhance performance and margins at its Netherlands and UK plants.

Cost efficiency – international operations

- In Netherlands, the company delivered cost saving of Rs14,000mn through better product mix/downstream sales, optimisation of supply chain and procurement costs, and other controllable expenses. It targets cost saving of Rs45,000mn for FY26. In Netherlands, Tata Steel is pursuing a phased decarbonisation roadmap by replacing blast furnaces with DRP-EAF technology, supported by carbon capture and hydrogen or biomethane use.
- In UK, the company delivered cost saving of Rs4,000mn by reducing maintenance, hire & leasing, and other operating charges, and optimising the cost of purchased substrate for conversion. It targets cost saving of Rs30,000mn for FY26E. The UK government's energy cost concessions are expected to significantly lower energy expenses and will lead to UK operations becoming EBITDA positive during the transition as well as once the Electric Arc Furnace (EAF) is operational. The EAF transition is estimated to further reduce costs by at least £150 per ton, with management targeting breakeven for UK operations by FY26 year-end.

Thus, Netherland and UK assets are on a path to increasing operational performance and would generate improved EBITDA performance from FY26 end.

Infusion of funds

In May 2025, the Board has approved infusion of funds USD2.5bn (Rs214,110mn) in Tata Steel Holdings, which invests in the Europe business. This will be done through subscription of shares during FY26.

- **Balance sheet parameters to remain a comfort**:
  - Net debt increased from Rs646,604mn on Mar 23 to Rs773,168mn, due to capacity expansion in Kalinganagar and increase in working capital. Gross debt was Rs889,638mn.
  - Despite capex programmed, leverage ratios are comfortable with Net D/E at 0.8x and Net D/EBITDA at 3.1x on Mar'25.
  - It guided for capex of Rs150,000mn for FY26E — primarily for India operations.

Fig 37 – Overall Debt

(Rs mn)	Mar.23	Mar.24	Mar.25
Long term debt	5,14,463	5,15,767	6,85,518
Short term debt	2,65,714	2,99,972	2,04,120
Total debt	7,80,177	8,15,739	8,89,638
Cash & bank balance	1,33,573	86,777	1,16,470
Net debt	6,46,604	7,28,962	7,73,168
Net D/E	0.6	0.7	0.8
Net D/EBITDA	2.0	3.3	3.1

Source: Company

- **Proven experience in turning around acquired businesses:** Tata Steel benefits from the extensive experience and legacy of the Tata Group, known for its strong track record in driving business performance, fostering innovation, and accelerating sustainable growth across diverse sectors. Tata Steel is led by N Chandrasekaran, Chairman; TV Narendran, CEO & MD and Koushik Chatterjee, CFO.

Key Risks

- UK portfolio may take time to achieve profitability and thus, can impact overall Europe profitability

  Tata Steel UK targets to have EBITDA breakeven by FY26-end. Any delay can postpone growth and profitability and impact growth profile.

- **Capex on new projects to risk leverage ratio, delay debt repayments**

  The company has plans to take India capacity from 27mnt to 40mnt in the coming years through brownfield and greenfield options. Thus, it will have to make a reasonable choice between balance sheet deleveraging or going on aggressive capex. Current Net D/E stands at 0.8x. In an environment of weak demand, operation cashflows will be impacted, which will likely increase working capital and short-term debt. This will have an impact on leverage ratios.

Outlook and Valuation

- India business is well positioned to benefit from the growth cycle and pricing growth. UK business is doing GBP1.25bn capex towards replacing its blast furnace with EAF (electric arc furnace), which will improve the profitability of the Europe business and thereby, overall consolidated profitability. In India, next phase of expansion would start in Neelanchal Ispat Nigam (NINL). With strong India business and recovery in Europe profitability, we expect performance to improve in overseas portfolio as well.
- We estimate 4.7% CAGR volumes growth over the FY25-FY28E period, benefitting from ramp-up in Kalinganagar 5.0mnt project, which will be adding 1.5-2.0mnt incremental in FY26. We estimate EBITDA/t to increase from Rs13,307 in FY25 to Rs17,106 in FY27E and Rs17,442 in FY28E.

Fig 38 – Assumptions

	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
India business						
Sales volumes (mnt)	18	20	21	22	23	24
Realization (Rs/t)	69,960	69,913	62,495	63,745	65,020	65,670
% growth YoY						
Volumes	3.3	9.3	5.2	6.6	4.0	3.5
Realization	(3.4)	(0.1)	(10.6)	2.0	2.0	1.0
India business						
Realization (Rs/t)	69,960	69,913	62,495	63,745	65,020	65,670
Raw material cost/t (Rs)	33,116	29,177	25,905	25,516	25,639	26,012
Employee cost/t	3,631	3,718	3,825	3,732	3,840	4,007
EBITDA/tonne (Rs)	15,204	14,984	13,307	16,259	17,106	17,442
Europe business						
EBITDA/t (USD)	63	(175)	(46)	23	71	73
US – INR	74.0	82.8	85.0	87.0	89.0	91.0
Revenues (Rs mn)	2,433,527	2,291,708	2,185,425	2,393,020	2,518,692	2,605,778
EBITDA (Rs mn)	323,002	223,059	252,985	392,212	468,553	498,135

Source: BOBCAPS Research

- **At CMP, on EV/EBITDA - the stock is trading at 7.4x FY26E and 6.0x FY27E and at a P/BV of 2.1x FY26E and 1.9x FY27E.**
- **With strong India business supported by Europe & UK portfolio, we initiate coverage on Tata Steel with BUY and TP of Rs202. We value the company on SoTP basis - India business at 7.0x its Sept'27E EBITDA and value Europe business at 5.5x its Sept'27E EBITDA.**

Fig 39 – Valuation

Particulars	Sept27 EBITDA (Rs mn)	Multiple (x)	EV (Rs mn)	Value (Rs/share)	Comments
Tata Steel Standalone	4,08,107	7.0	28,56,751	229	Premium to average commodity cycle multiple to account for cost benefit in India business
India Long products	8,781	6.5	57,077	5	
Europe	56,592	5.5	3,11,258	25	At lower-than-average commodity multiple to account for vulnerability to market prices for inputs
Thailand	9,864	5.0	49,318	4	
Total EV	**4,83,344**			**262**	
Less- Net debt			7,73,168	62	As on Mar. 25
Value of Investments			17,786	1	
Target price				**202**	

Source: BOBCAPS Research

Fig 40 – TATA Steel vs consensus

(Rs mn)	FY26E			FY27E			FY28E		
	Our	Consensus	Var (%)	Our	Consensus	Var (%)	Our	Consensus	Var (%)
Revenue	23,93,020	23,20,000	3.1	25,18,692	25,00,000	0.7	26,05,778	26,00,000	(0.1)
EBITDA	3,92,212	3,57,000	9.9	4,68,553	4,13,000	13.5	4,98,135	4,30,000	15.8
EBITDA % margin	16.4	15.4		18.6	16.5		19.1	16.5	
PAT	1,38,056	1,21,000	14.1	1,87,360	1,64,000	14.2	2,10,717	1,83,000	15.1
EPS (Rs)	11	10	14.1	15	13	14.2	17	15	15.1

Source: BOBCAPS Research, Bloomberg

Steel Authority of India (SAIL)

SAIL is embarking on a major expansion program after a four year period, under which it will be doing brownfield and greenfield expansion projects, increasing the overall capacity by 14mn tonnes. Incremental volumes will come in FY29E and onwards. Major capex will come in FY27E-FY31E, due to greenfield expansion project. However, we expect growth to be in line with the industry growth until expansion kicks in.

Valuation is expensive, considering higher fixed costs relative to peers and brings in the risk of pressure on balance sheet once it starts growth capex. We initiate coverage on SAIL with SELL and TP of Rs121, based on 5.5x Sept 27E EBITDA.

Investment Rationale

- **Diversified product mix and stable production profile:** SAIL has a diversified product mix catering to different consumption segments and is a major supplier to Railways (9% of overall volumes).
- **Expansion projects to drive growth:** The company plans to increase crude steel capacity from the current 21mnt to 35mnt by 2031 – increase in capacity by 14mnt. Work will start in FY27. Incremental volume growth from brownfield is expected in FY29E and further through greenfield after FY30E only.
- **Captive iron ore mines control RM cost:** SAIL has benefitted from the usage of captive iron ore mines. Iron ore and coking coal are key raw materials for SAIL. 100% of its iron ore requirements are met through captive mines.
- **Balance sheet:** Net debt increased to Rs288,442mn on Mar. 25 from Net debt of Rs251,111m on Mar.23. Net D/E stands at 0.5x on Mar.25

Key risks

- Capex on expansion projects to risk leverage ratio.
- Coking coal – disruption and price volatility can impact operating profit
- High manpower cost and old blast furnaces to continue impacting margins

Valuations

At the CMP, on EV/EBITDA - the stock is trading at 6.8x FY26E and 6.6xFY27E and at a P/BV of 0.9x FY26E and 0.9x FY27E. We initiate coverage on SAIL with SELL and TP of Rs121, based on 5.5x Sept 27E EBITDA.

Company Overview

- Steel Authority of India (SAIL) manufactures steel and value-added steel products.
- It has a crude capacity of 21mnt.
- Sales volumes in FY25 - It sold 18mnt of crude steel and produced 19mnt with 90% utilisation.

Fig 41 – Installed capacity & utilisation

	FY21	FY22	FY23	FY24	FY25	Q1FY26
Capacity	20.3	21.4	21.4	21.4	21.4	5.4
Production volumes	15.2	17.4	18.3	19.2	19.2	5.1
Utilization %	75.0	81.3	94.0	89.7	89.7	95.3
Sales volumes	14.9	16.2	16.2	18.4	17.9	4.7

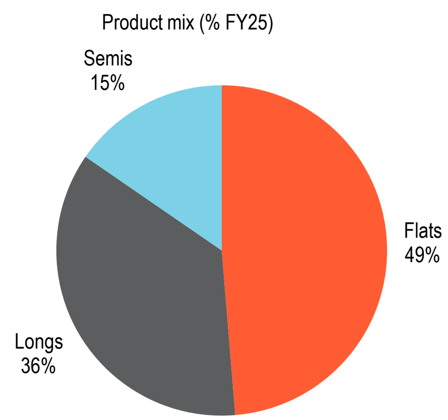
Source: Company

- With a diversified product portfolio, it is a major supplier for Railways along with Jindal Steel ltd.
- Strong distribution network of 59 distributors and 4,768 dealers spread across India.
- Manufacturing assets: It has 5 integrated steel plants and 3 alloy steel plants.
- SAIL is promoted by the Government of India.
  - Amarendu Prakash is Chairman & MD
  - Ashok Kumar Panda is Director (Finance).

Investment Rationale

- **Diversified product mix and stable production profile:** SAIL has a diversified product mix catering to different consumption segments which includes housing, infrastructure and Railways

Fig 42 – Product mix

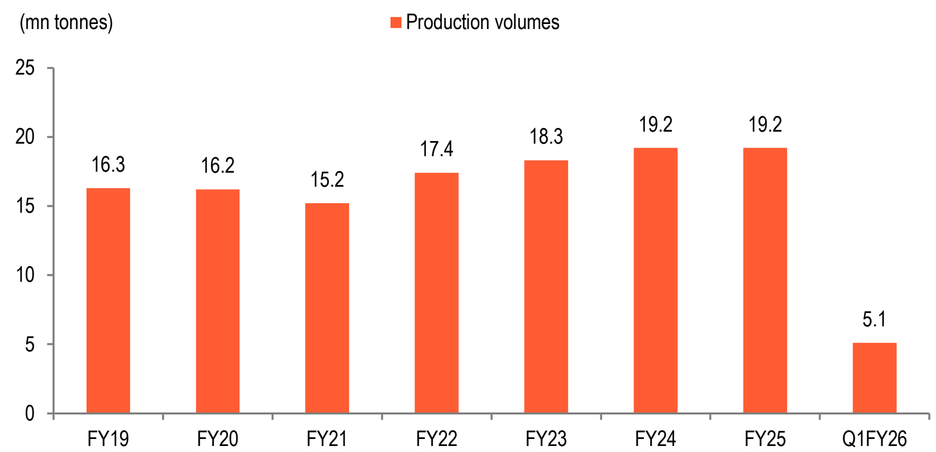


Source: Company

It supplies to Railways where sales volumes are ~ 9% of overall sales volumes. SAIL, along with Jindal Steel Ltd., is key supplier to the Railways. However, payments from the Railways usually come with a lag after 2-3 quarters.

Demand has been good and SAIL has benefitted from the same. Crude production has remained stable in the past, which has led to more than 75% utilisation in the last 4 years.

Fig 43 – Production volumes (mn tonnes)



Source: Company

Considering a strong consumption demand environment, we expect production volumes and sales volumes to remain good with elevated utilisation for assets. Management has given a sales volume guidance of 18.5mnt for FY26E vs 17.9mnt for FY25; a growth of 3.5%YoY.

- **Expansion project to drive growth**: The company plans to ramp up capacity significantly in the coming years.
  - Targets to increase domestic crude capacity by 14mnt from the current 21mnt to 35mnt by 2031.
  - Capex will be funded through a mix of debt and equity.
  - Under this, SAIL plans to undertake greenfield expansion at IISCO facility and brownfield expansion at Durgapur and Bokaro in a phased manner.
  - Brownfield expansion of 0.5mnt, to be commissioned by FY28 and 4.0mnt greenfield at IISCO to be commissioned by FY30. Balance expansion of 10mnt to be done over FY31-FY32.
  - Incremental volume growth from brownfield is expected in FY29 and further through greenfield after FY30 only.

These projects will help expand capacity and leverage the benefit of growing Industry demand in the coming years.

- **Captive iron ore mines control RM cost to some extent:** SAIL has benefitted from the usage of captive iron ore mines. Iron ore and coking coal are key raw materials for SAIL.

- **Iron ore**
  - 100% of its iron ore requirements are met through captive mines.

- **Coal/Coking coal**
  - It gets 13% of requirement from linkage and balance through imported coal. Out of total consumption of 18.7mnt ; 2.4mnt was met from domestic sources and balance ~16.3mnt was from imports.

These iron ore mines helped saved costs from spot market purchases. However, purchases for coal and coking coal make it vulnerable to market price volatility.

- **Balance sheet**
  - Net debt increased to Rs288,442mn on Mar'25 from Rs251,111m on Mar'23. Net D/E stands at 0.5x on Mar'25.
  - Capex will be Rs75,000mn in FY26E. We expect higher than Rs75,000mn for FY27E, on account of expansion projects getting started. Major capex will come in FY27E-FY31E, due to greenfield expansion project. This will increase the overall debt, as expansion through brownfield and greenfield picks up. It has kept its long-term leverage threshold at 1x for D/E.

Fig 44 – Consolidated Debt

Debt	Mar.23	Mar.24	Mar.25
Long term debt	61,126	95,682	1,01,010
Short term debt	1,95,492	2,10,328	1,97,102
Total debt	2,56,618	3,06,010	2,98,111
Cash & bank balance	5,506	6,730	9,669
Net debt	2,51,111	2,99,280	2,88,442
Net debt/Equity	0.5	0.5	0.5
Net debt/EBITDA	3.1	2.7	2.7

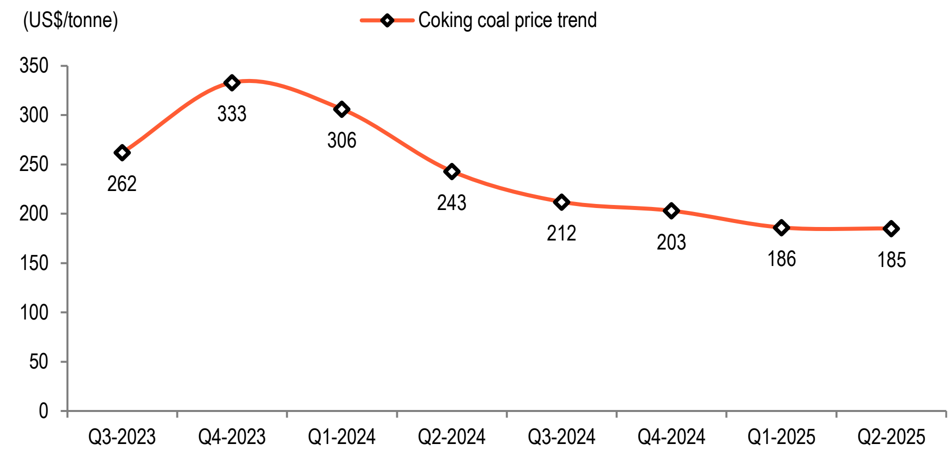
Source: Company

Risks & concerns

- **Capex on expansion projects to risk leverage ratio:**
  - SAIL has plans to ramp up capacity by 14mnt from the current 21mnt to 35mnt by 2031. Major capex will come in FY27E-FY31E due to Greenfield expansion project, which will raise the overall debt. Further, an environment of weak demand during this period can put pressure on the balance sheet and cashflow.

- **Coking coal – disruption and price volatility can impact operating profit**
  - SAIL depends on imported coking coal for most of its requirements. With a limited number of vendors, it gets bulk supply from one geographical area. Thus, risk in terms of interruption can impact the requirement. Also, price volatility can raise operating cost and thus impact EBITDA performance.

Fig 45 – Coking coal price



Source: Company

Coking coal price has moved up from USD333/t in Q42023 to USD185 in Q22025, due to a combination of weak demand and supply side issues in Australia.

- **High manpower cost and old blast furnaces to continue impacting margins**
  - SAIL has a high manpower cost **—** ~ 12.7% of total operating cost **—**higher, relative to 12% for Tata Steel & 3.3% for JSW Steel. Total manpower is 53,159 as on Mar’25. Although there is target annual manpower reduction by 3,000-4,000, this will benefit partially, as it is offset by cost inflation on total employee cost. Thus, it has an impact on overall EBITDA per tonne – at relatively lower EBITDA/tonne vs peers.

Fig 46 – Manpower cost & EBITDA

Details	Tata Steel	JSW Steel	SAIL
Employee cost as % of total cost (%)	12.0	3.3	12.7
EBITDA/t (Rs)	13,307	8,455	5,940

Source: SAIL, Tata Steel, JSW Steel

SAIL has old blast furnaces that account for half of production. These earn lower EBITDA margins than through new blast furnaces.

Thus, high manpower cost and old blast furnaces will continue weighing on margin performance (overall EBITDA per tonne) – at relatively lower EBITDA/tonne vs peers.

Outlook and Valuation

- SAIL is undergoing major expansion programme in which it will be doing brownfield and greenfield expansion projects, increasing the overall capacity by 14mn tonnes. Incremental volumes will come from FY29E onwards. Major capex will come in FY27E-FY31E, due to greenfield expansion project. This will increase the overall debt and can put pressure on the balance sheet and cashflow.
- We estimate 4% CAGR volumes growth over FY25-FY28E period and 2% CAGR pricing growth benefitting from the safeguard duty. Any benefit of brownfield expansion will come in post FY28E. EBITDA expansion will be primarily driven by pricing growth. We estimate EBITDA/t to increase from Rs5,940 in FY25 to Rs6,738 in FY27E and Rs7,696 in FY28E.
- EBITDA per tonne will expand, but remain at discount to large peers, due to higher employee and fixed costs.

Fig 47 – Assumptions

	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Sales volumes (mnt)	16.2	17.0	17.9	18.8	19.5	20.1
Realization (Rs/t)	64,434	61,898	57,266	58,411	59,580	60,473
Utilization (%)	85.5	79.6	83.6	86.1	88.7	91.4
% growth YoY						
Volumes	0.4	5.0	5.1	5.0	4.0	3.0
Realization	0.6	(3.9)	(7.5)	2.0	2.0	1.5
Realization (Rs/t)	64,434	61,898	57,266	58,412	59,580	60,473
Raw material cost/t (Rs)	35,121	31,876	28,445	29,298	30,031	30,031
Employee cost/t	7,436	6,901	6,515	6,385	6,449	6,384
EBITDA/tonne (Rs)	4,950	6,539	5,940	6,608	6,738	7,696
US – INR	74.0	82.8	85.0	87.0	89.0	91.0
Revenues (Rs mn)	1,044,477	1,053,783	1,024,791	1,097,550	1,164,281	1,217,198
EBITDA (Rs mn)	80,394	111,493	106,462	124,329	131,842	155,081

Source: BOBCAPS Research

- **At CMP, on EV/EBITDA - the stock is trading at 6.8x FY26E and 6.6xFY27E and at a P/BV of 0.9x FY26E and 0.9x FY27E.**

Valuation is expensive, considering higher fixed costs relative to peers and the risk of pressure on balance sheet once it starts growth capex, we initiate coverage on SAIL with SELL and TP of Rs121, based on 5.5x Sept 27E EBITDA.

Fig 48 – Valuation

Particulars	Sept27 EBITDA (Rs mn)	Multiple	Value (Rs cr)	Rs/share	Comments
SAIL	1,43,461	5.5	7,89,037	191	Discount to average commodity cycle multiple due to relatively lower EBITDA/t performance
Less - Net debt			2,88,442	70	Net debt on Mar.25
Target price			**5,00,595**	**121**	

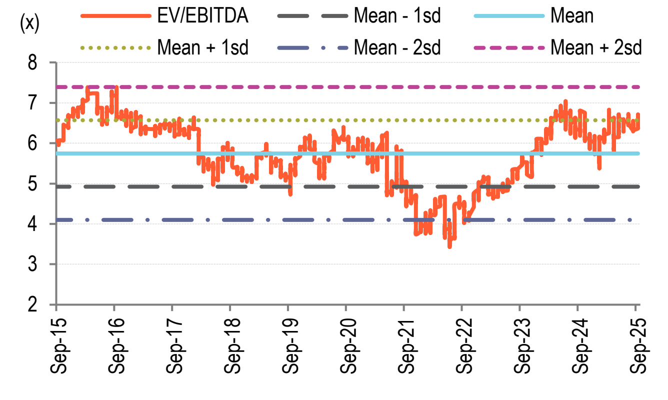
Source: BOBCAPS Research

Fig 49 – SAIL vs consensus

(Rs mn)	FY26E			FY27E			FY28E		
	Our	Consensus	Var (%)	Our	Consensus	Var (%)	Our	Consensus	Var (%)
Revenue	10,97,550	10,80,000	1.6	11,64,281	11,50,000	1.2	12,17,198	11,94,000	1.9
EBITDA	1,24,329	1,23,560	0.6	1,31,842	1,34,900	(2.3)	1,55,081	1,76,370	(12.1)
EBITDA % margin	11.3	11.4		11.3	11.7		12.7	14.8	
PAT	34,773	36,400	(4.5)	37,415	44,000	(15.0)	45,777	54,000	(15.2)
EPS (Rs)	8	9	(4.5)	9	11	(15.0)	11	13	(15.2)

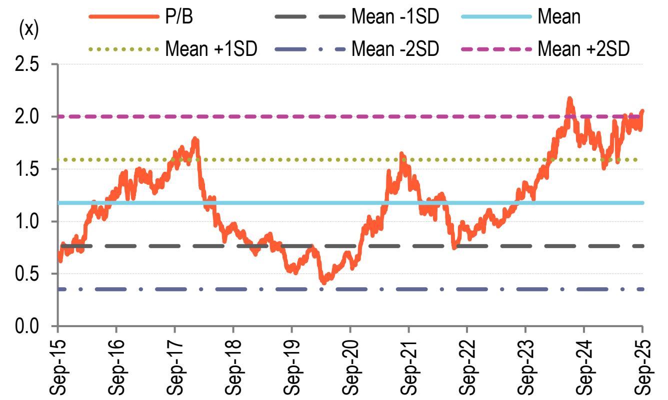
Source: BOBCAPS Research, Bloomberg

Fig 50 – TATA Steel EV/EBITDA 2YF



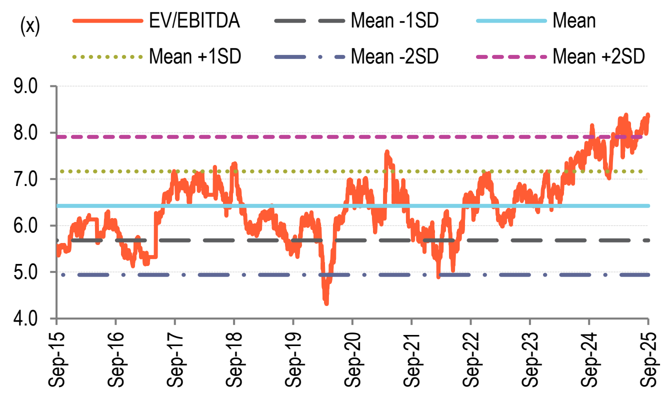
Source: , BOBCAPS Research

Fig 51 – TATA Steel P/B 1YF



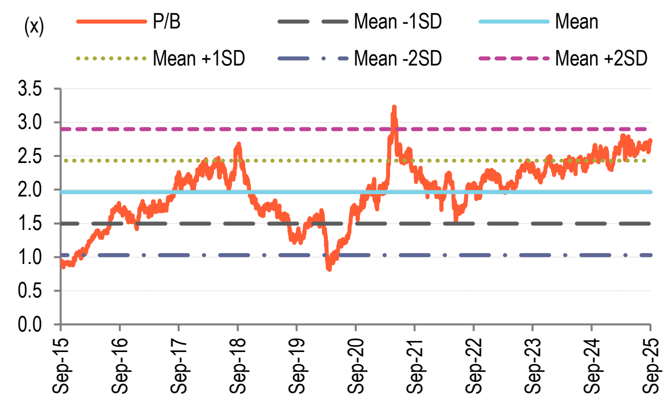
Source: , BOBCAPS Research

Fig 52 – JSW Steel EV/EBITDA 2YF



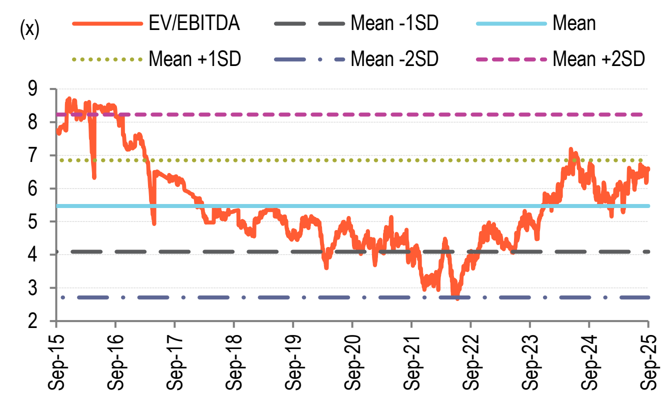
Source: BOBCAPS Research

Fig 53 – JSW Steel P/B 1YF



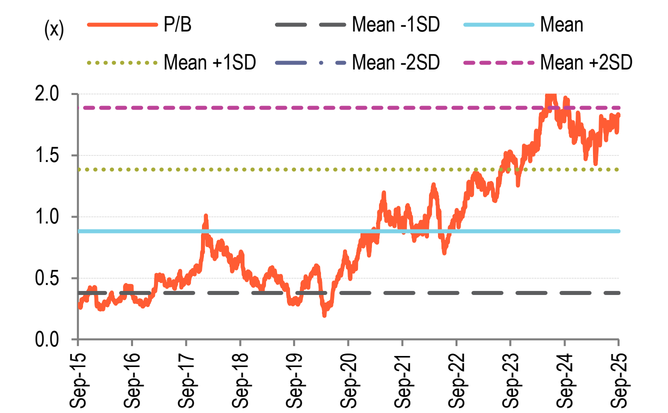
Source: BOBCAPS Research

Fig 54 – Jindal Steel EV/EBITDA 2YF



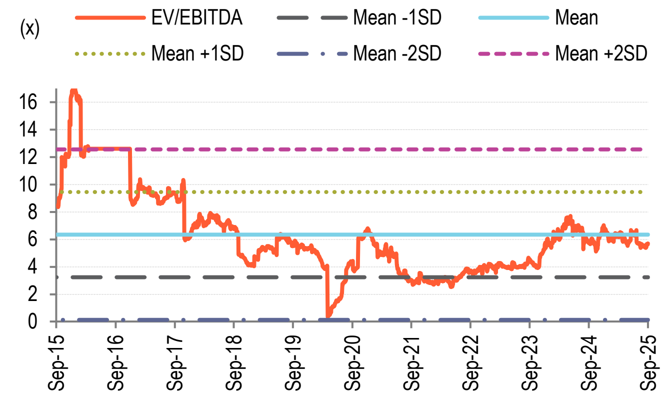
Source: BOBCAPS Research

Fig 55 – Jindal Steel P/B 1YF



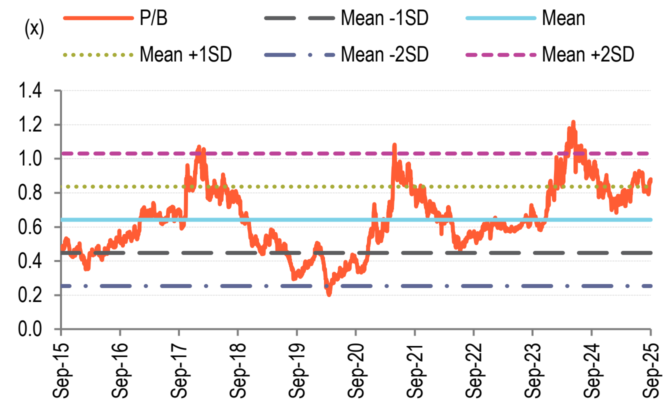
Source: BOBCAPS Research

Fig 56 – SAIL EV/EBITDA 2YF



Source: BOBCAPS Research

Fig 57 – SAIL P/B 1YF



Source: BOBCAPS Research

Stock performance

Fig 58 – JSP

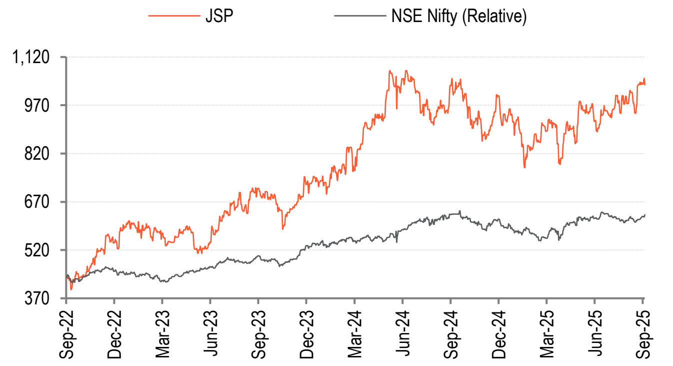


Fig 59 – JSTL

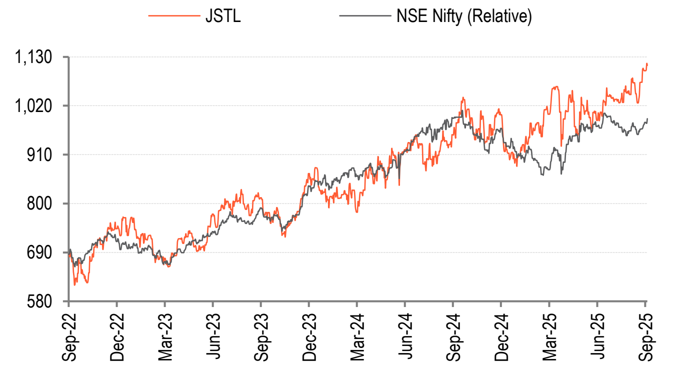


Fig 60 – SAIL

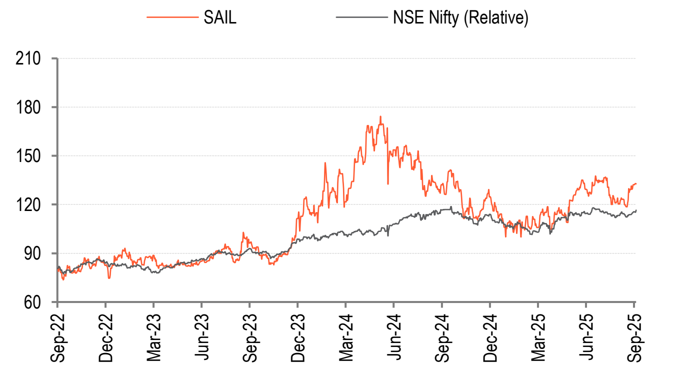
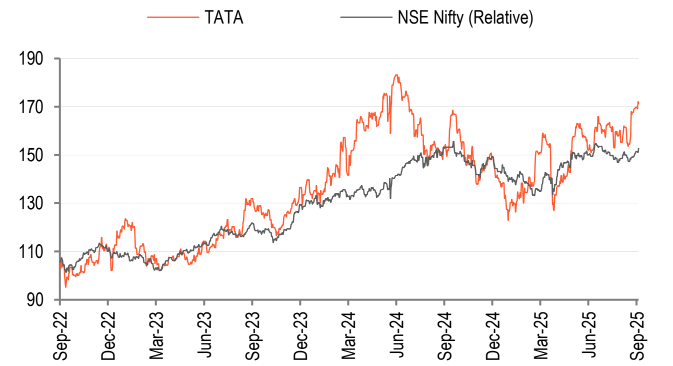


Fig 61 – TATA



Source: NSE

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Financials – JSP

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**5,82,859**	**5,82,402**	**6,03,130**	**7,08,679**	**7,91,174**
EBITDA	1,02,007	94,942	1,33,635	1,76,270	1,95,808
Depreciation	(28,218)	(27,676)	(37,610)	(45,840)	(49,410)
EBIT	75,355	68,942	97,733	1,31,620	1,47,612
Net interest inc./(exp.)	(12,942)	(13,121)	(13,673)	(10,418)	(3,756)
Other inc./(exp.)	1,566	1,675	1,709	1,190	1,214
Exceptional items	0	(12,295)	0	0	0
EBT	62,413	43,526	84,060	1,21,202	1,43,856
Income taxes	(2,980)	(14,979)	(21,856)	(31,513)	(37,403)
Extraordinary items	0	(12,295)	0	0	0
Min. int./Inc. from assoc.	(1)	(91)	0	0	0
Reported net profit	**59,384**	**28,121**	**62,205**	**89,690**	**1,06,454**
Adjustments	0	12,295	0	0	0
Adjusted net profit	**59,384**	**40,416**	**62,205**	**89,690**	**1,06,454**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	46,815	57,125	69,233	81,349	90,819
Other current liabilities	54,168	68,714	68,714	68,714	68,714
Provisions	734	947	947	947	947
Debt funds	1,58,963	1,78,420	1,76,420	1,34,420	49,420
Other liabilities	78,965	78,995	78,995	78,995	78,995
Equity capital	1,002	1,012	1,012	1,012	1,012
Reserves & surplus	4,42,158	4,70,837	5,30,512	6,17,167	7,20,079
Shareholders' fund	4,47,507	4,74,193	5,33,868	6,20,523	7,23,435
Total liab. and equities	**7,87,152**	**8,58,394**	**9,28,177**	**9,84,947**	**10,12,329**
Cash and cash eq.	40,241	41,801	39,414	37,235	32,467
Accounts receivables	16,645	13,629	14,865	17,467	19,500
Inventories	70,774	56,102	69,646	81,834	91,360
Other current assets	42,482	46,543	46,543	46,543	46,543
Investments	1,491	4,956	4,956	4,956	4,956
Net fixed assets	4,57,897	4,74,023	5,31,413	5,75,573	5,96,163
CWIP	88,720	1,55,175	1,55,175	1,55,175	1,55,175
Intangible assets	25,388	15,310	15,310	15,310	15,310
Deferred tax assets, net	0	0	0	0	0
Other assets	37,665	38,430	38,430	38,430	38,430
Total assets	**7,87,152**	**8,58,394**	**9,28,177**	**9,84,947**	**10,12,329**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**69,430**	**1,09,296**	**1,10,816**	**1,43,274**	**1,57,530**
Capital expenditures	(94,054)	(1,04,858)	(95,000)	(90,000)	(70,000)
Change in investments	886	(13,821)	0	0	0
Other investing cash flows	(4,026)	6,249	0	0	0
Cash flow from investing	**(97,194)**	**(1,12,430)**	**(95,000)**	**(90,000)**	**(70,000)**
Equities issued/Others	(3)	9	0	0	0
Debt raised/repaid	34,610	19,456	(2,000)	(42,000)	(85,000)
Interest expenses	(12,942)	(13,121)	(13,673)	(10,418)	(3,756)
Dividends paid	2,005	2,024	2,530	3,035	3,541
Other financing cash flows	(2,833)	(3,676)	(5,059)	(6,071)	(7,083)
Cash flow from financing	**20,837**	**4,692**	**(18,202)**	**(55,453)**	**(92,297)**
Chg in cash & cash eq.	**(6,927)**	**1,559**	**(2,386)**	**(2,179)**	**(4,767)**
Closing cash & cash eq.	**40,241**	**41,800**	**39,414**	**37,235**	**32,467**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	59.2	27.8	61.5	88.6	105.2
Adjusted EPS	59.2	39.9	61.5	88.6	105.2
Dividend per share	2.0	2.0	2.5	3.0	3.5
Book value per share	442.1	466.3	525.3	611.0	712.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.0	2.0	1.9	1.5	1.3
EV/EBITDA	11.5	12.4	8.6	6.2	5.1
Adjusted P/E	17.4	25.9	16.8	11.7	9.8
P/BV	2.3	2.2	2.0	1.7	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	95.1	72.4	74.0	74.0	74.0
Interest burden (PBT/EBIT)	82.8	81.0	86.0	92.1	97.5
EBIT margin (EBIT/Revenue)	12.9	11.8	16.2	18.6	18.7
Asset turnover (Rev./Avg TA)	67.5	60.5	67.5	74.1	79.2
Leverage (Avg TA/Avg Equity)	1.8	1.8	1.8	1.7	1.5
Adjusted ROAE	14.3	8.8	12.4	15.6	15.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(5.1)	(0.5)	21.2	17.5	11.6
EBITDA	2.7	(6.9)	40.8	31.9	11.1
Adjusted EPS	31.0	(32.6)	53.9	44.2	18.7
Profitability & Return ratios (%)					
EBITDA margin	17.5	16.3	22.2	24.9	24.7
EBIT margin	12.9	11.8	16.2	18.6	18.7
Adjusted profit margin	10.2	6.9	10.3	12.7	13.5
Adjusted ROAE	14.3	8.8	12.4	15.6	15.9
ROCE	11.8	9.7	12.9	16.2	17.5
Working capital days (days)					
Receivables	12	10	9	9	9
Inventory	52	41	42	42	42
Payables	43	52	54	56	56
Ratios (x)					
Gross asset turnover	0.7	0.6	0.7	0.7	0.8
Current ratio	1.1	1.1	1.1	1.1	1.1
Net interest coverage ratio	5.8	5.3	7.1	12.6	39.3
Adjusted debt/equity	0.3	0.3	0.2	0.1	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Financials – JSTL

Income Statement

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**1,750**	**1,688**	**1,920**	**2,148**	**2,368**
EBITDA	282	229	370	446	481
Depreciation	(82)	(93)	(109)	(118)	(127)
EBIT	201	136	261	328	354
Net interest inc./(exp.)	(81)	(84)	(80)	(73)	(68)
Other inc./(exp.)	10	7	7	7	7
Exceptional items	6	(5)	0	0	0
EBT	136	54	188	262	293
Income taxes	(44)	(16)	(58)	(81)	(91)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(2)	(3)	(3)	(3)	(3)
Reported net profit	**88**	**35**	**127**	**178**	**199**
Adjustments	(6)	5	0	0	0
Adjusted net profit	**82**	**40**	**127**	**178**	**199**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	157	120	137	153	169
Other current liabilities	317	343	343	343	343
Provisions	4	3	3	3	3
Debt funds	856	960	940	850	800
Other liabilities	150	165	165	165	165
Equity capital	3	3	3	3	3
Reserves & surplus	774	792	911	1,081	1,271
Shareholders' fund	798	817	936	1,106	1,296
Total liab. and equities	**2,282**	**2,407**	**2,523**	**2,619**	**2,775**
Cash and cash eq.	123	133	148	153	229
Accounts receivables	75	84	90	95	99
Inventories	378	350	403	457	510
Other current assets	68	83	83	83	83
Investments	74	96	96	96	96
Net fixed assets	1,051	1,168	1,209	1,241	1,265
CWIP	292	205	205	205	205
Intangible assets	66	68	68	68	68
Deferred tax assets, net	0	0	0	0	0
Other assets	228	259	259	259	259
Total assets	**2,282**	**2,407**	**2,523**	**2,619**	**2,775**

Cash Flows

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**172**	**207**	**276**	**329**	**356**
Capital expenditures	(231)	(126)	(150)	(150)	(150)
Change in investments	(25)	(80)	0	0	0
Other investing cash flows	(28)	(9)	0	0	0
Cash flow from investing	**(284)**	**(215)**	**(150)**	**(150)**	**(150)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	67	104	(20)	(90)	(50)
Interest expenses	(81)	(84)	(80)	(73)	(68)
Dividends paid	18	7	7	8	9
Other financing cash flows	24	(9)	(18)	(19)	(21)
Cash flow from financing	**28**	**17**	**(111)**	**(174)**	**(130)**
Chg in cash & cash eq.	**(84)**	**9**	**15**	**5**	**76**
Closing cash & cash eq.	**123**	**133**	**148**	**153**	**229**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	36.1	14.4	51.9	72.9	81.5
Adjusted EPS	33.7	16.4	51.9	72.9	81.5
Dividend per share	7.3	2.8	3.1	3.3	3.6
Book value per share	318.3	325.8	374.6	444.3	522.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.9	2.1	1.8	1.6	1.4
EV/EBITDA	11.9	15.1	9.4	7.6	6.8
Adjusted P/E	33.0	67.9	21.4	15.2	13.6
P/BV	3.5	3.4	3.0	2.5	2.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	63.4	67.9	67.3	67.8	67.9
Interest burden (PBT/EBIT)	64.6	43.2	71.9	80.0	82.7
EBIT margin (EBIT/Revenue)	11.5	8.1	13.6	15.3	14.9
Asset turnover (Rev./Avg TA)	79.7	72.0	77.9	83.5	87.8
Leverage (Avg TA/Avg Equity)	3.1	3.0	2.9	2.6	2.3
Adjusted ROAE	11.5	5.1	14.8	17.8	16.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	5.5	(3.5)	13.7	11.9	10.3
EBITDA	52.2	(18.9)	61.7	20.4	7.8
Adjusted EPS	131.4	(51.4)	217.1	40.5	11.8
Profitability & Return ratios (%)					
EBITDA margin	16.1	13.6	19.3	20.8	20.3
EBIT margin	11.5	8.1	13.6	15.3	14.9
Adjusted profit margin	4.7	2.4	6.6	8.3	8.4
Adjusted ROAE	11.5	5.1	14.8	17.8	16.9
ROCE	12.5	7.6	13.5	16.1	16.5
Working capital days (days)					
Receivables	16	18	17	16	15
Inventory	79	76	77	78	79
Payables	39	30	32	33	33
Ratios (x)					
Gross asset turnover	0.8	0.7	0.8	0.8	0.9
Current ratio	1.0	1.2	1.3	1.3	1.5
Net interest coverage ratio	2.5	1.6	3.2	4.5	5.2
Adjusted debt/equity	0.9	0.9	0.8	0.6	0.4

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Financials – SAIL

Income Statement

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**10,53,783**	**10,24,791**	**10,97,550**	**11,64,281**	**12,17,198**
EBITDA	1,11,493	1,06,462	1,24,329	1,31,842	1,55,081
Depreciation	(52,784)	(56,507)	(64,100)	(68,850)	(75,975)
EBIT	58,709	49,955	60,229	62,991	79,106
Net interest inc./(exp.)	(24,739)	(27,932)	(29,081)	(28,552)	(33,737)
Other inc./(exp.)	10,670	8,750	8,750	8,925	9,104
Exceptional items	(8,408)	(3,126)	0	0	0
EBT	40,618	32,515	44,815	48,330	59,487
Income taxes	(9,951)	(8,797)	(10,042)	(10,915)	(13,711)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4,868	4,916	4,966	5,015	5,065
Reported net profit	**30,667**	**23,718**	**34,773**	**37,415**	**45,777**
Adjustments	8,408	3,126	0	0	0
Adjusted net profit	**39,075**	**26,844**	**34,773**	**37,415**	**45,777**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,53,324	1,05,040	1,00,470	1,09,768	1,14,757
Other current liabilities	1,58,052	1,45,849	1,45,849	1,45,849	1,45,849
Provisions	12,941	13,911	13,911	13,911	13,911
Debt funds	3,06,010	2,98,111	3,06,111	3,35,911	3,96,911
Other liabilities	2,05,747	2,11,743	2,11,743	2,11,743	2,11,743
Equity capital	41,305	41,305	41,305	41,305	41,305
Reserves & surplus	5,29,707	5,47,751	5,69,719	5,93,709	6,23,997
Shareholders' fund	5,71,012	5,89,056	6,11,024	6,35,015	6,65,302
Total liab. and equities	**14,07,086**	**13,63,709**	**13,89,107**	**14,52,196**	**15,48,472**
Cash and cash eq.	6,730	9,669	4,683	4,902	5,577
Accounts receivables	83,554	76,099	90,523	97,622	1,02,059
Inventories	3,73,467	3,37,433	3,52,493	3,77,115	3,94,255
Other current assets	63,879	41,602	41,602	41,602	41,602
Investments	45,900	49,765	49,765	49,765	49,765
Net fixed assets	6,54,151	6,50,614	6,51,513	6,82,663	7,56,688
CWIP	61,406	72,062	72,062	72,062	72,062
Intangible assets	14,889	14,257	14,257	14,257	14,257
Deferred tax assets, net	0	0	0	0	0
Other assets	1,49,011	1,61,973	1,61,973	1,61,973	1,61,973
Total assets	**14,07,086**	**13,63,709**	**13,89,107**	**14,52,196**	**15,48,472**

Cash Flows

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**38,143**	**1,19,932**	**93,899**	**1,12,396**	**1,38,902**
Capital expenditures	(54,107)	(76,169)	(65,000)	(1,00,000)	(1,50,000)
Change in investments	(4,037)	(3,865)	0	0	0
Other investing cash flows	6,637	4,813	0	0	0
Cash flow from investing	**(51,507)**	**(75,221)**	**(65,000)**	**(1,00,000)**	**(1,50,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	49,392	(7,899)	8,000	29,800	61,000
Interest expenses	(24,739)	(27,932)	(29,081)	(28,552)	(33,737)
Dividends paid	(8,261)	(10,739)	(12,805)	(13,424)	(15,489)
Other financing cash flows	(1,805)	4,798	0	0	0
Cash flow from financing	**14,587**	**(41,772)**	**(33,885)**	**(12,177)**	**11,773**
Chg in cash & cash eq.	**1,223**	**2,939**	**(4,986)**	**219**	**675**
Closing cash & cash eq.	**6,730**	**9,669**	**4,683**	**4,902**	**5,577**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	7.4	5.7	8.4	9.1	11.1
Adjusted EPS	9.5	6.5	8.4	9.1	11.1
Dividend per share	2.0	2.6	3.1	3.3	3.8
Book value per share	138.2	142.6	147.9	153.7	161.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.8	0.8	0.8	0.7	0.7
EV/EBITDA	7.4	7.9	6.8	6.6	5.9
Adjusted P/E	14.0	20.4	15.8	14.7	12.0
P/BV	1.0	0.9	0.9	0.9	0.8

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	79.7	75.3	77.6	77.4	77.0
Interest burden (PBT/EBIT)	83.5	71.3	74.4	76.7	75.2
EBIT margin (EBIT/Revenue)	5.6	4.9	5.5	5.4	6.5
Asset turnover (Rev./Avg TA)	77.7	74.0	79.7	82.0	81.1
Leverage (Avg TA/Avg Equity)	2.4	2.4	2.3	2.3	2.3
Adjusted ROAE	698.7	462.8	579.5	600.5	704.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	0.9	(2.8)	7.1	6.1	4.5
EBITDA	38.7	(4.5)	16.8	6.0	17.6
Adjusted EPS	103.7	(31.3)	29.5	7.6	22.3
Profitability & Return ratios (%)					
EBITDA margin	10.6	10.4	11.3	11.3	12.7
EBIT margin	5.6	4.9	5.5	5.4	6.5
Adjusted profit margin	3.7	2.6	3.2	3.2	3.8
Adjusted ROAE	7.0	4.6	5.8	6.0	7.0
ROCE	6.6	5.4	6.2	6.2	7.2
Working capital days (days)					
Receivables	29	27	30	31	31
Inventory	129	120	117	118	118
Payables	59	42	38	39	39
Ratios (x)					
Gross asset turnover	0.8	0.7	0.8	0.8	0.8
Current ratio	1.0	1.0	1.1	1.1	1.2
Net interest coverage ratio	2.4	1.8	2.1	2.2	2.3
Adjusted debt/equity	0.5	0.5	0.5	0.5	0.6

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – TATA

Income Statement

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**2,292**	**2,185**	**2,393**	**2,519**	**2,606**
EBITDA	223	253	392	469	498
Depreciation	(99)	(104)	(128)	(138)	(145)
EBIT	142	164	279	347	370
Net interest inc./(exp.)	(75)	(73)	(76)	(71)	(60)
Other inc./(exp.)	18	15	16	16	16
Exceptional items	(78)	(9)	0	0	0
EBT	(11)	82	203	276	310
Income taxes	(38)	(52)	(65)	(88)	(99)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(1)	2	0	0	0
Reported net profit	**(44)**	**34**	**138**	**187**	**211**
Adjustments	78	9	0	0	0
Adjusted net profit	**34**	**43**	**138**	**187**	**211**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	354	293	324	340	352
Other current liabilities	292	325	325	325	325
Provisions	38	39	39	39	39
Debt funds	816	890	850	750	630
Other liabilities	310	334	334	334	334
Equity capital	12	12	12	12	12
Reserves & surplus	908	899	989	1,125	1,282
Shareholders' fund	924	914	1,004	1,140	1,296
Total liab. and equities	**2,734**	**2,794**	**2,874**	**2,928**	**2,976**
Cash and cash eq.	87	116	124	156	199
Accounts receivables	63	53	58	61	63
Inventories	492	446	492	518	536
Other current assets	57	64	64	64	64
Investments	55	58	58	58	58
Net fixed assets	1,235	1,252	1,274	1,266	1,251
CWIP	334	406	406	406	406
Intangible assets	195	197	197	197	197
Deferred tax assets, net	0	0	0	0	0
Other assets	264	254	254	254	254
Total assets	**2,734**	**2,794**	**2,874**	**2,928**	**2,976**

Cash Flows

Y/E 31 Mar (Rs bn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**183**	**246**	**322**	**385**	**407**
Capital expenditures	(151)	(196)	(150)	(130)	(130)
Change in investments	22	1	0	0	0
Other investing cash flows	46	15	0	0	0
Cash flow from investing	**(84)**	**(180)**	**(150)**	**(130)**	**(130)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	36	74	(40)	(100)	(120)
Interest expenses	(75)	(73)	(76)	(71)	(60)
Dividends paid	45	45	48	51	54
Other financing cash flows	(152)	(82)	(96)	(102)	(109)
Cash flow from financing	**(146)**	**(37)**	**(164)**	**(222)**	**(234)**
Chg in cash & cash eq.	**(47)**	**30**	**7**	**32**	**43**
Closing cash & cash eq.	**87**	**116**	**124**	**156**	**199**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	(3.6)	2.7	11.1	15.0	16.9
Adjusted EPS	2.7	3.4	11.1	13.9	16.9
Dividend per share	3.6	3.6	3.9	4.1	4.4
Book value per share	73.8	73.1	80.3	91.2	103.8

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.2	1.3	1.2	1.1	1.0
EV/EBITDA	12.6	11.4	7.4	6.0	5.3
Adjusted P/E	63.3	50.0	15.5	12.3	10.1
P/BV	2.3	2.3	2.1	1.9	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	50.2	47.1	68.0	68.0	68.0
Interest burden (PBT/EBIT)	47.3	55.3	72.6	79.5	83.8
EBIT margin (EBIT/Revenue)	6.2	7.5	11.7	13.8	14.2
Asset turnover (Rev./Avg TA)	81.0	78.4	84.4	86.8	88.3
Leverage (Avg TA/Avg Equity)	2.9	3.0	3.0	2.7	2.4
Adjusted ROAE	3.5	4.7	14.4	17.5	17.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(5.9)	(4.6)	10.4	5.3	3.5
EBITDA	(30.9)	13.4	55.0	19.5	6.3
Adjusted EPS	(61.8)	26.6	222.9	35.7	12.5
Profitability & Return ratios (%)					
EBITDA margin	9.7	11.6	16.4	18.6	19.1
EBIT margin	6.2	7.5	11.7	13.8	14.2
Adjusted profit margin	1.5	2.0	5.8	7.4	8.1
Adjusted ROAE	3.5	4.7	14.4	17.5	17.3
ROCE	6.7	7.8	12.9	15.7	16.5
Working capital days (days)					
Receivables	10	9	9	9	9
Inventory	79	75	75	75	75
Payables	63	55	59	61	61
Ratios (x)					
Gross asset turnover	0.8	0.8	0.8	0.9	0.9
Current ratio	0.7	0.8	0.8	0.9	0.9
Net interest coverage ratio	(1.9)	(2.2)	(3.7)	(4.9)	(6.2)
Adjusted debt/equity	0.8	0.8	0.7	0.5	0.3

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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