Aerospace, Defense, Metals & Mining: Feedback from Singapore and Hong Kong Marketing

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We met about 25 investors during our recent marketing trip to Singapore and Hong Kong. Key discussion points from our meetings and interactions: 1) **Defense**: Investors wanted to know the likely major orders in FY27 and were interested to know the reasons for weak order inflow in Q1FY27; 2) **Metals & Mining**: Investors wanted to understand the direction of steel prices and likely consumption growth; 3) Compared to the last visit, there were fewer queries on the valuations; and 4) Investors specifically inquired on the stocks with category leadership or unique proposition. Overall, investors agreed that the Defense sector has performed well even in the backdrop of overall weak India market performance and easing of US-Iran tensions. Furthermore, they wanted to understand if the Indian defense sector had sufficient legs to outperform despite the structural upcycle in global defense sector witnessing headwinds. On Metals, investors wished to understand the reasons of more weakness in flats prices compared to longs, but in general appeared to be in wait and watch mode in the seasonally weak period. In case In terms of actionable, 1) Investors we met were positive on Solar Industries in Aerospace & Defense and JSW Steel in Metals & Mining; 2) Investors are weighing Hindustan Aeronautics (HAL) and Bharat Electronics (BEL) considering valuations and potential earnings surprises; 3) Among mid-caps, PTC Industries was discussed the most. A lot of investors also inquired on Shyam Metalics; and 4) In precision components machining space, investors favored Azad Engineering over others.

Overall: Most of our interactions started with investors wanting to discuss the Defense space, particularly catalysts for individual stocks. Investors we met wanted to understand the potential order inflow in the next couple of years and the focus areas of the government in defense. They were broadly of the view that the defense spending will continue to rise, regardless of fiscal balancing between consumption and capex. However, they were circumspect of the weak order inflow thus far in Q1FY27. Most of the investors agreed that our themes of increasing TAM, Indigenization and Exports still stay relevant. Many investors we met wanted to understand the drone and radar electronics market in India. In Metals, investors wanted to understand the direction of steel prices, parity with imports and demand conditions. On valuations, there was a slight push back for JSW Steel and BEL, though investors were comfortable with HAL.

Key points from discussion on Defense companies

Solar Industries (Buy): SOIL was the most discussed stock among large-caps and most of the investors agreed that it is a clear Buy among the Defense picks. In this

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stock, the most common question from investors was the sustainability of the recent stock price run-up. Investors wanted to get more details on the execution of the order book and there were queries around the participation of the company in the bidding for MALE UAVs. Also, there were queries on the near-term catalysts and likely TAM of 155mm shells and Counter-drone system (Bhargavastra). Certain sections of investors wanted to understand the earnings impact of the recent downtick in the Ammonium Nitrate prices and the key drivers behind the impressive growth of international (non-defense) business. Also, investors were wondering about the transition of the company from being an explosives' player to a complex platform player, bidding for the MALE drone project and the R&D capability of the company. That said, most of the investors are of the view while the stock appears to be expensive, the earnings growth and robust balance sheet seem to work in its favor and justify the valuations.

PTC Industries (Buy): PTCIL was the most discussed mid-cap stock in our meetings due to its steep earnings growth trajectory. Investors we met inquired on the order backlog, potential inflow and commissioning timelines of capacity. There was a broad-based acknowledgment of the company's existing customer base and investors wished to understand the competitive moat for the company. Some investors drew comparisons with Howmet Aerospace (covered by our US Aerospace & Defence analyst, Noah Poponak) and Precision Cast Corp (PCC) and wished to analyze the difference in business model, products and capabilities of both. There was a discussion of the entry barriers in the Titanium and Superalloys business and the relative margins of Castings and Ingots. There was a slight pushback on the FY-2 valuations, though most of the investors agreed if our earnings growth estimates are realised, the stock is not at a steep valuation. That said, some investors pointed out the relatively low trading volume in the stock. Most of the investors we interacted agreed that the company has a unique business model and leadership position in large castings space.

Bharat Electronics (Buy): A lot of investors we met were perplexed about the relative underperformance of BEL. Investors expressed concern if the margins have peaked out and the impact of sharply escalated semiconductor prices on the same. On order accretion front, investors seemed to be worried about the tepid inflow in Q1FY27 and wished to understand the timeline of QRSAM order. A lot of investors were wondering if the company's order book at <3x for revenue, implies that revenue growth is likely to slow down. Furthermore, investors wanted to understand in detail the order pipeline (and near-term catalysts) for the company and how long the revenue growth of plus-15% could last. A few investors also wished to understand the preparedness of BEL in executing new-age electronics orders on its own. On valuations, investors mentioned that the premium to HAL had expanded and the stock lacked attractiveness unless there is a positive surprise on order book accretion.

Hindustan Aeronautics (Neutral): Many investors seemed to have warmed up significantly for HAL compared to last marketing trip in Jan-26. Almost all the investors wished to understand if there was clarity on timelines pertaining to engine delivery from GE Aerospace (covered by our US Aerospace & Defence analyst, Noah Poponak) and delivery of 5 Tejas Mk-1A to the IAF. There was a consensus that the deliveries of Tejas Mk-1A are likely to commence from Sep'26 and from there on, the delivery of Tejas Mk-1A is likely to be contingent on engine deliveries from GE Aerospace. Most of the investors were of the opinion that integration issues on Tejas Mk-1A are likely to get streamlined soon and street is undermining the earnings from the delivery of

LCH-Prachand and manufacture of Su-30 MK-I. On the valuation front, most of the investors were fairly comfortable and mentioned that earnings cuts hereon are highly unlikely. They also mentioned that Repair and Overhaul (RoH) revenue is also likely to grow higher than 8%.

Bharat Dynamics (Sell): A lot of investors queried the recent sharp price uptick in the stock. While the investors were comfortable on the order book and expect a strong order inflow of INR 150bn in FY27 (including INR 100bn from QRSAM), they were concerned on the execution of the existing contracts. Many investors wished to understand the extent of external dependence on the platforms currently being executed to get comfort on the revenue in FY27/FY28. A lot of investors were also concerned on the management's guidance of EBITDA margin of 10-15%, during their interaction with the latter: while the investors agreed that >100% revenue growth is likely in FY27E due to spill-over of Akash Weapon Systems (AWS) execution in FY27, they were concerned on lack of export orders currently that is likely to adversely impact the margins.

Azad Engineering (Buy): Investors are familiar with the Azad stock and sought to compare the company's business model with other precision component manufacturing companies. Most of the investors liked the high earnings growth trajectory and margin profile of the company. Besides, Azad's existing customer profile and product portfolio also appears to be better compared to peers according to investors. However, investors seemed wary of high working capital requirement and capex intensity of the company. Per investors, the ongoing development of the ATGG engine and foray into the hot section of turbine through contract with Mitsubishi Heavy Engineering (MHE) are the two key catalysts for the company. A lot of investors also inquired about the fit of Azad to the Datacenter theme and development programs in Aerospace segment. Also, the company's moats and qualification timeline for its products were discussed.

Astra Microwave (Buy): Investors were trying to understand the reasons behind the recent sharp uptick in the stock price of the company. A few investors wanted to understand the company's strategy for Space vertical, Counter-drone system and IP-enabled products. Some investors were wondering if there was a case for Astra Microwave growing bigger and faster in the context of the government's focus on new age electronics and the company's involvement in key defense platforms such as Tejas Mk-1A, Su-30 upgrades, Space and Naval platforms etc. being rolled out. There were lot of queries on comparisons with Data Patterns and the differences in business model between the two companies.

Data Patterns (Buy): Most of the investors know about the strengths of the company and asked us about the sustainability of the robust margins. A lot of investors appreciated the IP-driven business model of the company but were puzzled by the sharp uptick in the stock price movement. Some investors inquired about the exports opportunity, particularly in light of possible Brahmos deal with Vietnam and UAE. Also, export opportunities for the company, particularly in light of the recent Precision Approach Radar (PAR) order were extensively discussed. Investors also
understand about the working capital cycle and overall R&D investment
company.



Key points from discussion on Metals & Mining companies

JSW Steel (Buy): Investors seemed fine with the volume growth trajectory of the company but inquired about the possibility of delay in projects and/or cost over-runs. A few investors wished to understand about the raw material security of the company and the peak net debt/EBITDA. Certain investors wanted to run the sensitivity of earnings to coking coal and steel prices. The only push-back we received was on valuation, as JSW Steel is the most expensive steel stock in the world (of companies with more than 3mtpa capacity) on EV/EBITDA (2yr-fwd) per Bloomberg consensus.

Tata Steel (Neutral): A lot of investors queried the extent of (India) realization uptick (QoQ) in Q1FY27 against management's guidance of INR 6,000/t. Few investors were of the opinion that in the near term, EU prices might go significantly up owing to regulatory changes pertaining to quota system and carbon border adjustment in Europe. Furthermore, some investors were of the view that India's realization might rise further in Q2FY27 owing to auto contracts getting negotiated at higher prices. A lot of investors we spoke to were of the opinion that downside in the stock appears relatively limited.

Jindal Steel (Neutral): Investors we interacted with primarily wanted to understand if the company would be able to deliver the volume growth of 20% YoY in FY27. Also, few investors were of the view that the recent weakness in the Jindal Steel stock price has tracked the downturn in longs prices and is overdone as the incremental volume growth of the company is likely to come in flats. That said, investors believe that the stock's price performance is likely to stay muted until Oct'26 when infrastructure activities start to pick up again, driving longs prices up. Some investors also wished to know if management plans to start providing volume updates every month and inquired about the completion of slurry pipeline project and ramp up of captive coal mining operations. Few investors also inquired on the next capacity expansion announcement by the company.

Shyam Metalics (Buy): Investors inquired on the company's vision FY31 and the key building blocks for the same. Investors wanted to understand the rationale behind the management's unique business model of having carbon steel, stainless steel and aluminium foil capacity under one roof. Also, they wished to understand the company's capability in standing up to the incumbents in stainless steel and aluminium foil. Investors also inquired on the capex intensity of the company and timeliness/adherence to the announced capex plans in the past. Investors also wanted to understand if the valuation of Shyam Metalics appeared excessive compared to peers.

NMDC (Sell): Most of the investors wished to understand the ratione behind our Sell call, despite better performance of RoE compared to steel companies. That said, investors agreed with our view that the management's plan of achieving 100mtpa of sales volume by FY30E looks like an uphill task. On prices as well, investors were concerned on the recent hike taken by NMDC, despite domestic downturn in rebar prices. Overall, investors were comfortable on valuations, but remain cautious on volume growth trajectory.

Investment Thesis and Price Target Risks & Methodology for each stock

PTC Industries

PTCIL was incorporated in 1963, and caters to aerospace, defense, oil and gas, power and marine industries. The company is setting up a 6,700tpa Ti ingot and 900tpa Superalloys ingot capacity and is also enhancing its casting capacity for both Ti and Superalloys casting. PTCIL is one of the few players in the world to have developed single crystal blade technology, used in hot part of the turbine/aero engine. PTCIL holds a unique position within the domestic processed material industry, being the sole player with capabilities to produce both Ti/SA in ingot and castings form. The global Aerospace Ti supply chain is already facing ongoing challenges from geopolitical conflicts. In this scenario, we see capacity ramp up at PTCIL's facility happening faster-than-expected and believe there is an ample opportunity within the domestic defense ecosystem, driven by the Ministry of Defence's (MoD's) focus on indigenization, and PTCIL is the only supplier for advanced hot turbine section components. We are Buy rated on PTCIL.

We estimate an EPS CAGR of 51% through FY35E, firmly placing PTCIL as one of the fastest growing participants in our India Defense coverage. Consistent with our approach for other stocks in our India Defense coverage, we derive our 12-month target price for PTCIL on a P/E-based methodology. Specifically, we discount PTCIL's FY31E EPS by its cost of equity (11.5%) to FY28E and apply a target multiple of 27x P/E (FY-2), corresponding to the global peer-set's average P/E (FY-2). Accordingly, our 12m TP for PTCIL is INR 25,770/sh on P/E methodology and implies a P/E of 191x and 64x on our FY27E and FY28E EPS respectively.

Key risks: Slower-than-expected ramp up of capacity, slower-than-expected aircraft build rates, delay in qualification.

Solar Industries

SOIL started with the trading of explosives in 1983 and ventured into explosives manufacturing in 1996. It manufactures bulk explosives, packaged explosives, and initiating systems, which find application in mining, infrastructure and construction industries. The company forayed into the defense sector in 2010 and diversified into the manufacturing of propellants for missiles and rockets, warheads and warhead explosives. At present, there are 32 manufacturing plants in India, in addition to 7 overseas units.

Currently, SOIL plans to invest INR 127bn over the next 10 years to expand and diversify its capacity in high-margin defense segment. In our view, the company is well-positioned to benefit from a global shortage of energetic materials. On order books, the defense segment has an order backlog in excess of INR 155bn, of which INR 85bn is towards exports. The company is augmenting its capabilities by making a foray into focused segments such as UAVs, Medium and large carbine ammunition and Strategic systems. We also expect international non-defense business to be a key growth enabler as the company expands its presence in both existing and new geographies. On financials, SOIL has the best asset turns compared to global and local peers. Its cash conversion cycle of 90 days is the best among domestic defense companies. We are Buy rated on SOIL.

Price Target Risks and Methodology

We derive our 12-month target price for SOIL on a P/E-based methodology. Specifically, we discount SOIL's FY31E EPS by its cost of equity (10.8%) to FY28E and apply a target multiple of 57x P/E (FY-2), corresponding to its 18-month mean. As a result, our 12m TP for SOIL is at INR 19,590/sh and implies a P/E of 77x and 69x P/E on FY27E and FY28E EPS, respectively. We are Buy rated on SOIL.

Key risks: 1) Delay in defense orders **2)** Expansion in unchartered defense domains **3)** Hyperinflation risks in international geographies

Azad Engineering

Azad Engineering was incorporated in 2008, and manufactures rotating airfoil portions of turbine engines and other critical products for defense and civil aircrafts, defense missiles, nuclear power, hydrogen, gas power, oil and thermal power. The precision forged and machined components manufactured are highly complex and mission-critical and hence, some of them have "zero PPM" defects requirement. Currently, Azad is on a steep earnings' trajectory, enabled by vast TAM and a book/bill of 14.2x, but with constrained free cash generation potential due to sustained capex and working capital needs. We see two key catalysts for the company: 1) DcPP for ATGG engine will catapult Azad from being a component supplier to a solutions provider. The use case of an indigenous ATGG engine is significant as it can potentially power RPVs and LRSAMs; and 2) Progress on MoU with Baker Hughes in KSA under the "Made in Kingdom, for the kingdom" program. We are Buy rated on Azad.

We derive our 12-month target price for Azad on a P/E based methodology. Specifically, we discount Azad's FY33E EPS by its cost of equity (13.3%) to FY28E. We apply a target multiple of 26x, corresponding to the global peer-set's average P/E (FY-2) in view of the limited trading history of the stock. Our 12m TP for Azad is at INR 2,460/sh on P/E methodology. Our 12m TP implies a P/E of 95x and 69x on FY27E and FY28E EPS respectively. We are Buy rated on Azad.

Key risks

1. Free cash flow generation might be delayed further: In order to sustain the stellar revenue growth, sustained capex in the business is necessary. Besides, cash conversion cycle might also get impacted if the development cycle takes longer. Hence, free cash flow generation might be delayed even beyond our estimate of FY35E.

2. Product qualification does not guarantee orders: Azad operates in an industry with stringent qualification requirements. However, post qualification (and incurring significant development cost), the company might have to wait for orders and remain cost competitive compared to peers.

3. Working capital cycle might remain stretched: We have estimated cash conversion cycle to taper to <150 days by FY30E from 263 days in FY26 as revenue from A&D segment rises to support the working capital needs. However, any delay in qualification or ordering might lead to cash conversion cycle remaining stretched.

Astra Microwave

We take a positive view on the earnings outlook for ASTM as the company's capabilities align well with the MoD's objectives and focus as highlighted in the TCPR-25. We believe

the market potential for Astra Microwave has significantly increased and will extend well into the late 2030s as the bulk of the proposals pertain to EW systems, Radars and Communication systems. We believe there is scope for margin improvement as the revenue mix shifts towards more profitable domestic defense. While ASTM's cash conversion cycle is likely to remain stretched owing to continued development projects, we believe the company will turn free cash positive by FY27E. On RoE, we expect the company to fare better than the global Defense electronics peers. We are Buy rated on Astra Microwave.

We derive our 12-month target price for ASTM on a P/E-based methodology. Specifically, we discount ASTM's FY31E EPS by its cost of equity (11.1%) to FY28E and apply a target multiple of 38x P/E (FY-2), corresponding to its past 18-month mean. On this basis, our 12m TP for ASTM is set at INR 1,665/sh. Our 12m TP implies a P/E of 60.7x and 49.6x on FY27E and FY28E EPS respectively. We have a Buy rating.

Key risks: **1)** Delay in award of orders. **2)** Dependence on other companies. **3)** Margins might be impacted if exports go up. **4)** Stretched cash conversion cycle.

Data Patterns

We view DP as a differentiated company which is focused on developing in-house IP driven platforms. This approach has and continues to enable the company to remain ahead of the market and develop cost-efficient solutions. We find the recent development of its BrahMos seeker as significant as it further strengthens the company's position in the supply chain apart from boosting potential export opportunities. Also, the company is proactively endeavoring to get in the supply chain of global OEMs. We view the fruition of any such efforts as potential major catalysts for the stock. We are Buy rated on DP.

We derive our 12m TP for DP from a P/E-based methodology. Specifically, we discount DP's FY31E EPS by its cost of equity (12.7%) to FY28E and value it on a 45x P/E (FY-2), corresponding to its 18-month mean. With this, we arrive at our 12m TP for DP of INR 4,165/sh. Our TP implies P/Es of 71x and 56x on FY27E and FY28E EPS respectively. We have a Buy rating.

Key risks: **1)** Delay in orders or existing contracts. **2)** Customer concentration. **3)** Working capital days might stay stretched at the current levels.

Bharat Electronics

BEL is primarily engaged in developing electronics technology solutions for the defense and civilian segments. It has more than 70 product lines engaged primarily in Missile Systems (Land, Air and naval), Land-based Radar systems, Naval systems (Sonars, Communication systems, Radar and Fire Control Systems), Military communications, Electronic Warfare & Avionics as part of defense portfolio comprising c.85% of its revenue. We are Buy rated on BEL given the company's positioning as the key supplier for any development projects by DRDO. Besides, the company's earnings, while largely focused on domestic defense are sufficiently diversified as the company has share in all the platforms. Compared to other major global Defense electronics players, we expect BEL's margins and RoE to remain at healthier levels. BEL's execution has remained steady and order inflow has been consistent. We also are positive on the company's balance sheet with customer advances supporting the capital employed adequately and

providing enough headroom for any growth opportunities. Compared to peers, we expect BEL's revenue growth over next three years to be higher, but lower on EBITDA/PAT. The lower growth in profitability is mainly due to the improving margins of global peers, driven by favorable tailwinds. That said, we expect RoE of BEL to be better compared to peers. Hence, we believe that BEL should trade at a premium compared to peers. We are Buy rated on Bharat Electronics.

Bharat Electronics – Price Target Methodology & Risks

We derive our 12-month target price for BEL of INR 475/sh on a P/E based methodology. Specifically, we discount BEL's FY31E EPS by its cost of equity (12.2%) to FY27E. We apply a target multiple of 38x P/E (FY-2) – corresponding to its 18-month mean. Our 12m TP of INR 475 implies a P/E of 46.9x and 39.5x on FY27E and FY28E EPS, respectively. We have a Buy rating.

Key risks: **1)** Technology misalignment. **2)** Delay in orders. **3)** Risk in input raw material/components. **4)** Increasing competitive intensity.

Hindustan Aeronautics

HAL is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products, including aircrafts, helicopters, aero engines, avionics accessories and aerospace structures to meet the requirements of Indian Defense Forces. The company's operations are organized into five complexes, which together include 20 production divisions, 11 research and design centres and 8 support offices located across India. Despite attractive valuations, we believe that HAL's risk-reward is balanced at this stage as execution risks around delivery of F-404 engines still linger. While media reports suggest that the company has received 3 engines and is expected to receive another one by end-Sep'25, we are still cautious on the management's guidance of rolling out 12. Tejas Mk-1A in FY26. That said, the order book and future potential remain robust as squadron strength of fighter aircrafts is well below the authorised limit. For us, the key catalyst for HAL stock would be the sustained delivery of F-404 engines by GE and fruition of an agreement for co-production of F-414 engine. Also, the test flight of Tejas Mk-2 prototype would be a key event for the company. We are Neutral rated on Hindustan Aeronautics.

Price Target Risks and Methodology

We derive our 12-month target price for HAL on a P/E based methodology. Specifically, we discount HAL's FY31E EPS by its cost of equity (12.7%) to FY28E. We apply a target multiple of 32x P/E (FY-2) – corresponding to its 18-month mean. Our 12m TP for HAL is at INR 5,545/sh on our P/E methodology. Our 12m TP implies a P/E of 32.2x and 29.0x on FY27E and FY28E EPS, respectively.

Key risks to our thesis: **1.** Steady delivery of F-404 engines. **2.** Improvement in build rate. **3.** MRFA order leading to delay in domestic platforms ordering.

Bharat Dynamics

Bharat Dynamics was established in 1970, and is one of the leading manufacturers and suppliers of missile systems with the latest technology products. Its product range includes Surface to Air Missiles (SAM), Air to Air Missiles (AAM), Anti-tank Guided Missiles (ATGM), Torpedos and allied defense equipment. The company has three plants

and is in the process of setting up additional facilities at Amravati, Maharashtra; Ibrahimpatnam, Telangana and Jhansi, Uttar Pradesh. In the past 5 years, BDL has traded at a premium to both BEL and HAL due to: 1) Robust book/bill ratio of 6.8x GS and consensus both of earnings uptick; and 3) Better exports order book and revenue. Going ahead, while we see BDL participating in a number of orders, including QRSAM and Project Kusha, however, the increased competitive intensity and a large proportion of bought out components implies that margins are likely to trend lower. While we see execution improving over the next few years, the current valuation multiple on our FY28 EPS estimates looks steep. We are Sell rated on Bharat Dynamics.

We derive our 12-month target price for BDL on a P/E-based methodology. Specifically, we discount BDL's FY31E EPS by its cost of equity (12.1%) to FY28E and apply a target multiple of 37x P/E (FY-2), corresponding to its 18-month mean. As a result, our 12m-TP for BDL is at INR 1,275/sh and implies a P/E of 41.2x and 30.2x on FY27E and FY28E EPS, respectively. We are Sell rated on BDL.

Key upside risks: **1)** Margins might trend higher than expected. **2)** High value orders coming ahead of expectations. **3)** Export orders trend higher than expected.

JSW Steel

Investment Thesis - JSW Steel Ltd.
Founded in 1982 as Jindal Iron and Steel Company with its first plant at Vasind, Maharashtra, JSW Steel now operates plants in India, the USA and Italy with products catering to primarily infrastructure, auto and consumer durables segments. JSW Steel is India's largest and most geographically diversified steel producer. The company has a crude steel capacity of 36.4mtpa in India as on end-FY26. In India, the major Indian plants are located in Vijayanagar, Salem, Dolvi, Tarapur, Vasind and Kalmeshwar. The company is one of the India's leading value-added steel producers, operating one of the largest galvanizing and coated steel capacities. In our view, the company has one of the most ambitious capacity expansion plan in the domestic steel industry, having added 16mtpa of steelmaking capacity over the past five years with an overall target to reach 50mtpa by FY31. On the cost front, the company is one of the most efficient in India with conversion cost of USD 132/t (standalone basis) in FY25. On raw material front, the company is working to enhance the iron ore security to 50% by FY30 (currently 37%) and coking coal security to 25% (currently NIL). The company is also likely to commission a 30mtpa slurry pipeline for transporting iron ore in Odisha in FY27. We are Buy-rated, with current valuation of 7.9x FY28E EBITDA (GSe).

Price Target Risks & Methodology - JSW Steel Ltd.
We value JSTL stock on 9x FY28E EBITDA (inline with its past 2-yr trading history), resulting in a 12-m TP of INR 1,500/sh. We are Buy-rated. Key downside risks to our thesis are: 1) Price cyclicalty in the steel industry; 2) Leverage increase in the cyclical downturn; 3) Delay in enhancing raw material security; and 4) Delay in capacity enhancement.

Tata Steel

Investment Thesis - Tata Steel Ltd.
Established in 1907 in Jamshedpur, Tata Steel is among top-ten global steel producers

with a capacity of 35mtpa across India, the Netherlands, the UK, and Thailand. The company's manufacturing plants in India are in Jamshedpur (Jharkhand) and Kalingangar/Meramandali (Odisha). Tata Steel's Indian operations are most integrated compared to peers with 100% iron ore security and 25% coking coal security. The company supplies steel to industries including automotive, construction, packaging and Engineering. Its three plants- Jamshedpur, Kalinganagar and Ijmuiden have been awarded Manufacturing Lighthouses by the World Economic Forum. The company has firm focus on sustainability and aims for Net Zero emissions by 2045, with a 0.75mtpa electric arc furnace (EAF) project in Ludhiana and a 3.2mtpa EAF transition in the UK. Besides, the company is targeting scaling up technologies such as Hisarna and EASyMelt by FY30 to increase its green footprint further. Going ahead, we see a balanced risk-reward as on one hand, its captive iron ore mines in India- Noamundi and Joda- are going for bidding post FY30E, potentially impacting profitability of Indian operations and on the other, we expect the performance of Tata Steel Netherlands to improve above its long term average of EUR 60-65/t from FY27 on the back of favorable regulatory environment in the Europe. We are Neutral-rated.

Price Target Risks & Methodology - Tata Steel Ltd.

We value Tata Steel stock using SoTP methodology- valuing the India business at 7.5x and international business at 5x FY28E EBITDA. Our TP works out to INR 218/sh, implying blended 7.2x FY28E EV/EBITDA (similar to its past 2-yr trading average). We are Neutral rated. Key downside risks to our thesis are: 1) Price cyclicality in the steel industry, impacting European operations in particular; and 2) Higher-than-expected environmental costs in Europe. Key upside risks to our thesis are: 1) Lower-than-expected iron ore cost increase post FY30E; and 2) Faster capacity expansion compared to our estimates.

Jindal Steel Ltd.

Investment Thesis - Jindal Steel Ltd.

Founded in 1952, Jindal Steel is one of the large, integrated steel players in India with crude steel capacity of 15.6mtpa as on end-FY26. The company's main steel facilities are in Angul, Raigad and Patratu. The company earlier specialized in long products but now is gradually adding flat products in its portfolio. Jindal Steel is the only private player producing rails and first player to set up the head-hardened rails plant in India. The company operates the world's first MXCOL (a technology from Midrex Technologies) plant at Angul for coal gasification to produce steel via Direct Reduced Iron (DRI). With captive iron ore and coal assets in India and abroad, along with pellet and power generation facilities located close to the steel plants, the company is one of the most cost competitive players in India. In the near term, we expect capacity ramp up at the recently commissioned 6mtpa plant at Angul to drive volume. Besides, we expect cost to decline further as slurry pipeline gets operational and production at captive coal mines goes up. Jindal Steel's leverage (net debt/EBITDA) at 1.7x (FY26E) continues to be the lowest among major steel players, providing it enough balance sheet headroom to expand. We are Neutral rated on valuation.

Price Target Risks & Methodology - Jindal Steel Ltd.

We value Jindal Steel at 7.5x FY28E EBITDA (corresponding to its past 2-year trading average), resulting in a 12-m TP of INR 1,355/sh. We are Neutral rated. Key downside

risks to our thesis are: 1) Price cyclicality in the steel industry; and 2) Competition in flats products. Key upside risks to our thesis are: 1) Higher sales volume growth than expected; and 2) Higher impact of cost reduction projects than expected.

Shyam Metalics & Energy Ltd

Investment Thesis - Shyam Metalics & Energy Ltd
Founded in 1991, Shyam Metalics & Energy (SMEL) has become a leading integrated metal producer in India. Over the years, the company has built a diversified product portfolio including TMT bars, wire rods, structural steel, ferro alloys, stainless steel-longs and flats and aluminium foils. The company operates seven manufacturing plants across Odisha, Bengal and Madhya Pradesh. The company is one of the largest producers of ferroalloys and sponge iron in India. The company's strategy has been to incur capital expenditure in small phases to ensure the balance sheet remains strong and resilient. Among the steel players under our coverage, SMEL has the lowest leverage. Due to its low leverage and exposure across the value chain, the company has been consistently profit making.

SMEL is one of the fastest growing steel companies in India. We estimate EBITDA growth at ~22% CAGR by FY30E compared to FY26, primarily led by higher downstream sales volume and enhanced cost efficiencies. In case of SMEL, we expect sustainable RoE of 15-16%, which is better than peers in our coverage. We are Buy-rated.

Price Target Risks & Methodology - Shyam Metalics & Energy Ltd
We value SMEL at 7.0x FY28E EBITDA (corresponding to its past 2-year trading average), resulting in a 12-m TP of INR 1,050/sh. We are Buy rated. Key downside risks include: 1) Price cyclicality in the steel industry; 2) Lack of raw material security might result in spreads compression; and 3) Delay in project completion.

NMDC

Investment Thesis - NMDC
NMDC Limited, India's largest producer of iron ore, is a Navratna Public Sector Enterprise under the Ministry of Steel, Government of India. The company's operations include iron ore mines in Chhattisgarh and Karnataka, as well as South-East Asia's only mechanized diamond mine in Panna, Madhya Pradesh. The company's operations delivered 53.5mt of high-grade iron ore in FY26 and the management has a strategic roadmap for achieving 100mtpa of iron ore production and evacuation capacity by FY30E through expansion of existing mines and operating new mines fully owned by NMDC and its JVs. In our view, while capacity enhancement to 62.8mtpa is not challenging as it entails mine expansion, increasing capacity beyond that is contingent on external approvals. Besides, the company is endeavoring to diversify into other minerals, critical for ensuring earnings growth in the medium term, and these are at various stages of approval. Hence, we estimate EBITDA CAGR of only 11% through to FY28E, compared to 25-30% for other steel peers under coverage. We are Sell-rated on sector-relative valuation.

Price Target Risks & Methodology - NMDC

We value NMDC on EV/EBITDA methodology. We use the average EV/EBITDA (2-yrwd) multiple (6x)or past 2 years to value FY28E EBITDA. We arrive at 12-month TP of INR 84/sh. We are Sell rated. Key upside risks are: 1) Accelerated capacity expansion; 2) Retention of existing customer base; 3) Speedy recovery of dues from RINL and NSL.

Disclosure Appendix

Reg AC

We, Amit Dixit and Kumari Rishika, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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The rating(s) for Astra Microwave, Azad Engineering, Bharat Dynamics, Bharat Electronics, Data Patterns, Hindustan Aeronautics, JSW Steel, Jindal Steel Ltd., NMDC Limited, PTC Industries, Shyam Metalics and Energy Ltd, Solar Industries and Tata Steel is/are relative to the other companies in its/their coverage universe: Astra Microwave, Azad Engineering, Bharat Dynamics, Bharat Electronics, Data Patterns, Hindustan Aeronautics, JSW Steel, Jindal Steel Ltd., NMDC Limited, PTC Industries, Shyam Metalics and Energy Ltd, Solar Industries, Tata Steel

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Goldman Sachs Investment Research global Equity coverage universe

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	Buy	Hold	Sell	Buy	Hold	Sell
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Price target and rating history chart(s)

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Target price history table(s)

Tata Steel (TISC.BO)

Date of report	Target price (Rs)	Closing price (Rs)
18-May-26	218.00	209.85
26-Apr-26	210.00	210.00

Solar Industries (SLIN.BO)

Date of report	Target price (Rs)	Closing price (Rs)
17-May-26	19,590.00	17,351.60
04-Feb-26	18,900.00	13,566.85
06-Jan-26	18,360.00	12,853.35
02-Oct-25	18,215.00	13,370.95

Astra Microwave (ASTM.BO)

Date of report	Target price (Rs)	Closing price (Rs)
27-May-26	1,665.00	1,400.15
02-Oct-25	1,455.00	1,004.75

Jindal Steel Ltd. (JINT.BO)

Date of report	Target price (Rs)	Closing price (Rs)
04-May-26	1,355.00	1,260.85
26-Apr-26	1,335.00	1,256.15

PTC Industries (PCIN.BO)

Date of report	Target price (Rs)	Closing price (Rs)
01-Jun-26	25,770.00	18,488.80
22-Jan-26	24,750.00	17,848.40
02-Oct-25	24,725.00	15,695.80

Azad Engineering (AZAD.BO)

Date of report	Target price (Rs)	Closing price (Rs)
17-May-26	2,460.00	2,101.50
16-Feb-26	2,200.00	1,648.20
02-Oct-25	2,055.00	1,610.15

NMDC Limited (NMDC.BO)

Date of report	Target price (Rs)	Closing price (Rs)
26-Apr-26	84.00	89.22

Shyam Metalics and Energy Ltd (SHYE.BO)

Date of report	Target price (Rs)	Closing price (Rs)
12-May-26	1,050.00	843.45
26-Apr-26	1,065.00	820.80

Data Patterns (DATP.BO)

Date of report	Target price (Rs)	Closing price (Rs)
17-May-26	4,165.00	3,873.45
13-Nov-25	3,650.00	3,003.00
02-Oct-25	3,640.00	2,629.55

JSW Steel (JSTL.BO)

Date of report	Target price (Rs)	Closing price (Rs)
14-May-26	1,500.00	1,297.05
26-Apr-26	1,490.00	1,255.20

Bharat Electronics (BAJE.BO)

Date of report	Target price (Rs)	Closing price (Rs)
01-Apr-26	475.00	418.80
09-Jan-26	470.00	418.85
02-Oct-25	455.00	406.55

Bharat Dynamics (BARA.BO)

Date of report	Target price (Rs)	Closing price (Rs)
25-Jun-26	1,275.00	1,367.90
28-May-26	1,260.00	1,283.40
02-Oct-25	1,375.00	1,541.95

Hindustan Aeronautics (HIAE.BO)

Date of report	Target price (Rs)	Closing price (Rs)
18-May-26	5,545.00	4,326.45
14-May-26	5,225.00	4,610.50
02-Oct-25	5,255.00	4,803.15

Price targets shown in table(s) are unadjusted for corporate actions.

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