INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Divi's Laboratories:** EBITDA (+76% YoY) beat ours/consensus estimates, as strong sales growth of 35% YoY (CS grew 54% YoY, generic API +12% and nutraceutical +13%) and higher gross margin (+739 bps YoY) of 67.9% were partly offset by higher costs. This led to 989bps YoY expansion in EBITDA margin to 42.6%. Divi's reiterates its expectation of double-digit revenue growth and sustaining higher EBITDA margin in FY27. Its three capex programs (with a combined capex of INR 20bn) are nearing completion and are being validated; commercialization visibility is over FY27/28. Peptides to stay as a strategic area of investment; customer programs progressing across multiple stages of development; qualification and validation activities for several peptide fragments are expected to advance over the coming quarters, alongside capacity expansion in both solid-phase and liquid-phase peptide synthesis by adding a few more 3KL SPPS capacities. Unit 3 (Kakinada) is effectively used for KSM. It continues to see pricing pressure in the generic API business, which it expects will be offset by volume growth; it expects to sustain base business growth and incremental growth from new launches. The company plans to expand its nutraceuticals capacity with strong demand visibility. It has guided for INR 20bn (+/- 20%) capex run rate for the next few years, given strong visibility from RFPs. We expect strong sales growth visibility (23% CAGR over FY26–29E), with improved profitability (EBITDA/PAT CAGR ~30/29%), supported by multiple growth levers like GLP-1 supply opportunity, scale-up in contrast media, ramp-up at the Kakinada plant, commercialization of capex plans, gradual pick-up in generic API, and steady nutraceutical business. Factoring in the strong beat in Q2, we have raised EBITDA by ~24/10% for FY27/28E and revised the TP to INR 11,470, based on 43x Q2FY29 EV/EBITDA (implying 63x PE). Maintain ADD.
- **Tata Steel:** We maintain BUY on Tata Steel, with a revised TP of INR 255/share (7.5x its FY28E consolidated EBITDA). In Q2FY27, Tata Steel's consolidated margin further expanded to a 17-quarter high (INR 13.3k/MT, +0.5k QoQ), driven by robust pricing gains and strong traction in the Netherlands. Domestic sales stayed strong at +8% YoY growth, offsetting the 20% fall in the EU. Steel prices remained subdued in Q2, though they have firmed up in Q3 by ~INR 3.5/MT QoQ in India as well as the UK. Along with higher cost transformation target for H2FY27, this should drive the margin up in FY27E.

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Divi's Laboratories

CS momentum and peptide opportunities stay

EBITDA (+76% YoY) beat ours/consensus estimates, as strong sales growth of 35% YoY (CS grew 54% YoY, generic API +12% and nutraceutical +13%) and higher gross margin (+739 bps YoY) of 67.9% were partly offset by higher costs. This led to 989bps YoY expansion in EBITDA margin to 42.6%. Divi's reiterates its expectation of double-digit revenue growth and sustaining higher EBITDA margin in FY27. Its three capex programs (with a combined capex of INR 20bn) are nearing completion and are being validated; commercialization visibility is over FY27/28. Peptides to stay as a strategic area of investment; customer programs progressing across multiple stages of development; qualification and validation activities for several peptide fragments are expected to advance over the coming quarters, alongside capacity expansion in both solid-phase and liquid-phase peptide synthesis by adding a few more 3KL SPPS capacities. Unit 3 (Kakinada) is effectively used for KSM. It continues to see pricing pressure in the generic API business, which it expects will be offset by volume growth; it expects to sustain base business growth and incremental growth from new launches. The company plans to expand its nutraceuticals capacity with strong demand visibility. It has guided for INR 20bn (+/- 20%) capex run rate for the next few years, given strong visibility from RFPs. We expect strong sales growth visibility (23% CAGR over FY26–29E), with improved profitability (EBITDA/PAT CAGR ~30/29%), supported by multiple growth levers like GLP-1 supply opportunity, scale-up in contrast media, ramp-up at the Kakinada plant, commercialization of capex plans, gradual pick-up in generic API, and steady nutraceutical business. Factoring in the strong beat in Q2, we have raised EBITDA by ~24/10% for FY27/28E and revised the TP to INR 11,470, based on 43x Q2FY29 EV/EBITDA (implying 63x PE). Maintain ADD.

- **Q2 highlights:** Sales grew 35% YoY to INR 36.76bn. Custom synthesis (64% of sales) grew by 54% YoY to INR 23.4bn, generic API (29%) was up 12% YoY to INR 10.6bn, and nutraceutical (7%) grew 13% YoY to INR 2.73bn. Higher GM at 67.9% (+739 bps YoY) was partly offset by higher staff (+25%) and SG&A (+21%), leading to an EBITDA of INR 15.66bn (+76% YoY) and margin of 42.6% (+989 bps YoY). PAT^ was at INR 11.09bn (+73% YoY).
- **Con call takeaways:** The company has supplied several peptide fragments for validation over the last few quarters. It is expanding with several 3KL reactor capacities for SPPS, given long-chain peptide fragments take nearly two months of production time. It will continue to expand its peptide capacity in GLP-1 and other therapeutic areas; it aspires to be among the top 3 players in peptides. It has integrated peptide Center of Excellence with the capability and the technology for gram scale purification and based on customer demand, it will expand it for commercial scale. It is mitigating geopolitical and logistical challenges by maintaining a rolling three-month inventory for critical RM. In H1FY27 – (1) cc terms growth was 17%, (2) exports were 90% of sales (+33% YoY) and exports to the US/EU were 75% of sales (+35% YoY), (3) capitalized assets of INR 12.23bn, CWIP was at INR 16.38bn, cash was INR 21.81bn, receivables were INR 37.05bn, and inventory was at INR 53.25bn.

Quarterly financial summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	36,760	27,150	35	30,800	19	93,600	105,600	142,231	164,464	194,681
EBITDA	15,660	8,880	76	12,620	24	29,680	34,410	58,030	63,154	75,342
APAT	11,090	6,414	73	9,074	22	21,549	24,642	40,949	43,959	52,484
EPS (INR)	41.8	24.2	73	34.2	22	81.2	92.8	154.3	165.6	197.7
P/E (x)						136.5	119.4	71.8	66.9	56.0
EV/EBITDA (x)						97.8	84.5	50.1	45.7	38.0
RoCE(%)						19	20	28	26	26

Source: Company, HSIE Research. ^Adjusted for forex loss of INR 24mn

ADD

CMP *(as on 8 Nov 2026)*	INR 11080
Target Price	INR 11470
NIFTY	24,986

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 9780	INR 11470
EBITDA %	FY27E	FY28E
	24.1	9.9

KEY STOCK DATA

Bloomberg code	DIVI IN
No. of Shares (mn)	265
MCap (INR bn) / ($ mn)	2,736/29,131
6m avg traded value (INR mn)	4,245
52 Week high / low	INR 10,321/5,648

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	23.4	53.8	49.7
Relative (%)	20.8	49.8	52.4

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	51.88	51.88
FIs & Local MFs	19.38	19.17
FPIs	20.20	20.38
Public & Others	8.54	8.57
Pledged Shares	-	-

Source: BSE

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Tata Steel

Healthy domestic and Netherlands performance

We maintain BUY on Tata Steel, with a revised TP of INR 255/share (7.5x its FY28E consolidated EBITDA). In Q2FY27, Tata Steel's consolidated margin further expanded to a 17-quarter high (INR 13.3k/MT, +0.5k QoQ), driven by robust pricing gains and strong traction in the Netherlands. Domestic sales stayed strong at +8% YoY growth, offsetting the 20% fall in the EU. Steel prices remained subdued in Q2, though they have firmed up in Q3 by ~INR 3.5/MT QoQ in India as well as the UK. Along with higher cost transformation target for H2FY27, this should drive the margin up in FY27E.

- **Q2FY27 performance**: While consolidated volume grew a modest 1% YoY, TTST's domestic sales growth in India remained strong at +8% YoY. The automative and special products vertical continues to deepen presence in advanced applications, with high-end sales growing 26% YoY. Its Europe sales fell by 20% YoY. Domestic/blended NSR fell 0.3/1.2% QoQ on subdued pricing. Domestic opex rose 1.5% QoQ on higher raw material and logistic costs. On a consolidated basis, opex fell 2% QoQ on strong uptick in the Netherlands as the direct sheet plant restarted in Aug'27. Standalone EBITDA rose 23/9% YoY/QoQ to INR 100bn on strong pricing YoY and continued focus on cost reduction. The Netherlands unit delivered EBITDA of INR 7.9bn vs INR 0.4bn QoQ. The UK business EBITDA losses widened in Q2 to INR 7.2bn vs INR 3.4bn QoQ on continued low-cost imports and lower sales QoQ, amid rising coal and logistics costs. Consolidated EBITDA grew 18/21% YoY in Q2/H1FY27 to INR 105/198bn. Working capital increased sharply by INR 91bn in H1FY27, moderating OCF to INR 78bn. Tata spent INR 33/69bn in capex in Q2/H12FY27 on the ongoing expansion, which led to net debt increase of ~INR 70/113bn in Q2/H1FY27 to INR 921bn (as of Sep'26).
- **Con call KTAs and outlook**: Tata guided for higher volume offtake in H2FY27 compared to H1. NSR has gone up ~INR 3.5k/MT QoQ each in India and UK sales. For the Netherlands, Q3 NSR is down ~INR 1.1k/MT (due to mix change). Coking coal prices to rise by USD 15/MT in Q3. Cost transformation to drive consolidated savings of INR 54bn in H2FY27 vs INR 18bn in H1. Factoring in strong pricing and TTST large cost savings, we have raised the EBITDA estimates for FY27/28E by 9/3% respectively. Subsequently, we maintain BUY with a revised target price of INR 255/share (7.5x FY28 EBITDA).

Quarterly/annual financial summary (consolidated)

YE Mar	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY24	FY25	FY26	FY27E	FY28E
Sales (mn MT)	7.9	7.9	0.1	7.3	8.9	29.4	31.0	32.0	33.6	35.2
NSR (INR/MT)	82,622	74,196	11.4	83,624	(1.2)	77,976	70,589	72,612	83,504	85,174
EBITDA(INR/MT)	13,299	11,247	18.2	12,743	4.4	7,590	8,171	10,745	13,554	13,852
Net Sales	654.4	586.9	11.5	607.9	7.6	2,291.7	2,185.4	2,321.4	2,803.1	3,002.1
EBITDA	105.3	89.0	18.4	92.6	13.7	223.1	253.0	343.5	455.0	488.3
APAT	34.0	34.2	(0.4)	20.7	64.3	14.2	40.6	115.7	149.1	180.4
AEPS (INR)	2.7	2.7	(0.4)	1.7	64.3	1.1	3.3	9.3	12.0	14.5
EV/EBITDA (x)						12.2	10.8	8.2	6.6	5.9
P/E (x)						149.2	52.3	18.4	15.9	13.2
RoCE (%) pretax						*6.8*	*8.0*	*11.0*	*14.0*	*14.9*
RoE (%)						*1.4*	*4.4*	*11.9*	*13.7*	*15.1*

Source: Company, HSIE Research

BUY

CMP *(as on 8 Nov 2026)*	**INR 190**
Target Price	**INR 255**
NIFTY	**24,986**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 250	INR 255
EBITDA Change %	FY27E *8.8*	FY28E *2.8*

KEY STOCK DATA

Bloomberg code	TATA IN
No. of Shares (mn)	12,484
MCap (INR bn) / ($ mn)	2,322/24,725
6m avg traded value (INR mn)	5,390
52 Week high / low	INR 224/160

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.7)	(13.7)	4.9
Relative (%)	(4.4)	(17.6)	7.7

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	32.94	32.94
FIs & Local MFs	26.44	27.51
FPIs	18.90	17.72
Public & Others	21.72	21.83
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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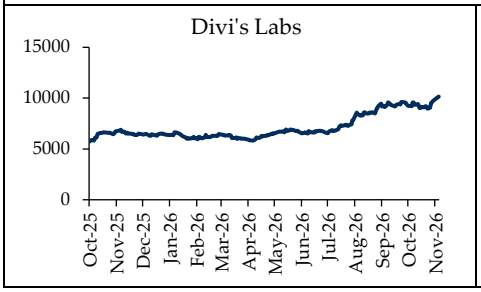
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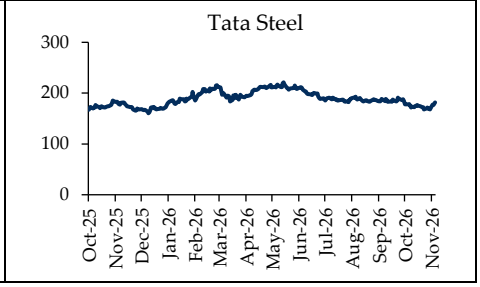
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Mehul Sheth	Divi's Laboratories	MBA	NO
Virti Shah	Divi's Laboratories	BFM	NO
Rajesh Ravi	Tata Steel	MBA	NO
Keshav Lahoti	Tata Steel	CA, CFA	NO
Mahesh Nagda	Tata Steel	CA	NO
Kartikey	Tata Steel	CA	NO

Price movement





Disclosure:

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