RESULT REVIEW

BUY
TP: Rs 140 | ⮝ 26%

TATA STEEL | Metals & Mining | 04 May 2023

Project visibility improving, maintain BUY

- **Q4 demonstrated a strong comeback from a low point in India; Europe likely to recover gradually from Q2FY24**
- **Improving project visibility to drive 10% EBITDA CAGR over FY23-FY26 even at mid-cycle margin assumptions**
- **Maintain BUY with an unchanged TP of Rs 140 based on 5.75x (blended) FY25E EV/EBITDA**

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Strong Q4 recovery from a low point: TATA's adj. Q4FY23 EBITDA at Rs 72bn was 26% ahead of Bloomberg consensus and 40% ahead of our forecast driven by a beat in the standalone business, which clocked a Rs 16.7k/t EBITDA margin.

Q1 likely to be flat: We expect softer margins in India and limited improvement in Europe for Q1FY24. While a planned maintenance shutdown would weigh on India, natural gas hedges and partial operations in the Netherlands would keep costs high for Europe. High coking coal consumption cost and softer steel prices would impact both.

Improving project visibility …: At Kalinganagar, TATA commenced production of FHCR coils and pellets, besides guiding for a halt to external pellet buying from Q2FY24, commissioning of the 2.2mtpa CRM complex over the next 12-18 months and start-up of the new 5mtpa BF over 12 months. At the Netherlands, TATA has started relining of BF6 in April with a completion target of H1FY24 and is close to completing the 1.6mt cold mill upgrade. At NINL, it has ramped up the plant to a 1mt annualised run-rate within two quarters of start-up and is now working on stabilising margins. TATA is also targeting board approval for the NINL expansion in FY24.

…to kick-off earnings growth: We currently model for a 10% EBITDA CAGR over FY23-FY26 factoring in conservative ramp-up assumptions for upcoming projects, including 70% utilisation for the 5mtpa TSK expansion and mid-cycle margins.

Hard decision on UK operations could dispel overhang: TATA cautioned that stability issues at the UK upstream plant may force stakeholders to decide a viable replacement option for the plant over the next 12-18 months. Even in the worst case, a restructuring would mean the continuation only of downstream operations, where management believes the impact is likely to be under GBP 1bn.

Maintain BUY: We maintain our SOTP-based TP of Rs 140, assigning the stock an unchanged blended FY25E EV/EBITDA multiple of 5.75x which values Indian operations at 6x and European operations at 4.5x, adding incremental value for the Kalinganagar expansion at Rs 92bn. Given 26% upside potential, we maintain BUY.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	TATA IN/Rs 111
Market cap	US$ 16.5bn
Free float	66%
3M ADV	US$ 56.4mn
52wk high/low	Rs 132/Rs 83
Promoter/FPI/DII	34%/21%/21%

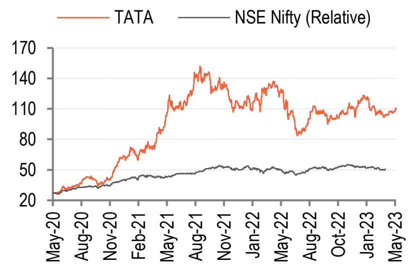
Source: NSE | Price as of 4 May 2023

Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
Total revenue (Rs mn)	2,416	2,181	2,203
EBITDA (Rs mn)	323	338	397
Adj. net profit (Rs mn)	88	123	176
Adj. EPS (Rs)	7.2	10.1	14.4
Consensus EPS (Rs)	7.2	10.7	14.2
Adj. ROAE (%)	8.1	11.5	15.0
Adj. P/E (x)	15.5	11.0	7.7
EV/EBITDA (x)	6.1	5.8	5.1
Adj. EPS growth (%)	(78.4)	41.0	42.5

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Q4 marks recovery from a low point

TATA's adj. Q4FY23 EBITDA at Rs 72bn was 26% ahead of Bloomberg consensus and 40% ahead of our forecast driven by a beat in standalone business. Consolidated EBITDA recovered 2.7x QoQ and standalone operations grew 75% QoQ.

- **Standalone recovery beats our forecasts.** Standalone EBITDA of Rs 16.7k/t was ahead of our forecast of Rs 13.2k/t, with the improvement aided by a Rs 1.7k/t QoQ uptick in realisation, Rs 3.3k/t decline in raw material costs and Rs 0.6k/t fall in opex with higher volumes. Reduction in royalty was higher than the apparent reduction in iron ore prices due to a lag in notification of IBM (Indian Bureau of Mines) prices.
- **Europe EBITDA loss continued.** Europe EBITDA loss at US$ 92/t was flattish QoQ as a GBP 58/t drop in realisation was offset by a GBP 60/t decline in raw material costs. Hedges on natural gas did not allow the business to benefit from a sharp reduction in gas prices. Over the last six months, UK cash burn was of the order of GBP 100mn-150mn supported by working capital funding. In contrast, the Netherlands operations had a cash-positive balance sheet.
- **Long products business breaks even.** In a positive development, the long products business achieved breakeven at the EBITDA level within two quarters of NINL (Neelachal Ispat Nigam) start-up, fully absorbing the additional start-up costs.
- **Consolidated operations returned to net profit.** Consolidated operations clocked net profit of Rs 17bn from a net loss of Rs 22.2bn a quarter ago, demonstrating high operating and financial leverage. Profitability was also aided by the absence of a non-cash deferred tax charge booked in the last quarter (at Rs 21.5bn on 30% transfer out of the British Steel Pension Scheme).
- **Net debt remained elevated.** TATA's Q4 net debt was at Rs 678bn after a surge in Q2 on account of NINL payment, dividend outgo and insufficient operating cash flow to cover capex. The company aims to restart its US$ 1bn deleveraging plan from FY24.
- **Dividend payout of 28% a positive commitment towards shareholder returns.** Dividend of Rs 3.6/sh for FY23 implies a 28% payout at the standalone level, an uptick from 17-19% over the past five years. We believe higher dividend payout is a positive step, allowing shareholders to benefit through the commodity cycle.

Project visibility improving

- **5mtpa Tata Steel Kalinga Nagar (TSK) expansion:** TATA aims to accelerate capex on the TSK expansion and guides for start-up of the 5mtpa blast furnace (BF) over the next 12 months. The company has incurred capex of Rs 170bn so far and plans for Rs 65bn-70bn in FY24 and Rs 30bn-40bn in FY25. This implies total capex of Rs 270bn-280bn.
- **2.2mtpa cold rolled mill (CRM) complex:** The first hard cold rolled (FHCR) coil was produced at the pickling line and tandem cold mill (PLTCM) complex in Q4. TATA aims to fully commission the complex over 12-18 months, progressively

starting operations of a continuous annealing line (CAL) and continuous galvanising line (CGL). The CRM complex could improve realisation by US$ 100-200/t upon stabilisation of production of value-added offerings.

- **6mtpa pellet plant:** TATA has started pellet production and plans to stop buying pellets from Q2FY24. The plant has the potential to save Rs 8bn-10bn in costs annually.
- **1mtpa long facility at NINL:** Within two quarters of start-up, the company has stabilised production at NINL at an annualised run-rate of 1mtpa.
- **Relining of BF6 at Ijmuiden:** TATA has commenced relining at a smaller BF in Ijmuiden (Netherlands) during April and aims to complete the same over H1FY24. As per previous guidance, turnaround is targeted in 100 days.
- **1.6mt cold mill upgrade at Ijmuiden:** We believe that the 1.6mt cold mill upgrade at Ijmuiden could be completed in Q1FY24, allowing TATA to lift force majeure on the sale of cold rolled products. This could also help improve realisation by US$ 100/t on 25% of its products from the Netherlands plant.

Hard decision on UK operations in 12-18 months

While Tata Steel UK is working with the government to determine a feasible solution for upgrading its UK plant, TATA cautioned that stability issues at the plant may force all stakeholders to take a hard decision over the next 12-18 months. While this raises uncertainty, we would consider a restructuring of UK operations to be positive for the stock as it could remove the overhang of unviable overseas business. Further, TATA's guidance indicates a limited worst-case impact cost of under GBP 1bn.

- TATA's current proposal is to replace the plant with an electric arc furnace (EAF) and a steel mill shop with a thin slab caster, utilising the existing downstream operations, at a capex of over GBP 1bn. While the company is seeking 50% capex support (and some opex support) from the UK government to make the new plant viable, the last government proposal was the equivalent of just 20% capex support.
- Per management, the upstream plant has only 12-18 months before stability becomes an issue and, hence, TATA may be forced to close upstream UK operations in consultation with all stakeholders in the absence of a feasible solution for upgrading the facility.
- If TATA needs to restructure UK operations to continue with only downstream operations, the impact is expected to still be under GBP 1bn. There will, however, be no impact on account of pension liabilities as the same is likely to transfer fully to Legal & General by Q1FY24.
- Restructuring could also lead to further non-cash impairment write-off in the standalone books. Last quarter, TATA took an additional Rs 10bn impairment on its investment in the UK business. However, there will be no significant impairment at the consolidated level as the UK plant has already been largely written off.

Management guidance

- **Europe operations – Gradual margin recovery from Q2FY24:** TATA's guidance suggests a modest GBP 15/t improvement in realisation for Q1FY24 which will be largely offset by an estimated US$ 10-15/t rise in coking coal costs and the absence of benefits from lower natural gas prices due to existing hedges.

  We interpret this guidance to mean only a slight improvement in Q1FY24 and continuation of the significant loss as seen in H2FY23. A gradual recovery could set in from Q2 as lower purchase costs of coking coal (currently at US$ 35/t) feed through the cost base, natural gas hedges expire, higher regional prices percolate through realisations, and completion of the 1.6mt cold mill at the Ijmuiden plant fetches better realisation for coils.

- **India operations – Margin to be soft in Q1:** Planned shutdowns in Q1 are guided to lead to sequentially lower volumes, increase in coking coal consumption cost of US$ 10/t QoQ and only a marginal QoQ rise in realisation (by Rs 1,000-1,500/t). We thus anticipate a somewhat soft EBITDA/t in Q1.

- **Volumes to grow in FY24:** TATA is guiding for 1.5mt YoY growth in sales volume for FY24 split 50:50 between Europe and India operations.

- **Capex plan to accelerate TSK expansion:** The company is targeting Rs 160bn of capex spend over FY24 with Rs 65bn-70bn for TSK expansion, Rs 30bn on other standalone projects, Rs 20bn on subsidiary projects, Rs 30bn for BF relining at the Netherlands and Rs 6bn-8bn for UK operations. The capex target is marginally higher than the FY23 spend of Rs 142bn.

- **Sustainable margin for India operations:** TATA considers Rs 14-15k/t as a sustainable operating margin for standalone India operations.

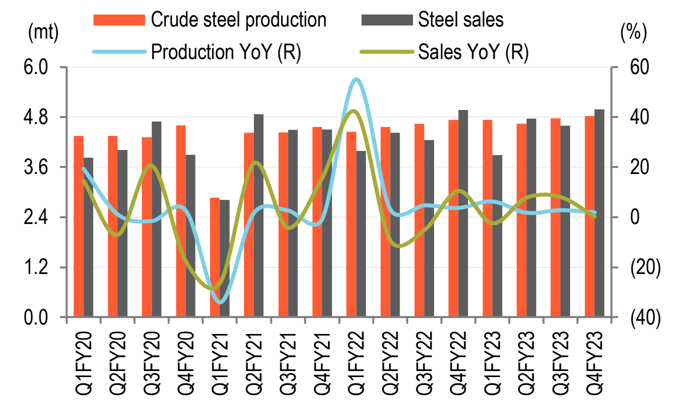
Fig 1 – Quarterly performance

(Rs bn)	Q4FY23	Q3FY23	QoQ (%)	Q4FY22	YoY (%)	FY23	FY22	YoY (%)
Consolidated P&L								
Revenue from operations	630	571	10.3	693	(9.2)	2,434	2,439	(0.2)
Adj. EBITDA	**72**	**27**	**164.9**	**159**	**(54.5)**	**301**	**655**	**(54.0)**
EBIT	48	17	188.0	128	(62.2)	230	544	(57.8)
PBT before exceptionals	33	2	1,261.7	121	(72.7)	181	504	(64.0)
PAT	16	(25)	162.6	98	(84.1)	81	417	(80.7)
Net income to owners	**17**	**(22)**	**176.7**	**98**	**(82.5)**	**88**	**402**	**(78.2)**
EPS (Rs)	1.4	(1.8)	176.9	8.0	(82.5)	7.2	33.2	(78.4)
Effective tax rate (%)	53.0	1,197.3	-	16.7	-	56.1	16.8	-
Adj. EBITDA break-up								
Standalone (incl BSL)	83	48	74.6	118	(29.3)	255	506	(49.5)
Europe	(16)	(16)	(5.8)	43	(137.7)	46	122	(61.9)
Long Products	0	(4)	100.6	2	(98.9)	(6)	13	(147.6)
SEA	1	0	5,600.0	1	(44.1)	2	7	(67.7)
Others	5	(1)	464.9	(5)	197.2	3	7	(57.1)
Consolidated	**72**	**27**	**164.9**	**159**	**(54.5)**	**301**	**655**	**(54.0)**

(Rs bn)	Q4FY23	Q3FY23	QoQ (%)	Q4FY22	YoY (%)	FY23	FY22	YoY (%)
Standalone operational parameters								
Production (mt)	4.8	4.8	1.0	4.7	1.9	19.0	18.4	3.2
Sales (mt)	5.0	4.6	8.5	5.0	0.2	18.2	17.6	3.3
Apparent realisation (Rs'000/t)	68.8	66.4	3.7	73.8	(6.7)	70.8	73.1	(3.2)
Adj. EBITDA (Rs'000/t)	**16.7**	**10.4**	**61.0**	**23.7**	**(29.4)**	**14.0**	**28.7**	**(51.1)**
India business operational parameters								
Production (mt)	5.2	5.0	3.0	4.9	5.1	19.9	19.1	4.2
Sales (mt)	5.2	4.7	8.6	5.1	0.6	18.9	18.3	3.3
Apparent realisation (Rs'000/t)	71.0	68.2	4.1	0.0	NA	72.6	53.3	36.3
Adj. EBITDA (Rs'000/t)	**16.2**	**9.3**	**73.6**	**0.0**	**NA**	**13.2**	**21.8**	**(39.5)**
Europe operational parameters								
Production (mt)	2.3	2.2	1.3	2.3	(1.7)	9.4	10.1	(7.5)
Sales (mt)	2.2	2.0	8.5	2.4	(10.0)	8.2	9.0	(9.6)
Apparent realisation (Rs'000/t)	102.0	104.2	(2.1)	110.0	(7.2)	110.7	99.7	11.0
Adj. EBITDA (Rs'000/t)	(7.6)	(7.8)	2.5	18.1	(141.9)	5.7	13.5	(57.9)
Adj. EBITDA (US$/t)	**(92)**	**(95)**	**2.6**	**241**	**(138.3)**	**71**	**181**	**(60.9)**
Consolidated operational parameters								
Production (mt)	7.8	7.6	3.2	7.6	2.4	30.7	31.0	(1.2)
Sales (mt)	7.8	7.2	8.8	8.0	(2.9)	28.8	29.5	(2.5)
Apparent realisation (Rs'000/t)	80.9	79.8	1.4	86.5	(6.5)	84.6	82.6	2.4
Adj. EBITDA (Rs'000/t)	**9.3**	**3.8**	**143.5**	**19.8**	**(53.2)**	**10.5**	**22.2**	**(52.8)**

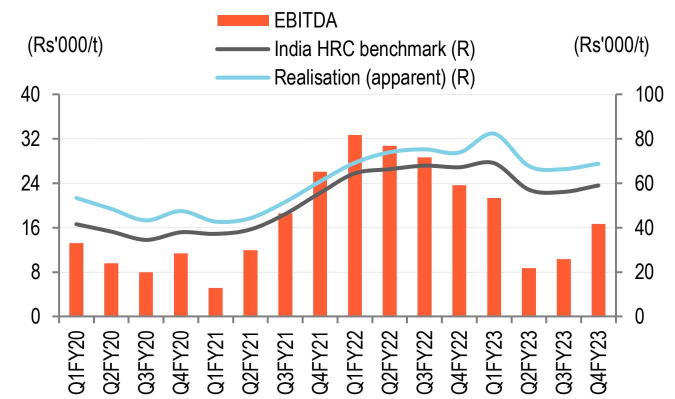
Source: Company, BOBCAPS Research, NM: Not meaningful

Fig 2 – Standalone sales improve sequentially in Q4



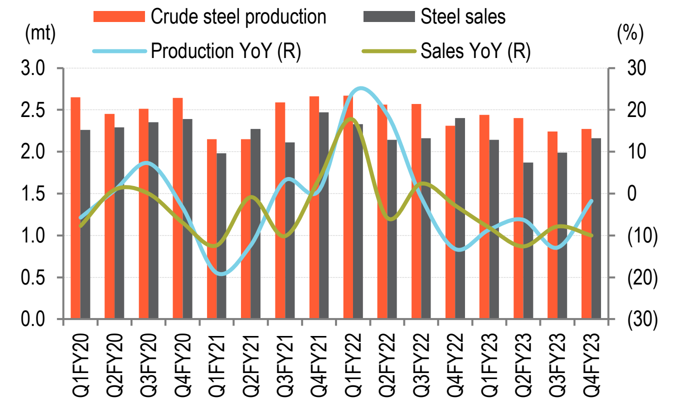
Source: Company, BOBCAPS Research

Fig 3 – EBITDA margin recovery ahead of our forecasts



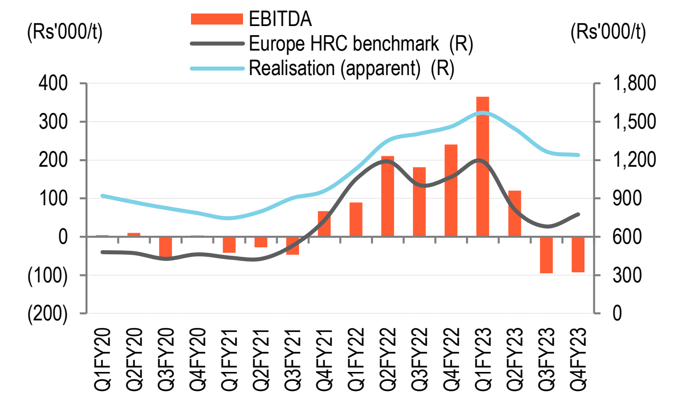
Source: Company, BOBCAPS Research

Fig 4 – Europe sales recovery softer than expectations



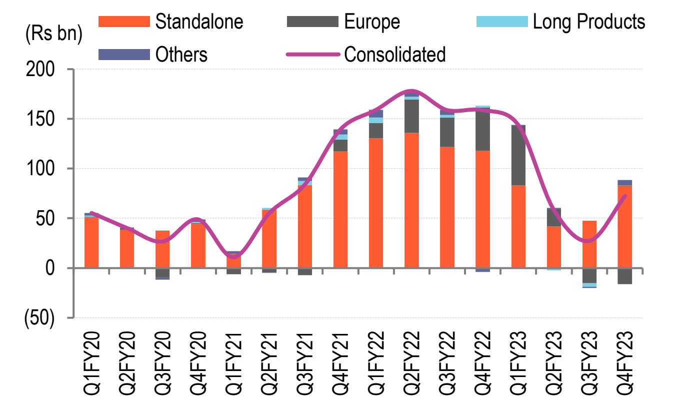
Source: Company, BOBCAPS Research

Fig 5 – European margin remains depressed



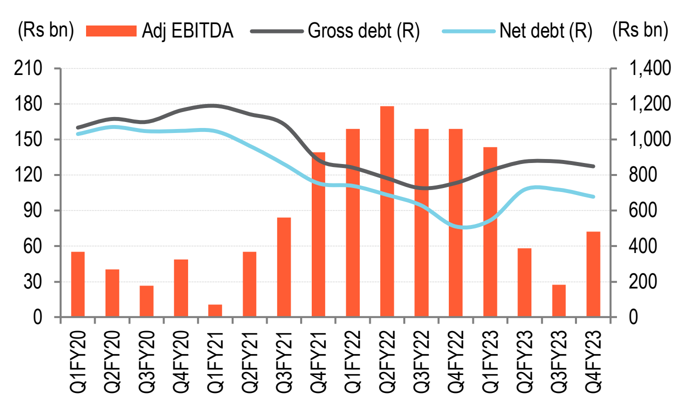
Source: Company, BOBCAPS Research

Fig 6 – Consolidated EBITDA recovery beat our estimate



Source: Company, BOBCAPS Research

Fig 7 – Net debt remained elevated



Source: Company, BOBCAPS Research

Valuation methodology

Forecast changes

Accounting for the Q4 and FY23 results, we tweak our FY24/FY25 EBITDA forecasts and lower FY24/FY25 net income by 2% each to incorporate higher net debt than assumed earlier. We also roll forward our forecasts to FY26.

On a lower base of FY23, we build in a conservative 10% EBITDA CAGR for TATA over FY23-FY26 assuming only partial operations of the TSK expansion by FY26 and mid-cycle margins over FY24-FY26. We also model for the following conservative assumptions as the company's capex plan fructifies over the next three years:

- **6mtpa pellet plant:** Rs 500/t annualised improvement in steel margin through to FY26 upon full ramp-up of the pellet plant (TATA aims to stop buying pellets from Q2)
- **2.2mtpa CRM complex:** US$ 100-150/t improvement over HRC realisation on 1-2mt of CR and related flat products gradually over FY24-FY26 as the entire CRM complex is commissioned
- **1mt NINL plant:** Margins to improve to Rs 5k-10k/t gradually through to FY26 as TATA fully integrates the plant with its long operations
- **5mtpa TSK expansion:** Utilisation of 30% in FY24 and 70% in FY25 based on company guidance of start-up of the BF by Apr'24
- **0.75mtpa EAF in Ludhiana:** No benefits from the EAF factored in at this stage as it takes time to develop a scrap-based chain in the region

Fig 8 – Revised estimates

(Rs bn)	Actual	New			Old		Change (%)	
	FY23P	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E
Revenue	2,416	2,181	2,203	2,382	2,127	2,219	2.6	(0.7)
EBITDA	**323**	**338**	**397**	**434**	**339**	**399**	**(0.3)**	**(0.4)**
EBITDA growth YoY	(49)	5	18	9	18	18	-	-
Net income	88	123	176	202	126	180	(2.2)	(2.3)

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

Parameter	FY23P	FY24E	FY25E	FY26E
Sales India (mt)	19.7	20.4	22.1	24.1
Sales Europe (mt)	8.2	8.9	8.5	8.5
India HRC price (US$/t)	751	641	599	599
EBITDA/t Standalone (Rs'000/t)	14.7	14.5	15.8	15.8
EBITDA/t India (Rs'000/t)	13.7	14.0	15.3	15.4
EBITDA/t Europe (US$/t)	71	64	78	81

Source: Company, BOBCAPS Research

Target price unchanged at Rs 140; maintain BUY

We maintain our TP at Rs 140, assigning the stock an unchanged blended EV/EBITDA multiple of 5.75x on FY25E. We have raised our valuation for the TSK expansion given improved visibility which offsets the impact of higher net debt than our prior assumptions. Our valuation of Indian and European businesses is based on different target multiples to account for their differing risk profiles in a downturn.

- With European operations under pressure from a weakened regional margin, we value the business at a target EV/EBITDA multiple of 4.5x (unchanged), below our sector target multiple of 6x. While UK operations (~25% of European volumes) are structurally weak, Netherlands operations (~75% of volumes) are largely EBITDA and cash positive through the cycle.
- We value Indian business at a target EV/EBITDA multiple of 6x (unchanged), reflecting our positive outlook on steel margins. We expect steel margins to stabilise in FY24 aided by supportive government policies in China aimed at rebooting the economy. We add incremental value for the TSK expansion conservatively at 50% of the value arrived at by multiplying incremental EBITDA with our target multiple of 6x and discounting it to Mar'24.
- Our blended target multiple of 5.75x is in line with the stock's historical trading average of 5.7x over the past ten-year period but above the 5.3x over the past five-year period, reflecting the improving earnings growth outlook from capex delivery.

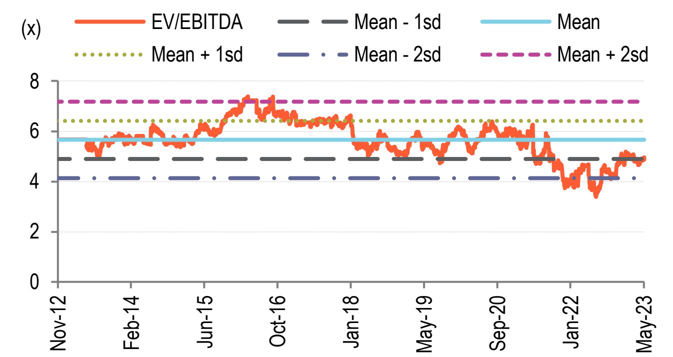
We maintain BUY as we remain confident of TATA's ability to weather the downturn and deliver on earnings-accretive growth.

Fig 10 – Valuation summary

(Rs bn)	Tata Steel India	Tata Steel Europe	Tata Steel
FY25E EBITDA	342	55	397
Target EV/EBITDA multiple (x)	6.0	4.5	5.8
Kalinganagar expansion incremental valuation	92	-	-
EV	2,144	247	2,391
FY24E Net debt	-	-	653
Equity value	**-**	**-**	**1,738**
Fair value (Rs)	**-**	**-**	142
Target price Mar'24 (rounded to nearest Rs 5)	**-**	**-**	140

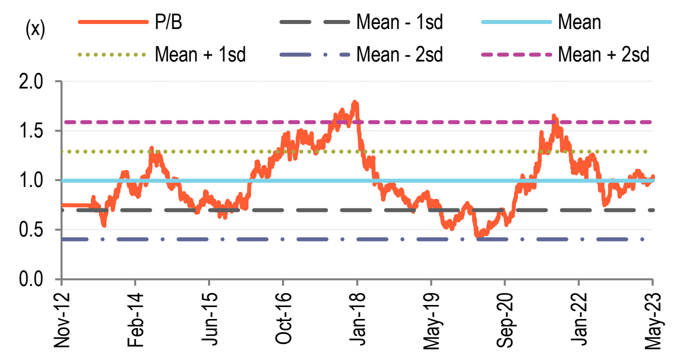
Source: BOBCAPS Research

Fig 11 – TATA EV/EBITDA 2Y forward



Source: Bloomberg, BOBCAPS Research

Fig 12 – TATA P/B 1Y forward



Source: Bloomberg, BOBCAPS Research

Fig 13 – Peer comparison

Ticker	CMP (Rs)	Rating	Target price (Rs)	Upside (%)	EV/Sales (x)		EV/EBITDA (x)		Net income (Rs bn)		P/B (x)		P/E (x)	
					FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
TATA IN	111	BUY	140	26.1	0.9	0.9	5.9	4.8	89	126	1.3	1.1	11.0	7.7
JSTL IN	739	HOLD	715	(3.2)	1.5	1.4	7.4	6.0	39	135	2.5	1.9	13.2	9.6
JSP IN	595	BUY	670	12.6	1.3	1.2	5.8	4.4	38	56	1.5	1.2	10.8	7.8
SAIL IN	86	HOLD	95	10.9	0.5	0.5	4.0	3.4	26	58	0.6	0.5	6.1	5.3

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- Steel producer valuations are highly sensitive to product and raw material prices. Key downside risks to our estimates are unfavourable changes in global demand-supply balance for steel and its raw materials, leading to lower prices and margins than our assumptions
- TATA is exposed to the risk of delay in implementation of its capital investment plan, including expansion, which could impact earnings growth. The company is targeting completion of margin enhancement projects such as the pellet plant and cold rolled mill at Kalinganagar plant in FY24 and annealing and galvanising lines over FY24-25. It is also expanding Kalinganagar capacity by 5mtpa to raise total India capacity to 25mt by FY25.
- TATA is exposed to the risk of closure of its upstream operations in the UK in the absence of a viable replacement option. Restructuring to continue only with downstream operations could involve additional costs.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Jindal Steel & Power	JSP IN	7.4	595	670	BUY
JSW Steel	JSTL IN	21.8	739	715	HOLD
SAIL	SAIL IN	4.3	86	95	HOLD
Tata Steel	TATA IN	16.5	111	140	BUY

Source: BOBCAPS Research, NSE | Price as of 4 May 2023

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

Financials

Income Statement

Y/E 31 Mar (Rs bn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	**1,547**	**2,423**	**2,416**	**2,181**	**2,203**
EBITDA	305	635	323	338	397
Depreciation	(92)	(91)	(93)	(99)	(105)
EBIT	213	544	230	238	292
Net interest inc./(exp.)	(76)	(55)	(63)	(62)	(55)
Other inc./(exp.)	9	8	10	9	9
Exceptional items	(10)	(1)	1	0	0
EBT	138	502	182	190	250
Income taxes	(57)	(85)	(102)	(68)	(75)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	3	6	4	4	4
Reported net profit	**75**	**402**	**88**	**123**	**176**
Adjustments	0	0	0	0	0
Adjusted net profit	**75**	**402**	**88**	**123**	**176**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	260	368	378	354	346
Other current liabilities	241	260	279	250	253
Provisions	47	28	39	39	39
Debt funds	885	756	849	769	689
Other liabilities	247	273	283	282	268
Equity capital	12	12	12	12	12
Reserves & surplus	730	1,132	1,019	1,096	1,228
Shareholders' fund	775	1,171	1,052	1,128	1,258
Total liab. and equities	**2,455**	**2,854**	**2,880**	**2,822**	**2,853**
Cash and cash eq.	130	244	170	116	125
Accounts receivables	95	122	83	108	109
Inventories	333	488	544	480	445
Other current assets	44	71	70	44	45
Investments	35	58	48	48	48
Net fixed assets	1,190	1,162	1,187	1,204	1,262
CWIP	190	220	312	369	369
Intangible assets	168	171	279	266	264
Deferred tax assets, net	0	0	0	0	0
Other assets	305	376	235	235	235
Total assets	**2,455**	**2,854**	**2,880**	**2,822**	**2,853**

Cash Flows

Y/E 31 Mar (Rs bn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	**369**	**455**	**252**	**285**	**354**
Capital expenditures	(100)	(97)	(318)	(160)	(161)
Change in investments	(6)	(24)	10	0	0
Other investing cash flows	87	(39)	140	9	9
Cash flow from investing	**(19)**	**(159)**	**(168)**	**(151)**	**(152)**
Equities issued/Others	1	0	0	0	0
Debt raised/repaid	(248)	(129)	93	(80)	(80)
Interest expenses	(76)	(55)	(63)	(62)	(55)
Dividends paid	(30)	(62)	(44)	(44)	(54)
Other financing cash flows	19	64	(145)	(3)	(5)
Cash flow from financing	**(335)**	**(181)**	**(159)**	**(188)**	**(194)**
Chg in cash & cash eq.	**15**	**114**	**(74)**	**(54)**	**9**
Closing cash & cash eq.	**130**	**244**	**170**	**116**	**125**

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	6.5	33.2	7.2	10.1	14.4
Adjusted EPS	6.5	33.2	7.2	10.1	14.4
Dividend per share	2.6	5.1	3.6	3.6	4.4
Book value per share	64.8	94.7	84.3	90.7	101.4

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	1.5	0.9	0.8	0.9	0.9
EV/EBITDA	7.5	3.5	6.1	5.8	5.1
Adjusted P/E	17.0	3.3	15.5	11.0	7.7
P/BV	1.7	1.2	1.3	1.2	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	50.3	79.7	48.3	65.1	70.3
Interest burden (PBT/EBIT)	70.0	92.6	78.9	79.6	85.7
EBIT margin (EBIT/Revenue)	13.7	22.4	9.5	10.9	13.3
Asset turnover (Rev./Avg TA)	62.4	91.3	84.3	76.5	77.6
Leverage (Avg TA/Avg Equity)	3.4	2.8	2.6	2.7	2.4
Adjusted ROAE	10.1	42.6	8.1	11.5	15.0

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	5.9	56.6	(0.3)	(9.7)	1.0
EBITDA	71.1	108.1	(49.1)	4.5	17.6
Adjusted EPS	380.7	408.5	(78.4)	41.0	42.5
Profitability & Return ratios (%)					
EBITDA margin	19.7	26.2	13.4	15.5	18.0
EBIT margin	13.7	22.4	9.5	10.9	13.3
Adjusted profit margin	4.8	16.6	3.6	5.7	8.0
Adjusted ROAE	10.1	42.6	8.1	11.5	15.0
ROCE	11.1	26.9	11.0	11.3	13.7
Working capital days (days)					
Receivables	23	18	12	18	18
Inventory	79	74	82	80	74
Payables	75	74	65	70	70
Ratios (x)					
Gross asset turnover	0.6	0.9	0.8	0.8	0.8
Current ratio	0.8	1.0	0.9	0.8	0.8
Net interest coverage ratio	2.8	10.0	3.6	3.9	5.3
Adjusted debt/equity	1.0	0.4	0.6	0.6	0.4

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

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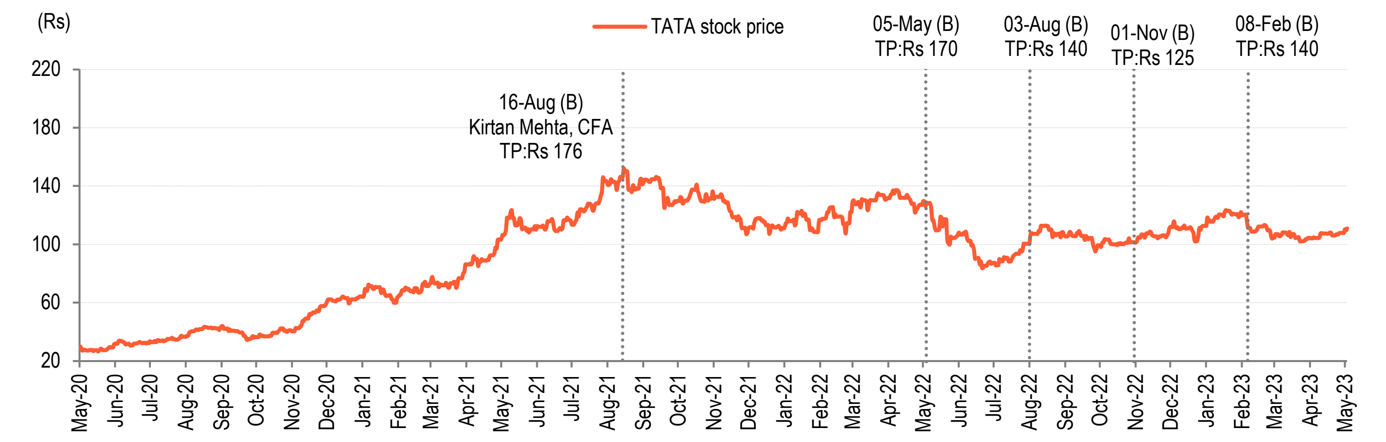

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