RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 120 | ⮝ 2%

SAIL | Metals & Mining | 11 November 2024

Volatile profitability despite structural improvements

- **While Q2 benefitted from prior-period rail revenue, underlying profitability was weak and lagged peers**
- **Despite structural improvements and higher plant utilisation, profitability remains volatile. Leverage also remains a concern**
- **Raise FY25 estimates factoring in prior-period rail revenue and increase TP to Rs 120 (from Rs 110). Upgrade rating to HOLD from SELL**

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Q2 benefitted from prior-period rail revenue: Q2 EBITDA at Rs 29.1bn was up 31% QoQ benefitting from Rs 16.4bn of FY23 rail revenue recovery. Excluding the same, adj EBITDA margin slid Rs 2.4k/t to Rs 3.1k/t. Sales was down 15% YoY to 4.1mt, impacted by higher domestic competition amid weaker exports by industry.

Lagged peers: SAIL's adj EBITDA margin of Rs 3.1k/t was the weakest among its peers – JSTL India (Rs 8.4k/t), JSP (Rs 11.5k/t) and TATA India (Rs 13.5kt).

Operational improvements: (a) Billet caster at Bhilai operationalised, (b) share of structural in product mix increased to 16% (from 9-10% run rate) indicating better utilisation of new structure mills, however, its margin benefit was not evident yet, (c) coke usage reduced to 526kg/thm from 440kg/thm in FY24.

Leverage remains a concern: While gross debt remained elevated at Rs 356bn in H1 on account of increase in coking coal stocks, SAIL guides for Rs 45bn-50bn reduction to Rs 290bn by the end of FY25.

Slowly progressing expansions: SAIL has tendered out eight out of 14 packages for the 3.8mtpa IISCO expansion, received stage 1 approval from the board to commence tendering for the 2.5mtpa Durgapur expansion, and continues to work on finalising the Detailed Project Report (DPR) for the 2.4mtpa Bokaro expansion.

Tweak estimates: SAIL lowered its FY25 steel sales guidance to 18mt (from 19.2mt). Factoring in prior-period rail revenue, we raise FY25E EBITDA by 6% and continue to build in 9% CAGR over FY24-27E on the back of 3% ramp-up in sales with the usage of Bhilai caster. We do not account for debottlenecking projects.

Upgrade to HOLD: Rolling forward to Sep'25, we raise our TP to Rs 120 (from Rs 110) with an unchanged 1Y fwd EV/EBITDA target multiple of 5.5x. The multiple is at a discount to peers and reflects SAIL's weak profitability and pause in capex programme over the past three years. With 25% correction in the stock's price since July, we upgrade the rating on SAIL to HOLD from SELL.

Key changes

Target	Rating
▲	▲

Ticker/Price	SAIL IN/Rs 118
Market cap	US$ 5.8bn
Free float	35%
3M ADV	US$ 33.8mn
52wk high/low	Rs 175/Rs 86
Promoter/FPI/DII	65%/3%/16%

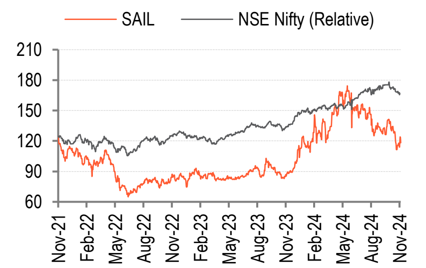
Source: NSE | Price as of 8 Nov 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs bn)	1,054	1,064	1,076
EBITDA (Rs bn)	111	123	140
Adj. net profit (Rs bn)	31	36	52
Adj. EPS (Rs)	7.4	8.8	12.6
Consensus EPS (Rs)	7.4	6.6	10.2
Adj. ROAE (%)	5.5	6.2	8.5
Adj. P/E (x)	15.9	13.5	9.4
EV/EBITDA (x)	6.5	6.7	5.8
Adj. EPS growth (%)	40.9	18.1	43.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Q2 results benefitted from prior-period revenue

SAIL's Q2FY25 benefitted from prior-period rail revenue recovery of Rs 16.4bn pertaining to the FY23 sale. Excluding the same, Adj. revenue at Rs 230bn was 1% below our estimates and 8% below consensus. Adj. EBITDA at Rs 12.7bn was 8% above our forecast but 13% below Bloomberg consensus. Adj. net loss at Rs 4.2bn was higher than Bloomberg consensus loss of Rs 1.1bn but lower than our loss forecast of Rs 5.5bn.

Fig 1 – SAIL Q2 vs consensus and our forecasts

(Rs bn)	Q2FY25	Consensus	Delta	BOBCAPS	Delta
Revenue from operations	246.7	250.1	(1.3)	232.7	6.0
Reported EBITDA	29.1	14.6	99.1	11.7	148.4
Reported net income	9.0	(1.1)	908.2	(5.5)	262.9
Excluding prior period rail revenue					
Adj. revenue	230.4	250.1	(7.9)	232.7	(1.0)
Adj. EBITDA	12.7	14.6	(13.4)	11.7	8.1
Adj. Net income	(4.2)	(1.1)	(276.7)	(5.5)	24.1
Operational parameters					
Sales (mt)	4.1	-	-	4.1	0.0
EBITDA margin (Rs/t) excl prior period rail revenue	3.1	-	-	2.9	8.8

Source: Company, Bloomberg, BOBCAPS Research

Sequential decline: Adj. EBITDA declined 42% QoQ due to 44% lower EBITDA margin and was only partially offset by a sequential 2% increase in sales volume.

- **Margin decline:** While headline EBITDA margin increased Rs 2.6k/t QoQ to Rs 7.1k/t, adj. EBITDA margin excluding prior-period rail revenue was down Rs 2.4k/t to Rs 3.1k/t. The sequential decline was the result of a Rs 3.6k/t decline in realisation and increase in conversion costs by Rs 0.6k/t and was only partially offset by reduction in coking coal costs (Rs 1.8k/t).
- **EBITDA decline in line with peers:** SAIL clocked a sequential EBITDA decline of Rs 2.4k/t QoQ which compares with Rs 2.0k/t clocked by JSP, Rs 0.7k/t by Tata India operations and Rs 0.1k/t by JSTL India operations.
- **Lowest margin among peers:** SAIL's adj. EBITDA margin per tonne of Rs 3.1k is significantly weaker than its peers – JSTL India (Rs 8.4k/t), JSP (Rs 11.5k/t) and TATA India (Rs 13.5k/t).
- **Realisation declined again:** Q2 blended NSR (net sales realisation) was at Rs 50.5k/t, with long products at Rs 52.5-53.0k/t and flat products at Rs 49.0k/t. Realisation declined by Rs 3.2k/t QoQ, driven by Rs 0.5-1.0k/t decrease for long products and Rs 4.5k/t decline for flat products.

Softer volume on higher domestic competition: SAIL clocked crude steel production of 4.8mt, flattish YoY as well as QoQ. Steel sales of 4.1mt was down 15% YoY. SAIL attributed the softer volume to increased domestic competition amid weaker exports. Steel sales remained impacted by maintenance of the Hot Strip Mill at Bokaro, which increased the proportion of semis to 15.6% (14.3% in FY24) in the product mix. Finished steel inventory increased to 1.93mt by the end of H1.

Operational improvements:

- **Higher structurals:** Share of structural products increased to 16% from the prior average of 9-10% and SAIL attributed the same to improved utilisation of mid-section mill as well as universal section mill. While its contribution to margin improvement was not evident in Q2, we need to watch its contribution in subsequent quarters.
- **Lower coke usage:** Coke usage reduced from 440kg/thm (per tonne of hot metal) to 426kg/thm in Q2 on increase in CDI (Coal Dust Injection) from 106kg/thm to 110kg/thm.

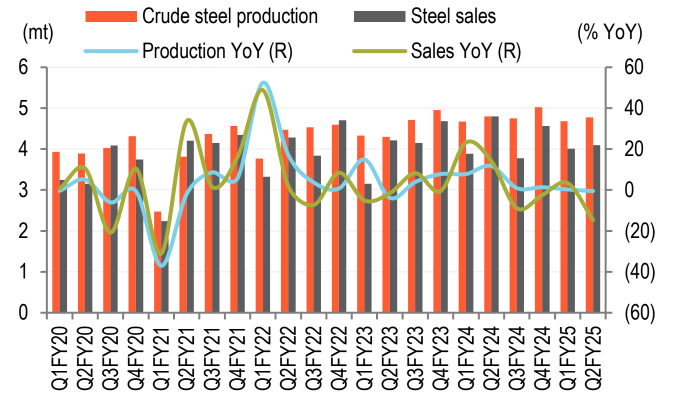
Increase in leverage: Gross debt (IndAS) remained elevated at Rs 412.5bn from Rs 363bn in Q4 on account of the increase in coking coal stocks to cover planned mine shutdown by its suppliers. SAIL expects excess working capital to ease by Dec'24-Jan'25. This lifted the debt:equity leverage ratio to 0.76x for Sep'24 from 0.67x at end-FY24.

Fig 2 – Quarterly performance

(Rs bn)	Q2FY25	Q1FY25	QoQ (%)	Q2FY24	YoY (%)	H1FY25	H1FY24	YoY (%)
Consolidated P&L								
Revenue	246.8	240.0	2.8	297.1	(17.0)	486.7	540.7	(10.0)
EBITDA	**29.1**	**22.2**	**31.2**	**38.8**	**(24.8)**	**51.3**	**55.2**	**(7.1)**
EBIT	16.1	8.2	96.8	25.5	(36.9)	24.3	29.2	(17.0)
PBT before JV and exceptionals	10.2	3.0	235.8	20.9	(51.3)	13.2	23.1	(42.9)
PBT before exceptionals	11.7	4.1	186.3	21.8	(46.3)	15.8	24.7	(36.0)
PAT adjusted before JV	**7.4**	**2.9**	**158.6**	**16.3**	**(54.4)**	**10.3**	**17.7**	**(42.0)**
PAT adjusted	9.0	3.9	128.0	17.2	(47.9)	12.9	19.3	(33.2)
PAT reported	9.0	0.8	997.0	13.1	(31.3)	9.8	15.2	(35.5)
EPS (Rs)	2.2	0.2	985.0	3.2	(31.3)	27.1	3.7	637.4
Tax rate (%)	23.5	4.0	-	21.2	-	18.5	21.8	-
Standalone								
Crude steel production (mt)	4.8	4.7	1.9	4.8	(0.5)	2.6	9.5	(72.3)
Steel sales (mt)	4.1	4.0	2.1	4.8	(14.7)	15.8	8.7	82.3
Realisation (Rs'000/t)	60.2	59.8	0.7	61.9	(2.7)	30.7	62.3	(50.6)
Gross margin (Rs'000/t)	**31.9**	**29.7**	**7.5**	**29.5**	**8.3**	**15.8**	**29.3**	**(46.1)**
Employee costs (Rs'000/t)	7.0	6.9	1.3	6.5	7.7	3.6	6.9	(48.1)
Other conversion costs (Rs'000/t)	17.8	17.2	3.3	14.9	19.5	9.0	16.1	(44.1)
EBITDA (Rs'000/t)	**7.1**	**5.5**	**28.5**	**8.1**	**(11.9)**	**3.2**	**6.4**	**(49.0)**
Adjustment for prior period rail recovery								
Prior period rail revenue	16.4	0.0	NA	17.5	(6.4)	(0.9)	17.5	(105.0)
Excluding prior period rail revenue								
- Revenue	230.4	240.0	(4.0)	279.6	(17.6)	487.6	523.2	(6.8)
- Gross margin	114.5	119.2	(3.9)	124.1	(7.7)	250.9	237.0	5.9
- EBITDA	**12.8**	**22.2**	**(42.5)**	**21.3**	**(40.0)**	**52.2**	**37.7**	**38.3**
- Realisation (Rs'000/t)	56.2	59.8	(6.0)	58.3	(3.5)	30.8	60.3	(48.9)
- Gross margin (Rs'000/t)	27.9	29.7	(5.9)	25.8	8.1	15.8	27.3	(41.9)
- EBITDA (Rs'000/t)	**3.1**	**5.5**	**(43.7)**	**4.4**	**(29.7)**	**3.3**	**4.3**	**(24.1)**

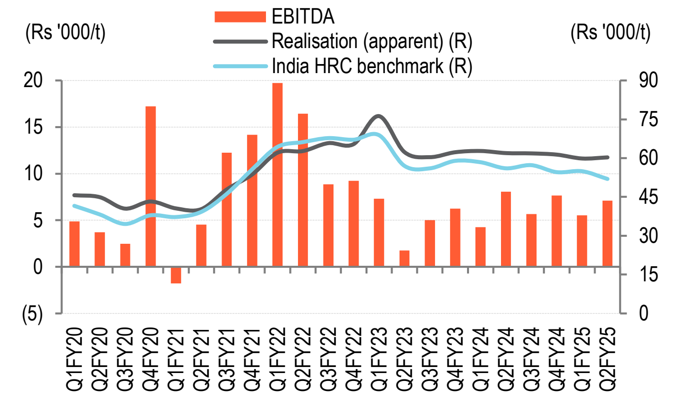
Source: Company, BOBCAPS Research

Fig 3 – Q2 steel sales did not recover on higher domestic competition



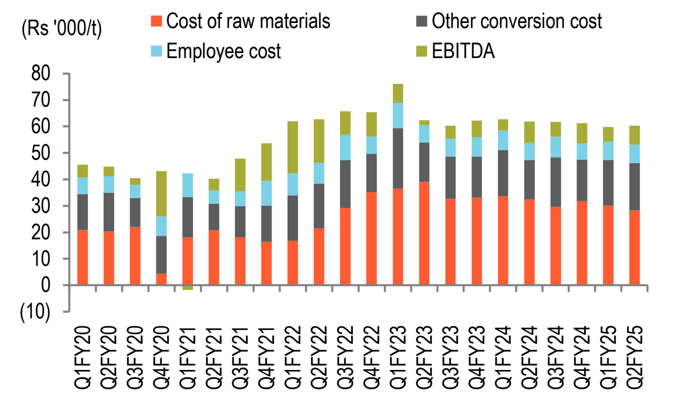
Source: Company, BOBCAPS Research

Fig 4 – Headline EBIDTA improved sequentially on prior-period rail revenue recovery



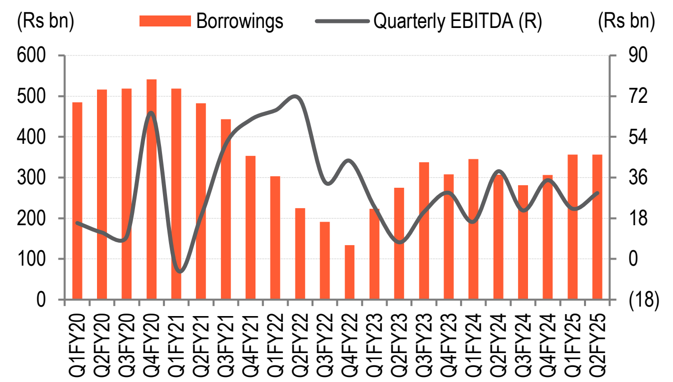
Source: Company, BOBCAPS Research

Fig 5 – Cost components



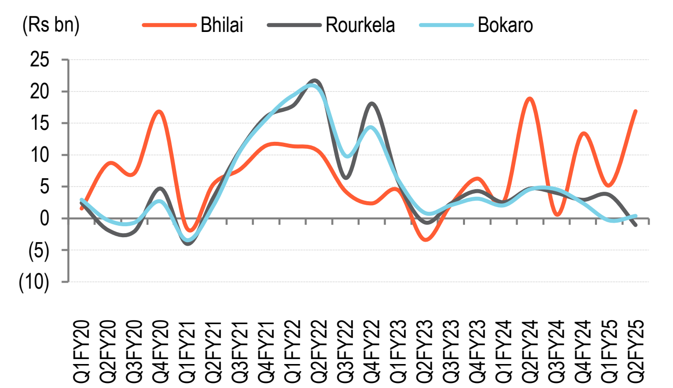
Source: Company, BOBCAPS Research

Fig 6 – Debt remained elevated with build-up of coking coal inventories



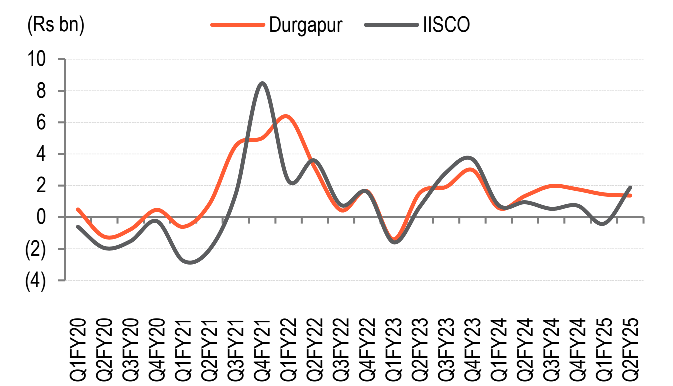
Source: Company, BOBCAPS Research

Fig 7 – Sharp uptick in Bhilai EBIT on prior-period rail revenue recovery, weak profit at Bokaro and Rourkela



Source: Company, BOBCAPS Research

Fig 8 – EBIT uptick at IISCO plant



Source: Company, BOBCAPS Research

Management guidance

Q3FY25 guidance

- **Increase in volumes:** Sales volume improved to 1.6mt in October, equivalent of 5mt quarterly run-rate, recovering from 4.1mt in Q1. Liquidation of finished goods inventory (1.93mt at the end of September) could also help increase sales volume in H2FY25.
- **Realisation recovering slowly:** Blended realisations recovered to Rs 48k/t in October and to Rs 49.5k/t in November but remains below the Q2 average of Rs 50.5k/t. While long products realisation recovered to Rs 52k/t in October (vs average of Rs 52.5k-53k/t), flat products remain soft at Rs 46.5k-47k/t in October (vs average of Rs 49k/ in Q2).
- **Coking coal costs to decline QoQ:** Coking coal purchase costs have dropped to Rs 20k/t in October-November from Rs 22k/t in Q2. However, the actual pass through in cost base will depend on the level of residual coking coal stocks built up in Q1 at Rs 24.5k/t. Management expects domestic coking coal to remain range bound at Rs 13k-13.5k/t.

FY25 guidance

- **Increase in volumes:** Management has lowered guidance for crude steel production to 19.2mt (from 20.9mt communicated during Q1) and sales of 18.0mt (from 19.3mt) in FY25.
- **Capex pick-up only from FY27:** The company guided for modest capex of Rs 60bn in FY25 and limited pick-up in FY26 with advance payment towards some of the finalised packages for IISCO and Durgapur Modernisation projects. The capex is likely to increase in FY27 when SAIL ramps up execution of the 4mt IISCO plant.
- **Borrowings to ease by end of FY25:** SAIL expects net debt to ease to Rs 290bn with a reduction of Rs 45bn-50b from the level of Rs 345bn in October.

SAIL to lag peers in the next wave of growth

SAIL is aiming to increase capacity to 35mt by FY21 from 21mt currently. Progress on brownfield expansions as follows:

- **3.8mt IISCO expansion:** Eight out of 14 packages have been tendered out. The company plans to approach the board for stage 2 approval in H1FY26 after finalising all tenders.
- **2.5mt Durgapur expansion:** Stage 1 approval has been granted by the board allowing SIL to now start the tendering of packages.
- **2.4mt Bokaro expansion:** The company is currently working with project consultants to improve the project costs and finalise the Detailed Project Report.
- **5.9mtpa Rourkela expansion**: SAIL is seeking state government help to clear encroachments on plant land.
- **0.8mt Bhilai expansion**: Long castor operationlised.

Debottlenecking projects are progressing slowly: SAIL aims to add 3mt-4mt of capacity at existing plants over the next three to four years via debottlenecking, However the progress is slow.

Pellet plant: For the utilisation of substandard fines, SAIL is working to set up pellet plants. SAIL is now considering 3.5mtpa pellet plant at Goa, 1mtpa at Bhilai, 2mtpa at Rourkela. SAIL is also considering adding pellet plants at IISCO and Durgapur as well as part of modernisation. The company plans to appoint a consultant to prepare Detailed Project Reports to establish the feasibility of these pellet plants.

Valuation methodology

Forecast changes

We raise FY25E EBITDA by 6% to factor in higher EBITDA margin on receipt of prior-period (FY23) rail revenue offsetting the lower sales volume guidance. We continue to build in the benefit of the higher production at Bhilai with operationalisation of caster although with conservative ramp-up assumptions. We lower net income estimates for FY26E by 4% and FY27E by 14%, factoring in a lower run rate for other income as well as higher interest expenses on the increase in net debt.

Fig 9 – Revised estimates

(Rs bn)	Actual	New			Old			Change (%)		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	1,054	1,064	1,076	1,075	1,105	1,115	1,112	(3.6)	(3.5)	(3.4)
EBITDA	**111**	**123**	**140**	**143**	**116**	**138**	**145**	**5.7**	**1.8**	**(1.9)**
EBITDA growth (%)	38.7	9.9	14.6	1.6	4.0	19	5	-	-	-
Net income	31	36	52	50	35	54	58	3.4	(4.4)	(13.6)

Source: Company, BOBCAPS Research

- **Conservative sales forecasts:** We lower our sales forecast for FY25 to 18.2mt (from 19.0mt) slightly above the guidance of 18.0mt, and then increase this to 18.8mt to factor in the benefit of 1mt of capacity addition at Bhilai through the addition of a caster at steel mill.
- **Gradual improvement in profitability:** We assume an improvement in EBITDA/t from Rs 6.5k/t in FY24 (including prior-period rail revenue benefit of Rs 1.5k/t) to Rs 6.7k/ Rs 7.7k/ Rs 7.6k over FY25/FY26/FY27. The uptick is likely to be driven by lower fixed costs per tonne as a result of improved sales volume.
- **Legacy blast furnace to weigh on profits:** Our forecasts assume a negative impact of legacy blast furnaces on SAIL's average margins. These furnaces still account for half of production and earn US$ 80-90/t lower EBITDA margins than new furnaces.
- **Employee cost per tonne to soften only gradually:** We expect a creeping improvement in employee cost per tonne as SAIL's annual manpower reduction by 3,000-4,000 staff is being partly negated by cost inflation.

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Fig 10 – Key assumptions

	FY24A	FY25E	FY26E	FY27E
Sales (mt)	17.0	18.2	18.3	18.8
India HRC (US$/t)	684	634	620	595
Realisation (Rs'000/t)	61.9	58.3	58.7	57.2
EBITDA/t (Rs'000/t)	6.5	6.7	7.7	7.6

Source: Company, BOBCAPS Research

Upgrade to HOLD with a revised TP of Rs 120

We tweak our TP for SAIL to Rs 120 (from Rs 110) to factor in our revised estimates while maintaining the 1-year fwd EV/EBITDA at 5.5x to account for the early economic recovery phase ahead. We use FY26 earnings as a valuation base to arrive at Mar'25 fair value and then roll forward our valuation to Sep'25 (from Jun'25) to arrive at one-year forward TP.

Our target valuation for SAIL of 5.5x is below our target 6.5x mid-cycle valuation for the Indian steel sector, reflecting the company's weak profitability and the pause in its capex programme over the past three years to stabilise operations after its previous modernisation drive. Our target multiple is higher than the stock's historical trading average of 4.4x over the past five years but lower than the 6.5x seen over the past ten years.

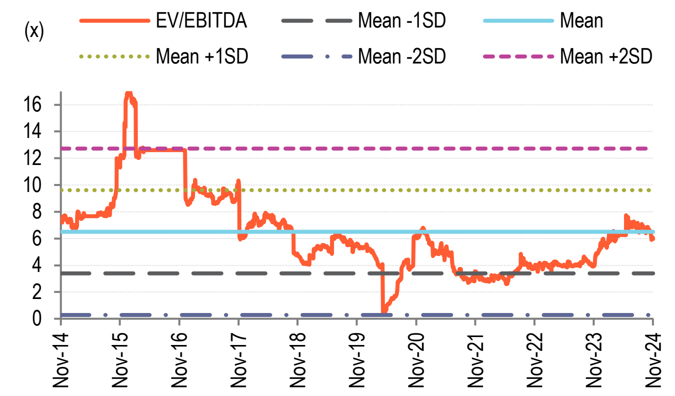
Given 2% downside to our TP, we upgrade SAIL to HOLD from SELL. We expect SAIL to lag its peers under our coverage in the next growth phase and to face higher balance sheet risk. We reckon the company will begin its expansion drive at a net debt-to-EBITDA ratio of 2.6x if it succeeds in starting over in FY25. Given limited scope for operational improvement in the existing set-up and heavy capex planned over FY27-FY28, we see increased risk of a stretched balance sheet.

Fig 11 – SAIL: Valuation summary

(Rs bn)	Value (Rs bn)
FY26E EBITDA	140
Target EV/EBITDA (x)	5.5
EV Mar'25	**772**
FY25E Net debt	304
Equity Value Mar'25E	**468**
Fair value per share Mar'25E (Rs)	113
Fair value per share Sep'25E (Rs)	119
Target price Sep'25E (Rs) (rounded to nearest Rs 5)	**120**

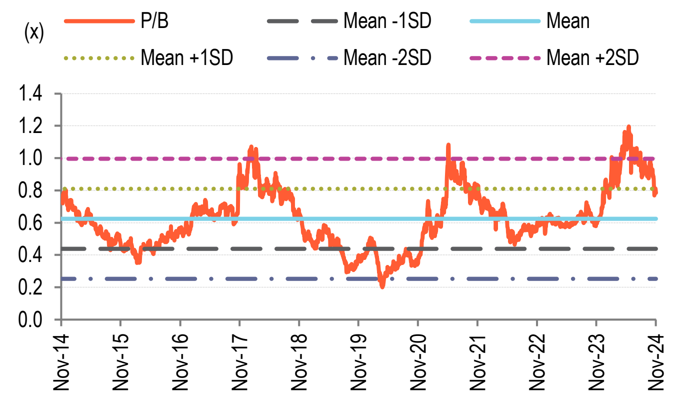
Source: Company, BOBCAPS Research

Fig 12 – SAIL 2Y fwd EV/EBITDA



Source: Bloomberg, BOBCAPS Research

Fig 13 – SAIL 1Y fwd P/B



Source: Bloomberg, BOBCAPS Research

Key risks

Key upside/downside risks to our estimates:

- Steel producer valuations are highly sensitive to product and raw material prices. Key upside risks to our estimates are favourable changes in global dynamics, leading to higher prices and margins than assumed. Conversely, key downside risks to our estimates are favourable changes in global dynamics, leading to higher prices and margins than assumed.
- We assume only a modest improvement in operations in our estimates. Any material improvement/ deterioration beyond our current assumptions would be an upside/downside risk to our earnings forecasts.
- SAIL is exposed to the risk of delays in implementing its capital investment plan, including expansion, which could slow earnings growth. Conversely, upside risks to our earnings could arise from faster implementation of its capital investment plan than our conservative assumptions.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Jindal Steel & Power	JSP IN	11.2	928	1,010	HOLD
JSW Steel	JSTL IN	28.9	996	975	HOLD
SAIL	SAIL IN	5.8	118	120	HOLD
Tata Steel	TATA IN	21.8	148	175	BUY

Source: BOBCAPS Research, NSE | Price as of 8 Nov 2024

Financials

Income Statement

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	**1,044**	**1,054**	**1,064**	**1,076**	**1,075**
EBITDA	80	111	123	140	143
Depreciation	(50)	(53)	(56)	(57)	(59)
EBIT	31	59	67	84	84
Net interest inc./(exp.)	(20)	(25)	(28)	(26)	(29)
Other inc./(exp.)	10	11	7	8	8
Exceptional items	3	(8)	(3)	0	0
EBT	29	41	48	70	67
Income taxes	(7)	(10)	(12)	(18)	(17)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	6	4	5	5	5
Reported net profit	**22**	**31**	**36**	**52**	**50**
Adjustments	0	0	0	0	0
Adjusted net profit	**22**	**31**	**36**	**52**	**50**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	143	153	135	133	133
Other current liabilities	137	153	153	153	153
Provisions	14	13	16	16	16
Debt funds	308	363	313	293	323
Other liabilities	156	153	158	163	168
Equity capital	41	41	41	41	41
Reserves & surplus	506	530	555	592	627
Shareholders' fund	547	571	596	633	668
Total liab. and equities	**1,305**	**1,407**	**1,371**	**1,392**	**1,462**
Cash and cash eq.	6	7	9	6	6
Accounts receivables	54	84	79	80	79
Inventories	278	327	284	282	281
Other current assets	43	64	65	66	65
Investments	0	0	0	0	0
Net fixed assets	671	654	654	647	639
CWIP	49	61	66	96	176
Intangible assets	15	15	15	14	14
Deferred tax assets, net	0	0	0	0	0
Other assets	190	195	200	201	201
Total assets	**1,305**	**1,407**	**1,371**	**1,392**	**1,462**

Cash Flows

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	**(39)**	**39**	**155**	**141**	**144**
Capital expenditures	(39)	(48)	(60)	(80)	(130)
Change in investments	0	0	0	0	0
Other investing cash flows	(22)	(6)	(5)	(1)	0
Cash flow from investing	**(62)**	**(54)**	**(65)**	**(81)**	**(130)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	135	55	(50)	(20)	30
Interest expenses	(20)	(25)	(28)	(26)	(29)
Dividends paid	(6)	(8)	(11)	(16)	(15)
Other financing cash flows	(10)	(7)	0	0	0
Cash flow from financing	**98**	**16**	**(88)**	**(62)**	**(14)**
Chg in cash & cash eq.	**(2)**	**1**	**2**	**(3)**	**0**
Closing cash & cash eq.	**6**	**7**	**9**	**6**	**6**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	5.3	7.4	8.8	12.6	12.1
Adjusted EPS	5.3	7.4	8.8	12.6	12.1
Dividend per share	1.5	2.0	2.6	3.8	3.6
Book value per share	132.5	138.2	144.4	153.2	161.7

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	0.7	0.7	0.8	0.8	0.7
EV/EBITDA	9.4	6.5	6.7	5.8	5.5
Adjusted P/E	22.4	15.9	13.5	9.4	9.7
P/BV	0.9	0.9	0.8	0.8	0.7

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	82.6	62.6	70.3	74.8	74.8
Interest burden (PBT/EBIT)	85.6	83.5	77.3	83.4	80.2
EBIT margin (EBIT/Revenue)	2.9	5.6	6.3	7.8	7.8
Asset turnover (Rev./Avg TA)	83.4	77.7	76.6	77.9	75.3
Leverage (Avg TA/Avg Equity)	2.3	2.4	2.4	2.2	2.2
Adjusted ROAE	4.0	5.5	6.2	8.5	7.7

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	0.9	0.9	1.0	1.1	(0.1)
EBITDA	(62.3)	38.7	9.9	14.6	1.6
Adjusted EPS	(82.2)	40.9	18.1	43.8	(3.8)
Profitability & Return ratios (%)					
EBITDA margin	7.7	10.6	11.5	13.0	13.3
EBIT margin	2.9	5.6	6.3	7.8	7.8
Adjusted profit margin	2.1	2.9	3.4	4.8	4.7
Adjusted ROAE	4.0	5.5	6.2	8.5	7.7
ROCE	4.3	6.6	6.9	8.4	8.1
Working capital days (days)					
Receivables	19	29	27	27	27
Inventory	97	113	97	96	95
Payables	54	59	52	52	52
Ratios (x)					
Gross asset turnover	0.8	0.8	0.8	0.8	0.8
Current ratio	0.8	0.9	0.8	0.9	0.9
Net interest coverage ratio	1.5	2.4	2.4	3.2	2.9
Adjusted debt/equity	0.6	0.6	0.5	0.5	0.5

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

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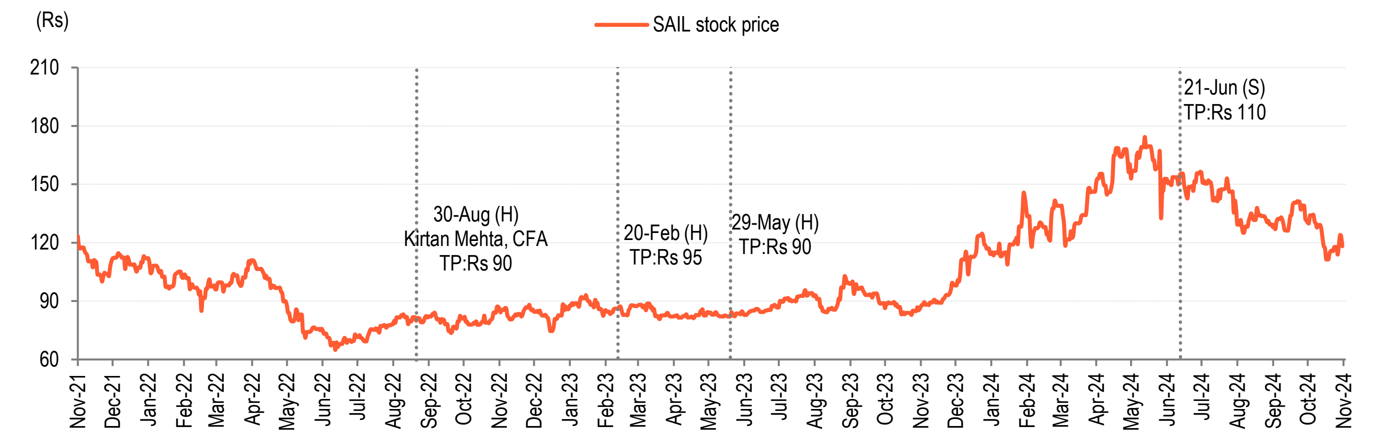

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