

Estimate change

TP change

Rating change



CMP: INR74

TP: INR90 (+21%)

Buy

Earnings beat driven by lower RM costs

Bloomberg	SAIL IN
Equity Shares (m)	4,130
M.Cap.(INRb)/(USD\$b)	306.9 / 4
52-Week Range (INR)	146 / 72
1, 6, 12 Rel. Per (%)	-21/-26/-47
12M Avg Val (INR M)	5543
Free float (%)	35.0

Financials & Valuations (INR b)

Y/E Mar	2022	2023E	2024E
Net Sales	1,035	1,177	1,087
EBITDA	213	109	155
PAT	138	51	88
EPS (INR)	33.4	12.3	21.4
Gr. (%)	155	-63	74
BV/Sh (INR)	131.2	136.1	150.0
RoE (%)	27.7	9.2	15.0
RoCE (%)	22.3	9.5	14.6
P/E (x)	35.8	69.3	39.1
P/BV (x)	2.2	6.0	3.5
EV/EBITDA (x)	0.6	0.5	0.5

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	65.0	65.0	65.0
DII	10.2	10.6	16.7
FII	4.6	4.4	4.3
Others	20.2	20.0	14.0

FII Includes depository receipts

- SAIL reported an in line revenue at INR308b (up 32% YoY and 22% QoQ) in 4QFY22, driven by an improved mix of higher ASP and sales volume. Reported EBITDA was greater than our estimate as consumption of higher-cost coal will occur in 1QFY23.
- Recently, the government announced various measures to cool down prices (refer Exhibit 1). This resulted in an 11% correction in the stock. It has corrected by ~50% from its 52-week high on fears of waning demand, input cost inflation, and the recent imposition of export curbs. However, the underlying demand cannot be deferred forever. The CMP factors most of the risks, if not all.
- Coking coal has been hovering above USD500 for the last four months, The La-Nina phenomenon in Australia is over. Coking coal supplies from China are improving. We expect coal prices to start correcting, which will support profitability for SAIL. We maintain our Buy rating with a TP of INR90/share, at 5x FY23E EV/EBITDA. There could still be short-term pain, but the risk-reward ratio is now in its favor as most of the negatives are priced in.

Coking coal cost will catch up in 1QFY23

- Adjusted EBITDA fell 24% YoY, but rose 26% QoQ to INR48b due to higher volumes at nearly flattish ASP. Adjusted EBITDA/t, at INR10,122 (down 29% YoY, but up 3% QoQ), was significantly higher than our estimate as SAIL did not consume the highest-cost coking coal in 4QFY22. The same will now be consumed in 1QFY23. This contributed to the EBITDA beat on our estimate. The entire EBITDA beat can be explained in the lower-than-expected RM cost.
- SAIL's financial performance is extremely sensitive to coking coal costs due to a higher percentage of coal cost in its RM mix as compared to its peers. We expect its 1QFY23 result to be adversely impacted by higher coking coal cost.
- Adjusted PAT, at INR24b (down 32% YoY, but up 41% QoQ), was higher than our estimate, driven by EBITDA beat.
- In FY22, revenue/EBITDA/adjusted PAT stood at INR1,035b/INR213b/INR123b, up 50%/68%/140% YoY, largely driven by higher ASP.
- SAIL carries an inventory of 60 days of coal, including that on the high seas. Hence, the surprise to our numbers.

Highlights from the management commentary

- **Guidance for FY23:** The management expects railway contracts to be finalized soon. The same will be beneficial for SAIL as the last revision occurred in FY19. Capex for FY23 is pegged at INR80b, even though it does not have specific projects to that extent. Given the changing market dynamics, it is unlikely to incur a capex of more than INR50b in FY23.

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- The company has not made any changes to its FY23 volume guidance, though we believe there could be a possible reduction this fiscal.
- The wage settlement has happened, and its FY23 wage bill will be ~INR120b (in line).
- Coking coal costs in 1QFY23 will be higher by ~15%, though the management plans to partly mitigate rising coal costs through: a) higher procurement of coal from Russia at a discount, b) higher injection of PCI coal as a replacement of coke, and c) increased procurement of coal from BCCL and its JV company ICVL.
- Borrowings on a net basis, excluding lease liabilities, now stand at INR134b. Further deleveraging could be challenging under the current steel/coal price scenario.

Standalone quarterly performance (INR b)

Y/E March	FY21				FY22				FY21	FY22	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Sales (mt)	2.2	4.2	4.1	4.4	3.3	4.3	3.8	4.7	14.9	16.2	4.8
Change (YoY %)	-31.1	33.6	1.4	16.2	48.7	1.8	-7.4	8.3	5.0	8.1	9.3
Realization (INR/t)	40,534	40,237	47,813	53,531	62,045	62,680	65,745	65,304	46,255	64,042	66,933
Change (YoY %)	-11.1	-10.3	18.2	23.9	53.1	55.8	37.5	22.0	6.8	38.5	25.0
Net Sales	90.7	169.2	198.3	232.9	206.4	268.3	252.5	307.6	691.1	1,034.7	318.1
Change (YoY %)	-38.8	19.8	19.9	44.0	127.7	58.5	27.3	32.1	12.1	49.7	36.6
Change (QoQ %)	-43.9	86.6	17.2	17.4	-11.4	30.0	-5.9	21.8			26.0
NSR to RM Spread (INR/t)	22,562	19,483	29,694	37,119	45,342	41,261	36,531	30,167	27,913	37,743	26,095
EBITDA	-4.0	19.0	50.8	61.5	65.6	70.2	34.1	43.3	127.3	213.2	17.6
Change (YoY %)	NA	63.9	409.0	214.9	NA	269.2	-32.8	-29.6	123.6	67.5	-71.4
Change (QoQ %)	NA	NA	167.2	21.2	6.7	6.9	-51.4	27.0			-48.5
EBITDA/t (INR)	-1,801	4,518	12,241	14,145	19,728	16,395	8,881	9,196	8,519	13,197	3,697
EBITDA/t (USD)	-24	61	165	194	267	221	118	122	115	177	50
Interest	8.9	7.2	6.7	5.4	5.0	4.4	3.2	4.4	28.2	17.0	2.9
Depreciation	9.7	9.9	9.8	11.6	10.3	10.6	10.5	11.4	41.0	42.7	10.5
Other Income	2.8	2.0	2.2	3.2	1.1	2.3	2.5	4.5	10.1	10.4	2.2
PBT (before EO Inc.)	-19.8	3.9	36.4	47.7	51.4	57.5	22.9	32.0	68.2	163.9	6.4
EO Income/(exp.)	0.0	2.2	0.0	-1.7	0.0	0.0	-3.6	0.1	0.6	-3.5	0.0
PBT (after EO Inc.)	-19.8	6.1	36.4	46.1	51.4	57.5	19.3	32.1	68.8	160.4	6.4
Total Tax	-7.1	2.2	23.6	11.6	12.9	14.5	4.9	7.9	30.3	40.2	1.6
Tax (%)	36.0	35.6	64.8	25.3	25.2	25.2	25.3	24.7	44.0	25.1	25.3
Reported PAT	-12.7	3.9	12.8	34.4	38.5	43.0	14.4	24.2	38.5	120.2	4.8
Adjusted PAT	-12.7	2.5	25.7	35.7	38.5	43.0	17.2	24.1	51.2	122.8	4.8
Change (YoY %)	NA	NA	NA	1,124.9	NA	1,621.4	-33.3	-32.4	NA	139.8	-86.6
Change (QoQ %)	NA	NA	928.8	38.7	7.9	11.8	-60.1	40.5	0.0	0.0	-72.2

Highlights from the management commentary

Guidance for FY23

- The management guided at a capex of INR80b for FY23. It expects wage cost in the range of INR120b on a conservative side.
- Railways pricing for FY22 has not been finalized yet. The revision of pricing should help in FY23 as the current pricing is based on FY19 levels.

Government measures – impact on the company

- Long-term contracts of ~2mt of steel are in the pipeline where either LC or the sales contracts are signed, but SAIL does not have a significant exposure of unfulfilled export contracts.
- SAIL's export volumes are largely semis.

- Softening of iron ore prices as a result of imposition of export duty, might help SAIL as a consequent reduction in IBM rate will help reduce its royalty costs in absolute term.

Capex plans

- In the immediate future, the company will primarily focus on debottlenecking and value addition.
- As for future expansion, it is neutral for the time being and will continue to assess the situation on the back of recent development on duties.
- It already has some committed capex, which will be incurred. The balance will be incurred, if the cash flow situation supports.

Borrowings:

- Total borrowings as of FY22 stood at INR134b. The balance is Ind AS related financial leases of INR39b.
- Finance cost has increased on a sequential basis in 4QFY22 due to a forex loss of INR19b. Interest cost only amounted to INR25b.
- Further deleveraging will now depend on how steel/coal prices move.

Wage settlement/Bill

- The management expects a 5% YoY reduction in manpower cost in FY23
- The company has provided for actuarial valuation (impact of INR 8b) and leave/gratuity (impact of INR3b). The total one-time impact was INR11b in 4QFY22.

Energy costs

- Coking coal cost per tonne should increase by 15% QoQ in 1QFY23 as the company consumes the higher cost coals. Average coal consumption cost for 4QFY22 stood at USD385-400/t.
- The management is trying to maximize the consumption of lower cost PCI and indigenous coal in the overall fuel mix. And is planning to source 2.5mt from Indian sources, including Tasra captive mines and from BCCL.
- It expects a slightly higher quantity from mines under ICVL JV in Mozambique.
- The company is in the process of receiving some 'trial consignments' of coking coal from Russian suppliers, where issues relating to payment and insurance of cargo are being addressed. Once the trials confirm, the quantum shall be increased.
- The company highlighted that it usually carries 35 days of inventory of coking coal, including stock at ports and plants.

Working capital

- Receivable days have been structurally reduced. Out of debtors worth INR80b, nearly INR55b was due from Railways, which has been substantially reduced.
- On an absolute basis receivables are at the lowest point and further reduction may not be possible.
- On payables, once coal prices normalize, the payables will reduce substantially.

Realization

- April realization was good, but from May'22 onwards, there is a downward pressure on pricing.
- Sharp difference between realization for flats and longs due to presence of semis. The difference is about INR8000-9000/t and flats realization was INR64,000-65,000/t in 4Q.
- Steel inventory as of 31st Mar'22 is ~0.6mt.
- Exports were 8.6% of total sales volume.

Others

- Borrowings have reduced by INR220b in FY22
- Other income of INR2.8b in the books is due to write back reconciliation of GR/IR

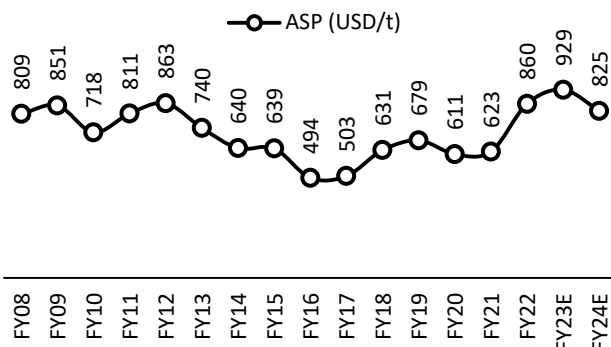
Exhibit 1: Summary of changes to duty rates w.e.f. 22nd May 2022

Import Duty		
Product	Earlier	Revised
All Coals including Coking and Non-coking / PCI	2.5%	0%
Coke	5%	0%
Ferro-Nickel	2.50%	0%
Export Duty		
Product (non-alloy steel)	Earlier	Revised
Iron Ore (All-Grades)	30% (only high grade fines)	50%
Pellet	0%	45%
Pig	0%	15%
HR Coil, Sheets and Plates (wide , >600mm)	0%	15%
CR (wide , >600mm)	0%	15%
Coated / Tinplate (wide , >600mm)	0%	15%
Wire Rod / TMT in Coil	0%	15%
Bars	0%	15%
SS – Flats (wide , >600mm)	0%	15%
SS – Longs	0%	15%
Wire Rod	0%	15%

Source: Ministry of Finance, MOSL

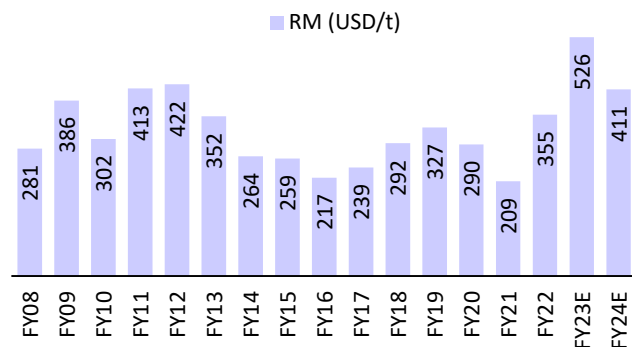
Story in charts

Exhibit 2: ASP improves in the last cycle...



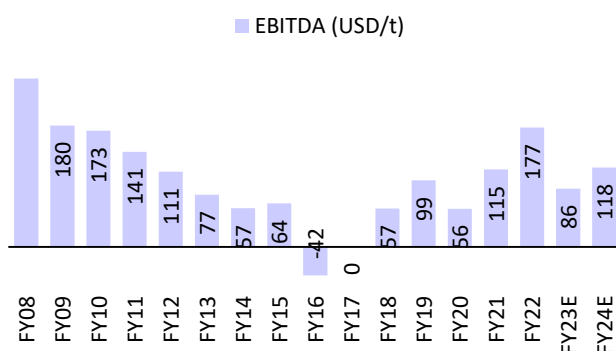
Source: MOFSL, Company

Exhibit 3: ...but RM cost/t increases along with ASP



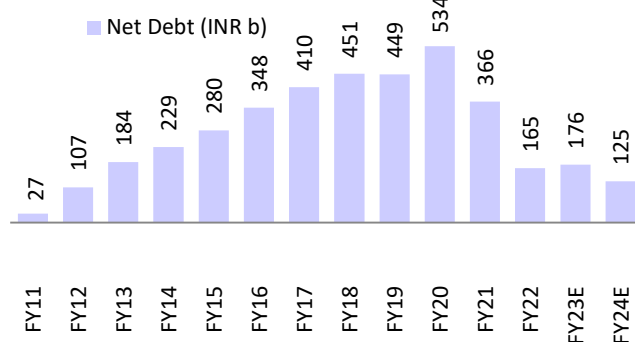
Source: MOFSL, Company

Exhibit 4: EBITDA improves over the cycle...



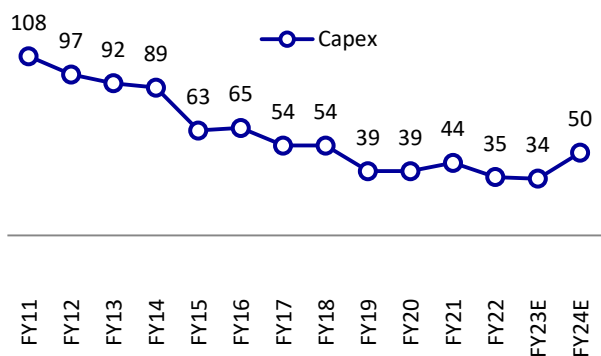
Source: MOFSL, Company

Exhibit 5: ...resulting in a significant deleveraging in the last two years



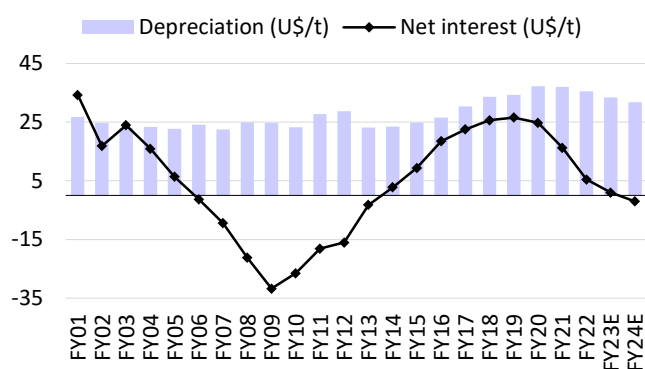
Source: MOFSL, Company

Exhibit 6: Reduction in capex (INR b) aided deleveraging



Source: MOFSL, Company

Exhibit 7: Debt reduction to lower net interest cost



Source: MOFSL, Company

Exhibit 8: Key financials and revisions to our estimates

		FY23E			FY24E		
		Old	New	Change (%)	Old	New	Change (%)
Sales	mt	17.0	16.8	-1.5	18.0	17.2	-4.6
Realization/t	INR	68,806	70,270	2.1	61,167	63,288	3.5
EBITDA/t	"	9,166	6,525	-28.8	9,029	9,033	0.0
Revenue	INR b	1,170	1,177	0.6	1,101	1,087	-1.3
EBITDA	"	156	109	-29.8	163	155	-4.6
PAT	"	83	51	-38.3	90	89	-1.9

Source: MOFSL

Valuation and view

- The stock has corrected by over 50% in the recent times. Steel demand has not diminished as it happened during COVID times. The purchases have been deferred in anticipation of further price correction.
- The steep price correction may continue for a month as steel mills adjust inventory and reduce production to balance demand and supply. Thereafter, if coking coal prices do not correct, we believe steel prices could move up again while production could remain low.
- China is trying to re- invigorate its economy through various measures. We believe these small measures are unlikely to jump-start the second largest global economy. The Chinese government is likely to announce a large Infra-driven capex which will again boost commodity prices.
- The currency depreciation augurs well for SAIL. Every INR1 depreciation results in an INR700/t increase in ASP and an INR300-350/t boost to EBITDA.
- The stock is trading at 0.5x P/B on our FY23 estimates. We believe we are closer to the bottom, and the risk-reward ratio is in our favor. From a 12-month perspective, we expect the stock to deliver a 20% return.
- Lastly, we strongly believe that the export duty is likely to be a temporary phenomenon. If it prolongs beyond six months, the existing capacity of 17-18mt under construction could be deferred and the country could become a net importer of steel much ahead of our earlier estimates. Any news on a reversal of the export duty on steel will be a key catalyst for the stock.
- The key risk to our call is export duty becoming a permanent feature, which could erode the margins as well as de-rate the sector.
- We trim our FY23 EBITDA/PAT estimate by 30%/39% to INR109b/INR51b to factor in the negative impact of higher coking coal costs.

Exhibit 9: Valuation

	UoM	FY23E
Volumes	mt	16.8
EBITDA	INR/t	6,535
EBITDA	INR b	109.5
Target EV/EBITDA	x	5.0
Target EV	INR b	547.3
less: Net debt	INR b	172.8
Equity value	INR b	374.5
No. of shares o/s	b	4.1
Target price	INR/share	90

Source: MOFSL

Exhibit 10: Global comparable valuations

Company	M-cap USD m	P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
		CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24
India													
Tata*	15,849	3.1	4.9	5.6	2.7	3.7	3.7	1.1	1.0	0.9	44.6	20.9	16.4
JSW*	16,825	5.7	6.3	6.6	5.0	5.0	4.8	1.9	1.6	1.3	39.9	27.4	21.7
JSP*	5,184	4.3	5.2	3.6	2.7	2.6	1.8	1.0	0.8	0.7	25.6	17.4	20.7
SAIL*	3,955	2.2	6.0	3.5	2.2	4.4	2.8	0.6	0.5	0.5	27.7	9.2	15.0
Japan													
JFE	7,434	3.3	5.1	5.6	4.8	6.2	6.2	0.5	0.4	0.4	15.5	8.7	7.8
Nippon Steel	15,919	3.8	5.9	6.0	4.7	6.0	5.9	0.6	0.6	0.5	18.1	10.4	9.0
Kobe Steel	2,137	4.8	5.7	5.1	5.3	6.0	5.4	0.3	0.3	0.3	7.2	6.0	5.2
Korea													
POSCO	19,944	4.7	5.0	5.2	3.1	2.8	2.7	0.4	0.4	0.4	9.8	8.7	7.9
Hyundai Steel	4,251	3.6	4.0	4.1	3.9	3.7	3.5	0.3	0.3	0.2	7.7	6.6	6.2
US													
Nucor	32,827	4.7	9.8	12.0	3.2	6.2	6.8	1.6	1.3	1.1	45.4	17.1	11.8
US Steel	6,300	2.2	5.6	6.3	1.2	2.1	2.0	0.6	0.5	0.5	30.8	9.3	7.8
Steel Dynamics	14,490	3.9	7.4	10.6	2.5	3.7	4.6	1.5	1.2	1.0	50.7	20.9	12.2
Europe													
AM	26,617	2.4	4.4	4.7	1.7	2.6	2.9	0.5	0.4	0.4	20.3	9.9	7.9
SSAB	5,770	3.1	6.9	10.4	1.5	3.0	3.8	0.7	0.7	0.7	23.4	9.7	6.1
TKA	5,534	4.0	6.6	6.7	0.6	0.6	0.6	0.4	0.4	0.4	9.3	5.4	5.7
VOE	5,213	4.5	5.9	7.6	3.4	3.3	3.6	0.8	0.7	0.7	16.6	11.8	8.9
China													
Baosteel	21,151	6.3	5.8	5.7	3.4	3.1	2.8	0.7	0.6	0.6	11.1	11.0	10.8

Source: MOFSL, Company, Bloomberg (*) denotes MOFSL estimates.

Financials and valuation

Consolidated Income Statement

	(INR b)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22	FY23E	FY24E
Net Sales	391.0	445.0	575.6	669.7	616.6	691.1	1,034.8	1,177.1	1,086.6
Change (%)	0.0	13.8	29.3	16.4	-7.9	12.1	49.7	13.8	-7.7
EBITDA	-29.0	0.7	52.2	97.6	57.1	127.4	213.4	109.5	155.3
Change (%)	-159.2	-102.3	7,677.0	87.1	-41.5	123.1	67.5	-48.7	41.8
EBITDA per tonne (INR)	-2,399	51	3,705	6,916	4,012	8,526	13,209	6,535	9,043
Depreciation	24.0	26.8	30.7	33.9	37.6	41.0	42.8	42.3	41.9
EBIT	-53.1	-26.1	21.5	63.8	19.5	86.4	170.7	67.1	113.4
Interest	23.0	25.3	28.2	31.5	34.9	28.2	17.0	10.6	7.5
Other income	5.3	4.5	4.2	4.9	9.1	8.6	8.6	8.5	9.4
PBT before EO	-70.8	-46.9	-2.6	37.2	-6.3	66.8	162.3	65.1	115.2
Extraordinary Item	0.0	-2.2	-5.6	-3.9	37.3	0.6	-3.5	0.0	0.0
PBT	-70.8	-49.1	-8.1	33.3	31.1	67.4	158.7	65.1	115.2
Total Tax	-29.4	-19.6	-2.5	12.0	11.8	30.6	40.5	16.3	28.8
Effective Rate (%)	41.5	39.9	30.2	36.1	38.0	45.4	25.5	25.0	25.0
Reported PAT	-41.4	-29.5	-5.7	21.3	19.3	36.8	118.3	48.8	86.4
Change (%)	-291.9	-28.8	-80.8	-475.4	-9.4	91.1	221.3	-58.7	77.1
Share of Associates/JV	-0.4	1.9	2.8	2.2	1.9	4.7	4.2	1.9	1.9
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted PAT	-41.8	-26.3	1.1	26.0	-1.9	54.1	138.0	50.8	88.4
Change (%)	-293.5	-37.1	-104.0	2344.1	-107.5	-2880.6	155.2	-63.2	74.1

Consolidated Balance Sheet

	(INR b)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22	FY23E	FY24E
Sources of Funds									
Share Capital	41.3	41.3	41.3	41.3	41.3	41.3	41.3	41.3	41.3
Reserves and Surplus	360.2	329.1	328.2	355.2	373.8	412.8	500.8	520.7	578.2
Shareholders' funds	401.5	370.4	369.5	396.5	415.1	454.1	542.1	562.0	619.5
Loans	351.4	414.0	454.1	451.7	538.0	374.3	172.8	217.8	177.8
Deferred Tax Liability	-16.7	-38.5	-41.6	-28.7	-20.2	13.3	53.6	51.5	51.4
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Employed	736.2	745.9	781.9	819.5	932.9	841.7	768.5	831.4	848.7
Application of Funds									
Gross Fixed Assets	774.2	841.9	955.8	1,017.2	1,131.3	1,158.2	1,261.5	1,311.5	1,401.5
Less: Depreciation	314.8	338.9	369.6	403.4	441.0	482.0	524.8	567.1	609.0
Net Fixed Assets	459.4	503.0	586.3	613.7	690.3	676.2	736.8	744.5	792.6
Capital WIP	249.3	232.8	184.0	160.1	87.5	88.8	40.2	40.2	40.2
Investments	22.8	24.8	26.3	29.7	32.4	34.4	37.6	37.6	37.6
Curr. Assets									
Inventory	147.1	157.4	170.2	195.1	238.4	195.7	241.7	241.9	214.3
Sundry Debtors	31.5	29.3	38.7	45.0	88.4	71.5	47.7	64.5	59.5
Cash and Bank Balances	3.5	3.8	3.5	2.9	4.5	8.0	7.9	41.9	52.5
Other assets	77.6	81.4	98.7	98.1	100.4	109.8	83.3	63.3	43.3
Loans and Advances	5.2	5.3	5.2	6.2	7.1	8.1	6.0	6.0	6.0
Current Liabilities									
Sundry Creditors	39.9	52.3	75.3	72.3	63.3	70.2	169.3	145.1	134.0
Other Current Liabilities	161.0	174.3	192.7	192.9	188.1	214.8	198.2	198.2	198.2
Provisions	59.2	65.2	62.9	66.1	64.7	65.8	65.1	65.1	65.1
Net Current Assets	4.7	-14.6	-14.6	15.9	122.6	42.3	-46.0	9.2	-21.6
Application of Funds	736.2	745.9	781.9	819.5	932.9	841.7	768.5	831.4	848.7

Financials and valuation

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22	FY23E	FY24E
Basic (INR)									
EPS	-10.1	-6.4	0.3	6.3	-0.5	13.1	33.4	12.3	21.4
Cash EPS	-4.2	-0.6	6.1	13.3	13.8	18.8	39.0	22.1	31.1
Book Value per Share	97.2	89.7	89.4	96.0	100.5	109.9	131.2	136.1	150.0
Dividend Per Share				0.5	0.0	2.8	8.8	7.0	7.0
Valuation (x)									
P/E	-7.3	-11.7	288.8	11.8	-157.9	5.7	2.2	6.0	3.5
Cash PE	-17.7	-114.3	12.3	5.6	5.4	3.9	1.9	3.4	2.4
EV/EBITDA	-22.6	1068.8	14.5	7.7	14.7	5.3	2.2	4.4	2.8
EV/Sales	1.7	1.6	1.3	1.1	1.4	1.0	0.5	0.4	0.4
Price-to-Book Value	0.8	0.8	0.8	0.8	0.7	0.7	0.6	0.5	0.5
Profitability Ratios (%)									
EBITDA Margin	-7.4	0.2	9.1	14.6	9.3	18.4	20.6	9.3	14.3
RoE	-9.9	-7.1	0.3	6.8	-0.5	12.4	27.7	9.2	15.0
RoCE (pre-tax)	-6.3	-2.9	3.4	8.6	3.3	10.7	22.3	9.5	14.6
RoIC (pre-tax)	-11.7	-5.3	4.1	10.7	2.7	11.4	24.5	9.6	15.9
Turnover Ratios									
Debtors (Days)	29.4	24.1	24.5	24.5	52.4	37.8	16.8	20.0	20.0
Inventory (Days)	137.3	129.1	108.0	106.3	141.1	103.4	85.2	75.0	72.0
Creditors (Days)	34.7	42.9	52.5	46.1	41.3	45.4	75.2	45.0	45.0
Asset Turnover (x)	0.5	0.6	0.7	0.8	0.7	0.8	1.3	1.4	1.3
Leverage Ratio									
Debt/Equity (x)	0.9	1.1	1.2	1.1	1.3	0.8	0.3	0.3	0.2

Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22	FY23E	FY24E
(INR b)									
EBITDA	-29.0	0.7	52.2	97.6	57.1	127.4	213.4	109.5	155.3
(Inc.)/Dec. in WC	57.5	17.5	11.2	-26.6	-106.6	100.6	94.8	-21.1	41.3
Direct Taxes Paid	3.1	0.1	-1.4	0.0	-0.9	-0.3	-0.9	-18.3	-29.0
Other Items	8.9	3.3	-0.4	1.2	44.2	6.5	2.5	0.0	0.0
CF from Oper. Activity	40.4	21.6	61.6	72.2	-6.2	234.3	309.9	70.0	167.6
(Inc.)/Dec. in FA & CWIP	-64.9	-54.3	-66.0	-38.8	-43.8	-35.3	-34.3	-50.0	-90.0
Free Cash Flows to Firm	-24.5	-32.7	-4.4	33.3	-50.0	199.0	275.6	20.0	77.6
Interest and Dividend	-1.9	0.0	0.1	1.3	1.5	1.3	2.0	8.5	9.4
(Pur.)/Sale of Invest.	-1.4	0.0	1.3	0.3	0.1	0.1	-3.7	0.0	0.0
CF from Inv. Activity	-68.2	-54.3	-64.7	-37.2	-42.3	-33.9	-36.0	-41.5	-80.6
Issue of Shares									
Inc./(Dec.) in Debt	31.7	58.3	31.2	-2.4	89.1	-163.3	-224.1	45.0	-40.0
Interest Paid	-23.0	-25.3	-28.5	-33.1	-36.5	-29.4	-19.2	-10.6	-7.5
Dividends Paid	-1.2	0.0	0.0	0.0	-2.5	-4.1	-30.7	-28.9	-28.9
CF from Finan. Activity	7.4	33.0	2.7	-35.5	50.0	-196.9	-274.0	5.5	-76.4
Inc./(Dec.) in Cash	-20.3	0.3	-0.3	-0.6	1.6	3.5	-0.1	34.0	10.6
Add: Opening Balance	23.8	3.5	3.8	3.5	2.9	4.5	8.0	7.9	41.9
Closing Balance	3.5	3.8	3.5	2.9	4.5	8.0	7.9	41.9	52.5

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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