

Estimate change



TP change



Rating change



	TATA IN
Bloomberg Equity Shares (m)	11,976
M.Cap.(INRb)/(USD\$b)	1236 / 14.9
52-Week Range (INR)	139 / 83
1, 6, 12 Rel. Per (%)	-5/-28/-28
12M Avg Val (INR M)	9272
Free float (%)	66.1

Financials & Valuations (INR b)

Y/E MARCH	2022	2023E	2024E
Sales	2,440	2,496	2,343
EBITDA	635	412	408
Adj. PAT	402.4	187.7	188.7
EBITDA Margin (%)	26.0	16.5	17.4
Cons. Adj. EPS (INR)	33.0	15.4	15.4
EPS Gr. (%)	377.4	-53.4	0.5
BV/Sh. (INR)	90	99	109

Ratios

Net D:E	0.5	0.6	0.4
RoE (%)	44.6	16.2	14.9
RoCE (%)	29.2	16.1	15.0
Payout (%)	15.5	32.5	32.4

Valuations

P/E (x)	3.1	6.6	6.6
P/BV (x)	1.1	1.0	0.9
EV/EBITDA(x)	2.8	4.7	4.4
Div. Yield (%)	5.0	4.9	4.9
FCF Yield (%)	27.8	5.5	21.2

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	33.9	33.9	34.4
DII	18.3	19.1	18.4
FII	21.5	22.0	22.4
Others	26.2	25.0	24.8

FII Includes depository receipts

CMP: INR101

TP: INR94 (-7%)

Neutral

Weak results; debt mounts on NINL payout

- TATA reported a weak but inline quarter as domestic ASP took a breather after imposition of export duty. Standalone results were below estimates; while the Europe business was weak QoQ, but it was on expected lines.
- TATA's standalone revenue at INR322b was 1% lower YoY, but was up 1% QoQ, and in line with our estimate of INR 317b.
- Standalone EBITDA stood at INR48b, down 64% YoY and 49% QoQ. A sharp ASP decline of INR14,660/y QoQ led to INR 14,445/t correction in EBITDA/t. EBITDA was 11% lower than our estimate.
- EBITDA/t came at INR 10,177/t, down 67% YoY and 59% QoQ, and ~INR 1300/t below our estimates.
- Adjusted PAT stood at INR27b, down 70% YoY and 57% QoQ, owing to lower EBITDA. Adjusted PAT was 7% lower than our estimate.
- Tata Steel Europe (TSE) reported a sharp drop in EBITDA/t to USD123/t from USD366/t in 1QFY23. The sharp correction in the EBITDA/t at TSE was driven by USD86/t reduction in ASP with a corresponding hike of USD 89/t in the overall costs, driving down the profitability.
- TATA's consolidated revenue of INR599b was down 1% YoY and 6% QoQ, but in line with our estimate of INR 628b. EBITDA came in at INR60b, down 62% YoY and 63% QoQ, an 8% miss to our EBITDA estimates.
- EBITDA/t on a consolidated basis was at INR8,382/t, down 62% YoY and 63% QoQ. APAT stood at INR15b, sharply down 86% YoY and 80% QoQ, a 13% miss to our estimates. A sharp drop in the APAT was driven by weak operating results and marginally higher finance cost.
- Net debt increased INR 172b QoQ to INR718b from INR544b earlier due to (a) INR 102b payout for NINL acquisition, (b) INR 62b dividend payout and (c) INR 34b capex, largely toward Kalinganagar (TSK) expansion.

Spreads to compress at TSE, improve in India

- A large part of steel contracts will be repriced in Europe in January, post which, we believe TSE will look at a substantial reduction in topline. If input costs do not correct to a similar extent, we expect significant compressions in margins in 4QFY23.
- Coking coal prices have shot up again in the last month to USD325/t from the recent lows of UDS250/t. The increase in prices will get reflected in 4QFY23 results, adding pressure on margins.
- Domestic ASP, however, is more reflective of the spot market (compared to TSE, which has a lag in ASP vs spot prices). With the monsoons over, we expect steel prices to pick up from mid-Nov, driving margin improvement. Further, a reduction in coking coal prices in 3Q should also help margins. However, we note that Asian HRC prices have been correcting due to the weak Chinese economy, which could restrict the steel price upswing in the domestic market in 2HFY23.

Valuation and view

- During the quarter, the company witnessed the full impact of correction in steel prices after the imposition of export duty in India.
- The entire reduction in steel ASP was reflected in the reduction in EBITDA/t as the benefit of higher volume was offset by higher other expense and RM costs.
- With a sharp correction in TSE steel ASP expected in 4Q and domestic steel price recovery especially in the flats product segment under question due to weak chinese economy, we believe the upside to the stock is limited.
- Further, a spike in net debt, though temporary, will also prevent outperformance of the stock in the near term.
- However, the stock is trading at 1x P/B on a FY23 basis, with a 16% RoE expectations, which we believe is reasonably pricing in the downside as well.
- The stock is available at 4.7x FY23 EV/EBITDA, which looks optimally priced at mid-cycle valuations. We have marginally raised our FY23 EBITDA by 3% on the expectation of a sharp correction in iron ore prices (coking coal already factored in) for the European business. We have lowered our India EBITDA estimates marginally.
- We reiterate our Neutral call on the stock with revised a SoTP-based TP of INR 94 (v/s 91 previously).

Standalone quarterly performance (INR b)

Y/E March	FY22				FY23E				FY22	FY23E	FY23E vs Est	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales Vol (kt)	3,990	4,420	4,250	4,970	3,886	4,760	4,420	4,509	17,630	17,575	4,734	1
ASP (INR/t)	69,413	73,937	75,210	73,805	82,401	67,742	68,082	70,265	73,183	71,716	66,906	1
<i>Abs Change (QoQ)</i>	22,297	4,524	1,273	-1,405	8,596	-14,660	341	2,183	29,272	-1,467	-15,495	-5
Net Sales	277.0	326.8	319.6	366.8	320.2	322.4	300.9	316.8	1,290.2	1,260.4	316.8	2
<i>Change (YoY %)</i>	196.6	51.3	77.9	73.0	15.6	-1.3	-5.9	-13.6	84.0	-2.3	-3.1	
<i>Change (QoQ %)</i>	30.6	18.0	-2.2	14.8	-12.7	0.7	-6.7	5.3			-1.1	
EBITDA	133.0	134.3	121.7	122.3	95.7	48.4	68.1	84.5	511.3	296.7	54.3	-11
<i>Change (YoY %)</i>	962.9	134.6	81.6	33.2	-28.0	-63.9	-44.0	-31.0			-59.5	
<i>Change (QoQ %)</i>	44.7	1.0	-9.4	0.5	-21.8	-49.4	40.6	24.0	123.6	-42.0	-43.2	
(% of Net Sales)	48.0	41.1	38.1	33.4	29.9	15.0	22.6	26.7	39.6	23.5	17.2	
Spreads	55,181	55,428	53,240	44,685	49,531	30,274	34,855	37,963	53,517	37,657	37,135	-18
Conv. Cost	21,854	25,044	24,609	20,069	24,909	20,098	19,307	19,092	22,896	20,775	25,448	-21
EBITDA(INR/t)	33,327	30,385	28,631	24,616	24,622	10,177	15,548	18,870	30,621	16,882	11,688	-13
EBITDA(USD/t)	452	411	383	327	319	131	199	242	411	223	151	-13
Interest	7.7	7.3	6.4	6.5	7.2	9.6	5.3	5.1	27.9	27.2	7.3	31
Depreciation	13.7	13.5	13.6	13.8	13.4	13.5	13.7	13.7	54.6	54.3	14.0	-3
Other Income	2.8	3.8	2.8	5.1	7.4	10.2	6.3	7.2	14.5	31.1	4.8	114
PBT (after EO Inc.)	115.9	116.0	102.6	106.4	81.8	35.4	54.5	72.0	440.9	243.8	36.8	-4
Total Tax	28.1	28.9	25.8	28.0	20.7	8.8	13.3	17.6	110.8	60.5	9.0	-2
% Tax	24.2	24.9	25.1	26.3	25.3	24.9	24.5	24.5	25.1	24.8	24.5	
Reported PAT	87.8	87.1	76.8	78.4	61.1	26.5	41.1	54.4	330.1	183.4	27.8	-5
Adjusted PAT	86.3	88.4	78.6	79.2	61.7	26.7	42.1	55.3	332.5	185.9	28.8	-7
<i>Change (YoY %)</i>	-2,322.1	246.9	104.8	40.2	-28.5	-69.7	-46.5	-30.1	197.7	-44.1	-67.4	
<i>Change (QoQ %)</i>	52.9	2.5	-11.0	0.7	-22.1	-56.6	57.4	31.5			-53.3	

Source: MOFSL, Company

Consolidated quarterly performance (INR b)

Y/E March	FY22				FY23E				FY22	FY23E	FY23E vs Est	2QE (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	534.9	604.0	607.8	692.8	634.3	598.8	637.1	625.8	2,440	2,496	627.7	-5
Change (YoY %)	110.0	55.1	45.1	38.6	18.6	-0.9	4.8	-9.7	56.1	2.3	3.9	
Change (QoQ %)	7.0	12.9	0.6	14.0	-8.4	-5.6	6.4	-1.8			-1.0	
EBITDA	161.1	164.6	158.9	150.3	149.7	60.6	104.4	97.3	635	412	56.0	8
Change (YoY %)	2,886.8	164.9	66.1	6.0	-7.1	-63.2	-34.3	-35.3	108.1	-35.1	-65.9	
Change (QoQ %)	13.6	2.1	-3.4	-5.4	-0.4	-59.5	72.3	-6.8			-62.6	
(% of Net Sales)	30.1	27.2	26.1	21.7	23.6	10.1	16.4	15.6	26.0	16.5	8.9	
EBITDA(USD/t)	307	301	303	249	293	108	177	162	272	184	94	15
Interest	18.1	10.2	15.3	11.0	12.2	15.2	12.6	12.2	54.6	52.2	13.0	17
Depreciation	23.2	22.9	22.4	22.4	22.4	23.5	23.8	23.8	91.0	93.4	22.4	
Other Income	1.6	2.7	0.6	2.9	2.7	3.3	1.5	1.5	7.8	9.0	1.5	120
PBT (before EO Inc.)	121.4	134.2	121.8	119.8	117.9	25.2	69.5	62.8	497	275	22.2	14
EO Income(exp)	-1.8	5.2	-1.9	-2.7	-0.4	-0.2	-1.0	-1.0	-1.3	-2.5	-1	
PBT (after EO Inc.)	119.5	139.3	119.8	117.1	117.5	25.0	68.6	61.9	496	273	21.2	18
Total Tax	23.1	15.7	25.7	20.3	41.9	13.1	24.0	15.5	84.8	94.5	5.3	
% Tax	19.0	11.7	21.1	16.9	35.6	51.9	34.5	24.6	17.1	34.3	23.9	
Reported PAT	96.5	123.6	94.2	96.8	75.5	12.0	44.6	46.4	411	178	15.9	-25
Adj. PAT (after MI & asso)	90.9	114.0	97.7	100.3	78.0	15.3	46.2	48.1	402	188	17.6	-13
Change (YoY %)	NA	650.9	153.6	31.4	-14.1	-86.5	-52.7	-52.1	386.8	-53.4	-84.6	
Change (QoQ %)	19.0	25.4	-14.3	2.7	-22.2	-80.3	201.4	4.0			-77.5	

Source: MOFSL, Company

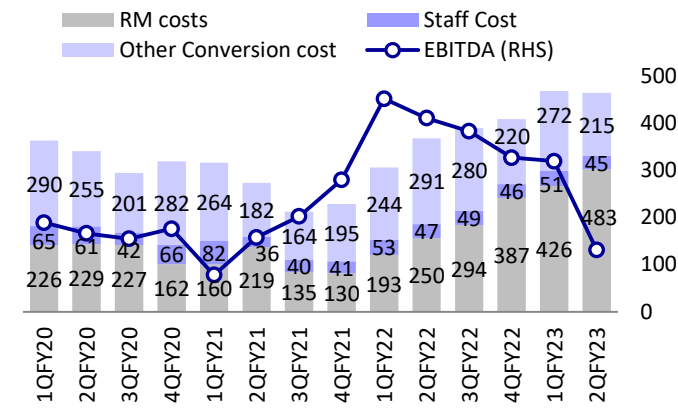
TSE's quarterly performance (USD)

Y/E March	FY22				FY23E				FY22	FY23E	FY22E vs Est	2QE (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Production (000 tons)	2,730	2,560	2,570	2,310	2,440	2,400	2,188	2,188	10,170	9,215	2,188	10
Sales (000 tons)	2,360	2,140	2,160	2,400	2,140	1,870	2,250	2,250	9,060	8,510	2,025	-8
Avg. NSR (USD per ton)	1,116	1,353	1,409	1,460	1,573	1,488	1,400	1,300	1,309	1,436	1,511	-2
EBITDA(USD/t)	88	211	182	241	366	123	120	85	180	173	94	

Source: MOFSL, Company

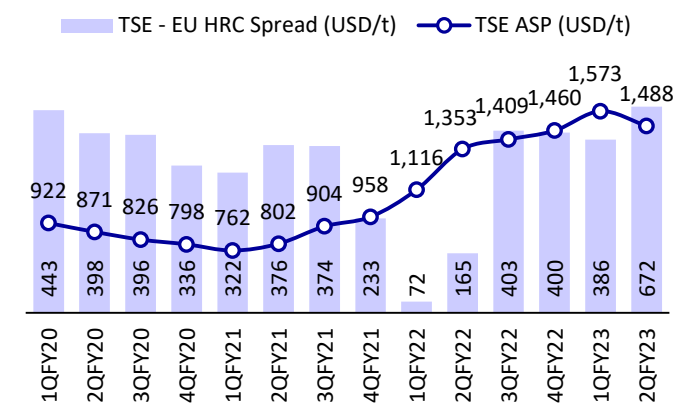
Story in charts

Exhibit 1: India EBITDA down 59% QoQ, led by a meltdown in Steel prices



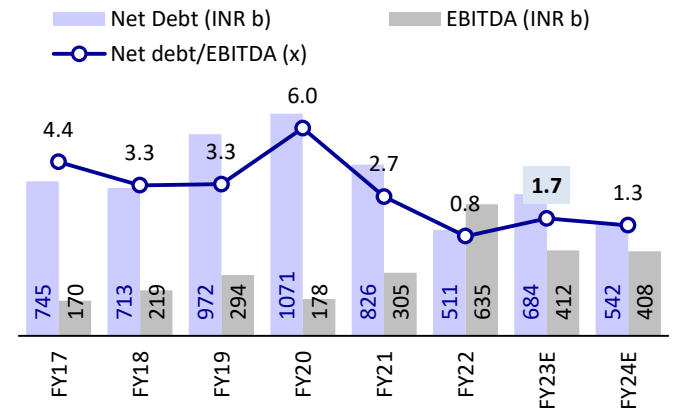
Source: MOFSL, Company

Exhibit 2: TSE spreads to compress in 2HFY23



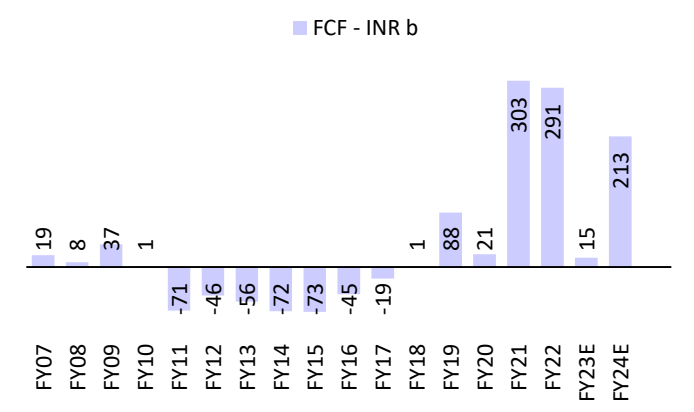
Source: MOFSL, Company

Exhibit 3: Leverage increasing due to a drop in EBITDA and increase in net debt level



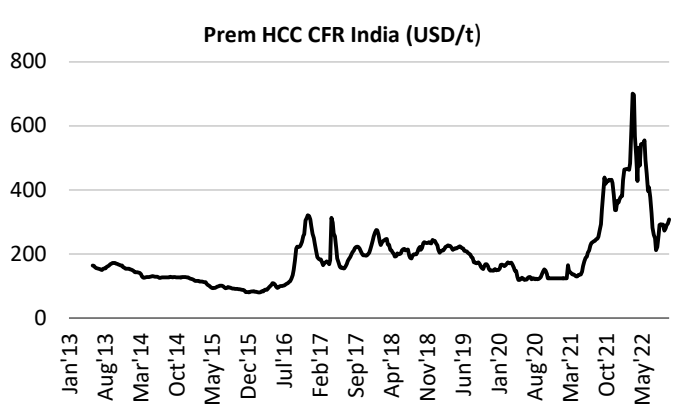
Source: MOFSL, Company

Exhibit 4: FCF generation to stay marginally positive in FY23



Source: MOFSL, Company

Exhibit 5: Reduction in coking coal price (USD/t) to shore up profitability in the near term



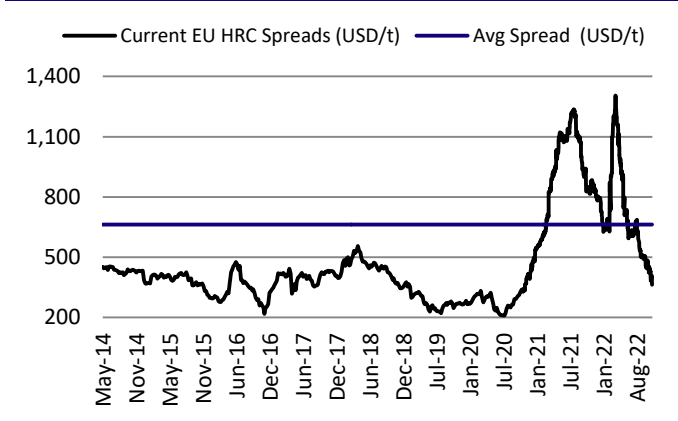
Source: MOFSL

Exhibit 6: Correction in Asian steel prices will restrict steel price rise in India



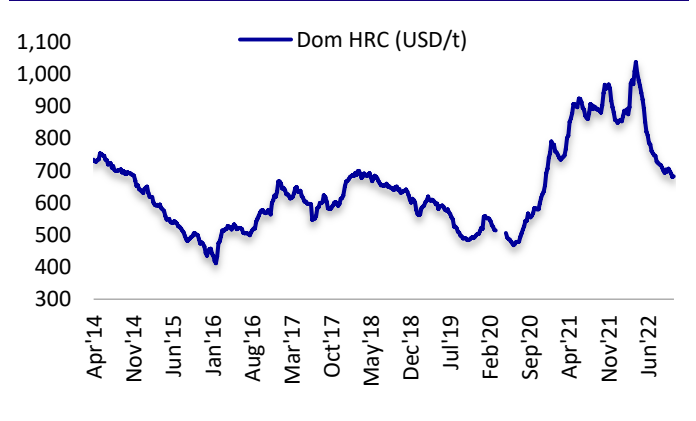
Source: MOFSL

Exhibit 7: Steel spreads in the EU has cooled off in recent months from a high of Apr'22; now below long-term average



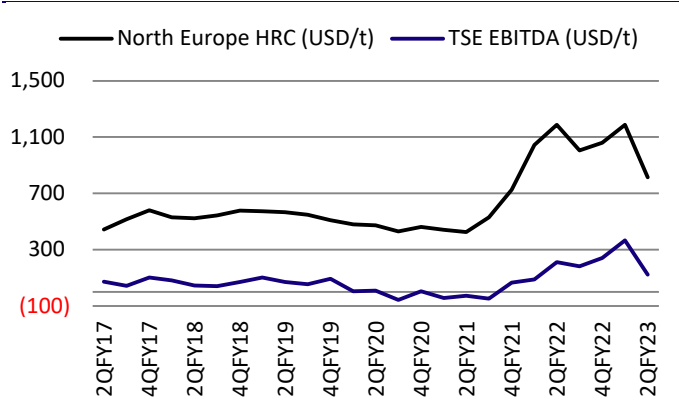
Source: MOFSL, Company

Exhibit 8: Domestic HRC prices have been correcting in line with Asian HRC prices



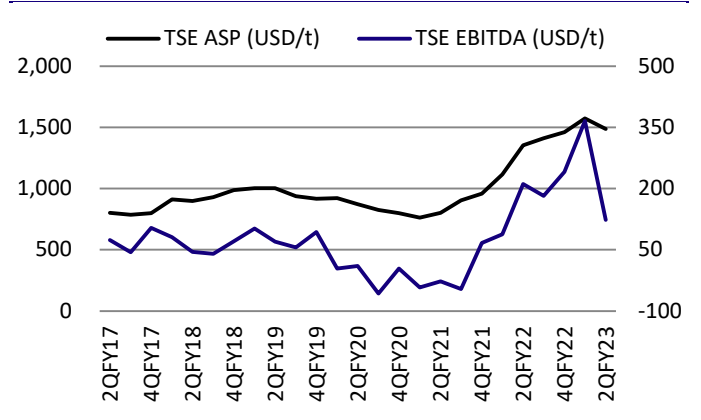
Source: MOFSL, Company

Exhibit 9: TSE EBITDA/t is linked to steel price only



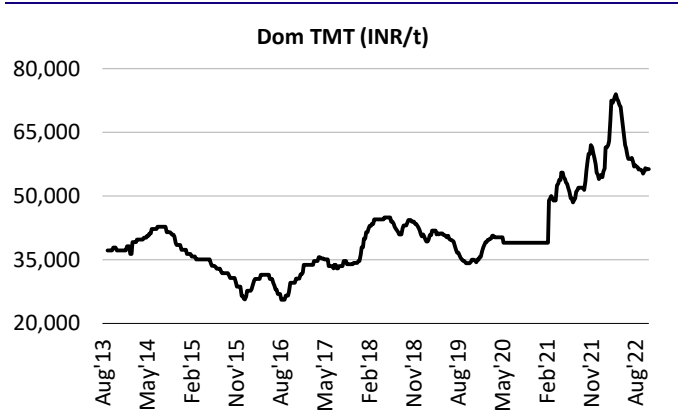
Source: MOFSL, Company

Exhibit 10: TSE's EBITDA follows ASP with a lag



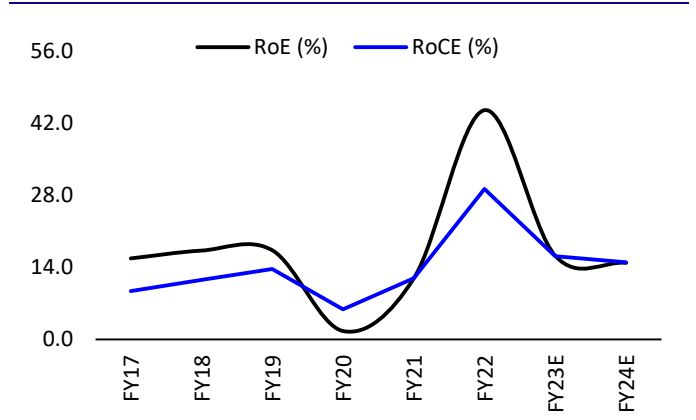
Source: MOFSL, Company

Exhibit 11: Domestic TMT prices (INR/t) have been more resilient than HRC prices



Source: MOFSL, Company

Exhibit 12: ... Return ratios to normalize from FY23 onwards



Source: MOFSL, Company



Highlights from the management commentary

Management Guidance for 3QFY23

- Realization for India in 3Q should be lower by INR 800/t
- Coking coal consumption cost should be lower by USD80/t in India
- Coking coal consumption cost should be lower by USD100/t in TSE
- Iron ore cost should be down by USD15/t at TSE
- Europe will not register EBITDA loss in 2HFY23
- Europe to witness margin compression in 2H
- India to witness margin expansion in 2H

Pension in TSE

- BSPS (British Steel Pension Scheme) is a GBP9b scheme, of which, about GBP3b has been converted into an insurance policy held by Legal and General Insurance company
- In simple terms – policy assets, along with surplus are converted into an insurance policy to provide for in the future without recourse to the business
- So far, GBP3b assets, along with pension surplus has been moved into the insurance company, and accordingly, the insurance company has taken up 30% stake in the BSPS.
- Over a period of time, more assets will be transferred to the insurance company.
- As per the relevant IS, the pension scheme has a surplus of GBP1.49b

Domestic demand

- Domestic demand remains strong
- However, a drop in realization is due to automotive contracts
- De-stocking likely in 2H

Inventory liquidation/working capital release

- High cost inventory has been largely liquidated, but the impact on the same has not been disclosed
- In TSNL, the company has built up 0.5mt slabs as the BF is due for relining in 1QFY24.

Government support for green steel transition:

- In the UK, TS management is in talks with the new government for funding 50% of the capex needed for green steel transition and for some opex benefits
- At TSNL, management expects 50% of the capex for certain sites also to be funded by the local governments
- **However, management confirmed that the entire capex to green steel will be without recourse to the parent balance sheet**

Capex

- Completion of TSK-II is a priority now
- Total capex in 2QFY23 was INR 32b
- Sustenance capex at TSUK is GBP100m pa

TSK-II expansion:

- Pellet plant cold run started; the plant is expected to be operational by end Nov
- PLTCM cold run also started; the plant will be operational in 3Q
- 5mt BF expansion to be completed by end-FY24 and the volume impact will be visible from FY25 onwards.

NINL expansion:

- NINL production run rate will be 1mt by end-FY23, though volume gain will be visible in FY24.

Further Acquisitions

- With sufficient land bank available between TSK and NINL, TS management is not inclined for further acquisitions in India or elsewhere
- RINL/NSP both are now out of radar (as of now)
- Between TSK, BSL, and NINL, the company can add 25mt, without raising further debt

Other points

- The entire unabsorbed losses at TSNL have been exhausted.
- Henceforth, TSNL will pay a marginal tax rate of 28.5%.

Exhibit 13: Changes in our assumptions and key financials

Key Assumptions	FY23E	FY23E			FY24E		
		Revised	Old	Change (%)	Revised	Old	Change (%)
Standalone							
Volumes	mt	17.6	17.5	0.1	18.6	18.6	0.0
ASP	INR/t	71,716	70,095	2.3	64,819	64,763	0.1
Revenue	INR b	1,260	1,230	2.5	1,205	1,203	0.1
EBITDA	INR/t	16,882	17,287	-2.3	18,184	17,397	4.5
EBITDA	INR b	297	303	-2.2	338	323	4.5
Europe							
Volumes	mt	8.5	8.7	-1.8	8.9	9.1	-1.8
ASP	INR/t	1,436	1,417	1.4	1,188	1,187	0.0
Revenue	INR b	949	953	-0.4	817	832	-1.8
EBITDA	USD/t	173	155	11.4	67	73	-8.9
EBITDA	INR b	114	104	9.4	46	51	-10.5
Consolidated (INR b)							
Revenue	INR b	2,496	2,481	0.6	2,343	2,356	-0.6
EBITDA	"	412	400	3.0	408	410	-0.4
PAT	"	188	186	0.7	189	194	-2.9

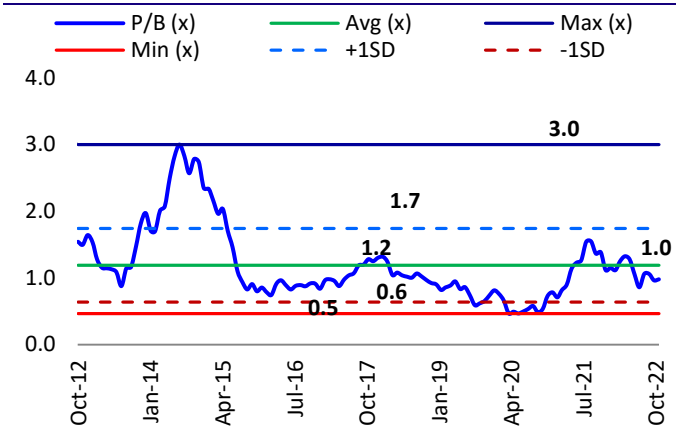
Source: MOFSL

Exhibit 14: Tata steel (INR b) looks fairly valued at CMP

Y/E March	UoM	2019	2020	2021	2022	2023E
Standalone						
Sales	mt	12.7	12.3	16.0	17.6	17.6
EBITDA	INR/t	16,180	12,066	14,321	29,002	16,882
EBITDA	INR b	205.6	148.6	228.7	511.3	296.7
Target multiple	x					5.0
Target EV	INR b					1,484
Europe						
Sales	mt	9.6	9.3	8.8	9.1	8.5
EBITDA	USD/t	80	-10	-12	180	173
EBITDA	INR/t	5,616	-715	-896	13,426	13,419
EBITDA/t	USD/t	80	-10	-12	180	173
EBITDA	INR b	54	-7	-6	122	114
Target multiple	x					3.0
Target EV	INR b					343
Other Subsidiaries						
EBITDA - India subs	INR b	34.1	33	83	2	1
Target EBITDA multiple	x					4.0
Target EV	INR b					5
Target EV	INR b					1,831
Net Debt (d)	INR b	972	1,071	826	511	684
Total equity value	INR b					1,147
No of shares o/s	b					12.21
Target Price	INR/sh					94

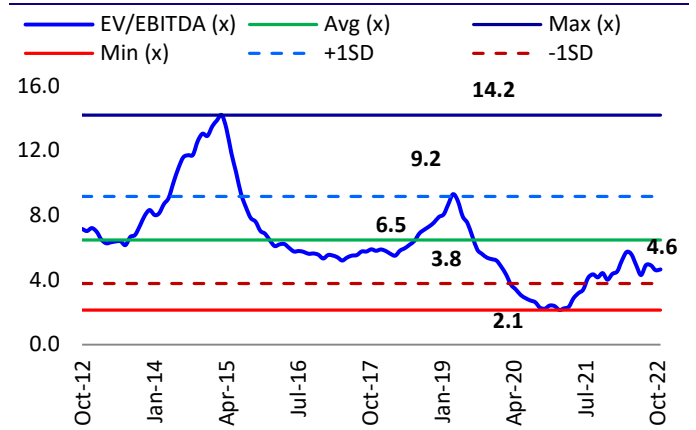
Source: MOSL

Exhibit 15: P/B ratio below its historical average



Source: MOFSL

Exhibit 16: EV/EBITDA is also lower than historical average



Source: MOFSL

Exhibit 17: Comparable valuation of global Steel companies

Company	M-Cap		P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
	USD mn	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*	14,956	3.1	5.7	6.6	2.8	4.2	1.8	1.1	1.0	0.9	44.6	18.5	14.4	
JSW*	20,075	7.7	12.0	10.1	5.6	7.4	6.4	2.5	2.2	1.9	37.9	19.3	20.0	
JSP*	5,740	5.4	10.0	7.2	3.6	5.5	4.0	1.3	1.2	1.0	25.9	12.4	15.0	
SAIL*	3,998	2.4	9.7	4.0	2.3	4.9	2.4	0.6	0.6	0.6	27.7	6.2	14.6	
Japan														
JFE	5,797	3.0	5.4	6.0	4.6	6.0	6.4	0.4	0.4	0.4	15.5	7.5	6.3	
Nippon Steel	13,427	3.7	3.9	5.1	4.6	4.5	5.2	0.6	0.5	0.5	18.1	13.2	8.6	
Kobe Steel	1,680	4.4	4.3	4.6	5.2	5.6	5.4	0.3	0.3	0.3	7.2	6.9	5.4	
Korea														
POSCO	15,214	4.5	5.0	4.8	3.1	3.1	2.8	0.4	0.4	0.3	9.0	7.6	7.4	
Hyundai Steel	2,731	2.6	3.4	3.2	3.5	3.5	3.0	0.2	0.2	0.2	8.1	5.7	5.7	
US														
Nucor	34,393	4.5	10.1	13.6	3.1	5.8	6.8	1.7	1.5	1.4	43.4	15.5	10.1	
US Steel	4,770	2.1	6.9	10.6	1.2	3.4	3.5	0.5	0.5	0.4	26.9	5.9	4.4	
Steel Dynamics	16,512	4.3	8.3	12.3	2.9	4.8	7.3	1.9	1.6	1.3	51.3	19.5	11.5	
Europe														
AM	20,067	2.2	5.8	4.6	1.9	3.5	3.2	0.4	0.3	0.3	19.5	6.2	6.9	
SSAB	4,951	2.4	7.0	9.7	1.2	2.8	3.4	0.6	0.6	0.6	26.5	8.0	5.8	
TKA	3,347	3.3	7.2	5.5	0.2	0.1	NA	0.3	0.3	0.3	8.4	3.4	4.4	
VOE	3,990	3.8	4.2	8.1	3.0	2.8	3.6	0.6	0.5	0.5	16.7	12.4	6.0	
China														
Baosteel	14,958	6.6	5.7	5.4	4.1	3.5	3.2	0.6	0.5	0.5	7.8	8.8	8.6	

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

Financials and valuations

Income Statement (Consolidated)								(INR b)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Sales	1,123	1,322	1,577	1,490	1,563	2,440	2,496	2,343
Change (%)	10.1	17.7	19.3	-5.5	4.9	56.1	2.3	-6.1
EBITDA	170	219	294	178	305	635	412	408
% of Net Sales	15.1	16.6	18.6	12.0	19.5	26.0	16.5	17.4
Deprn. & Amortization	57	60	73	87	92	91	93	100
EBIT	113	159	220	91	213	544	319	308
Finance cost	51	55	77	76	76	55	52	45
Other income	5	9	14	18	9	8	9	6
PBT before EO	68	113	158	34	146	497	275	269
EO income	-43	96	-1	-49	-10	-1.3	-2.3212	-3.8576
PBT after EO	25	209	157	-16	135	496	273	265
Tax	28	34	67	-26	57	85	94	83
Rate (%)	113	16	43	163	42	17	35	31
Reported PAT	-3	175	90	10	79	411	179	182
Minority interest P/L	1	43	-11	-4	7	16	-2	2
Share of asso. PAT	0	2	2	2	3	6	5	5
PAT (After MI & asso.)	-4	134	103	16	75	402	185	185
Div. on Pref. /Hybrid Sec.	3	3	3	3	3	0	0	0
Adjusted PAT	37	80	101	10	83	402	188	189
Change (%)	-275.3	116.3	27.3	-89.8	697.0	386.8	-53.4	0.5

Balance Sheet (Consolidated)								(INR b)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Share Capital	10	11	11	11	12	12	12	12
Reserves	346	575	655	702	723	1,132	1,244	1,356
Net Worth	355	586	667	713	735	1,144	1,257	1,368
Minority Interest	16	9	24	26	33	27	25	27
Total Loans	851	942	1,031	1,186	956	756	706	646
Deferred Tax Liability	91	95	115	78	75	93	114	117
Capital Employed	1,313	1,632	1,836	2,003	1,798	2,020	2,101	2,158
Gross Block	1,266	1,399	1,730	1,918	2,020	2,086	2,178	2,436
Less: Accum. Deprn.	380	479	526	613	705	796	890	990
Net Fixed Assets	885	920	1,204	1,305	1,314	1,290	1,289	1,446
Capital WIP	158	166	186	195	190	220	266	180
Investments	68	30	32	29	35	58	184	189
Goodwill on consolidation	35	41	40	41	43	43	43	43
Curr. Assets	578	929	863	921	855	1,213	1,132	1,090
Inventory	248	283	317	311	333	488	615	513
Account Receivables	116	124	118	79	95	122	137	116
Cash & liquid investment	106	228	59	115	130	244	22	103
Others	109	294	370	417	297	358	358	358
Curr. Liability & Prov.	411	455	490	487	639	805	813	790
Account Payables	186	204	217	214	260	368	376	353
Provisions & Others	225	251	273	273	380	437	437	437
Net Current Assets	168	475	373	434	216	408	319	300
Appl. of Funds	1,313	1,632	1,836	2,003	1,798	2,020	2,101	2,158

Financials and valuations

Ratios (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)								
EPS	3.8	7.0	8.9	0.9	6.9	33.0	15.4	15.4
Cash EPS	9.6	12.2	15.3	8.5	14.6	40.4	23.0	23.7
BV/Share (ex goodwill)	33.0	47.6	54.7	58.7	57.7	90.2	99.4	108.5
DPS	0.8	0.8	1.0	1.0	2.5	5.1	5.0	5.0
Payout (%)	25.2	11.6	11.3	110.4	36.2	15.5	32.5	32.4
Valuation (x)								
P/E	26.8	14.6	11.5	112.1	14.7	3.1	6.6	6.6
Cash P/E	10.5	8.4	6.7	11.9	6.9	2.5	4.4	4.3
P/BV	3.1	2.1	1.9	1.7	1.8	1.1	1.0	0.9
EV/Sales	1.5	1.4	1.4	1.5	1.3	0.7	0.8	0.8
EV/EBITDA	10.2	8.6	7.3	12.5	6.7	2.8	4.7	4.4
Dividend Yield (%)	0.8	0.8	1.0	1.0	2.5	5.0	4.9	4.9
Return Ratios (%)								
EBITDA Margins (%)	15.1	16.6	18.6	12.0	19.5	26.0	16.5	17.4
Net Profit Margins (%)	3.3	6.0	6.4	0.7	5.3	16.5	7.5	8.1
RoE	15.7	17.2	17.3	1.6	11.9	44.6	16.2	14.9
RoCE (pre-tax)	9.4	11.6	13.7	5.8	11.8	29.2	16.1	15.0
RoIC (pre-tax)	13.3	14.6	15.9	5.7	13.7	37.0	20.4	18.6
Working Capital Ratios								
Fixed Asset Turnover (x)	1.3	1.4	1.3	1.1	1.2	1.9	1.9	1.6
Asset Turnover (x)	0.9	0.8	0.9	0.7	0.9	1.2	1.2	1.1
Debtor (Days)	38	34.3	27.3	19.3	22.3	18	20	18
Inventory (Days)	81	78.2	73.3	76.1	77.7	73	90	80
Payables (Days)	60	56.4	50.3	52.4	60.6	55	55	55
Working Capital T/O (Days)	58	56.2	50.4	43.1	39.3	36	55	43
Leverage Ratio (x)								
Current Ratio	1.4	2.0	1.8	1.9	1.3	1.5	1.4	1.4
Interest Cover Ratio	2.2	2.9	2.9	1.2	2.8	10.0	6.1	6.9
Net Debt/Equity	2.3	1.3	1.6	1.6	1.2	0.5	0.6	0.4

Cash Flow Statement (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
(INR b)								
EBITDA	170	219	294	178	305	635	412	408
Reconciliation income (loss)	6	-17	-15	3	-20	24	0	0
(Inc)/Dec in Wkg. Cap.	-49	-43	26	42	165	-96	-133	100
Tax Paid	-18	-29	-51	-21	-7	-119	-74	-80
CF from Op. Activity	108	130	253	202	443	444	205	429
(Inc)/Dec in FA + CWIP	-77	-75	-91	-104	-70	-105	-138	-171
Free Cash Flow to Firm	31	55	162	98	373	339	67	257
(Pur)/Sale of Non-cur. Invest.	4	-9	4	4	4	-7	-121	0
Acquisition in subsidiaries	-11	-2	-351	-41	1	12	-2	-4
Int. & Divident Income	2	4	3	4	5	3	9	6
Others	-3	9	18	8	3	2	0	0
CF from Inv. Activity	-85	-73	-416	-129	-57	-96	-253	-169
Equity raised/(repaid)	7	91	0	2	32	3	0	0
Debt raised/(repaid)	27	41	82	76	-321	-160	-50	-60
Dividend (incl. tax)	-9	-12	-14	-18	-12	-30	-73	-73
Interest & equiv. paid	-50	-54	-74	-77	-71	-47	-52	-45
CF from Fin. Activity	-26	66	-7	-17	-371	-234	-175	-178
(Inc)/Dec in Cash	-3	123	-170	56	15	114	-222	82
Add: opening Balance	108	106	228	59	115	130	244	22
Closing Balance	106	228	59	115	130	244	22	103

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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