

Estimate change



TP change



Rating change



CMP: INR110

TP: INR110

Neutral

Decent quarter; but Europe continues to struggle

	TATA IN
Bloomberg Equity Shares (m)	12212
M.Cap.(INRb)/(USD\$b)	1340.7 / 16.4
52-Week Range (INR)	133 / 83
1, 6, 12 Rel. Per (%)	2/7/-21
12M Avg Val (INR M)	6846
Free float (%)	66.1

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	2,434	2,353	2,460
EBITDA	323	361	411
Adj. PAT	86	136	150
EBITDA Margin (%)	13.3	15.3	16.7
Adj. EPS (INR)	7.1	11.1	12.3
EPS Gr. (%)	-78.5	57.1	10.7
BV/Sh. (INR)	80	86	93

Ratios

Net D:E	0.7	0.7	0.6
RoE (%)	8.3	13.4	13.7
RoCE (%)	12.1	13.4	15.3
Payout (%)	50.8	44.9	40.6

Valuations

P/E (x)	15.5	9.9	8.9
P/BV (x)	1.4	1.3	1.2
EV/EBITDA(x)	6.3	5.6	4.8
Div. Yield (%)	3.3	4.6	4.6
FCF Yield (%)	5.6	8.6	12.8

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	33.9	33.9	33.9
DII	20.8	19.8	20.5
FII	21.3	22.6	22.9
Others	23.9	23.7	22.7

FII Includes depository receipts

- Tata Steel (TATA) reported in line operating performance aided by improved ASP for India business, higher volumes, lower coking coal consumption cost and better operating efficiencies during 4QFY23.
- TATA's standalone revenue was down 7% YoY/up 13% QoQ at INR343b, in line with our estimate of INR329b. Standalone EBITDA declined 34% YoY/up 58% QoQ at INR81b (14% above our estimate of INR71b).
- Standalone ASP improved INR2,453/t QoQ to INR68,826/t and EBITDA/t improved INR5,085/t QoQ to 16,326 (6% above our estimate of INR15,335).
- APAT was down 40% YoY/up 74% QoQ to INR47b (13% higher). The QoQ improvement was led by higher volumes, lower coking coal consumption cost, lower freight & handling charges, and lower depreciation that was partially offset by higher interest cost, increase in forex impact, higher royalty expense and higher tax.
- Tata Steel Europe (TSE)'s revenue was higher than our estimates by 15% at INR220b (down 16% YoY/up 6% QoQ). However, TSE posted an operating loss of INR16b. The increase in loss was due to lower realizations, rise in iron ore cost and increase in employee cost at the Netherlands.
- TATA's consolidated revenue was 9% above our estimate aided by higher realizations (1% above estimate) and volumes (8% higher). Consolidated revenue was down 9% YoY/up 10% QoQ at INR630b. EBITDA was in line with our estimate and was down 52% YoY/up 78% QoQ at INR72b in 4QFY23. TATA posted a profit of INR17b (26% miss) during the quarter.
- The miss in APAT was due to higher finance cost, higher taxes and lower other income in 4QFY23.
- Consolidated EBITDA/t was down 51% YoY/up 64% QoQ at INR9,279.
- During FY23, revenue stood at INR2,434b (flat YoY), EBITDA came in at INR323b (-49% YoY) and APAT stood at INR86b (-79% YoY).
- Gross debt reduced INR28b to INR849b (v/s INR876b in 3QFY23) and net debt stood at INR679b. Net debt/EBITDA came in at 2.07x.

Highlights from the management commentary

- Indian steel demand is resilient; there is a strong demand from sectors such as transportation, industrial construction, infrastructure and commercial real estate.
- Standalone realizations should be higher by INR1,000-1,500/t in 1QFY24E. Coking coal consumption cost is expected to be higher by USD10-15/t in 1QFY24 and the benefit from lower coking coal prices should reflect from 2QFY24 onwards. Realizations in European operations are likely to be higher by GBP15/t in 1QFY24.
- Volumes for domestic as well as TSE are expected to be lower for 1QFY24.
- Full benefit of the 5mt Kalinganagar expansion will accrue from FY26 onwards. As TSE has hedged its natural gas position, it will take another two quarters for the benefit to accrue from lower natural gas prices.

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- Management will take a call in the next 12-24 months on the UK business.
- FY24 capex is expected to be around INR160b.

Domestic demand resilient; headwinds in Europe persist

- European operations, especially in Britain, are expected to face headwinds owing to recessionary pressures, no support from local government and assets nearing their end of usage lives in the next 12-24 months.
- Steel prices have reduced over the last few weeks, which has seen China exporting higher steel volumes and the competition has intensified in export markets.
- Domestic steel consumption is resilient, though, and is likely to grow 7-9mt YoY over the next few years. TATA does not have any issue to cater to the domestic market and it sells over 85-90% of its production in domestic market with the rest being exported.
- Management expects the sectors like transportation, industrial construction, infrastructure and commercial real estate to drive steel demand.
- Steel sector in India will consolidate the market leadership and TATA's growth capex would expand the production to 40mt by FY30E; this augurs well for the company.
- Coking coal prices have cooled down in recent weeks to below USD250/t and the benefit for the same will be reflected from 2QFY24 onwards.
- Domestic ASP, however, is more reflective of the spot international market (v/s TSE, which has a lag in ASP than spot prices). Steel demand is expected to pick up before monsoons and we expect steel prices to rise too, driving margin improvement.

Valuation and view

- During the quarter, realizations improved in line with increase in steel prices, which was also reflected in improved EBITDA/t.
- Domestic steel prices have corrected over the last few weeks; however, demand for steel is expected to improve before the onset of the monsoon season. Management expects realizations to improve for both domestic as well as European operations in 1QFY24.
- Coking coal is a key ingredient in steel manufacturing and TATA relies 85-90% on domestic merchant procurement or imports. Reducing coking coal prices recently to below USD250/t will further support margin expansion in the coming quarters. Similarly, natural gas in Europe has also cooled-off; but as TATA has hedged its natural gas position, it will take two quarters for the benefits to accrue.
- Global steel demand is subdued as customers are currently under 'wait and watch' mode and TATA expects to clock lower volumes in 1QFY24 that could prevent outperformance of the stock in the near term.
- We have marginally raised our estimates to factor in the improved outlook with lower input costs. The stock is trading at 5.6x FY24E EV/EBITDA and 1.3x FY24E P/B and we believe it is fully priced in at current levels. **We reiterate our Neutral rating on the stock with a revised TP of INR110 (v/s INR102 earlier).**

Standalone quarterly performance (INR b)

Y/E March	FY22				FY23				FY22	FY23	FY23E 4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales Vol (kt)	3,990	4,420	4,250	4,970	3,886	4,760	4,590	4,980	17,630	18,216	4,634	7
Change (YoY %)	89.5	-9.2	-5.3	10.4	-2.6	7.7	8.0	0.2	10.4	3.3		
Change (QoQ %)	-11.3	10.8	-3.8	16.9	-21.8	22.5	-3.6	8.5				
ASP (INR/t)	69,413	73,937	75,210	73,805	82,401	67,742	66,373	68,826	73,183	70,820	70,901	-3
Abs Change (QoQ)	22,297	4,524	1,273	-1,405	8,596	-14,660	-1,368	2,453	29,272	-2,362		
Change (YoY %)	56.5	66.7	88.0	56.6	18.7	-8.4	-11.7	-6.7	66.7	-3.2		
Net Sales	277	327	320	367	320	322	305	343	1,290	1,290	329	4
Change (YoY %)	196.6	51.3	77.9	73.0	15.6	-1.3	-4.7	-6.6	84.0	0.0		
Change (QoQ %)	30.6	18.0	-2.2	14.8	-12.7	0.7	-5.5	12.5				
Total Expenditure	144	193	198	244	225	274	253	261	779	1,013	257	2
As a % of net sales	52.0	58.9	61.9	66.6	70.1	85.0	83.1	76.3	60.4	78.5		
EBITDA	133.0	134.3	121.7	122.3	95.7	48.4	51.6	81.3	511.3	277.0	71.1	14
Change (YoY %)	962.9	134.6	81.6	33.2	-28.0	-63.9	-57.6	-33.5	123.6	-45.8		
Change (QoQ %)	44.7	1.0	-9.4	0.5	-21.8	-49.4	6.5	57.6				
(% of Net Sales)	48.0	41.1	38.1	33.4	29.9	15.0	16.9	23.7	39.6	21.5		
EBITDA(INR/t)	33,327	30,385	28,631	24,616	24,622	10,177	11,241	16,326	30,313	15,207	15,335	
Interest	8	7	6	6	7	10	11	10	28	38	8	
Depreciation	14	14	14	14	13	13	14	14	55	54	16	
Other Income	3	4	3	5	7	10	9	7	15	33	8	
PBT (before EO Inc.)	114	117	104	107	82	36	36	64	443	218	55	
EO Income (exp)	2	-1	-2	-1	-1	0	0	-7	-2	-8		
PBT (after EO Inc.)	116	116	103	106	82	35	36	57	441	210	55	
Total Tax	28	29	26	28	21	9	9	17	111	55	14	
% Tax	24.2	24.9	25.1	26.3	25.3	24.9	25.2	29.3	25.1	26.3		
Reported PAT	88	87	77	78	61	27	27	40	330	155	42	-3
Adjusted PAT	86	88	79	79	62	27	27	47	332	163	42	13
Change (YoY %)	-2,322.1	246.9	104.8	40.2	-28.5	-69.7	-65.5	-40.4	197.7	-51.1		
Change (QoQ %)	52.9	2.5	-11.0	0.7	-22.1	-56.6	1.4	74.1				

Source: MOFSL, Company

Consolidated quarterly performance (INR b)

Y/E March	FY22				FY23				FY22	FY23	FY23E 4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales (k tons)	7,110	7,390	7,010	8,010	6,620	7,230	7,150	7,780	30,086	28,781	7,197	8
Change (YoY %)	46.3	-6.8	-1.8	2.3	-6.9	-2.2	2.0	-2.9	13.1	-4.3		
Net Sales	535	604	608	693	634	599	571	630	2,440	2,434	576	9
Change (YoY %)	110.0	55.1	45.1	38.6	18.6	-0.9	-6.1	-9.1	56.1	-0.2		
Change (QoQ %)	7.0	12.9	0.6	14.0	-8.4	-5.6	-4.7	10.3				
EBITDA	161	165	159	150	150	61	40	72	635	323	69	4
Change (YoY %)	2,886.8	164.9	66.1	6.0	-7.1	-63.2	-74.5	-52.0	108.1	-49.1		
Change (QoQ %)	13.6	2.1	-3.4	-5.4	-0.4	-59.5	-33.2	78.3				
(% of Net Sales)	30.1	27.2	26.1	21.7	23.6	10.1	7.1	11.5	26.0	13.3		
EBITDA(USD/t)	307	301	303	249	293	108	69	111	283	140	115	
Interest	18	10	15	11	12	15	18	18	55	63		
Depreciation	23	23	22	22	22	23	24	24	91	93		
Other Income	2	3	1	3	3	3	3	2	8	10		
PBT (before EO Inc.)	121	134	122	120	118	25	2	32	497	177	32	1
EO Income(exp)	-2	5	-2	-3	0	0	2	0	-1	1		
PBT (after EO Inc.)	120	139	120	117	117	25	3	32	496	178	32	2
Total Tax	23	16	26	20	42	13	29	18	85	102		
% Tax	19.0	11.7	21.1	16.9	35.6	51.9	NA	54.6	17.1	57.4		
Reported PAT	96	124	94	97	76	12	-26	15	411	77	22	-34
Minority Interests	9	6	0	1	-1	-2	-3	-1	16	-7		
Share of asso. PAT	1	2	2	2	2	1	1	1	6	4		
Adj. PAT (after MI & asso)	91	114	98	100	78	15	-24	17	402	86	23	-26
Change (YoY %)	NA	650.9	153.6	31.4	-14.1	-86.5	PL	-83.1	386.8	-78.5		
Change (QoQ %)	19.0	25.4	-14.3	2.7	-22.2	-80.3	PL	LP				

Source: MOFSL, Company

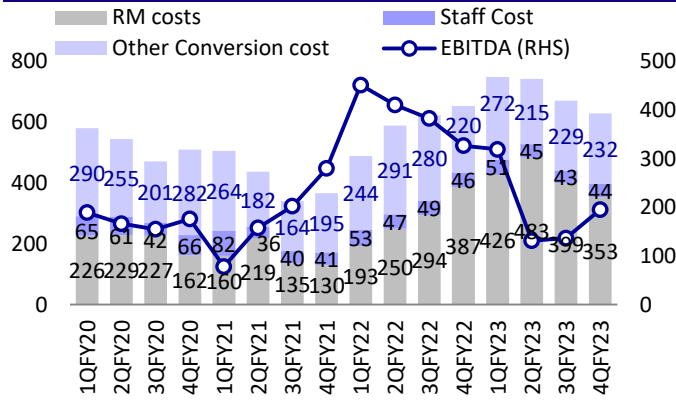
TSE's quarterly performance

Y/E March	FY22				FY23				FY22	FY23	FY23E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Production (000 tons)	2,730	2,560	2,570	2,310	2,440	2,400	2,240	2,270	10,170	9,350	2,188	4
Sales (000 tons)	2,360	2,140	2,160	2,400	2,140	1,870	1,990	2,160	9,060	8,160	1,950	11
Avg. NSR (USD per ton)	1,116	1,353	1,409	1,460	1,573	1,488	1,268	1,222	1,334	1,382	1,178	4
EBITDA(USD/t)	88	211	182	241	366	123	-95	-91	180	71	-75	

Source: MOFSL, Company

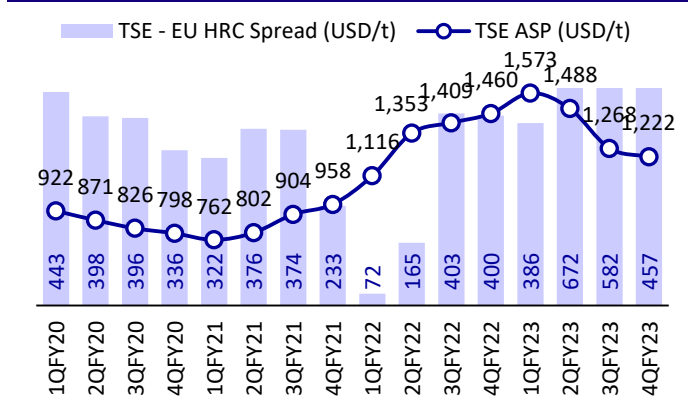
Story in charts

Exhibit 1: India EBITDA (USD/t) improved QoQ, led by lower RM costs due to lower coking coal consumption costs



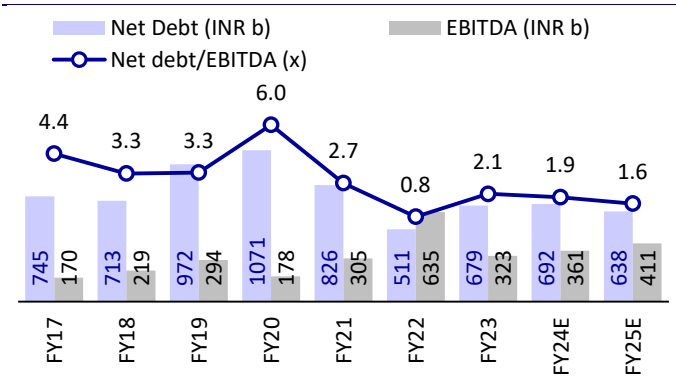
Source: MOFSL, Company

Exhibit 2: TSE spreads remained stable QoQ



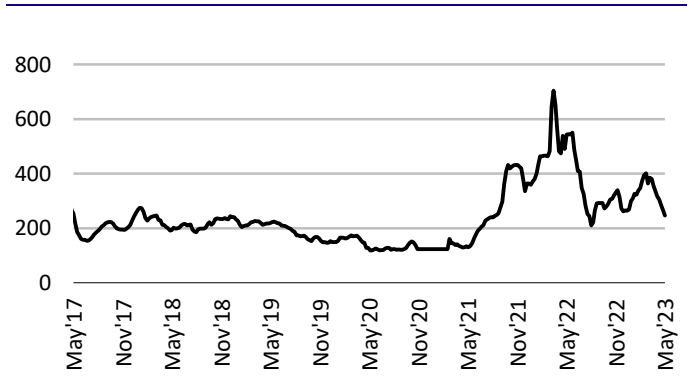
Source: MOFSL, Company

Exhibit 3: Net debt/EBITDA should come down post-FY24E



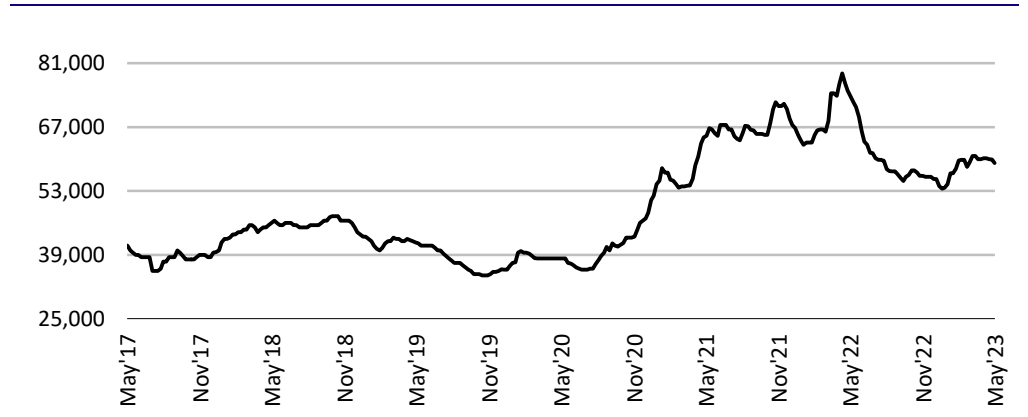
Source: MOFSL, Company

Exhibit 4: Coking coal price (USD/t) has cooled down and is currently below USD250/t



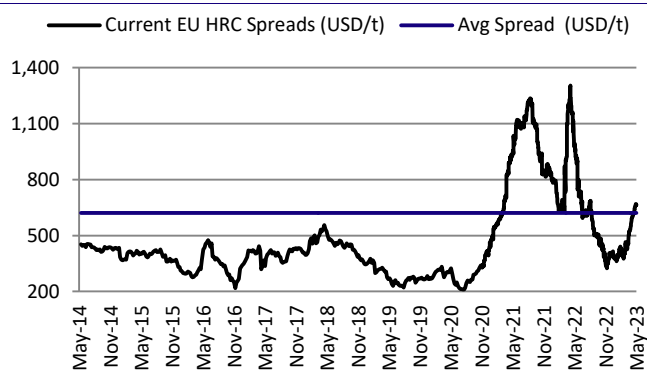
Source: MOFSL, SteelMint

Exhibit 5: Domestic HRC price (INR/t) had witnessed an improvement in 4QFY23



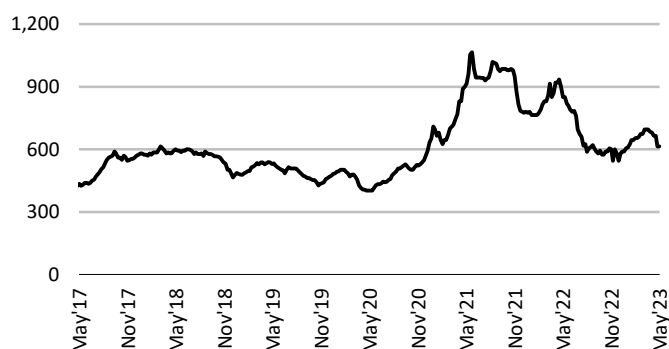
Source: MOFSL, SteelMint

Exhibit 6: Steel spreads in the EU eased from a high of Apr'22; now near LTA



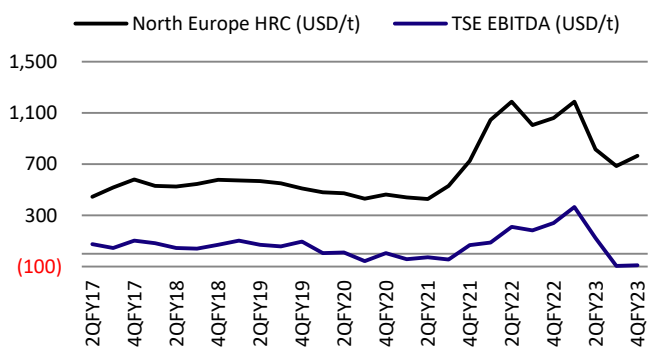
Source: MOFSL, SteelMint, Bloomberg

Exhibit 7: China's domestic HRC price (USD/t) and Indian HRC price mimic the global HRC price movement



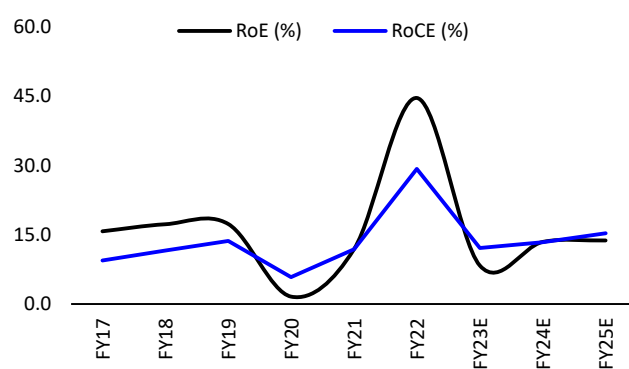
Source: MOFSL, SteelMint

Exhibit 8: TSE's EBITDA/t is linked to steel price movement



Source: MOFSL, Company, SteelMint

Exhibit 9: Return ratios to normalize from FY24E onwards



Source: MOFSL, Company



Highlights from the management commentary

Management guidance for 1QFY24 and FY24

- Realization for India in 1QFY24 should be higher by INR1,000-1,500/t and Europe should be higher by GBP15/t.
- Coking coal consumption cost is expected to be higher by USD10-15/t in 1QFY24 and the benefit from lower coking coal prices should reflect from 2QFY24 onwards.
- Volumes for domestic as well as TSE are expected to be lower for 1QFY24.
- The Netherlands will continue to be EBITDA positive; however, the UK operations will be under pressure and continue to face near-term headwinds.
- One of the BoFs at the Netherlands is undergoing scheduled shutdown and will resume operations in end of 1QFY24.
- NINL has been steadily ramping up and is presently operating at a run rate of 1mt (crude steel + pig iron)
- About 1.5mt of incremental volumes are likely on consolidated basis for FY24E
- As TSE has hedged its natural gas position, it will take another two quarters for the benefit to accrue from lower natural gas prices.
- TATA will deleverage USD1b of net debt in FY24E (most of the deleveraging will occur in second half).

- Management plans to explore west Bokaro mines for clean coal and targets to reach 4-5mt of clean coal over the next few years.

Pension in TSE

- About 62% of the BSPS scheme has been de-risked and liabilities have been insured.
- Remaining 38% of the liabilities should be de-risked in the next 3-4 months.
- This is likely to have similar elevated levels of non-cash deferred tax expenses.
- Once completed, the UK business will be fully de-risked from any pension exposure.

Debt

- Gross debt reduced INR28b to INR849b (v/s INR876b in 3QFY23) and net debt stood at INR678b. Net debt/EBITDA came in at 2.07x.
- Though the company was not able to achieve its annual deleveraging target of USD1b in FY23, management has retained their stance on the same for FY24E.

Capex

- All the projects are progressing as per the timelines.
- Pellet plant at Kalinganagar has commenced production, which will help reduce the merchant dependency of pellets for TATA and aid in cost saving.
- CRM and the GP line will take another two years to be fully ramped up and should add incremental value to the product mix.
- Volumes at Kalinganagar should increase in a phased manner and once the caster is operational, it should start adding incremental volumes; however, full benefit from BoF at Kalinganagar will be accrued from FY26 onwards.
- TATA incurred INR141b of capex in FY23 and the budgeted capex for FY24 is INR160b that will be utilized for Kalinganagar expansion (INR70b), sustenance capex (INR30b), the Netherlands operations (INR30b) and rest across other subsidiaries such as Tinplate and Tata Metaliks.

European operations:

- Out of the incremental 1.5mt volumes expected in FY24, Europe is likely to contribute 50%. There is an inventory buildup at Europe and temporary shutting down of BoF at the Netherlands will not impact the sales adversely.

A. The Netherlands:

- The Netherlands is expected to be EBITDA positive and generate its own CF
- The expansion at the Netherlands can be supported with the help of internal CF generations
- Over the last 15 years, the Netherlands operation has never taken support from the Indian parent and business is fundamentally very strong.
- Net cash availability stood at USD600m
- The Netherlands will gradually shift from coal-based BoF to gas-based DRI and eventually to hydrogen.

B. The UK:

- No major progress on discussions with the UK government
- The UK operation is under severe stress and if no feasible solution is reached, TATA would take a business call in the next 12-24 months.

- Upstream assets are nearing their end of usage lives in the next 12-24 months and TATA would only operate the downstream facility.

Doubling the capacity in India by 2030

- TATA is on its way to double its crude steel production in India to 40mt by 2030 from 21mt.
- Flat product portfolio to rise to 27mt from 16mt and longs to 13mt from 5mt.
- Iron ore mining is expected to reach 60-65mt from the current capacity of 30mt.
- Downstream is also expected to witness a doubling of capacity: Tubes are expected to reach 4mt (current 1mt), Wires to 1mt (current 0.45mt), Tinplate to 1mt (current 0.38mt) and DI pipes to 1mt (current 0.2mt).
- TATA is also setting up 0.75mt EAF facility at Punjab

Domestic demand

- Domestic demand remains resilient.
- Demand from auto, industrial construction and commercial real estate sector will support domestic demand growth.
- Demand from infrastructure sector is expected to be robust for the next 3-5 quarters.
- In the long run, demand from downstream products is expected to be robust.
- TATA will continue to dominate the domestic market and will grow in tandem with domestic demand for steel.

Exhibit 10: Changes to our assumptions and key financials

Key Assumptions		FY23			FY24E		
		Revised	Old	Change (%)	Revised	Old	Change (%)
Standalone							
Volumes	mt	18.2	17.9	1.9	19.1	19.2	-0.8
ASP	INR/t	70,820	71,397	-0.8	66,002	65,816	0.3
Revenue	INR b	1,290	1,276	1.1	1,258	1,264	-0.5
EBITDA	INR/t	15,207	14,929	1.9	15,305	15,123	1.2
EBITDA	INR b	277	267	3.8	292	290	0.4
Consolidated (INR b)							
Revenue	INR b	2,434	2,380	2.3	2,353	2,320	1.4
EBITDA	"	323	320	0.9	361	338	6.9
PAT	"	86	92	-6.4	136	136	0.0

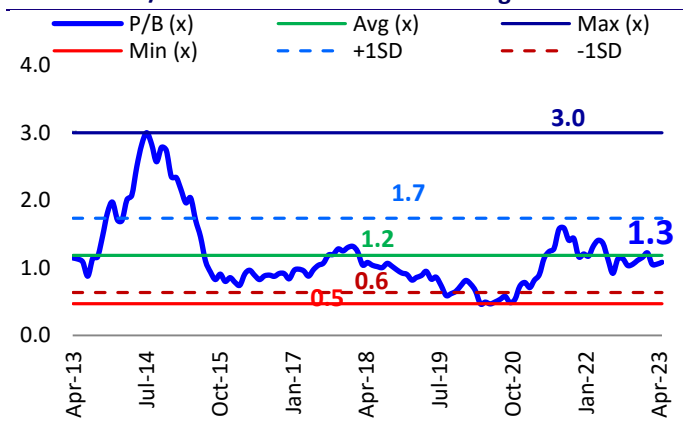
Source: MOFSL

Exhibit 11: TATA (INR b) looks fairly valued at CMP

Y/E March	UoM	2024E
Standalone		
Sales	mt	19.1
EBITDA	INR/t	15,305
EBITDA	INR b	291.7
Target multiple	x	5.5
Target EV	INR b	1,604
Europe		
Sales	mt	8.6
EBITDA	USD/t	52,205
EBITDA	INR/t	6,086
EBITDA/t	USD/t	72
EBITDA	INR b	52
Target multiple	x	5.5
Target EV	INR b	287
Other Subsidiaries		
EBITDA - India subs	INR b	17
Target EBITDA multiple	x	5.5
Target EV	INR b	93
Target EV	INR b	1,985
Net Debt (d)	INR b	692
Total equity value	INR b	1,293
No of shares o/s	b	12.2
Target Price	INR/sh	110

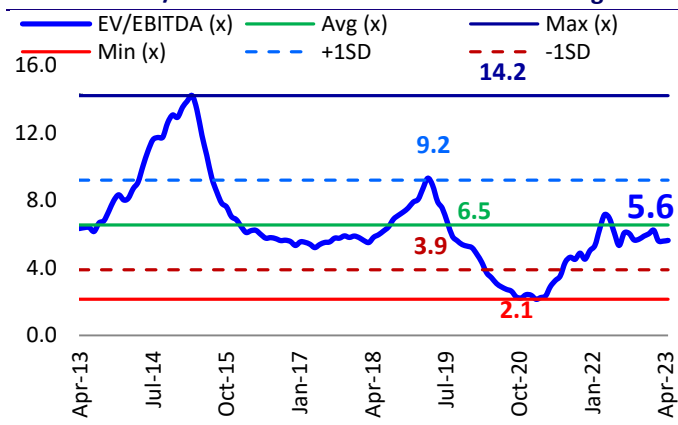
Source: MOFSL

Exhibit 12: P/B ratio near its historical average



Source: MOFSL, Company data

Exhibit 13: EV/EBITDA lower than its historical average



Source: MOFSL, Company data

Exhibit 14: Comparative valuations of global steel companies

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*	16,134	3.3	15.5	9.9	2.9	6.3	5.6	1.2	1.4	1.3	44.6	8.3	13.4
JSW*	21,478	8.3	63.9	10.5	5.9	13.2	6.7	2.6	2.7	2.2	37.5	4.2	23.3
JSP*	7,260	6.8	13.5	9.1	4.4	6.1	4.8	1.7	1.5	1.3	25.9	11.6	15.1
SAIL*	4,182	2.9	18.0	8.4	2.4	7.0	5.0	0.6	0.6	0.6	24.3	3.6	7.4
Japan													
JFE	7,239	3.4	6.1	6.4	4.8	6.1	6.4	0.5	0.4	0.4	15.5	7.5	6.6
Nippon Steel	20,220	5.2	4.2	6.4	5.4	4.8	5.6	0.8	0.7	0.6	18.1	17.5	10.1
Kobe Steel	2,935	7.1	6.3	6.5	5.9	6.3	5.5	0.5	0.5	0.4	7.2	7.5	6.9
Korea													
POSCO	23,816	7.3	9.7	7.9	4.5	5.3	4.6	0.6	0.6	0.5	8.3	5.9	6.9
Hyundai Steel	3,633	3.5	5.5	4.6	4.0	4.6	4.0	0.3	0.3	0.2	7.6	4.6	5.3
US													
Nucor	37,359	5.2	9.4	12.8	3.5	5.7	7.2	2.0	1.8	1.6	43.5	20.5	12.1
US Steel	5,391	2.5	5.7	12.5	1.5	3.1	4.1	0.6	0.6	0.6	26.2	9.1	5.1
Steel Dynamics	17,908	4.8	6.8	11.6	3.3	4.6	6.9	2.3	1.8	1.5	51.9	29.2	14.4
Europe													
AM	23,901	2.7	6.6	5.6	2.1	3.8	3.7	0.5	0.4	0.4	18.8	8.2	7.2
SSAB	7,034	3.3	6.6	10.8	1.8	3.2	4.7	0.8	1.1	1.0	26.0	16.2	9.6
TKA	4,381	4.2	11.1	7.1	0.4	0.3	0.4	0.3	0.3	0.3	8.4	3.1	4.1
VOE	6,079	5.2	5.4	8.6	3.7	3.1	3.9	0.9	0.7	0.7	16.7	14.0	8.1
China													
Baosteel	20,720	9.4	8.1	7.1	5.4	4.7	4.1	0.7	0.7	0.7	7.0	7.8	8.7

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

Financials and valuations

Income Statement (Consolidated)

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Sales	1,123	1,322	1,577	1,490	1,563	2,440	2,434	2,353	2,460
Change (%)	10.1	17.7	19.3	-5.5	4.9	56.1	-0.2	-3.3	4.6
EBITDA	170	219	294	178	305	635	323	361	411
% of Net Sales	15.1	16.6	18.6	12.0	19.5	26.0	13.3	15.3	16.7
Depn. & Amortization	57	60	73	87	92	91	93	103	105
EBIT	113	159	220	91	213	544	230	258	306
Finance cost	51	55	77	76	76	55	63	75	65
Other income	5	9	14	18	9	8	10	8	9
PBT before EO	68	113	158	34	146	497	177	191	250
EO income	-43	96	-1	-49	-10	-1	1	0	0
PBT after EO	25	209	157	-16	135	496	178	191	250
Tax	28	34	67	-26	57	85	102	57	101
Rate (%)	113	16	43	163	42	17	57	30	40
Reported PAT	-3	175	90	10	79	411	77	134	149
Minority interest P/L	1	43	-11	-4	7	16	-7	3	1
Share of asso. PAT	0	2	2	2	3	6	4	5	2
PAT (After MI & asso.)	-4	134	103	16	75	402	88	136	150
Div. on Pref. /Hybrid Sec.	3	3	3	3	3	0	0	0	0
Adjusted PAT	37	80	101	10	83	402	86	136	150

Balance Sheet (Consolidated)

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	10	11	11	11	12	12	12	12	12
Reserves	346	575	655	702	723	1,132	1,019	1,093	1,183
Net Worth	355	586	667	713	735	1,144	1,031	1,106	1,195
Minority Interest	16	9	24	26	33	27	21	24	25
Total Loans	851	942	1,031	1,186	956	756	849	789	749
Deferred Tax Liability	91	95	115	78	75	93	115	115	148
Capital Employed	1,313	1,632	1,836	2,003	1,798	2,020	2,016	2,033	2,117
Gross Block	1,266	1,399	1,730	1,955	2,120	2,159	2,372	2,630	2,902
Less: Accum. Deprn.	380	479	526	652	806	869	962	1,065	1,170
Net Fixed Assets	885	920	1,204	1,305	1,314	1,290	1,410	1,565	1,732
Capital WIP	158	166	186	195	190	220	312	215	103
Investments	68	30	32	29	35	58	48	53	55
Goodwill on consolidation	35	41	40	41	43	43	56	56	56
Curr. Assets	578	929	863	921	855	1,213	1,028	960	1,002
Inventory	248	283	317	311	333	488	544	516	539
Account Receivables	116	124	118	79	95	122	83	116	121
Cash & liquid investment	106	228	59	115	130	244	170	97	111
Others	109	294	370	417	297	358	231	231	231
Curr. Liability & Prov.	411	455	490	487	639	805	838	815	831
Account Payables	186	204	217	214	260	368	378	355	371
Provisions & Others	225	251	273	273	380	437	460	460	460
Net Current Assets	168	475	373	434	216	408	189	145	172
Appl. of Funds	1,313	1,632	1,836	2,003	1,798	2,020	2,016	2,033	2,117

Financials and valuations

Ratios (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)									
EPS	3.8	7.0	8.9	0.9	6.9	33.0	7.1	11.1	12.3
Cash EPS	9.6	12.2	15.3	8.5	14.6	40.4	14.7	19.6	20.9
BV/Share (ex-goodwill)	33.0	47.6	54.7	58.7	57.7	90.2	79.8	85.9	93.3
DPS	0.8	0.8	1.0	1.0	2.5	5.1	3.6	5.0	5.0
Payout (%)	25.2	11.6	11.3	110.4	36.2	15.5	50.8	44.9	40.6
Valuation (x)									
P/E	28.9	15.8	12.4	121.1	15.9	3.3	15.5	9.9	8.9
Cash P/E	11.4	9.0	7.2	12.9	7.5	2.7	7.5	5.6	5.3
P/BV	3.3	2.3	2.0	1.9	1.9	1.2	1.4	1.3	1.2
EV/Sales	1.6	1.5	1.4	1.6	1.4	0.8	0.8	0.9	0.8
EV/EBITDA	10.6	9.0	7.6	13.1	7.0	2.9	6.3	5.6	4.8
Dividend Yield (%)	0.7	0.7	0.9	0.9	2.3	4.6	3.3	4.6	4.6
Return Ratios (%)									
EBITDA Margins (%)	15.1	16.6	18.6	12.0	19.5	26.0	13.3	15.3	16.7
Net Profit Margins (%)	3.3	6.0	6.4	0.7	5.3	16.5	3.6	5.8	6.1
RoE	15.7	17.2	17.3	1.6	11.9	44.6	8.3	13.4	13.7
RoCE (pre-tax)	9.4	11.6	13.7	5.8	11.8	29.2	12.1	13.4	15.3
RoIC (pre-tax)	13.3	14.6	15.9	5.7	13.7	37.0	15.4	16.4	17.4
Working Capital Ratios									
Fixed Asset Turnover (x)	1.3	1.4	1.3	1.1	1.2	1.9	1.7	1.5	1.4
Asset Turnover (x)	0.9	0.8	0.9	0.7	0.9	1.2	1.2	1.2	1.2
Debtor (Days)	38	34.3	27.3	19.3	22.3	18	12	18	18
Inventory (Days)	81	78.2	73.3	76.1	77.7	73	82	80	80
Payables (Days)	60	56.4	50.3	52.4	60.6	55	57	55	55
Working Capital T/O (Days)	58	56.2	50.4	43.1	39.3	36	37	43	43
Leverage Ratio (x)									
Current Ratio	1.4	2.0	1.8	1.9	1.3	1.5	1.2	1.2	1.2
Interest Cover Ratio	2.2	2.9	2.9	1.2	2.8	10.0	3.6	3.4	4.7
Net Debt/Equity	2.3	1.3	1.6	1.6	1.2	0.5	0.7	0.7	0.6

Cash Flow Statement (Consolidated)

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
EBITDA	170	219	294	178	305	635	323	361	411
Reconciliation income (loss)	6	-17	-15	3	-20	24	-14	0	0
(Inc)/Dec in Wkg. Cap.	-49	-43	26	42	165	-96	-37	-29	-13
Tax Paid	-18	-29	-51	-21	-7	-119	-55	-57	-68
CF from Op. Activity	108	130	253	202	443	444	217	275	331
(Inc)/Dec in FA + CWIP	-77	-75	-91	-104	-70	-105	-141	-160	-160
Free Cash Flow to Firm	31	55	162	98	373	339	75	115	171
(Pur)/Sale of Non-cur. Invest.	4	-9	4	4	4	-6	0	0	0
Acquisition in subsidiaries	-11	-2	-351	-41	1	12	-104	0	0
Int. & Dividend Income	2	4	3	4	5	3	6	8	9
Others	-3	9	18	8	3	1	13	0	0
CF from Inv. Activity	-85	-73	-416	-129	-57	-95	-226	-152	-151
Equity raised/(repaid)	7	91	0	2	32	3	0	0	0
Debt raised/(repaid)	27	41	82	76	-321	-160	54	-60	-40
Dividend (incl. tax)	-9	-12	-14	-18	-12	-30	-63	-61	-61
Interest & equiv. paid	-50	-54	-74	-77	-71	-47	-61	-75	-65
CF from Fin. Activity	-26	66	-7	-17	-371	-234	-70	-196	-166
(Inc)/Dec in Cash	-3	123	-170	56	15	114	-79	-73	14
Add: opening Balance	108	106	228	59	115	130	244	170	97
Closing Balance	106	228	59	115	130	244	170	97	111

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