

Estimate change 

TP change 

Rating change 

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	TATA IN
Bloomberg Equity Shares (m)	12212
M.Cap.(INRb)/(USD\$b)	1457.4 / 17.8
52-Week Range (INR)	124 / 93
1, 6, 12 Rel. Per (%)	3/-11/6
12M Avg Val (INR M)	5434
Free float (%)	66.1

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	2,434	2,368	2,443
EBITDA	323	294	357
Adj. PAT	86	111	147
EBITDA Margin (%)	13.3	12.4	14.6
Adj. EPS (INR)	7.1	9.1	12.0
EPS Gr. (%)	-78.5	28.7	32.2
BV/Sh. (INR)	80	84	91

Ratios

Net D:E	0.7	0.7	0.6
RoE (%)	8.3	11.1	13.8
RoCE (%)	12.1	11.3	13.2
Payout (%)	50.8	54.9	41.5

Valuations

P/E (x)	16.8	13.1	9.9
P/BV (x)	1.5	1.4	1.3
EV/EBITDA(x)	6.6	7.3	5.9
Div. Yield (%)	3.0	4.2	4.2
FCF Yield (%)	5.2	6.5	9.5

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	33.9	33.9	33.9
DII	21.1	20.8	19.1
FII	21.0	21.3	22.0
Others	24.0	23.9	25.0

FII Includes depository receipts

CMP: INR119

TP: INR120 (+1%)

Neutral

In line performance; Europe continues to struggle

- Tata Steel (TATA) reported in line operating performance, aided by improved ASP for India business and better operating efficiencies in 1QFY24.
- **Standalone Performance:** TATA's revenue was up 1% YoY at INR323b, in line with our estimate of INR339b. EBITDA declined 32% YoY at INR65b and was in line with our estimate of INR66b.
- Standalone ASP improved INR1,178/t QoQ to INR70,004/t and EBITDA/t was down by INR2,345/t QoQ to INR13,981/t (INR538/t higher than our estimate of INR13,443/t).
- APAT was down 31% YoY to INR43b (43% higher than our estimate of INR30b). The beat was driven by higher 'other income' and lower depreciation charge.
- **Consolidated Performance:** TATA's revenue was in line with our estimates, aided by higher realizations (5% above estimate), which were partially offset by lower volumes (4% lower). Revenue was down 6% YoY at INR595b; EBITDA was in line with our estimate and was down 65% YoY at INR52b and APAT stood at INR6b (36% miss).
- The miss in APAT was due to higher tax outgo and loss in share from associate companies. The company incurred a non-cash deferred tax charge on account of buy-in transaction at British Steel Pension Scheme. With this, the insurance buy-in of BSPS has been completed, successfully de-risking Tata Steel UK.
- Consolidated EBITDA/t stood at INR7,186, which was up INR424/t, above our estimate of INR6,762/t.
- Tata Steel Europe (TSE) continues to drag the consolidated performance and revenue was down 18% YoY at INR213b. EBITDA loss per tonne for the quarter stood at USD98/t (up USD7/t QoQ). The impact was due to elevated energy costs, higher employee costs, and lower production due to planned relining at BF-6 at Netherlands.
- Gross debt increased INR55b to INR904b (vs. INR849b in 4QFY23) and net debt stood at INR714b. Net debt-to-EBITDA came in at 2.9x (up 85bp QoQ) and net debt-to-equity at 0.7x (up 8bp QoQ).

Highlights from the management commentary

- The FY24 incremental production and sales target of 1.5mt remains unchanged. The additional volumes will be generated through the efforts of NINL and the SMS caster at Kalinganagar.
- The Kalinganagar BoF is expected to become operational by Feb-Mar'24. The benefits from its complete ramp-up are projected to start accruing in FY25.
- Indian steel demand is resilient; there is a strong demand from sectors such as automobile, industrial construction, infrastructure and commercial real estate.
- Standalone realizations are expected to be down in 2QFY24 by around USD40/t and realizations in Europe are expected to be down by around USD48/t; however, reduction in coal cost by USD57/t in India and USD46/t in Europe should provide certain cushion to the fall in ASP.

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- BF-6 relining at Netherlands should be completed by the end of 2QFY24, and hence, the production in Europe will continue to be adversely impacted in the near term.
- TSE has completely de-risked the BSPS liability.
- FY24 capex is expected to be around INR160b.

Domestic demand resilient; headwinds in Europe persist

- In 1QFY24, steel prices were adversely impacted by higher exports from China and lower demand in international markets.
- Despite the impact of global metal prices, TATA managed to enhance the ASP through contract sales and an improved sales mix.
- The Netherlands, which is essentially a positive CF vertical for TATA, has been struggling due to the planned relining of BF-6 since April'23. This relining process is expected to last for a period of six months.
- The volumes at TSE for 2QFY24 are expected to be muted and the improvement at the Netherlands is expected from 2H.
- European operations, especially in Britain, are expected to face headwinds and TATA is in negotiations with the local government to find a feasible solution for the continuation of the operations at TSE UK.
- Domestic steel consumption is resilient, though, and is likely to grow by 8-9mt YoY over the next few years.
- Management expects the sectors such as transportation, industrial construction, infrastructure, and commercial real estate to drive steel demand.
- The steel sector in India will consolidate the market leadership and TATA's growth capex would expand the production to 40mt by FY30E.
- Coking coal prices have cooled down in the recent weeks and the benefit for the same will be reflected from 2QFY24 onwards.
- Domestic ASP, however, is more reflective of the spot international market (vs. TSE, which has a lag of one quarter in ASP than spot prices). Steel ASP for 2QFY24 is expected to reduce in line with prevailing international prices.

Valuation and view

- During the quarter, realizations improved in line, on the back of higher realizations from contract sales and better product mix. However, elevated input costs and energy prices adversely impacted EBITDA/t.
- Reducing coking coal prices should support margin expansion; however, global steel prices have been under pressure since Feb'23 and the management expects reduction in realizations for both domestic as well as European operations in 2QFY24.
- Similarly, natural gas in Europe has also cooled off, but as TATA has hedged its natural gas position, it will take one more quarter for the benefits to accrue.
- **We have largely maintained our estimates for FY25 to factor in the current macro-economic scenario and the stock is trading at 5.9x FY25E EV/EBITDA and 1.3x FY25E P/B. We reiterate our Neutral rating on the stock with SOTP based TP of INR120 (Previous INR110).**

Standalone quarterly performance (INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales Vol (kt)	3,886	4,760	4,590	4,980	4,620	4,650	4,850	4,900	18,216	19,020	4,875	-5
Change (YoY %)	-2.6	7.7	8.0	0.2	18.9	-2.3	5.7	-1.6	3.3	4.4		
Change (QoQ %)	-21.8	22.5	-3.6	8.5	-7.2	1	4	1.0				
Net Sales	320	322	305	343	323	291	321	333	1,290	1,267	339	-5
Change (YoY %)	15.6	-1.3	-4.7	-6.6	1.0	-9.9	5.3	-2.9	0.0	-1.8		
Change (QoQ %)	-12.7	0.7	-5.5	12.5	-5.6	-10.2	10.4	3.7				
EBITDA	96	48	52	81	65	67	82	84	277	297	66	-1
Change (YoY %)	-28.0	-63.9	-57.6	-33.5	-32.5	37.8	59.1	3.3	-45.8	7.4		
Change (QoQ %)	-21.8	-49.4	6.5	57.6	-20.6	3.4	23.0	2.3				
(% of Net Sales)	29.9	15.0	16.9	23.7	20.0	23.0	25.6	25.3	21.5	23.5		
EBITDA(INR/t)	24,622	10,177	11,241	16,326	13,981	14,356	16,926	17,144	15,207	15,638	13,443	4
Interest	7	10	11	10	10	10	10	10	38	41	11	
Depreciation	13	13	14	14	13	22	22	22	54	79	20	
Other Income	7	10	9	7	16	11	11	11	33	49	7	
PBT (before EO Inc.)	82	36	36	64	58	45	61	63	218	226	42	
EO Income(exp)	-1	0	0	-7	0				-8	0		
PBT (after EO Inc.)	82	35	36	57	57	45	61	63	210	226	42	
Total Tax	21	9	9	17	15	12	16	20	55	62		
% Tax	25.3	24.9	25.2	29.3	25.6	25.7	25.7	31.2	26.3	27.2		
Reported PAT	61	27	27	40	43	34	45	43	155	165	30	
Adjusted PAT	62	27	27	47	43	34	45	43	163	165	30	43
Change (YoY %)	-28.5	-69.7	-65.5	-40.4	-30.6	25.6	66.2	-8.3	-51.1	1.2		
Change (QoQ %)	-22.1	-56.6	1.4	74.1	-9.3	-21.6	34.2	-3.9				

Source: MOFSL, Company

Consolidated quarterly performance (INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales (k tons)	6,630	7,230	7,150	7,780	7,200	7,223	7,533	7,583	28,811	29,538	7,518	-4
Change (YoY %)	-6.8	-2.2	2.0	-2.9	8.6	-0.1	5.3	-2.5	-4.2	2.5		
Avg Realization (INR/t)	95,671	82,818	79,837	80,927	82,625	75,672	80,534	81,717	84,465	80	78,677	5
Net Sales	634	599	571	630	595	547	607	620	2,434	2,368	591	1
Change (YoY %)	18.6	-0.9	-6.1	-9.1	-6.2	-8.7	6.3	-1.6	-0.2	-2.7		
Change (QoQ %)	-8.4	-5.6	-4.7	10.3	-5.5	-8.1	11.0	2.1				
EBITDA	150	61	40	72	52	54	90	98	323	294	51	2
Change (YoY %)	-7.1	-63.2	-74.5	-52.0	-65.4	-10.3	122.0	35.5	-49.1	-9.1		
Change (QoQ %)	-0.4	-59.5	-33.2	78.3	-28.3	5.1	65.3	8.8				
Interest	12	15	18	18	18	17	17	17	63	69	17	
Depreciation	22	23	24	24	24	23	23	23	93	94	23	
Other Income	3	3	3	2	12	6	7	7	10	31	3	
PBT (before EO Inc.)	118	25	2	32	21	20	56	64	177	162	13	
EO Income(exp)	0	0	2	0	0				1	0		
PBT (after EO Inc.)	117	25	3	32	21	20	56	64	178	162	13	64
Total Tax	42	13	29	18	13	5	14	16	102	49		
% Tax	35.6	51.9	NA	54.6	63.0	25.2	25.2	25.2	57.4	30.1		
Reported PAT	76	12	-26	15	8	15	42	48	77	113	10	
Minority Interests	-1	-2	-3	-1	-1				-7			
Share of asso. PAT	2	1	1	1	-3				4			
Adj. PAT (after MI & asso)	78	15	-24	17	6	15	42	48	86	111	10	-36
Change (YoY %)	-14.1	-86.5	PL	-83.1	-92.0	-2.8	LP	184.0	-78.5	28.7		
Change (QoQ %)	-22.2	-80.3	PL	LP	-63.4	140.2	182.2	14.4				

Source: MOFSL, Company

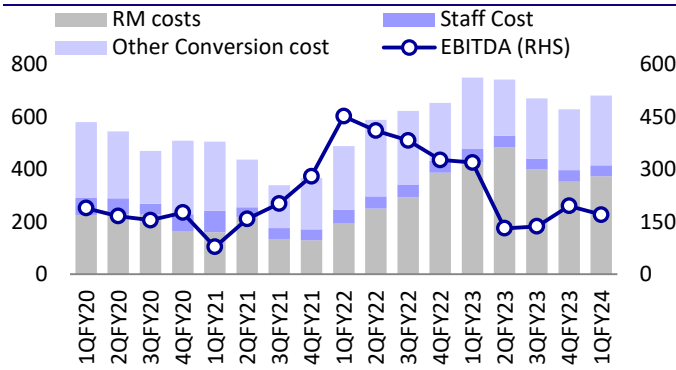
TSE's quarterly performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
Production (mt)	2.4	2.4	2.2	2.3	1.8	1.8	2.2	2.2	9.4	8.0	2.16	-17.2
Change (YoY %)	-10.6	-6.3	-12.8	-1.7	-26.6	-25.4	-1.6	-2.9	-8.1	-14.5		
Sales (mt)	2.1	1.9	2.0	2.2	2.0	2.0	2.1	2.1	8.2	8.2	2.06	-3.4
Change (YoY %)	-9.3	-12.6	-7.9	-10.0	-7.0	6.4	5.5	-2.8	-9.9	0		
Net Sales (INR b)	260	216	207	220	213	205	224	224	903	867	211	1.3
Change (YoY %)	33.5	0.6	-8.9	-16.5	-17.8	-4.7	8.1	1.8	0.3	-4		
EBITDA (INR b)	60	18	-16	-16	-16	0	9	14	46	6	-7	127.4

Source: MOFSL, Company

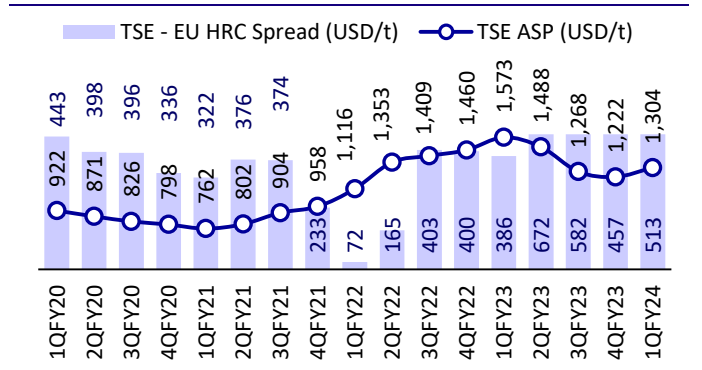
Story in charts

Exhibit 1: India EBITDA (USD/t) was down QoQ, led by higher input costs and other (conversion) expenses



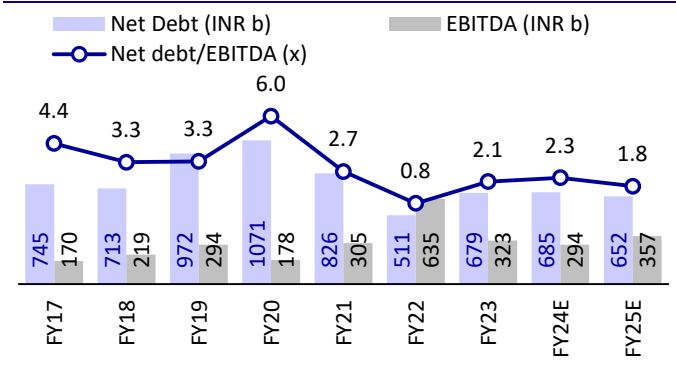
Source: MOFSL, Company

Exhibit 2: TSE spreads improved QoQ; TSE spreads are at a lag of one month to HRC prices



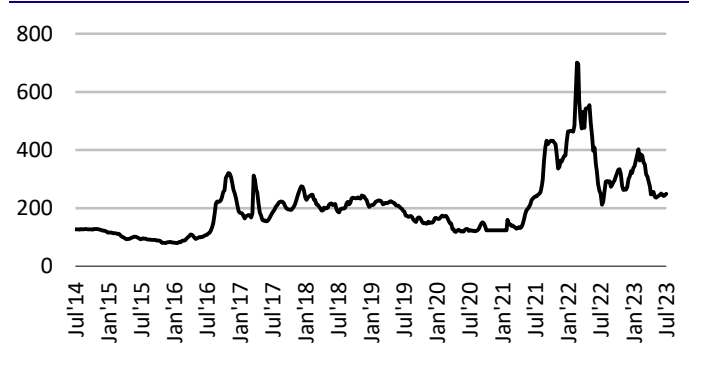
Source: MOFSL, Company

Exhibit 3: Net debt/EBITDA is expected to come down below the threshold limit of 2.5x by the end of FY24



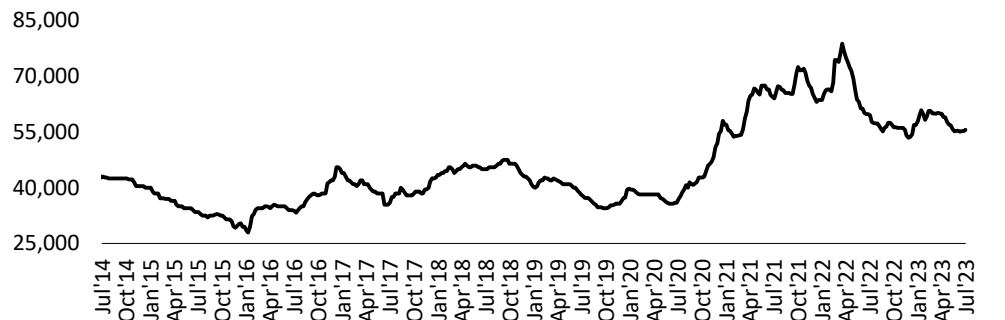
Source: MOFSL, Company

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



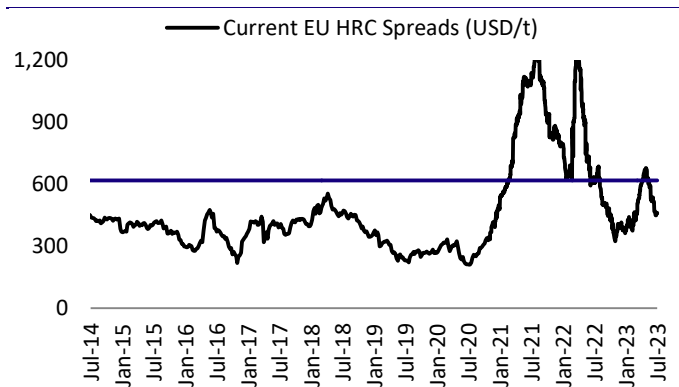
Source: MOFSL, SteelMint

Exhibit 5: Domestic HRC price (INR/t) had witnessed a price correction of around 3% QoQ in 1QFY24. However, the prices seemed to have bottomed out over the last few weeks.



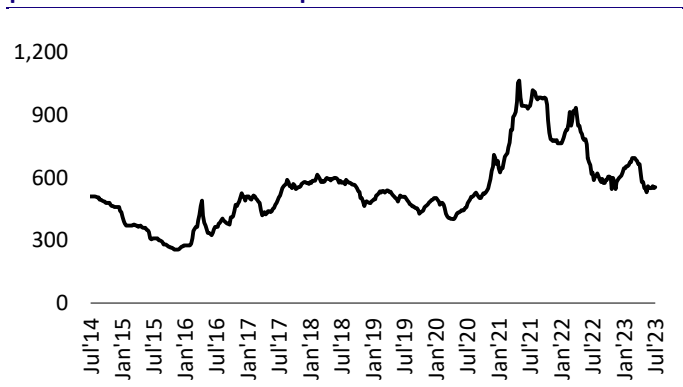
Source: MOFSL, SteelMint

Exhibit 6: Steel spreads in the EU have corrected and are below its LTA



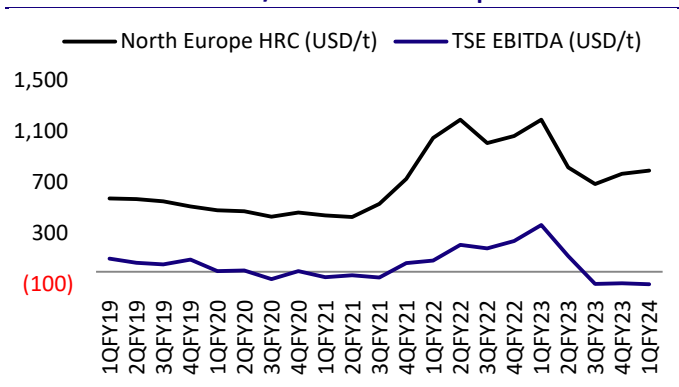
Source: MOFSL, SteelMint, Bloomberg

Exhibit 7: China domestic HRC prices (USD/t): Domestic steel prices mimic Chinese HRC price movement



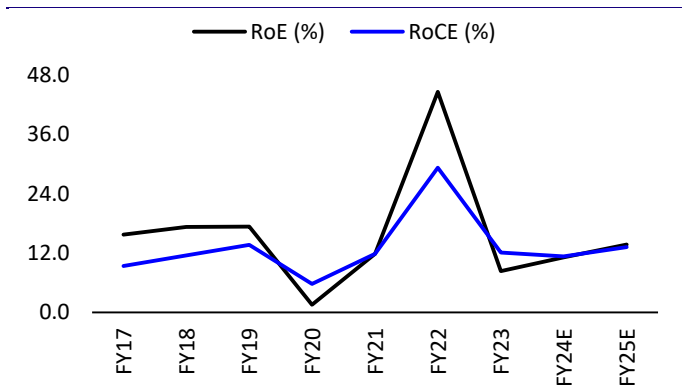
Source: MOFSL, SteelMint

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 2QFY24 and FY24

- Realizations (ASP) for domestic operations are expected to be lower by around USD40/t and European operations ASP is expected to be lower by USD48/t.
- However, the coal cost is expected to decrease by USD57/t for India and USD46/t for Europe. This reduction should offer some cushion against the decline in ASP.
- Due to relining of BF-6 at the Netherlands, the operations for 2QFY24 is expected to be subdued; however, the Netherlands operations is expected to turn EBITDA positive in 2HFY24.
- Moderation of higher energy prices at European operations would take one more quarter to normalize.
- Volumes for European operations in 2QFY24 are expected to be similar to the 1QFY24 level.
- TATA is adding SMS caster at Kalinganagar, which should augment the volumes by 0.5mt in FY24
- BoF at Kalinganagar is expected to commercialize in Feb-Mar'24 and the benefits of incremental volumes is expected in FY25.
- GP line at Kalinganagar would become operational over the next few quarters.
- TATA has maintained its unchanged incremental volume target of 1.5mt, driven by NINL and the additional volumes from Kalinganagar.

- One of the BoFs at the Netherlands is undergoing scheduled shutdown and will resume operations at the end of 1QFY24.
- NINL has been steadily ramping up and is presently operating at a run rate of 1mt (crude steel + pig iron).
- TATA has kept its annual deleverage target of USD1b of net debt unchanged (most of the deleveraging will occur in the second half).

Planned shutdown at Netherlands

- TATA in Apr'23 had undertaken planned maintenance relining shutdown at BF-6 at its Netherlands facility, which adversely impacted almost 3.5mt of its production.
- The BF-6 facility is expected to commence production after 2QFY24, and hence, the volumes are expected to be lower from the Netherlands in 2QFY24.
- As the facility was shutdown, the fixed cost was spread across lower sales, thereby increasing the manufacturing cost; however, the same is expected to normalize once the BF-6 is operational.
- The spreads at TSE are currently around USD260-270/t, which is higher than the historical average of USD225-230/t.
- The Netherlands facility is expected to turn EBITDA positive in 2HFY24, driven by improved volumes, better productivity, and reduction in energy cost.
- BF-7 is due for relining shutdown in FY26-27 and the capex for the same would be funded by CF generation at the Netherlands and support from the local government.

Captive iron ore mines

- 100% of iron ore requirement are met via captive mines and TATA is planning to double its captive capacity to 60-65mt by FY30, in line with doubling its domestic capacity.
- The majority of mines owned by TATA are nearing the end of their lease term by FY30. TATA holds the ROFR, which will enable the company to retain these existing mines.
- TATA is also continuously scouting newer mines via auction, which will help the company to ramp up its capacity by FY30.
- TATA has also acquired Gandhalpada mine, which has R&R of ~350mt and an aggregate iron ore reserves of around 500mt (apart from its existing captive mines).

Debt

- Gross debt increased INR55b to INR904b (vs. INR849b in 4QFY23) and net debt stood at INR714b.
- Net debt-to-EBITDA came in at 2.9x (up 85bp QoQ) and net debt-to-equity at 0.7x (up 8bps QoQ).
- The management has kept its annual deleverage target of USD1b of net debt unchanged (most of the deleveraging will occur in the second half of FY24).
- TATA will endeavor to keep its net debt-to-EBITDA below its threshold limit of 2.5x for FY24.

Capex

- All the projects are progressing as per the timelines.
- The pellet plant at Kalinganagar has commenced production, which has helped TATA reduce the merchant dependency of pellets and aid in cost saving.
- Production at CRM facility has already commenced in a phased manner. The full benefits from this initiative will be realized once the BoF is fully ramped up by FY25.
- TATA is also setting up 0.5mt SMS caster at Kalinganagar, which will help achieve the incremental volume target for FY24.
- Once BoF is fully ramped up at Kalinganagar, it will help TATA to increase its presence across sectors, such as oil and gas, automobiles, and renewable energy.
- TATA has earmarked INR160b as capex for FY24, of which, INR41b has been incurred in 1QFY24.
- In line with increasing its presence in downstream VAP category, Tubes capacity is expected to increase from 1mt to 1.3mt.

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.
- 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.

Exhibit 10: Changes to our assumptions and key financials

Key Assumptions	UoM	FY24E			FY25E		
		New	Old	Change (%)	New	Old	Change (%)
Standalone							
Volumes	mt	19.0	19.3	-1.5	19.4	19.4	0.0
ASP	INR/t	66,638	66,452	0.3	69,727	67,556	3.2
Revenue	INR b	1,267	1,283	-1.2	1,355	1,313	3.2
EBITDA	INR/t	15,638	14,894	5.0	16,972	15,600	8.8
EBITDA	INR b	297	288	3.4	330	303	8.8
Europe							
Volumes	mt	8.2	8.4	-2.4	8.4	8.4	0.0
ASP	INR/t	1,273	1,207	5.5	1,235	1,282	-3.6
Revenue	INR b	867	842	3.0	862	895	-3.6
EBITDA	USD/t	9	14	-37.2	38	38	-1.8
EBITDA	INR b	6	10	-38.7	26	27	-1.7
Consolidated (INR b)							
Revenue	INR b	2,368	2,336	1.3	2,443	2,410	1.3
EBITDA	"	294	308	-4.6	357	353	1.1
PAT	"	111	118	-5.4	147	144	2.0

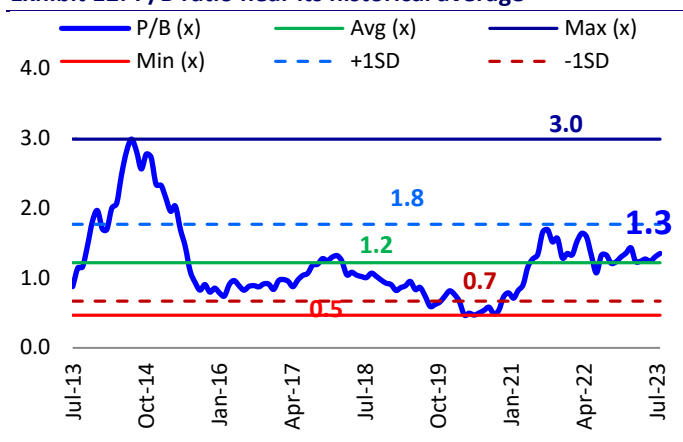
Source: MOFSL

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

Y/E March	UoM	2025E
Standalone		
Sales	mt	19.4
EBITDA	INR/t	16,972
EBITDA	INR b	330
Target multiple	x	6
Target EV	INR b	1,980
Europe		
Sales	mt	8.4
EBITDA	INR/t	3,127
EBITDA	INR b	26
Target multiple	x	6
Target EV	INR b	157
Other Subsidiaries		
EBITDA - India subs	INR b	1.0
Target EBITDA multiple	x	6
Target EV	INR b	6
Target EV	INR b	2,143
Net Debt (d)	INR b	652
Total equity value	INR b	1,491
No of shares o/s	b	12.2
Target Price	INR/sh	120

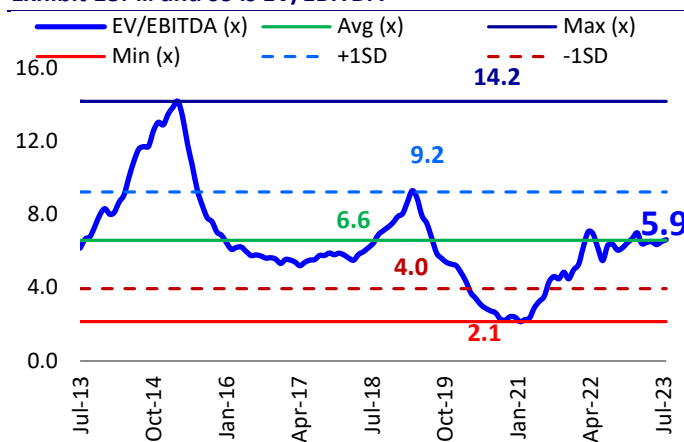
Source: MOFSL

Exhibit 12: P/B ratio near its historical average



Source: MOFSL, Company data

Exhibit 13: ... and so is EV/EBITDA



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*	17,148	3.6	16.8	13.1	3.1	6.6	7.3	1.3	1.5	1.4	44.6	8.3	11.1
JSW*	22,991	9.0	54.5	17.1	6.4	13.6	8.4	2.9	2.9	2.6	37.5	5.3	16.2
JSP*	7,822	7.7	18.3	13.9	4.9	7.4	6.6	1.9	1.7	1.6	25.9	9.9	11.8
SAIL*	4,515	3.0	19.0	9.7	2.6	8.5	5.8	0.7	0.7	0.7	25.1	3.7	7.0
Japan													
JFE	9,508	4.7	8.4	7.2	5.4	6.9	6.1	0.7	0.6	0.6	15.5	7.4	8.5
Nippon Steel	21,173	5.6	4.5	7.8	5.6	5.1	5.8	0.9	0.7	0.7	18.1	17.3	9.1
Kobe Steel	4,029	10.1	9.1	6.5	6.9	7.3	5.1	0.7	0.7	0.6	7.2	7.5	9.4
Korea													
POSCO	42,408	12.5	17.0	13.6	6.8	7.9	6.9	1.0	0.9	0.9	8.3	5.9	6.9
Hyundai Steel	3,554	3.3	5.3	4.5	3.9	4.5	3.9	0.2	0.2	0.2	7.6	4.5	5.1
US													
Nucor	41,158	5.7	9.6	14.4	3.8	5.8	8.0	2.2	1.9	1.7	43.5	21.7	12.2
US Steel	5,485	2.5	6.2	12.7	1.5	3.3	4.8	0.6	0.5	0.5	26.2	10.1	5.0
Steel Dynamics	16,954	4.6	6.4	11.4	3.2	4.5	7.0	2.2	1.8	1.6	51.9	29.6	14.7
Europe													
AM	23,553	2.6	5.9	5.8	2.1	3.9	3.9	0.5	0.4	0.4	18.8	7.7	7.1
SSAB	6,285	3.0	5.3	8.8	1.6	2.5	3.7	0.7	1.0	0.9	26.0	18.2	10.6
TKA	4,959	4.7	22.2	8.5	0.6	0.7	0.7	0.4	0.3	0.3	8.4	1.2	3.6
VOE	5,724	4.8	5.1	7.8	3.6	3.0	3.8	0.8	0.7	0.6	16.7	13.7	8.3
China													
Baosteel	17,792	8.4	9.2	8.0	5.0	4.7	4.1	0.7	0.6	0.6	7.0	6.5	7.3

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	2,368	2,443
Change (%)	10.1	17.7	19.3	-5.5	4.9	56.1	-0.2	-2.7	3.2
EBITDA	170	219	294	178	305	635	323	294	357
% of Net Sales	15.1	16.6	18.6	12.0	19.5	26.0	13.3	12.4	14.6
Deprn. & Amortization	57	60	73	87	92	91	93	94	109
EBIT	113	159	220	91	213	544	230	200	248
Finance cost	51	55	77	76	76	55	63	69	66
Other income	5	9	14	18	9	8	10	31	21
PBT before EO	68	113	158	34	146	497	177	162	203
EO income	-43	96	-1	-49	-10	-1	1	0	0
PBT after EO	25	209	157	-16	135	496	178	162	203
Tax	28	34	67	-26	57	85	102	49	56
Rate (%)	113	16	43	163	42	17	57	30	28
Reported PAT	-3	175	90	10	79	411	77	113	147
Minority interest P/L	1	43	-11	-4	7	16	-7	-1	0
Share of asso. PAT	0	2	2	2	3	6	4	-3	0
PAT (After MI & asso.)	-4	134	103	16	75	402	88	111	147
Div. on Pref. /Hybrid Sec.	3	3	3	3	3	0	0	0	0
Adjusted PAT	37	80	101	10	83	402	86	111	147
Change (%)	-275.3	116.3	27.3	-89.8	697.0	386.8	-78.5	28.7	32.2

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	1,071	1,157
Net Worth	355	586	667	713	735	1,144	1,031	1,083	1,169
Minority Interest	16	9	24	26	33	27	21	20	20
Total Loans	851	942	1,031	1,186	956	756	849	789	749
Deferred Tax Liability	91	95	115	78	75	93	115	118	123
Capital Employed	1,313	1,632	1,836	2,003	1,798	2,020	2,016	2,009	2,060
Gross Block	1,266	1,399	1,730	1,955	2,120	2,159	2,382	2,639	2,911
Less: Accum. Deprn.	380	479	526	652	806	869	972	1,065	1,175
Net Fixed Assets	885	920	1,204	1,305	1,314	1,290	1,410	1,574	1,737
Capital WIP	158	166	186	195	190	220	312	215	103
Investments	68	30	32	29	35	58	48	48	48
Goodwill on consolidation	35	41	40	41	43	43	56	56	56
Curr. Assets	578	929	863	921	855	1,213	1,028	945	957
Inventory	248	283	317	311	333	488	544	529	546
Account Receivables	116	124	118	79	95	122	83	80	83
Cash & liquid investment	106	228	59	115	130	244	170	104	97
Others	109	294	370	417	297	358	231	231	231
Curr. Liability & Prov.	411	455	490	487	639	805	838	828	840
Account Payables	186	204	217	214	260	368	378	368	380
Provisions & Others	225	251	273	273	380	437	460	460	460
Net Current Assets	168	475	373	434	216	408	189	117	117
Appl. of Funds	1,313	1,632	1,836	2,003	1,798	2,020	2,016	2,009	2,060

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	9.1	12.0
Cash EPS	9.6	12.2	15.3	8.5	14.6	40.4	14.7	16.8	21.0
BV/Share (ex goodwill)	33.0	47.6	54.7	58.7	57.7	90.2	79.8	84.1	91.1
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	54.9	41.5
Valuation (x)									
P/E	31.4	17.1	13.4	131.3	17.2	3.6	16.8	13.1	9.9
Cash P/E	12.3	9.8	7.8	14.0	8.1	2.9	8.1	7.1	5.7
P/BV	3.6	2.5	2.2	2.0	2.1	1.3	1.5	1.4	1.3
EV/Sales	1.7	1.6	1.5	1.6	1.4	0.8	0.9	0.9	0.9
EV/EBITDA	11.2	9.5	7.9	13.7	7.4	3.1	6.6	7.3	5.9
Dividend Yield (%)	0.7	0.7	0.8	0.8	2.1	4.3	3.0	4.2	4.2
Return Ratios (%)									
EBITDA Margins (%)	15.1	16.6	18.6	12.0	19.5	26.0	13.3	12.4	14.6
Net Profit Margins (%)	3.3	6.0	6.4	0.7	5.3	16.5	3.6	4.7	6.0
RoE	15.7	17.2	17.3	1.6	11.9	44.6	8.3	11.1	13.8
RoCE (pre-tax)	9.4	11.6	13.7	5.8	11.8	29.2	12.1	11.3	13.2
RoIC (pre-tax)	13.3	14.6	15.9	5.7	13.7	37.0	15.4	12.8	14.3
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	27	19	22	18	12	12	12
Inventory (Days)	81	78	73	76	78	73	82	82	82
Payables (Days)	60	56	50	52	61	55	57	57	57
Working Capital T/O (Days)	58	56	50	43	39	36	37	37	37
Leverage Ratio (x)									
Current Ratio	1.4	2.0	1.8	1.9	1.3	1.5	1.2	1.1	1.1
Interest Cover Ratio	2.2	2.9	2.9	1.2	2.8	10.0	3.6	2.9	3.8
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	294	357
Reconciliation income (loss)	6	-17	-15	3	-20	24	-14	0	0
(Inc)/Dec in Wkg. Cap.	-49	-43	26	42	165	-96	-37	7	-8
Tax Paid	-18	-29	-51	-21	-7	-119	-55	-46	-51
CF from Op. Activity	108	130	253	202	443	444	217	255	298
(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	95	138
(Pur)/Sale of Non-cur. Invest.	4	-9	4	4	4	-6	0	-3	0
Acquisition in subsidiaries	-11	-2	-351	-41	1	12	-104	0	0
Int. & Dividend Income	2	4	3	4	5	3	6	31	21
Others	-3	9	18	8	3	1	13	2	0
CF from Inv. Activity	-85	-73	-416	-129	-57	-95	-226	-130	-139
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	-69	-66
CF from Fin. Activity	-26	66	-7	-17	-371	-234	-70	-190	-167
(Inc)/Dec in Cash	-3	123	-170	56	15	114	-79	-66	-7
Add: opening Balance	108	106	228	59	115	130	244	170	104
Closing Balance	106	228	59	115	130	244	170	104	97

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NOTES

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Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL); INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.