31 July 2023

Annual Report Update | Sector: Metals

JSW Steel

BSE SENSEX	S&P CNX
66,528	19,754

Stock Info

Bloomberg	JSTL IN
Equity Shares (m)	2417
M.Cap.(INRb)/(USDb)	1974.4 / 24
52-Week Range (INR)	823 / 614
1, 6, 12 Rel. Per (%)	1/2/15
12M Avg Val (INR M)	1775
Free float (%)	54.6

Financials Snapshot (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	1,660	1,791	2,025
EBITDA	185	303	398
Adj. PAT	36	114	176
EBITDA Margin (%)	11	17	20
Adj. EPS (INR)	15	47	73
EPS Gr. (%)	-83	219	55
BV/Sh. (INR)	272	309	368
Ratios			
Net D:E	0.9	0.8	0.7
RoE (%)	5.3	16.2	21.5
RoCE (%)	5.3	9.9	12.4
Payout (%)	23.1	20.0	20.0
Valuations			
P/E (x)	55.5	17.4	11.2
P/BV (x)	3.0	2.6	2.2
EV/EBITDA(x)	13.8	8.5	6.5
Div. Yield (%)	0.4	1.2	1.8
FCF Yield (%)	4.4	3.7	5.7

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	45.4	45.4	45.0
DII	25.1	25.0	9.6
FII	11.5	11.5	11.3
Others	18.0	18.1	34.1

FII Includes depository receipts

CMP: INR817 TP: INR730 (-11%) Neutral

Capacity expansion in sync with India's growth story

- Our analysis of JSTL's FY23 annual report showed that despite the adverse macro-economic condition, geopolitical tensions, high interest rates and levy of export duty at the start of FY23, domestic steel demand remained robust, led by a strong focus on infrastructure and construction.
- Going ahead, domestic steel demand is expected to be driven by a strong capital base, expansion in public and private capex, urbanization, improved standards of living, expansion of manufacturing capabilities, development of freight corridors and growth in roadways, waterways and railways network.
- JSTL is adding capacity at the right time, which will increase its capacity from ~28.2mt to over 37mt by FY25 and around 50mt by FY30-31.
- JSTL's capacity expansion aligns well with the government's National Steel Policy (NSP) target of 300mt by FY30-31. Demand is expected to remain robust across key sectors such as automobiles, packaging, renewable energy (RE), construction, power, consumer durables and engineering.
- **Focus on value-added products (VAP)**: JSTL has a strong focus on VAP (~61% of sales from VAP and specialized products) and has significant capacity of 13.5mt in downstream high-margin products. The contribution from the auto sector increased to 15% as of 1QFY24.
- Steel demand across key sectors such as infrastructure, construction, automobiles, railways and white goods is expected to remain robust and JSTL remains buoyant on domestic steel demand over next decade. The capacity expansion will help JSTL navigate steel cycles.
- **Financial highlights:** In FY23, consolidated revenue rose 13% YoY to INR1,660b; however, EBITDA/APAT were down 52%/83%YoY at INR185b/INR36b. The performance was impacted by higher coal and input costs, lower exports, high interest rates and geopolitical volatility.
- **Debt:** JSTL's net debt increased to INR668b as of Jun'23 from INR585b in Mar'23. The net debt-to-equity ratio stood at 0.96x (0.9x in Mar'23).
- **Valuation:** With volumes likely to be aided by a pickup in domestic demand and the benefits of low coking coal costs expected to accrue in 2QFY24, we believe JSTL is well placed. The stock trades at 6.5x FY25E EV/EBITDA and 2.2x FY25E P/B. We reiterate our Neutral rating on the stock with a TP of INR730, as we believe the valuation fully prices in the above-mentioned positive factors.

On track to enhance domestic steel capacity to ~37mt

- JSTL is undertaking a capex program to enhance its domestic capacity from 28.2mt to 37mt by FY25 and to 50mt by FY30-31.
- The company is adding 5mt brownfield capacity and 2.5mt via debottlenecking at the Vijayanagar facility. The capex is value accretive at ~USD500 and below the global BF replacement cost of ~USD1,000/t.
- After the expansion, Vijayanagar facility will be one of the largest single-location facility with a total capacity of ~19.5mt (almost similar to SAIL's current liquid metal capacity).

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- It is also adding 1.5mt at BPSL under its Phase II expansion, which will augment its total capacity to 5mt.
- JSTL is strengthening its backward integration and has earmarked a capex of over INR141b over the next three years to develop Odisha mines, a slurry pipeline from mines to Jatadhar port and an 8mt pellet plant at Jatadhar port, which will enhance JSTL's mining infrastructure and help reduce dependency on outsourced minerals and this improve long-term mineral security.
- **Capex:** The total capex earmarked for capacity enhancement, mining projects, debottlenecking, sustenance capex and cost saving initiatives is around INR519b over the next three years (INR41b spent in 1QFY24).

Strong focus on VAP

- Demand for specialty steel has been increasing from sectors such as RE, automobile, white goods, power and construction.
- To cater to growing VAP steel demand, JSTL has been gradually increasing its share of VAP offerings, which currently stands at 61% of the sales mix.
- JSTL has ~13.5mt of downstream facilities comprising coated products, plate and coils. These facilities are located at Vasind, Tarapur, Rajpura, Khopoli, Vijayanagar, Jharsuguda, Chandigarh and Kolkata.
- JSTL is strategically expanding its share of VAP offering by developing new products and finding niche applications such as LRPC, coated products, CRGO, etc.
- JSTL in FY23 introduced 125 new product grades, including 39 in 'Advanced High-Strength Steel' (AHSS) category, 15 of which are marked as import substitutions.

Preferred supplier to auto sector

- The automobile sector contributes around 7.1% to India's GDP and by the end of FY25, it is expected to reach INR15t.
- As steel plays an integral role in the safety of automobiles, demand for AHSS has been rising in India. AHSS is a cheaper alternative to carbon fiber and aluminum, which helps auto companies to achieve a 5-star safety rating for their vehicles.
- JSTL manufactures critical crash and safety components such as A&B pillars, cross beams, door impact beams and suspension parts.
- The auto sector is expected to witness healthy demand, driven by improved standards of living, higher disposal income in non-metro cities, higher demand for EV and the thrust toward transportation infrastructure.
- With a strong presence across the value chain, the company has become a preferred supplier to auto majors.
- The approval process by auto majors is quite stringent and time consuming, acting as an entry barrier to other steel manufacturers, thereby providing a competitive edge to companies such as JSTL.
- JSTL is also focusing in ESG requirements and has acquired GreenPro ecolabel for auto steel products and has obtained 'Environmental Product Declarations' (EPDs)-Type III eco-labeling for 14 finished products.

Raw material linkages

- JSTL has a portfolio of 13 captive iron ore mines, which cater to around 41% of its total iron ore requirement.
- JSTL's iron ore consumption in FY23 stood at 1.58t/tcs (1.82t/tcs in FY22). It has total R&R of 1,105mt at Odisha and 236mt at Karnataka, with total EC of 28mt p.a. and 7mt p.a., respectively.
- The company recently won six iron ore blocks in Maharashtra, Goa and Karnataka (2 blocks in each state).
- The Maharashtra and Goa blocks are progressing well and should be operational soon; however, JSTL is currently undertaking exploration in Karnataka and the exact date of commencement is yet to be determined.
- JSTL in FY23 emerged as a preferred bidder for two coal blocks (Parbatpur and Sitanala). Coal production at Parbatpur is expected to commence in FY25 and Sitanala by FY28. Total PRC of these two mines is around 1mt, which will help JSTL meet around 5% of its clean coal requirement.

Robust domestic demand

- Indian steel demand is expected to remain robust and grow 6.2% in FY24 on the back of higher private sector consumption, thrust on infrastructure by the government, new launches in the automobile sector, higher investments in RE and higher demand for white goods.
- Indian steel demand is expected to contribute to GDP growth. As India aims to triple its GDP to USD10t by FY33, Indian crude steel production is also expected to grow to 300mt by FY30-31, thus providing significant headroom for growth in steel consumption in India.
- The government aims to increase the share of the manufacturing sector in GDP to 25%. The government's focus on infrastructure projects such as Gati Shakti, Metros, freight corridors, waterways, high-speed trains and road networks will further drive steel demand in the domestic market.

Valuation and view

- Domestic steel prices, which move in tandem with international steel prices, have corrected over the last few weeks; however, they seem to have bottomed out. Demand for steel is expected to improve in 2H.
- JSTL has no coal linkages and relies on domestic merchants or imports for its coal requirements, hence any sharp increase in its prices could affect its margins. The stock trades at 6.5x FY25E EV/EBITDA and we believe it fully prices in the above-mentioned positive factors. We reiterate our Neutral rating on the stock with a TP of INR730 (6x FY25E EV/EBITDA).

Strong focus on capacity expansion and VAP

- "Our commitment to innovative products led us to create substantial downstream capacities, safeguarding our margins and ensuring we cater to the evolving needs of our esteemed customers. One such initiative is our plan to establish a state-of-the-art Cold Rolled Grain Oriented Electrical Steel manufacturing facility at Vijayanagar in a joint venture with JFE Steel of Japan."
- "The Indian government's commitment to infrastructure-led economic growth and the overall traction of the economy have begun to yield remarkable results, translating into robust steel demand growth."
- "We have identified compelling growth opportunities and are targeting a capacity of 50 MTPA by the end of this decade."
- "We proudly introduced 125 new product grades, including 39 in the Advanced High-Strength Steel (AHSS) category and 15 aimed at import substitution."
- "The government aims to increase the share of manufacturing in GDP to 25%.
- The global supply chains are experiencing realignment, with a defined shift towards a China+1 sourcing approach, benefiting India, as global buyers seek cost-effectiveness and stability. India's impressive infrastructure developments-propelled by the Gati Shakti project-metros, airports, freight corridors, waterways, high-speed trains, and road networks, will further accelerate growth."

Key takeaways from MD and CEO message – Mr. Puneet Chhatwal

"We are making significant investments in R&D which enables us to spearhead advances in crucial areas such as new process and product development, quality and productivity enhancements, cost and energy optimisation, as well as waste utilization"

Sajjan Jindal
Chairman

Excerpts from the 'Management Speak'

- ✓ **"The National Steel Policy envisages India's installed crude steel capacity at 300 MTPA by 2030-31. JSW Steel's growth aligns with this progress, which is reflected in our medium-term capacity target of 50 MTPA."**
- ✓ **"We take pride in innovating and manufacturing a diverse range of steel products that cater to the evolving needs of our customers, be it in Automotive, Packaging, Renewables, Infrastructure, Construction and General Engineering. While growing our capacities across locations, we are strategically building manufacturing capabilities and products for sectors where India is growing."**
- ✓ **"Our new facility of LRPC is aiding in faster construction with better resource efficiency. We continue to expand our value-added offerings in Advanced High-Strength Steels which help in light weighting of automobiles, across Renewable Energy, Infrastructure, Oil & Gas and General Engineering sectors"**
- ✓ **"Our average capacity utilization was at 90%."**
- ✓ **"Our strong cash flow from operations, coupled with access to a diversified funding pool, provides flexibility to drive value-accretive growth."**
- ✓ **"In our downstream facilities, we continue to build capacities of products which aid sustainable living like tinplate for packaging, electrical steels for better energy efficiency and reduced carbon emissions."**

Exhibit 1: Existing manufacturing facilities

Plant location	Current Capacity(mt)	Major products	
Vijayanagar	12 crude steel	❖ HR, CR, GI, GL, GA, Colour coated, wire rods, TMT, slabs, billets	
Dolvi	10 crude steel	❖ HR, TMT, billets, slabs	+28mt Dharamtar Jetty
Salem	1 crude steel	❖ Wire rods, long alloys, billets, blooms	
Jharsuguda, BPSL	3.5 crude steel	❖ HR, CR, GI, GL, Colour coated, TMT, cable tape, slabs billets, black pipe, precision tubes	
Raipur and Raigarh, JISPL	1.2 crude steel	❖ Rebars, alloys steel, slabs, billets	
Ohio	1.5 crude steel		+3mt finished capacity
Baytown	1.2 crude steel	❖ Plate mill	+0.6mt pipe mill
JSW Steel Italy Plombino S.p.A	1.3 finished steel		
Salav	0.9 DRI/HBI		
Anjar	1.2 Downstream	❖ steel plates and coils	
Vasind	1.4 Downstream	❖ GI and GL	+0.5mt annealing line
Kalmeshwar	1.0 Downstream	❖ GI and GL	
Tarapur	0.7 Downstream	❖ GI and GL	+0.5mt Tinplate
Khopoli	0.7 Downstream	❖ GI and GL	
Rajpura, JSWVTPL	0.1 Downstream	❖ tinplate	
Chandigarh, VIL	-	❖ 60kt downstream colour coated	
Neotrex Steel Pvt. Ltd.	-	❖ 72kt downstream pre stressed concrete steel strands	

***HR: Hot Rolled, CR: Cold Rolled, GI/GP: Galvanized, GL: Galvalume, GA: Galvanneal, DRI: Direct Reduction Iron, HBI: Hot Briquetted Iron**

Source: MOFSL, Company

- JSTL has current capacity of around 28.2mt and has 16 domestic and 3 international units.
- JSTL has around 13.5mt of downstream capacities with a retail presence of over 16,500 outlets.
- The Vijayanagar facility is one of the largest in India and the Dolvi facility has one of the best per sq. km. utilization levels for crude steel manufacturing.

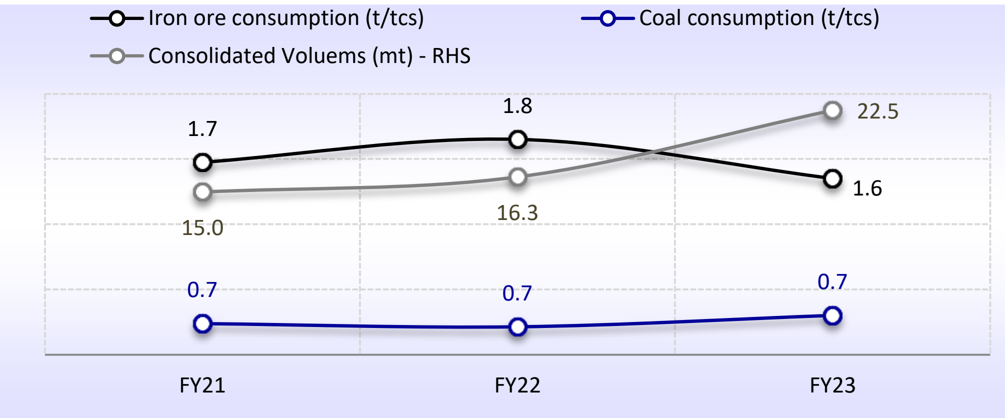
Exhibit 2: On track to enhance the capacity to 37mt

Plant location	Current Capacity (mt)	Capacity addition (mt)	Expanded Capacity (mt)
Vijayanagar	12	7.5	19.5
Jharsuguda, BPSL	3.5	1.5	5.0
Raipur and Raigarh, JISPL	1.2	0.3	1.5

Source: MOFSL, Company

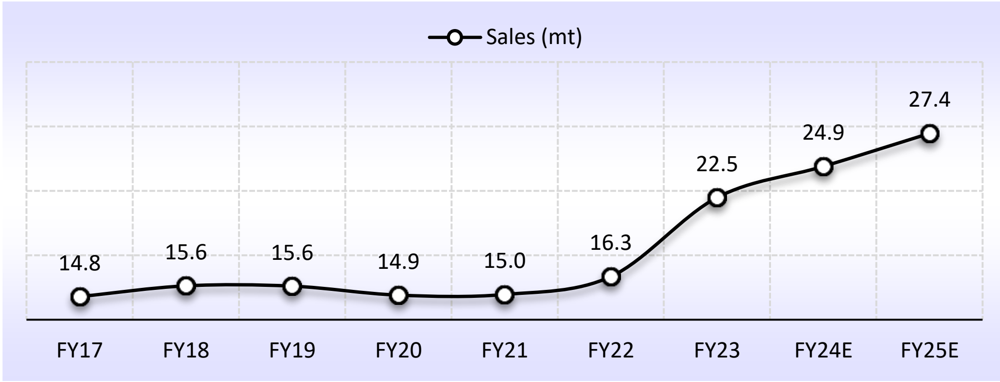
- JSTL is undertaking several capex programs to enhance its Indian operations steel capacity from 27mt to 37mt by FY25 and 50mt by FY30-31.
- After the 7.5mt capacity expansion, its Vijayanagar facility will be one of the largest single-location facility in the world. Vijayanagar also houses the largest 2.3mt single-location automobile grade steel manufacturing facility in India.
- The 5mt brown field expansion at Vijayanagar is expected to be completed in FY24 and its benefits are expected to accrue from FY25 onward.
- There is further brownfield capex potential at Dolvi, Vijayanagar and BPSL of 5mt each.
- JSTL is also undertaking a greenfield EAF capex at Kadapa (Andhra Pradesh) and is in an advanced stage to finalize a 13mt greenfield expansion in Odisha, which will be over and above the ongoing capex.

Exhibit 3: Key raw material productivity: consumption of iron ore improved in FY23, which was partially offset by higher usage of coal



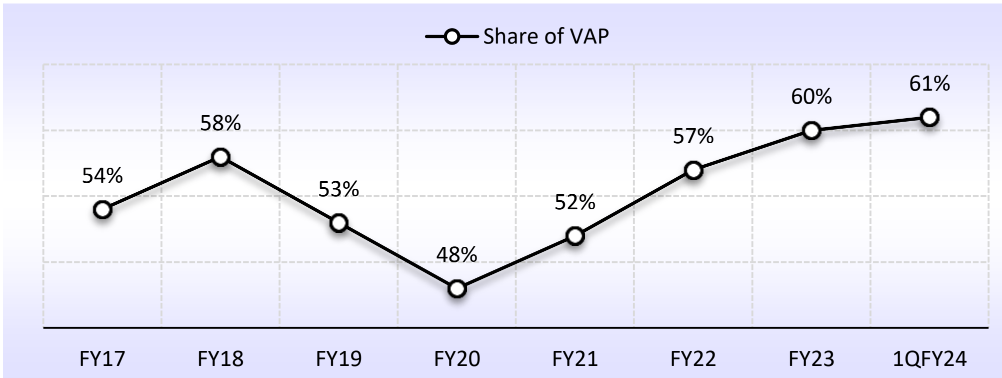
t/tcs: tonne/tonne of crude steel
Source: MOFSL, Company

Exhibit 4: Consolidated sale volumes (mt)



Source: MOFSL, Company

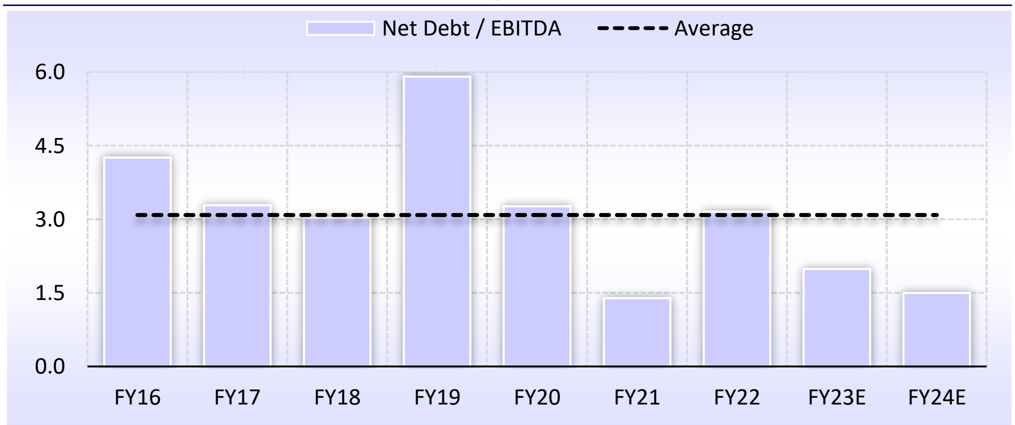
Exhibit 5: Share of VAP in total sales



Source: MOFSL, Company

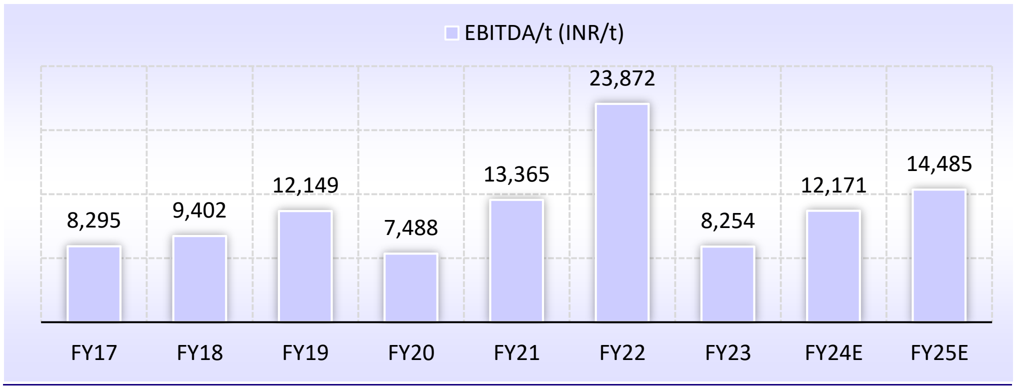
- JSTL has been registering higher sales from VAP in recent quarters as compared to pre-Covid times.
- JSTL has significant capacity in downstream high margin VAP and the company continuously endeavors to keep the share of VAP over 50%.
- The improvement in share of VAP in 1QFY24 was driven by a higher share from the automobile and industrial segment.

Exhibit 6: Net debt-to-EBITDA (X); LTA average 3.1x



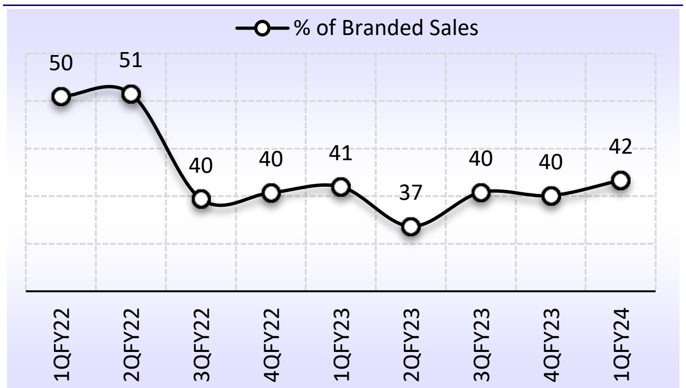
Source: MOFSL, Company

Exhibit 7: Consolidated EBITDA/t (INR/t); expected to pick up in FY24E



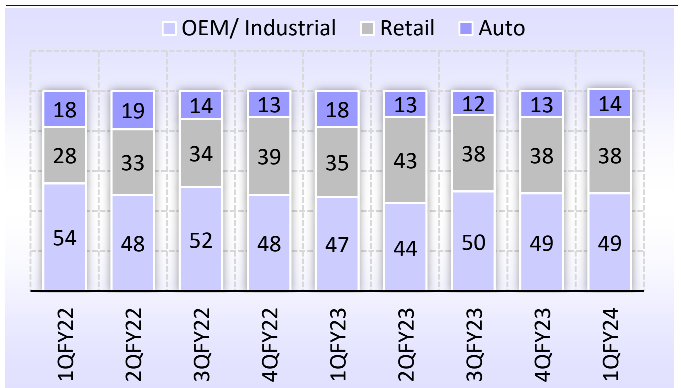
Source: MOFSL, Company

Exhibit 8: Branded product contribution to total retail sales



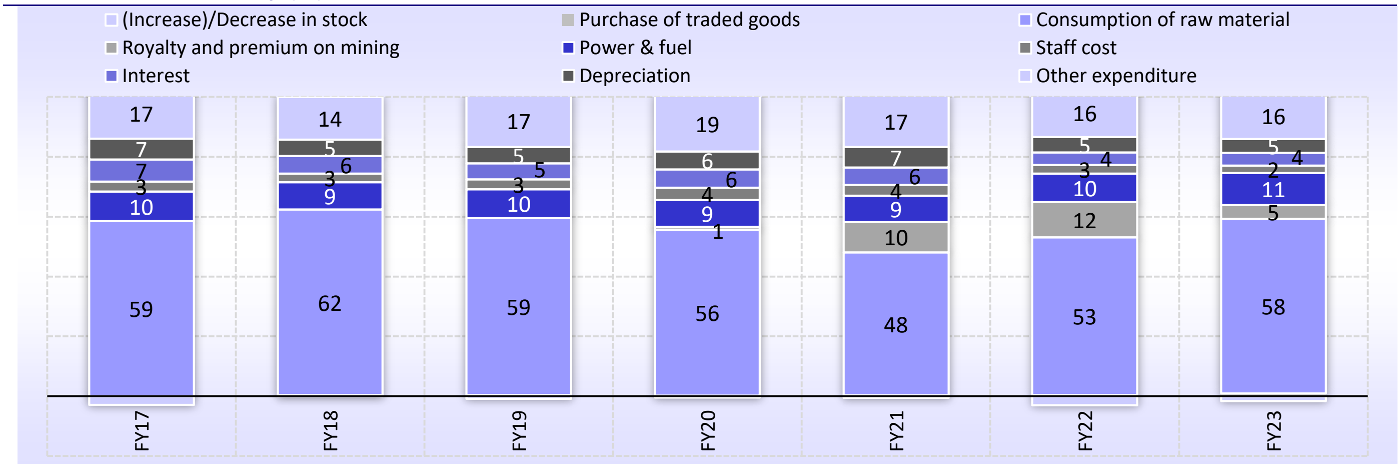
Source: MOFSL, Company

Exhibit 9: Share of auto in total sales gradually increased in 2HFY23 (%)



Source: MOFSL, Company

Exhibit 10: Cost break-up (%)



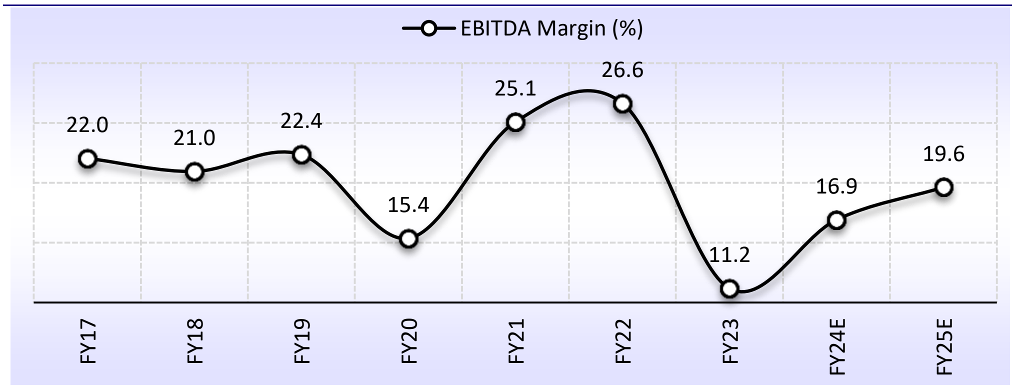
Source: MOFSL, Company

- The share of raw material costs in total costs increased substantially in FY23 to 58% from a low of 48% in FY21. The increase in expenses was driven by higher coking coal costs, which touched record levels post the Russia-Ukraine conflict. The coal cost has since cooled off and now stands below USD250/t levels and the benefits of lower coking coal costs will be in seen in 2QFY24.
- Power and fuel costs have remained range-bound, but they were higher compared to peers.

Margins moderated in FY23; expected to pickup in FY24

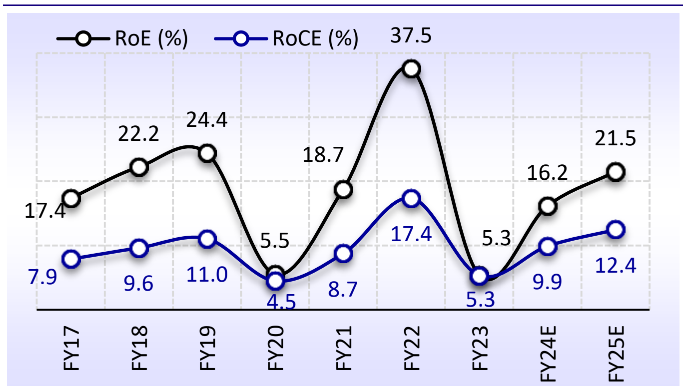
- EBITDA margins were impacted in 1HFY23 by higher coking coal costs after the Russia-Ukraine conflict and lower exports after the implementation of export duty by the government.
- JSTL relies heavily on merchant procurement and imports of coal, which kept raw material costs elevated especially in 2QFY23. However, the company witnessed improvement in EBITDA margins in 2HFY23 and posted margin of ~17% in 4QFY23.
- With India steel demand expected to outpace China and other major economies, EBITDA margin is expected to pick up from FY24 onwards.
- As the share of VAP increases and the new facility comes on stream, margins are expected to improve further in FY25E.

Exhibit 11: Consolidated EBITDA Margins (%)



Source: MOFSL, Company

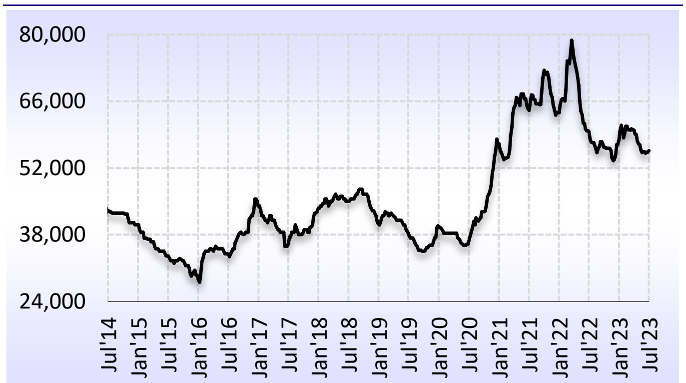
Exhibit 12: ROE (%) and ROCE (%)*



*Consolidated

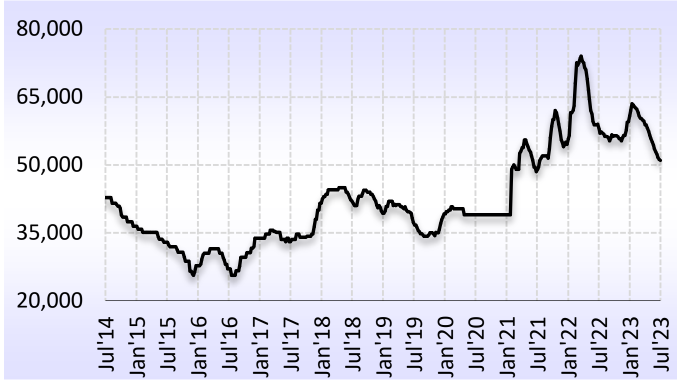
Source: MOFSL, Company

Exhibit 13: Domestic HRC prices (INR/t)



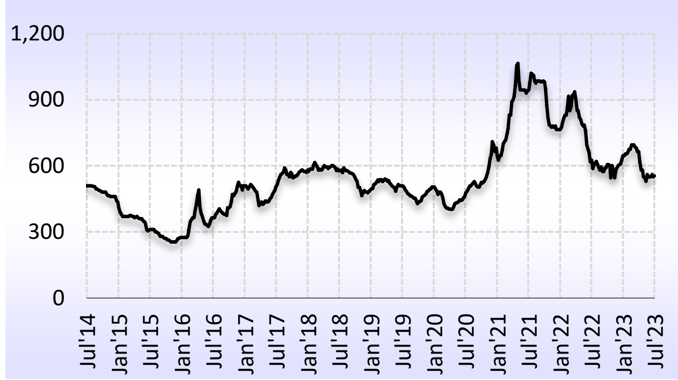
Source: MOFSL, SteelMint

Exhibit 14: Domestic rebar prices (INR/t)



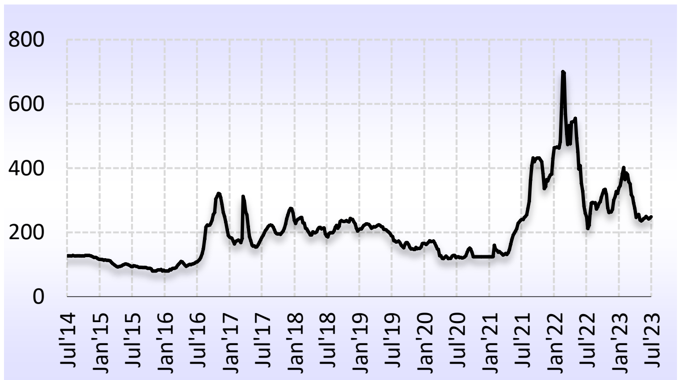
Source: MOFSL, SteelMint

Exhibit 15: China HRC (FOB) (USD/t)



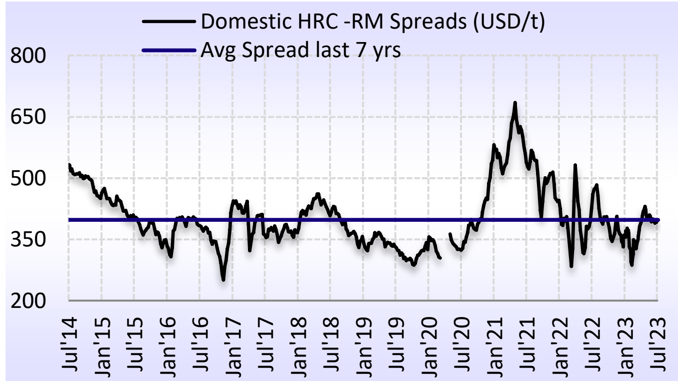
Source: MOFSL, SteelMint

Exhibit 16: Coking coal (USD/t)



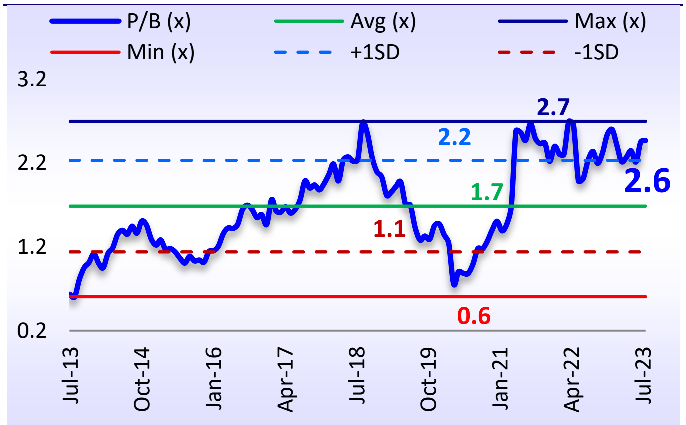
Source: MOFSL, SteelMint

Exhibit 17: Domestic HRC spread



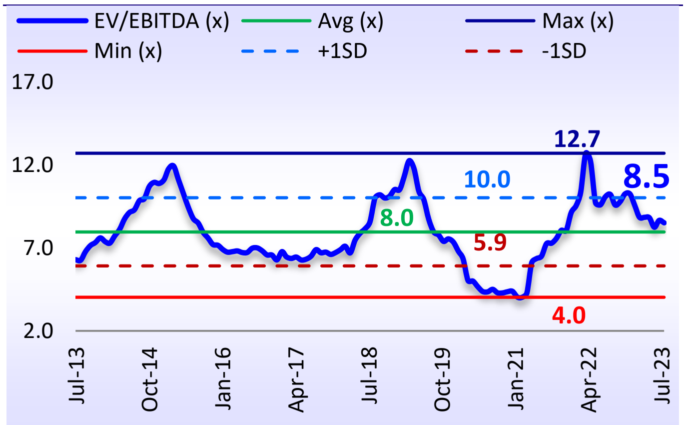
Source: MOFSL, SteelMint

Exhibit 18: P/B above +1SD



Source: MOFSL, Company Data

Exhibit 19: EV/EBITDA is below +1SD but above LTA



Source: MOFSL, Company Data

Financials and valuations

Income statement (consolidated) (INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net sales	**556.0**	**701**	**848**	**726**	**796**	**1,464**	**1,660**	**1,791**	**2,025**
Change (%)	32.8	26.0	20.9	-14.3	9.6	83.9	13.4	7.9	13.1
Total Expenses	433.4	554	658	615	596	1,074	1,474	1,488	1,628
EBITDA	**122.6**	**147**	**190**	**112**	**200**	**390**	**185**	**303**	**398**
% of Net Sales	22.0	21.0	22.4	15.4	25.1	26.6	11.2	16.9	19.6
Depn. & Amortization	35.2	34	40	42	47	60	75	80	92
EBIT	**87.4**	**113**	**149**	**69**	**153**	**330**	**111**	**223**	**305**
Net Interest	37.7	37	39	43	40	50	69	81	83
Other income	1.5	2	2	5	6	15	10	13	13
PBT before EO	**51.3**	**78**	**112**	**32**	**119**	**296**	**52**	**156**	**235**
EO income		6		21	1	-7			
PBT after EO	**51.3**	**83**	**112**	**53**	**120**	**288**	**58**	**156**	**235**
Tax	16.7	23	36	12	41	88	15	41	58
Rate (%)	32.6	27.2	32.5	23.7	34.5	30.6	26.2	26.3	24.6
Reported PAT	**35.8**	**62**	**76**	**40**	**79**	**207**	**41**	**114**	**176**
Minority interests	0.1	1	1	1	0	-3	0	-1	-1
Share of Associates	1.2	0	0	-1	0	9	-1	0	0
Preference dividend	0.0	0	0	0	0	0	0	0	0
Adj. PAT (after MI & Asso)	**35.8**	**56**	**76**	**20**	**78**	**214**	**36**	**114**	**176**
Change (%)	NA	57.5	35.5	-74.2	297.8	173.3	-83.4	219.5	55.0

Balance sheet (INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Reserves	224	278	346	364	465	671	655	745	886
Net Worth	**226**	**280**	**348**	**366**	**468**	**673**	**657**	**748**	**889**
Minority Interest	-2	-5	-5	-6	-6	12	13	15	16
Total Loans	540	496	638	780	782	717	793	823	783
Deferred Tax Liability	30	26	38	17	35	76	79	81	80
Capital Employed	**794**	**797**	**1,019**	**1,157**	**1,278**	**1,478**	**1,542**	**1,666**	**1,767**
Gross Block	664	688	775	811	887	1,297	1,417	1,617	1,817
Less: Accum. Deprn.	77	110	149	191	238	298	373	452	545
Net Fixed Assets	**587**	**578**	**626**	**620**	**649**	**999**	**1,045**	**1,165**	**1,272**
Capital WIP	44	60	119	272	326	169	222	210	195
Investments	11	12	18	13	86	49	48	48	48
Curr. Assets	**238**	**270**	**385**	**414**	**423**	**748**	**797**	**842**	**877**
Inventory	114	126	145	139	142	338	331	358	416
Account Receivables	41	47	72	45	45	75	71	77	87
Cash and Bank Balance	18	14	63	120	128	174	207	221	187
Others	65	83	105	110	107	161	187	187	187
Curr. Liability & Prov.	**86**	**122**	**129**	**161**	**205**	**487**	**568**	**599**	**625**
Account Payables	38	69	59	81	69	309	382	412	438
Provisions & Others	47	53	69	80	136	178	186	186	186
Net Current Assets	**153**	**148**	**256**	**252**	**218**	**261**	**228**	**244**	**252**
Appl. of Funds	**794**	**797**	**1,019**	**1,157**	**1,278**	**1,478**	**1,542**	**1,666**	**1,767**

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22	FY23	FY24E	FY25E
Basic (INR)									
EPS	**14.9**	**23.4**	**31.8**	**8.2**	**32.4**	**88.6**	**14.7**	**47.0**	**72.8**
Cash EPS	29.6	39.8	48.7	34.5	52.1	110.3	48.1	80.0	111.1
BV/Share	94.4	116.2	145.0	152.5	193.5	278.4	271.8	309.4	367.6
DPS	0.8	2.3	3.3	4.1	6.5	17.4	3.4	9.4	14.6
Payout (%)	6.1	9.6	10.2	50.0	20.1	19.6	23.1	20.0	20.0
Valuation (x)									
P/E	54.7	34.8	25.6	99.4	25.2	9.2	55.5	17.4	11.2
Cash P/E	27.6	20.5	16.8	23.6	15.7	7.4	17.0	10.2	7.3
P/BV	8.6	7.0	5.6	5.3	4.2	2.9	3.0	2.6	2.2
EV/Sales	4.5	3.5	3.0	3.6	3.3	1.7	1.5	1.4	1.3
EV/EBITDA	20.2	16.7	13.4	23.5	13.1	6.4	13.8	8.5	6.5
Dividend Yield (%)	0.1	0.3	0.4	0.5	0.8	2.1	0.4	1.2	1.8
Return Ratios (%)									
EBITDA Margins (%)	22.0	21.0	22.4	15.4	25.1	26.6	11.2	16.9	19.6
Net Profit Margins (%)	6.4	8.0	9.0	2.7	9.8	14.6	2.1	6.3	8.7
RoE	17.4	22.2	24.4	5.5	18.7	37.5	5.3	16.2	21.5
RoCE (pre-tax)	7.9	9.6	11.0	4.5	8.7	17.4	5.3	9.9	12.4
RoIC (pre-tax)	8.5	10.6	13.0	5.9	13.8	24.2	6.9	13.3	16.2
Working Capital Ratios									
Fixed Asset Turnover (x)	0.8	1.0	1.1	0.9	0.9	1.1	1.2	1.1	1.1
Asset Turnover (x)	0.7	0.9	0.8	0.6	0.6	1.0	1.1	1.1	1.1
Debtor (Days)	27.2	24.5	30.8	22.6	20.6	18.6	15.7	15.7	15.7
Inventory (Days)	74.8	65.6	62.6	69.7	65.3	84.3	72.9	72.9	75.0
Creditors(Days)	25.2	36.0	25.5	40.8	31.6	77.0	84.0	84.0	79.0
Working Capital (Days)	76.8	54.1	67.9	51.5	54.3	25.8	4.5	4.5	4.5
Leverage Ratio (x)									
Current Ratio	2.8	2.2	3.0	2.6	2.1	1.5	1.4	1.4	1.4
Interest Cover Ratio	2.3	3.1	3.8	1.6	3.9	6.6	1.6	2.8	3.7
Debt/Equity	2.3	1.7	1.7	1.8	1.4	0.8	0.9	0.8	0.7

Cash flow statement (consolidated) **(INR b)**

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
EBITDA	123	147	190	112	200	390	185	303	398
Non cash exp. (income)	-3	2	-1	11	-5	-1	23	0	0
(Inc)/Dec in Wkg. Cap.	-39	-11	-16	16	13	-73	31	-2	-43
Tax Paid	-2	-14	-26	-12	-19	-54	-6	-41	-58
CF from Op. Activity	**79**	**124**	**146**	**128**	**188**	**263**	**233**	**260**	**297**
(Inc)/Dec in FA + CWIP	-44	-47	-102	-128	-93	-100	-147	-188	-185
(Pur)/sale of Invest.	-3	0	3	1	-3	-1	0	0	0
Acquisition in subs.	-1	-4	-14	1	-67	-7	-4	0	0
Int. & Dividend Income	1	1	2	5	6	6	11	13	13
Others	0	1	-2	-75	75	-58	33	2	-1
CF from Inv. Activity	**-47**	**-49**	**-114**	**-196**	**-81**	**-160**	**-107**	**-173**	**-173**
Equity raised/(repaid)	0	0	-2	0	0	0	0	0	0
Debt raised/(repaid)	11	-40	67	111	17	-80	51	30	-40
Dividend (incl. tax)	-2	-7	-9	-12	-5	-16	-42	-23	-35
Interest paid	-36	-35	-38	-47	-43	-51	-69	-81	-83
Other financing	0	0	0	0	0	0	0	0	0
CF from Fin. Activity	**-27**	**-82**	**18**	**52**	**-31**	**-147**	**-60**	**-73**	**-158**
(Inc)/Dec in Cash	**5**	**-7**	**49**	**-16**	**76**	**-44**	**66**	**14**	**-34**
Add: opening Balance	7	18	14	63	120	128	174	207	221
Regrouping	6	3	0	73	-67	89	-33	0	0
Closing Balance	**18**	**14**	**63**	**120**	**128**	**174**	**207**	**221**	**187**

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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
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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