

Jindal Steel & Power

| | |
|-----------------|---|
| Estimate change | ↑ |
| TP change | ↔ |
| Rating change | ↔ |

CMP: INRR757 TP: INR900 (+19%) Buy

| | |
|-----------------------|-------------|
| Bloomberg | JSP IN |
| Equity Shares (m) | 1005 |
| M.Cap.(INRb)/(USDb) | 772.4 / 9.3 |
| 52-Week Range (INR) | 768 / 503 |
| 1, 6, 12 Rel. Per (%) | 1/3/7 |
| 12M Avg Val (INR M) | 1547 |
| Free float (%) | 38.8 |

Financials & Valuations (INR b)

| Y/E MARCH | 2024E | 2025E | 2026E |
|----------------|-------|-------|-------|
| Sales | 485 | 587 | 750 |
| EBITDA | 102 | 122 | 160 |
| APAT | 61 | 58 | 84 |
| Adj. EPS (INR) | 60 | 57 | 82 |
| EPS Gr. (%) | 64.3 | -4.3 | 43.3 |
| BV/Sh. (INR) | 439 | 490 | 564 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.2 | 0.2 | 0.1 |
| RoE (%) | 14.5 | 12.3 | 15.6 |
| RoCE (%) | 13.1 | 14.1 | 17.7 |
| Payout (%) | 10.0 | 10.0 | 10.0 |

Valuations

| | | | |
|----------------|------|------|-----|
| P/E (x) | 12.7 | 13.2 | 9.2 |
| P/BV (x) | 1.7 | 1.5 | 1.3 |
| EV/EBITDA(x) | 8.4 | 7.0 | 5.2 |
| Div. Yield (%) | 0.8 | 0.8 | 1.1 |
| FCF Yield (%) | -0.1 | 3.1 | 6.5 |

Shareholding pattern (%)

| As On | Dec-23 | Sep-23 | Dec-22 |
|----------|--------|--------|--------|
| Promoter | 61.2 | 61.2 | 61.2 |
| DII | 15.3 | 15.2 | 14.2 |
| FII | 13.5 | 13.7 | 14.6 |
| Others | 10.0 | 9.9 | 10.0 |

FII Includes depository receipts

Revenue in line; lower input cost leads to beat on operational profitability

- Revenue in 3QFY24 was down 6% YoY at INR117b, in line with our estimate of INR119b. ASP for the quarter stood at 64,648/t (down 1% YoY), which was INR2,932/t higher than our estimate of INR61,716/t. JSP production for 3QFY24 stood at 1.9mt and sales stood at 1.8mt (down 6% and 5%, respectively). The figures are in line with our estimated production and sales of 1.9mt each.
- EBITDA was up 20% YoY to INR28b, which was 34% above our estimate of INR21b. The beat was driven by better-than-estimated NSR and lower input cost as the benefits from captive thermal coalmine started materializing.
- EBITDA/t was up 26% YoY to INR15,705/t, which was INR4,692/t above our estimate of INR11,013/t. APAT improved 115% YoY to INR19b, against our estimate of INR9b. The beat was driven by improved operational performance, lower finance cost, higher other income, and negligible tax outgo.
- In 9MFY24, revenue stood at INR365b (-6% YoY), EBITDA stood at INR78b (Flat YoY), and APAT stood at INR50b (+64% YoY).
- Net debt in 3QFY24 increased to INR91b (from INR73b in 2QFY24) and the net debt-to-EBITDA ratio stood at 0.92x (upper threshold limit of 1.5x).

Commissioning of HSM and captive thermal coal mines to drive performance

- JSP commissioned the 6mt HSM at Angul, which has paved the way for JSP to increase its finished steel capacity to 13.75mt by FY26E.
- JSP also commissioned the Gare Palma IV/6 coal mine and achieved a production of ~1mt during the quarter.
- JSP commenced production from Utkal C coal block and is gradually ramping up the production to full capacity. The entire incremental benefits from this mine is expected to accrue in FY25E and beyond.
- The mine and capacity expansions is expected to improve the integration and will make JSP one of the lowest-cost steel producers, and thereby, support margins.

Highlights from the management commentary

- Coal cost has increased ~USD32/t in 3QFY24 and is expected to further increase by USD10-12/t in 4QFY24.
- JSP has already started coal excavation at Gare Palma IV/6 and is expected to reach a run rate of over 3.5mt by Mar'24.
- The 1050mw ACPP-II (Monnet power plant) is expected to start operations by 2QFY25.
- The increase in net debt in 3QFY24 was partially due to increase in working capital requirement, due to higher receivables and increase in coking cost.

Alok Deora - Research analyst (Alok.Deora@MotilalOswal.com)

Parthiv Deepak Jhonsa - Research analyst (Parthiv.Jhonsa@MotilalOswal.com)

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- Capex for the next three years is expected to be in the range of INR75-100b every year (INR60b spent till Dec'23).
- Iron ore requirement is expected to be 1.6x the company's steel production.

Valuation and view

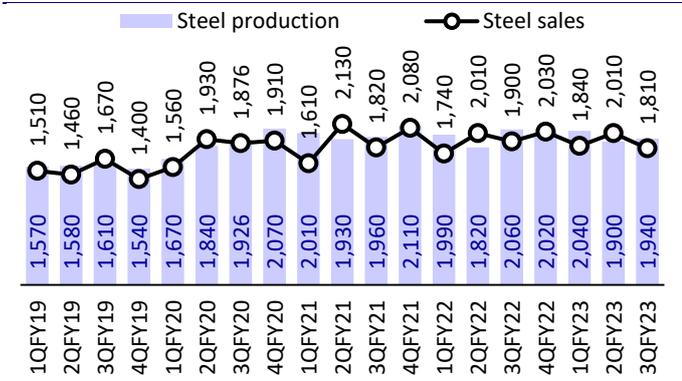
- The ongoing capacity expansion is expected to increase the share of flat steel products to ~55%, along with increased focus on VAP products.
- JSP's strong focus on RM integration not only provides cost-synergic benefits but also helps the company sail through extreme steel and raw material cycles.
- Steel demand in India is expected to remain robust, driven by improvement in construction activity, a strong push on infrastructure projects, higher demand for automobiles, RE, and consumer goods.
- 3QFY24 performance has been extremely robust, driven by high NR and low input costs. We have increased our EBITDA estimates by 10% for FY24 to incorporate the strong 3QFY24 performance and have largely retained our estimates for FY25 and FY26. We maintain our **BUY** rating on JSP with an unchanged TP of INR900, based on 6x FY26E EV/EBITDA. The stock is currently trading at 5.2x FY26E EV/EBTIDA and 1.3x FY26E P/B.

Consolidated quarterly performance (INR b)

| Y/E March | FY23 | | | | FY24E | | | | FY23 | FY24E | FY24E vs Est | vs Est (%) |
|---|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | | | |
| Sales (kt) | 1,740 | 2,010 | 1,900 | 2,030 | 1,840 | 2,010 | 1,810 | 1,943 | 7,680 | 7,603 | 1,930 | -6.2 |
| Change (YoY %) | 8.1 | -5.6 | 4.4 | -2.4 | 5.7 | 0.0 | -4.7 | -4.3 | 0.5 | -1.0 | | |
| ASP | 74,974 | 67,271 | 65,539 | 67,448 | 68,415 | 60,946 | 64,648 | 61,632 | 68,634 | 63,810 | 61,716 | 4.8 |
| Net Sales | 130 | 135 | 125 | 137 | 126 | 123 | 117 | 120 | 527 | 485 | 119 | -1.7 |
| Change (YoY %) | 23.0 | -0.7 | -0.6 | -4.5 | -3.5 | -9.4 | -6.0 | -12.5 | 3.2 | -8.0 | | |
| Change (QoQ %) | -9.0 | 3.6 | -7.9 | 10.0 | -8.1 | -2.7 | -4.5 | 2.3 | | | | |
| Total Expenditure | 96 | 116 | 101 | 115 | 100 | 100 | 89 | 95 | 428 | 383 | | |
| EBITDA | 34 | 19 | 24 | 22 | 26 | 23 | 28 | 25 | 99 | 102 | 21 | 33.8 |
| Change (YoY %) | -24.2 | -58.0 | -28.2 | -28.8 | -23.6 | 18.3 | 19.6 | 12.9 | -36.0 | 2.9 | | |
| Change (QoQ %) | 12.0 | -43.8 | 23.1 | -8.0 | 20.2 | -13.0 | 24.4 | -13.2 | | | | |
| EBITDA/t | 19,763 | 9,609 | 12,513 | 10,775 | 14,283 | 11,372 | 15,705 | 12,703 | 12,936 | 13,448 | 11,013 | 42.6 |
| Interest | 4 | 4 | 3 | 4 | 3 | 3 | 3 | 4 | 14 | 13 | | |
| Depreciation | 6 | 6 | 6 | 9 | 6 | 6 | 6 | 7 | 27 | 25 | | |
| Other Income | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 1 | | |
| PBT (before EO item) | 25 | 10 | 14 | 10 | 18 | 14 | 19 | 15 | 59 | 65 | | |
| Extra-ordinary Income | 1 | -9.0 | -3.8 | -1.5 | 0 | 0 | 0 | 0 | -13.7 | 0 | | |
| PBT (after EO item) | 26 | 1 | 11 | 8 | 18 | 14 | 19 | 15 | 45 | 65 | | |
| Total Tax | 6 | -2 | 5 | 3 | 1 | -0 | -0 | 4 | 13 | 4 | | |
| % Tax | 22.4 | -303.9 | 51.2 | 42.2 | 4.2 | -0.4 | -0.1 | 25.2 | 28.8 | 6.7 | | |
| PAT (before MI and Sh. of Asso.) | 20 | 2 | 5 | 5 | 17 | 14 | 19 | 11 | 32 | 61 | | |
| MI - Loss/(Profit) | 0 | 0 | -0 | 0 | 0 | 0 | -0 | 0 | 0 | 0 | | |
| Associate | -0 | 0 | 0 | 0 | -0 | -0 | 0 | 0 | -0 | -0 | | |
| PAT (after MI and Sh. of Asso.) | 20 | 2 | 5 | 5 | 17 | 14 | 19 | 11 | 32 | 61 | | |
| Adjusted PAT | 15 | 7 | 9 | 6 | 17 | 14 | 19 | 11 | 37 | 61 | 9 | 120.1 |
| Change (YoY %) | -42.5 | -73.4 | -45 | -68.4 | 15.3 | 102.2 | 115 | 78.6 | -57.9 | 66.6 | | |
| Change (QoQ %) | -24.9 | -53.1 | 31 | -31.3 | 173.8 | -17.7 | 39 | -43.0 | | | | |

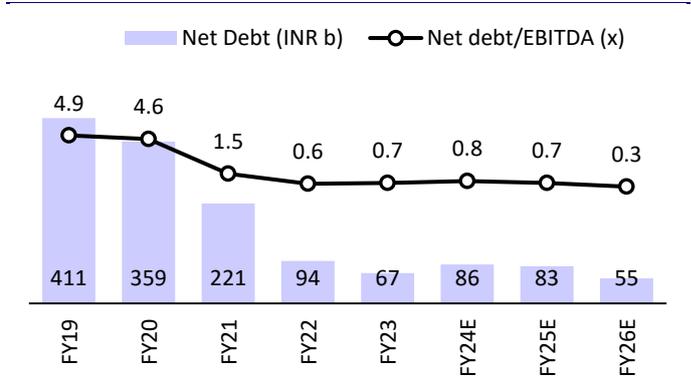
Story in charts

Exhibit 1: Steel production/sales (in kt) down 6%/5% YoY



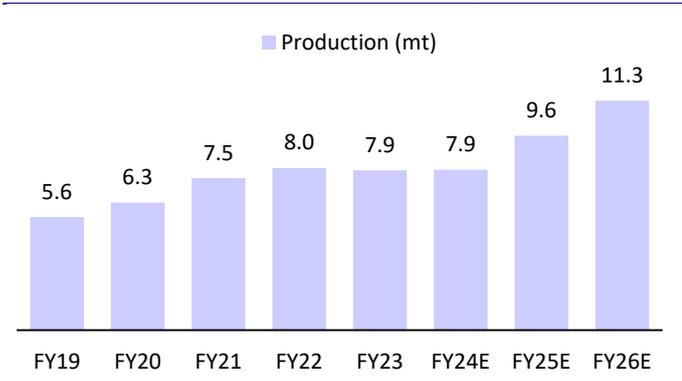
Source: MOFSL, Company

Exhibit 2: Net debt/EBITDA is expected to further reduce going forward



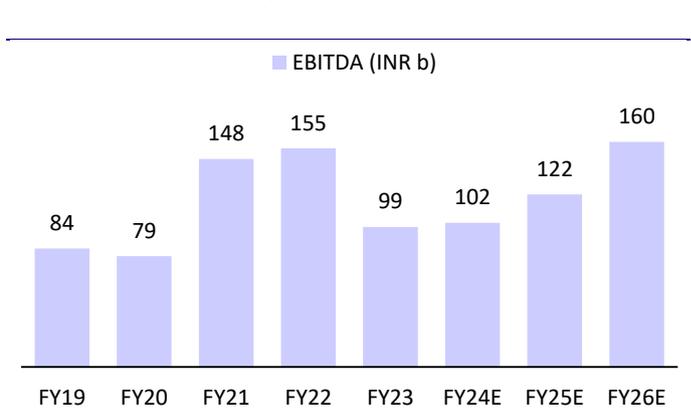
Source: MOFSL, Company

Exhibit 3: Annual steel production (mt) is expected to grow from FY25E as all the facilities commence production



Source: MOFSL, Company

Exhibit 4: EBITDA to improve from FY24E onwards



Source: MOFSL, Company



Key highlights from the management commentary

Coal Costs and captive coal mines

- Coal cost had increased ~USD32/t in 3QFY24 (USD281/t in 3QFY24 vs. USD249/t in 2QFY24).
- Coal cost on consumption basis is expected to increase by USD10-12/t in 4QFY24.
- Gare Palma IV/6 coal mine achieved a production of ~1mt during the quarter and is expected to reach a run rate of over 3.5mt by Mar'24.
- JSP commenced production from Utkal C coal block within a record time of 12 months (from vesting order) and is expected to reach optimal production level in 4QFY25 and is gradually ramping up the production to full capacity.
- The entire incremental benefits from the Utkal C coal block is expected to accrue in FY25E.
- The Utkal B1 and B2 mines are under various stages of clearances.

Capex and timelines

- All the tentative capex timelines are progressing as per schedule with 6mt HSM already commissioned.
- JSP has already planned for the ramp-up curve for the HSM plant and is expected to end the year with 50% capacity run rate.
- Plant construction of BOF-II is progressing as per timelines and is expected to come on stream by 2QFY25 and BOF-III, which is expected to commence production by 4QFY25 will be set up in the same vicinity.
- JSP has placed orders for both the BOFs.
- JSP will increase its total finished steel capacity from 7.25mt to 13.75mt by FY26 at a total capex of INR310b.
- JSP is expected to incur an annual capex of INR75-100b over the next three years (INR60b already incurred till Dec'23).

Other highlights

- JSP internally utilized the pellet volumes and did not sell much pellet in the external market during the quarter, and going forward, if the company has excess pellet production, the same would be supplied to RINL.
- The 1050mw ACP-III (monnet power plant) is expected to come on stream by 2QFY25.
- The increase in net debt in 3QFY24 was partially due to increase in working capital requirement, due to receivables (INR5b) and increase in coking cost (INR8b).
- Even though the debt increased during the quarter, finance cost was down QoQ as JSP was able to replace certain high cost debt with lower interest rate debt.
- Iron ore consumption is usually 1.6x the crude steel production (~14mt iron ore requirement in FY23).
- Tensa mine supplies ~3mt of iron ore and Kasia mine supplies ~6mt of iron ore with the rest procured from OMC and NMDC.
- The partnership with RINL is strategic in nature as it bridges the gap between internal availability of steel and external metallic resources.

Exhibit 5: Valuation and target price

| Y/E March | UoM | FY26E |
|---------------------------------|---------------|------------|
| Volume | mt | 11.3 |
| Blended EBITDA/t | INR | 14,102 |
| Consol EBITDA | INR b | 160 |
| Target EV/EBITDA(x) | x | 6.0 |
| Target EV | INR b | 958 |
| Net Debt | INR b | 55 |
| Equity Value | INR b | 903 |
| No of shares o/s | b | 1.0 |
| Target price (INR/share) | INR/sh | 900 |

Source: MOFSL

Exhibit 6: EV/EBITDA is below LTA

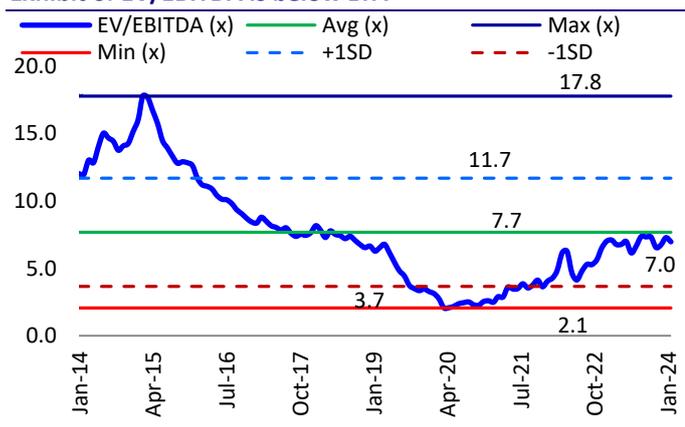
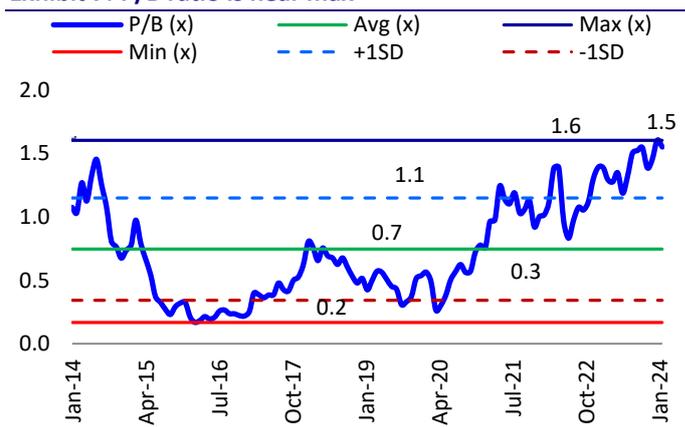


Exhibit 7: P/B ratio is near max



Source: MOFSL, Company Data

Exhibit 8: Global steel valuation comparable

| Company | M-Cap USD mn | P/E (x) | | EV/EBITDA (x) | | P/B (x) | | RoE (%) | |
|----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | CY22/ FY23 | CY23/ FY24 | CY22/ FY23 | CY23/ FY24 | CY22/ FY23 | CY23/ FY24 | CY22/ FY23 | CY23/ FY24 |
| India | | | | | | | | | |
| Tata* | 19,965 | 19.2 | 34.1 | 7.2 | 10.7 | 1.7 | 1.8 | 8.3 | 5.2 |
| JSW* | 23,870 | 55.5 | 18.8 | 13.8 | 8.6 | 3.0 | 2.7 | 5.3 | 15.1 |
| JSP* | 8,964 | 20.84 | 12.7 | 8.3 | 8.4 | 2.0 | 1.7 | 9.9 | 14.5 |
| SAIL* | 5,982 | 26.5 | 48.1 | 10.1 | 9.6 | 0.9 | 0.9 | 3.5 | 1.9 |
| Japan | | | | | | | | | |
| JFE | 10,013 | 8.9 | 7.3 | 7.2 | 6.0 | 0.6 | 0.6 | 7.4 | 8.7 |
| Nippon Steel | 23,023 | 5.2 | 7.8 | 5.4 | 6.3 | 0.8 | 0.7 | 17.3 | 10.3 |
| Kobe Steel | 5,430 | 12.7 | 6.9 | 8.6 | 5.4 | 0.9 | 0.8 | 7.5 | 11.3 |
| Korea | | | | | | | | | |
| POSCO | 26,755 | 14.0 | 12.1 | 5.8 | 5.5 | 0.6 | 0.6 | 4.7 | 5.1 |
| Hyundai Steel | 3,563 | 6.6 | 6.8 | 5.1 | 4.6 | 0.2 | 0.2 | 3.7 | 3.6 |
| US | | | | | | | | | |
| Nucor | 43,046 | 9.8 | 14.0 | 6.0 | 7.9 | 2.1 | 1.8 | 21.7 | 13.6 |
| US Steel | 10,775 | 11.4 | 16.8 | 6.0 | 6.6 | 1.0 | 1.0 | 9.6 | 5.8 |
| Steel Dynamics | 18,771 | 7.9 | 11.3 | 5.4 | 7.6 | 2.1 | 1.9 | 28.1 | 17.4 |
| Europe | | | | | | | | | |
| AM | 23,459 | 6.9 | 6.2 | 3.8 | 4.0 | 0.4 | 0.4 | 6.7 | 7.0 |
| SSAB | 7,372 | 6.1 | 9.9 | 3.0 | 4.4 | 1.1 | 1.1 | 18.4 | 11.0 |
| TKA | 3,856 | 21.6 | 7.6 | 0.3 | 0.3 | 0.3 | 0.3 | 0.7 | 4.0 |
| VOE | 5,319 | 4.9 | 9.7 | 2.9 | 4.1 | 0.6 | 0.6 | 13.8 | 6.5 |
| China | | | | | | | | | |
| Baosteel | 19,096 | 12.5 | 10.5 | 5.2 | 4.7 | 0.7 | 0.7 | 5.4 | 6.4 |

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

Exhibit 9: Key assumptions and changes to our estimates

| | UoM | FY24E | | | FY25E | | | FY26E | | |
|---------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | New | Old | Change | New | Old | Change | New | Old | Change |
| Volumes | mt | 8 | 8 | -4.7% | 9 | 9 | 0.0% | 11 | 11 | 0.0% |
| Realisation/t | INR/t | 63,810 | 62,810 | 1.6% | 65,216 | 65,216 | 0.0% | 66,260 | 66,260 | 0.0% |
| EBITDA/t | INR/t | 13,448 | 11,665 | 15.3% | 13,609 | 13,609 | 0.0% | 14,102 | 14,102 | 0.0% |
| Revenue | INR b | 485 | 501 | -3.2% | 587 | 587 | 0.0% | 750 | 750 | 0.0% |
| EBITDA | " | 102 | 93 | 9.8% | 122 | 122 | 0.0% | 160 | 160 | 0.0% |
| PAT | " | 61 | 49 | 24.4% | 58 | 58 | 1.2% | 84 | 82 | 2.1% |

Source: Company, MOFSL

Financials and valuation

Consolidated Income Statement

(INR b)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Net sales | 394 | 370 | 389 | 511 | 527 | 485 | 587 | 750 |
| Change (%) | 43 | -6 | 5 | 31 | 3 | -8 | 21 | 28 |
| Total Expenses | 310 | 291 | 241 | 356 | 428 | 383 | 464 | 591 |
| EBITDA | 84 | 79 | 148 | 155 | 99 | 102 | 122 | 160 |
| As a percentage of Net Sales | 21 | 21 | 38 | 30 | 19 | 21 | 21 | 21 |
| Depn. and Amortization | 42 | 42 | 35 | 21 | 27 | 25 | 31 | 35 |
| EBIT | 42 | 37 | 113 | 134 | 72 | 77 | 91 | 125 |
| Net Interest | 43 | 41 | 31 | 19 | 14 | 13 | 14 | 14 |
| Other income | 0 | 0 | 4 | 1 | 1 | 1 | 1 | 1 |
| PBT before EO | 0 | -4 | 86 | 116 | 59 | 65 | 78 | 112 |
| EO income | -28 | 2 | -13 | -4 | -14 | 0 | 0 | 0 |
| PBT after EO | -28 | -2 | 73 | 112 | 45 | 65 | 78 | 112 |
| Tax | -4 | 2 | 18 | 29 | 13 | 4 | 20 | 28 |
| Rate (%) | 14 | -63 | 24 | 26 | 29 | 7 | 25 | 25 |
| PAT (before MI and Sh. of Asso.) | -24 | -4 | 55 | 82 | 32 | 61 | 58 | 84 |
| Minority interests | -8 | 0 | 3 | 0 | 0 | 0 | 0 | 0 |
| Other adj. | 0 | 0 | 0 | 0 | -9 | 0 | 0 | 0 |
| Share of Associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PAT (after MI and Sh. of Asso.) | -16 | -4 | 53 | 83 | 32 | 61 | 58 | 84 |
| Adjusted PAT | 11 | -5 | 66 | 87 | 37 | 61 | 58 | 84 |
| Change (%) | LP | PL | LP | 32 | -58 | 67 | -4 | 43 |

Consolidated Balance Sheet

(INR b)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Share Capital | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Reserves | 323 | 320 | 317 | 355 | 386 | 440 | 492 | 566 |
| Net Worth | 324 | 321 | 318 | 356 | 387 | 441 | 493 | 567 |
| Minority Interest | -3 | -8 | -9 | 15 | 3 | 3 | 3 | 3 |
| Total Loans | 415 | 368 | 293 | 139 | 124 | 128 | 125 | 121 |
| Deferred Tax Liability | 54 | 56 | 62 | 73 | 59 | 59 | 59 | 59 |
| Capital Employed | 790 | 738 | 665 | 582 | 574 | 632 | 681 | 751 |
| Gross Block | 900 | 951 | 833 | 681 | 690 | 770 | 830 | 905 |
| Less: Accum. Deprn. | 210 | 252 | 286 | 223 | 247 | 272 | 304 | 338 |
| Net Fixed Assets | 690 | 699 | 547 | 458 | 443 | 498 | 526 | 566 |
| Capital WIP | 40 | 20 | 9 | 17 | 71 | 91 | 106 | 106 |
| Goodwill and Revaluation | 6 | 6 | 5 | 4 | 1 | 1 | 1 | 1 |
| Investments | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Curr. Assets | 158 | 171 | 216 | 285 | 179 | 158 | 172 | 216 |
| Inventory | 65 | 64 | 59 | 73 | 59 | 54 | 66 | 84 |
| Account Receivables | 30 | 35 | 28 | 13 | 10 | 9 | 11 | 14 |
| Cash and Bank Balance | 4 | 10 | 72 | 45 | 57 | 42 | 43 | 66 |
| Loans and advances and others | 58 | 62 | 57 | 155 | 53 | 53 | 53 | 53 |
| Curr. Liability and Prov. | 106 | 159 | 113 | 184 | 120 | 117 | 126 | 140 |
| Account Payables | 32 | 56 | 41 | 53 | 47 | 43 | 52 | 67 |
| Provisions and Others | 74 | 104 | 73 | 132 | 73 | 73 | 73 | 73 |
| Net Current Assets | 52 | 12 | 103 | 101 | 58 | 41 | 46 | 76 |
| Appl. of Funds | 790 | 738 | 665 | 582 | 574 | 632 | 681 | 751 |

Financials and valuation

Consolidated ratios

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | 11.5 | -5.4 | 64.7 | 86.0 | 36.4 | 59.8 | 57.3 | 82.1 |
| Cash EPS | 18.4 | 36.9 | 88.0 | 102.4 | 58.6 | 85.7 | 89.4 | 117.8 |
| BV/Share | 335.0 | 315.1 | 311.9 | 352.5 | 385.1 | 438.8 | 490.3 | 564.0 |
| DPS | 0.0 | 0.0 | 0.0 | 3.0 | 2.0 | 6.0 | 5.7 | 8.2 |
| Payout (%) | 0.0 | 0.0 | 0.0 | 3.5 | 5.5 | 10.0 | 10.0 | 10.0 |
| Valuation (x) | | | | | | | | |
| P/E | 65.6 | -141.1 | 11.7 | 8.8 | 20.8 | 12.7 | 13.2 | 9.2 |
| Cash P/E | 41.1 | 20.5 | 8.6 | 7.4 | 12.9 | 8.8 | 8.5 | 6.4 |
| P/BV | 2.3 | 2.4 | 2.4 | 2.1 | 2.0 | 1.7 | 1.5 | 1.3 |
| EV/Sales | 2.9 | 3.1 | 2.6 | 1.7 | 1.6 | 1.8 | 1.5 | 1.1 |
| EV/EBITDA | 13.6 | 14.4 | 6.7 | 5.5 | 8.3 | 8.4 | 7.0 | 5.2 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.4 | 0.3 | 0.8 | 0.8 | 1.1 |
| Return Ratios (%) | | | | | | | | |
| EBITDA Margin (%) | 21.3 | 21.2 | 38.0 | 30.4 | 18.8 | 21.1 | 20.9 | 21.3 |
| Net Profit Margin (%) | 2.8 | -1.5 | 17.0 | 17.0 | 6.9 | 12.6 | 10.0 | 11.2 |
| RoE | 3.6 | -1.7 | 20.6 | 25.9 | 9.9 | 14.5 | 12.3 | 15.6 |
| RoCE (pre-tax) | 5.3 | 4.9 | 16.7 | 21.6 | 12.6 | 13.1 | 14.1 | 17.7 |
| RoIC (pre-tax) | 5.7 | 5.1 | 17.7 | 24.6 | 15.1 | 16.4 | 17.7 | 22.6 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 0.5 | 0.5 | 0.7 | 1.1 | 1.0 | 0.8 | 0.9 | 1.1 |
| Asset Turnover (x) | 0.5 | 0.5 | 0.6 | 0.9 | 0.9 | 0.4 | 0.4 | 0.4 |
| Inventory (Days) | 60 | 63 | 56 | 52 | 41 | 41 | 41 | 41 |
| Debtor (Days) | 28 | 35 | 26 | 9 | 7 | 7 | 7 | 7 |
| Payable (Days) | 30 | 55 | 38 | 38 | 33 | 33 | 33 | 33 |
| Work. Cap. Turnover (Days) | 59 | 43 | 44 | 24 | 15 | 15 | 15 | 15 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.5 | 1.1 | 1.9 | 1.5 | 1.5 | 1.4 | 1.4 | 1.5 |
| Interest Coverage Ratio | 1.0 | 0.9 | 3.7 | 7.1 | 5.0 | 5.8 | 6.4 | 8.6 |
| Debt/Equity ratio | 1.3 | 1.1 | 0.7 | 0.3 | 0.2 | 0.2 | 0.2 | 0.1 |

Consolidated Cash Flow Statement

(INR b)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E |
|---------------------------------|------------|------------|------------|-------------|------------|------------|------------|------------|
| EBITDA | 84 | 79 | 148 | 155 | 99 | 102 | 122 | 160 |
| Non-cash exp./ (income) | 1 | 2 | -2 | 25 | -5 | 0 | 0 | 0 |
| (Inc.)/Dec. in Wkg. Cap. | -24 | 19 | -12 | -8 | 11 | 2 | -4 | -7 |
| Tax Paid | 0 | 0 | 1 | -20 | -27 | -4 | -20 | -28 |
| others | 29 | -11 | -14 | 9 | -6 | 0 | 0 | 0 |
| CF from Op. Activity | 90 | 88 | 120 | 160 | 73 | 100 | 99 | 125 |
| (Inc.)/Dec. in FA + CWIP | -14 | -17 | -9 | -29 | -64 | -100 | -75 | -75 |
| (Pur.) /Sale of Investments | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Loans and advances | 3 | 1 | -11 | 4 | 23 | 0 | 0 | 0 |
| Int. and Dividend Income | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 |
| Other investing activities | -12 | -16 | -8 | -29 | -64 | 0 | 0 | 0 |
| CF from Inv. Activity | -8 | -15 | -19 | -23 | -40 | -99 | -74 | -74 |
| Equity raised/(repaid) | 0 | 5 | 0 | -5 | -2 | 0 | 0 | 0 |
| Debt raised/(repaid) | -30 | -61 | -23 | -119 | -6 | 4 | -3 | -4 |
| Dividend (incl. tax) | 0 | 0 | 0 | -1 | -2 | -7 | -7 | -10 |
| Interest paid | -46 | -40 | -23 | -26 | -15 | -13 | -14 | -14 |
| CF from Fin. Activity | -83 | -70 | -46 | -151 | -25 | -16 | -24 | -28 |
| (Inc.)/Dec. in Cash | -1 | 3 | 55 | -14 | 8 | -15 | 1 | 23 |
| Add: opening cash balance | 3 | 2 | 5 | 60 | 35 | 43 | 27 | 28 |
| Discontinued operations (/adj.) | 0 | 0 | 0 | -11 | 0 | 0 | 0 | 0 |
| Closing cash balance | 2 | 5 | 60 | 35 | 43 | 27 | 28 | 51 |
| Bank balance | 3 | 5 | 12 | 10 | 15 | 15 | 15 | 15 |
| Closing Balance | 4 | 10 | 72 | 45 | 57 | 42 | 43 | 66 |

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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

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