RESULT REVIEW

BOBCAPS
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BUY
TP: Rs 735 | ⮝ 18%

JINDAL STEEL & POWER | Metals & Mining | 06 November 2023

Last leg of streamlining, reiterate BUY

- **Management revises expansion capex to factor in the addition of more downstream and project components to temper risk profile**
- **Delivery on new timeline and capex will be key to narrowing JSP's valuation discount to peers**
- **We lower earnings on more conservative project assumptions and cut our TP to Rs 735 (from Rs 810); maintain BUY**

Kirtan Mehta, CFA | Yash Thakur
research@bobcaps.in

Streamlining of expansion project nearing an end: JSP finally seems to have settled on a roadmap to maximising value from the Angul expansion project. It has also adhered to implementation of BF-II and BOF-II by Q2FY25 and removed the two-quarter buffer to integrated operations for both.

Improving value-add from expansion: JSP has reassessed existing capacity for the plate mill at 2.5mt (from 2.2mt) and rail mill at 1.0mt (from 0.75mt) and has added 0.5mt of Q&T plate capacity and a 1.2mt CRM complex to the project scope. This will increase the total finished steel capacity to 13.25mt (from 12.2mt) and together with the shift to BOF from EAF will improve the value-add margin. Management is also investing at Paradip port to open the sea route for flat steel transfer to the southern market, adding rail rakes to improve the availability of coal and adding some components to complete project scope.

Revised capex announced: The company has reassessed the total capex plan at Rs 310bn for the Angul expansion project till FY26, raising capex for Angul CPP-II to Rs 30bn (from Rs 20bn) and adding Rs 50bn for the new scope. While Rs 20bn of the latter has been added for coal mines, Rs 30bn is attributed to other scope changes as discussed above. Though the revision is higher than street expectations, it is good to see closure on the last leg of streamlining with final capex revision. We now look forward to delivery of this plan.

Estimates pared: We lower our FY24/FY25/FY26 EBITDA estimates by 4%/1%/10% to factor in more conservative assumptions on project ramp-up. We are now assuming steel sales at 7.7mt/8.2mt/11.2mt for our forecast years and have also used more conservative assumptions on efficiency improvement.

Reiterate BUY: We lower our TP to Rs 735 (from Rs 810) as we account for conservative assumptions and higher annual growth capex, while retaining our target 1Y forward EV/EBITDA multiple at 5.5x. We maintain BUY as our TP implies 18% upside using conservative earnings growth estimates and as our target valuation multiple is below the sector average.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	JSP IN/Rs 622
Market cap	US$ 7.7bn
Free float	39%
3M ADV	US$ 17.7mn
52wk high/low	Rs 723/Rs 471
Promoter/FPI/DII	61%/12%/16%

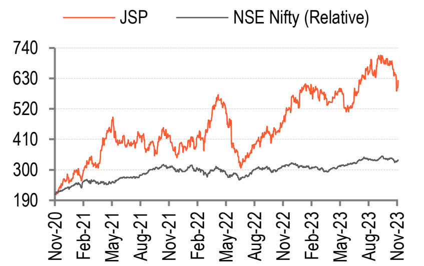
Source: NSE | Price as of 6 Nov 2023

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	5,27,112	4,87,303	5,23,336
EBITDA (Rs mn)	99,349	99,962	1,29,036
Adj. net profit (Rs mn)	31,511	50,496	70,629
Adj. EPS (Rs)	30.9	49.5	69.2
Consensus EPS (Rs)	30.9	48.6	64.1
Adj. ROAE (%)	8.5	12.3	15.1
Adj. P/E (x)	20.1	12.6	9.0
EV/EBITDA (x)	8.1	7.3	5.6
Adj. EPS growth (%)	(61.8)	60.3	39.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Q2 missed consensus estimates

- **Q2 EBITDA below consensus.** JSP's Q2FY24 EBITDA at Rs 22.1bn was 6% below Bloomberg consensus but 3% above our estimate as we were factoring in weaker margins. However, net income at Rs 13.9bn was 30% and 54% above consensus and us respectively, inflated by deferred tax credit.
- **Sales up on demand recovery.** Q2 production at 1.9mt declined 7% QoQ due to planned shutdowns at both Angul and Raigad. However, sales volume increased 9% QoQ, benefitting from demand recovery, helping to liquidate inventory on books. Export share in the sales mix also increased to 13%, as JSP capitalised on opportunistic sales.
- **Standalone EBITDA/t retracts, reversing upside seen in Q1.** Standalone EBITDA was down by Rs 3.3k/t QoQ to Rs 11.2k/t. This was the result of a sharp 10% QoQ reduction in apparent realisation, partly offset by a US$ 70/t reduction in coking coal price.
- **Overseas subsidiaries recorded EBITDA loss.** Overseas profitability has plummeted to a loss of Rs 0.9bn in H1FY24 from profit of Rs 7.3bn a year ago, due to weakness in western demand and a sharp increase in exports out of China.
- **Net debt comfortable.** Consolidated net debt increased by Rs 5bn to stand at Rs 73.1bn as of Q2, raising net debt to EBITDA to 0.77x, still comfortably below the company's target of 1.5x.
- **Q3 outlook implies flat to lower margins.** Management sees a 2-3% improvement in realisation over Q2 levels in October but also guides for a US$ 50-60/t increase in coking coal costs in Q3.

Revised capex plan finally comes through

JSP has finally completed the capital allocation framework and announced its revised capex plan at Rs 310bn for the Angul expansion project, which is higher than the previous guidance of Rs 240bn due to additions to the project scope and cost revision at Angul CPP-II. JSP also clarified that there is no cost escalation for existing projects at this juncture.

- **No change in previously guided capex at JSO Angul.** Management clarified that the capex for the Angul expansion project at its subsidiary Jindal Steel Odisha (JSO) remains unchanged at Rs 232bn.
- **Cost revision at Angul CPP-II.** The company now indicates that completion capex for the 1,050MW Angul captive power plant (ACPP-II) has increased to Rs 30bn from the previous guidance of Rs 20bn. With this revision and including the acquisition price of Rs 4.1bn, capital intensity for ACPP-II will now work out to Rs 32.5bn. Although this intensity is still lower than a typical greenfield project, the relative attractiveness of this acquisition has reduced, in our view.

- **Rs 50bn attributed to additional scope.** While coal mines, which were not included in previous guidance, would require capex of Rs 20bn, new additions to the existing plant will consume Rs 30bn. JSP clarified that the latter Rs 30bn will include the additions of a quenched and tempered (Q&T) steel plate, producer gas plant (PGP), rail rakes for improving coal transportation (Rs 6bn), loop line to have double entry and exit within the plant boundary to reduce risk, micro pelletisation, oxygen plant, residential township, and an additional investment at Paradip port to open the sea route for transportation. Over the last year, the company has also revised the scope to develop a 1.2mtpa downstream unit instead of a thin slab caster and roller.
- **Committed capex at Rs 110bn.** Considering LCs opened specifically for this project, JSP has committed 35% of project capex or Rs 110bn.
- **Additional iron ore mines are not on the plan.** JSP does not plan to add more iron ore mines considering good availability of the ore in Odisha.
- **Annual growth spend raised.** In line with the project needs, the company has raised annual growth capex to Rs 75bn-100bn from Rs 65bn. It still aims to fund investments primarily through internal accruals.

Project scope and timeline still evolving

Expansion now targets higher value addition

- **More value addition.** JSP is looking at total finished steel capacity of 13.25mtpa, an increase from the previous plan of 12.2mtpa.
- **Increase in plate capacity helps in its core infrastructure competency.** The company is looking to increase plate mill capacity to 3mtpa by operating existing capacity at 2.5mtpa (from 2.2mtpa) and adding 0.5mtpa. The decision will help it to increase market share in its area of strength, viz. infrastructure, and enable it to capture a higher share of the infrastructure growth targeted in India.
- **Increase in rail capacity – also focuses on infrastructure growth.** JPL has reassessed its rail mill capacity at 1mtpa from 0.75mtpa.
- **Higher value addition on flat products.** The company has decided to go for a 1.2mtpa cold rolled mill (CRM) complex in place of thin slab casting and rolling in order to have higher flexibility on flat products. This would help it upgrade 1.2mtpa out of 5mpta from flat products to cold rolled flat products. JSP aims to start with sales of flat products in the infrastructure sector in existing relationships, then pursue the consumer appliances sector and then auto, which will have an extensive customer acceptance cycle. The company is looking to leverage its berth for flat steel at the Angul port to reach consumers in the southern markets of Cochin and Chennai.

BOF in place of EAF also helps improve product range

- **Larger blast furnace.** JSP is now looking at a larger blast furnace (BF) of 4.6mtpa instead of 4.25mtpa.

- **Not opting for electric arc furnace.** Management had previously announced the replacement of a 3mtpa electric arc furnace (EAF) with an equivalent capacity basic oxygen furnace (BOF).

No shift in timeline, clarifies management

- **Q2FY25 timeline for BF-II and BOF-II.** JSP has clarified that it is maintaining guidance on the Q2FY25 commissioning timeline for the Air Separation Unit (ASU), coke oven, Raw Material Handling System (RHMS), BF-II, and BOF II. It further stated that earlier communication about a six-month delay represented a buffer of two quarters which it no longer deems necessary.

- **Coke oven could be delayed, in our view.** Reading between the lines of the earnings call, we believe there could be impediments to meeting the timeline for the coke oven plant and a consequent impact on the timeline for integrated operations due to inter-linkages. However, we believe JSP will still be able to explore commissioning of the BF-II with purchased coke.

Fig 1 – Revised guidelines on indicative timeline for package commissioning

Project packages	Oct'23	Jul'23	May'23	Feb'23	May'22
Raw materials/ Utilities					
Pellet Plant Phase-1: 6mtpa	Commissioned	Commissioned	Q1FY24	Q4FY23	Q2FY23
Pellet Plant-II: 6mtpa	Q4FY25	Q4FY25	Q2FY24	Q2FY24	Q2FY24
Air Separation Unit (ASU), Coke oven, Raw material handling System (RMHS)	Q2FY25 ~~(Q4FY25)~~	Q2FY25	Q2FY24	Q2FY24	Q2FY24
Slurry Pipeline	Q1FY25	Q1FY25	Q2FY24	Q2FY24	Q2FY24
Angul Captive Power Plant (ACPP)-II: 1050MW	Q2FY25 ~~(Q4FY25)~~	Q2FY25	Q2FY25	Q2FY25	NA
Iron making					
Blast Furnace (BF)-II: 4.6mtpa	Q2FY25 ~~(Q4FY25)~~	Q2FY25	Q3FY24	Q3FY24	Q3FY24
Direct Reduced Iron (DRI)-II: 1.8mtpa	Q4FY25	Q4FY25	Q4FY25	Q4FY25	Q4FY25
Liquid Steel					
Basic Oxygen Furnace (BOF)-II: 3.3mtpa	Q2FY25 ~~(Q4FY25)~~	Q2FY25	Q3FY24	Q3FY24	Q3FY24
Basic Oxygen Furnace (BOF)-III: 3mtpa	Q4FY25	Q4FY25	Q4FY25	Q4FY25	Q4FY25
Finished steel					
Hot Strip Mill (HSM): 5.5mtpa	Q3FY24	Q3FY24	Q2FY24	Q2FY24	Q4FY23
Cold Rolled Mill (CRM) Complex (Previous plan was to have Thin Slab Caster Roller (TSCR)	Q4FY25	Q4FY25	Q4FY25	Q4FY25	Q4FY25
Plate mill: 0.5mtpa	Q3FY26				

Source: Company, BOBCAPS Research

Outlook on FY25 operations

- **Coal production ramp-up.** JSP started coal production at Gare Palma in Q2 and produced 100-140kt in the first month with plans to ramp-up to a 3.5mt exit rate by Mar'24. It is looking to start production at Utkal C by early December.

- **Higher crude steel production at existing operations.** Crude steel production at existing operations could come out of stagnation (currently not progressing beyond 8.0-8.3mt annualised rate) with the improvement in captive coal availability. At present, EAF operations are constrained by the low availability of DRI which in turn is dependent upon the availability of coal.

- **HSM ramp-up to lower semis proportion in the interim.** JSP is targeting the commissioning of a hot strip mill (HSM) by Q3FY24 and is still in the process of identifying metallics for finalising the ramp-up. Options include (a) lower production of semis to free up metallics, (b) higher output of crude steel with ramp-up of DRI as captive coal scales up, and (c) higher usage of scrap in the existing BOF.

Capital allocation

JSP has formalised its capital allocation framework:

- **Investment philosophy.** The goal is to expand the scope of investment in the steel chain to power (again) and ports besides mines, and lower focus on overseas investments with India as a priority. JSP sets an 18-20% through-the-cycle ROCE hurdle rate for capital projects.
- **Shareholder rewards.** JSP will consider dividends and buybacks after meeting its growth capital needs.
- **Managing a strong balance sheet.** The company still aims to fund investments primarily through internal accruals and maintain net debt to EBITDA ratio below ~1.5x through the cycle.

Improving sales disclosures

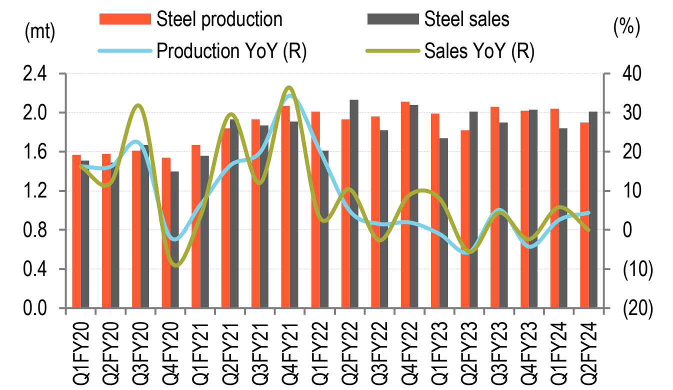
- **Highest exposure to infrastructure and construction sector.** JSP estimates exposure at 63%, the highest amongst listed players.
- **Rising retail exposure.** With an increased focus on developing its retail distribution network, JSP's retail sales have grown 36% YoY to 317kt during Q2 and account for 15% of its sales mix, reducing exposure to the trade channel to 17% of the mix.
- **High value-add sales.** JSP estimates value-added products, including value added grades, at 67% of its sales mix.
- **Rail business starting to ramp-up.** The company has started ramping up rail business as major metros and RRTS (rapid rail transit system) are beginning to accept Indian rail products, substituting imports. Sales have ramped up 200% YoY to 39kt in Q2, but utilisation at ~15% is still at the early stages. We see substantial scope for value add from the rail business given that current capacity stands raised to 1mt and JSP is the only Indian supplier for head hardened rails.

Fig 2 – Quarterly performance

(Rs bn)	Q2FY24	Q1FY24	QoQ (%)	Q2FY23	YoY (%)	H1FY24	H1FY23	YoY (%)
Consolidated P&L								
Revenue from operations	122.5	125.9	(2.7)	135.2	(9.4)	248.4	265.7	(6.5)
EBITDA reported	22.9	26.3	(13.0)	19.3	18.3	49.1	53.7	(8.5)
EBITDA adjusted	**22.1**	**27.0**	**(18.2)**	**15.2**	**45.7**	**49.2**	**44.7**	**10.0**
EBIT	16.8	20.4	(17.6)	13.2	27.7	37.2	41.6	(10.5)
PBT before exceptionals	13.8	17.7	(21.6)	0.5	2450.2	31.5	26.2	20.4
PAT reported	13.9	16.9	(17.8)	2.2	534.0	30.8	22.1	39.5
PAT adjusted	**13.9**	**16.9**	**(17.8)**	**11.2**	**24.4**	**30.8**	**30.5**	**1.2**
EPS (Rs)	13.8	16.8	(17.7)	2.0	594.0	30.6	21.5	42.4
Tax rate (%)	(0.4)	4.2		(303.9)		2.2	15.6	
EBITDA break-up								
Standalone`	22.4	26.7	(15.8)	14.3	57.4	49.1	42.5	15.5
Overseas subsidiaries	(0.3)	1.2	-	2.9	-	0.9	7.3	(87.6)
Consolidation adjustments (implied)	0.0	(0.8)	-	(1.9)	-	(0.8)	(5.1)	83.8
Subtotal	**22.1**	**27.0**	**(18.2)**	**15.2**	**45.7**	**49.2**	**44.7**	**10.0**
Standalone								
Production- steel (mt)	1.90	2.04	(6.9)	1.82	4.4	3.94	3.81	3.4
Sales- steel (mt)	2.01	1.84	9.2	2.01	0.0	3.85	3.75	2.7
Production- pellets (mt)	1.89	1.72	9.9	1.79	5.6	3.61	3.71	(2.7)
Sales- pellets (mt)	0.08	0.01	700.0	0.11	(27.3)	0.09	0.14	(35.7)
Realisation (Rs/tcs)	60,108	66,905	(10.2)	65,209	(7.8)	63,357	69,215	(8.5)
EBITDA (Rs/tcs)	11,164	14,484	(22.9)	7,095	57.4	12,751	11,333	12.5

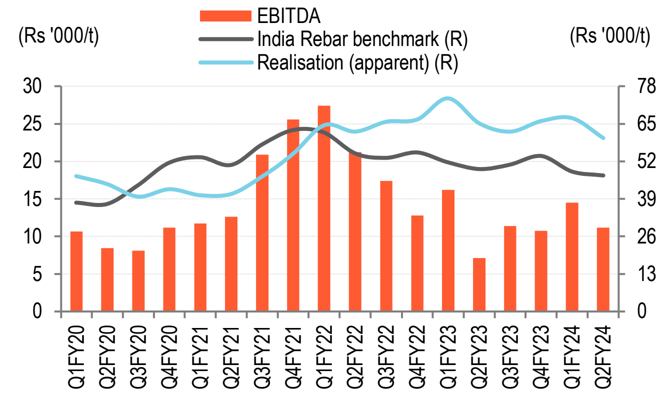
Source: Company, BOBCAPS Research

Fig 3 – Standalone sales up on strong domestic demand and opportunistic export sales



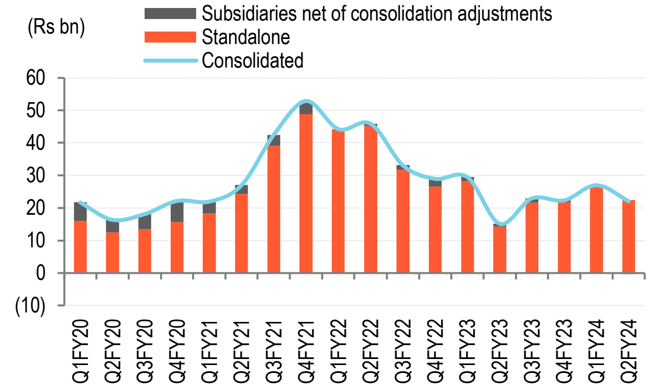
Source: Company, BOBCAPS Research

Fig 4 – EBITDA was sequentially lower due to lower realisation, partially offset by coking coal reduction



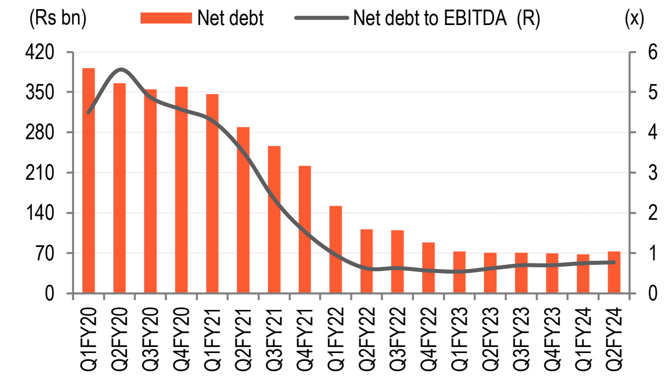
Source: Company, BOBCAPS Research

Fig 5 – Consolidated EBITDA retracted on weaker domestic margin and losses in overseas operations



Source: Company, BOBCAPS Research

Fig 6 – Leverage under control



Source: Company, BOBCAPS Research

Valuation methodology

FY26E EBITDA cut factoring in slower project ramp-up

We lower our FY24/FY25/FY26 EBITDA estimates by 4%/1%/10% factoring in more conservative assumptions on project ramp-up, as listed below. Our EBITDA forecasts are within -2% to +3% of consensus and net income within -4% to +1%. We now factor in higher annual growth capex at Rs 78bn/Rs 83bn/Rs 100bn for FY24/FY25/FY26, in line with the revised annual guidance of Rs 75bn-100bn.

Project assumptions

- **Pellets:** External sales of 1mt in FY24E and 4-5mt annually for FY25E-FY26E as JSP ramps up the DRI plant and blast furnace
- **Coal mines:** Captive coal availability of 2mt/7mt/10mt in FY24E/FY25E/FY26E with start-up of Gare Palma IV/6 and Utkal C in FY24, along with ramp-up of Utkal B1 and B2 over FY25.
- **Hot strip mill:** With the HSM already under commissioning and targeted start-up in Q3FY25, we assume 70%/90% utilisation in FY25E/FY26E
- **Steel sales:** 7.7mt/8.2mt/11.2mt over FY24E/FY25E/FY26E – conservative as we provide for a buffer beyond management guidance
- **Slurry pipeline:** ~45%/~90% utilisation in FY25E/FY26E
- **Margin assumptions:** Modest improvement in EBITDA/t from Rs 12.4k in FY23 to Rs 12.7k/Rs 15.4k/Rs 13.7k with the implementation of efficiency projects while allowing them time to stabilise (intermediate uptick in FY24 is the result of our assumptions of external pellet sales, reduction of semis with HSM ramp-up and benefits of captive coal on a smaller scale of operations prior to ramp-up)

Fig 7 – Revised estimates

(Rs bn)	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	487	523	687	493	575	703	(1.1)	(9.0)	(2.3)
EBITDA	100	129	155	104	131	172	(3.9)	(1.3)	(9.7)
Net income	50	71	88	50	68	98	1.9	3.2	(9.5)

Source: BOBCAPS Research

Fig 8 – Key operational assumptions

Parameter	FY23	FY24E	FY25E	FY26E
Sales (mt)	7.7	7.7	8.2	11.2
India HRC (US$/t)	751	672	614	595
Realisation (Rs'000/t)	64.1	59.8	60.1	58.6
EBITDA/t (Rs'000/t)	12.4	12.7	15.4	13.7

Source: Company, BOBCAPS Research

Fig 9 – Comparison with consensus

(Rs bn)	Forecasts			Consensus			Delta to Consensus (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	487	523	687	519	568	652	(6.1)	(7.9)	5.3
EBITDA	100	129	155	102	127	151	(1.7)	1.3	3.0
Net income	50	71	88	53	70	87	(4.4)	1.5	1.4

Source: Bloomberg, BOBCAPS Research

Target price cut to Rs 735, maintain BUY

We cut our TP for JSP to Rs 735 (from Rs 810), factoring in more conservative project ramp-up assumptions and building in higher growth capex, while ascribing the stock an unchanged one-year forward EV/EBITDA multiple of 5.5x. We use FY26 as a valuation base to give JSP part of the credit for the expansion drive underway, and then discount back to Oct'24 (Sep'24 previously) to arrive at a one-year forward target price.

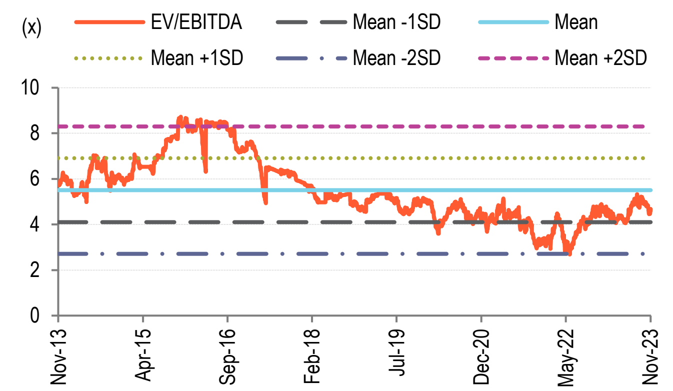
Our target multiple is above the stock's five-year average of 4.4x to reflect resumption of growth but is below our sector multiple of 6x as we await a demonstration of capital discipline by JSP over the ongoing investment phase. We believe the company is primed to deliver a 16% EBITDA CAGR over FY23-FY26 upon delivery of efficiency and capacity expansion projects. Maintain BUY.

Fig 10 – Valuation summary

(Rs bn)	Value
FY26E EBITDA	155
Target EV/EBITDA multiple	5.5
EV	**854**
FY25E Net debt	77
Equity Value Mar'25E	**778**
Fair value per share Mar'25E (Rs)	762
Fair value per share Oct'24E (Rs)	733
Target price Oct'24E (Rs) (rounded to nearest Rs 5)	**735**

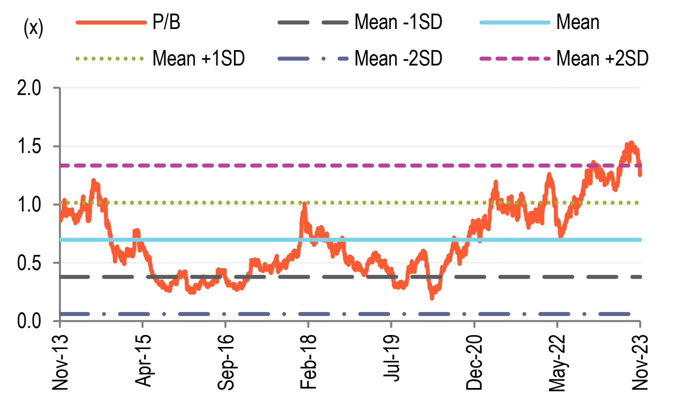
Source: Company, BOBCAPS Research

Fig 11 – EV/EBITDA 2Y fwd



Source: Bloomberg, BOBCAPS Research

Fig 12 – P/B 1Y fwd



Source: Bloomberg, BOBCAPS Research

Fig 13 – Peer comparison

Ticker	CMP (Rs)	Rating	Target price (Rs)	Upside (%)	EV/Sales (x)		EV/EBITDA (x)		Net income (Rs bn)		P/B (x)		P/E (x)	
					FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
TATA IN	119	BUY	155	29.8	1.0	0.9	7.6	5.5	88	97	1.4	1.2	15.1	9.0
JSTL IN	754	HOLD	840	11.4	1.4	1.3	7.7	6.6	41	119	2.8	2.0	15.4	11.3
JSP IN	622	BUY	735	18.1	1.5	1.4	7.2	5.5	32	50	1.6	1.3	12.6	9.0
SAIL IN	87	HOLD	90	3.6	0.6	0.6	5.3	4.9	22	42	0.7	0.6	8.5	8.0

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- Steel producer valuations are highly sensitive to product and raw material prices. Key downside risks to our estimates are unfavourable changes in global demand-supply balance for steel and its raw materials, leading to lower prices and margins than our assumptions.
- JSP is exposed to the risk of delays in implementing its capital investment plan, including expansion, which could slow earnings growth.
- The company has enlarged the scope of its expansion plan to Rs 310bn as it works to maximise returns and lower project-related risks. Any further increase in scope would pose an additional downside risk.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Jindal Steel & Power	JSP IN	7.7	622	735	BUY
JSW Steel	JSTL IN	22.4	754	840	HOLD
SAIL	SAIL IN	4.4	87	90	HOLD
Tata Steel	TATA IN	17.8	119	155	BUY

Source: BOBCAPS Research, NSE | Price as of 6 Nov 2023

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total revenue	**5,10,856**	**5,27,112**	**4,87,303**	**5,23,336**	**6,86,541**
EBITDA	1,55,134	99,349	99,962	1,29,036	1,55,324
Depreciation	(20,968)	(26,910)	(25,644)	(28,388)	(32,637)
EBIT	1,34,167	72,439	74,317	1,00,647	1,22,687
Net interest inc./(exp.)	(20,065)	(16,164)	(13,046)	(14,546)	(14,546)
Other inc./(exp.)	1,689	2,274	2,487	2,852	3,222
Exceptional items	(4,062)	(13,695)	0	0	0
EBT	1,11,728	44,855	63,758	88,953	1,11,362
Income taxes	(29,245)	(12,923)	(12,752)	(17,791)	(22,272)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**82,550**	**31,511**	**50,496**	**70,629**	**88,422**
Adjustments	0	0	0	0	0
Adjusted net profit	**82,550**	**31,511**	**50,496**	**70,629**	**88,422**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Accounts payables	52,519	47,004	50,938	51,853	69,859
Other current liabilities	1,28,914	54,380	58,476	62,800	82,385
Provisions	888	971	897	964	1,264
Debt funds	1,35,016	1,30,463	1,45,463	1,45,463	1,35,463
Other liabilities	78,145	71,263	68,482	68,342	72,062
Equity capital	1,011	1,005	1,005	1,005	1,005
Reserves & surplus	3,55,236	3,86,061	4,33,527	4,99,918	5,83,035
Shareholders' fund	3,70,952	3,90,191	4,38,168	5,05,093	5,88,877
Total liab. and equities	**7,66,435**	**6,94,272**	**7,62,425**	**8,34,516**	**9,49,910**
Cash and cash eq.	36,685	47,168	62,828	68,831	70,741
Accounts receivables	12,641	9,745	10,013	10,753	14,107
Inventories	72,814	58,868	63,673	70,218	94,600
Other current assets	1,43,949	38,976	36,046	38,698	50,712
Investments	0	0	0	0	0
Net fixed assets	4,22,440	4,08,035	4,39,891	5,09,678	5,97,241
CWIP	17,362	71,059	91,059	76,059	56,059
Intangible assets	35,980	34,469	34,469	34,469	34,469
Deferred tax assets, net	0	0	0	0	0
Other assets	24,565	25,952	24,447	25,809	31,980
Total assets	**7,66,435**	**6,94,272**	**7,62,425**	**8,34,516**	**9,49,910**

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash flow from operations	**1,26,349**	**1,01,030**	**93,246**	**1,07,373**	**1,32,959**
Capital expenditures	58,857	(64,691)	(77,500)	(83,175)	(1,00,200)
Change in investments	0	0	0	0	0
Other investing cash flows	(3,771)	318	3,506	968	(3,634)
Cash flow from investing	**55,086**	**(64,373)**	**(73,994)**	**(82,207)**	**(1,03,834)**
Equities issued/Others	(9)	(6)	0	0	0
Debt raised/repaid	(1,64,081)	(4,553)	15,000	0	(10,000)
Interest expenses	(20,065)	(16,164)	(13,046)	(14,546)	(14,546)
Dividends paid	3,060	(2,040)	(3,030)	(4,238)	(5,305)
Other financing cash flows	(25,179)	(3,411)	(2,517)	(379)	2,637
Cash flow from financing	**(2,06,273)**	**(26,174)**	**(3,593)**	**(19,163)**	**(27,215)**
Chg in cash & cash eq.	**(24,837)**	**10,483**	**15,659**	**6,003**	**1,910**
Closing cash & cash eq.	**61,522**	**36,685**	**47,168**	**62,828**	**68,831**

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
Reported EPS	80.9	30.9	49.5	69.2	86.7
Adjusted EPS	80.9	30.9	49.5	69.2	86.7
Dividend per share	(3.0)	2.0	3.0	4.2	5.2
Book value per share	349.3	379.4	426.0	491.1	572.5

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
EV/Sales	1.8	1.5	1.5	1.4	1.0
EV/EBITDA	5.8	8.1	7.3	5.6	4.6
Adjusted P/E	7.7	20.1	12.6	9.0	7.2
P/BV	1.8	1.6	1.5	1.3	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	71.3	53.8	79.2	79.4	79.4
Interest burden (PBT/EBIT)	86.3	80.8	85.8	88.4	90.8
EBIT margin (EBIT/Revenue)	26.3	13.7	15.3	19.2	17.9
Asset turnover (Rev./Avg TA)	66.1	72.2	66.9	65.5	76.9
Leverage (Avg TA/Avg Equity)	2.3	2.0	1.8	1.7	1.6
Adjusted ROAE	24.5	8.5	12.3	15.1	16.3

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	47.9	3.2	(7.6)	7.4	31.2
EBITDA	18.5	(36.0)	0.6	29.1	20.4
Adjusted EPS	34.2	(61.8)	60.3	39.9	25.2
Profitability & Return ratios (%)					
EBITDA margin	30.4	18.8	20.5	24.7	22.6
EBIT margin	26.3	13.7	15.3	19.2	17.9
Adjusted profit margin	16.2	6.0	10.4	13.5	12.9
Adjusted ROAE	24.5	8.5	12.3	15.1	16.3
ROCE	21.6	12.7	12.3	15.1	16.6
Working capital days (days)					
Receivables	9	7	8	8	8
Inventory	52	41	48	49	50
Payables	(54)	(40)	(48)	(48)	(48)
Ratios (x)					
Gross asset turnover	0.7	0.7	0.7	0.7	0.8
Current ratio	1.2	1.0	1.1	1.1	1.1
Net interest coverage ratio	6.7	4.5	5.7	6.9	8.4
Adjusted debt/equity	0.3	0.2	0.2	0.2	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
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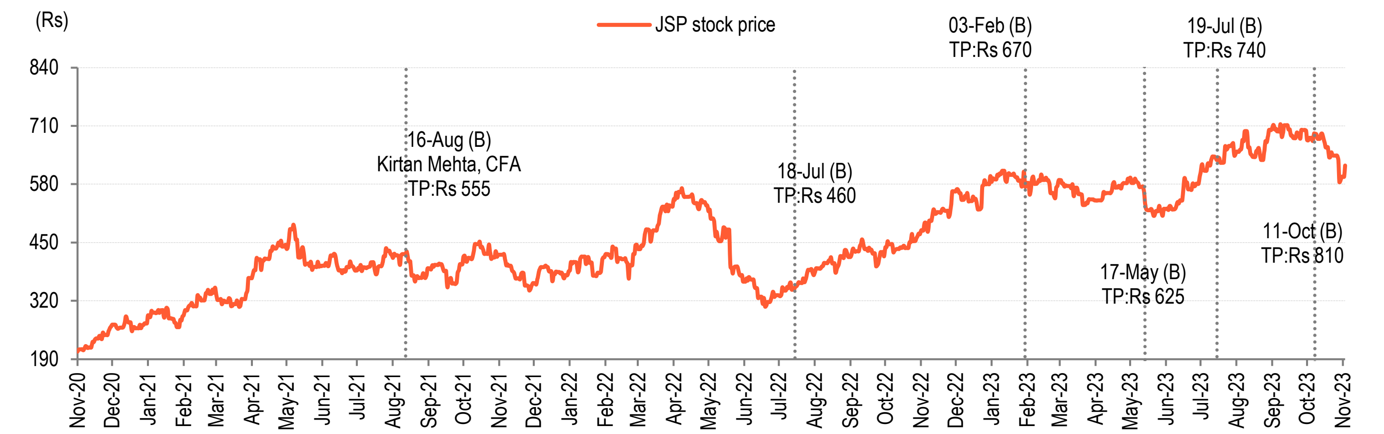

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