

March 11, 2022

Geopolitical conflict provides traction to metal prices

The Russia Ukraine conflict has provided traction to global metal prices. During YTD CY22, a healthy rally has been witnessed in both ferrous and non-ferrous metals. During YTD CY22 (January 1-March 10, 2022), aluminium prices on the LME increased by ~21% to US\$3409/tonne. On the ferrous front, during the above mentioned period, Chinese HRC export price increased by 13% YTD CY22 to US\$855/tonne, domestic HRC price have increased by 9% YTD CY22 to ₹ 69500/tonne and domestic CRC prices increased 16% YTD CY22 to ₹ 80500/tonne. Going forward, we believe supply fears on the back of current geopolitical scenario coupled with rising input costs is likely to support a further uptick in metal prices.

Favourable time for steel players to step up exports...

- In CY21, Russia's crude steel output was at 76 million tonnes (MT) while Russian steel exports were at 30 MT. Similarly, in CY21, Ukrainian crude steel output was at 21 MT while Ukrainian steel exports were at 15 MT. Hence, during CY21, both Russia and Ukraine combined accounted for ~45 MT of global steel exports. Due to the current geopolitical scenario, as there are supply related fears from both these countries, Indian steel companies have an opportunity to step up their exports
- Coking coal prices also witnessed a sharp rally during the current calendar year and are currently hovering at ~US\$600/tonne. Coking coal price rise was primarily on the back of weather related disruption in Australia. While global coking coal prices are expected to remain elevated during Q1CY22E due to cyclonic conditions in Australia, going forward, it is likely to moderate as weather conditions normalises. In general, coking coal prices are likely witness a softening trend from Q2CY22E onwards, thereby auguring well for steel companies. As domestic steel companies carry a couple of months of coking coal inventory, the benefit is likely to come with a lag of a quarter

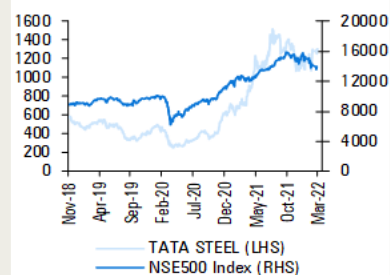
Aluminium prices hovering around multi-year high...

- The recent Ukraine Russia conflict has given further legs to ongoing base metal prices rally, especially aluminium, which is currently hovering at a multi-year high. Russia accounts for ~6% of global aluminium production and is also one of the major exporters of aluminium. On the back of the recent geopolitical situation, there is a fear there would be supply disruption from Russia, which has supported an uptick in global aluminium prices. Aluminium prices on the LME are currently hovering around 13-year high
- In CY22E, with respect to aluminium, on demand side, while there is healthy traction from user industries, however, on the supply side there are constraints due to energy issues and environmental policies around the world. This puts demand supply dynamics strongly in favour of aluminium, auguring well over a medium to long term horizon. Aluminium was already a deficit commodity in CY21 with the deficit likely to expand in CY22E

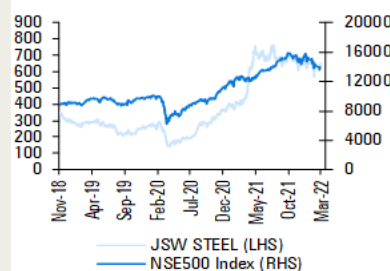
Valuation and Outlook

Metal companies would benefit from an increase in prices amid geopolitical conflict. We maintain our BUY rating on Hindalco, Tata Steel and SAIL and upgrade our rating on JSW steel rating from HOLD to BUY. Hence, we have a BUY rating on Hindalco, Tata Steel, JSW Steel and SAIL. We value Hindalco on an SoTP basis and arrive at a target price of ₹ 725. On the ferrous front, we value Tata Steel on an SoTP basis and arrive at a target price of ₹ 1600. We also value JSW Steel on n SoTP basis and arrive at a target price of ₹ 775. We value SAIL at 5x FY23E EV/EBITDA and arrive at a target price of ₹ 120.

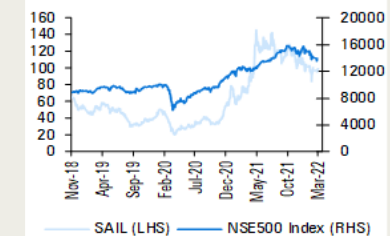
Price Chart (Tata Steel)



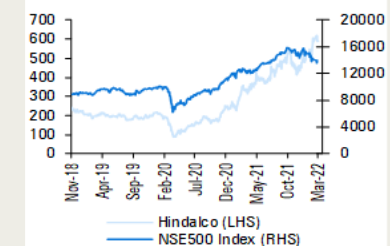
Price Chart (JSW Steel)



Price Chart (SAIL)



Price Chart (Hindalco)



Key risks

- (i) Steep decline in metal prices
- (ii) Higher than expected increase in operating costs

Research Analyst

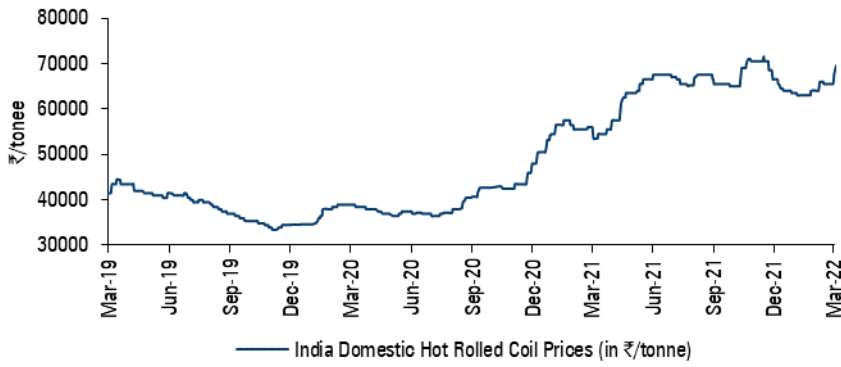
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Exhibit 1: Valuation and target matrix

	CMP	Target	Upside (%)	Rating	Comments
Hindalco	591	725	23	Buy	Hindalco's Indian aluminium business is likely to be a key beneficiary of the uptick in aluminium prices. Going forward, Novelis is also likely to continue to report a healthy performance. With respect to Novelis, we model EBITDA/tonne of US\$525/tonne for FY23E. Hindalco is also focused on downstream capacity expansion at both Novelis and India, which augurs well
Tata Steel	1305	1600	23	Buy	With respect to Tata Steel, for the standalone operations, we model EBITDA/tonne of ₹21000/tonne for FY23E. Similarly, for Tata Steel European operations, we model EBITDA/tonne of US\$100/tonne for FY23E. Going forward, over a longer term horizon, India's share in Tata Steel's overall consolidated production capacity is expected to increase to 73% in 2030 from 57% in 2020 (29% in 2010). Increasing share of higher margin domestic business, augurs well for the consolidated entity
JSW Steel	665	775	17	Buy	With respect to JSW Steel, for the standalone operations, we model EBITDA/tonne of ₹16000/tonne for FY23E. Going forward, JSW Steel has lined up significant capacity expansion plan. JSW Steel plans to increase its Indian steel capacity from ~26 million tonnes (MT) currently to ~35.5 MT by FY25E
SAIL	100	120	20	Buy	Over the last couple of years, SAIL has reduced its debt notably, which augurs well. Going forward, for SAIL, we model EBITDA/tonne of ₹7800/tonne for FY23E while our sales volume assumption of SAIL for FY23E is at 17.5 MT

Source: Company, ICICI Direct Research

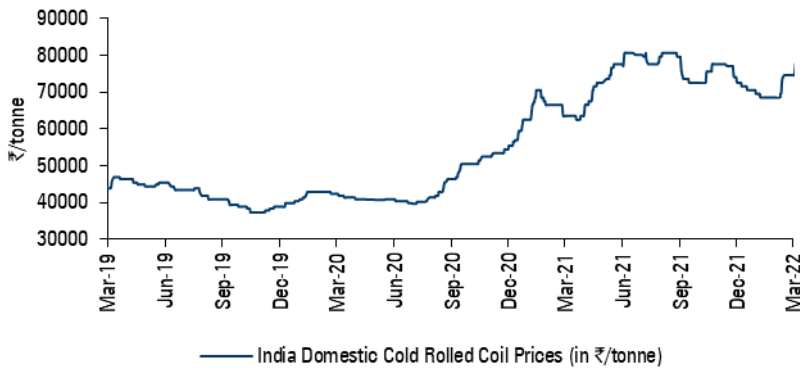
Exhibit 3: India domestic hot rolled coil (HRC) prices (in ₹/tonne)



Domestic HRC prices witnessed a steady uptick over the last couple of months. During YTD CY22, domestic HRC prices have increased by ~9% to ₹69,500/tonne

Source: Company, ICICI Direct Research

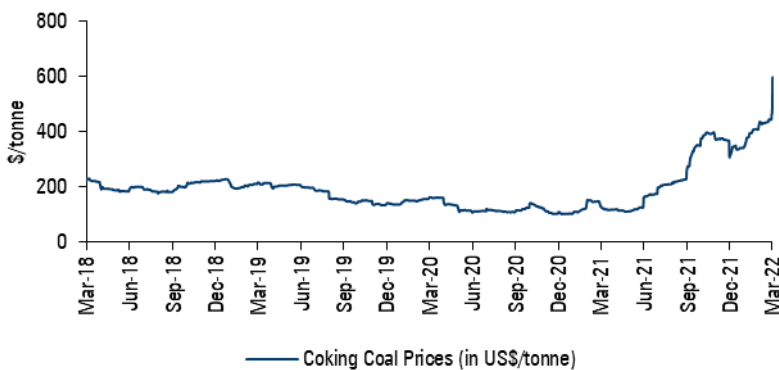
Exhibit 4: India domestic cold rolled coil (CRC) prices (in ₹/tonne)



Domestic CRC prices have witnessed a steady uptick over the last couple of months. During YTD CY22, domestic CRC prices have increased by ~16% to ₹80,500/tonne

Source: Company, ICICI Direct Research

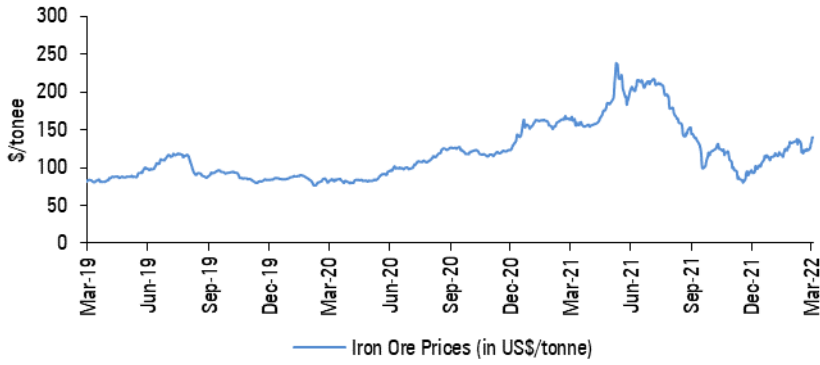
Exhibit 5: Coking coal prices in US\$/tonne



There has been a sharp rise in coking coal prices on account of weather related issues in Australia. Coking coal prices are likely to cool-off once the weather conditions normalise in Australia

Source: Company, ICICI Direct Research

Exhibit 6: Iron ore prices in US\$/tonne



Iron ore prices have started to move upwards over the last two to three months

Source: Company, ICICI Direct Research

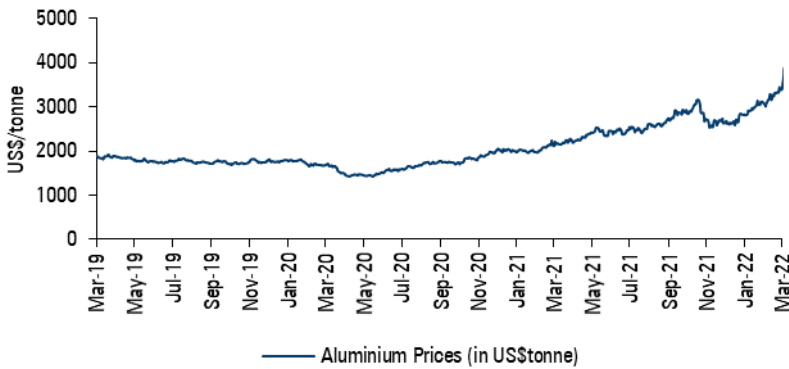
Exhibit 7: China hot rolled coil (HRC) export prices in US\$/tonne



Chinese HRC export prices have witnessed a steady uptick over the last couple of months. During YTD CY22, Chinese HRC export prices have increased by ~13% to US\$855/tonne

Source: Company, ICICI Direct Research

Exhibit 7: Aluminium prices in US\$/tonne



During YTD CY22, aluminium prices on the LME have increased by ~21% to US\$3409/tonne. Global aluminium prices are currently hovering at around a 13-year high

Source: Company, ICICI Direct Research

Financial summary – Tata Steel (Consolidated)

Exhibit 8: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Total Operating Inc.	139817	156294	229852	202351
Growth (%)	-11	12	47	-12
Total Operating Expend.	122354	125790	165482	156427
EBITDA	17463	30504	64370	45924
Growth (%)	-41	75	111	-29
Depreciation	8441	9234	9315	9639
Interest	7533	7607	5382	4614
Other Income	1843	896	977	952
PBT	3332	14560	50650	32623
Exceptional Item	-3564	-1043	0	0
Total Tax	-2568	5654	10765	7847
PAT	2337	7862	39885	24776
Growth (%)	-75	236	407	-38
Minorities, Associates, etc	-1164	327	383	345
Rep PAT after Assoc. MI	1172	8190	40268	25121
Adj PAT after Assoc. MI	4737	9233	40268	25121
Growth (%)	-47.3	94.9	237.5	-30.8
EPS (₹)	41.4	77.1	329.7	205.7

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit after Tax	1172	8190	40268	25121
Add: Depreciation	8441	9234	9315	9639
(Inc)/dec in Current Assets	-141	5843	-40451	1092
Inc/(dec) in CL and Prov.	12244	18900	28129	-7541
Others	-2425	-12821	3000	3000
CF from operating activities	19292	29345	40261	31311
(Inc)/dec in Investments	-10547	-4397	-750	-1000
(Inc)/dec in Fixed Assets	-10347	-7023	-14000	-16000
Others	-5867	683	383	345
CF from investing activities	-26761	-10737	-14367	-16655
Issue/(Buy back) of Equity	0	-1447	0	0
Inc/(dec) in loan funds	22145	-24789	-19500	-13685
Dividend paid & dividend tax	-1340	-2994	-3908	-4274
Inc/(dec) in Share Cap	0	0	24	0
Others	-8612	8349	3976	6706
CF from financing activities	12193	-20880	-19408	-11254
Net Cash flow	4724	-2273	6486	3402
Opening Cash	3331	8055	5782	12268
Closing Cash	8055	5782	12268	15671

Source: Company, ICICI Direct Research

Exhibit 10: Balance sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Liabilities				
Equity Share Capital	1145	1198	1221	1221
Hybrid Perpetual securities	2275	775	775	775
Reserve and Surplus	70156	72266	112603	140155
Total Shareholders funds	73576	74239	114599	142151
Total Debt	113289	88501	69001	55316
Deferred Tax Liability	9261	9241	9241	9241
Minority Interest & Others	11816	18731	22114	25459
Total Liabilities	207943	190712	214955	232168
Assets				
Net Block	131131	136654	133839	136201
CWIP	18862	18129	25629	29629
Net Fixed Assets (Incl. CWIP)	149993	154783	159468	165829
Investments	6285	10682	11432	12432
Inventory	31069	33276	61931	56197
Debtors	7885	9540	13786	13528
Loans and Advances	35663	29692	35692	39692
Other Current Assets	6144	2410	3960	4860
Cash	8055	5782	12268	15671
Total Current Assets	88816	80701	127638	129948
Current Liabilities	40813	56651	85279	77988
Provisions	1664	4725	4225	3975
Current Liabilities & Prov	42476	61376	89505	81964
Net Current Assets	46340	19325	38133	47984
others	5325	5923	5923	5923
Application of Funds	207943	190712	214955	232168

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adj EPS	41.4	77.1	329.7	205.7
Cash EPS	115.1	154.2	406.0	284.6
BV	642.6	619.9	938.4	1164.1
DPS	10.0	25.0	32.0	35.0
Operating Ratios (%)				
EBITDA Margin	12.5	19.5	28.0	22.7
PBT / Total Operating income	2.4	9.3	22.0	16.1
Adj PAT Margin	3.4	5.9	17.5	12.4
Inventory days	89	83	115	120
Debtor days	26	30	30	35
Creditor days	144	145	150	150
Return Ratios (%)				
Adj RoE	6.4	12.4	35.1	17.7
Adj RoCE	4.8	13.1	30.0	18.4
Adj RoIC	5.0	13.6	32.1	20.0
Valuation Ratios (x)				
P/E	31.6	17.0	4.0	6.4
EV / EBITDA	14.9	7.8	3.5	4.5
EV / Net Sales	1.9	1.8	1.1	1.2
Market Cap / Sales	1.1	1.1	0.7	0.9
Price to Book Value	2.0	2.1	1.4	1.1
Price to Adj Book Value	2.0	2.1	1.4	1.1
Solvency Ratios				
Debt/EBITDA	6.0	2.7	0.9	0.9
Debt / Equity	1.4	1.1	0.5	0.3
Current Ratio	2.1	1.3	1.4	1.6
Quick Ratio	1.4	0.8	0.7	0.9

Source: Company, ICICI Direct Research

Financial summary- JSW Steel (Consolidated)

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Total operating Income	73,326	79,839	1,41,983	1,46,865
Growth (%)	-13	9	78	3
Total Operating Expenditure	61453	59698	100802	109140
EBITDA	11,873	20,141	41,181	37,725
EBITDA Margin (%)	16.2	25.2	29.0	25.7
Depreciation	4,246	4,679	6,377	7,950
Interest	4,265	3,957	4,491	4,655
Other Income	546	592	1,459	650
PBT	3,908	12,097	31,772	25,771
Exceptional Item	-805	-83	0	0
Total Tax	-906	4,142	9,055	7,345
PAT Before JV share (net)	4,009	7,872	22,717	18,426
Share of profit/(loss) from JV	-90	1	985	140
PAT after JV share (net)	3,919	7,873	23,702	18,566
Growth (%)	-48	105	201	-22
Adj PAT	4,724	7,956	23,702	18,566
Adj 'EPS (₹)	19.5	32.9	98.1	76.8

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit after Tax	3,919	7,873	23,702	18,566
Add: Depreciation	4,246	4,679	6,377	7,950
(Inc)/dec in Current Asset	2,810	-67	-20,960	2,128
Inc/(dec) in CL&Provisions	5,332	4,832	10,520	-294
Others	-8,100	-2,568	0	0
CF from operating activities	8,207	14,749	19,639	28,350
(Inc)/dec in Investments	-2,836	-7,667	6,805	-975
(Inc)/dec in Fixed Assets	-10,200	-8,232	-39,240	-27,278
Others	-479	-291	50	50
CF from investing activities	-13,515	-16,190	-32,385	-28,203
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	13,239	-41	10,400	200
Dividend paid & dividend tax	-732	-1,599	-1,599	-1,599
Inc/(dec) in Sec. premium	0	0	0	0
Others	-1,383	3,891	1,357	1,357
CF from financing activities	11,124	2,251	10,158	-42
Net Cash flow	5,816	810	-2,588	105
Opening Cash	6,187	12,003	12,813	10,225
Closing Cash	12,003	12,813	10,225	10,330

Source: Company, ICICI Direct Research

Exhibit 14: Balance sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Liabilities				
Share Capital	242	242	242	242
Reserve and Surplus	36,357	46,522	69,982	88,306
Total Shareholders funds	36,599	46,764	70,224	88,548
Total Debt	65,477	65,436	75,836	76,036
Deferred Tax Liability	1,677	3,509	3,509	3,509
Minority Interest / Others	3,309	3,018	3,068	3,118
Total Liabilities	1,07,062	1,18,727	1,52,637	1,71,211
Assets				
Net Block	58,857	61,234	1,11,857	1,22,608
Capital WIP	26,857	32,433	14,673	23,251
Net Fixed Assets (Inc CWIP)	85,714	93,667	1,26,530	1,45,859
Investments	4,730	12,397	5,592	6,567
Inventory	13,864	14,249	30,641	29,540
Debtors	4,505	4,486	9,054	8,826
Loans and Advances	4,809	6,409	6,209	4,359
Other Current Assets	6,195	4,296	4,496	5,546
Cash	12,003	12,813	10,225	10,330
Total Current Assets	41,376	42,253	60,625	58,601
Current Liabilities	24,597	29,316	39,836	39,542
Provisions	161	274	274	274
Total Current Liabilities	24,758	29,590	40,110	39,816
Net Current Assets	16,618	12,663	20,515	18,785
Deferred tax Assets (net)	0	0	0	0
Application of Funds	1,07,062	1,18,727	1,52,637	1,71,211

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adj EPS	19.5	32.9	98.1	76.8
Cash EPS	33.8	51.9	124.4	109.7
BV	151.4	193.5	290.5	366.3
DPS	2.0	6.5	6.5	6.5
Operating Ratios (%)				
EBITDA Margin	16.2	25.2	29.0	25.7
PBT / Total Operating income	5.3	15.2	22.4	17.5
Adj PAT Margin	6.4	10.0	16.7	12.6
Inventory days	131	160	160	150
Debtor days	22	21	25	25
Creditor days	122	134	110	112
Return Ratios (%)				
Adj RoE	12.9	17.0	33.8	21.0
Adj RoCE	7.5	13.8	22.1	15.6
Valuation Ratios (x)				
P/E	33.3	19.7	6.6	8.5
EV / EBITDA	17.6	10.4	5.4	5.9
EV / Net Sales	2.9	2.6	1.6	1.5
Market Cap / Sales	2.1	2.0	1.1	1.1
Price to Book Value	4.3	3.4	2.2	1.8
Solvency Ratios				
Net Debt/EBITDA	4.5	2.6	1.6	1.7
Net Debt / Equity	1.5	1.1	0.9	0.7
Current Ratio	1.7	1.4	1.5	1.5
Quick Ratio	1.1	1.0	0.8	0.7
Net debt/EBITDA	4.5	2.6	1.6	1.7
Net Debt/Equity	1.5	1.1	0.9	0.7

Source: Company, ICICI Direct Research

Financial summary- SAIL

Exhibit 16: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Total Operating Income	61661	69110	97522	99665
Growth (%)	-8%	12%	41%	2%
Total Operating Expenditure	51462	56382	76722	86015
EBITDA	10199	12728	20801	13650
Growth (%)	5%	25%	63%	-34%
Interest & Finance Cost	3487	2817	1220	1252
Depreciation	3755	4102	4578	4794
Other Income	985	1012	1037	1203
PBT before Exceptional Items	3942	6821	16039	8807
Add/less: Exceptional Items	-772	58	0	0
Share of profit from Associates	0	0	0	0
PBT	3171	6879	16039	8807
Total Tax	1149	3029	4037	2217
PAT	2022	3850	12002	6591
Growth (%)	-7%	90%	212%	-45%
Adjusted PAT	2793	3792	12002	6591
Growth (%)	9%	36%	217%	-45%
EPS	7	9	29	16

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	2022	3850	12002	6591
Add: Dep. & Amortization	3755	4102	4578	4794
Net (Inc) / dec.in Current Asset	-7806	6947	-3272	-2104
Net Inc / (dec) in Current Liab.	485	3018	10629	854
CF from Operating Actv.	-1544	17917	23937	10134
(Inc)/dec in Investments	0	-10	-25	-25
(Inc)/dec in Fixed Assets	-4153	-2810	-6000	-8000
Others	0	0	0	0
CF from Investing Actv.	-4153	-2820	-6025	-8025
Inc / (Dec) in Equity Capital	0	0	0	0
Inc / (Dec) in Loans	6440	-15905	-16050	500
Dividend & Dividend Tax	-248	-743	-2065	-2891
Others	-351	1869	1060	60
CF from Financing Actv.	5841	-14780	-17056	-2331
Net Cash flow	144	317	856	-222
Opening Cash	219	363	680	1537
Closing Cash	363	680	1537	1314

Source: Company, ICICI Direct Research

Exhibit 18: Balance sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	4131	4131	4131	4131
Reserve and Surplus	35647	39364	49301	53000
Total Shareholders funds	39777	43495	53431	57131
Total Debt	51481	35576	19526	20026
Other Non-Current Liabilities	1693	1671.0	2730.6	2790.6
Deferred Tax Liability (net)	0	1253	1253	1253
Source of Funds	92952	81995	76941	81201
Net Block	69019	65545	69716	70672
Capital WIP	8752	10934	8184	10434
Net Fixed Assets	77771	76478	77900	81106
Investments	1585	1595	1620	1645
Inventory	23747	19508	20039	20479
Cash	363	680	1537	1314
Debtors	8812	7124	6680	8192
Loans & Advances & Other CA	10892	9873	13058	13211
Total Current Assets	43815	37185	41313	43196
Creditors	6327	7014	13626	14199
Provisions & Other CL	25819	28150	32167	32448
Total Current Liabilities	32146	35164	45793	46647
Net Current Assets	11668	2021	-4480	-3451
Other Non-current assets	1928	1901	1901	1901
Application of Funds	92952	81995	76941	81201

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
EPS	6.8	9.2	29.1	16.0
BV	96	105	129	138
DPS	0.5	1.8	5.0	7.0
Operating Ratios (%)				
EBITDA margins	16.5	18.4	21.3	13.7
PBT margins	5.1	10.0	16.4	8.8
Net Profit margins	3.3	5.6	12.3	6.6
Inventory days	141	100	75	75
Debtor days	52	30	25	30
Creditor days	37	40	51	52
Return Ratios (%)				
RoE	5.1	8.9	22.5	11.5
RoCE	7.1	10.9	22.2	11.5
RoIC	7.1	11.0	22.7	11.7
Valuation Ratios (x)				
P/E	14.8	10.9	3.4	6.3
EV / EBITDA	9.1	6.0	2.9	4.4
EV / Revenues	1.5	1.1	0.6	0.6
Market Cap / Revenues	0.7	0.6	0.4	0.4
Price to Book Value	1.0	0.9	0.8	0.7
Solvency Ratios				
Debt / Equity	1.3	0.8	0.4	0.4
Debt/EBITDA	5.0	2.8	0.9	1.5
Current Ratio	1.4	1.1	0.9	0.9
Quick Ratio	0.6	0.5	0.5	0.5

Source: Company, ICICI Direct Research

Financial summary- Hindalco (Consolidated)

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Total Operating Income	118144	131985	194770	213461
Growth (%)	-9	12	48	10
Total Operating Expend.	103838	114449	164162	181117
EBITDA	14306	17536	30607	32344
Growth (%)	-8	23	75	6
Depreciation	5091	6628	7058	7373
Interest	4197	3738	3687	3219
Other Income	1186	1222	672	696
Exceptional Item	284	492	0	0
PBT	5920	7900	20535	22448
Total Tax	2157	2723	6571	6061
PAT	3763	5177	13964	16387
Growth (%)	-32	38	170	17
Minorities + loss from discontinue op	4	-1694	6	7
Rep PAT after Assoc., MI	3767	3483	13969	16394
Adj PAT after Assoc., MI	4051	5674	13969	16394
Growth (%)	-26	40	146	17
EPS (₹)	18.2	25.5	62.8	73.7

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit after Tax	3767	3483	13969	16394
Add: Depreciation	5091	6628	7058	7373
Add: Interest	4197	3738	3687	3219
(Inc)/dec in Current Assets	4231	-12027	-23604	-12579
Inc/(dec) in CL and Prov.	-253	15413	22757	11164
CF from operating activities	17033	17235	23867	25571
(Inc)/dec in Investments	-379	-7717	750	750
(Inc)/dec in Fixed Assets	-11871	-20188	-7432	-7431
Others	-1843	355	-43	83
CF from investing activities	-14093	-27550	-6726	-6598
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	15981	-1741	-7500	-7500
Interest Paid	-4197	-3738	-3687	-3219
Dividend paid & dividend tax	-290	-619	-1549	-1549
Inc/(dec) in Share Cap	-2652	3654	-4423	0
Others	0	0	0	0
CF from financing activities	8842	-2445	-17159	-12267
Net Cash flow	11782	-12760	-18	6705
Opening Cash	9787	21569	8809	8792
Closing Cash	21569	8809	8792	15497

Source: Company, ICICI Direct Research

Exhibit 14: Balance sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Liabilities				
Equity Share Capital	222	222	222	222
Reserve and Surplus	58105	66321	74318	89163
Total Shareholders funds	58327	66543	74541	89386
Total Debt	68238	65994	58997	51497
Deferred Tax Liability	4671	4493	4493	4493
Minority Interest & Others	1391	1551	1601	1626
Total Liabilities	132627	138581	139632	147002
Assets				
Net Block	69249	77187	76288	76345
Goodwill	20098	23317	22591	22591
CWIP	7610	10013	12013	12013
Investments	9370	17087	16337	15587
Inventory	22384	30668	42689	47956
Debtors	9401	13012	16008	17545
Loans and Advances	3600	4046	7791	12587
Other Current Assets	3458	3144	7986	8965
Cash	21569	8809	8792	15497
Total Current Assets	60412	59679	83266	102550
Trade Payables	23700	36439	53362	57313
Provisions & Other Curren Liabilities	13201	14679	20011	27224
Current Liabilities & Prov	36901	51118	73372	84536
Net Current Assets	23511	8561	9894	18014
others	2789	2416	2509	2452
Application of Funds	132627	138581	139632	147002

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Reported EPS	18.2	25.5	62.8	73.7
Cash EPS	41.1	55.3	94.6	106.9
BV	262.3	299.2	335.2	401.9
DPS	1.2	3.0	7.5	7.5
Cash Per Share	97.0	39.6	39.5	69.7
Operating Ratios (%)				
EBITDA Margin	12.1	13.3	15.7	15.2
PBT / Total Operating income	5.0	6.0	10.5	10.5
Adj PAT Margin	3.4	4.3	7.2	7.7
Inventory days	69	85	80	82
Debtor days	29	36	30	30
Creditor days	73	99	100	98
Return Ratios (%)				
Adj RoE	6.9	8.5	18.7	18.3
Adj RoCE	7.8	8.8	17.3	17.5
RoIC	12.0	12.5	27.1	28.5
Valuation Ratios (x)				
P/E	32.6	23.2	9.4	8.0
EV / EBITDA	12.0	10.2	5.6	4.9
EV / Net Sales	1.5	1.4	0.9	0.7
Market Cap / Sales	1.1	1.0	0.7	0.6
Price to Book Value	2.3	2.0	1.8	1.5
Solvency Ratios				
Net Debt/EBITDA	2.8	2.7	1.3	0.8
Debt / Equity	1.2	1.0	0.8	0.6
Current Ratio	1.6	1.2	1.1	1.2
Quick Ratio	1.0	0.6	0.6	0.6

Source: Company, ICICI Direct Research

Exhibit 20: ICICI Direct coverage universe

	CMP		TP	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			ROCE(%)			ROE(%)		
	(₹)	(₹)			Rating	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E
Coal India	187	195	Buy	115150	20.6	25.7	28.0	8.2	6.5	6.0	4.8	3.9	3.7	42.3	46.5	44.3	34.8	37.3	35.5
Hindalco	591	725	Buy	132583	25.5	62.8	73.7	23.2	9.4	8.0	10.2	5.6	4.9	8.8	17.3	17.5	8.5	18.7	18.3
NMDC	153	190	Buy	44735	21.3	34.2	20.9	7.5	4.6	7.6	4.9	3.2	5.1	27.0	34.6	19.0	21.0	28.3	15.9
JSW Steel	665	775	Buy	161712	32.9	98.1	76.8	19.7	6.6	8.5	10.4	5.4	5.9	13.8	22.1	15.6	17.0	33.8	21.0
Ratnamani	2177	2254	Hold	10171	59.0	69.3	90.2	36.4	31.0	23.9	23.9	18.6	14.7	15.7	18.4	19.8	13.9	14.5	16.3
Graphite Ind.	491	650	Buy	9595	-1.6	29.7	62.4	NA	17.3	8.2	NA	12.8	4.5	-5.4	10.0	22.6	-0.7	11.7	20.7
Tata Steel	1305	1600	Buy	159102	77.1	329.7	205.7	17.0	4.0	6.4	7.8	3.5	4.5	13.1	30.0	18.4	12.4	35.1	17.7
Sail	100	120	Buy	41136	9.2	29.1	16.0	10.9	3.4	6.3	6.0	2.9	4.4	10.9	22.2	11.5	8.9	22.5	11.5
Jindal Stainless Jindal Stainless Hisar	184	250	Buy	9298	8.6	31.9	23.5	23.8	6.4	8.7	9.2	5.3	6.9	16.0	25.4	16.5	13.0	33.3	19.7
Vardhman Special Steel	343	488	Buy	8090	29.5	70.8	58.9	13.4	5.6	6.7	9.6	5.3	5.4	18.6	28.5	19.8	23.2	34.7	21.9
Tata Metaliks	238	300	Buy	964	10.9	23.0	25.6	23.6	11.2	10.1	11.3	6.4	6.1	13.7	22.0	20.9	9.6	17.2	16.3
	823	975	Hold	2597	69.9	74.3	80.1	12.4	11.7	10.8	6.6	6.5	5.7	24.6	21.6	19.5	17.0	15.6	14.4

Source: Bloomberg, ICICI Direct Research

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