

BSE SENSEX	S&P CNX
37,393	11,257
Bloomberg	HNDL IN
Equity Shares (m)	2,229
M.Cap.(INRb)/(USD\$b)	437.1 / 6.2
52-Week Range (INR)	260 / 183
1, 6, 12 Rel. Per (%)	-4/-21/-25
12M Avg Val (INR M)	2121
Free float (%)	65.3

Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	1,305	1,428	1,466
EBITDA	155.1	171.3	174.3
PAT	55.0	50.9	54.4
EPS (INR)	24.7	22.9	24.5
Gr. (%)	30.9	-7.3	6.8
BV/Sh (INR)	175.0	196.0	218.5
RoE (%)	14.5	12.3	11.8
RoCE (%)	10.6	10.1	9.6
P/E (x)	7.9	8.5	8.0
P/BV (x)	1.1	1.0	0.9

Estimate change 

TP change 

Rating change 

CMP: INR195 TP: INR253 (+30%)

Buy

Operationally in line; Ali margins down on higher cost

Cutting estimates given lower LME

Hindalco India (standalone + Utkal): 4QFY19 EBITDA declined 15% QoQ to INR13.6b (in-line) due to lower margins in aluminum and certain one-time expenses in copper. Finance cost was down 4% QoQ (-8% YoY) to INR4.5b. Other income increased 79% QoQ/75% YoY to INR3.7b, led by mark-to-market gains on investments. PAT of INR5.1b (-29% QoQ) exceeded our estimate of INR4b due to higher other income.

- Aluminum EBITDA/t was down 17% QoQ to USD456 (our estimate: USD435) due to lower realization (LME was lower, partly offset by hedging gains), higher cost and currency appreciation. Aluminum production/sales were largely stable QoQ at 321kt/325kt. Aluminum EBITDA fell 19% QoQ to INR10.4b.
- Copper production was down 15% QoQ/YoY to 89kt due to production disruption. Sales, however, were flat at 100kt (in-line). Copper EBITDA was down 27% QoQ to INR3.1b.
- For FY19, India EBITDA increased 6% YoY to INR66.7b. Aluminum EBITDA/t was marginally higher at USD584. Adj. PAT grew 19% YoY to INR26.8b due to lower interest cost.
- Consol. EBITDA increased 12% YoY to INR155b, while adj. PAT rose 30% YoY to INR54.9b in FY19, aided by a strong performance at Novelis, and currency.

Robust business with attractive valuations; Maintain Buy

- We have cut consol. EBITDA estimate by 8%/12% to INR171.3b/174.3b for FY20/21 due to lower LME, marginally higher cost in aluminum India, and realigning currency estimates.
- At current LME, more than 20% of global aluminum smelters would be in losses. We believe this is unsustainable. The differential between SHFE and LME has already narrowed, which should discourage Chinese exporters. HNDL – given its low-cost integrated production – is well placed to benefit as LME recovers. Novelis will drive growth through investment in high-margin auto-rolled products. Aleris acquisition is strategic and value accretive, in our view, and it too will be FCF positive at margin. The stock trades attractively at 5.7x EV/EBITDA and 8.5x P/E on FY20E. Our revised TP is INR253/sh. Maintain **Buy**.

Quarterly performance

Y/E March	FY18				FY19				FY18 Cons.	FY19 Cons.	vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	262,980	277,910	303,354	307,294	313,431	328,477	336,657	340,989	1,151,717	1,305,423	326,546	4
EBITDA	32,369	35,118	35,052	35,662	39,040	40,497	38,628	36,936	138,204	155,105	35,844	3
Novelis	18,631	19,630	19,764	20,524	22,244	24,921	23,252	25,150	78,552	95,572	22,475	12
India	14,540	16,290	16,090	15,940	18,590	17,370	17,170	13,580	62,860	66,710	14,171	-4
Aluminium	11,320	11,070	11,880	12,650	15,240	13,490	12,860	10,430	46,920	52,020	10,372	1
USD/t	587	518	564	605	758	589	551	456	568	584	435	5
Copper S/A	3,220	5,220	4,210	3,290	3,350	3,880	4,310	3,150	15,940	14,690	3,800	-17
US cent/lb	21.6	39.2	28.9	21.5	27.7	31.7	27.4	20.3	27.4	26.5	24	
Others & Aleris	-802	-802	-802	-802	-1,794	-1,794	-1,794	-1,794	-3,208	-7,176	-802	
adj. PAT for NSU	9,943	10,324	12,693	11,498	16,050	17,008	16,734	15,909	42,088	54,957	12,672	26

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Other highlights for the quarter

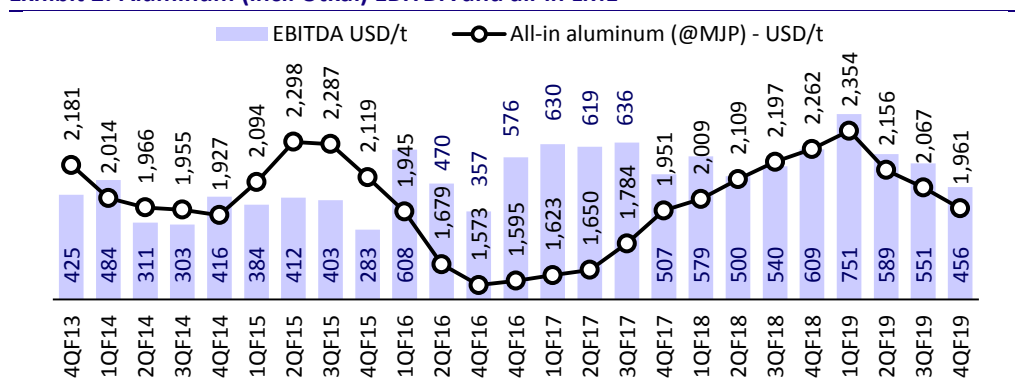
- **Aluminum (India + Utkal):** Aluminum realization decreased ~USD16 QoQ to USD2,564/t. Derived cost of production, considering Utkal as integrated operation, increased ~USD80/t QoQ to USD2,109/t. Aluminum sales increased 1% QoQ to 325kt (our estimate: 338kt). Aluminum production was ~1% lower at 321kt. EBITDA per ton decreased USD96 QoQ to USD456.
- **Copper:** Production was down 15% QoQ to 89kt, given operational issues. Sales were relatively stable at 100kt (up 1% QoQ). Copper EBITDA declined 27% QoQ to INR3.15b, given operational issues and one-time provision related to waste material generation.
- Interest cost was down 4% QoQ to INR4.6b, while other income increased 79% QoQ to INR3.75b.

Exhibit 1: Quarterly performance (standalone + Utkal) – INR million

Y/E March	FY18				FY19				FY18	FY19	4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Aluminum (sales, kt)	299	329	325	325	300	326	323	325	1,278	1,274	338	-4
Copper (sales, kt)	105	93	102	108	82	79	99	100	408	360	100	
Net Sales	97,770	103,120	110,440	116,810	106,700	108,330	119,380	124,550	428,140	458,960	117,354	6
EBITDA	14,540	16,290	16,090	15,940	18,590	17,370	17,170	13,580	62,860	66,710	14,171	-4
Aluminum	11,320	11,070	11,880	12,650	15,240	13,490	12,860	10,430	46,920	52,020	10,372	1
USD/t	587	518	564	605	758	589	551	456	568	584	435	5
Copper	3,220	5,220	4,210	3,290	3,350	3,880	4,310	3,150	15,940	14,690	3,800	-17
Interest	6,030	5,720	5,400	5,000	4,640	4,790	4,770	4,580	22,150	18,780	4,814	-5
Depreciation	4,590	4,600	4,620	5,350	4,800	4,750	5,050	5,350	19,160	19,950	4,867	10
Other Income	2,070	1,960	2,510	2,140	920	1,850	2,090	3,750	8,680	8,610	1,200	213
PBT (before EO item)	5,990	7,930	8,580	7,730	10,070	9,680	9,440	7,400	30,230	36,590	5,691	30
EO item	-1,040	-940	-1,150						-3,130			
PBT (after EO item)	4,950	6,990	7,430	7,730	10,070	9,680	9,440	7,400	27,100	36,590	5,691	30
Total Tax	1,310	2,290	2,590	1,570	2,730	2,430	2,310	2,340	7,760	9,810	1,650	42
% Tax	26.5	32.8	34.9	20.3	27.1	25.1	24.5	31.6	28.6	26.8	29.0	9
Reported PAT	3,640	4,700	4,840	6,160	7,340	7,250	7,130	5,060	19,340	26,780	4,041	25
Adjusted PAT	4,680	5,640	5,990	6,160	7,340	7,250	7,130	5,060	22,470	26,780	4,041	25

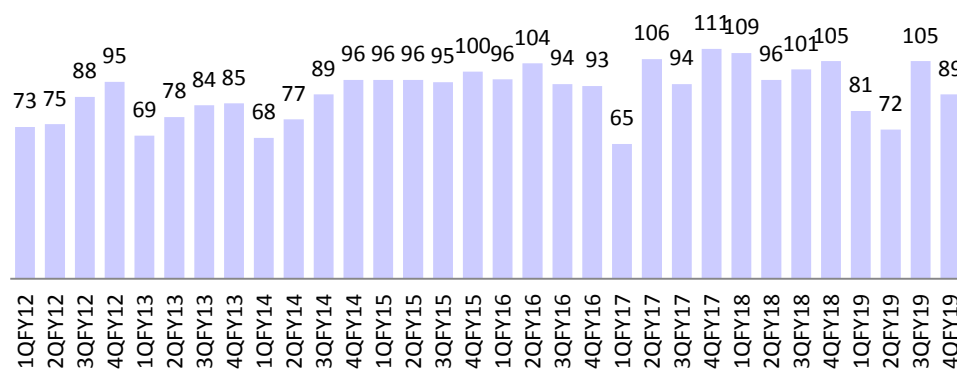
Source: MOFSL, Company

Exhibit 2: Aluminum (incl. Utkal) EBITDA and all-in LME



Source: MOFSL, Company

Exhibit 3: Copper production - kt



Source: MOFSL, Company

Conference call highlights

- **Demand and pricing:** Uncertain trade and global economic environment has adversely impacted aluminum prices. Expect LME aluminum prices to show upward trend in 2HCY19. Domestic demand in FY19 grew more than 9% YoY. However, inflow of low-cost imports has increased and gained share (58% share). Domestic demand is likely to grow 7-8% in FY20.
- Domestic demand for copper increased 10% in FY19, led by growth in electrical, electronics and consumer durables. Market for refined copper to remain in balance in FY20. Copper concentrate market to be in ~100kt deficit, thereby impacting TcRc. Copper TcRc at US\$20.7/lb in 2019 v/s US\$21.1/lb in 2018.
- Share of value-added products (VAP) in aluminum sales rose to 24% in FY19 v/s 23% in FY18.
- CC rods sales volumes were higher by 48% in FY19 on account of ramp-up of CCR-3.
- **Cost of production:** Expect cost of production for aluminum to decrease 3% QoQ in 1QFY20 led by lower caustic soda, CPC and furnace oil.
- **Coal consumption:** Total coal consumed stood at 4.5mt in 4Q. Of this, 55% from linkage, 29% from E-auction, 3% imports and the remaining from own captive mines.
- **Net debt:** Net debt stood at INR 384b (~INR 9b lower YoY). This comprises gross debt of INR524b and cash equivalents of INR140b. For the Indian business, gross debt stands at INR169b with net debt of INR147b.
- **Aleris acquisition:** Company needs to obtain three approvals to close the transaction for Aleris. There are break fees of USD150m (in US, Europe) and USD25m in China, if approval not received. However, the company remains confident of closing the deal in 3QCY19.
- **Hedging:** Hedging gain stood at INR1.5b in 4Q. FY20 hedges: 11% of the volumes for commodity at INR152.4k/t and 4% is hedged for commodity at USD2,421/t.
- **Copper:** Cathode volumes impacted by shutdown in FY19. Expect shutdown in operations in 1QFY20; however, production will ramp up in subsequent quarters. Expect copper cathode production of >400k in FY20 v/s 347k in FY19.
- **Muri plant:** Company expects to restart Muri plant in 2Q. It expects 50-60kt shortage of alumina, leading to INR500m impact over two quarters.

Novelis 4Q: Healthy volumes and favorable spreads drive performance

- **Strong 4QFY19:** Novelis delivered another strong quarter. Adj. EBITDA increased 12% QoQ to USD357m (est. of USD319m) as volumes grew 9% QoQ (8% YoY) to 870kt and EBITDA/t improved (from an already strong base) by 2% QoQ to USD410/t (est. of USD388). Adj. PAT increased 16% QoQ/27% YoY to USD154m.
- Share of beverage cans in volumes increased by ~200bp YoY to 63% in FY19 at the cost of lower-margin specialty products. Share of auto in volumes was steady at ~20% due to capacity constraints. Recycled content in shipments increased by ~200bp to 61% in FY19.
- **Outlook remains robust for Novelis:** Demand for aluminum in auto remains favorable in the US. Chinese auto aluminum market is weak but likely to recover on the positive outlook on EVs. Beverage cans outlook is also turning optimistic. Management has guided for robust EBITDA/t of more than USD400/t for FY20. Despite doubling of capex to USD700m (up fronting of project capex) in FY20, FCF is guided to remain significantly positive.

Exhibit 4: Novelis performance – USD m

Y/E March	FY18				FY19				FY18	FY19	vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales (000 tons)	785	802	796	805	797	807	800	870	3,188	3,274	821	6
Change (YoY %)	4.0	3.8	6.1	2.0	1.5	0.6	0.5	8.1	3.9	2.7	2.0	
Net Sales	2,669	2,794	3,085	3,066	3,097	3,136	3,009	3,084	11,614	12,326	2,995	3
Change (YoY %)	16.2	18.3	33.4	17.0	16.0	12.2	-2.5	0.6	21.1	6.1	-2.3	
EBITDA (adjusted)	289	302	305	319	332	355	322	357	1,215	1,366	319	12
Change (YoY %)	7.8	11.9	19.6	9.2	14.9	17.5	5.6	11.9	12.0	12.4	-0.1	
As % of Net Sales	10.8	10.8	9.9	10.4	10.7	11.3	10.7	11.6	10.5	11.1	10.6	
EBITDA per ton (USD)	368	377	383	396	417	440	403	410	381	417	388	6
Interest	62	62	62	60	63	66	64	65	246	258	60	8
Depreciation	90	91	86	87	86	86	88	90	354	350	89	1
PBT (before EO item)	137	149	157	172	183	203	170	202	615	758	170	19
Extra-ordinary Income	7	274	(32)	(9)	7	(23)	(55)	(51)	240	(122)	-	
PBT (after EO item)	144	423	125	163	190	180	115	151	855	636	170	-11
Total Tax	43	116	20	54	53	64	37	48	233	202	48	1
% Tax	29.9	27.4	16.0	33.1	27.9	35.6	32.2	31.8	27.3	31.8	28.0	
Reported PAT	101	307	121	112	137	116	78	103	609	434	122	
Change (YoY %)	321	-445	92	138	36	-62	-36	-8	1,253	-29	9	
Adjusted PAT	94	83	121	121	130	139	133	154	369	556	122	26

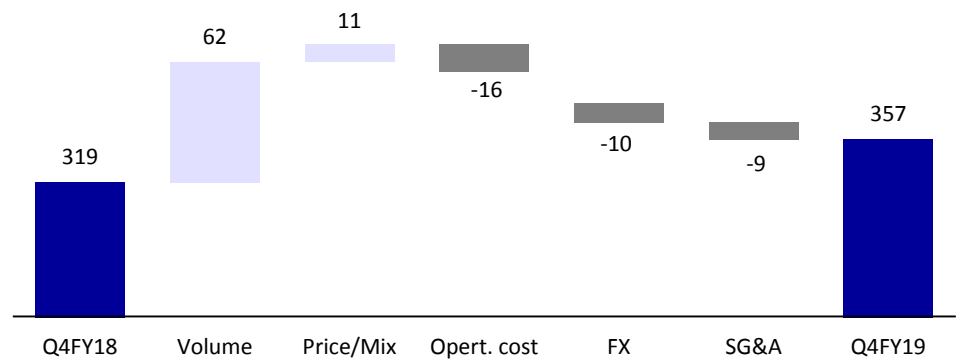
Source: MOFSL, Company

Novelis: Conference call highlights

- Recycled content in FRP shipments has increased to 61% in FY19 v/s 57% in FY18.
- Current annual capacity stands at ~3,400kt.
- Beverage cans comprised 63% of product mix in FY19 (v/s FY18: 61%). Share of specialties in product mix declined to 17% in FY19 v/s 19% in FY18. Share of autos in product mix was stable at 20%.
- **Beverage can market**
 - FY19 shipments increased 7% YoY led by economic recovery, particularly in Brazil, and positive trends favoring usage of aluminum given its lightweight and recyclable characteristics. Outlook remains positive and would continue to be a key area of growth.
 - Pricing conditions in beverage can market now stable to optimistic.
 - Share of cans in product mix would be more than 61%.
- **Auto market**
 - FY19 shipments increased 2% YoY. 2H was impacted by lower auto demand in China.
 - Demand from auto in US remains favorable. There is increasing demand for larger vehicles with higher aluminum content. Expect China to recover as well with positive outlook on EV.
 - Increase in shipments though would be muted as it is currently running near full capacities.
- **Specialties market**
 - FY19 shipments decreased 11% YoY due to capacity constraints leading to lower supplies. Demand conditions though were favorable.
 - Will continue to remain selective in specialties market due to capacity constraints.
- **Project expansion**
 - 200kt automotive finishing line in US to begin customer qualification in late FY20. Capex for the facility is USD300m.
 - 100kt auto finishing expansion in China would commission in FY21. Pit foundation works have been completed. Capex for the plant is USD180m.
 - 100kt of rolling and 60kt of recycling capacity expansion to commission in FY21. Capex for the facility is USD180m.
- **Capex** in FY20 is expected to be at USD700m. Of this, USD200m is related to maintenance while the remaining 500m is largely for the three upcoming projects. Capex would peak in FY20.

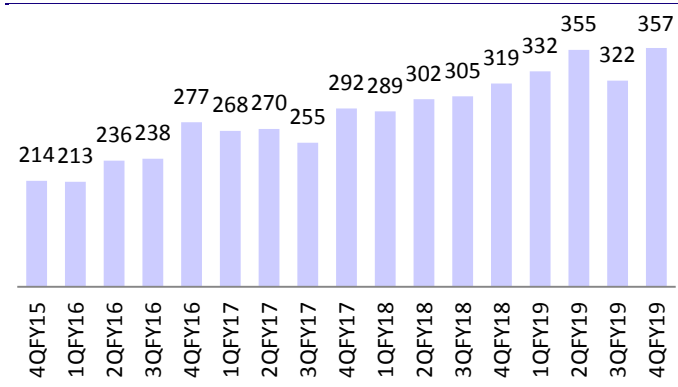
Higher volumes and favorable scrap market conditions drove adj. EBITDA growth.

Exhibit 5: EBITDA bridge (4QFY19) – USD m



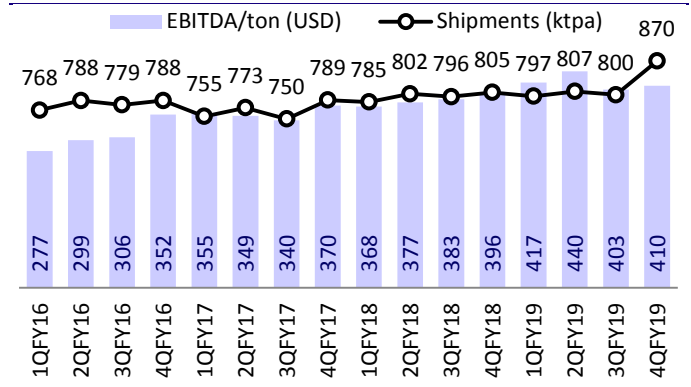
Source: MOFSL, Company

Exhibit 6: Adjusted EBITDA (USD m) was USD357m



Source: MOFSL, Company

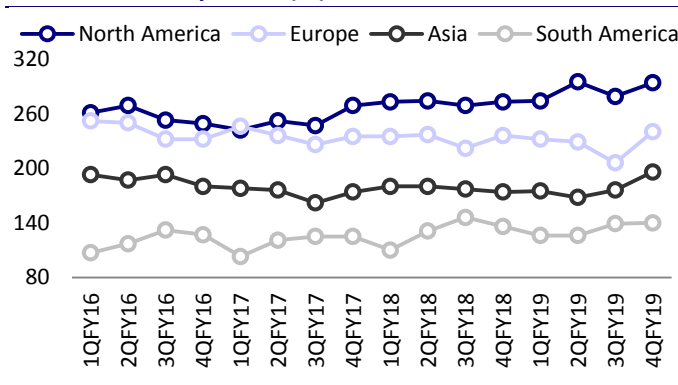
Exhibit 7: EBITDA/t was USD410



Source: MOFSL, Company

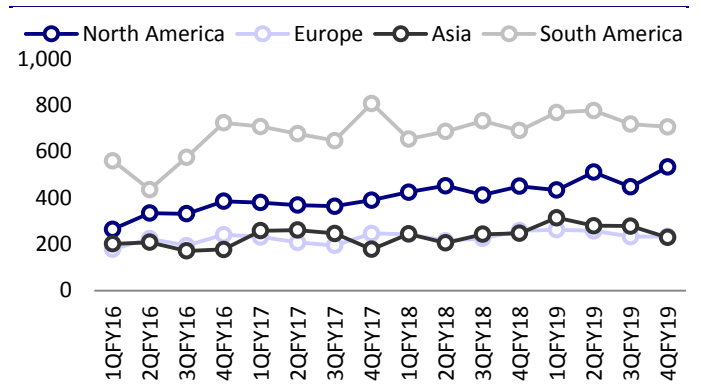
- **North America** shipments rose 5% QoQ (+8% YoY) to 294kt. EBITDA rose 26% QoQ led by favorable conditions in auto and can markets.
- **Europe** shipments were up 17% QoQ (+2% YoY) to 240kt. EBITDA, too, increased 17% QoQ to USD56m. On an annual basis though, Europe EBITDA was down 8% YoY largely due to worsening mix given ongoing challenges for one of its auto customers.
- **Asia** shipments were up 11% QoQ (+13% YoY) to 196kt. EBITDA though was down 8% QoQ. Shipments (+1% QoQ) and EBITDA (-1% QoQ) for **South America** were broadly stable on a sequential basis.

Exhibit 8: FRP shipments (kt) rose in North America and Asia



Source: MOFSL, Company

Exhibit 9: EBITDA/t rose QoQ in North America



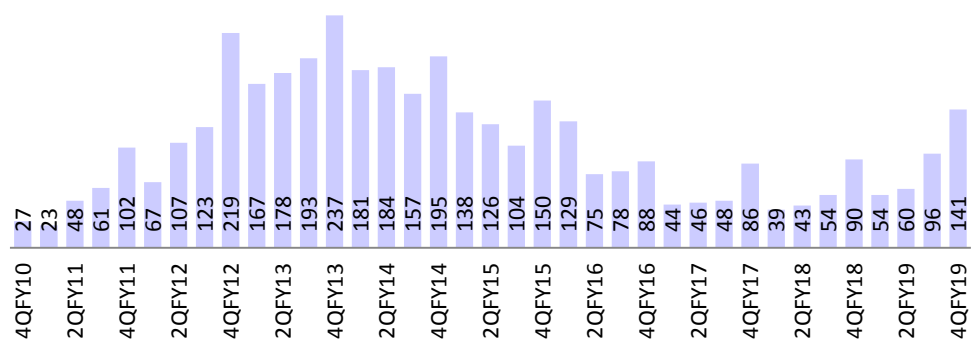
Source: MOFSL, Company

Exhibit 10: Aluminum scrap spreads remain favorable



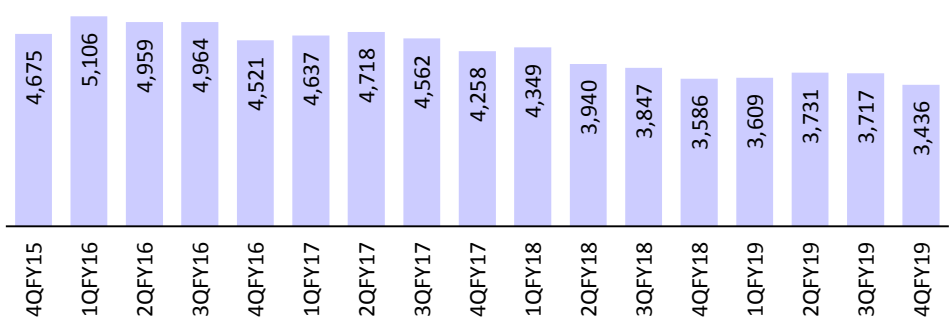
Source: Aleris

Exhibit 11: Capex (USD m)



Source: MOFSL, Company

Exhibit 12: Net debt (USD m)

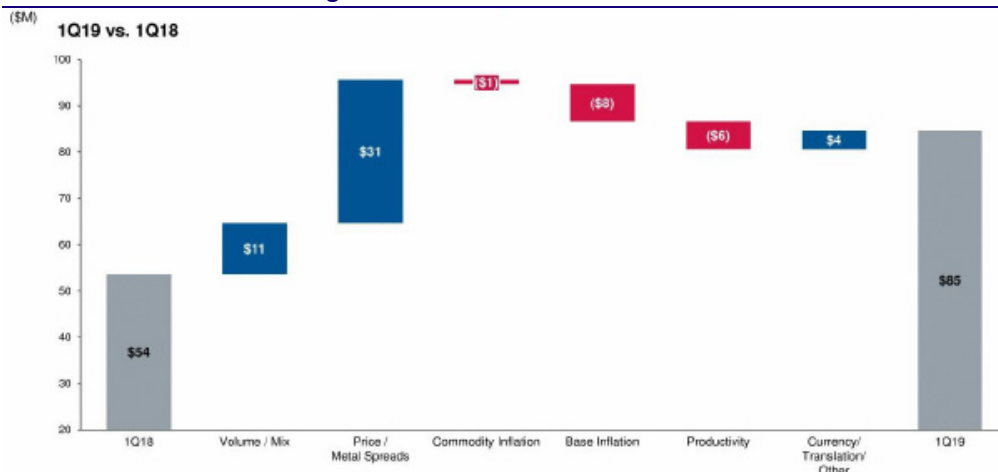


Source: Company, MOFSL

Aleris acquisition is expected to be completed in 3QCY19. Clearances from US, EU and China related to anti-competition are still remaining. The company is confident that it will not have to divest any asset to get regulatory approval.

- Aleris also reported healthy 1Q numbers with adj. EBITDA at USD85m vs. USD54 in 1QCY18 led by favorable spreads and higher shipments (+6% YoY). Adj. EBITDA is expected to be higher sequentially.
- Share of higher margin Aerospace (+47% YoY) and Automotive (+81% YoY) products grew during the quarter.

- Aerospace volumes will continue to increase as de-stocking with OEMs is now behind. Automotive shipments from North America are also expected to grow based on committed volumes.

Exhibit 13: Aleris EBITDA bridge

Source: Aleris

Exhibit 14: Target price derivation

Y/E March	2017	2018	2019	2020E	2021E
EBITDA	124,359	138,204	155,105	171,338	174,334
EV/EBITDAx		6.0	6.0	6.0	6.0
Target EV		829,222	930,631	1,028,031	1,046,007
Net Debt	465,385	400,543	387,731	547,894	493,396
EQ = (EV-net Debt)		428,679	542,900	480,137	552,611
A. INR/share(EQ)		192	244	216	248
CWIP		20,629	40,971	82,325	111,703
AA. INR/share (CWIP)		9	18	37	50
Eq. Value (A+AA) INR/sh.				253	299
Assumptions					
USD/INR	67.1	64.7	70.0	70.4	70.4
LME	1,687	2,044	2,035	1,856	1,900
Net debt/EBITDA (x)	3.7	2.9	2.5	3.2	2.8

Source: MOFSL, Company

Exhibit 15: Metals valuation

	Rating	CMP (INR)	MCAP (USD M)	EPS			P/E (x)		EV/EBITDA (x)		P/B(x)	
				FY18	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Steel												
Tata Steel	Neutral	469	6,517	69.5	88.6	78.6	5.3	6.0	5.1	5.6	0.9	0.8
JSW Steel	Buy	276	9,539	23.4	30.6	21.2	9.0	13.0	6.6	7.8	2.1	1.9
JSPL	Buy	158	2,066	-8.5	2.3	3.7	68.6	42.3	6.7	6.3	0.5	0.5
SAIL	Neutral	48	2,826	0.3	5.0	6.1	9.6	7.9	7.1	6.1	0.5	0.5
Non-Ferrous												
Hindalco	Buy	195	5,747	18.9	24.7	22.9	7.9	8.5	5.3	5.7	1.1	1.0
Nalco	Buy	49	1,798	5.1	8.8	5.7	5.6	8.5	2.4	4.1	0.9	0.9
Vedanta	Sell	163	6,916	20.4	18.1	16.6	9.0	9.8	5.7	4.6	1.0	0.9
Rain Ind.	Buy	97	465	23.7	20.4	11.7	4.7	8.3	4.9	6.7	0.7	0.7
Mining												
Coal India	Buy	233	20,999	19.2	27.4	29.0	8.5	8.0	3.9	3.9	7.0	6.4
Hindustan Zinc	Neutral	255	15,397	21.1	18.8	21.6	13.5	11.8	8.5	7.1	3.2	2.8
NMDC	Buy	90	5,110	13.1	15.4	10.7	5.8	8.4	3.2	4.7	1.1	1.0

Source: MOFSL, Company

Financials and Valuations

Income Statement							(INR Million)	
Y/E Mar	2014	2015	2016	2017	2018	2019	2020E	2021E
Net Sales	876,955	1,042,811	987,589	1,001,838	1,151,717	1,305,423	1,427,966	1,465,968
Change (%)	9.4	18.9	-5.3	1.4	15.0	13.3	9.4	2.7
EBITDA	82,863	89,446	86,542	124,359	138,204	155,105	171,338	174,334
EBITDA Margin (%)	9.4	8.6	8.8	12.4	12.0	11.9	12.0	11.9
Depreciation	35,528	35,906	43,468	44,572	45,062	47,770	59,561	60,158
EBIT	47,335	53,540	43,074	79,786	93,141	107,335	111,778	114,177
Interest	27,016	41,784	51,338	57,424	39,107	37,780	47,188	45,412
Other Income	10,172	11,047	11,888	11,110	10,046	11,271	12,203	12,590
Extraordinary items	-3,960	-19,401	-5,765	-76	17,742	0	0	0
PBT	26,531	3,402	-2,141	33,395	81,821	80,826	76,793	81,355
Tax	5,249	2,564	4,984	14,326	20,742	25,881	25,863	26,953
Tax Rate (%)	19.8	75.4	-232.8	42.9	25.4	32.0	33.7	33.1
Min. Int. & Assoc. Share	-468	-7,704	-6,223	77	1,250	-12	-12	-12
Reported PAT	21,750	8,542	-902	18,992	59,829	54,957	50,942	54,413
Adjusted PAT	25,710	27,943	4,863	19,069	42,088	54,957	50,942	54,413
Change (%)	-20.9	8.7	-82.6	292.1	120.7	30.6	-7.3	6.8

Balance Sheet							(INR Million)	
Y/E Mar	2014	2015	2016	2017	2018	2019	2020E	2021E
Share Capital	2,065	2,065	2,049	2,227	2,229	2,224	2,224	2,224
Reserves	403,984	381,220	404,017	458,361	546,289	572,793	619,501	669,415
Net Worth	406,048	383,285	406,066	460,588	548,518	575,017	621,725	671,639
Minority Interest	17,805	9,561	3,813	62	86	95	95	95
Debt	646,952	684,050	674,754	637,515	520,155	524,150	660,363	590,363
Deferred Tax	31,750	25,552	20,970	20,168	31,333	36,505	41,678	47,068
Total Capital Employed	1,102,555	1,102,448	1,105,603	1,118,333	1,100,092	1,135,767	1,323,860	1,309,165
Gross Fixed Assets	748,947	887,802	1,057,871	1,040,510	1,082,644	1,130,670	1,341,041	1,368,653
Less: Acc Depreciation	267,361	299,816	378,494	364,991	410,054	457,824	517,384	577,542
Net Fixed Assets	481,586	587,986	679,377	675,518	672,590	672,846	823,656	791,111
Goodwill on consolidation	169,371	165,651	177,353	171,350	178,294	185,746	185,746	185,746
Capital WIP	230,593	141,113	42,138	18,139	20,629	40,971	82,325	111,703
Investments	23,381	23,216	47,488	62,057	68,778	51,567	51,572	51,577
Current Assets	474,889	499,495	465,104	529,543	529,846	567,157	581,240	575,707
Inventory	166,943	184,511	167,873	182,914	216,314	221,938	251,171	257,855
Debtors	92,348	91,864	79,184	82,748	99,598	114,598	123,398	126,682
Cash & Bank	117,121	119,289	120,962	172,129	119,612	136,419	112,469	96,967
Loans & Adv, Others	98,477	103,830	97,085	91,752	94,322	94,203	94,203	94,203
Curr Liabs & Provns	277,263	315,011	305,857	338,275	370,046	382,520	400,680	406,678
Net Current Assets	197,626	184,484	159,247	191,269	159,800	184,637	180,561	169,029
Total Assets	1,102,555	1,102,448	1,105,603	1,118,333	1,100,092	1,135,767	1,323,860	1,309,165

Financials and Valuations

Ratios

Y/E Mar	2014	2015	2016	2017	2018	2019	2020E	2021E
Basic (INR)								
EPS	12.5	13.5	2.4	8.6	18.9	24.7	22.9	24.5
Cash EPS	27.5	17.8	17.7	28.6	47.6	46.2	49.7	51.5
Book Value	114.6	105.4	111.6	129.9	166.1	175.0	196.0	218.5
DPS	1.0	1.0	1.0	1.1	1.4	1.4	1.6	1.7
Payout (incl. Div. Tax.)	9.4	8.6	49.3	15.0	8.7	6.6	8.2	8.1
Valuation(x)								
P/E	15.6	14.4	82.0	22.7	10.3	7.9	8.5	8.0
Cash P/E	7.1	10.9	11.0	6.8	4.1	4.2	3.9	3.8
Price / Book Value	1.7	1.8	1.7	1.5	1.2	1.1	1.0	0.9
EV/EBITDA	11.2	10.8	11.0	7.2	6.0	5.3	5.7	5.3
Dividend Yield (%)	0.5	0.5	0.5	0.6	0.7	0.7	0.8	0.9
Profitability Ratios (%)								
RoE	11.6	12.3	2.2	7.1	12.8	14.5	12.3	11.8
RoCE	5.5	5.9	4.9	8.2	9.3	10.6	10.1	9.6
RoIC (pre-tax)	7.6	6.9	5.0	9.1	10.8	11.9	11.3	10.7
Turnover Ratios (%)								
Asset Turnover (x)	0.8	0.9	0.9	0.9	1.0	1.1	1.1	1.1
Debtors (No. of Days)	38	32	29	30	32	32	32	32
Inventory (No. of Days)	69	65	62	67	69	62	64	64
Creditors (No. of Days)	54	54	56	65	65	58	58	58
Leverage Ratios (%)								
Net Debt/Equity (x)	2.2	2.6	2.4	1.6	1.1	1.0	1.3	1.0

Cash Flow Statement

Y/E Mar	2014	2015	2016	2017	2018	2019	2020E	2021E
(INR Million)								
Adjusted EBITDA	82,863	89,446	86,542	124,359	138,204	155,105	171,338	174,334
Non cash opr. exp (inc)	-4,821	-5,872	1,543	3,622	2,617	895	7	7
(Inc)/Dec in Wkg. Cap.	9,623	-863	41,083	6,691	-17,862	-17,771	-19,874	-3,970
Tax Paid	-9,586	-11,280	-12,291	-7,797	-14,081	-19,104	-20,690	-21,563
Other operating activities	0	0	0	0	0	0	0	0
CF from Op. Activity	78,079	71,431	116,877	126,875	108,877	119,125	130,781	148,809
(Inc)/Dec in FA & CWIP	-94,236	-59,776	-42,452	-29,376	-30,008	-59,747	-68,966	-56,990
Free cash flows	-16,156	11,655	74,426	97,499	78,870	59,379	61,815	91,819
(Pur)/Sale of Invt	10,910	15,680	15,859	5,667	24,685	11,271	12,203	12,590
Others	1,672	-796	6	3,524	8,052	-6,500	-182,759	0
CF from Inv. Activity	-81,655	-44,892	-26,586	-20,185	2,730	-54,976	-239,522	-44,399
Inc/(Dec) in Net Worth	16,305	47	1	33,141	162	0	0	0
Inc / (Dec) in Debt	48,689	28,323	-36,003	-25,430	-122,863	-5,593	136,213	-70,000
Interest Paid	-46,919	-50,253	-50,057	-60,754	-38,486	-37,780	-47,188	-45,412
Divd Paid (incl Tax) & Others	-3,149	-2,488	-2,558	-2,479	-2,938	-3,705	-4,234	-4,499
CF from Fin. Activity	14,926	-24,371	-88,619	-55,523	-164,124	-47,079	84,791	-119,911
Inc/(Dec) in Cash	11,351	2,168	1,673	51,167	-52,517	17,071	-23,950	-15,502
Add: Opening Balance	105,771	117,121	119,289	120,962	172,129	119,612	136,419	112,469
Closing Balance	117,121	119,289	120,962	172,129	119,612	136,683	112,469	96,967

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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