

BSE SENSEX	S&P CNX
35,388	10,741
Bloomberg	HNDL IN
Equity Shares (m)	2,245
M.Cap.(INRb)/(USD\$b)	538.8 / 7.9
52-Week Range (INR)	284 / 185
1, 6, 12 Rel. Per (%)	-3/-13/6
Avg Val, INRm/ Vol m	2462.0
Free float (%)	65.3

CMP: INR240
TP: INR371(+55%)
Buy

Margin expansion in aluminum drives beat

FCF generation to continue even after Capex step up on high IRR projects

Hindalco standalone (S/A) EBITDA of INR12.6b (-4% QoQ) was 17% higher than estimate due to higher realization and lower-than-expected increase in cost in aluminum. EBITDA including Utkal increased 3% QoQ to INR16b, ahead of est. of INR15.2b on expansion in margin in aluminum. S/A PAT was down 22% QoQ to INR3.8b (est. INR2.7b) on lower other income and higher depreciation.

- Aluminum EBITDA (incl. Utkal) increased 9% QoQ to INR12.7b (est. INR11.7b). EBITDA per ton increased 11% QoQ to USD615/t.
- Copper EBITDA declined 16% QoQ to INR3.3b (est. INR3.5b) as the base was lifted by hedge accounting. Sales increased 6% QoQ to 108kt (est. 95kt).
- For FY18, consolidated EBITDA and adj. PAT increased 11% to INR138b and 120% YoY to INR42.1b respectively. Net debt reduced by INR42b YoY to INR423b, primarily at Novelis.

Focus on high IRR projects; FCF generation to continue; Maintain Buy

- Aluminum CoP has peaked, while realization is expected to improve on higher LME. Copper production will be impacted in 1Q due to maintenance shutdown, but the outlook is positive with increase in sulfuric acid and DAP prices.
- Hindalco maintains its focus on high IRR projects i.e. expansion of Utkal Alumina and downstream projects in India and autolines at Novelis. Despite step up in capex to INR47b, we expect Hindalco to generate FCF. We value the stock at INR371/share based on 6.5xEV/EBITDA, value for CWIP at book and investments at 20% discount. Stock is trading at attractive valuations of 5.4xEV/EBITDA on FY20E. Maintain BUY

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	1,152	1,230	1,254
EBITDA	138.2	151.7	160.0
PAT	42.1	58.1	65.2
EPS (INR)	18.9	26.1	29.3
Gr. (%)	120.5	38.2	12.1
BV/Sh (INR)	166.1	171.5	199.6
RoE (%)	12.8	15.5	15.8
RoCE (%)	8.3	9.9	11.2
P/E (x)	12.7	9.2	8.2
P/BV (x)	1.4	1.4	1.2

Estimate change

TP change

Rating change


Quarterly Performance (standalone) – INR m

Y/E March	FY17				FY18				FY17	FY18	4Q	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Aluminium (sales, kt)	291	320	310	328	299	329	325	321	1,249	1,274	333	-4
Copper (sales, kt)	62	106	97	114	105	93	102	108	379	408	95	14
Exchange USD/INR	67.0	67.0	67.4	67.0	64.5	65.0	64.8	64.3	67.1	64.7	64.3	
Avg LME Aluminium (USD/T)	1,570	1,619	1,710	1,851	1,909	2,009	2,097	2,162	1,687	2,044	2,162	
Net Sales	75,973	90,123	93,136	110,261	97,700	103,082	110,228	116,810	369,366	427,980	109,137	7
Change (YoY %)	-11.4	1.0	14.3	27.2	28.6	14.4	18.4	5.9	7.6	15.9	-1.0	
EBITDA	11,325	11,564	11,852	13,472	11,477	13,899	13,117	12,575	48,135	51,241	10,703	17
As % of Net Sales	14.9	12.8	12.7	12.2	11.7	13.5	11.9	10.8			9.8	
Interest	5,996	5,943	5,879	5,411	4,878	4,836	4,828	4,464	23,229	19,005	4,353	3
Depreciation	3,382	3,516	3,580	3,802	3,792	3,804	3,822	4,598	14,280	16,173	3,806	21
Other Income	2,184	3,364	2,200	2,226	2,563	1,872	2,994	2,049	10,052	9,478	1,594	29
PBT (before EO item)	4,131	5,469	4,593	6,485	5,371	7,131	7,460	5,562	20,679	25,540	4,139	34
Extra-ordinary Income	-2	857		-3	-1,044	-1,055	-1,153		852	-3,252		
PBT (after EO item)	4,129	6,326	4,593	6,482	4,327	6,076	6,307	5,562	21,531	22,288	4,139	34
Total Tax	1,189	1,929	1,390	1,457	1,431	2,146	2,552	1,793	5,964	7,923	1,159	
% Tax	28.8	35.3	30.2	22.5	26.6	30.1	34.2	32.2	27.7	35.5	28.0	
Reported PAT	2,941	4,397	3,204	5,025	2,896	3,930	3,755	3,769	15,567	14,365	2,980	27
Adjusted PAT	2,987	3,954	3,204	4,689	3,462	4,596	4,808	3,769	14,951	16,461	2,692	40
Novelis adj. EBITDA (USDm)	268	270	255	292	289	302	305	319	1,085	1,215	319	

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

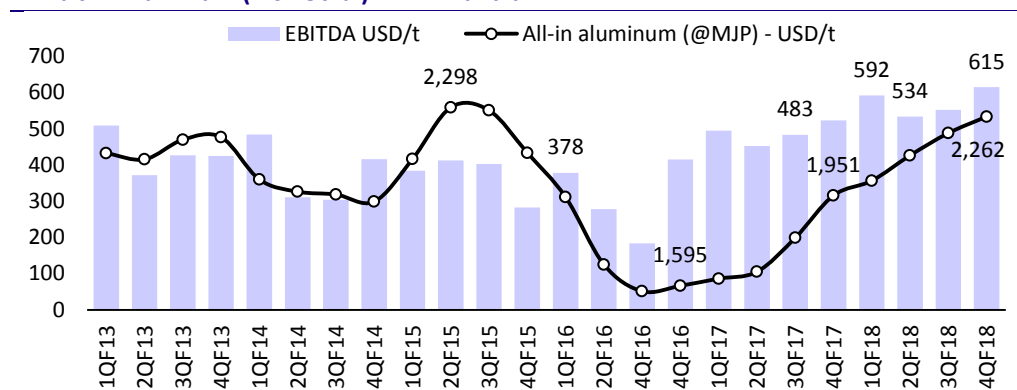
Other highlights for the quarter:

- **Aluminum (India + Utkal):** Aluminum realization increased ~USD140 QoQ to USD2,544/t. Derived cost of production, considering Utkal at transfer price increased, USD127 QoQ to USD2,158/t and considering Utkal at cost increased USD78 QoQ to USD1,992/t. EBITDA including Utkal increased USD63 QoQ to USD615/t on higher LME. Coal cost was unchanged QoQ, even as Coal India increased prices, due to better linkage mix. Overall CoP increased 6% QoQ, which was lower than expected
- **Copper:** Production increased 4% QoQ to 105kt. Sales increased 6% QoQ to 108kt. EBITDA was down 16% QoQ to INR3.3b on a stronger base and weak TcRcs.
- Depreciation cost increase 20% QoQ to INR4.6b due to one-time stripping cost of INR650m, adjusted for which depreciation was largely in-line.
- Other income declined 32% QoQ to INR2b.

Exhibit 1: Quarterly Performance (INR m)

Y/E March	FY17				FY18				FY17	FY18	vs Est (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				4QE
Net Sales	223,651	242,156	242,878	279,714	269,091	284,021	309,465	313,406	1,001,838	1,151,717	314,511	0
EBITDA	29,403	30,526	29,642	34,859	32,411	34,931	34,744	35,942	124,359	138,204	35,273	2
Novelis	17,956	18,090	17,187	19,564	18,631	19,630	19,764	20,524	72,804	78,552	20,157	2
India	12,275	13,264	13,282	16,122	14,387	15,909	15,587	16,025	54,865	62,081	15,260	5
Aluminium	9,646	9,691	10,088	11,493	11,412	11,409	11,627	12,694	40,839	47,314	11,725	8
USD/t	495	452	483	523	592	534	552	615	488	572	548	12
Standalone	8,696	7,991	8,658	8,843	8,502	9,399	9,157	9,244	34,109	36,474	7,205	28
Utkal Alumina	950	1,700	1,430	2,650	2,910	2,010	2,470	3,450	6,730	10,840	4,520	-24
Copper S/A	2,629	3,573	3,195	4,629	2,975	4,499	3,961	3,331	14,026	14,766	3,535	-6
US cent/lb	28.7	22.8	22.2	27.5	19.9	33.8	27.2	21.7	25.0	25.4	26	
Int. Seg	-828	-828	-828	-828	-607	-607	-607	-607	-3,310	-2,429	-144	
adj. PAT	3,192	4,896	2,962	7,305	9,797	10,267	12,925	11,830	19,069	42,088	10,308	15

Source: MOSL, Company

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

Source: MOSL, Company



Conference call highlights

- **Demand:** Domestic demand for both aluminum and copper is improving after a weak 1H which was impacted by GST and demonetization.
- **Imports and local premiums:** Local premiums in domestic market in aluminum are at discount to benchmarks due to over-supply in the market. Moreover, imports continue to remain high with ~50% of the market. Imports are mainly from FTA countries. The domestic aluminum association is engaging with the government to curb the risk of further increase in imports after recent trade measures by US. It is proposing quantitative import restrictions so as to also impact imports from FTA countries.
- **Aluminum hedging:** For FY19, ~28% of the volumes are hedged at USD2,100/t and ~12% at USD2,270/t. The outlook in LME is positive so it will not be hedging further. For FY20, plan is to hedge ~30% of the volumes by September/October 2018 and keep the remaining volumes open.
- **Cost of production in aluminum:** Cost of production increased 6% QoQ in Q4. Coal cost was however unchanged QoQ, despite Coal India increasing prices, due to better mix of linkage coal volumes and better GCV. The flat trend in coal cost remains even in April and May. Cost of production has peaked and aluminum prices are expected to increase, driving positive outlook on aluminum margins.
- **Upstream aluminum expansion:** At current LME, the IRR on a brownfield aluminum expansion at Mahan/Aditya is less than the cost of capital for the company. Domestic coal supply remains uncertain. Better visibility on coal supply and cost will be required for any brownfield expansion. It would require investment of ~INR90b for a 360kt brownfield expansion.
- **Copper value-add mix to increase:** The rod mill was commissioned as per schedule in 4QFY18. Value-add margin is USD200/t and rod volumes will be higher by ~90kt in FY19 with full ramp-up in FY20.
- **Copper business outlook:** Q1 will be impacted by maintenance shutdown for ~30-45days. However, full year volumes are likely to be similar to FY18, but with a higher value-add mix. Benefit of the new rod mill will accrue from Q3 onwards. Copper business is expected to do a quarterly EBITDA of INR35-37b, with upside potential from higher sulphuric and DAP realization.
- **Capex:** in India will increase to INR16b in FY19 from INR11b in FY18 on Utkal de-bottlenecking and other downstream expansion.

Novelis: strong 4Q; net debt down INR44b in FY18

Valuations attractive; Re-iterate BUY

- **Strong 4QFY18 in-line:** Novelis delivered its best ever quarterly adj. EBITDA of USD319m. An increase of 9% YoY (+5% QoQ) was driven by higher volumes, improved product mix, operating efficiencies, favorable scrap spreads, which was partially offset by lower beverage can (BC) pricing. EBITDA/t increased 7% YoY (+3% QoQ) to USD396.
- **INR44b debt reduction in FY18:** Adj. EBITDA increased 12% YoY to USD1.2b. FCF increased 12% YoY to USD406m, which excludes USD314m from sale of stake in Korean rolling mill to Kobe steel. Net debt declined by INR672m (~INR44b) YoY to USD3.6b implying net debt/EBITDA of slightly less than 3x.

- **Investing in high IRR projects:** Novelis has doubled capex to USD450m for FY19E to capitalize on growth opportunities in auto space in the US and China. There will be another ~USD245m cash flow for buying out finishing line at Sierre, Switzerland. Yet, we believe net debt will be stable. Novelis' guidance is at 4x ceiling for net debt/EBITDA ratio in case of acquisition.
- **Robust outlook and stable net debt in FY19:** We believe Novelis continues to leverage its first mover advantage in autos. Share of autos has increased by 11pp in four years to 20% in FY18. We expect EBITDA to increase further to USD1.3b in FY20E on continued improvement in mix, volume growth and end of margin pressure in BC pricing. Expansion of spreads between metal & scrap prices pose upside risk.

Exhibit 3: Novelis performance – USD m

Y/E March	FY17				FY18				FY17	FY18	4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales (000 tons)	755	773	750	789	785	802	796	805	3,067	3,188	813	-1
Change (YoY %)	-1.7	-1.9	-3.7	0.1	4.0	3.8	6.1	2.0	-1.8	3.9	3.0	
Net Sales	2,296	2,361	2,313	2,621	2,669	2,794	3,085	3,066	9,591	11,614	3,202	-4
Change (YoY %)	-12.8	-4.9	-1.7	9.1	16.2	18.3	33.4	17.0	-2.8	21.1	22.2	
EBITDA (adjusted)	268	270	255	292	289	302	305	319	1,085	1,215	313	2
Change (YoY %)	25.8	14.4	7.1	5.4	7.8	11.9	19.6	9.2	12.6	12.0	7.3	
EBITDA per ton (USD)	355	349	340	370	368	377	383	396	354	381	386	3
Interest	80	79	65	59	62	62	62	60	283	246	61	-2
Depreciation	89	90	88	93	90	91	86	87	360	354	88	-1
PBT (before EO item)	99	101	102	140	137	149	157	172	442	615	164	5
Extra-ordinary Income	(39)	(163)	9	(52)	7	274	(32)	(9)	(245)	240	-	
PBT (after EO item)	60	-62	111	88	144	423	125	163	197	855	164	-1
Total Tax	36	27	47	41	43	116	20	54	151	233	49	10
% Tax	60.0	-43.5	42.3	46.6	29.9	27.4	16.0	33.1	76.6	27.3	30.0	
Reported PAT	24	-89	63	47	101	307	121	112	45	609	115	
Adjusted PAT	63	74	56	99	94	83	121	121	292	369	115	5

Source: MOSL, Company

Novelis conference call highlights

- Capex is increased to USD450m (FY18: USD226m) for FY19, representing USD200m for maintenance and remaining for growth.
- It is evaluating a new auto line in China given the growth opportunity. Novelis has first mover advantage in China.
- Aluminum scrap spreads in US continue to remain strong in 1QFY19. The recent ban on import of aluminum scrap from US by China will provide further support to scrap spreads.
- Pricing pressure in beverage can portfolio is now behind.
- Operating at almost full capacity. Working on debottlenecking opportunities to enhance capacity in the near-to-medium term.
- Working capital increased in FY18 due to higher aluminum prices. For every ~USD100/t increase in LME, the working capital increases by ~USD50m. Working capital is likely to increase further in FY19 as LME remains high.
- The recent disruption in the aluminum market and resultantly higher aluminum prices has not impacted demand for Novelis. Novelis is largely immune to the price volatility given its hedged operating model. Rusal supplies represent just ~3% of its aluminum requirement. The use of scrap, representing ~50% of the input mix, further hedges Novelis from the volatility and uncertainty in the metal market.

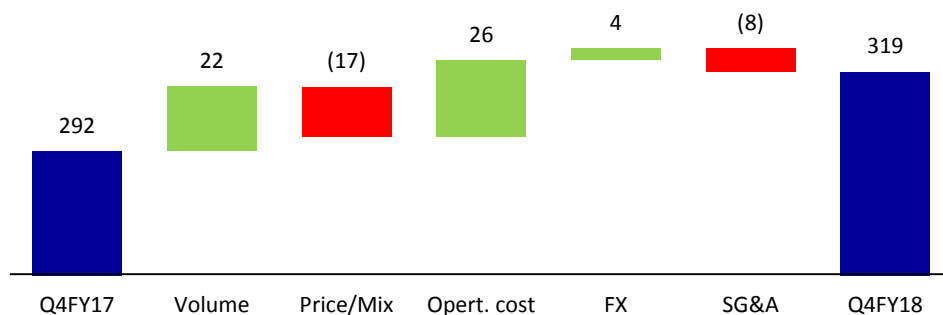
- Over the last couple of years the customer reject rates have reduced by half and customer satisfaction has increased by 33%.
- Market outlook
 - Beverage cans: Market size is expected to increase from 5.6mt in 2017 to 6.2mt by 2020 and 6.8mt by 2025. Growth in demand for beverage cans will be driven by developing economies. Novelis remain committed to its existing beverage cans market.
 - Automotive: Market size is expected to increase from 1.4mt in 2017 to 2.2mt by 2020 and 3.8mt by 2025, as share of aluminum in autos increase. Novelis is looking at growth opportunities in the automotive market.
 - Specialties: Market size is expected to increase from 12.5mt in 2017 to 13.6mt by 2020 and 16.4mt by 2025.

Regional performance

- **North America:** Shipments grew 1% YoY to 273kt. EBITDA margin is up 15% YoY to USD451/t as it continues to benefit from mix and incrementally from higher scrap spreads. EBITDA increased 17% YoY to USD123m.
- **Europe:** Shipments were flat YoY at 237kt. Margins increased 5% YoY to USD258/t. EBITDA was up 5% YoY to USD61m.
- **Asia:** Shipments were flat at 174kt. Margins increased 39% YoY to USD247/t. EBITDA increased 39% YoY to USD43m.
- **South America:** Shipments grew by 9% YoY to 136kt. EBITDA margin declined 14% YoY to USD691/t on a strong base. EBITDA declined 7% YoY to USD94m.

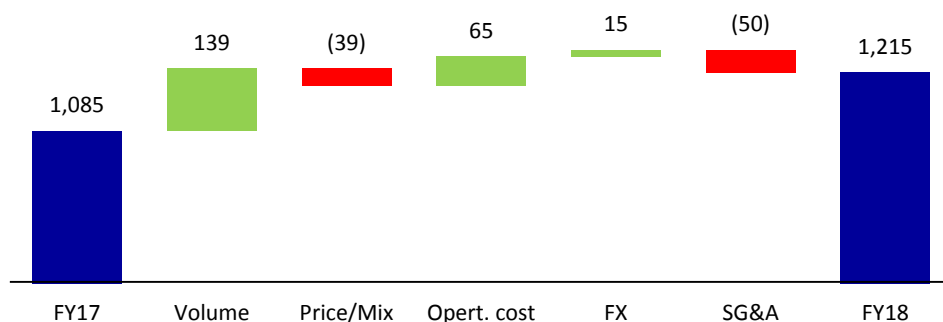
Higher volumes and operating efficiencies drive strong adj. EBITDA growth.

Exhibit 4: EBITDA bridge (Q4FY18) – USD m



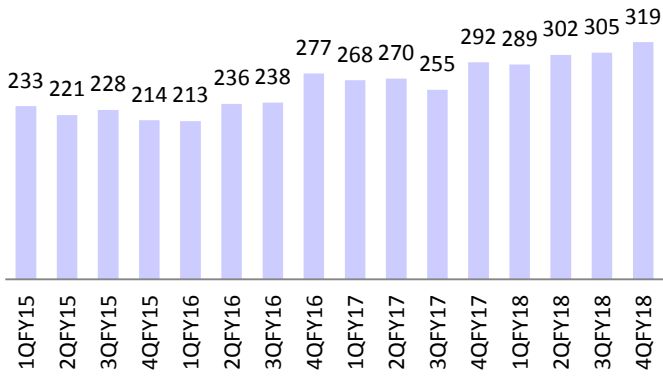
Source: MOSL, Company

Exhibit 5: EBITDA bridge (FY18) – USD m



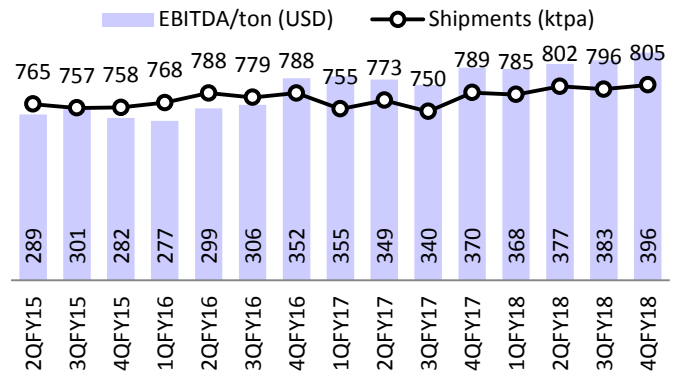
Source: MOSL, Company

Exhibit 6: Adjusted EBITDA (USD m) was USD319m



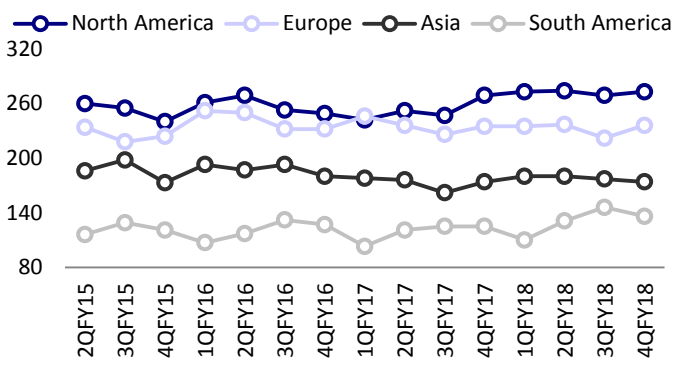
Source: MOSL, Company

Exhibit 7: Record shipments (kt) and EBITDA/t



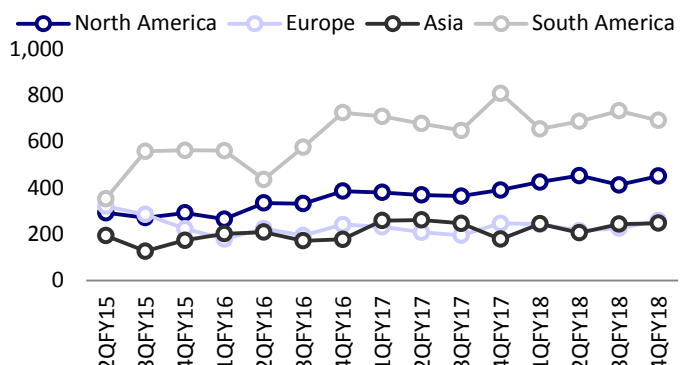
Source: MOSL, Company

Exhibit 8: FRP shipments (kt) increased in NA & SA (kt)



Source: MOSL, Company

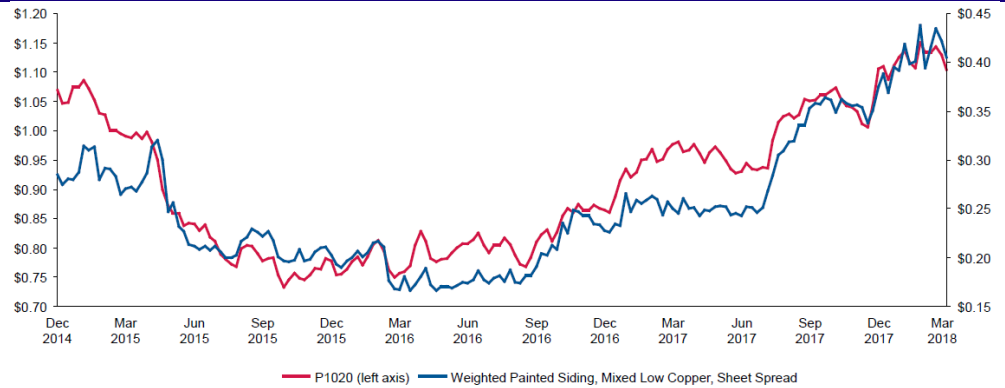
Exhibit 9: EBITDA/t improved (USD/t)



Source: MOSL, Company

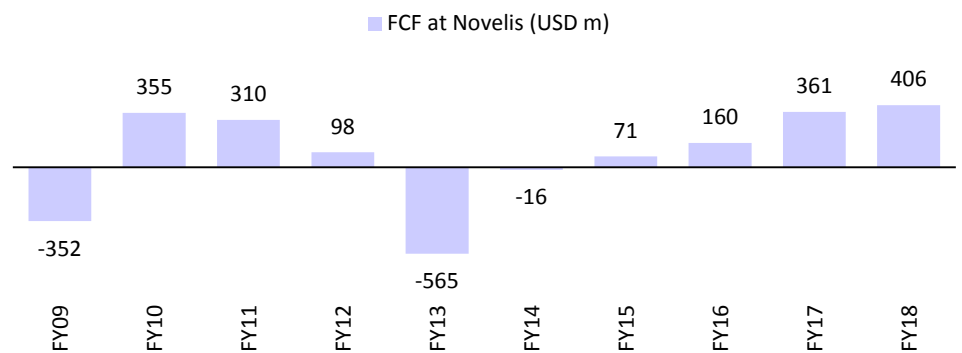
Scrap spreads in US are favorable.

Exhibit 10: Aluminum scrap spreads – USD lb

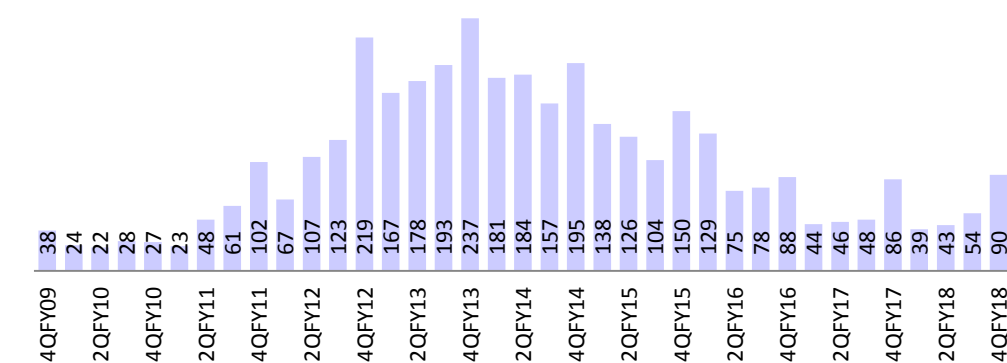


Source: MOSL, Company

Exhibit 11: FCF (USDm)

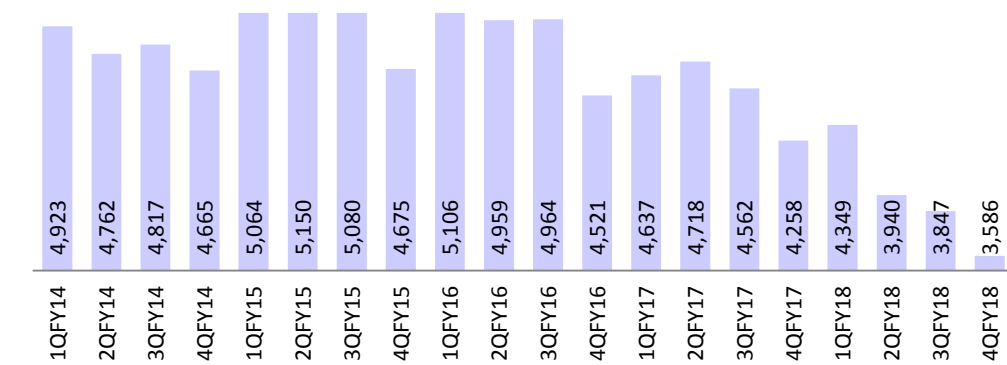


Source: MOSL, Company

Exhibit 12: Capex (USDm)

Source: MOSL, Company

Sharp reduction in net debt,
despite increase in working
capital

Exhibit 13: Net debt (USD m)

Source: Company, MOSL

Exhibit 14: Target price derivation

Y/E March	2016	2017	2018	2019E	2020E
EBITDA	86,542	124,359	138,204	151,726	160,000
EV/EBTIDAx			6.5	6.5	6.5
Target EV			898,324	986,222	1,039,999
Net Debt	553,792	465,385	423,705	387,760	332,359
EQ = (EV-net Debt)			474,619	598,462	707,640
A. INR/share(EQ)			213	269	318
CWIP			20,629	42,346	64,998
AA. INR/share (CWIP)			9	19	29
Investments (quoted)			68,340	68,340	68,340
B. INR/share (invest)			31	31	31
C. discount factor (%)			20	20	20
Eq. Value (A+AA+B*(1-C%))			247	312	371
Assumptions					
USD/INR		67.1	64.7	65.0	65.0
LME		1,687	2,044	2,250	2,250

Source: MOSL, Company

Exhibit 15: Metals valuation

	Rating	Price (INR)	MCAP (USD M)	EPS			P/E (x)		EV/EBITDA (x)		P/B(x)	
				FY18E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Steel												
Tata Steel	Neutral	622	8,964	71.9	90.0	68.2	6.9	9.1	5.3	7.2	1.1	1.0
JSW Steel	Buy	337	12,071	23.3	30.4	30.5	11.1	11.1	7.5	7.7	2.4	2.0
JSPL	Buy	254	3,444	-8.5	6.2	10.2	40.9	24.8	7.1	6.4	0.8	0.8
SAIL	Sell	74	4,522	-0.9	4.3	6.5	17.1	11.4	9.5	7.1	0.8	0.8
Non-Ferrous												
Hindalco	Buy	240	7,353	18.9	26.1	29.3	9.2	8.2	6.1	5.4	1.4	1.2
Nalco	Buy	75	2,875	4.3	9.9	10.2	7.6	7.3	3.7	3.3	1.3	1.1
Vedanta	Buy	279	12,252	21.3	28.3	35.3	9.8	7.9	5.6	4.6	9.8	7.9
Rain Ind.*	Buy	237	1,181	23.7	35.2	39.8	6.7	5.9	5.2	4.5	1.6	1.3
Mining												
Coal India	Buy	265	24,802	18.5	26.8	31.1	9.9	8.5	5.3	4.6	6.0	5.6
Hindustan Zinc	Neutral	298	18,669	21.1	26.8	30.6	11.1	9.7	6.7	5.5	11.1	9.7
NMDC	Buy	116	6,799	13.6	14.0	14.7	8.3	7.9	5.0	4.8	1.4	1.3

Source: MOSL, Company

Financials and Valuations

Income Statement							(INR Million)	
Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
Net Sales	801,928	876,955	1,042,811	987,589	1,001,838	1,151,717	1,229,686	1,254,318
Change (%)	-0.8	9.4	18.9	-5.3	1.4	15.0	6.8	2.0
EBITDA	80,584	82,863	89,446	86,542	124,359	138,204	151,726	160,000
EBITDA Margin (%)	10.0	9.4	8.6	8.8	12.4	12.0	12.3	12.8
Depreciation	28,611	35,528	35,906	43,468	44,572	45,062	44,851	45,320
EBIT	51,973	47,335	53,540	43,074	79,786	93,141	106,875	114,679
Interest	20,791	27,016	41,784	51,338	57,424	39,107	36,960	33,496
Other Income	10,122	10,172	11,047	11,888	11,110	10,046	5,812	4,067
Extraordinary items	-2,216	-3,960	-19,401	-5,765	-76	17,742	0	0
PBT	39,088	26,531	3,402	-2,141	33,395	81,821	75,728	85,250
Tax	8,857	5,249	2,564	4,984	14,326	20,742	17,336	19,812
Tax Rate (%)	22.7	19.8	75.4	-232.8	42.9	25.4	22.9	23.2
Min. Int. & Assoc. Share	-38	-468	-7,704	-6,223	77	1,250	251	251
Reported PAT	30,269	21,750	8,542	-902	18,992	59,829	58,140	65,187
Adjusted PAT	32,485	25,710	27,943	4,863	19,069	42,088	58,140	65,187
Change (%)	-4.4	-20.9	8.7	-82.6	292.1	120.7	38.1	12.1

Balance Sheet							(INR Million)	
Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
Share Capital	1,915	2,065	2,065	2,049	2,227	2,229	2,227	2,227
Reserves	351,388	403,984	381,220	404,017	458,361	546,289	551,056	613,730
Net Worth	353,302	406,048	383,285	406,066	460,588	548,518	553,283	615,957
Minority Interest	17,593	17,805	9,561	3,813	62	86	-45	-45
Debt	569,061	646,952	684,050	674,754	637,515	543,317	450,666	384,102
Deferred Tax	34,677	31,750	25,552	20,970	20,168	31,333	26,391	25,158
Total Capital Employed	974,633	1,102,555	1,102,448	1,105,603	1,118,333	1,123,254	1,030,295	1,025,171
Gross Fixed Assets	482,107	748,947	887,802	1,057,871	1,040,510	1,082,644	1,080,017	1,106,267
Less: Acc Depreciation	221,255	267,361	299,816	378,494	364,991	410,054	455,039	500,360
Net Fixed Assets	260,852	481,586	587,986	679,377	675,518	672,590	624,978	605,907
Goodwill on consolidation	160,497	169,371	165,651	177,353	171,350	178,294	171,350	171,350
Capital WIP	338,311	230,593	141,113	42,138	18,139	20,629	42,346	64,998
Investments	15,962	23,381	23,216	47,488	62,057	68,778	61,554	61,303
Current Assets	430,275	474,889	499,495	465,104	529,543	529,846	480,390	475,753
Inventory	143,317	166,943	184,511	167,873	182,914	216,314	222,038	226,488
Debtors	89,523	92,348	91,864	79,184	82,748	99,598	103,694	105,770
Cash & Bank	105,771	117,121	119,289	120,962	172,129	119,612	62,906	51,743
Loans & Adv, Others	91,664	98,477	103,830	97,085	91,752	94,322	91,752	91,752
Curr Liabs & Provns	231,263	277,263	315,011	305,857	338,275	346,884	350,323	354,140
Net Current Assets	199,011	197,626	184,484	159,247	191,269	182,962	130,068	121,613
Total Assets	974,633	1,102,555	1,102,448	1,105,603	1,118,333	1,123,254	1,030,295	1,025,171

Financials and Valuations

Ratios

Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
Basic (INR)								
EPS	17.0	12.5	13.5	2.4	8.6	18.9	26.1	29.3
Cash EPS	30.7	27.5	17.8	17.7	28.6	47.6	46.4	49.7
Book Value	100.7	114.6	105.4	111.6	129.9	166.1	171.5	199.6
DPS	1.4	1.0	1.0	1.0	1.1	1.4	1.4	1.4
Payout (incl. Div. Tax.)	9.7	9.4	8.6	49.3	15.0	8.7	6.3	5.6
Valuation(x)								
P/E	14.1	19.3	17.7	101.1	28.0	12.7	9.2	8.2
Cash P/E	7.8	8.7	13.5	13.5	8.4	5.0	5.2	4.8
Price / Book Value	2.4	2.1	2.3	2.2	1.8	1.4	1.4	1.2
EV/EBITDA	11.5	12.4	11.9	12.1	8.0	6.9	6.1	5.4
Dividend Yield (%)	0.6	0.4	0.4	0.4	0.5	0.6	0.6	0.6
Profitability Ratios (%)								
RoE	18.0	11.6	12.3	2.2	7.4	12.8	15.5	15.8
RoCE	5.9	4.6	4.9	3.9	7.3	8.3	9.9	11.2
RoIC (pre-tax)	10.7	7.6	6.9	5.0	9.1	10.5	12.0	13.4
Turnover Ratios (%)								
Asset Turnover (x)	0.8	0.8	0.9	0.9	0.9	1.0	1.2	1.2
Debtors (No. of Days)	41	38	32	29	30	32	31	31
Inventory (No. of Days)	65	69	65	62	67	69	66	66
Creditors (No. of Days)	44	54	54	56	65	65	57	57
Leverage Ratios (%)								
Net Debt/Equity (x)	2.4	2.2	2.6	2.4	1.6	1.1	1.0	0.7

Cash Flow Statement

Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
(INR Million)								
Adjusted EBITDA	80,584	82,863	89,446	86,542	124,359	138,204	151,726	160,000
Non cash opr. exp (inc)	1,410	-4,821	-5,872	1,543	3,622	766	1,135	1,135
(Inc)/Dec in Wkg. Cap.	-38,740	9,623	-863	41,083	6,691	-41,848	-6,175	-2,709
Tax Paid	-13,478	-9,586	-11,280	-12,291	-7,797	-15,855	-19,142	-21,046
Other operating activities	0	0	0	0	0	0	0	0
CF from Op. Activity	29,776	78,079	71,431	116,877	126,875	81,267	127,545	137,381
(Inc)/Dec in FA & CWIP	-118,711	-94,236	-59,776	-42,452	-29,376	-27,751	-64,795	-48,902
Free cash flows	-88,936	-16,156	11,655	74,426	97,499	53,517	62,751	88,479
(Pur)/Sale of Invt	10,729	10,910	15,680	7,234	1,491	10,046	5,812	4,067
Others	-357	1,672	-796	8,632	7,701	20,365	0	0
CF from Inv. Activity	-108,340	-81,655	-44,892	-26,586	-20,185	2,660	-58,982	-44,835
Inc/(Dec) in Net Worth	128	16,305	47	1	33,141	0	0	0
Inc / (Dec) in Debt	143,356	48,689	28,323	-36,003	-25,430	-92,511	-85,872	-66,564
Interest Paid	-36,728	-46,919	-50,253	-50,057	-60,754	-39,107	-36,960	-33,496
Divd Paid (incl Tax) & Others	-3,977	-3,149	-2,488	-2,558	-2,479	-3,648	-3,648	-3,648
CF from Fin. Activity	102,779	14,926	-24,371	-88,619	-55,523	-135,267	-126,480	-103,708
Inc/(Dec) in Cash	24,215	11,351	2,168	1,673	51,167	-51,339	-57,917	-11,163
Add: Opening Balance	81,556	105,771	117,121	119,289	120,962	172,129	119,612	62,906
Closing Balance	105,771	117,121	119,289	120,962	172,129	120,790	61,695	51,743

NOTES

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