

**BSE SENSEX**  
 37,312

**S&P CNX**  
 11,029

**CMP: INR37**
**TP: INR34(-8%)**
**Neutral**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2019 for India Research, Sales and Trading team. We request your ballot.



|                       |             |
|-----------------------|-------------|
| Bloomberg             | SAIL IN     |
| Equity Shares (m)     | 4,130       |
| M.Cap.(INRb)/(USD\$b) | 152.6 / 2.1 |
| 52-Week Range (INR)   | 82 / 36     |
| 1, 6, 12 Rel. Per (%) | -17/-22/-51 |
| 12M Avg Val (INR M)   | 986         |
| Free float (%)        | 25.0        |

**Financials & Valuations (INR b)**

| Y/E Mar     | 2019    | 2020E | 2021E |
|-------------|---------|-------|-------|
| Net Sales   | 669.7   | 706.5 | 756.1 |
| EBITDA      | 97.6    | 87.3  | 93.7  |
| PAT         | 26.0    | 14.7  | 18.4  |
| EPS (INR)   | 6.3     | 3.6   | 4.5   |
| Gr. (%)     | 2,344.1 | -43.4 | 25.1  |
| BV/Sh (INR) | 96.0    | 99.1  | 103.1 |
| RoE (%)     | 6.8     | 3.6   | 4.4   |
| RoCE (%)    | 8.6     | 6.6   | 7.0   |
| P/E (x)     | 5.8     | 10.2  | 8.2   |
| P/BV (x)    | 0.4     | 0.4   | 0.4   |

**Estimate change**

**TP change**

**Rating change**

**Operational miss on volumes pressure**
**Lower realizations to seep in**

EBITDA declined 29% QoQ (-39% YoY) to INR15.8b (our estimate: INR17b) in 1QFY20 due to lower sales volumes (3.2mt v/s our estimate of 3.9mt). EBITDA per ton was down by INR490 QoQ to INR4,869 owing to operating deleverage/lower fixed cost absorption. Adj. PAT declined 85% QoQ to INR0.7b, exceeding our estimate of INR0.5b led by higher other income (+87% YoY to INR1.8b).

- Sales volumes were down 21% QoQ (-1% YoY) to 3.2mt, given subdued market conditions and a conscious effort to protect product margins, in our view. Crude steel production was also curtailed (-9% QoQ) to 3.93mt. We expect volumes to recover in 2HFY20 as demand/pricing conditions improve.
- Realizations surprised positively (+2% QoQ), led by a better product mix, in our view. Product spreads increased 12% QoQ to INR24,841. Other expenses (ex-staff cost) per ton, however, were significantly higher sequentially at ~INR1,160 QoQ, given lower volumes.

**Declining steel prices to offset benefit of volume ramp-up**

- We expect sales volumes CAGR of ~10% to 17mt over FY19-21 as demand improves and the company ramps up capacity. Employee cost remains under control. Headcount has been declining due to natural attrition and VRS.
- Operating leverage benefits from the above measures, though, would be more than offset by lower steel prices. SAIL's avg. realization in July was down ~INR3,000/t from its 1Q average, which will impact margins. We cut our FY20/21 EBITDA estimate by 10/8% due to lower realizations/volumes. We value the stock at 6.0x FY20E EV/EVITDA at INR34. Maintain **Neutral**.

**Quarterly Performance (Standalone) –**
**INR million**

| Y/E March                  | FY19           |                |                |                | FY20           |                |                |                | FY19           | FY20E          | FY20E vs Est       |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
|                            | 1Q             | 2Q             | 3Q             | 4Q             | 1Q             | 2QE            | 3QE            | 4QE            |                |                |                    |
| Sales (m tons)             | 3.3            | 3.5            | 3.2            | 4.1            | 3.2            | 3.8            | 4.2            | 4.7            | 14.1           | 15.9           | 3.90 -17           |
| Change (YoY %)             | 8.0            | -1.8           | -14.1          | 10.4           | -0.7           | 7.9            | 29.7           | 14.0           | 0.2            | 12.7           | 19.2               |
| Realization (INR per ton)  | 48,631         | 48,109         | 48,921         | 44,788         | 45,614         | 42,652         | 44,652         | 44,652         | 47,444         | 44,377         | 43,602 5           |
| Change (YoY %)             | 27.2           | 25.1           | 20.4           | -1.6           | -6.2           | -11.3          | -8.7           | -0.3           | 16.1           | -6.5           | -10.3              |
| <b>Net Sales</b>           | <b>159,072</b> | <b>167,180</b> | <b>158,358</b> | <b>185,063</b> | <b>148,200</b> | <b>159,943</b> | <b>187,537</b> | <b>210,309</b> | <b>669,673</b> | <b>705,989</b> | <b>170,046 -13</b> |
| Change (%)                 | 37.4           | 22.8           | 3.3            | 8.6            | -6.8           | -4.3           | 18.4           | 13.6           | 16.3           | 5.4            | 6.9                |
| NSR to RM Spread (INR/t)   | 28,993         | 26,401         | 29,602         | 22,151         | 24,841         | 21,373         | 23,663         | 23,941         | 26,492         | 23,446         | 21,769 14          |
| <b>EBITDA</b>              | <b>25,764</b>  | <b>23,650</b>  | <b>25,782</b>  | <b>22,145</b>  | <b>15,819</b>  | <b>12,378</b>  | <b>26,673</b>  | <b>32,160</b>  | <b>97,341</b>  | <b>87,030</b>  | <b>16,987 -7</b>   |
| EBITDA per ton (INR)       | 7,877          | 6,806          | 7,965          | 5,359          | 4,869          | 3,301          | 6,351          | 6,828          | 6,896          | 5,471          | 4,356 12           |
| Interest                   | 7,554          | 7,711          | 8,251          | 8,034          | 7,884          | 8,041          | 8,260          | 8,234          | 31,549         | 32,420         | 8,034 -2           |
| Depreciation               | 8,136          | 8,261          | 8,547          | 8,903          | 8,725          | 9,072          | 9,417          | 9,757          | 33,847         | 36,971         | 9,249 -6           |
| Other Income               | 978            | 1,143          | 747            | 2,461          | 1,828          | 1,050          | 1,051          | 1,050          | 5,328          | 4,979          | 1,051 74           |
| <b>PBT (after EO Inc.)</b> | <b>8,278</b>   | <b>8,480</b>   | <b>9,498</b>   | <b>7,123</b>   | <b>1,039</b>   | <b>-3,685</b>  | <b>10,047</b>  | <b>15,218</b>  | <b>33,379</b>  | <b>22,619</b>  | <b>756 38</b>      |
| Total Tax                  | 2,874          | 2,943          | 3,334          | 2,439          | 351            | 3,316          | 5,022          | 11,591         | 11,591         | 8,688          | 249                |
| % Tax                      | 34.7           | 34.7           | 35.1           | 34.2           | 33.8           | 33.0           | 33.0           | 33.0           | 34.7           | 38.4           | 33.0               |
| <b>Reported PAT</b>        | <b>5,404</b>   | <b>5,537</b>   | <b>6,163</b>   | <b>4,684</b>   | <b>688</b>     | <b>-3,685</b>  | <b>6,731</b>   | <b>10,196</b>  | <b>21,789</b>  | <b>13,931</b>  | <b>506 36</b>      |
| <b>Adjusted PAT</b>        | <b>7,215</b>   | <b>5,760</b>   | <b>6,314</b>   | <b>5,043</b>   | <b>688</b>     | <b>-3,685</b>  | <b>6,731</b>   | <b>10,196</b>  | <b>24,330</b>  | <b>13,931</b>  | <b>506 36</b>      |
| Change (YoY %)             | na             | na             | 322.4          | -25.1          | -90.5          | -164.0         | 6.6            | 102.2          | na             | -42.7          | -93.0              |

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**Conference call highlights**

- Targets saleable steel volumes of ~16mt in FY20.
- Capex guidance of INR40b for FY20.
- Net sales realization in 1Q stood at INR 40,828/t (Long: INR41,608; Flat: INR40,080). For July, the avg. stands at INR37,189/t (Long: INR 38,514; Flat: INR36,135).
- Debt stands at ~INR485b and has increased QoQ on subdued collections.
- The company has curtailed production due to a weak market. **Total finished inventory stands at ~1.5mt.**
- Employee cost declined YoY due to lower pension provision and lower number of employees. SAIL noted its pension provisioning is linked to profitability and net worth, albeit with a floor.

**Exhibit 1: Quarterly per ton trend**

|  | 1QFY18        | 2QFY18        | 3QFY18        | 4QFY18        | 1QFY19        | 2QFY19        | 3QFY19        | 4QFY19        | 1QFY20        |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Avg. Rev. (INR/ton)</b>               | <b>37,423</b> | <b>38,467</b> | <b>40,646</b> | <b>45,519</b> | <b>48,631</b> | <b>48,109</b> | <b>48,921</b> | <b>44,788</b> | <b>45,614</b> |
| <b>Volumes (m tons)</b>                  |               |               |               |               |               |               |               |               |               |
| Sales                                    | 3.0           | 3.5           | 3.8           | 3.7           | 3.3           | 3.5           | 3.2           | 4.1           | 3.2           |
| Prodn. (net of interplant transfer)      | 3.0           | 3.4           | 3.4           | 3.4           | 3.4           | 3.4           | 3.6           | 3.9           | 3.4           |
| <b>Expenditure (INR m)</b>               |               |               |               |               |               |               |               |               |               |
| Inc(-)/Dec in stock & captive cons.      | -992          | 3,518         | 7,738         | 1,091         | -12,793       | 426           | -21,273       | 6,474         | -13,786       |
| Consumption of Raw Materials             | 62,087        | 62,651        | 67,185        | 74,866        | 77,031        | 75,009        | 83,810        | 87,060        | 81,277        |
| Staff cost                               | 19,078        | 22,179        | 20,773        | 20,650        | 22,229        | 21,602        | 21,397        | 23,075        | 20,461        |
| Others                                   | 36,414        | 40,395        | 42,819        | 43,344        | 36,861        | 39,319        | 36,860        | 47,357        | 36,084        |
| <b>EBITDA</b>                            | <b>260</b>    | <b>10,242</b> | <b>15,501</b> | <b>25,996</b> | <b>25,764</b> | <b>23,650</b> | <b>25,782</b> | <b>22,145</b> | <b>15,819</b> |
| <b>Costs per ton of production (INR)</b> |               |               |               |               |               |               |               |               |               |
| Inc(-)/Dec in stock & captive cons.      | 322           | 1,023         | 2,285         | 322           | -3,733        | 127           | -5,888        | 1,647         | -4,015        |
| Consumption of Raw Materials             | 22,062        | 18,225        | 19,843        | 22,062        | 22,478        | 22,391        | 23,197        | 22,147        | 23,669        |
| Staff cost                               | 6,085         | 6,452         | 6,135         | 6,085         | 6,486         | 6,448         | 5,922         | 5,870         | 5,959         |
| Others                                   | 12,773        | 11,751        | 12,646        | 12,773        | 10,756        | 11,737        | 10,202        | 12,047        | 10,508        |
| <b>Gross Margins per ton of sales</b>    | <b>25,226</b> | <b>19,776</b> | <b>20,773</b> | <b>25,226</b> | <b>28,993</b> | <b>26,401</b> | <b>29,602</b> | <b>22,151</b> | <b>24,841</b> |
| <b>Conversion cost per ton of prodn.</b> | <b>18,858</b> | <b>18,203</b> | <b>18,782</b> | <b>18,858</b> | <b>17,242</b> | <b>18,185</b> | <b>16,124</b> | <b>17,917</b> | <b>16,467</b> |
| <b>EBITDA per ton of sales</b>           | <b>6,945</b>  | <b>2,893</b>  | <b>4,112</b>  | <b>6,945</b>  | <b>7,877</b>  | <b>6,806</b>  | <b>7,965</b>  | <b>5,359</b>  | <b>4,869</b>  |

Source: MOFSL, Company

**Exhibit 2: Target price calculation**

| YEAR                   | 2016    | 2017    | 2018    | 2019    | 2020E     | 2021E   |
|------------------------|---------|---------|---------|---------|-----------|---------|
| Sales (m tons)         | 12.1    | 13.1    | 14.1    | 14.1    | 15.9      | 17.0    |
| EBITDA (INR per ton)   | -2,399  | 51      | 3,705   | 6,916   | 5,489     | 5,512   |
| EBITDA                 | -29,025 | 671     | 52,176  | 97,615  | 87,321    | 93,702  |
| Target EV/EBITDA(x)    |         |         |         |         | 6.0       | 6.0     |
| Target EV              |         |         |         |         | 523,925   | 562,212 |
| less: Net Debt (INR m) | 347,959 | 410,168 | 450,632 | 448,823 | 432,186   | 424,430 |
| add: CWIP at 50% disc. | 124,636 | 116,377 | 91,977  | 80,068  | 50,068    | 50,068  |
| Equity value           |         |         |         |         | 141,807   | 187,850 |
| Target price (INR/sh.) |         |         |         |         | <b>34</b> |         |

Source: MOFSL, Company

## Financials and Valuations

| Income Statement               |                |                |                |                |                |                | (INR Million)        |                |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|
| Y/E Mar                        | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020E                | 2021E          |
| <b>Net Sales</b>               | <b>471,012</b> | <b>459,520</b> | <b>390,984</b> | <b>445,018</b> | <b>575,600</b> | <b>669,736</b> | <b>706,483</b>       | <b>756,055</b> |
| Change (%)                     | 4.5            | -2.4           | -14.9          | 13.8           | 29.3           | 16.4           | 5.5                  | 7.0            |
| <b>EBITDA</b>                  | <b>44,985</b>  | <b>48,989</b>  | <b>-29,025</b> | <b>671</b>     | <b>52,176</b>  | <b>97,615</b>  | <b>87,321</b>        | <b>93,702</b>  |
| EBITDA Margin (%)              | 9.6            | 10.7           | -7.4           | 0.2            | 9.1            | 14.6           | 12.4                 | 12.4           |
| Depreciation                   | 18,419         | 18,830         | 24,044         | 26,816         | 30,660         | 33,853         | 36,987               | 39,516         |
| <b>EBIT</b>                    | <b>26,566</b>  | <b>30,159</b>  | <b>-53,069</b> | <b>-26,145</b> | <b>21,516</b>  | <b>63,762</b>  | <b>50,333</b>        | <b>54,186</b>  |
| Interest                       | 10,573         | 15,349         | 23,005         | 25,278         | 28,228         | 31,549         | 32,420               | 31,820         |
| Other Income                   | 8,005          | 9,830          | 5,290          | 4,495          | 4,152          | 4,945          | 4,118                | 3,341          |
| Extraordinary items            | 9,596          | 0              | 0              | -2,167         | -5,556         | -3,894         | 0                    | 0              |
| <b>PBT</b>                     | <b>33,594</b>  | <b>24,640</b>  | <b>-70,784</b> | <b>-49,096</b> | <b>-8,115</b>  | <b>33,264</b>  | <b>22,032</b>        | <b>25,707</b>  |
| Tax                            | 7,079          | 3,060          | -29,377        | -19,595        | -2,452         | 12,005         | 9,269                | 9,258          |
| Tax Rate (%)                   | 21.1           | 12.4           | 41.5           | 39.9           | 30.2           | 36.1           | 42.1                 | 36.0           |
| Min. Int. & Assoc. Share       | 0              | -1             | 0              | 0              | 0              | 0              | 0                    | 0              |
| <b>Reported PAT</b>            | <b>26,515</b>  | <b>21,582</b>  | <b>-41,765</b> | <b>-27,562</b> | <b>-2,814</b>  | <b>23,487</b>  | <b>14,702</b>        | <b>18,388</b>  |
| <b>Adjusted PAT</b>            | <b>18,943</b>  | <b>21,583</b>  | <b>-41,765</b> | <b>-26,259</b> | <b>1,063</b>   | <b>25,976</b>  | <b>14,702</b>        | <b>18,388</b>  |
| Change (%)                     | -23.7          | 13.9           | -293.5         | -37.1          | -104.0         | 2,344.1        | -43.4                | 25.1           |
| <b>Balance Sheet</b>           |                |                |                |                |                |                | <b>(INR Million)</b> |                |
| Y/E Mar                        | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | 2020E                | 2021E          |
| Share Capital                  | 41,305         | 41,305         | 41,305         | 41,305         | 41,305         | 41,305         | 41,305               | 41,305         |
| Reserves                       | 391,761        | 400,724        | 360,209        | 329,117        | 328,161        | 355,156        | 367,919              | 384,367        |
| <b>Net Worth</b>               | <b>433,067</b> | <b>442,029</b> | <b>401,514</b> | <b>370,423</b> | <b>369,467</b> | <b>396,462</b> | <b>409,224</b>       | <b>425,673</b> |
| Debt                           | 260,896        | 305,733        | 351,414        | 413,957        | 454,087        | 451,700        | 433,700              | 415,700        |
| Deferred Tax                   | 22,222         | 25,661         | -16,698        | -38,488        | -41,620        | -28,668        | -24,354              | -20,246        |
| <b>Total Capital Employed</b>  | <b>716,184</b> | <b>773,423</b> | <b>736,230</b> | <b>745,892</b> | <b>781,934</b> | <b>819,494</b> | <b>818,570</b>       | <b>821,126</b> |
| Gross Fixed Assets             | 566,469        | 678,238        | 774,222        | 841,918        | 955,829        | 1,017,173      | 1,117,173            | 1,157,173      |
| Less: Acc Depreciation         | 283,515        | 300,877        | 314,793        | 338,915        | 369,575        | 403,428        | 440,415              | 479,931        |
| <b>Net Fixed Assets</b>        | <b>282,953</b> | <b>377,361</b> | <b>459,428</b> | <b>503,003</b> | <b>586,254</b> | <b>613,745</b> | <b>676,758</b>       | <b>677,242</b> |
| Capital WIP                    | 339,585        | 293,278        | 249,272        | 232,754        | 183,954        | 160,136        | 100,136              | 100,136        |
| Investments                    | 565            | 4,538          | 22,790         | 24,755         | 26,289         | 29,748         | 29,748               | 29,748         |
| <b>Current Assets</b>          | <b>317,146</b> | <b>338,013</b> | <b>264,834</b> | <b>277,154</b> | <b>316,293</b> | <b>347,226</b> | <b>360,005</b>       | <b>368,325</b> |
| Inventory                      | 153,655        | 179,430        | 147,082        | 157,361        | 170,243        | 195,103        | 205,170              | 219,567        |
| Debtors                        | 55,006         | 32,182         | 31,514         | 29,347         | 38,710         | 44,975         | 48,389               | 51,785         |
| Cash & Bank                    | 31,580         | 26,063         | 3,456          | 3,788          | 3,456          | 2,877          | 1,514                | -8,730         |
| Loans & Adv, Others            | 76,905         | 100,338        | 82,782         | 86,658         | 103,884        | 104,271        | 104,932              | 105,703        |
| <b>Curr Liabs &amp; Provns</b> | <b>224,064</b> | <b>239,766</b> | <b>260,095</b> | <b>291,773</b> | <b>330,856</b> | <b>331,361</b> | <b>348,077</b>       | <b>354,324</b> |
| Curr. Liabilities              | 162,633        | 174,116        | 200,873        | 226,561        | 267,985        | 265,251        | 281,967              | 288,214        |
| Provisions                     | 61,432         | 65,650         | 59,221         | 65,213         | 62,871         | 66,110         | 66,110               | 66,110         |
| <b>Net Current Assets</b>      | <b>93,082</b>  | <b>98,247</b>  | <b>4,739</b>   | <b>-14,620</b> | <b>-14,563</b> | <b>15,865</b>  | <b>11,928</b>        | <b>14,000</b>  |
| <b>Total Assets</b>            | <b>716,184</b> | <b>773,423</b> | <b>736,230</b> | <b>745,892</b> | <b>781,934</b> | <b>819,494</b> | <b>818,570</b>       | <b>821,126</b> |

## Financials and Valuations

### Ratios

| Y/E Mar                         | 2014  | 2015  | 2016 | 2017  | 2018  | 2019  | 2020E | 2021E |
|---------------------------------|-------|-------|------|-------|-------|-------|-------|-------|
| <b>Basic (INR)</b>              |       |       |      |       |       |       |       |       |
| EPS                             | 4.6   | 5.2   | 0.0  | -6.4  | 0.3   | 6.3   | 3.6   | 4.5   |
| Cash EPS                        | 10.9  | 9.8   | 0.0  | -0.6  | 6.1   | 13.3  | 12.0  | 13.5  |
| Book Value                      | 104.8 | 107.0 | 0.0  | 89.7  | 89.4  | 96.0  | 99.1  | 103.1 |
| DPS                             | 2.0   | 2.0   | 0.0  | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| <b>Valuation(x)</b>             |       |       |      |       |       |       |       |       |
| P/E                             | 7.9   | 7.0   | 0.0  | -5.7  | 141.5 | 5.8   | 10.2  | 8.2   |
| Price / Book Value              | 0.3   | 0.3   | 0.0  | 0.4   | 0.4   | 0.4   | 0.4   | 0.4   |
| EV/Sales                        | 0.8   | 0.9   | 0.0  | 1.3   | 1.0   | 0.9   | 0.8   | 0.8   |
| EV/EBITDA                       | 8.4   | 8.8   | 0.0  | 835.5 | 11.5  | 6.1   | 6.7   | 6.1   |
| Dividend Yield (%)              | 5.5   | 5.5   | 0.0  | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| EV( USD/Ton)                    | 767   | 896   | 0    | 1,040 | 1,041 | 1,035 | 893   | 825   |
| <b>Profitability Ratios (%)</b> |       |       |      |       |       |       |       |       |
| RoE                             | 4.5   | 4.9   | 0.0  | -7.1  | 0.3   | 6.8   | 3.6   | 4.4   |
| RoCE                            | 5.0   | 5.4   | 0.0  | -2.9  | 3.4   | 8.6   | 6.6   | 7.0   |
| RoIC                            | 8.8   | 7.6   | 0.0  | -5.3  | 4.1   | 10.7  | 7.7   | 7.8   |
| <b>Turnover Ratios (%)</b>      |       |       |      |       |       |       |       |       |
| Asset Turnover (x)              | 0.7   | 0.6   | 0.0  | 0.6   | 0.7   | 0.8   | 0.9   | 0.9   |
| Debtors (No. of Days)           | 43    | 26    | 0    | 24    | 25    | 25    | 25    | 25    |
| Inventory (No. of Days)         | 119   | 143   | 0    | 129   | 108   | 106   | 106   | 106   |
| Creditors (No. of Days)         | 28    | 32    | 0    | 43    | 53    | 46    | 46    | 46    |
| <b>Leverage Ratios (%)</b>      |       |       |      |       |       |       |       |       |
| Net Debt/Equity (x)             | 0.5   | 0.6   | 0.9  | 1.1   | 1.2   | 1.1   | 1.1   | 1.0   |

### Cash Flow Statement

| Y/E Mar                       | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           | (INR Million)  |                |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                               |                |                |                |                |                |                | 2020E          | 2021E          |
| Adjusted EBITDA               | 44,985         | 48,989         | -29,025        | 671            | 52,176         | 97,615         | 87,321         | 93,702         |
| Non cash opr. exp (inc)       | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| (Inc)/Dec in Wkg. Cap.        | 22,976         | -17,980        | 57,506         | 17,457         | 11,183         | -34,135        | 3,234          | -11,544        |
| Tax Paid                      | -8,538         | -5,040         | 3,060          | 125            | -1,371         | -1,085         | -5,616         | -5,922         |
| Other operating activities    | 3,971          | 6,085          | 8,886          | 3,348          | -157           | -22,911        | 0              | 0              |
| <b>CF from Op. Activity</b>   | <b>63,395</b>  | <b>32,054</b>  | <b>40,428</b>  | <b>21,601</b>  | <b>61,831</b>  | <b>39,485</b>  | <b>84,939</b>  | <b>76,235</b>  |
| (Inc)/Dec in FA & CWIP        | -89,228        | -63,340        | -64,930        | -54,267        | -66,045        | -40,000        | -40,000        | -40,000        |
| <b>Free cash flows</b>        | <b>-25,833</b> | <b>-31,287</b> | <b>-24,502</b> | <b>-32,666</b> | <b>-4,214</b>  | <b>-515</b>    | <b>44,939</b>  | <b>36,235</b>  |
| (Pur)/Sale of Invt            | 223            | -2,471         | -1,373         | 16             | 1,266          | -3,460         | 0              | 0              |
| Others                        | 5,380          | 5,271          | -1,864         | -38            | -79            | 4,945          | 4,118          | 3,341          |
| <b>CF from Inv. Activity</b>  | <b>-83,625</b> | <b>-60,541</b> | <b>-68,167</b> | <b>-54,290</b> | <b>-64,858</b> | <b>-38,515</b> | <b>-35,882</b> | <b>-36,659</b> |
| Inc/(Dec) in Net Worth        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Inc / (Dec) in Debt           | 32,104         | 46,194         | 31,675         | 58,300         | 31,210         | 30,000         | -18,000        | -18,000        |
| Interest Paid                 | -10,189        | -15,026        | -23,005        | -25,278        | -28,515        | -31,549        | -32,420        | -31,820        |
| Divd Paid (incl Tax) & Others | -11,869        | -8,197         | -1,243         | 0              | 0              | 0              | 0              | 0              |
| <b>CF from Fin. Activity</b>  | <b>10,047</b>  | <b>22,971</b>  | <b>7,427</b>   | <b>33,021</b>  | <b>2,694</b>   | <b>-1,549</b>  | <b>-50,420</b> | <b>-49,820</b> |
| <b>Inc/(Dec) in Cash</b>      | <b>-10,184</b> | <b>-5,516</b>  | <b>-20,312</b> | <b>333</b>     | <b>-333</b>    | <b>-579</b>    | <b>-1,363</b>  | <b>-10,244</b> |
| Add: Opening Balance          | 41,763         | 31,580         | 23,768         | 3,456          | 3,788          | 3,456          | 2,877          | 1,514          |
| <b>Closing Balance</b>        | <b>31,580</b>  | <b>26,063</b>  | <b>3,456</b>   | <b>3,788</b>   | <b>3,456</b>   | <b>2,877</b>   | <b>1,514</b>   | <b>-8,730</b>  |

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

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