

# UltraTech Cement

BSE SENSEX

41,021

S&amp;P CNX

12,101



## Stock Info

Bloomberg	UTCEM IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	1219 / 17.2
52-Week Range (INR)	4904 / 3340
1, 6, 12 Rel. Per (%)	-3/-14/-10
12M Avg Val (INR M)	2057
Free float (%)	38.9

## Financials Snapshot (INR b)

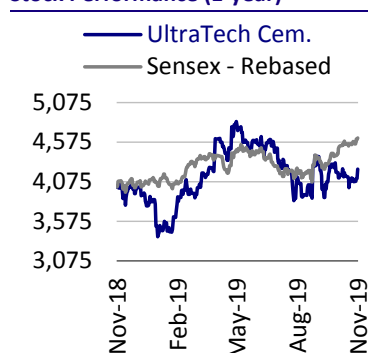
Y/E Mar	2019	2020E	2021E
Sales	416.1	449.9	487.5
EBITDA	73.4	103.5	117.4
NP	24.8	41.4	54.7
Adj EPS (INR)	90.3	143.6	189.4
EPS Gr. (%)	1.0	59.0	31.9
BV/Sh (INR)	1,230	1,361	1,534
RoE (%)	8.2	11.7	13.8
RoCE (%)	7.1	9.3	11.2
P/E (x)	45.6	28.7	21.7
P/BV (x)	3.3	3.0	2.7
EV/EBITDA (x)	19.2	13.8	11.7
EV/Ton (USD)	168	165	158

## Shareholding pattern (%)

As On	Sep-19	Jun-19	Sep-18
Promoter	61.7	61.7	61.7
DII	12.0	8.7	7.3
FII	17.9	18.7	20.9
Others	8.4	10.9	10.2

FII Includes depository receipts

## Stock Performance (1-year)


**CMP: INR4,234**
**TP: INR5,050 (+19%)**
**Buy**

## Revival of Century assets to support earnings growth

### Strong FCF to drive deleveraging, RoE improvement

UltraTech Cement (UTCEM) has underperformed the Sensex by 10% over the past three months due to weak cement demand and the dismal performance of the acquired Century Cement assets in 2QFY20. In this note, we present (a) the premise for our expectation of an improvement in profitability of Century and (b) the case studies on the turnaround of the other two acquisitions – JPA and Binani. With limited capex needs going forward, strong FCF generation (~7% yield) will likely drive deleveraging and 550bps improvement in RoE over the next two years. Against this promising backdrop, we maintain our positive stance on UTCEM – our top pick in the sector.

### Century – turnaround begins, contribution to consol. EBITDA set to increase

- Century assets generated nil EBITDA in 2QFY20, impacting UTCEM's profitability by 10%. EBITDA/t was down to INR1,021 (INR1,131 excluding Century) in the quarter.
- However, Century assets have started showing signs of a turnaround, which will likely drive an improvement in earnings over the next six quarters. We forecast Century EBITDA to increase to INR1.6b in 4QFY20 and ~INR7b in FY21, contributing 5% and 6%, respectively, of the company's consol. EBITDA.
- Profitability improvement will primarily be driven by lower costs with better fixed cost absorption (as utilization improves from 48% in 2QFY20), reduced energy costs (higher petcoke usage and lower cost) and freight cost savings (through logistics realignment).
- Realization will likely improve in 4QFY20 as most of Century's capacities transition to the UltraTech brand by Dec'19, bettering pricing by INR12-15/bag.

### Case studies: Turnaround of JPA and Binani acquisitions

- When UTCEM had acquired JPA (21.2 MMTPA) and Binani (6.25 MMTPA) in Jun'17 and Nov'18 respectively, their EBITDA was only INR100-300/t.
- However, the company successfully turned these acquisitions around to generate estimated EBITDA of ~INR1,300/t, driven by cost reduction, rebranding and cement price hikes.
- According to management, both these assets have achieved PBT break-even, despite high acquisition cost of USD160/t for Binani and USD125/t for JPA.

### Strong FCF to drive deleveraging, improve RoE

- We expect strong FCF generation of >INR75b per annum (7% yield) from FY20, which should drive deleveraging and stock price appreciation. Net debt/EBITDA is expected to reduce to 1.1x by Mar'21 from 2.2x now.
- RoE is expected to rise by >550bp to 13.8% over FY19-21, driven by strong growth in EBITDA (26% CAGR) and lower interest costs from deleveraging.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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

**Valuations attractive; Maintain Buy**

- UTCEM trades at 11.7x FY21E EV/EBITDA and ~USD158/t on EV, which are at ~15% discount to the 10-year average. The stock also trades at ~35% discount to peer Shree Cement – the highest in past 10 years (historical average: 15%).
- The stock is not ascribing any value to its >20 MMTPA low-cost brownfield expansion wherein long-term growth visibility is good. We value UTCEM at 14x FY21E EV/EBITDA to arrive at a target price of INR5,050 (implied EV/t of USD185/t on FY21 capacity). Maintain **Buy**.

## Acquisitions providing market dominance

UTCCEM has been on an acquisition spree over the past three years, growing its India cement capacity by 71% to 113.4 MMTPA (including Bara plant scheduled to be commissioned by Dec'19).

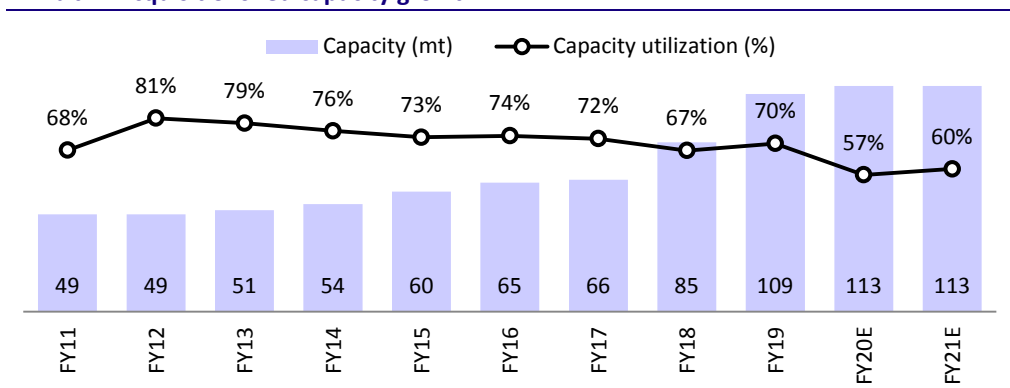
- The company's all-India capacity market share has expanded to 24% from 15.5% in FY17, led by the acquisition of cement assets of Jaiprakash Associates (JPA), Binani Industries and Century Textiles (CTIL). These acquisitions have provided the company market dominance and pricing power, particularly in central and west India, where it now has ~40% market share.
- Moreover, the acquisitions have helped UTCCEM to improve its market mix to 43% (from 29%) in favor of the stronger markets of north and central, which have the best utilization outlook in the country. Also, the mix of weaker markets of east and south has declined to 32% (from 41%).

**Exhibit 1: Acquisitions have facilitated sharp growth in capacity and improvement in regional mix**

MMTPA	FY17	Organic	JPA	Century	Binani	FY20
East	11.4	0.3		4.4		16.1
Central	6.2	3.5	11.4	4.2		25.3
West	20.5	1.2		6.0		27.7
North	12.8		4.8		6.3	23.8
South	15.5		5.0			20.5
<b>All India</b>	<b>66.4</b>	<b>5.0</b>	<b>21.2</b>	<b>14.6</b>	<b>6.3</b>	<b>113.4</b>
<b>Regional capacity split</b>						
East	17%	6%	0%	30%	0%	14%
Central	9%	70%	54%	29%	0%	22%
West	31%	24%	0%	41%	0%	24%
North	19%	0%	23%	0%	100%	21%
South	23%	0%	24%	0%	0%	18%

Source: MOFSL, Company

**Exhibit 2: Acquisitions-led capacity growth**



Source: MOFSL, Company

## Case studies: JPA and Binani turnaround

We present below the case studies of prior two acquisitions (JPA and Binani) made by UTCEM and how these were turned around in a short span of time. UTCEM improved the EBITDA margin at these assets by an estimated INR1,000-1,200/t, driven by cost reduction, rebranding efforts and price hikes.

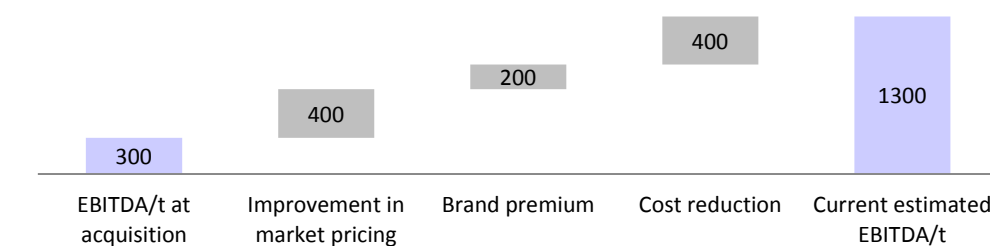
### JPA (21.2 MMTPA cement capacities acquired in Jun'17)

At the time of acquisition, JPA's assets were operating at less than 20% utilization with 5 out of 10 clinker units operationally shut for almost a year. The asset earned an EBITDA margin of only ~INR300/t excluding incentives. However, we estimate that the margin has since improved to ~INR1300/t (despite higher limestone royalty of ~INR70/t) driven by the following initiatives:

- **Rebranding:** JPA's cement used to sell at INR15-20/bag (5-6%) lower than UTCEM. However, within ~50 days, UTCEM upgraded and rebranded the cement to its own brands, improving realization by ~INR200/t.
- **Price hikes:** As a major player in the region post acquisition, the company gradually increased prices of its own brands over the next 18-20 months (3QFY18-1QFY20) in central India (which was followed by price hikes by other regional players as well). As a result, blended realization improved further by ~INR400/t over this period.
- **Production ramp-up providing operating leverage benefits:** After acquiring JPA assets at 20% utilization in 1QFY18, UTCEM has ramped up utilization to 70-75% now. We estimate this to have resulted in INR350-360 reduction in operating cost per ton due to better fixed cost absorption.
- **Logistics realignment:** Some logistics cost benefits were also realized with clinker supply realignment for the 1 MMTPA Sikanderabad grinding unit. We estimate this to have driven freight cost savings of ~INR15/t. Additionally, UTCEM benefited from cement supply chain realignment as it no longer had to supply to central India from its Rajasthan-based cement plants (which reduced logistics cost).
- **Usage of petcoke:** JPA's assets were not using any petcoke when they were acquired in 1QFY18. UTCEM increased petcoke usage to 65% in kiln fuel mix since then, keeping fuel cost in check despite production ramp-up.

In line with the guidance, JPA acquisition achieved cash breakeven in four quarters and PBT breakeven in eight quarters. The assets now are fully integrated for branding, pricing, operations and safety standards, and operating costs are in line with UTCEM's own plants adjusted for the structural cost gap of ~INR100/t for higher limestone royalty and higher hilly area freight for the Himachal plant.

### Exhibit 3: Improvement in EBITDA/t for JPA (INR/t)



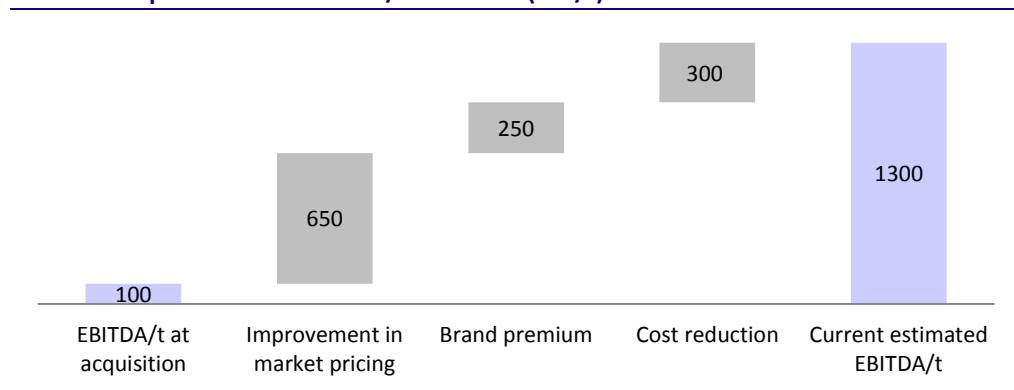
Source: MOFSL, Company

**Binani (6.25 MMTPA Indian cement capacities acquired in Nov'18)**

At the time of acquisition, Binani's assets (now housed in a company called UltraTech Nathdwara or UNCL) were operating at ~50% capacity utilization with an EBITDA margin of only ~INR100/t. We estimate that the EBITDA margin has since been improved to ~INR1,300/t driven by the following initiatives:

- **Rebranding:** Binani's cement used to sell at INR25-30/bag (8-10%) lower than UTCЕМ. However, within ~40 days, UTCЕМ upgraded and rebranded the cement to its own brands, improving realization by ~INR250/t.
- **Price hikes:** As a major player in the region post acquisition and supported by other regional players, UTCЕМ raised cement price in north India by INR50-60/bag. This led to further ~INR650/t improvement in realization for these plants.
- **Logistics realignment:** Supply of clinker for 1.4 MMTPA Neem Ka Thana grinding unit was realigned to UltraTech's Kotputli plant (~50km away) from Binani's Sirohi plant (~550km away). We estimate this resulted in freight cost savings of ~INR170/t for UNCL.
- **Production ramp-up providing operating leverage benefits:** Capacity utilization was improved to 60% in 1QFY20 from ~50% at the time of acquisition. We estimate this to have resulted in INR30-40/t reduction in operating cost per ton due to better fixed cost absorption.
- **Lower power & fuel costs:** The share of petcoke usage in kiln fuel mix has improved to ~75% now from almost zero pre-acquisition. Moreover, imported coal and petcoke prices have declined by 30-40% YoY. We estimate these to have reduced fuel cost by ~INR70-80/t.

Within two quarters of acquisition, UTCЕМ has delivered INR300/t in cost savings and achieved PBT breakeven in subsidiary UNCL. We, however, estimate that at the consolidated level (including higher depreciation for the total acquisition value of INR79bn booked in consolidated financials), the acquisition is yet to achieve PBT breakeven.

**Exhibit 4: Improvement in EBITDA/t for Binani (INR/t)**

Source: MOFSL, Company

## Century acquisition to turnaround gradually

### 14.6 MMTPA cement capacities acquired in Oct'19

UTCEM acquired Century Textile's cement assets (14.6 MMTPA capacities in West, Central and East India) for a total EV of INR86b, with equity issuance of INR56b and debt of INR30b. UTCEM issued one equity share of face value of INR10 for every eight equity shares of CTIL of face value of INR10, thereby issuing 14m new equity shares to CTIL's shareholders. As a result, UCEM's share capital expanded to INR2.88b (a dilution of ~5%) and its India capacity expanded by 15% to 113.4 MMTPA. While the assets came into UTCEM fold from 1<sup>st</sup> Oct'19, the merger was effective from the appointed date of 20<sup>th</sup> May'18. As a result, UTCEM's results have been restated from 1QFY19 for the merger.

### 2QFY20 performance was weak due to low volumes, maintenance costs

Century delivered a weak performance in 2QFY20 with nil EBITDA v/s INR470/t of EBITDA in 2QFY19 due to weak volumes (-25% YoY), reducing fixed cost absorption and high plant maintenance costs. Utilization declined to 48% from 64% in 2QFY19 as operations were impacted by heavy rains and flooding.

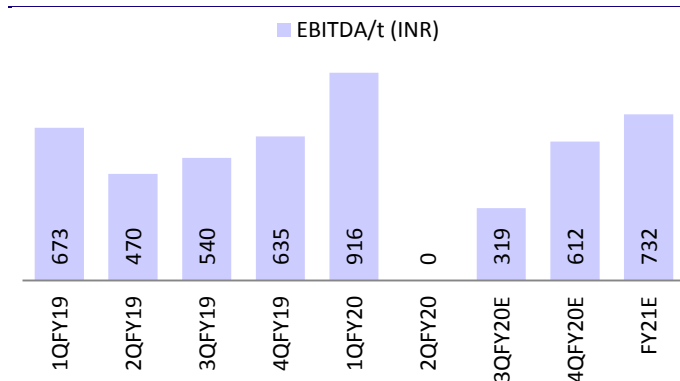
### EBITDA estimated to improve to INR730/t in FY21

We forecast Century assets' EBITDA to improve to INR1.6b in 4QFY20 (from nil in 2QFY20) and INR7b by FY21, contributing 5% and 6%, respectively, of UTCEM's consol. EBITDA. Profitability improvement will primarily be led by lower costs – better fixed cost absorption (as utilization improves from 48% in 2QFY20), lower energy costs (higher petcoke usage and lower cost) and freight cost savings (through logistics realignment). Realization is likely to start improving from 4QFY20 through rebranding efforts and market price hikes. We estimate the EBITDA margin to expand to INR730/t in FY21, led by:

- **Rebranding (INR160/t):** UTCEM plans to transition from Birla Gold (cement brand for Century) to UltraTech in most of the states (except Chhattisgarh and Bihar) by Dec'19 which should cover 75-80% of trade volumes. Balance volumes should also gradually transition in FY21 once upgradation is done at the 2 MMTPA plant at Baikunth, Chhattisgarh (which is an old plant). The company expects benefits of INR12-15/bag from rebranding. We estimate this should result in realization benefit of ~INR160/t.
- **Logistics realignment (INR75/t):** While Century's three plants are integrated units, there should be logistics cost savings for the 2 MMTPA Sonar Bangla grinding unit in West Bengal. Clinker for this plant can be sourced from UTCEM's Dalla plant which is at a distance of ~650km, saving nearly 350km of freight. It is currently sourced from Century's Baikunth unit which is at a distance of ~1,000km. We estimate reduction in freight cost by ~INR75/t.
- **Production ramp-up providing operating leverage benefits (INR295/t):** Capacity utilization should improve from 48% in 2QFY20 to ~70% in FY21. We estimate this to result in ~INR70 reduction in operating cost per ton due to better fixed cost absorption. Additionally, 2QFY20 saw high maintenance cost which when annualized implies INR220-225/t of cost reduction vis-à-vis 2QFY20.

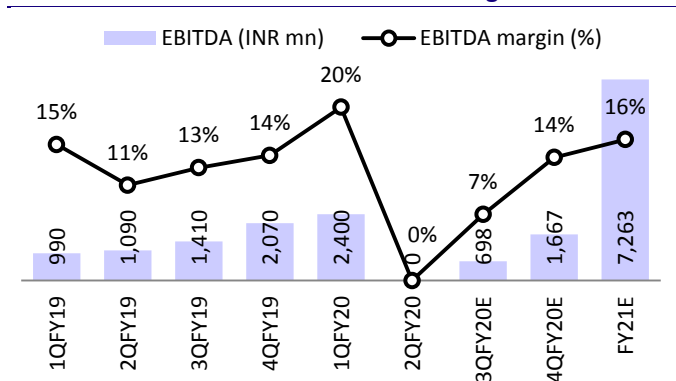
- **Lower power & fuel and sourcing costs (INR80/t):** As witnessed in the case of JPA and Binani, we expect UTCM to improve the kiln fuel mix (in favor of petcoke and AFR) and reduce the cost of purchase of key RM (like fly ash) through common sourcing. Moreover, imported coal and petcoke prices have declined by 30-40% YoY which should flow through into costs in 2HFY20. These benefits, however, will be partly offset by an increase in royalty on limestone extraction by ~INR70/t from 3QFY20, according to the MMRDA rules for limestone mines transfer. We therefore estimate overall cost reduction of ~INR80/t over the next one year.
- **Price hikes (INR120/t):** We expect ~3% improvement in cement prices in the next one year, which is likely to drive further ~INR120/t improvement in realization.

**Exhibit 5: EBITDA/t for Century to improve from 0 in 2QFY20 to INR732 in FY21**



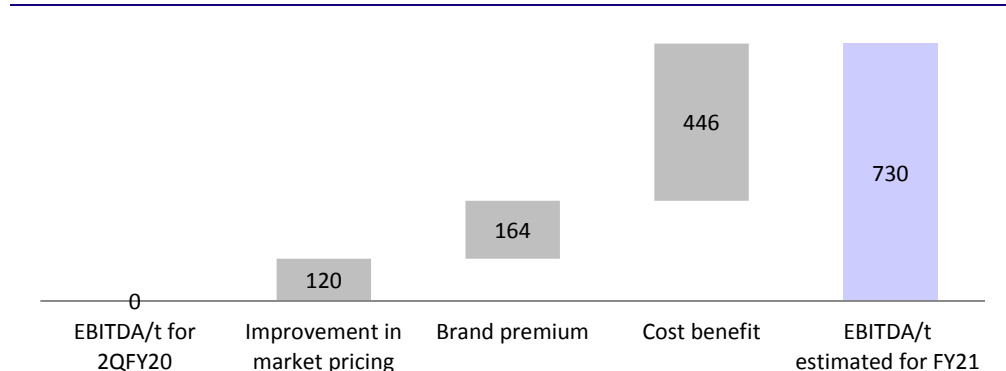
Source: Company, MOFSL

**Exhibit 6: Trend in EBITDA and EBITDA margin**



Source: Company, MOFSL

**Exhibit 7: Improvement in EBITDA/t for Century (INR/t)**



Source: MOFSL, Company

## Lower capex and higher OCF to help in deleveraging

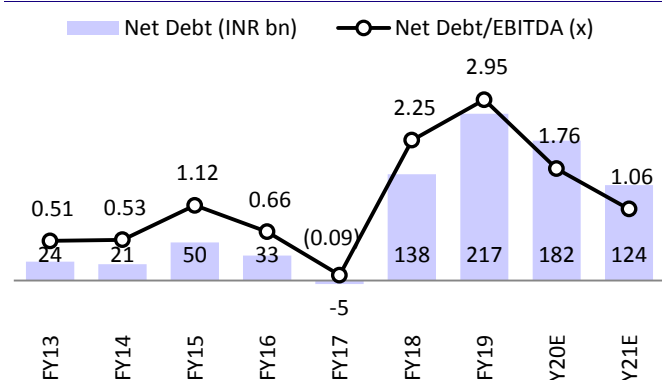
### Monetization of non-core assets to also help reduce leverage

While inorganic assets for UTCEM came with a lower lead time, they have also added significant debt to the balance sheet. UTCEM, which was a net cash company until FY17, currently has net debt of INR206b with net debt/EBITDA at 2.2x. JPA acquisition was done with an outlay of INR162b (USD125/t), while Binani was acquired for INR79b (USD160/t for Indian assets). While Century acquisition added only INR30b debt, it was part funded by equity dilution of 5%, implying total acquisition cost of USD84/t. Having achieved a large capacity base, management is now focused on ramping up these capacities (currently operating at only 70%) and reducing leverage to 1x by FY21 which we believe is achievable.

### Deleveraging led by strong FCF generation and lower capex

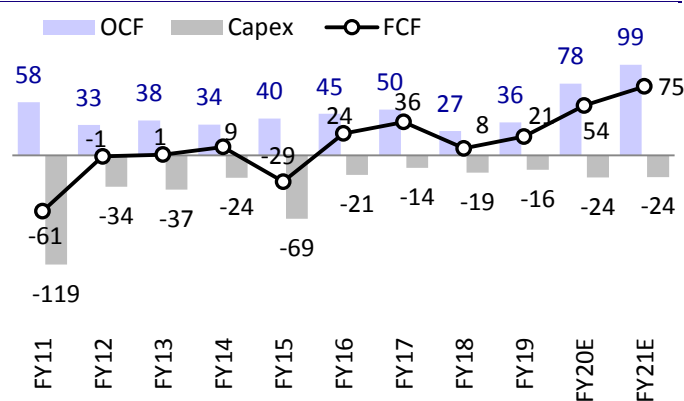
- Operating cash flows improved 3x YoY in 1H FY20, led by a 52% YoY increase in EBITDA and working capital improvement (reduction in inventory and receivable days). We expect OCF generation of >INR80b annually from FY20.
- At the same time, capex is also low as UTCEM has built sufficient capacity. It plans to spend ~INR20b in FY20 and FY21, mainly toward modernization, Bara grinding unit, Bicharpur coal block, WHRS projects and a bulk terminal.
- We thus expect FCF to improve from INR20b in FY19 to INR75b in FY21. FCF yield in 1H FY20 improved to 4.9% from 0.6% in 1H FY19 – it is expected to increase further to 7% by FY21.
- Additionally, UTCEM is looking to divest its non-core assets in China and UAE, and also recover loans given to the Binani fiberglass business (that came to it with the Binani acquisition), which if successful should help reduce leverage further. It recently sold its 0.6mt of capacity in Bangladesh for a consideration of INR2b.
- We expect net debt/EBITDA to reduce from 2.95x in FY19 to 1.1x in FY21 (without building in non-core asset divestitures).

**Exhibit 8: Net debt for the Company to reduce from INR217 bn in FY19 to INR 124bn in FY21**



Source: MOFSL, Company

**Exhibit 9: Operating cash flows to increase led by limited capex (INR b)**

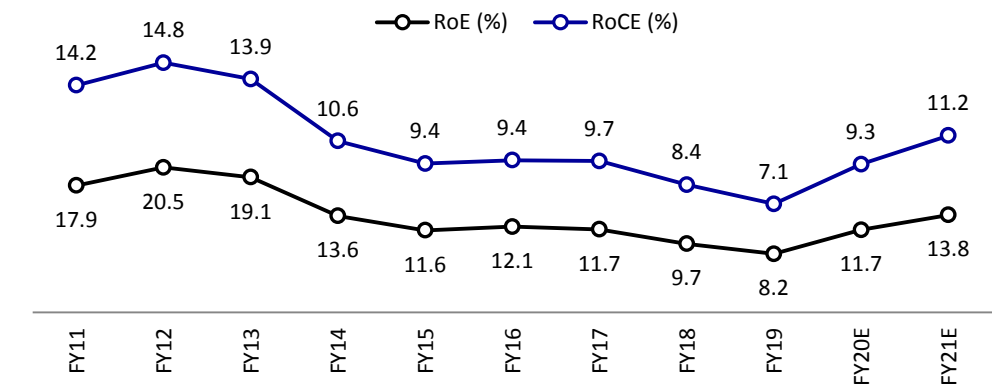


Source: MOFSL, Company



**RoE to improve by 550bp over FY19-21**

We estimate a CAGR of 26% in EBITDA and 48% in EPS over FY19-21. Driven by strong operating cash flows and a reduction in interest cost, RoE and RoCE are expected to improve by >550bp (to 13.8%) and 420bp (to 11.2%), respectively, over FY19-21.

**Exhibit 10: ROEs to improve 550bps over FY19-21**

Source: MOFSL, Company

## Valuations remain attractive

- UTCCEM trades at 11.4x FY21E EV/EBITDA and ~USD155/t on EV – at ~15% discount to its 10-year average. The company also trades at ~35% discount to peer SCRM – highest in the past 10 years (historical average: 15%).
- We forecast a CAGR of 26% in EBITDA and 48% in EPS over FY19-21, driven by a 6% CAGR in volumes and better margins. We expect RoE to improve from 8.2% in FY19 to 13.8% in FY21.
- The company trades at 13.3x/11.7x EV on FY20/21E EBITDA. The stock is not ascribing any value to its >20 MMTPA low-cost brownfield expansion, wherein long-term growth visibility is good. We value UTCCEM at 14x FY21E EV/EBITDA to arrive at a target price of INR5,050 (implied EV/t of USD185 on FY21E capacity). Maintain **Buy**.

Exhibit 11: EV/EBITDA

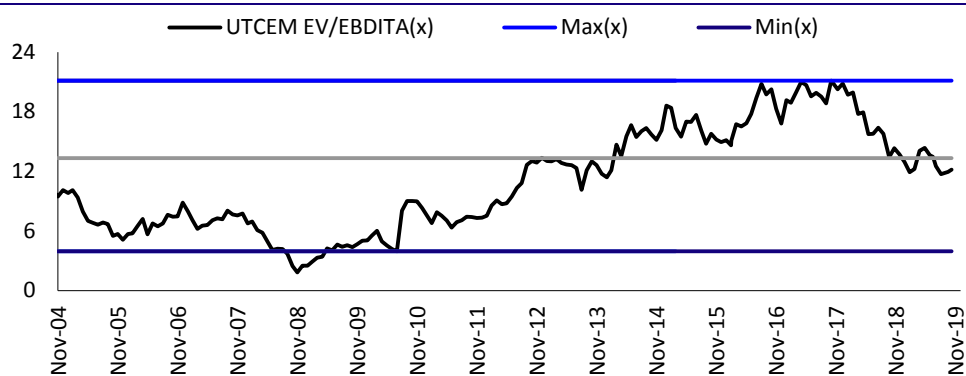
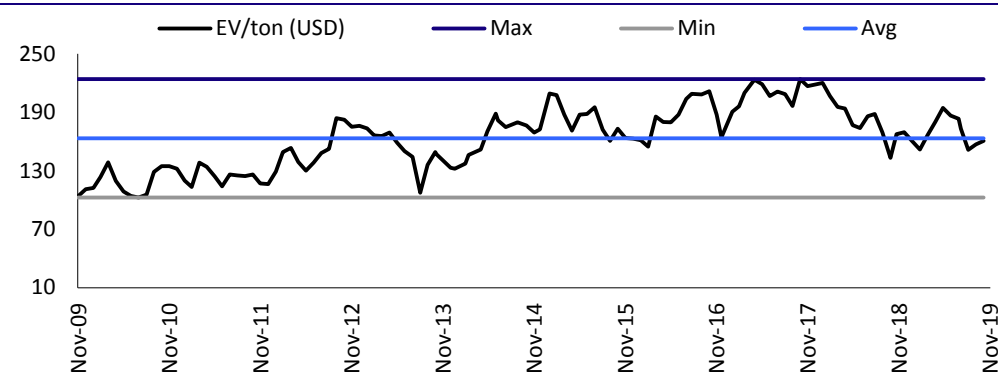
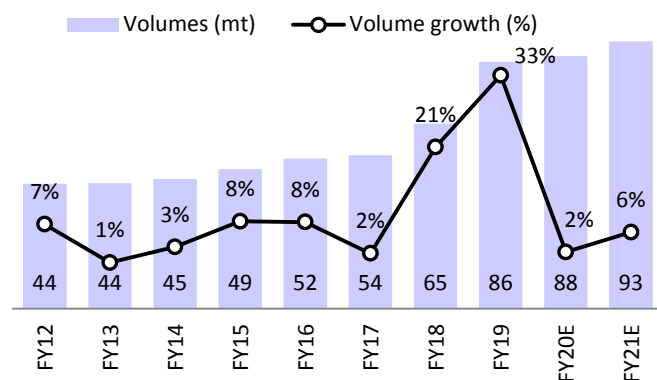


Exhibit 12: EV/ton



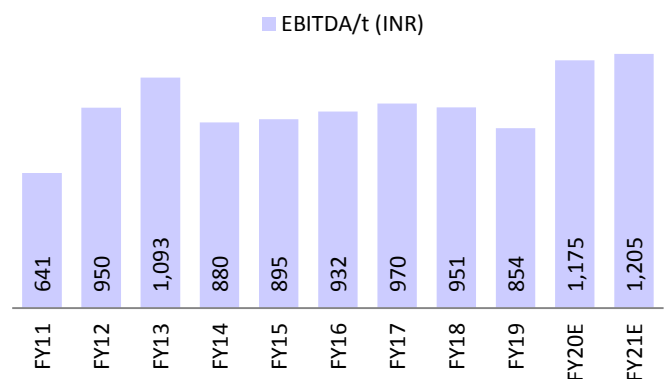
## Story in charts

**Exhibit 13: Expect volume CAGR of 6% over FY19-21**



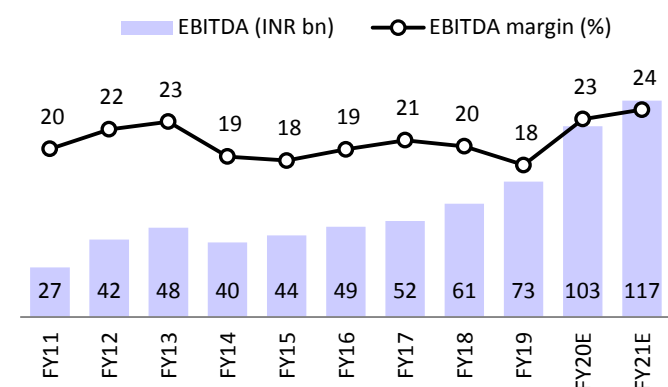
Source: Company, MOFSL

**Exhibit 14: Trend in blended EBITDA/t (INR/t)**



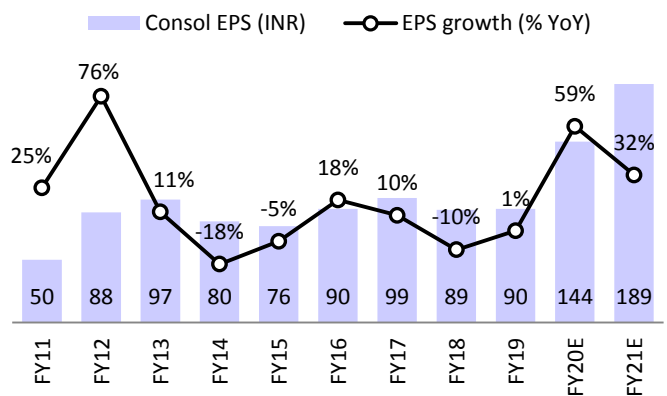
Source: Company, MOFSL

**Exhibit 15: EBITDA should grow at a CAGR of 26% over FY19-21E**



Source: Company, MOFSL

**Exhibit 16: EPS to grow at a CAGR of 48% over FY19-21E**



Source: Company, MOFSL

## Financials and Valuations

Consolidated - Income Statement							(INR M)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Total Income from Operations	2,16,522	2,43,400	2,51,532	2,53,749	3,09,786	4,16,090	4,49,923	4,87,480
Change (%)	1.5	12.4	3.3	0.9	22.1	34.3	8.1	8.3
EBITDA	40,348	44,255	49,010	52,124	61,452	73,437	1,03,496	1,17,410
Margin (%)	18.6	18.2	19.5	20.5	19.8	17.6	23.0	24.1
Depreciation	11,390	12,034	13,772	13,484	18,479	24,468	27,371	28,018
EBIT	28,958	32,221	35,238	38,640	42,972	48,970	76,125	89,392
Int. and Finance Charges	3,610	5,865	5,663	6,401	12,376	17,779	20,091	16,633
Other Income	3,227	3,501	4,638	6,481	5,886	4,678	5,920	6,020
PBT bef. EO Exp.	28,576	29,856	34,213	38,721	36,482	35,869	61,954	78,779
EO Items	0	0	0	0	-3,466	-1,139	-62	0
PBT after EO Exp.	28,576	29,856	34,213	38,721	33,016	34,731	61,893	78,779
Total Tax	6,448	8,835	9,417	11,586	10,770	10,754	20,526	24,125
Tax Rate (%)	22.6	29.6	27.5	29.9	32.6	31.0	33.2	30.6
Minority Interest	68	38	16	-14	24	-37	-10	-10
Reported PAT	22,060	20,983	24,780	27,149	22,222	24,013	41,376	54,664
Adjusted PAT	22,060	20,983	24,780	27,149	24,557	24,799	41,438	54,664
Change (%)	-17.6	-4.9	18.1	9.6	-9.5	1.0	67.1	31.9
Margin (%)	10.2	8.6	9.9	10.7	7.9	6.0	9.2	11.2

Consolidated - Balance Sheet							(INR M)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	2,742	2,744	2,744	2,745	2,746	2,746	2,886	2,886
Total Reserves	1,69,077	1,87,668	2,16,712	2,41,171	2,61,066	3,34,738	3,70,760	4,18,470
Net Worth	1,71,819	1,90,412	2,19,456	2,43,916	2,63,812	3,37,484	3,73,646	4,21,356
Minority Interest	166	182	155	97	160	122	112	102
Total Loans	73,319	98,291	1,06,160	84,745	1,94,802	2,53,370	2,17,433	1,67,433
Deferred Tax Liabilities	22,997	27,955	24,411	27,824	31,827	63,856	67,520	71,184
Capital Employed	2,68,301	3,16,840	3,50,182	3,56,582	4,90,601	6,54,832	6,58,710	6,60,075
Gross Block	2,68,876	3,38,565	2,55,050	2,74,135	4,30,455	5,71,367	5,95,353	6,20,953
Less: Accum. Deprn.	97,544	1,15,667	13,018	25,943	43,665	68,132	95,503	1,23,522
Net Fixed Assets	1,71,332	2,22,897	2,42,032	2,48,192	3,86,790	5,03,235	4,99,849	4,97,431
Goodwill on Consolidation	9,665	10,531	11,062	10,851	10,363	62,989	62,989	62,989
Capital WIP	21,779	22,500	14,691	9,215	15,112	11,486	11,486	9,486
Current Investment	37,293	25,230	23,651	54,110	39,491	15,165	6,261	6,261
Non Current Investment	11,325	19,770	27,301	12,795	14,978	14,048	22,952	22,952
Curr. Assets, Loans&Adv.	70,440	79,605	93,194	86,926	1,04,677	1,58,335	1,64,654	1,78,051
Inventory	25,804	29,491	24,546	24,006	32,676	40,990	46,026	49,602
Account Receivables	16,321	16,588	19,282	17,571	22,206	27,870	30,136	32,213
Cash and Bank Balance	3,485	3,706	22,670	22,488	2,191	7,397	6,413	14,084
Loans and Advances	24,831	29,820	26,697	22,861	47,604	82,079	82,079	82,152
Curr. Liability & Prov.	53,627	63,790	61,852	65,605	80,904	1,10,548	1,09,668	1,17,284
Account Payables	25,870	17,112	17,173	18,573	23,849	31,671	34,246	37,105
Other Current Liabilities	17,815	33,400	40,292	42,453	50,526	71,206	67,741	72,492
Provisions	9,942	13,279	4,388	4,579	6,529	7,671	7,681	7,687
Net Current Assets	16,813	15,815	31,343	21,321	23,773	47,787	54,986	60,766
Deferred Tax assets	93	96	102	98	94	121	186	186
Appl. of Funds	2,68,301	3,16,840	3,50,182	3,56,582	4,90,601	6,54,832	6,58,709	6,60,072

## Financials and Valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>80.3</b>	<b>76.4</b>	<b>90.2</b>	<b>98.9</b>	<b>89.4</b>	<b>90.3</b>	<b>143.6</b>	<b>189.4</b>
Cash EPS	122.0	120.3	140.5	148.0	156.7	179.4	238.4	286.5
BV/Share	627.0	694.8	800.4	889.4	961.4	1,229.8	1,361.1	1,534.4
DPS	9.0	9.0	8.9	9.4	9.5	10.5	11.0	13.0
Payout (%)	13.1	14.2	11.8	11.5	14.0	14.5	8.6	8.3
<b>Valuation (x)</b>								
P/E						46.9	29.5	22.4
Cash P/E						23.6	17.8	14.8
P/BV						3.4	3.1	2.8
EV/Sales						3.4	3.2	2.8
EV/Ton (Cap-USD)						167.5	164.9	158.2
EV/EBITDA						19.2	13.8	11.7
Dividend Yield (%)						0.2	0.3	0.3
<b>Return Ratios (%)</b>								
RoE	13.6	11.6	12.1	11.7	9.7	8.2	11.7	13.8
RoCE	10.6	9.4	9.4	9.7	8.4	7.1	9.3	11.2
RoIC	11.7	9.6	9.2	9.7	8.2	6.4	8.1	9.8
<b>Working Capital Ratios</b>								
Inventory (Days)	43	44	36	35	38	36	37	37
Debtor (Days)	28	25	28	25	26	24	24	24
Creditor (Days)	44	26	25	27	28	28	28	28
<b>Leverage Ratio (x)</b>								
Current Ratio	1.3	1.2	1.5	1.3	1.3	1.4	1.5	1.5
Interest Cover Ratio	8.0	5.5	6.2	6.0	3.5	2.8	3.8	5.4
Net Debt/Equity	0.2	0.4	0.3	0.0	0.6	0.7	0.5	0.3

### Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(Loss) before Tax	28,576	29,856	34,213	38,721	33,015	35,384	61,893	78,779
Depreciation	10,737	18,123	13,772	13,484	18,479	21,398	27,371	28,018
Interest & Finance Charges	3,610	5,492	5,042	5,822	12,376	15,486	20,091	16,633
Direct Taxes Paid	-2,556	-3,880	-8,517	-7,437	-8,429	-7,101	-16,865	-20,463
(Inc)/Dec in WC	-3,631	-263	4,293	5,176	-12,554	-9,374	-8,182	1,890
<b>CF from Operations</b>	<b>36,736</b>	<b>49,329</b>	<b>48,803</b>	<b>55,765</b>	<b>42,888</b>	<b>55,793</b>	<b>84,307</b>	<b>1,04,858</b>
Others	-3,227	-8,993	-3,547	-5,830	-16,386	-19,680	-5,920	-6,020
<b>CF from Operating incl EO</b>	<b>33,508</b>	<b>40,336</b>	<b>45,255</b>	<b>49,935</b>	<b>26,501</b>	<b>36,113</b>	<b>78,387</b>	<b>98,838</b>
(Inc)/Dec in FA	-24,309	-69,076	-21,315	-13,557	-18,828	-15,562	-23,985	-23,601
<b>Free Cash Flow</b>	<b>9,200</b>	<b>-28,740</b>	<b>23,940</b>	<b>36,377</b>	<b>7,674</b>	<b>20,551</b>	<b>54,402</b>	<b>75,237</b>
(Pur)/Sale of Investments	-1,533	3,618	3,537	-11,209	16,246	27,691	0	0
Others	899	8,500	-73	0	13,134	17,415	5,920	6,020
<b>CF from Investments</b>	<b>-24,943</b>	<b>-56,957</b>	<b>-17,851</b>	<b>-24,766</b>	<b>10,553</b>	<b>29,544</b>	<b>-18,065</b>	<b>-17,581</b>
Issue of Shares	1	2	27	66	157	52	0	0
Inc/(Dec) in Debt	-99	25,120	-5,503	-22,297	-42,069	-41,377	-36,000	-50,000
Interest Paid	-3,610	-5,865	0	0	-12,099	-14,837	-20,091	-16,633
Dividend Paid	-2,888	-2,972	-2,973	-3,119	-3,340	-3,462	-5,215	-6,954
Others	-332	558	9	0	0	-827	0	0
CF from Fin. Activity	-6,928	16,842	-8,440	-25,350	-57,351	-60,450	-61,306	-73,586
<b>Inc/Dec of Cash</b>	<b>1,637</b>	<b>221</b>	<b>18,964</b>	<b>-182</b>	<b>-20,297</b>	<b>5,206</b>	<b>-984</b>	<b>7,671</b>
Opening Balance	1,848	3,485	3,706	22,669	22,488	2,191	7,397	6,413
<b>Closing Balance</b>	<b>3,485</b>	<b>3,706</b>	<b>22,669</b>	<b>22,488</b>	<b>2,191</b>	<b>7,397</b>	<b>6,413</b>	<b>14,084</b>

NOTES

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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