Hindalco

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	HNDL IN
Equity Shares (m)	2220
M.Cap.(INRb)/(USDb)	1146.3 / 13.8
52-Week Range (INR)	621 / 381
1, 6, 12 Rel. Per (%)	-12/-2/-3
12M Avg Val (INR M)	2799
Free float (%)	65.4

Financials & Valuations (INR b)

Y/E MARCH	2024E	2025E	2026E
Sales	2,145	2,304	2,421
EBITDA	239	262	268
Adj. PAT	101	129	134
EBITDA Margin (%)	11	11	11
Cons. Adj. EPS (INR)	46	58	60
EPS Gr. (%)	1	27	4
BV/Sh. (INR)	354	407	461
Ratios			
Net D:E	0.4	0.3	0.3
RoE (%)	13.7	15.2	13.9
RoCE (%)	10.6	11.3	10.9
Payout (%)	6.6	8.6	9.9
Valuations			
P/E (x)	11.2	8.8	8.4
P/BV (x)	1.4	1.3	1.1
EV/EBITDA(x)	6.1	5.5	5.3
Div. Yield (%)	0.6	1.0	1.2
FCF Yield (%)	6.2	4.8	5.3

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	34.6	34.6	34.6
DII	25.5	26.0	27.1
FII	32.1	31.1	30.0
Others	7.9	8.7	8.3

FII Includes depository receipts

CMP: INR510 TP: INR590 (+16%) Buy

EBITDA in line, while PAT misses our estimates

Capex for Novelis, a key monitorable

- Hindalco (HNDL)'s 3QFY24 consolidated revenue was flat YoY at INR528b, in line with our estimate of INR508b. While revenue from the copper business fared better, driven by higher shipments and a better-than-estimated ASP, revenue from the aluminum vertical and Novelis declined 3% and 6% YoY, respectively. Consolidated EBITDA jumped 65% YoY to INR59b, which was in line with our estimate of INR62b. EBITDA improved on the back of lower input prices, supported by stable operating performance.
- EBITDA for the blended aluminum business stood at INR25b (up 43% YoY), with an EBITDA margin of over 28%, which positions HNDL in the first quartile of the global cost curve. EBITDA for the copper business stood at an all-time high of INR65.6b (up 20% YoY), propelled by higher shipments and robust operating performance.
- HNDL's finance cost rose 1% YoY to INR9.4b, while depreciation came in at INR18.7b (up 6% YoY) in 3QFY24. APAT increased 71% YoY to INR23b, a miss on our estimate of INR29b. The miss was attributed to higher depreciation, a higher tax outgo, and lower other income, which was partially offset by lower finance cost.

Novelis' Bay Minette capex now pegged at USD4.1b (revised by ~65%)

- HNDL's has revised its capex outlay towards its upcoming Bay Minette rolling facility by 65% to USD4.1b, and the commissioning of the facility is delayed by a year. The Bay Minette facility is now likely to be commissioned in 2HCY26, and would take around 18-24 months to fully ramp up.
- The management has cited an increase in civil and structural costs for the rise in capex guidance.
- HNDL has also revised the return expectations to lower double digits vs. mid-teens earlier due to the anticipated delay and higher capital costs.
- There could be further risk of inflationary pressure, and this capex would be a key monitorable going forward.
- A vast majority of the capex is expected to be incurred in FY25 and FY26.

Highlights from the management commentary

- As HNDL carries around 60-90 days of coal inventory, the coal cost at the consumption level is likely to remain stable in 4QFY24.
- The Chakla mine is progressing as per timelines, and the box cut is expected to come on stream by Dec'24. The mine is likely to produce ~1mt in FY25.
- Coal availability via linkages improved to 60% (up from 53%), and the share of linkage coal is progressing as guided by the management.
- HNDL has already reached over 50% of its RE target of 300mw, with a total of 152mw of solar and wind energy, and it expects a further 50mw of RE capacity to come on stream by 1QFY25.

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- HNDL has hedged 22% of the domestic aluminum business at USD2,636/t for 4QFY24. For FY25, HNDL has hedged 5% within the blanket range of USD2,200-2,500/t.
- Capex in India will be in line with the capital allocation framework of the company, and it will be linked to cashflow generation.

Aluminum business

- Revenue for the upstream business was down 1% YoY at INR80b while EBITDA increased 54% YoY to INR24b. The improvement in EBITDA was due to lower input costs, which have positioned HNDL in the first quartile of the global cost curve.
- Upstream shipments in 3QFY24 stood at 333kt (vs. 336kt in 3QFY23), taking the estimated yearly shipments to 1.34mt for FY24.
- EBITDA/t for the upstream business stood at USD880, and EBITDA margin came in at 30.7% in 3QFY24, which was one of the best among global peers.
- Revenue for the downstream business was down ~4% YoY to INR25b, while EBITDA too declined 34% YoY to INR1b. The performance was hurt by lower realizations and unfavorable product mix.
- Downstream shipments in 3QFY24 were flat YoY at 90kt, taking the estimated yearly shipments for FY24 to over 350kt.
- EBITDA/t for the downstream business stood at USD137 (down from USD210 in 3QFY23), and combined EBITDA/t for the aluminum vertical stood at USD889 (vs. USD611 in 3QFY23).

Copper business

- Revenue increased 16% YoY at INR120b, achieving a record EBITDA that rose 20% YoY to INR6.6b in 3QFY24. The performance was aided by higher shipments, and improvements in operations.
- The copper vertical clocked shipments of 119kt (up 9% YoY); the growth in volumes was in line with the market demand.
- EBITDA/t for the copper vertical stood at USD653 in 3QFY24 (higher than our estimate of USD549).

Valuation and view

- Though the ongoing capex in Novelis would augment HNDL as the global leader in beverage cans and automotive FRP segments, an extension in the capex timeline along with an increase in cash outflow will add some pressure on the cash flow of the company. Its capex would be a key monitorable for any further cost revisions or delays.
- Considering the delay in commissioning of the capacity, which was expected to come on stream by FY26, we cut our FY26E EBITDA by 7%, while keeping the EBITDA for FY25E broadly unchanged. We reiterate our **BUY rating** with a revised SOTP-based TP to INR590.

Consolidated quarterly performance (INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	580	562	532	559	530	542	528	545	2,232	2,145	508	4
Change (YoY %)	40.2	17.9	5.7	0.2	-8.7	-3.6	-0.6	-2.4	14.4	-3.9		
Change (QoQ %)	4.0	-3.2	-5.4	5.1	-5.1	2.2	-2.5	3.2		0.0		
Total Expenditure	496	508	496	505	473	486	469	478	2,005	1,906		
EBITDA	84	54	35	53	57	56	59	67	227	239	62	-5
Change (YoY %)	37.5	-28.9	-51.9	-27.1	-32.2	4.7	65.3	25.4	-20.0	5.3		
Change (QoQ %)	15.4	-36.4	-33.8	50.1	7.3	-1.8	4.5	13.9		0.0		
As % of Net Sales	14.5	9.5	6.7	9.5	10.8	10.4	11.1	12.3	10.2	11.1		
Interest	9	9	9	10	10	10	9	9	36	39		
Depreciation	17	17	18	19	18	18	19	19	71	74		
Other Income	2	3	4	4	4	5	3	3	13	14		
PBT (before EO item)	60	31	12	28	33	32	33	41	132	140		
Extra-ordinary Income	0	0	0	0	0	0	0	0	0	0		
PBT (after EO item)	61	31	12	28	33	32	33	41	132	140		
Total Tax	20	9	-1	4	9	10	10	10	31	39		
% Tax	32.4	28.9	-12.2	15.1	26.0	32.0	30.0	23.1	23.8	27.5		
PAT before MI and Associate	41	22	14	24	25	22	23	32	101	102		
MI	0	0	0	0	0	0	0	0	0	0		
Sh. of Associate	0	0	0	0	0	0	0	0	0	0		
PAT after MI and Associate	41	22	14	24	25	22	23	32	101	102		
Adjusted PAT	41	22	14	24	25	22	23	32	101	101	29	-19
Change (YoY %)	55.0	-36.1	-60.2	-41.4	-39.5	-1.9	71.1	32.1	-26.2	0.0		
Change (QoQ %)	-0.9	-45.9	-38.2	77.0	2.3	-12.3	7.7	36.7				

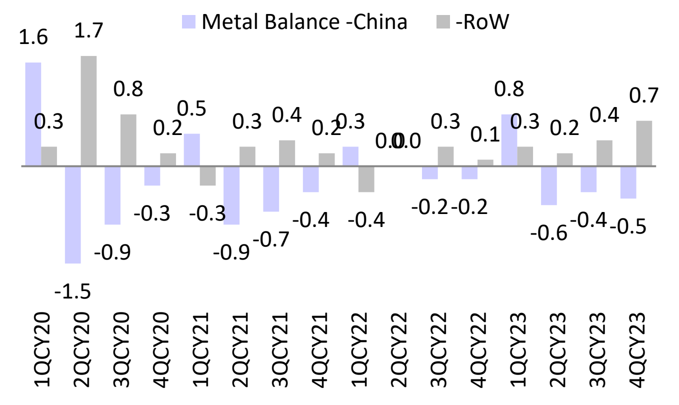
Source: MOFSL, Company

Quarterly performance for Novelis (USD m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales (000 tons)	962	984	908	936	879	933	910	953	3,790	3,675	921	-1
Change (YoY %)	-1.1	1.7	-2.4	-5.2	-8.6	-5.2	0.2	1.8	-1.8	-3.0		
Change (QoQ %)	-2.5	2.3	-7.7	3.1	-6.1	6.1	-2.5	4.7	0.0	0.0		
Net Sales	5,089	4,799	4,201	4,397	4,091	4,107	3,935	3,882	18,486	16,015	3,639	8
Change (YoY %)	32.0	16.5	-2.9	-9.3	-19.6	-14.4	-6.3	-11.7	7.8	-13.4		
Change (QoQ %)	4.9	-5.7	-12.5	4.7	-7.0	0.4	-4.2	-1.3	0.0	0.0		
EBITDA (adjusted)	561	506	341	403	421	484	454	500	1,811	1,859	451	1
Change (YoY %)	10.4	-8.5	-32.6	-6.3	-25.0	-4.3	33.1	24.1	-9.3	2.6		
Change (QoQ %)	30.5	-9.8	-32.6	18.2	4.5	15.0	-6.2	10.1	0.0	0.0		
EBITDA per ton (USD)	583	514	376	431	479	519	499	525	478	506	490	2
Interest	58	61	69	70	70	74	67	70	258	281		
Depreciation	138	134	133	135	131	136	139	148	540	554		
PBT (before EO item)	365	311	139	198	220	274	248	283	1,013	1,025		
Extra-ordinary Income	28	(63)	(133)	(41)	(10)	(66)	(73)	-	(209)	(149)		
PBT (after EO item)	393	248	6	157	210	208	175	283	804	876		
Total Tax	87	65	-6	1	54	51	54	71	147	230		
% Tax	22.1	26.2	-100.0	0.6	25.7	24.5	30.9	25.2	18.3	26.3		
Reported PAT (after MI)	307	183	12	156	156	157	121	211	658	645		
Change (YoY %)	28	-23	-95	-28	-49	-14	908	36	-31	-2		
Adjusted PAT	279	246	145	197	166	223	194	211	867	794	179	8
Change (YoY %)	32.9	-12.5	-35.8	-13.2	-40.5	-9.3	33.8	7.3	-8.2	-8.4		
Change (QoQ %)	22.9	-11.8	-41.1	35.9	-15.7	34.3	-13.0	9.0		0.0		

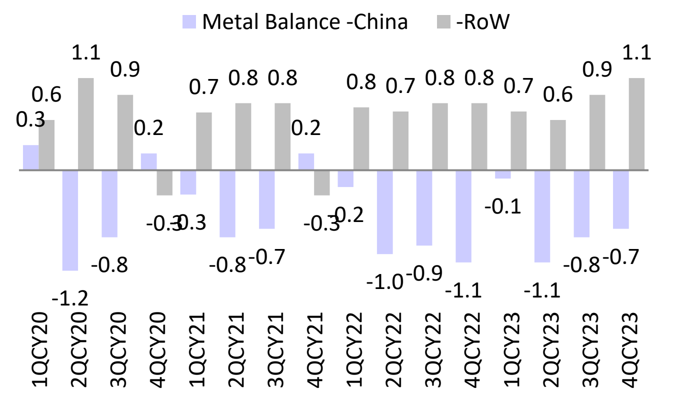
Source: MOFSL, Company

Exhibit 1: Aluminum market balance – Surplus/(deficit) (mt): China continued to remain in deficit of 0.5mt



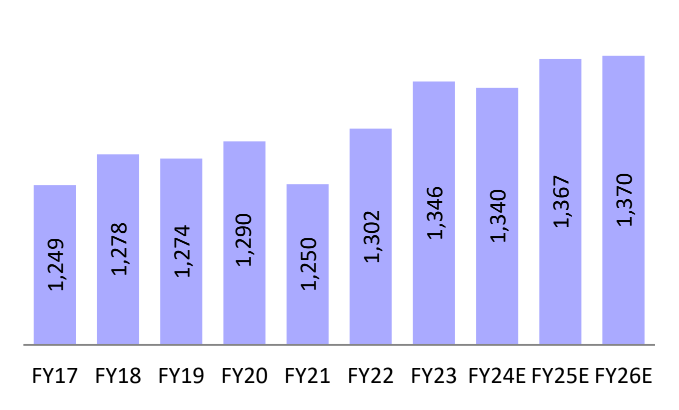
Source: MOFSL, Company

Copper market balance – Surplus/(deficit) (mt): net global surplus at ~ 0.3mt



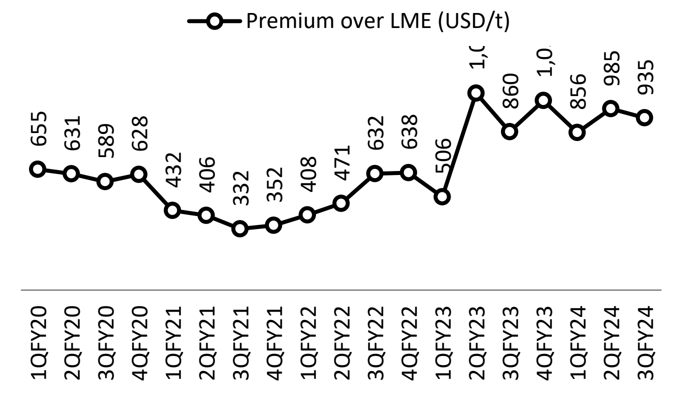
Source: MOFSL, Company

Exhibit 2: Al upstream production (kt) likely to surpass 1.35mt in FY25E



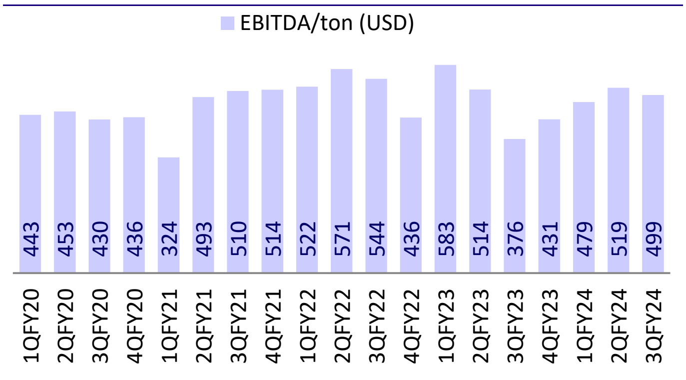
Source: MOFSL, Company

Exhibit 3: Aluminum premium over LME remained range bound in 3QFY24 (including hedged gains/losses)



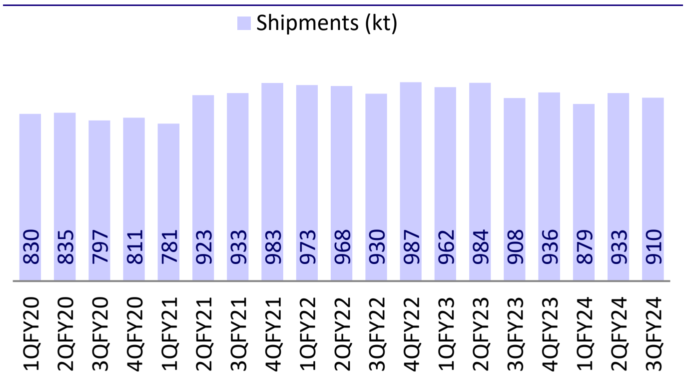
Source: MOFSL, Company

Exhibit 4: Novelis' EBITDA/t (USD/t) continued to remain robust



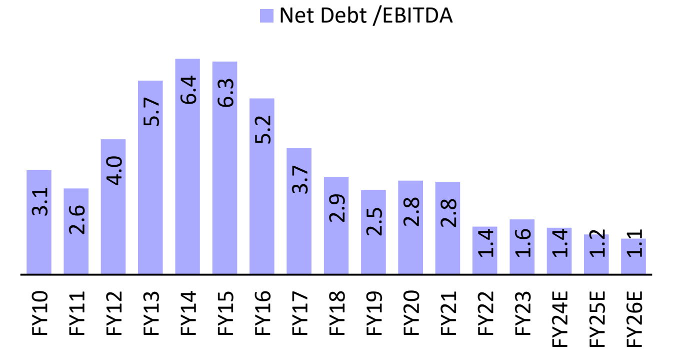
Source: MOFSL, Company

Exhibit 5: Novelis' shipments (kt)



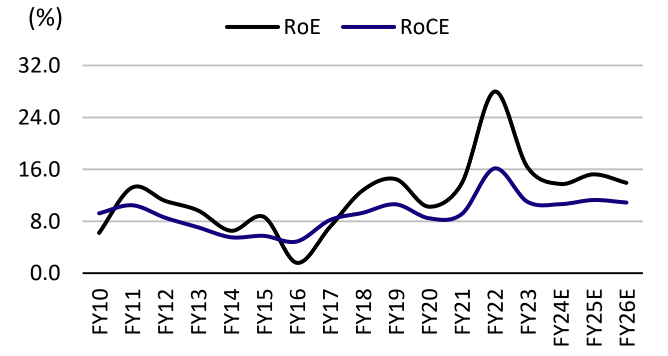
Source: MOFSL, Company

Exhibit 6: Leverage to remain below the current level of 1.43x



Source: MOFSL, Company

Exhibit 7: ROE and ROCE (%)



Source: MOFSL, Company

Highlights from the management commentary

CONFERENCE CALL

Guidance:

- The improvement in performance in the aluminum business was due to a reduction in input costs, especially lower coal costs. Total cost was down by ~3.3% QoQ and is expected to remain stable in 4QFY24.
- HNDL has hedged 22% at USD2,636/t for 4QFY24 and 5% for FY25 with a base of USD2,200/t and ceiling of USD2,500/t.
- Capex in India will be in line with the capital allocation framework of the company, and it will be linked to cashflow generation.
- HNDL has commenced operations at its first-of-its-kind copper and e-waste recycling project at Dahej.
- The capex allocation in the recent Union Budget towards growth-enabling sectors will keep the domestic demand robust going forward.

Coal linkages:

- In 3QFY24, ~60% of coal requirement was met via linkage, 36% via e-auction and the remaining via imports.
- Coal cost is expected to remain under check as HNDL usually carries around 60-90 days of coal inventories.
- The Chakla mine is progressing as per timelines, and the box cut is expected to come on stream by Dec'24. Chakla mine is expected to start production in FY25 and is expected to exit FY25 with a production of ~1mt.

Global/domestic demand:

- Global aluminum: During CY23, China housing sector continued to struggle thereby impacting the aluminium demand, however improvement in solar RE and EV verticals has led to an improvement in consumption by 5%YoY in China at 42.8mt. However, Geo political tensions and inflationary conditions led the global consumption to remain slow which increased by 1% YoY at 70.1mt. Globally except automobile sector all the other sectors such as machineries, construction, etc. continues to remain under pressure. Global beverage can sector continues to recover after a prolonged period of destocking witnessed over last few quarters.

- Domestic aluminum: Indian aluminum demand is expected to grow ~6-7% YoY driven by strong demand from new age mobility (EV), electrical and construction sector which would partially be offset by weakness in export markets and slowdown in packaging and cookware segment. Indian demand in 3QFY24 improved by 106kt YoY at 1.27mt. In FY24, domestic FRP market is expected to remain flattish on back of weakness in packaging sector. Domestic demand is expected to remain robust, aided by higher private sector capex and increased spend on infrastructure and construction sector.
- Global copper: The global copper production in CY23 increased 3.7% YoY to 25.6mt and consumption improved 2.4% YoY to 25.4mt, thereby having ~0.2mt of surplus. Demand in China exceeded production that led to a deficit of ~3mt in China which was partially offset by slower demand in RoW which witnessed a surplus of 3.1mt.

Bay Minette capex:

- Novelis has increased the total capex outlay by ~60% to USD4.1b (from USD2.5b) due to increase in civil and structural cost. Management is 85% confident that there won't be any further significant cost escalation.
- Most of the equipment for the Bay Minette facility has been ordered, and most of the materials used in the constructions have been contracted.
- The capex includes support from the local and state government which is already embedded in the capex, however any further support received under 48C of IRA will be additional to Novelis.
- Usually there is 30% on the support received under IRA; however, the actual amount can vary as per specific situation as there are instances of capping of the support by the authorities.

Takeaways from the Novelis conference call

EBITDA/t guidance maintained at USD525/t for 4QFY24:

- Novelis faced multiple headwinds over last 12 months especially in the beverage can segment. However the destocking challenge is now complete which led to improvement in beverage can sales thereby lifting the EBITDA/t to USD499/t
- EBITDA/t is expected to reach USD525 levels in 4QFY24. Management has guided for an EBITDA/t of over USD600 in the medium term driven by capacity expansion, significant operating leverage, favorable market dynamics, high quality of customer service, multiple long-term contracts for its upcoming facility already contracted, automotive segment leadership, and an increase in recycled metal.

Bay Minette capex:

- The recently concluded contract with Ardagh is the third major contract for Bay Minette facility after Coke and Ball Corp.
- Novelis has increased the total capex outlay by ~60% to USD4.1b (from USD2.5b) due to increase in civil and structural cost. All the equipment for the Bay Minette facility have been ordered and most of the materials used in the constructions have been contracted.
- The capex includes support from the local and state government which is already embedded in the capex, however any further support received under 48C of IRA will be additional to Novelis.
- Novelis has undertaken construction of the Bay Minette facility to make it future ready and can undertake doubling of the capacity by debottlenecking the hot mill in future.
- The brownfield doubling of the capacity can be undertaken at a cost of USD1,500-2,500/t.
- The project is expected to be completed by 2HCY26 and would take 18-24 months to fully ramp up the production.

Guthrie capex:

- This is the second largest capex undertaken by Novelis in North America and the project is progressing as per timelines and within the set budget.
- The facility is expected to come on stream by 1QFY25 which will focus on recycling of pre- and post-consumer auto scrap.
- Increase in recycling content as a part of production will help to improve the margins for Novelis going forward along with reduction in the carbon emissions.
- Novelis will endeavor to keep the share of recycled material in total production to over 60% and commissioning of Guthrie facility would further enhance the usage of recycled material in the total production.

Other capex opportunities:

- Along with the two large expansion in the US, Novelis is also undertaking multiple debottlenecking projects across the geographies which will yield high return to the company either by additional capacity or cost reduction initiatives.

- Novelis recently completed the USD20m 50kt strategic debottlenecking at Yeongju (South Korea) and also successfully upgraded the hot mill at Oswego (USA) in Nov’23.
- Novelis is also exploring further 50kt debottlenecking opportunity in South Korea and post completion of all the debottlenecking projects, it would enhance the total capacity of the company by ~250-300kt.
- It has a current rolling capacity of ~4.2mt which will augment to 4.5mt post completion of all the debottlenecking projects and to over 5.1mt post completion of the Bay Minette facility.
- Capex for FY24 is expected to be in the range of USD1.4-1.6b with bulk of the capex outflow expected to be incurred in FY25 and FY26 (~USD3.4b capex outflow expected in FY25 and FY26).

Beverage can segment:

- The headwinds due to destocking are now complete and the demand for beverage cans in the US and North America has gradually picked up.
- The demand for beverage can from South America has also witnessed a growth due to pick-up in summer season consumption, however though demand in Asia and Europe is steady, the real recovery in key markets are still ending.
- Novelis expects the segment to grow at a CAGR of 4% (ex-China) till FY31.

Automotive segment:

- The demand from automotive segment is robust due to pent up vehicle demand and favorable vehicle mix.
- The demand for luxury and high end vehicles is robust across geographies and with EV remaining strong in Asia and North America, the segment is expected to grow at a CAGR of 7% till FY28

Aerospace segment:

- The demand is expected to remain robust supported by multi-year backlog for aircraft order delivery driven by fleet replacement and route expansion.

Other highlights:

- Considering ongoing capex, Novelis expects net debt to EBITDA to remain within 3x levels, with net debt to EBITDA improving to 2.5x in 4QFY24.
- Though energy cost within the EU has eased, it is still above the pre-Russia-Ukraine conflict levels.

Exhibit 8: Changes to our estimates

		FY24E			FY25E			FY26E		
		New	Old	% change	New	Old	% change	New	Old	% change
Volumes										
Aluminium	kt	1,340	1,350	-0.7	1,367	1,367	0.0	1,370	1,380	-0.7
Copper	kt	496	500	-0.8	500	500	0.0	500	500	0.0
Novelis	kt	3,675	3,720	-1.2	3,920	3,920	0.0	4,018	4,250	-5.5
Consolidated Results										
Revenue	INR b	2,145	2,156	-0.5	2,304	2,279	1.1	2,421	2,513	-3.6
EBITDA	"	239	238	0.1	262	260	0.7	268	289	-7.2
- India	"	84	85	-1.1	92	92	-0.6	86	93	-7.2
- Novelis	"	155	154	0.8	170	168	1.4	181	196	-7.2
Consol PAT	"	101	105	-3.3	129	126	2.2	134	142	-5.8

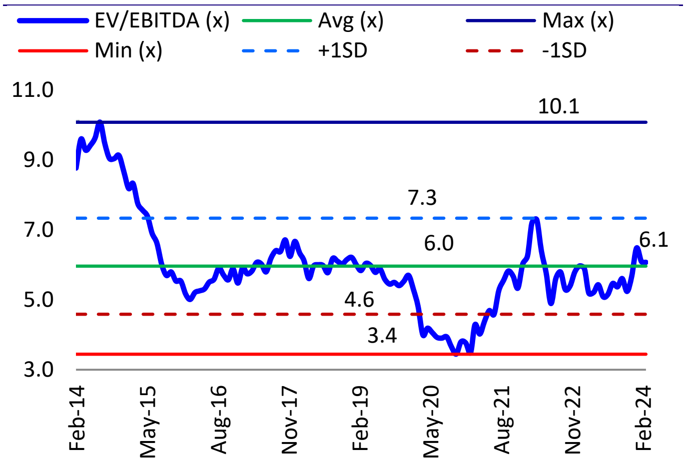
Source: MOFSL

Exhibit 9: TP calculation and Valuation

Y/E March	UoM	FY25E
Hindalco - India		
Aluminium		
Volumes	kt	1,370
EBITDA	INR/t	50,370
EBITDA	USD/t	586
EBITDA	**INR m**	69,006
Copper		
Volumes	kt	500
EBITDA	INR/t	46,548
EBITDA	USD/t	541
EBITDA	**INR m**	23,274
Others	**INR m**	-6,000
EBITDA Hindalco - India	**INR m**	86,280
EV/EBTIDA (x)	x	6.0
Target EV	INR m	5,17,680
Novelis		
Volumes	kt	4,018
EBITDA	USD/t	525
USD/INR	x	86
EBITDA	**INR m**	1,81,465
EV/EBTIDA (x)	x	5.5
Target EV	**INR m**	**9,88,982**
Target EV - Group	**INR m**	15,06,662
Net Debt	INR m	2,85,528
Equity Value	INR m	12,21,134
Equity Value	INR/sh	550
Investments (quoted)	INR m	1,07,889
Investments (quoted)	INR/sh	49
Discount factor	%	10%
Target Price	**INR/sh**	**590**

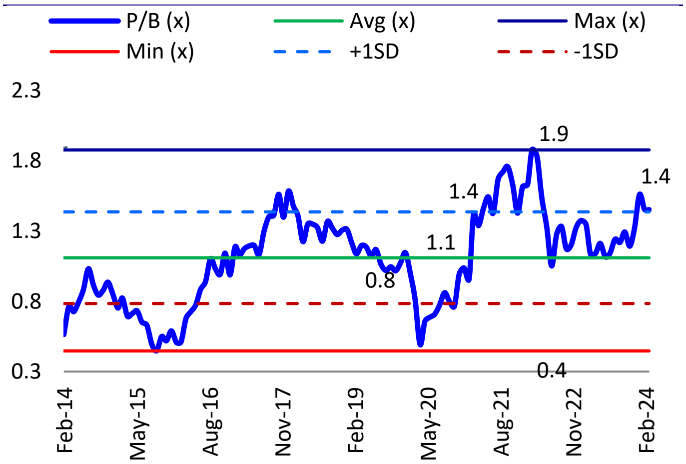
Source: MOFSL

Exhibit 10: Stock EV/EBITDA valuation is near its LTA…



Source: Company Data

Exhibit 11: … P/B is near its +1SD



Source: Company Data

Financials and valuations

Consolidated Income Statement										(INR b)
Y/E March	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Net sales	**1,002**	**1,152**	**1,305**	**1,181**	**1,318**	**1,951**	**2,232**	**2,145**	**2,304**	**2,421**
Change (%)	1.4	15.0	13.3	-9.5	11.6	48.0	14.4	-3.9	7.4	5.1
Total Expenses	877	1,014	1,150	1,039	1,144	1,667	2,005	1,906	2,042	2,154
EBITDA	**124**	**138**	**155**	**142**	**174**	**283**	**227**	**239**	**262**	**268**
% of Net Sales	12.4	12.0	11.9	12.0	13.2	14.5	10.2	11.1	11.4	11.1
Depn. & Amortization	45	45	48	51	65	67	71	74	71	73
EBIT	**80**	**93**	**107**	**91**	**109**	**216**	**156**	**165**	**191**	**195**
Net Interest	57	39	38	42	37	38	36	39	37	33
Other income	11	10	11	12	12	11	13	14	13	13
PBT before EO	**33**	**64**	**81**	**61**	**83**	**190**	**132**	**140**	**167**	**175**
EO income (exp)	0	18	0	-2	-4	6	0	0	0	0
PBT after EO	**33**	**82**	**81**	**59**	**79**	**196**	**132**	**140**	**167**	**175**
Current tax	13	16	19	15	19	38	29	31	39	41
Deferred tax (net)	1	5	7	6	8	16	3	8	0	0
Tax	14	21	26	22	27	54	31	39	39	41
Rate (%)	42.9	25.4	32.0	36.4	34.5	27.5	23.8	27.5	23.2	23.3
PAT (before MI and Sh. of Asso.)	**19**	**61**	**55**	**38**	**52**	**142**	**101**	**102**	**129**	**134**
Minority interests and disc. Operations	0	0	0	0	17	5	0	0	0	0
Share of asso.	0	-1	0	0	0	0	0	0	0	0
Reported PAT (after MI and Sh. of Asso.)	**19**	**60**	**55**	**38**	**35**	**137**	**101**	**102**	**129**	**134**
Adjusted PAT	**19**	**42**	**55**	**40**	**56**	**136**	**101**	**101**	**129**	**134**
Change (%)	-22.8	120.7	30.6	-28.1	42.3	142.3	-26.2	0.9	26.7	4.3

Balance Sheet										(INR b)
Y/E March	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Share Capital	2	2	2	2	2	2	2	2	2	2
Reserves	458	546	573	581	663	780	946	1,041	1,158	1,279
Net Worth	**460**	**548**	**575**	**583**	**665**	**782**	**948**	**1,043**	**1,160**	**1,281**
Minority Interest	0	0	0	0	0	0	0	0	0	0
Total Loans	638	520	524	674	660	632	583	634	617	599
Deferred Tax Liability	20	31	37	38	36	44	73	81	81	81
Capital Employed	**1,118**	**1,100**	**1,136**	**1,295**	**1,361**	**1,459**	**1,605**	**1,759**	**1,859**	**1,962**
Gross Block	1,041	1,083	1,131	1,200	1,343	1,459	1,567	1,718	1,862	2,012
Less: Accum. Deprn.	365	410	458	509	574	630	718	792	863	936
Net Fixed Assets	**676**	**673**	**673**	**691**	**770**	**829**	**849**	**926**	**999**	**1,076**
Goodwill	171	178	186	201	233	240	257	257	257	257
Capital WIP	18	21	41	77	102	49	77	77	77	77
Investments	62	69	52	31	77	87	83	83	83	83
Working capital Assets	**529**	**530**	**567**	**685**	**706**	**1,014**	**969**	**1,030**	**1,086**	**1,135**
Inventory	183	216	222	224	307	445	430	413	443	466
Account Receivables	83	100	115	93	130	211	162	156	167	176
Cash and Bank Balance	172	120	136	278	182	228	212	302	305	314
Others (incl. LT)	92	94	94	90	88	130	165	159	170	179
Working capital liability	**338**	**370**	**383**	**391**	**527**	**760**	**630**	**614**	**644**	**666**
Account Payables	179	204	207	183	283	442	418	402	432	454
Others (incl. LT)	160	166	175	208	244	318	212	212	212	212
Net Working Capital	**191**	**160**	**184**	**294**	**180**	**254**	**339**	**416**	**442**	**469**
Appl. of Funds	**1,118**	**1,100**	**1,136**	**1,295**	**1,361**	**1,459**	**1,605**	**1,759**	**1,859**	**1,962**

Financials and valuations

Cash Flow Statement										(INR b)
Y/E March	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
EBITDA	124	138	155	142	174	283	227	239	262	268
Others	4	3	0	-2	-3	15	-3	0	0	0
tax paid	-8	-14	-19	-1	-13	-38	-27	-31	-39	-41
Change in WC	7	-18	-17	-12	14	-92	-5	13	-24	-18
CF from Op. Activity	**127**	**109**	**120**	**127**	**172**	**168**	**192**	**222**	**199**	**209**
(Inc)/Dec in FA + CWIP	-29	-30	-60	-68	-56	-54	-98	-151	-145	-149
Free Cash Flow to firm	**97**	**79**	**60**	**60**	**117**	**114**	**94**	**71**	**54**	**60**
(Pur)/Sale of Inv. & yield	6	25	7	7	9	-59	20	14	13	13
Others & M&A	-4	56	-3	-23	-210	42	-3	0	0	0
CF from Inv. Activity	**-28**	**50**	**-57**	**-84**	**-256**	**-71**	**-81**	**-137**	**-132**	**-136**
Equity raised/(repaid)	33	0	-1	0	0	-1	-1	0	0	0
Debt raised/(repaid)	-25	-123	-14	109	-10	-28	-55	51	-18	-18
Interest	-61	-38	-36	-40	-37	-33	-38	-39	-37	-33
Dividend (incl. tax)	-2	-3	-3	-3	-2	-7	-9	-7	-11	-13
CF from Fin. Activity	**-56**	**-164**	**-55**	**67**	**-49**	**-68**	**-103**	**5**	**-65**	**-64**
(Inc)/Dec in Cash	**43**	**-5**	**9**	**110**	**-133**	**30**	**7**	**90**	**2**	**9**
Add: Opening Balance	43	82	80	91	213	83	116	128	219	221
Changes in forex on CF	-4	3	2	12	4	3	5	0	0	0
Closing cash Balance	82	80	91	213	83	116	128	219	221	230
Bank balance (inc. O/D adj.)	90	39	45	65	99	112	84	84	84	84
Closing Balance (incl. bank balance)	**172**	**120**	**136**	**278**	**182**	**228**	**212**	**302**	**305**	**314**

Ratios										
Y/E March	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Basic (INR)										
EPS	**8.6**	**18.9**	**24.7**	**17.8**	**25.3**	**61.3**	**45.3**	**45.7**	**57.9**	**60.4**
Cash EPS	28.6	47.6	46.2	39.8	52.5	94.3	77.4	79.1	89.9	93.2
BV/Share (adj.)	129.8	166.1	175.0	171.7	194.3	244.3	311.1	353.9	406.7	461.1
DPS	1.1	1.2	1.2	1.0	3.0	4.0	3.0	3.0	5.0	6.0
Payout (%)	12.8	6.4	4.9	5.6	11.9	6.5	6.6	6.6	8.6	9.9
Valuation (x)										
P/E	59.6	27.0	20.6	28.7	20.2	8.3	11.3	11.2	8.8	8.4
Cash P/E	17.8	10.7	11.0	12.8	9.7	5.4	6.6	6.5	5.7	5.5
P/BV	3.9	3.1	2.9	3.0	2.6	2.1	1.6	1.4	1.3	1.1
EV/Sales	1.6	1.3	1.2	1.3	1.2	0.8	0.7	0.7	0.6	0.6
EV/EBITDA	12.9	11.1	9.8	10.8	9.3	5.4	6.6	6.1	5.5	5.3
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.6	0.8	0.6	0.6	1.0	1.2
Return Ratios (%)										
EBITDA Margins (%)	12.4	12.0	11.9	12.0	13.2	14.5	10.2	11.1	11.4	11.1
Net Profit Margins (%)	1.9	3.7	4.2	3.3	4.3	7.0	4.5	4.7	5.6	5.5
RoE	7.1	12.8	14.5	10.2	13.8	28.0	16.3	13.7	15.2	13.9
RoCE (pre-tax)	8.2	9.3	10.6	8.5	9.1	16.1	11.0	10.6	11.3	10.9
RoIC (pre-tax)	9.3	10.8	11.9	10.3	11.5	21.6	14.6	13.0	14.2	13.5
Working Capital Ratios										
Fixed Asset Turnover (x)	1.0	1.1	1.2	1.0	1.0	1.3	1.4	1.2	1.2	1.2
Asset Turnover (x)	0.9	1.0	1.1	0.9	1.0	1.3	1.4	1.2	1.2	1.2
Debtor (Days)	30	32	32	29	36	39	27	27	27	27
Inventory (Days)	67	69	62	69	85	83	70	70	70	70
Payable (Days)	65	65	58	56	78	83	68	68	68	68
Leverage Ratio (x)										
Current Ratio	1.6	1.4	1.5	1.8	1.3	1.3	1.5	1.7	1.7	1.7
Interest Cover Ratio	1.4	2.4	2.8	2.2	2.9	5.7	4.3	4.2	5.2	5.9
Debt/Equity	1.6	1.1	1.0	1.0	1.1	0.7	0.5	0.4	0.3	0.3

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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