27 June 2025

Update | Sector: Metals

Hindalco

BSE SENSEX	S&P CNX
84,059	25,638

CMP: INR697 TP:INR800 (+15%) Buy

Novelis long-term outlook robust despite near-term challenges; India business maintains strong growth

- **Capacity expansion plans:** HNDL is undertaking a substantial capex plan for India and Novelis operations to expand aluminum and copper capacities. Indian operations focus on projects like Aditya Alumina Refinery (850kt), Aditya Aluminum FRP expansion (200kt), 180/300kt of aluminum/copper smelter and others. The Novelis expansion is targeting debottlenecking and the flagship Bay Minette facility of 600kt FRP capacity. These developments will be mostly commissioned over FY26-29E, with an aim of meeting rising domestic/global demand and enhancing operational efficiency.
- **Coal and cost synergies and RE push**: HNDL is accelerating its renewable energy (RE) push and coal backward integration. It plans to meet 30% of its energy requirements from RE and the rest via coal-based captive mines by FY30, supported by hybrid and solar installations and a strategic tie-up with Ayana Renewable Power. Simultaneously, HNDL is developing captive coal mines (Chakla and Meenakshi) to reduce cost volatility from e-auctions and imports. These initiatives are crucial for cost control, sustainability goals, and margin stability amid energy-intensive operations.
- **Favorable pricing and demand; near-term uncertainty led by trade tension**: HNDL is well-positioned to capitalize on favorable long-term demand and pricing trends in the aluminum and copper sectors. The strong demand growth will be driven by rising applications in EVs, electrification, packaging, transportation, RE systems and construction. The supply-demand mismatch will ensure pricing resilience in the near to medium term. Novelis' near-term cash flow will be under pressure due to the US tariff hike. Though higher Midwest premiums may partially offset the impact, operational cuts are likely to continue. HNDL's strategic shift toward value-added and premium products with higher recycled content would enhance its NSR and support the margins. We expect HNDL to sustain consol. EBITDA margins at ~13% over FY26-27E.

Valuation and view: Reiterate BUY

- HNDL's Indian operation is net debt free and the company's consolidated net debt-to-EBITDA ratio stood at 1.06x as of Mar'25 vs. 1.21x in Mar'24. The announced/ongoing expansion is set to position HNDL as the global leader, though any delay in the stated timeline and cost escalation might put pressure on the cash flow.
- Volume growth across geographies will remain stable for HNDL, and favorable pricing will limit cost pressure and maintain the margins in the medium term. **The stock is trading at 5.5x FY27E EV/EBITDA and 1.2x FY27E P/B. We reiterate our BUY rating on HNDL with our SOTP-based TP of INR800.**
- **Key Risk:** 1) delay in capex timeline and cost escalation, 2) rise in aluminum scrap price, 3) US tariff escalation.

Stock Info

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	1567.1 / 18.3
52-Week Range (INR)	773 / 546
1, 6, 12 Rel. Per (%)	2/5/-5
12M Avg Val (INR M)	3936
Free float (%)	65.4

Financials Snapshot (INR b)

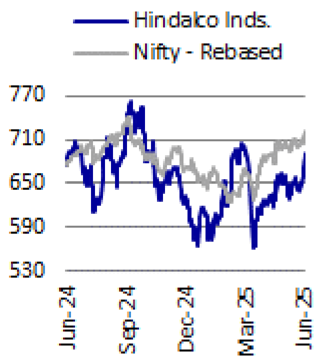
Y/E MARCH	2025	2026E	2027E
Sales	2,385	2,461	2,628
EBITDA	318	318	329
Adj. PAT	166	154	164
EBITDA Margin (%)	13	13	13
Cons. Adj. EPS (INR)	75	70	74
EPS Gr. (%)	64	-7	6
BV/Sh. (INR)	437	500	566
Ratios			
Net D:E	0.4	0.3	0.2
RoE (%)	18.8	14.9	13.8
RoCE (%)	14.7	12.6	12.4
Payout (%)	6.7	10.1	9.5
Valuations			
P/E (x)	9.3	10.0	9.4
P/BV (x)	1.6	1.4	1.2
EV/EBITDA(x)	6.1	5.9	5.5
Div. Yield (%)	0.7	1.0	1.0
FCF Yield (%)	2.4	8.0	4.8

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	34.6	34.6	34.6
DII	25.0	24.9	26.0
FII	32.3	32.2	31.0
Others	8.0	8.3	8.4

FII Includes depository receipts

Stock Performance (1-year)



Alok Deora – Research analyst (Alok.Deora@motilaloswal.com)

Sonu Upadhyay – Research analyst (Sonu.Upadhyay@motilaloswal.com)

Aggressive capacity expansion driving long-term growth

Indian business expansion strategy

HNDL India has outlined a capex plan of INR450b aimed at expanding its aluminium and copper production capacities. Key initiatives include projects across aluminium upstream and downstream segments, copper upstream and downstream operations, and the expansion of specialty alumina. These investments are strategically focused on strengthening resource security via coal mine acquisitions and emphasizing value-added products and sustainability. By FY28-29E, these developments are expected to position HNDL as a market leader in India's aluminium and copper sectors, leveraging robust domestic demand and improved operational efficiency.

- **Aditya Alumina Refinery (Odisha):** The 850KT greenfield expansion of Aditya Alumina Refinery in Rayagada is currently under construction, with a planned capital outlay of INR70-80b and a targeted commissioning in FY28E. This refinery is being built with infrastructure to support a future capacity of 3mtpa. The initial phase focuses on the production line-I, and based on future demand, the subsequent expansions will be planned. Its proximity to the existing Utkal refinery enables the use of shared infrastructure, thereby optimizing overall project costs.
- **Aditya Aluminium Smelter Expansion:** The company has planned 180KT aluminum smelter expansion at Aditya with an investment of INR95b to be deployed over FY26-28. Production volumes are expected to start reflecting from FY29 onward. Currently, the project is awaiting environmental clearance and other regulatory approvals. The expansion will be executed in phases, with the commissioning scheduled during FY28-29, and the smelter is anticipated to begin contributions in FY29.
- **Downstream aluminum capacity expansion:** The 200KT Aditya Aluminum FRP expansion project is progressing as scheduled and is expected to be completed by Jun'25. This expansion will raise the total downstream aluminum capacity to 600KT from 400KT, catering to high-growth segments such as packaging and consumer durables, where FRP demand in India is projected to rise sharply. Additional downstream projects—including a) coated AC fins, b) bicycle parts, and c) a battery foil mill—are slated for commissioning in FY26. Meanwhile, the extrusions capacity at Silvassa and battery enclosures facility at Pune have already been commissioned.
- **Copper smelter expansion (Dahej):** The company has planned a 300KT copper smelter expansion with a capex of ~INR95b to be spread across FY26-28, and the commissioning is expected in FY29. This expansion aims to significantly increase copper smelting capacity and cater to the rising demand in India, strengthening the company's domestic market share.

- **Copper recycling plant (upstream)/downstream expansion (Gujarat):** For the copper business, the company has also planned other upstream/downstream capacity expansions:
  - **Upstream initiatives include:** 1) a 50KT e-waste and copper scrap recycling plant with a planned capex of INR27b. Construction is underway, with the majority of spending expected in FY26. This facility will enhance the company's VAP mix, catering to niche segments such as HVAC and industrial applications while reducing reliance on primary copper inputs through improved recycling capabilities; 2) A 300KT copper continuous cast rods (CCR) facility in Gujarat, with an estimated capex of INR5b, is scheduled for commissioning in FY26.
  - **Downstream developments include** an 11.5kt copper battery foil facility in Gujarat, which is expected to be commissioned by FY28E. Additionally, the company has recently commissioned a 22.5KT greenfield inner grooved tubes plant in Vadodara, strengthening its presence in the VAP copper segment.

Exhibit 1: HNDL's India expansion timeline

Segment	Project	Plant/Region	Capacity	Capex Outlay (USD m)	Timeline
Aluminium Upstream	Aditya Alumina Greenfield Project	Rayagada	850 KT	840	FY28
	Aluminium Smelter Expansion	Aditya	180 KT	1,120	FY28
	Green Energy Projects + 400 KV Lines	Aditya / Mahan	200 MW	70	FY26 / FY27
Coal Mines	Chakla	Jharkhand	4.5 MTPA	225	FY26
	Meenakshi	Odisha	10–12 MTPA	220	FY29
Aluminium Downstream	FRP Casting and Cold Rolling	Aditya / Hirakud	170 KT	450	Q1 FY26
	Coated AC Fins (PLI Scheme)	Taloja	26 KT	50	Q1 FY26
	Extrusions: Die Manufacturing	Silvassa	5,000 Nos	25	Commissioned
	Aluminium Bicycle Parts	Chakan, Pune	26 KT	50	FY26
	Battery Foil Mill	Aditya	24 KT	100	FY26
	Battery Enclosures	Pune	6.5 KT	35	Commissioned
Copper Upstream	Copper Smelter	Gujarat	300 KT	1,130	FY29
	Copper & E-Waste Recycling	Gujarat	50 KT	290	FY26
	Copper Continuous Cast Rods (CCR)	Gujarat	300 KT	60	FY26
	Copper Infra Projects (Jetty + 400 KV Lines)	Dahej	NA	155	FY29
Copper Downstream	Inner Grove Tubes (PLI) and Alloy Rods	Vadodara	22.5 KT	65	Commissioned
	Copper Battery Foil	Gujarat	11.5 KT	240	FY28
Specialty Alumina	Precipitate Hydrate	Belagavi	20 KT	35	Q1 FY26
	White Fused Alumina	Aditya	60 KT	30	FY27
	Total India Business Investments			**5,190**	

Source: MOFSL, Company

Overseas expansion strategy

Novelis's expansion plan involves a mix of greenfield and brownfield investments totaling over USD6b, adding significant capacity across the regions. Novelis anticipates an average annual capex of USD2b over FY25-27 for strategic projects like Bay Minette (~USD4.1b), annual maintenance capex of ~USD300-350m (totaling ~INR1b), and other initiatives like debottlenecking/expansion projects.

Bay Minette:

- Novelis's ongoing expansion in Bay Minette will produce ~600ktpa of flat rolled products (FRP), primarily catering to the beverage packaging market (420kt) with the flexibility of serving automotive and specialty products (180kt).
- Currently, the facility is under construction and is expected to be operational by 2HFY26 (vs. earlier guidance of mid-FY25) and would take 18-24 months to get fully ramped up. The project cost increased by ~65% to USD4.1b, primarily due to tech advancement and carbon reduction.
- As of 4QFY25 end, the company has already spent ~USD1.6b on Bay Minette expansion and the remaining expense will be incurred over FY25-26. The project will be funded through internal accruals and debt. HNDL has raised ~USD750m through senior notes in Jan'25 and is planning to raise an additional fund later in CY25 to support this and other financial requirements.

- **Other debottlenecking and expansion projects:**
  1) **Latchford, UK:** Investment plan of ~USD90m for UBC recycling and casting expansion.
  2) **Other ongoing debottlenecking projects:** Novelis has planned a debottlenecking strategy, unlocking nearly 200kt of rolling capacity, with a capex outlay of **~**USD330m at its existing plants in Oswego and Logan (US) and Pindamonhangaba in Brazil. It is also planning debottlenecking of 65kt in Oswego at USD130m and 80kt in Logan at USD150m. It is spending USD50m on debottlenecking of 30kt rolling capacity in Pinda, Brazil.

- **Expansion projects got commissioned:**
  1) **Guthrie automotive recycling center (Kentucky, US):** The center continues to ramp up automotive sheet ingot casting.
  2) **Ulsan recycling center (South Korea):** Investment of ~USD65m in 100kt recycling sheet ingot casting expansion; operationalized in Jan'25.
  3) **Yeongju debottlenecking (South Korea):** 50kt rolling capacity at UD20m.

Exhibit 2: Novelis - Major growth projects

Region	Project	Location	Markets	Rolling Capacity (KT)	Capex (USD m)	Status / Estimated Commissioning
North America	Hot mill debottlenecking and automotive upgrades	Oswego, US	Specialties, Auto	65	130	Phase 1 complete in FY24; Phase 2 FY26
	State-of-the-art Automotive Recycling and Casting Centre	Guthrie, US	Auto	–	365	Commissioned FY25
	Integrated Greenfield Rolling and Recycling Mill	Bay Minette, US	Can, Auto	600	4,100	FY27
	Rolling debottlenecking	Logan, US	Can, Auto	80	150	FY26
Asia	Recycling and Casting Centre at UAL	UAL, South Korea	All	–	50	Commissioned FY25
	Rolling debottlenecking	Yeongju, South Korea	Can	50	20	Commissioned FY24
South America	Rolling debottlenecking	Pinda, Brazil	Can	30	50	Phase 1 complete in FY24; Phase 2 FY26
Europe	UBC Recycling Expansion	Latchford, UK	Can	–	90	FY27

Source: MOFSL, Company

HNDL, through its subsidiary Aditya Holdings LLC, has acquired a 100% stake in a US-based specialty alumina manufacturer, AluChem, for a cash considerations of USD125m. The deal is expected to be finalized in the upcoming quarter, subject to regulatory approvals.

- AluChem has an annual production capacity of 60kt (reported revenue of USD66.38m in CY24), with three advanced facilities in Ohio and Arkansas. It produces the specialty alumina and alumina products, including low soda tabular alumina. This addition will help HNDL to scale up its specialty alumina production, aligning with its goal of doubling its capacity by FY30.
- The acquisition provides HNDL a North American foothold, enhancing its global play in high-tech alumina. Specialty alumina is known for its high purity and specialized applications in industries such as ceramics, electronics, aerospace, and medical applications.
- The global specialty alumina market is projected to grow significantly, driven by advancements in clean-tech sectors like semiconductors and EVs.
- HNDL’s current specialty alumina capacity stands at 500ktpa, which the company targets to double to 1mtpa by FY30. The acquisition of AluChem’s 60ktpa capacity with its advanced manufacturing facilities is in line with the company’s strategy of expanding into the premium, high-tech and sustainable material market.

Cost optimization and backward integration enhance margins

Coal cost synergies – 100% coal requirement to be met via captive mines

- Hindalco currently sources a significant portion of its coal through linkage arrangements (~60%), and the rest is procured via e-auctions, imports, or captive mines to meet its energy-intensive operational needs. To reduce its reliance on external coal sources and lower the energy costs, the company is actively pursuing a captive mining strategy.
- At present, HNDL operates the Gare Palma IV/4 & 5 and Kathautia mines in Chhattisgarh and Jharkhand, which together account for only 2-3% of its total coal requirements. To boost captive supply, Hindalco is developing the Chakla and Meenakshi mines. This initiative aims to improve energy self-sufficiency by replacing e-auction and linkage coal with captive coal.

Exhibit 3: Current mine status

Mine Name	Location	Status	Type
Gare Palma IV/4	Chhattisgarh	Operational	Opencast
Gare Palma IV/5	Chhattisgarh	Operational	Opencast
Kathautia	Jharkhand	Operational	Underground
Chakla	Jharkhand	Development	Opencast
Meenakshi	Odisha	Development	Both

Source: MOFSL, Company

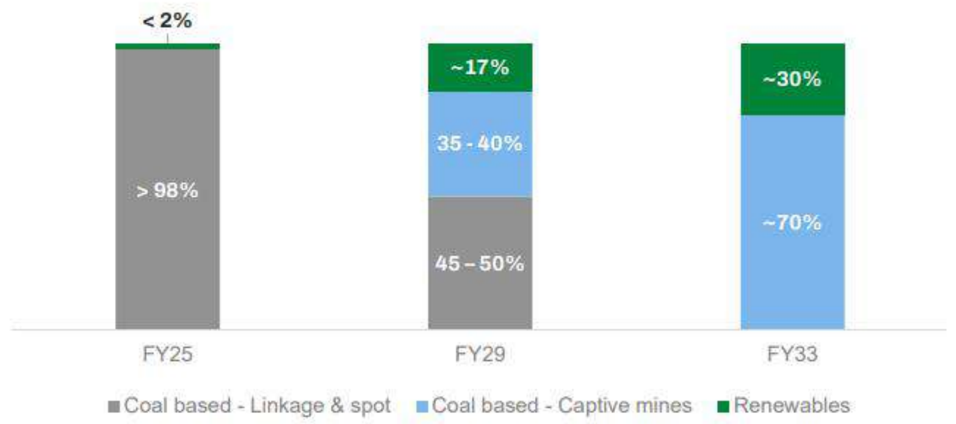
Exhibit 4: Mine development timeline

Project	Plant/Region	Capacity	Capex Outlay (USD mn)	Timeline
Chakla	Jharkhand	4.5 MTPA	225	FY26
Meenakshi	Odisha	10–12 MTPA	220	FY29

Source: MOFSL, Company

- **Chakla mine (Jharkhand):** The Chakla mine has a peak rated capacity (PRC) of ~5.3mtpa (geological reserves of ~76mt) and it is expected to come on stream by 3Q-4QFY26 (earlier target of Dec'24). This delay was primarily due to a delay in forest clearance.
- **Meenakshi mine (Odisha):** HNDL recently secured the Meenakshi coal mine with PRC of 12mtpa (geological reserves of ~285mt), driving the captive consumption. The coal grade is G12, and it has a favorable coal-to-waste stripping ratio of less than 1, which is expected to make it cost-effective. The company will begin applying for clearance and approvals with a completion target by FY28.

Exhibit 5: Change in HNDL's Energy-Mix; Company targets self-sufficiency by FY33



Source: MOFSL, Company

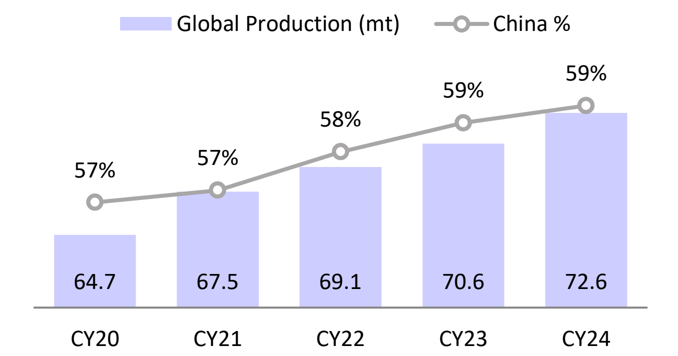
RE push – Reaching ~30% of total energy mix

- HNDL is actively expanding its RE portfolio as part of its strategy to decarbonize operations and align with global sustainability goals, with a focus on solar, wind, and hybrid energy projects.
- As of Feb'25, HNDL's RE capacity stood at 189MW, with plans to scale up to ~300MW by Jun'25. This includes the commissioning of ~100MW of hybrid capacity (with storage) in 1HCY25. Additionally, ~9MW of solar capacity is under development, and ~20MW of hybrid (solar + wind) capacity is expected to be operational by 2HFY26.
- In partnership with Ayana Renewable Power, HNDL is also developing 330MW of RE capacity, including 100MW of round-the-clock (RTC) power dedicated to its smelter operations in Odisha. This initiative will reduce dependence on grid electricity and support operational continuity.
- HNDL has set an ambitious target of sourcing 30% of its energy from RE by FY30 and achieving net carbon neutrality by 2050, which will require substantial capacity additions over the coming years.

Favorable industry tailwinds boost outlook; near-term volatility

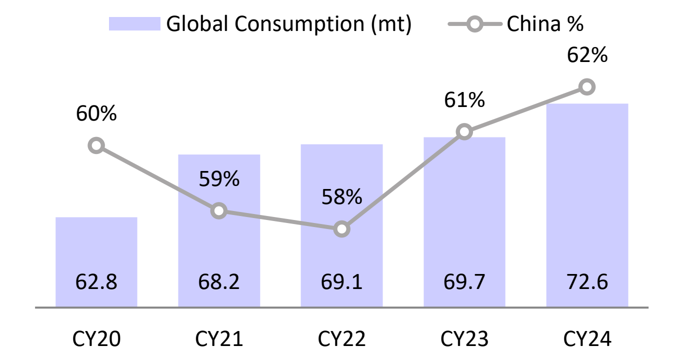
- Hindalco is well-positioned in the market, with its expansion strategy and growing demand for aluminium and copper. The aluminium market is seeing robust growth, particularly in transportation, packaging, and construction. A significant driver is the automotive industry's shift toward EVs and lightweight materials, increasing aluminium relevance.
- In the last 15 years, the global FRP market nearly doubled to ~31mt in CY24. HNDL forecasts long-term demand to increase at a 4% CAGR to ~38mt by CY29, driven by all end markets products. In India, aluminium consumption is projected to double in the next ~10 years. A timely execution of the ongoing expansions will drive HNDL's volume growth significantly in the long run.

Exhibit 6: Global aluminum production (mt)



Source: MOFSL, Company

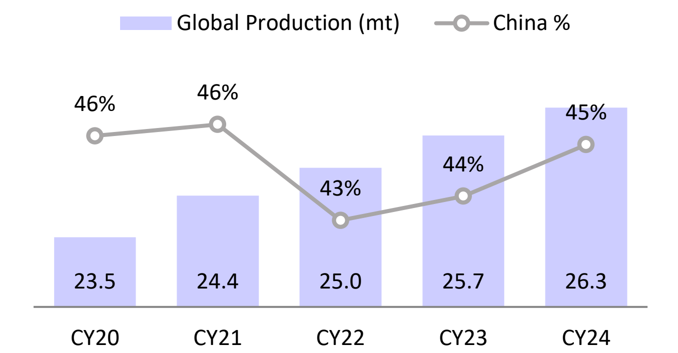
Exhibit 7: Global aluminum consumption (mt)



Source: MOFSL, Company

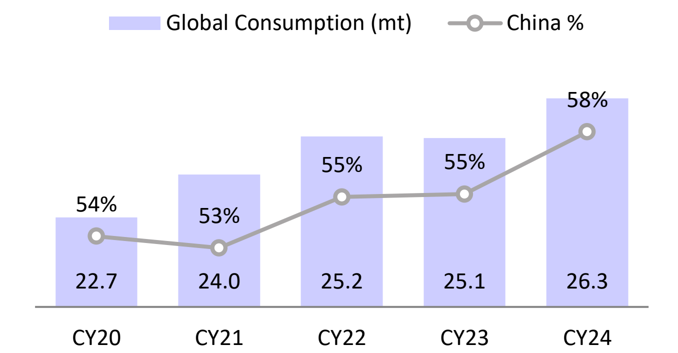
- Similarly, copper demand is anticipated to remain strong due to its key role in electrical applications, RE systems (e.g., solar and wind), and infrastructure projects. The rise of EVs and RE technologies further bolsters this demand.
- The global copper market is projected to clock a 3.8% CAGR by CY30, while India copper demand is expected to grow ~2.5x in the next 10 years, reflecting robust growth, driven by electrification/urbanization trends and sustainable energy initiatives.

Exhibit 8: Global copper production (mt)



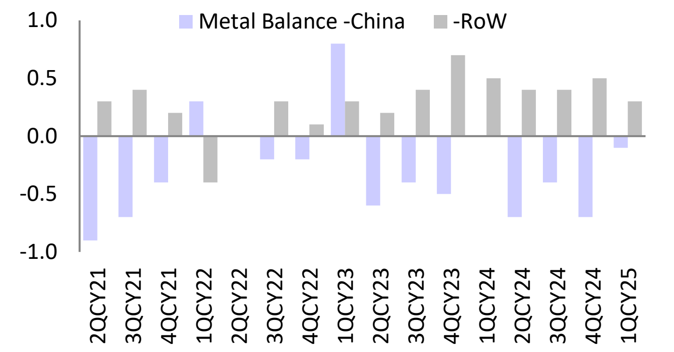
Source: MOFSL, Company

Exhibit 9: Global copper consumption (mt)



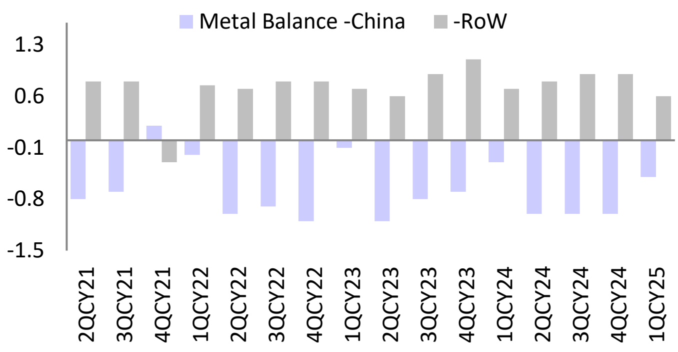
Source: MOFSL, Company

Exhibit 10: Metal Balance – Aluminum



Source: MOFSL, Company

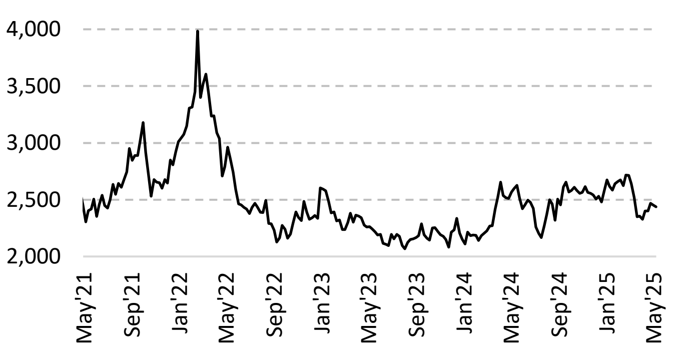
Exhibit 11: Metal Balance – Copper



Source: MOFSL, Company

- On pricing, the current aluminum price is ~2,500/t, and the copper price is ~9,950/t, as the demand outlook for both metals remains positive. We expect the supply constraints, particularly for aluminum due to production caps in China (~45mt), may further support price resilience.
- HNDL's shift toward value-added and premium products is expected to enhance margins and provide resilience against global market volatility.
- Novelis expects a near-term cash flow impact to be caused by the recent US tariff increase on aluminum from 25% to 50%, which can be mitigated with the Midwest premium pricing but cannot prevent the operation cuts.
- Novelis aims for a higher recycled content rate (vs. 63% current average) to reduce costs and mitigate tariff pressures.

Exhibit 12: LME Aluminum prices

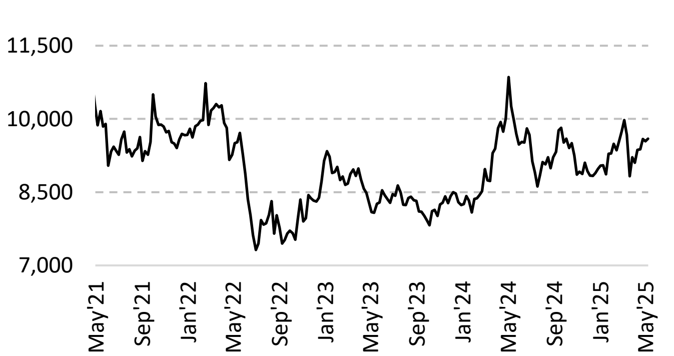


Source: MOFSL, Company

Exhibit 13: UBC scrap prices

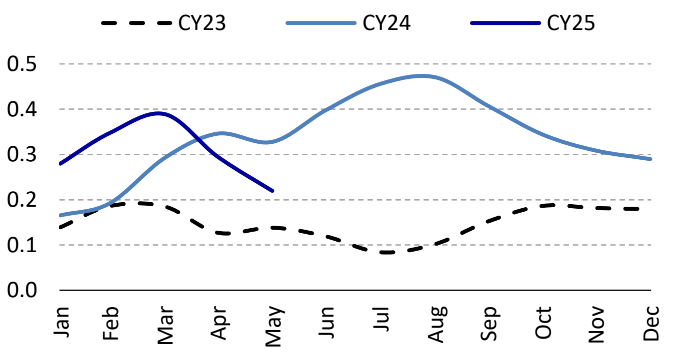
Source: MOFSL, Company

Exhibit 14: LME Copper



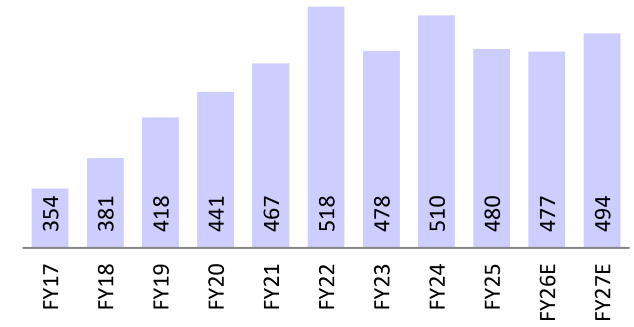
Source: MOFSL, Company

Exhibit 15: Copper inventory



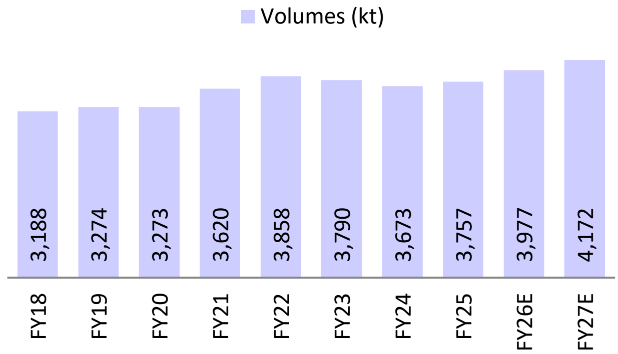
Source: MOFSL, Company

Exhibit 16: Novelis EBITDA (USD/t) likely to sustain at 500/t



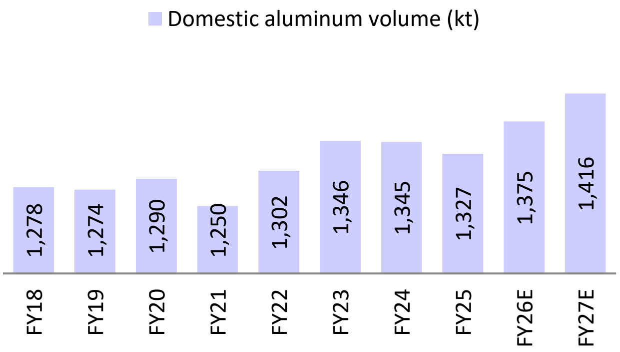
Source: MOFSL, Company

Exhibit 17: Novelis increment volume (kt) from FY27 onward



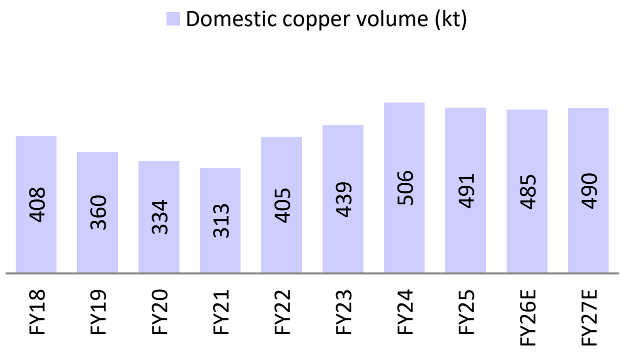
Source: MOFSL, Company

Exhibit 18: Aluminum upstream production (kt)



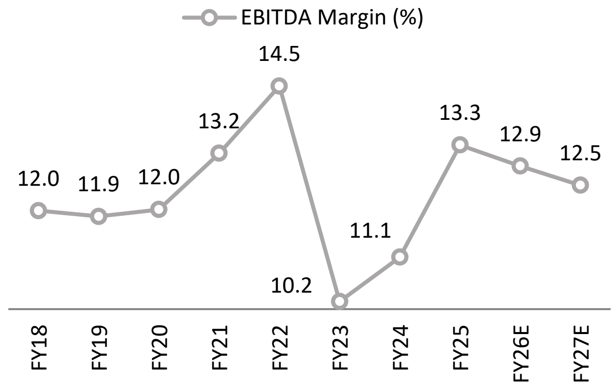
Source: MOFSL, Company

Exhibit 19: Domestic copper volume (kt)



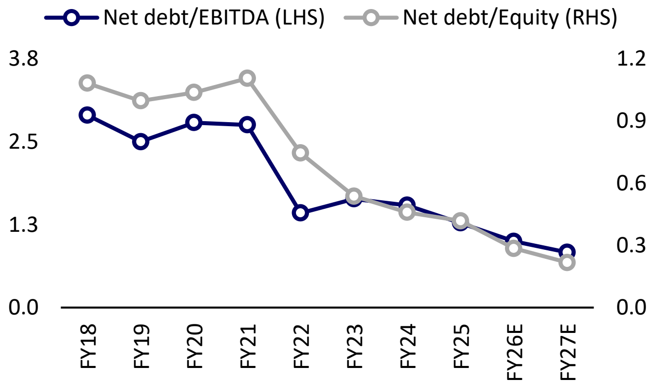
Source: MOFSL, Company

Exhibit 20: Consolidated EBITDA margin (%)



Source: MOFSL, Company

Exhibit 21: HNDL to continue its deleveraging



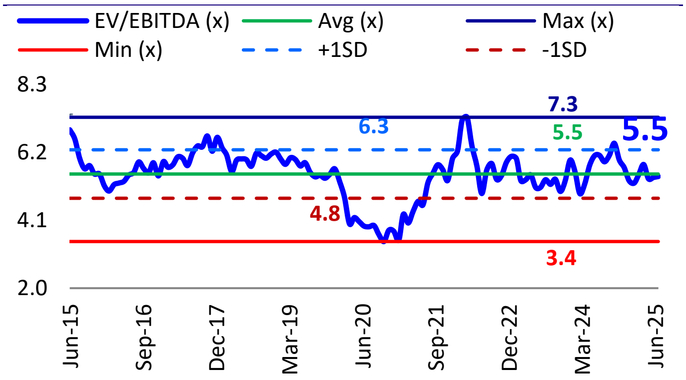
Source: MOFSL, Company

Exhibit 22: TP calculation

Y/E March	UoM	FY27E
Hindalco - India		
Aluminium		
Volumes	kt	1,416
EBITDA	INR/t	1,01,857
EBITDA	USD/t	1,173
EBITDA	INR m	1,44,255
Copper		
Volumes	kt	490
EBITDA	INR/t	69,006
EBITDA	USD/t	795
EBITDA	INR m	33,813
Others	INR m	(28,000)
EBITDA Hindalco - India	INR m	1,50,068
EV/EBTIDA (x)	x	5.5
Target EV	INR m	8,25,371
Novelis		
Volumes	kt	4,172
EBITDA	USD/t	494
USD/INR	x	87
EBITDA	**INR m**	**1,78,826**
EV/EBTIDA (x)	x	6.0
Target EV	**INR m**	**10,72,958**
Target EV - Group	**INR m**	**18,98,329**
Net Debt	INR m	2,73,748
Equity Value	INR m	16,24,581
Equity Value	INR/sh	732
Investments (quoted)	INR m	1,39,605
Investments (quoted)	INR/sh	63
Discount factor	%	10%
Target Price	**INR/sh**	**800**

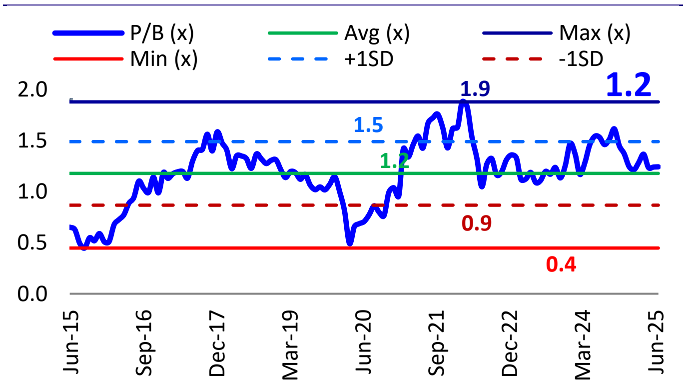
Source: MOFSL

Exhibit 23: EV/EBITDA near it LTA



Source: Company Data

Exhibit 24: P/B slipped close to LTA



Source: Company Data

Financials and valuations

Consolidated Income Statement (INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Net sales	**1,305**	**1,181**	**1,318**	**1,951**	**2,232**	**2,160**	**2,385**	**2,461**	**2,628**
Change (%)	13.3	-9.5	11.6	48.0	14.4	-3.2	10.4	3.2	6.8
Total Expenses	1,150	1,039	1,144	1,667	2,005	1,921	2,067	2,144	2,299
EBITDA	**155**	**142**	**174**	**283**	**227**	**239**	**318**	**318**	**329**
% of Net Sales	11.9	12.0	13.2	14.5	10.2	11.1	13.3	12.9	12.5
Depn. & Amortization	48	51	65	67	71	75	79	80	82
EBIT	**107**	**91**	**109**	**216**	**156**	**164**	**239**	**238**	**247**
Net Interest	38	42	37	38	36	39	34	35	33
Other income	11	12	12	11	13	15	27	15	17
PBT before EO	**81**	**61**	**83**	**190**	**132**	**140**	**232**	**218**	**231**
EO income (exp)	0	-2	-4	6	0	0	-9	0	0
PBT after EO	**81**	**59**	**79**	**196**	**132**	**140**	**223**	**218**	**231**
Current tax	19	15	19	38	29	30	64	63	68
Deferred tax (net)	7	6	8	16	3	9	0	0	0
Tax	26	22	27	54	31	39	63	63	68
Rate (%)	32.0	36.4	34.5	27.5	23.8	27.5	28.4	29.1	29.3
PAT (before MI and Sh. of Asso.)	**55**	**38**	**52**	**142**	**101**	**102**	**160**	**154**	**164**
Minority and disc. Operations	0	0	17	5	0	0	0	0	0
Share of asso.	0	0	0	0	0	0	0	0	0
RPAT (after MI & Sh. of Asso.)	**55**	**38**	**35**	**137**	**101**	**102**	**160**	**154**	**164**
Adjusted PAT	**55**	**40**	**56**	**136**	**101**	**101**	**166**	**154**	**164**
Change (%)	30.6	-28.1	42.3	142.3	-26.2	0.8	63.9	-7.1	6.0

Balance Sheet (INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Share Capital	2	2	2	2	2	2	2	2	2
Reserves	573	581	663	780	946	1,059	1,235	1,374	1,522
Net Worth	**575**	**583**	**665**	**782**	**948**	**1,061**	**1,237**	**1,376**	**1,524**
Minority Interest	0	0	0	0	0	0	0	0	0
Total Loans	524	674	660	632	583	545	619	602	584
Deferred Tax Liability	37	38	36	44	73	82	88	88	88
Capital Employed	**1,136**	**1,295**	**1,361**	**1,459**	**1,605**	**1,688**	**1,944**	**2,066**	**2,196**
Gross Block	1,131	1,200	1,343	1,459	1,567	1,651	1,771	1,930	2,090
Less: Accum. Deprn.	458	509	574	630	718	793	872	952	1,034
Net Fixed Assets	**673**	**691**	**770**	**829**	**849**	**857**	**899**	**978**	**1,056**
Goodwill	186	201	233	240	257	261	267	267	267
Capital WIP	41	77	102	49	77	149	274	274	274
Investments	52	31	77	87	83	122	136	136	136
Working capital Assets	**567**	**685**	**706**	**1,014**	**969**	**919**	**1,067**	**1,130**	**1,213**
Inventory	222	224	307	445	430	408	488	465	497
Account Receivables	115	93	130	211	162	164	198	187	200
Cash and Bank Balance	136	278	182	228	212	177	214	285	311
Others (incl. LT)	94	90	88	130	165	169	167	193	206
Working capital liability	**383**	**391**	**527**	**760**	**630**	**619**	**699**	**719**	**750**
Account Payables	207	183	283	442	418	393	427	448	478
Others (incl. LT)	175	208	244	318	212	226	272	272	272
Net Working Capital	**184**	**294**	**180**	**254**	**339**	**300**	**369**	**411**	**463**
Appl. of Funds	**1,136**	**1,295**	**1,361**	**1,459**	**1,605**	**1,688**	**1,944**	**2,066**	**2,196**

E: MOFSL Estimates

Financials and valuations

Cash Flow Statement

(INR b)

Y/E March	2019	2020	2021	2022	2023	2023	2025	2026E	2027E
EBITDA	155	142	174	283	227	239	318	318	329
Others	0	-2	-3	15	-3	9	4	0	0
tax paid	-19	-1	-13	-38	-27	-27	-55	-63	-68
Change in WC	-17	-12	14	-92	-5	19	-23	29	-27
CF from Op. Activity	**120**	**127**	**172**	**168**	**192**	**241**	**244**	**283**	**234**
(Inc)/Dec in FA + CWIP	-60	-68	-56	-54	-98	-157	-206	-159	-160
Free Cash Flow to firm	**60**	**60**	**117**	**114**	**94**	**83**	**38**	**124**	**74**
(Pur)/Sale of Inv. & yield	7	7	9	-59	20	-4	32	15	17
Others & M&A	-3	-23	-210	42	-3	18	-73	0	0
CF from Inv. Activity	**-57**	**-84**	**-256**	**-71**	**-81**	**-143**	**-247**	**-144**	**-143**
Equity raised/(repaid)	-1	0	0	-1	-1	-1	-1	0	0
Debt raised/(repaid)	-14	109	-10	-28	-55	-61	48	-18	-18
Interest	-36	-40	-37	-33	-38	-39	-58	-35	-33
Dividend (incl. tax)	-3	-3	-2	-7	-9	-7	-8	-16	-16
CF from Fin. Activity	**-55**	**67**	**-49**	**-68**	**-103**	**-108**	**-18**	**-68**	**-66**
(Inc)/Dec in Cash	**9**	**110**	**-133**	**30**	**7**	**-10**	**-21**	**71**	**25**
Add: Opening Balance	80	91	213	83	116	128	118	98	169
Changes in forex on CF	2	12	4	3	5	0	1	0	0
Closing cash Balance	91	213	83	116	128	118	98	169	195
Bank balance (inc. O/D adj.)	45	65	99	112	84	59	116	116	116
Closing Balance (incl. bank balance)	**136**	**278**	**182**	**228**	**212**	**177**	**214**	**285**	**311**

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Basic (INR)									
EPS	**24.7**	**17.8**	**25.3**	**61.3**	**45.3**	**45.7**	**74.8**	**69.5**	**73.7**
Cash EPS	46.2	39.8	52.5	94.3	77.4	79.6	107.6	105.6	110.6
BV/Share (adj.)	175.0	171.7	194.3	244.3	311.1	360.7	437.1	499.6	566.3
DPS	1.2	1.0	3.0	4.0	3.0	3.0	5.0	7.0	7.0
Payout (%)	4.9	5.6	11.9	6.5	6.6	6.6	6.7	10.1	9.5
Valuation (x)									
P/E	28.2	39.2	27.5	11.3	15.4	15.2	9.3	10.0	9.4
Cash P/E	15.1	17.5	13.3	7.4	9.0	8.7	6.5	6.6	6.3
P/BV	4.0	4.1	3.6	2.8	2.2	1.9	1.6	1.4	1.2
EV/Sales	1.5	1.6	1.5	1.0	0.9	0.9	0.8	0.8	0.7
EV/EBITDA	12.5	13.7	11.7	6.9	8.5	8.0	6.1	5.9	5.5
Dividend Yield (%)	0.2	0.1	0.4	0.6	0.4	0.4	0.7	1.0	1.0
Return Ratios (%)									
EBITDA Margins (%)	11.9	12.0	13.2	14.5	10.2	11.1	13.3	12.9	12.5
Net Profit Margins (%)	4.2	3.3	4.3	7.0	4.5	4.7	7.0	6.3	6.2
RoE	14.5	10.2	13.8	28.0	16.3	13.6	18.8	14.9	13.8
RoCE (pre-tax)	10.6	8.5	9.1	16.1	11.0	10.8	14.7	12.6	12.4
RoIC (pre-tax)	11.9	10.3	11.5	21.6	14.6	14.6	18.7	17.7	17.4
Working Capital Ratios									
Fixed Asset Turnover (x)	1.2	1.0	1.0	1.3	1.4	1.3	1.3	1.3	1.3
Asset Turnover (x)	1.1	0.9	1.0	1.3	1.4	1.3	1.2	1.2	1.2
Debtor (Days)	32	29	36	39	27	28	28	28	28
Inventory (Days)	62	69	85	83	70	69	69	69	69
Payable (Days)	58	56	78	83	68	66	66	66	66
Leverage Ratio (x)									
Current Ratio	1.5	1.8	1.3	1.3	1.5	1.5	1.5	1.6	1.6
Interest Cover Ratio	2.8	2.2	2.9	5.7	4.3	4.2	7.0	6.9	7.6
Debt/Equity	1.0	1.0	1.1	0.7	0.5	0.5	0.4	0.3	0.2

N O T E S

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.

8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:
- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.