

Estimate change



TP change



Rating change



**CMP: INR1,109 TP: INR1,280 (+15%)**

**Buy**

## Beat on earnings; outlook robust

### Consolidated performance

- Hindalco's (HNDL) consol. revenue stood at INR781b, reporting a growth of +20% YoY and +18% QoQ (+8% above our estimate), led by a favorable pricing and better product mix.
- Consolidated EBITDA stood at INR100b (against our estimate of INR86b), rising 13% YoY and 25% QoQ, driven by the strong performance of the Indian business and better-than-expected Novelis EBITDA.
- Adj. PAT came at INR58b, against our estimate of INR42b (+10% YoY and 50% QoQ), led by improved profitability.
- The company recorded an exceptional item related to the repairs, clean-up, and restoration of the Oswego plant affected by a fire incident. The costs associated with the events (net of insurance proceeds) amounted to INR46b (USD500m) during the quarter.
- In FY26, the company reported a revenue of INR2,749b (+15% YoY), whereas EBITDA stood at INR349b (+10% YoY) and APAT at INR185b (+12% YoY).
- Consolidated net debt increased to INR648b as of Mar'26 from INR353b as of Mar'25, largely due to a rise in capex spend and the Oswego fire impact. This translated into net debt/EBITDA of 1.83x as of Mar'26 vs 1x during Mar'25.

### Aluminum business

- Upstream revenue stood at INR114b in 4QFY26 (+11% YoY), and EBITDA stood at INR54b (+13% YoY; USD1,756/t), backed by cost optimization and favorable macros.
- Downstream revenue stood at INR49b (+35% YoY), whereas EBITDA stood at INR2.6b (+16% YoY), led by a better product mix and higher shipments. EBITDA/t stood at USD226 (-6% YoY) in 4QFY26 due to lower operating leverage at Aditya FRP as volumes are ramping up.
- Upstream Aluminum sales stood at 339kt (+2% YoY), while Downstream Aluminum sales stood 124KT (+18% YoY) in 4QFY26, backed by strong domestic demand.
- In FY26, upstream volume grew 2% YoY to 1,350kt, and downstream volume stood at 446kt, rising 11% YoY, backed by strong domestic demand.
- Upstream revenue stood at INR414b (+8% YoY) and EBITDA at INR189b (+16% YoY), translating into EBITDA/t of USD1,583/t in FY26.
- Downstream revenue came in at INR159b (+24% YoY), and EBITDA stood at INR9.8b (+55% YoY), leading to an EBITDA/t of USD248/t (+34% YoY) in FY26.

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	2492.6 / 26
52-Week Range (INR)	1115 / 618
1, 6, 12 Rel. Per (%)	9/52/74
12M Avg Val (INR M)	4855
Free float (%)	65.4

### Financials & Valuations (INR b)

Y/E MARCH	2026	2027E	2028E
Sales	2,749	2,950	3,127
EBITDA	349	370	395
Adj. PAT	185	191	198
EBITDA Margin (%)	13	13	13
Cons. Adj. EPS (INR)	84	86	89
EPS Gr. (%)	12	3	4
BV/Sh. (INR)	482	563	647

### Ratios

Net D:E	0.7	0.5	0.3
RoE (%)	18.2	16.4	14.7
RoCE (%)	13.4	12.2	11.9
Payout (%)	6.0	5.8	5.6

### Valuations

P/E (x)	13.3	12.9	12.4
P/BV (x)	2.3	2.0	1.7
EV/EBITDA(x)	9.2	8.3	7.5
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	(8.1)	6.6	5.0

### Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	34.6	34.6	34.6
DII	21.7	23.5	24.9
FII	34.6	32.9	32.4
Others	9.0	9.0	8.0

FII includes depository receipts

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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.

### Copper business

- Copper metal sales were at 128KT, declining 5% YoY (+5% QoQ), and CCR sales were at 91KT, declining 17% YoY (+11% QoQ) in 4QFY26.
- Copper business revenue stood at INR222b (+52% YoY), driven by higher average copper prices.
- EBITDA for the Copper business stood at INR9b in 4QFY26, rising 48% YoY and 52% QoQ, due to favorable LME and higher sulphur acid realization despite lower Tc/Rc.
- In FY26, copper shipment declined 1% YoY to 487kt, and CCR shipment dipped 5% YoY to 373KT.
- Copper business revenue stood at INR698b (+28% YoY) in FY26, while EBITDA declined 7% YoY to INR28b, led by weaker Tc/Rc.

### Novelis - 4QFY26 result summary- Beat on earnings

- Revenue came largely in line at USD4.7b, rising 4% YoY and 14% QoQ, mainly driven by higher average aluminum prices, partially offset by muted volume. NSR stood at USD5,672/t (+18% YoY and +10% QoQ), supported by favorable aluminum prices.
- The total rolled product shipments stood at 844kt, declining 12% YoY (+4% QoQ), due to disruptions at Oswego production (~73kt) and softness in specialties markets due to geopolitical conditions.
- Adj. EBITDA stood at USD459m (our est. USD380m; declining 3% YoY and rising 32% QoQ) due to an adverse shipment impact of USD54m and cash flow loss of USD577m related to the Oswego fire. Adjusted EBITDA/t stood at USD544 (our est. USD451), rising 10% YoY/declining 26% QoQ.
- The company reported a net loss of USD84m, which included an exceptional item of USD439m. The exceptional item consisted of USD577m related to Oswego fire losses, partially offset by metal price lag of USD191 and Sierre flood net recoveries of USD37m. Adj. PAT stood at USD179m, declining 28% YoY and rising 161% QoQ (our estimate of USD108m).
- FY26 revenue stood at USD18.4b (+8% YoY), adj. EBITDA at USD1.65b (-9% YoY), and APAT at USD550m (-33% YoY).

### Valuation and view

- HNDL posted strong earnings in 4QFY26. Earnings growth was primarily driven by favorable pricing, better domestic product mix, and higher by-product pricing. Novelis posted better-than-expected earnings, adjusted for the Oswego fire incident.
- Going forward, the strong earnings outlook for the Indian business remains intact, and Novelis' volume/EBITDA is expected to recover from 2Q/3QFY7 onwards, with the Oswego facility coming on stream in Jun'26.
- In addition, with the commissioning of downstream capacity, Indian business margins are expected to expand, offsetting the near-term cost inflation. Meanwhile, Novelis is expected to witness strong incremental volumes from the Bay Minette project, which is expected to get commissioned by 3Q/4QFY27E.
- We increase revenue by +9/10%, EBITDA by +10/11%, and PAT by +14/12%, for FY27/28, factoring in the strong domestic business outlook based on elevated commodity prices, cost savings, and recovery in Novelis' earnings. **At CMP, the stock trades at 7.5x EV/EBITDA and 1.7x P/B on FY28E. We reiterate our BUY rating on HNDL with an SoTP-based TP of INR1280.**

## Consolidated quarterly performance

(INR b)

Y/E March	FY25				FY26				FY25	FY26	FY26 4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>570.1</b>	<b>582.0</b>	<b>583.9</b>	<b>648.9</b>	<b>642.3</b>	<b>660.6</b>	<b>665.2</b>	<b>781.3</b>	<b>2,385.0</b>	<b>2,749.4</b>	<b>727.1</b>	<b>7.5</b>
Change (YoY %)	7.6	7.4	10.6	15.9	12.7	13.5	13.9	20.4	10.4	15.3		
Change (QoQ %)	1.8	2.1	0.3	11.1	(1.0)	2.8	0.7	17.5	-	-		
Total Expenditure	495.1	503.2	508.1	560.5	563.3	570.9	585.3	681.2	2,066.9	2,400.6		
<b>EBITDA</b>	<b>75.0</b>	<b>78.8</b>	<b>75.8</b>	<b>88.4</b>	<b>79.1</b>	<b>89.7</b>	<b>79.9</b>	<b>100.2</b>	<b>318.1</b>	<b>348.8</b>	<b>86.4</b>	<b>15.9</b>
Change (YoY %)	31.3	40.5	29.3	32.3	5.4	13.7	5.4	13.4	33.2	9.7		
Change (QoQ %)	12.3	5.1	(3.8)	16.5	(10.5)	13.4	(10.8)	25.3	-	-		
As % of Net Sales	13.2	13.5	13.0	13.6	12.3	13.6	12.0	12.8	13.3	12.7		
Interest	8.6	8.7	8.2	8.7	7.5	8.0	8.8	10.4	34.2	34.8		
Depreciation	18.9	19.3	19.4	21.2	20.8	21.6	22.2	23.8	78.8	88.3		
Other Income	4.2	10.8	5.1	7.0	6.0	7.1	5.5	10.3	27.1	28.9		
<b>PBT (before EO item)</b>	<b>51.8</b>	<b>61.6</b>	<b>53.4</b>	<b>65.4</b>	<b>56.7</b>	<b>67.2</b>	<b>54.4</b>	<b>76.3</b>	<b>232.1</b>	<b>254.6</b>	<b>60.4</b>	<b>26.3</b>
Extra-ordinary Income	(3.3)	(5.1)	(0.4)	0.1	-	(1.8)	(26.1)	(41.7)	(8.8)	(69.6)		
<b>PBT (after EO item)</b>	<b>48.5</b>	<b>56.4</b>	<b>53.0</b>	<b>65.5</b>	<b>56.7</b>	<b>65.4</b>	<b>28.3</b>	<b>34.6</b>	<b>223.3</b>	<b>185.0</b>		
Total Tax	17.7	17.3	15.6	12.7	16.7	18.0	7.8	8.5	63.4	51.1		
% Tax	36.6	30.7	29.5	19.3	29.5	27.5	27.5	24.7	28.4	27.6		
<b>PAT before MI and Associate</b>	<b>30.7</b>	<b>39.1</b>	<b>37.3</b>	<b>52.8</b>	<b>40.0</b>	<b>47.4</b>	<b>20.5</b>	<b>26.0</b>	<b>160.0</b>	<b>134.0</b>		
<b>Adjusted PAT</b>	<b>33.1</b>	<b>42.7</b>	<b>37.6</b>	<b>52.8</b>	<b>40.0</b>	<b>48.7</b>	<b>38.8</b>	<b>58.0</b>	<b>166.2</b>	<b>185.4</b>	<b>41.7</b>	<b>38.8</b>
Change (YoY %)	34.0	97.3	61.5	66.3	21.1	14.0	3.0	9.8	63.9	11.6		
Change (QoQ %)	4.1	29.2	(11.8)	40.2	(24.1)	21.6	(20.4)	49.5				

Source: MOFSL, Company

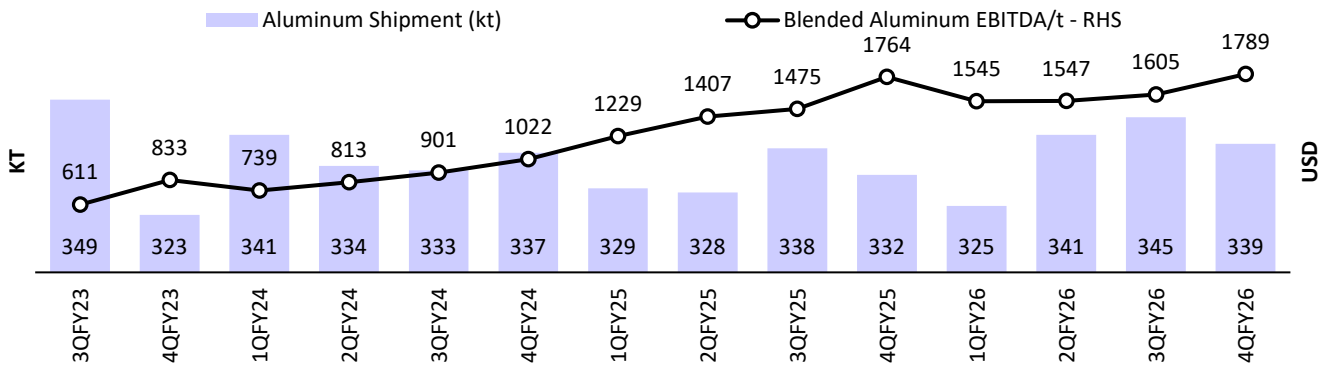
## Novelis - Quarterly performance

(USD m)

Y/E March	FY25				FY26				FY25	FY26	FY26 4QE	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales (000 tons)</b>	<b>951</b>	<b>945</b>	<b>904</b>	<b>957</b>	<b>963</b>	<b>941</b>	<b>809</b>	<b>844</b>	<b>3,757</b>	<b>3,555</b>	<b>842</b>	<b>0.2</b>
Change (YoY %)	8.2	1.3	(0.7)	0.6	1.3	(0.4)	(10.5)	(11.8)	2.3	(5.4)		
Change (QoQ %)	-	(0.6)	(4.3)	5.9	0.6	(2.3)	(14.0)	4.3	-	-		
<b>Net Sales</b>	<b>4,187</b>	<b>4,295</b>	<b>4,080</b>	<b>4,587</b>	<b>4,717</b>	<b>4,744</b>	<b>4,186</b>	<b>4,787</b>	<b>17,149</b>	<b>18,434</b>	<b>4,593</b>	<b>4.2</b>
Change (YoY %)	2.3	4.6	3.7	12.5	12.7	10.5	2.6	4.4	5.8	7.5		
Change (QoQ %)	2.7	2.6	(5.0)	12.4	2.8	0.6	(11.8)	14.4	-	-		
<b>EBITDA (adjusted)</b>	<b>500</b>	<b>462</b>	<b>367</b>	<b>473</b>	<b>416</b>	<b>422</b>	<b>348</b>	<b>459</b>	<b>1,802</b>	<b>1,645</b>	<b>380</b>	<b>20.8</b>
Change (YoY %)	18.8	(4.5)	(19.2)	(8.0)	(16.8)	(8.7)	(5.2)	(3.0)	(3.8)	(8.7)		
Change (QoQ %)	(2.7)	(7.6)	(20.6)	28.9	(12.1)	1.4	(17.5)	31.9	-	-		
<b>EBITDA per ton (USD)</b>	<b>526</b>	<b>489</b>	<b>406</b>	<b>494</b>	<b>432</b>	<b>448</b>	<b>430</b>	<b>544</b>	<b>480</b>	<b>463</b>	<b>451</b>	<b>20.6</b>
Interest	64	67	61	60	62	63	62	58	252	245		
Depreciation	140	141	142	152	148	152	155	161	575	616		
<b>PBT (before EO item)</b>	<b>296</b>	<b>254</b>	<b>164</b>	<b>261</b>	<b>206</b>	<b>207</b>	<b>131</b>	<b>240</b>	<b>975</b>	<b>784</b>		
Extra-ordinary Income	(86)	(74)	(15)	42	(60)	17	(286)	(439)	(133)	(768)		
<b>PBT (after EO item)</b>	<b>210</b>	<b>180</b>	<b>149</b>	<b>303</b>	<b>146</b>	<b>224</b>	<b>(155)</b>	<b>(199)</b>	<b>842</b>	<b>16</b>		
Total Tax	60	51	39	9	50	61	4	(114)	159	1		
% Tax	28.6	28.3	26.2	3.0	34.2	27.2	(2.6)	57.3	18.9	6.3		
<b>Reported PAT (after MI)</b>	<b>151</b>	<b>128</b>	<b>110</b>	<b>294</b>	<b>96</b>	<b>163</b>	<b>(160)</b>	<b>(84)</b>	<b>683</b>	<b>15</b>		
Change (YoY %)	(3.2)	(18.5)	(9.1)	77.1	(36.4)	27.3	(245.5)	(128.6)	13.8	(97.8)		
<b>Adjusted PAT</b>	<b>237</b>	<b>202</b>	<b>125</b>	<b>252</b>	<b>156</b>	<b>146</b>	<b>69</b>	<b>179</b>	<b>816</b>	<b>550</b>	<b>108</b>	<b>65.9</b>
Change (YoY %)	42.8	(9.4)	(35.6)	3.7	(34.2)	(27.7)	(45.0)	(28.8)	(1.2)	(32.6)		
Change (QoQ %)	(2.5)	(14.8)	(38.1)	101.6	(38.1)	(6.4)	(52.9)	160.8				

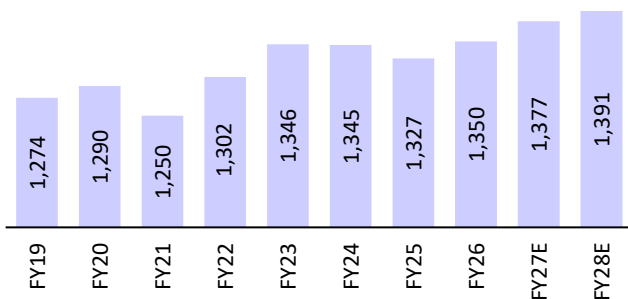
Source: MOFSL, Company

**Exhibit 1: Aluminum EBITDA/t increased to USD1,789/t in 4QFY26, supported by favorable prices and better product mix**



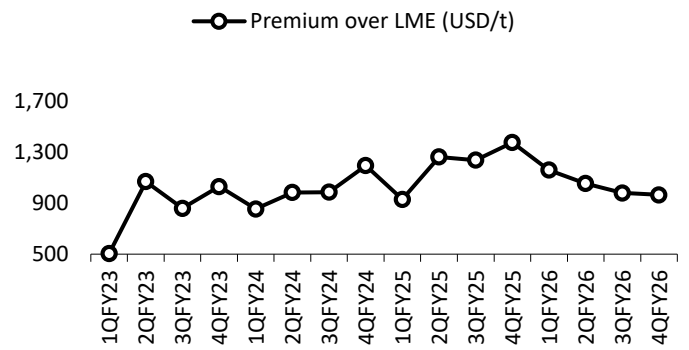
Source: MOFSL, Company

**Exhibit 2: Al upstream production (kt) to hit 1.4mt by FY28**



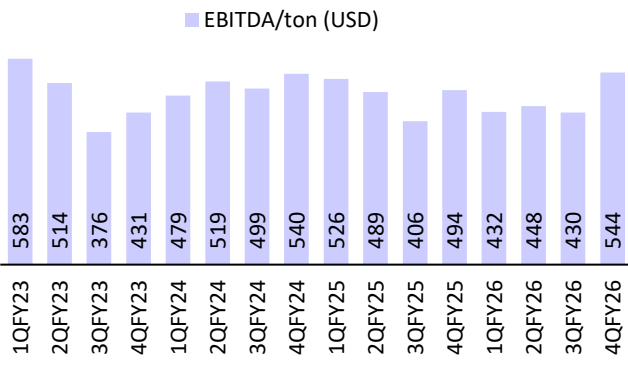
Source: MOFSL, Company

**Exhibit 3: Al premium declined QoQ over higher LME**



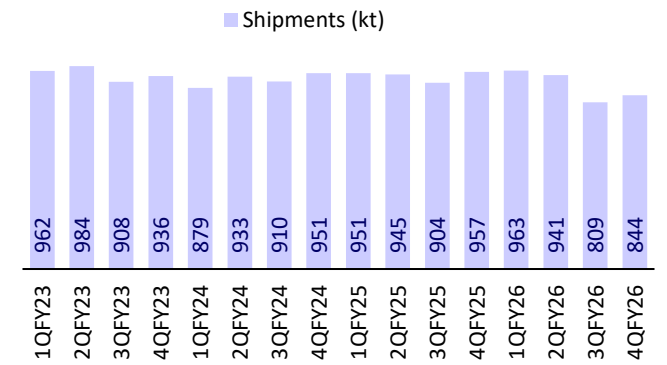
Source: MOFSL, Company

**Exhibit 4: Novelis' EBITDA/t (USD) improved QoQ**



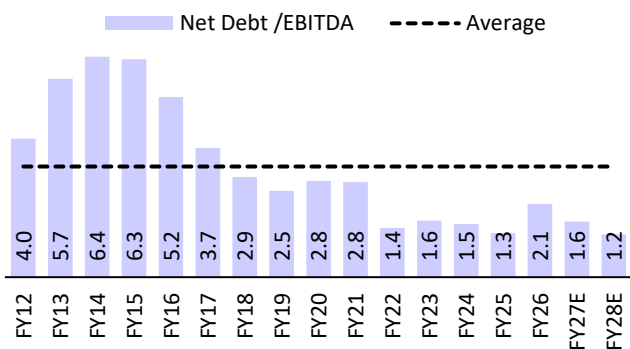
Source: MOFSL, Company

**Exhibit 5: Novelis' shipments (kt) remain muted**



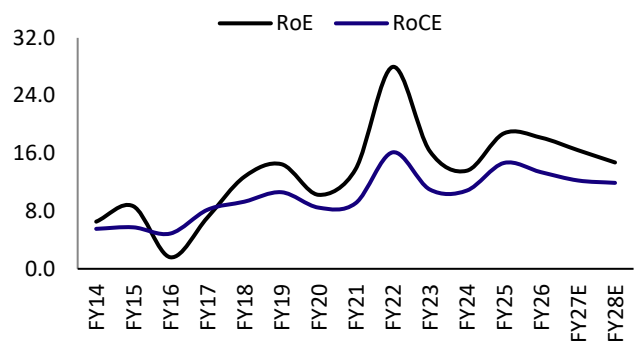
Source: MOFSL, Company

**Exhibit 6: Leverage to remain below 3x**



Source: MOFSL, Company

**Exhibit 7: RoE and RoCE (%)**



Source: MOFSL, Company



## Highlights from the management commentary

### Business Guidance and Market outlook:

- The coal mix during 4QFY26 consisted of 61% linkage coal, 37% e-auction coal and limited volumes from captive mines.
- HNDL has hedged 29% of FY27 aluminum exposure at USD3,013/t and 14% of currency exposure at INR90.13/USD.
- Management highlighted that most Western aluminum smelters are currently operating at costs above USD3,400/t, whereas HNDL costs remain significantly lower at ~USD2,000–2,200/t.
- Upstream aluminum costs increased by 2.5% QoQ in 4QFY26, and the company expects a further 5% cost inflation in 1QFY27, mainly due to rising costs amid geopolitical disruptions.
- Global copper concentrate markets remain in an unprecedented tight phase, with spot TC/RCS falling to nearly -21 cents/lb due to a structural imbalance between smelting capacity and mine supply.
- HNDL has already contracted more than 85% of copper concentrate requirements at benchmark terms, limiting exposure to spot market volatility.
- Sulfuric acid prices continued to rise sharply due to Middle East geopolitical disruptions and export restrictions from China. Management expects sulfuric acid prices to remain elevated in 1QFY27, supporting another strong quarter for copper profitability. However, prices may fall when war situations stabilize. The company reiterated normalized copper EBITDA guidance of INR6-7b per quarter over the medium term.
- Management stated that the global aluminum market outlook has tightened significantly following geopolitical disruptions in West Asia. The market is now expected to move from an earlier forecast deficit of 0.3mt to a deficit of 1.5mt in CY26 due to supply disruptions.
- Aluminum prices and premiums are expected to remain supported during 2Q/3QCY26 as inventories continue to decline. Global aluminum inventories have fallen to ~8mt (40 days of consumption), reflecting tightening supply.

### Capex and capacity update:

- Management guided for capex of ~INR120b for its Indian business in FY27, which is expected to increase further to INR150-170b in FY28, as aluminum smelter and copper expansion projects accelerate.
- Management indicated that the Aditya FRP plant continued to ramp up successfully, whereas the battery enclosure facility has now reached full ramp-up, operating at optimal utilization levels.
- The Aditya battery foil project was commissioned during the quarter, while the Taloja AC fin facility has entered commissioning and customer qualification is currently underway.
- Banda coal mine completed the box-cut activity during the quarter. However, due to higher stripping ratio, any meaningful production is expected from FY28 only.
- Chakla coal mine is expected to begin initial coal production by 4QFY27, while Meenakshi mine is likely to ramp up faster due to its lower strip ratio.

- Management emphasized that captive coal mines will structurally stabilize HNDL power costs over the long term and improve cost competitiveness across cycles.
- The company commissioned its hydrate specialty alumina facility during 4QFY26, and customer qualification processes are currently ongoing. Management indicated that ~50% of the specialty alumina business remains linked to alumina index pricing, while the remaining portion consists of higher-value products with independent pricing structures.
- The company aims to gradually transition the specialty alumina portfolio toward entirely value-added and non-index-linked products over time.
- HNDL's 50kt copper recycling project is expected to commission in Aug'26.
- The Inner Groove Tube (IGT) project is currently under customer qualification and will strengthen the company's downstream air-conditioning tube portfolio.
- Expansion plans in battery-grade copper foil are being recalibrated due to slower-than-expected EV battery manufacturing growth in India.

## Key takeaways from the Novelis conference call

### Operating performance guidance and outlook

- Novelis has reiterated its EBITDA target of +USD600/t over the next 2-3 years through cost reductions, Bay Minette ramp-up, and operational normalization.
- FY26-exit saving run rate stood at USD200m from its global cost efficiency program and expects USD350-400m in total savings by FY28 end.
- Management noted that North American aluminum markets remain structurally under-supplied, supporting rapid absorption of Oswego's volume resumption.
- On the energy side, the company disclosed that in Brazil, it has maintained energy hedges of +50%, while in EU, the current quarter was 100% hedged and it has hedged roughly two-thirds for the upcoming quarters.
- Beverage packaging demand remains robust globally, with long-term growth (ex-China) expected at around 4% CAGR through the decade.
- Automotive demand expectations were moderated, with expected long-term aluminum growth at 3-5% instead of earlier high-single-digit assumptions.
- Management attributed slower automotive growth mainly to softer EV adoption trends in North America.
- Despite slower EV penetration, Novelis expects strong long-term aluminum substitution demand due to light-weighting and performance advantages.

### Oswego update

- Novelis announced that the commissioning of the Oswego hot mill has started and coils are expected to roll off the mill in the next few weeks (vs. earlier guidance of Jun'26 end).
- Oswego will ramp up back to pre-fire operating levels quickly, as the same equipment are being restored rather than commissioning new assets.
- Management disclosed that roughly 65-70% of Oswego-related costs are linked to serving customers through alternative supply arrangements rather than direct repair expenses.
- Management hinted the annual insurance costs have increased by +USD20m.

- Novelis expects to recover ~70-75% of total Oswego-related losses via insurance claims over time. The company has already recovered ~USD90m from insurers and expects to recover +50% of the recoverable amount by FY27 end.
- The company acknowledged that current scrap spreads are unusually favorable because Oswego's outage temporarily reduced Novelis' own scrap buying activity. Management cautioned that some normalization in scrap spreads should be expected once Oswego returns to full operations.

#### **Capital allocation update**

- FY27 capex is expected to be in the range of USD2.1-2.4b, of which USD1.7b for Bay Minette and USD350m for maintenance. From 4QFY27, capex is expected to decline significantly, and Novelis would return to a free cash flow position by the end of FY27.
- FY26 adjusted free cash outflow was USD2.4b, driven mainly by USD2.3b of capex and ~USD1.1b Oswego-related cash impacts.
- Bay Minette cold mill commissioning began in Mar'26 and the project remains on track for full plant commissioning in 2HCY26.
- Total capex for Bay Minette remained USD5b. As of Mar'26, the company has already spent USD3.2b and the remaining to be incurred in FY27.
- Net leverage stands at 4.1x and expected to remain elevated in the short-term due to Oswego fire impacts and Bay Minette capital spend. Near-term expected to reverse to 4x by FY27 end.
- Parent company support remained strong, with a USD950m equity infusion received during the 2HFY26. Management clearly stated that no further parental equity support is expected going forward.
- Management confirmed to raise ~USD500m of short-term bridge financing to manage temporary cash flow timing mismatches arising from Bay Minette capex, Oswego restoration spending and delayed insurance recoveries.

**Exhibit 8: Changes to our estimates**

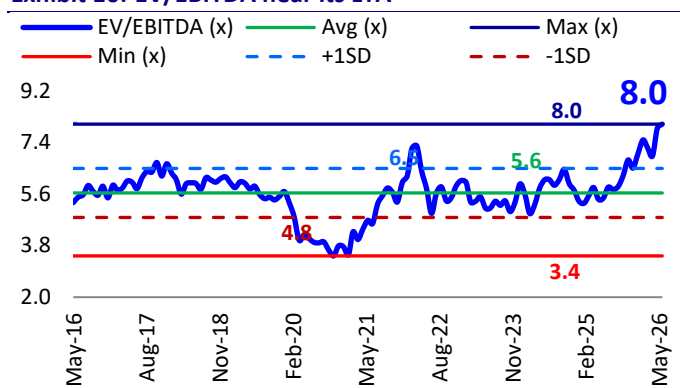
Consolidated		FY27E			FY28E		
		New	Old	% change	New	Old	% change
Revenue	INR b	2,950	2,703	9.2	3,127	2,829	10.5
EBITDA	"	370	337	9.6	395	355	11.3
Adj. PAT	"	191	167	14.1	198	176	12.4

MOFSL estimates

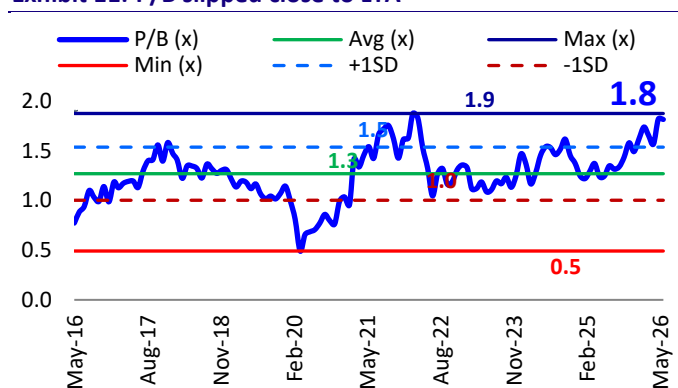
**Exhibit 9: TP calculation and valuation**

Y/E March	UoM	FY28E
<b>Hindalco - India</b>		
<b>Aluminium</b>		
Volumes	Kt	1,391
EBITDA	INR/t	1,47,918
EBITDA	USD/t	1,557
<b>EBITDA</b>	<b>INR m</b>	<b>2,05,720</b>
<b>Copper</b>		
Volumes	Kt	493
EBITDA	INR/t	60,230
EBITDA	USD/t	634
<b>EBITDA</b>	<b>INR m</b>	<b>29,693</b>
<b>Others</b>	<b>INR m</b>	<b>(27,000)</b>
<b>EBITDA Hindalco - India</b>	<b>INR m</b>	<b>2,08,413</b>
EV/EBITDA (x)	X	8.5
Target EV	INR m	17,71,511
<b>Novelis</b>		
Volumes	Kt	3,703
EBITDA	USD/t	531
USD/INR	X	95
<b>EBITDA</b>	<b>INR m</b>	<b>1,86,715</b>
EV/EBITDA (x)	X	7.5
<b>Target EV</b>	<b>INR m</b>	<b>14,00,366</b>
<b>Target EV - Group</b>	<b>INR m</b>	<b>31,71,877</b>
Net Debt	INR m	4,89,540
Equity Value	INR m	26,82,337
Equity Value	INR/sh	1,208
Investments (quoted)	INR/sh	1,39,605
Discount factor	%	10%
<b>Target Price</b>	<b>INR/sh</b>	<b>1,280</b>

Source: MOFSL

**Exhibit 10: EV/EBITDA near its LTA**


Source: Company Data

**Exhibit 11: 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	2026	2027E	2028E
<b>Net sales</b>	<b>1,305.4</b>	<b>1,181.4</b>	<b>1,318.0</b>	<b>1,950.6</b>	<b>2,232.0</b>	<b>2,159.6</b>	<b>2,385.0</b>	<b>2,749.4</b>	<b>2,950.4</b>	<b>3,127.3</b>
Change (%)	13.3	(9.5)	11.6	48.0	14.4	(3.2)	10.4	15.3	7.3	6.0
Total Expenses	1,150.3	1,039.4	1,144.5	1,667.1	2,005.4	1,920.9	2,066.9	2,400.6	2,580.8	2,732.2
<b>EBITDA</b>	<b>155.1</b>	<b>142.1</b>	<b>173.5</b>	<b>283.5</b>	<b>226.7</b>	<b>238.7</b>	<b>318.1</b>	<b>348.8</b>	<b>369.6</b>	<b>395.1</b>
% of Net Sales	11.9	12.0	13.2	14.5	10.2	11.1	13.3	12.7	12.5	12.6
Deprn. & Amortization	47.8	50.9	65.0	67.3	70.9	75.2	78.8	88.3	97.8	114.6
<b>EBIT</b>	<b>107.3</b>	<b>91.2</b>	<b>108.5</b>	<b>216.2</b>	<b>155.8</b>	<b>163.5</b>	<b>239.2</b>	<b>260.5</b>	<b>271.8</b>	<b>280.6</b>
Net Interest	37.8	42.0	37.4	37.7	36.5	38.6	34.2	34.8	35.5	38.5
Other income	11.3	11.9	12.2	11.4	12.6	15.0	27.1	28.9	29.0	31.5
<b>PBT before EO</b>	<b>80.8</b>	<b>61.0</b>	<b>83.4</b>	<b>189.9</b>	<b>131.9</b>	<b>139.9</b>	<b>232.1</b>	<b>254.6</b>	<b>265.3</b>	<b>273.6</b>
EO income (exp)	-	(1.8)	(4.4)	5.8	0.4	0.2	(8.8)	(69.6)	-	-
<b>PBT after EO</b>	<b>80.8</b>	<b>59.2</b>	<b>79.0</b>	<b>195.7</b>	<b>132.3</b>	<b>140.1</b>	<b>223.3</b>	<b>185.0</b>	<b>265.3</b>	<b>273.6</b>
Current tax	19.1	15.4	18.8	38.0	28.6	30.1	63.5	75.3	74.7	75.8
Deferred tax (net)	6.8	6.2	8.4	15.7	2.9	8.5	(0.2)	(24.3)	-	-
Tax	25.9	21.6	27.2	53.7	31.4	38.6	63.4	51.1	74.7	75.8
Rate (%)	32.0	36.4	34.5	27.5	23.8	27.5	28.4	27.6	28.2	27.7
<b>PAT (before MI and Sh. of Asso.)</b>	<b>54.9</b>	<b>37.6</b>	<b>51.8</b>	<b>142.0</b>	<b>100.9</b>	<b>101.5</b>	<b>160.0</b>	<b>134.0</b>	<b>190.6</b>	<b>197.9</b>
Minority interests and disc. Operations	(0.0)	-	17.0	4.7	-	-	-	-	-	-
Share of asso.	0.0	0.0	0.1	0.1	0.1	0.0	0.0	(0.0)	0.0	0.0
<b>Reported PAT (after MI and Sh. of Asso.)</b>	<b>55.0</b>	<b>37.7</b>	<b>34.8</b>	<b>137.3</b>	<b>101.0</b>	<b>101.6</b>	<b>160.0</b>	<b>133.9</b>	<b>190.6</b>	<b>197.9</b>
<b>Adjusted PAT</b>	<b>55.0</b>	<b>39.5</b>	<b>56.2</b>	<b>136.2</b>	<b>100.6</b>	<b>101.3</b>	<b>166.2</b>	<b>185.4</b>	<b>190.6</b>	<b>197.9</b>
Change (%)	30.6	(28.1)	42.3	142.3	(26.2)	0.8	63.9	11.6	2.8	3.8

### Balance Sheet

(INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Share Capital	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Reserves	572.6	580.6	663.1	779.7	945.8	1,059.2	1,234.9	1,363.6	1,543.1	1,729.9
<b>Net Worth</b>	<b>574.8</b>	<b>582.8</b>	<b>665.3</b>	<b>781.9</b>	<b>948.1</b>	<b>1,061.5</b>	<b>1,237.1</b>	<b>1,365.8</b>	<b>1,545.3</b>	<b>1,732.1</b>
Minority Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Loans	524.2	674.2	659.9	632.4	583.4	545.0	619.3	966.6	946.6	926.6
Deferred Tax Liability	36.5	37.6	36.1	44.2	73.2	81.6	87.8	45.7	45.7	45.7
<b>Capital Employed</b>	<b>1,135.6</b>	<b>1,294.7</b>	<b>1,361.4</b>	<b>1,458.6</b>	<b>1,604.7</b>	<b>1,688.2</b>	<b>1,944.3</b>	<b>2,378.2</b>	<b>2,537.7</b>	<b>2,704.5</b>
Gross Block	1,130.7	1,199.7	1,343.2	1,459.5	1,567.1	1,650.8	1,771.0	1,967.5	2,254.9	2,422.4
Less: Accum. Deprn.	457.8	508.7	573.7	630.4	718.2	793.5	872.3	960.6	1,058.3	1,172.9
<b>Net Fixed Assets</b>	<b>672.8</b>	<b>691.0</b>	<b>769.5</b>	<b>829.1</b>	<b>848.8</b>	<b>857.4</b>	<b>898.7</b>	<b>1,007.0</b>	<b>1,196.6</b>	<b>1,249.6</b>
Goodwill	185.7	201.0	233.2	239.7	257.5	260.8	266.8	295.5	295.5	295.5
Capital WIP	41.0	77.2	102.0	49.5	77.0	148.7	274.0	495.3	495.3	495.3
Investments	51.6	31.3	77.2	86.7	82.6	121.7	136.3	170.7	170.7	170.7
<b>Working capital Assets</b>	<b>567.0</b>	<b>685.4</b>	<b>706.3</b>	<b>1,013.7</b>	<b>969.0</b>	<b>918.7</b>	<b>1,067.2</b>	<b>1,478.3</b>	<b>1,365.0</b>	<b>1,511.0</b>
Inventory	221.9	223.8	306.7	444.8	429.6	408.1	488.0	755.2	557.6	591.0
Account Receivables	114.6	93.5	129.6	210.8	162.1	164.0	198.3	272.2	224.1	237.5
Cash and Bank Balance	136.2	278.1	182.3	228.4	212.3	177.1	213.8	226.9	351.8	437.1
Others (incl. LT)	94.2	89.9	87.7	129.7	165.1	169.5	167.1	224.0	231.5	245.4
<b>Working capital liability</b>	<b>382.5</b>	<b>391.1</b>	<b>526.7</b>	<b>759.9</b>	<b>630.2</b>	<b>619.1</b>	<b>698.7</b>	<b>1,068.6</b>	<b>985.5</b>	<b>1,017.7</b>
Account Payables	207.2	182.8	282.8	442.0	418.4	392.9	427.0	619.9	536.7	568.9
Others (incl. LT)	175.3	208.3	243.9	317.9	211.8	226.2	271.7	448.8	448.8	448.8
<b>Net Working Capital</b>	<b>184.4</b>	<b>294.3</b>	<b>179.6</b>	<b>253.8</b>	<b>338.9</b>	<b>299.7</b>	<b>368.5</b>	<b>409.7</b>	<b>379.6</b>	<b>493.4</b>
<b>Appl. of Funds</b>	<b>1,135.6</b>	<b>1,294.7</b>	<b>1,361.4</b>	<b>1,458.6</b>	<b>1,604.7</b>	<b>1,688.2</b>	<b>1,944.3</b>	<b>2,378.2</b>	<b>2,537.7</b>	<b>2,704.5</b>

## Financials and valuations

### Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>Basic (INR)</b>										
<b>EPS</b>	<b>24.7</b>	<b>17.8</b>	<b>25.3</b>	<b>61.3</b>	<b>45.3</b>	<b>45.7</b>	<b>74.8</b>	<b>83.5</b>	<b>85.9</b>	<b>89.1</b>
Cash EPS	46.2	39.8	52.5	94.3	77.4	79.6	107.6	100.1	129.9	140.7
BV/Share (adj.)	175.0	171.7	194.3	244.3	311.1	360.7	437.1	482.1	563.0	647.1
DPS	1.2	1.0	3.0	4.0	3.0	3.0	5.0	5.0	5.0	5.0
Payout (%)	4.9	5.6	11.9	6.5	6.6	6.6	6.7	6.0	5.8	5.6
<b>Valuation (x)</b>										
P/E	44.9	62.4	43.9	18.1	24.5	24.3	14.8	13.3	12.9	12.4
Cash P/E	24.0	27.9	21.1	11.8	14.3	13.9	10.3	11.1	8.5	7.9
P/BV	6.3	6.5	5.7	4.5	3.6	3.1	2.5	2.3	2.0	1.7
EV/Sales	2.2	2.4	2.2	1.5	1.3	1.3	1.2	1.2	1.0	0.9
EV/EBITDA	18.4	20.1	17.0	10.1	12.5	11.9	9.0	9.2	8.3	7.5
Dividend Yield (%)	0.1	0.1	0.3	0.4	0.3	0.3	0.5	0.5	0.5	0.5
<b>Return Ratios (%)</b>										
EBITDA Margins (%)	11.9	12.0	13.2	14.5	10.2	11.1	13.3	12.7	12.5	12.6
Net Profit Margins (%)	4.2	3.3	4.3	7.0	4.5	4.7	7.0	6.7	6.5	6.3
RoE	14.5	10.2	13.8	28.0	16.3	13.6	18.8	18.2	16.4	14.7
RoCE (pre-tax)	10.6	8.5	9.1	16.1	11.0	10.8	14.7	13.4	12.2	11.9
RoIC (pre-tax)	11.9	10.3	11.5	21.6	14.6	14.6	18.7	18.6	18.1	18.0
<b>Working Capital Ratios</b>										
Fixed Asset Turnover (x)	1.2	1.0	1.0	1.3	1.4	1.3	1.3	1.4	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	1.2
Debtor (Days)	32	29	36	39	27	28	28	28	28	28
Inventory (Days)	62	69	85	83	70	69	69	69	69	69
Payable (Days)	58	56	78	83	68	66	66	66	66	66
<b>Leverage Ratio (x)</b>										
Current Ratio	1.5	1.8	1.3	1.3	1.5	1.5	1.5	1.4	1.4	1.5
Interest Cover Ratio	2.8	2.2	2.9	5.7	4.3	4.2	7.0	7.5	7.7	7.3
Debt/Equity	1.0	1.0	1.1	0.7	0.5	0.5	0.4	0.7	0.5	0.3

### Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>(INR b)</b>										
<b>EBITDA</b>	<b>155.1</b>	<b>142.1</b>	<b>173.5</b>	<b>283.5</b>	<b>226.7</b>	<b>238.7</b>	<b>318.1</b>	<b>348.8</b>	<b>369.6</b>	<b>395.1</b>
Others	0.4	(1.8)	(2.7)	14.7	(2.7)	9.2	3.9	(39.2)	-	-
tax paid	(18.9)	(1.0)	(12.6)	(37.7)	(27.3)	(26.8)	(54.7)	(64.8)	(74.7)	(75.8)
Change in WC	(16.9)	(11.8)	14.0	(92.0)	(4.6)	19.4	(23.2)	(142.4)	155.0	(28.6)
<b>CF from Op. Activity</b>	<b>119.8</b>	<b>127.5</b>	<b>172.3</b>	<b>168.4</b>	<b>192.1</b>	<b>240.6</b>	<b>244.1</b>	<b>102.5</b>	<b>449.9</b>	<b>290.8</b>
(Inc)/Dec in FA + CWIP	(60.1)	(67.9)	(55.7)	(54.3)	(98.4)	(157.3)	(206.5)	(301.0)	(287.4)	(167.5)
<b>Free Cash Flow to firm</b>	<b>59.7</b>	<b>59.5</b>	<b>116.7</b>	<b>114.1</b>	<b>93.7</b>	<b>83.3</b>	<b>37.6</b>	<b>(198.5)</b>	<b>162.5</b>	<b>123.3</b>
(Pur)/Sale of Inv. & yield	6.6	7.1	9.0	(58.9)	19.9	(3.7)	32.0	48.4	29.0	31.5
Others & M&A	(3.1)	(23.5)	(209.7)	42.4	(2.6)	18.3	(72.9)	(13.3)	-	-
<b>CF from Inv. Activity</b>	<b>(56.5)</b>	<b>(84.3)</b>	<b>(256.4)</b>	<b>(70.7)</b>	<b>(81.2)</b>	<b>(142.8)</b>	<b>(247.4)</b>	<b>(265.8)</b>	<b>(258.4)</b>	<b>(136.0)</b>
Equity raised/(repaid)	(1.2)	-	0.1	(0.7)	(1.3)	(1.2)	(1.0)	(1.2)	-	-
Debt raised/(repaid)	(14.4)	109.5	(9.7)	(27.8)	(54.9)	(61.4)	48.4	134.1	(20.0)	(20.0)
Interest	(35.8)	(40.2)	(36.8)	(32.5)	(38.5)	(38.9)	(57.7)	79.1	(35.5)	(38.5)
Dividend (incl. tax)	(3.2)	(2.7)	(2.4)	(6.7)	(8.9)	(6.7)	(7.8)	(11.1)	(11.1)	(11.1)
<b>CF from Fin. Activity</b>	<b>(54.6)</b>	<b>66.6</b>	<b>(48.8)</b>	<b>(67.7)</b>	<b>(103.5)</b>	<b>(108.2)</b>	<b>(18.2)</b>	<b>200.9</b>	<b>(66.6)</b>	<b>(69.6)</b>
<b>(Inc)/Dec in Cash</b>	<b>8.7</b>	<b>109.7</b>	<b>(132.9)</b>	<b>30.0</b>	<b>7.4</b>	<b>(10.4)</b>	<b>(21.5)</b>	<b>37.5</b>	<b>124.9</b>	<b>85.2</b>
Add: Opening Balance	80.4	91.0	212.7	83.4	116.4	128.4	118.2	98.1	143.5	268.4
Changes in forex on CF	1.9	12.0	3.6	3.0	4.6	0.2	1.4	7.9	-	-
Closing cash Balance	91.0	212.7	83.4	116.4	128.4	118.2	98.1	143.5	268.4	353.6
Bank balance (inc. O/D adj.)	45.2	65.5	98.9	112.1	83.9	58.9	115.7	83.4	83.4	83.4
<b>Closing Balance (incl. bank balance)</b>	<b>136.2</b>	<b>278.1</b>	<b>182.3</b>	<b>228.4</b>	<b>212.3</b>	<b>177.1</b>	<b>213.8</b>	<b>226.9</b>	<b>351.8</b>	<b>437.1</b>

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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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