

Rating matrix		
Rating	:	Buy
Target	:	₹ 160
Target Period	:	12-18 months
Potential Upside	:	16%

What's changed?	
Target	Changed from ₹ 170 to 160
EPS FY19E	Changed from ₹ 7.4 to ₹ 7.0
EPS FY20E	Changed from ₹ 9.6 to ₹ 8.8
Rating	Unchanged

Quarterly performance					
	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	601.8	468.0	28.6	604.7	-0.5
EBITDA	129.8	102.6	26.5	135.8	-4.4
EBITDA (%)	21.6	21.9	-36 bps	22.4	-88 bps
PAT	74.1	51.2	44.8	76.7	-3.4

Key financials				
₹ crore	FY17	FY18	FY19E	FY20E
Net Sales	1324.2	1971.2	2357.9	2902.6
EBITDA	227.0	450.3	516.5	640.0
Net Profit	81.2	242.6	292.4	369.3
EPS (₹/share)	1.9	5.8	7.0	8.8

Valuation summary				
	FY17	FY18	FY19E	FY20E
P/E	71.1	23.8	19.7	15.6
Target P/E	82.4	27.6	22.9	18.1
EV / EBITDA	27.8	13.5	12.0	9.9
P/BV	5.4	4.0	3.3	2.7
RoNW	7.5	16.7	16.8	17.6
RoCE	10.6	18.2	18.7	19.8
ROIC	11.1	23.2	24.6	24.5

Stock data	
Stock Data	₹ crore
Market Capitalization	5774
Total Debt (FY18)	624
Cash and Cash Equivalent (FY18)	305
Enterprise Value	6093
52 week H/L	197 / 104
Equity Capital	41.8
Face Value	₹ 10
MF Holding (%)	1.2
FII Holding (%)	2.5

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## Himadri Speciality (HIMCHE)

**₹ 138**

### Volume growth to rebound in FY20E...

- Himadri Speciality Chemicals (HSCL) reported a steady Q2FY19 performance QoQ. Total revenues for the quarter came in at ₹ 601.8 crore, up 29% YoY. Carbon sales volume in Q2FY19 were at 91.6 KT, down 2.8% YoY vs. the usual run rate of ~95 KT. Realisation in Q2FY19 was at ₹ 65,047 /tonne
- EBITDA in Q2FY19 came in at ₹ 129.8 crore with corresponding EBITDA margins at 21.6% & EBITDA/tonne at ~₹ 14175/tonne
- PAT in Q2FY19 came in at ₹ 74.1 crore vs. ₹ 51.2 crore in Q2FY18
- HSCL expects to commission its speciality carbon black plant (capacity 60,000 tonne) by Q1FY20 and advance carbon material plant (capacity 20,000 tonne) by FY20 end (total capex: ₹ 600 crore)

### Shutdown to play spoilsport in FY19E, volumes to rebound in FY20E

Amid robust product demand involving coal tar pitch, which is used in the aluminium and graphite electrode Industry and carbon black, which is used in tyre and other applications, HSCL was operating its plant (coal tar distillation capacity: 4 lakh tonne) at near full utilisations levels. The domestic market was witnessing a shortage thereby preventing HSCL from incurring a shutdown and to do a de-bottlenecking exercise to augment its capacity. Therefore, sensing the market dynamics now, HSCL is undergoing a shutdown exercise for a month in Q3FY19E, impacting volumes in Q2FY19 and is likely to impact volumes in Q3FY19E leading to nearly flat volumes in FY19E. Post this shutdown and de-bottlenecking exercise, its coal tar distillation capacity will be augmented by 1 lakh tonne to 5 lakh tonne on an annual basis, thereby providing necessary feedstock to its upcoming value added products i.e. speciality carbon black (SCB) & advance carbon material (ACM). For FY19E, we expect total carbon product sales volumes at 3.8 lakh tonne (flat YoY) and 4.4 lakh tonne in FY20E; implying CAGR volume growth of 7.7% in FY18-20E.

### Value added products- SCB, ACM; Unique proposition, global footprint

HSCL, through three decades of experience in the carbon industry, right talent pool and indigenous research, has developed value added products (high margin) in the carbon chain viz. speciality carbon black and advance carbon material. Speciality carbon black is used in paints, inks, etc and fetches remunerative prices and margin profile (EBITDA margins & RoCE > 20%+). Advance carbon material, on the other hand, has intended use in manufacturing Li-ion batteries for electric vehicles, consumer electronics (mobile phones) and energy storage solutions. HSCL has already started supplying small batches to end customers and is on the way for a 20,000 tonne capacity expansion in this domain by FY20 end. Note, HSCL is one of the only few listed players with exposure to the EV story in true sense domestically. Both these products are primarily meant for exports thereby expanding HSCL footprints globally.

### Balance sheet strength to grow, healthy return ratios, maintain BUY!

On the balance sheet front, HSCL has low geared balance sheet with FY18 debt: equity at 0.4x. With robust cash flow from operations and impressive capex spend in the new age products, we expect the debt gearing to be controlled with large amount of capex needs being met by internal accruals. On the return ratios front, it realises ~1.5x asset turnover, ~20% margins thereby realising ~20%+ RoIC. Going forward, revising our estimates, we now expect HSCL to clock sales, PAT CAGR of 21.3%, 23.4%, respectively, in FY18-20E. We value HSCL at ₹ 160 i.e. 18x P/E on FY20E EPS of ₹ 8.8 with a **BUY** rating on the stock.

### Variance analysis

Standalone Numbers	Q2FY19	Q1FY19E	Q2FY18	YoY (%)	Q1FY19	QoQ (%)	Comments
Sales	601.8	598.5	468.0	28.6	604.7	-0.5	Better realisation led topline to come in line with our estimates despite a big miss on the volumes front
Other Operating Income	0.0	0.0	0.0		0.0		
Total Operating Income	601.8	598.5	468.0	28.6	604.7	-0.5	
Total Raw Material Expenses	403.5	402.2	314.9	28.1	407.2	-0.9	RM came in at its usual rate of ~67% of sales
Employee Cost	13.4	15.0	11.5	15.8	13.6	-2.1	
Other operating expense	55.1	46.1	39.0	41.5	48.1	14.5	Other expense came in higher at 9.3% of sales due to forex loss recorded for the quarter by virtue of the company being a net importer amid sharp depreciation of domestic currency
Total Expenditure	472.0	463.3	365.4	29.2	469.0	0.6	
EBITDA	129.8	135.2	102.6	26.5	135.8	-4.4	
EBITDA Margin (%)	21.6	22.6	21.9	-36 bps	22.4	-88 bps	Margins were down 36 bps YoY and ~90 bps QoQ
Depreciation	8.4	7.9	7.9	6.5	7.9	6.3	
Interest	17.5	14.5	20.8		18.7		
Non Operating Expenses	0.0	0.0	0.0		0.0		
Other Income	2.2	1.6	1.9	19.1	2.7	-17.9	Other income came in on expected lines
PBT	106.1	114.4	75.8	40.0	111.9	-5.1	
Taxes	32.0	36.6	24.6	30.0	35.2	-9.1	Tax rate came in a tad lower at 30%
PAT	74.1	77.8	51.2	44.8	76.7	-3.4	

### Key Metrics

Total Carbon Product Sales	91,575	100,767	94,220	-2.8	99,200	-7.7	Sales volume came in much lower than estimates primarily tracking de-stocking volume (tonne)
Blended Realisations (₹/tonne)	65,047	58,402	49,096	32.5	60,467	7.6	Realisations were better than our estimates

Source: Company, ICICI Direct Research

### Change in estimates

(₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenues	2,394.1	2,357.9	-1.5	2,969.4	2,902.6	-2.3	Downward revision in volume estimates partially compensated by upgradation in realisation estimates leads to downward revision in sales estimates, going forward, in FY19E & FY20E.
EBITDA	540.2	516.5	-4.4	690.9	640.0	-7.4	
EBITDA Margin (%)	22.6	21.9	-66 bps	23.3	22.1	-122 bps	Margins are expected to be softer vs. earlier on account of initial ramp up costs associated with the specialty carbon black plant as well some realisation benefits fading away for the company
PAT	309.2	292.4	-5.4	400.4	369.3	-7.8	
EPS (₹)	7.4	7.0	-5.4	9.6	8.8	-7.8	Lower margins leads to ~5-8% downward revision PAT estimates

Source: Company, ICICI Direct Research

### Assumptions

	Current			Earlier		Comments		
	FY16	FY17	FY18	FY19E	FY20E			
Total Carbon Product Sales volume (tonne)	299137	356902	379680	378750	440233	401500	453567	Revise downward our sales volume estimates in FY19E primarily tracking muted volumes in Q2FY19 and one month shutdown being undertaken in Q3FY19
Blended Realization (₹/tonne)	37885	36427	51439	61673	65364	59081	64917	Revised upward our realisation estimates primarily tracking robust H1FY19 performance on the realisation front

Source: Company, ICICI Direct Research

## Company Analysis

Himadri Speciality Chemical (HSC), founded and promoted by the Choudhary group, began its journey in 1987 as a private limited company called Himadri Casting Pvt Ltd. In 1990, the company entered the coal tar distillation business by setting up a 4800 MT capacity in Howrah (West Bengal). After three decades, HSC has evolved as India's leading fully integrated specialty carbon company by tapping into the entire carbon value chain with a wide range of high demand specialised products. The company has grown exponentially with total installed capacity of 400,000 MT of coal tar distillation, 120,000 MT of carbon black, 68,000 MT of SNF (concrete add mixture) and a 20 MW power plant strategically spread across eight zero discharge facilities across India (West Bengal, Odisha, Chattisgarh, Gujarat, Andhra Pradesh). As of 2017, HSC commands a staggering market share of ~70% of total domestic coal tar pitch demand catering to aluminium & graphite electrode manufacturers. The company is the third largest carbon black manufacturer domestically commanding a market share in excess of ~15%. HSC is also the only company in India to manufacture anode material for lithium ion batteries, which find application in high growth sectors like smart phones, consumer electrical, electric vehicles and energy storage solutions

### Manufacturing process

Coal tar is the basic raw material for HSC, which is obtained as a by-product while manufacturing metallurgical coke in steel making process (blast furnace route). HSC is the largest procurer of coal tar from steel plants in India. Coal tar is then distilled at high temperature and pressure to mainly yield coal tar pitch along with other co-products such as residual oil that is used for manufacturing carbon black and naphthalene.

Exhibit 1: Manufacturing process



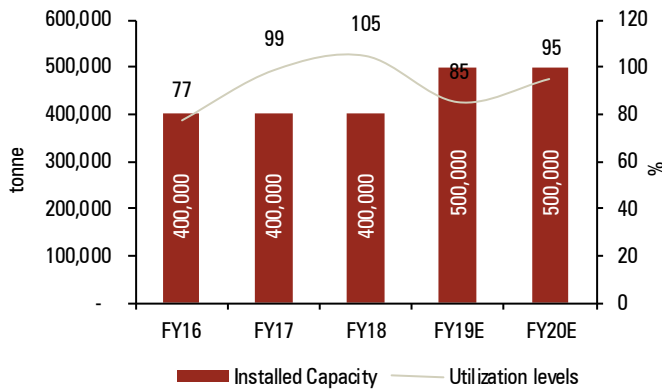
Source: Company, ICICI Direct Research

In the advance carbon space, the company manufactures both intermediates as well as final product. Intermediates are coke granules and coke powder while the final product is the anode material of the lithium ion battery (LIB) itself.

**With firm capex plans, HSCL to witness 7.7% volume CAGR over FY18-20**

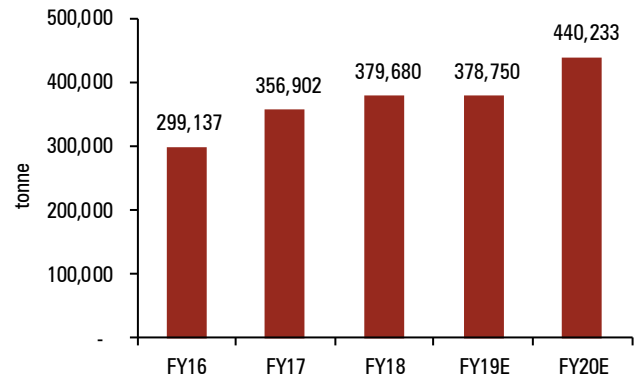
HSCL has a coal tar distillation capacity of 4 lakh tonne with our back of the envelop calculation depicting utilisation levels of 100% for FY17. Going forward, the company is executing a de-bottlenecking exercise, which will augment its coal tar distillation capacity by 1 lakh tonne and is due to be commissioned in FY19E. Going forward, given the robust product demand and HSCL's prerogative to maintain its market share in the CTP business segment, we expect utilisation levels to remain elevated levels in FY18-20E. Consequently, we expect the company to record total carbon sales volume growth of 7.7% CAGR in FY18-20E. We expect HSCL to record carbon sales of 4.4 lakh tonne in FY20E (3.8 lakh tonne in FY18).

**Exhibit 2: Capacity and utilisation levels trend**



Source: Company, ICICI Direct Research

**Exhibit 3: Carbon sales volume trend**

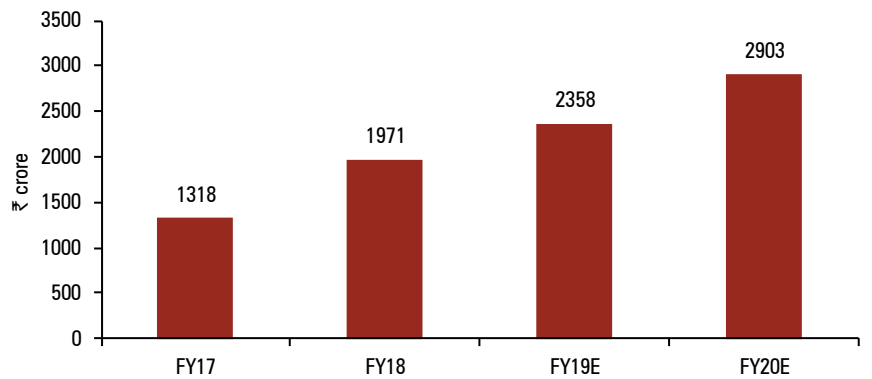


Source: Company, ICICI Direct Research

**Net sales to grow at CAGR of 21.3% in FY18-20E**

Consequent topline growth is expected at 21.3% CAGR in FY18-20E. We expect HSCL to report net sales of ₹ 2903 crore in FY20E vs. ₹ 1971 crore expected in FY18. On the growth trajectory front, FY19E would be a year of consolidation with no volume growth with pent up sales expected in FY20E as new capacity gets commissioned. CTP pitch is expected to continue to command a lion's share in overall revenues with its share in total topline expected at +40% over FY18-20E (down from present levels of 50%+). Speciality carbon black and advance carbon material will command a revenue share of ~15% in FY20E.

**Exhibit 4: Net sales trend**



Source: Company, ICICI Direct Research

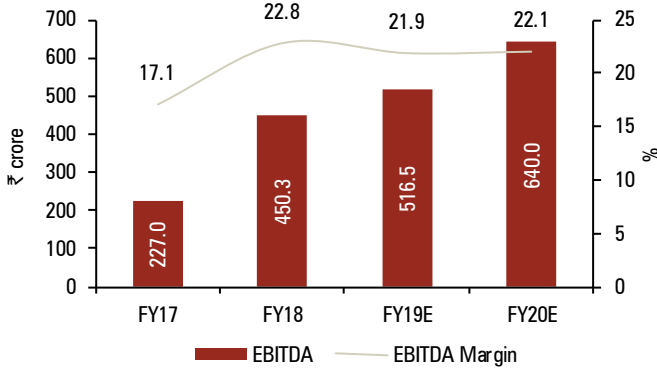
We expect HSCL to record net sales of ₹ 2358 crore in FY19E & ₹ 2903 crore in FY20E

EBITDA/tonne is expected at ₹13638/tonne in FY19E & ₹14538/tonne in FY20E (₹ 11859/tonne in FY18).

### EBITDA to stage impressive 19.2% CAGR over FY18-20E

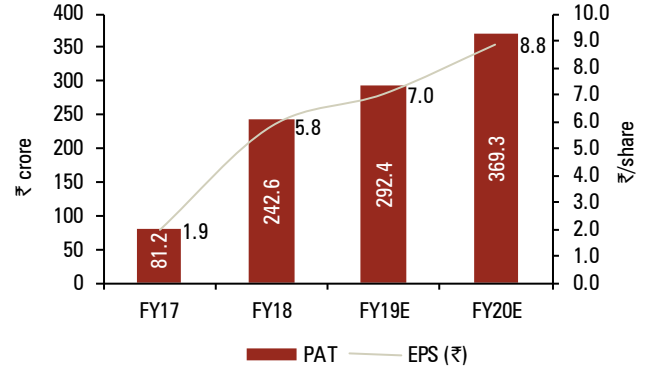
We expect EBITDA to stage an impressive CAGR of 19.2% in FY18-20E, building in conservative EBITDA margins profile at ~22%. The margin estimates are conservative given the new product segment i.e. advance carbon material & speciality carbon black which will fetch higher EBITDA margins compared to base product profile

**Exhibit 5: EBITDA & EBITDA margins trend**



Source: Company, ICICI Direct Research

**Exhibit 6: PAT & EPS trend**



Source: Company, ICICI Direct Research

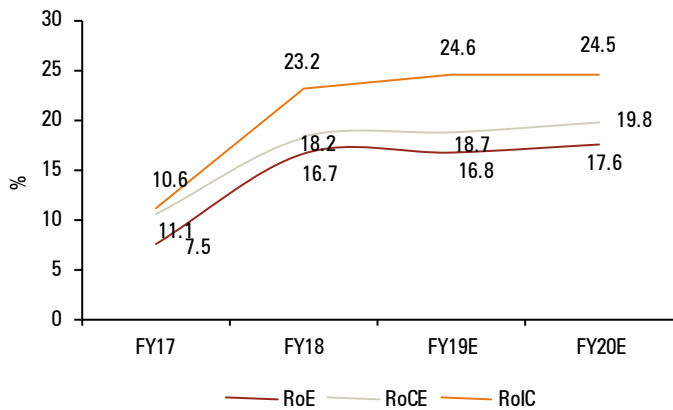
Going forward, robust topline growth is expected to lead to 23.4% CAGR in PAT in FY18-20E. We expect HSCCL to report PAT of ₹ 292.4 crore in FY19E vs. ₹ 242.6 in FY18. In FY20E, however, growth is expected to be exponential with PAT expected at ₹ 369.3 crore given the incremental capacity of value added products gets commissioned.

### Core returns ratios clocking 20%; debt: equity steadily on decline

In the past, return ratios were dismal with HSCCL clocking single digit return ratios. Going forward, however, improved profitability in FY18E and negotiations of contractual terms has resulted in a resurging efficiency with FY18 RoIC at 23%. Given the robust product demand outlook, we expect RoIC to remain in the +20% band (FY18-20E)

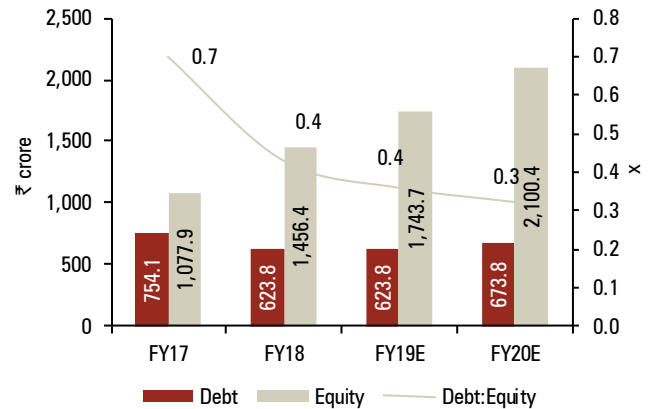
Return ratios were dismal due to volatile foreign exchange rate and HSCCL's business model being susceptible to foreign exchange risk. It is also attributable to constricted contractual terms with its key customers thereby resulting in HSCCL absorbing all trade shocks of abnormal price movements (both raw material & end product).

**Exhibit 7: Return ratios profile**



Source: Company, ICICI Direct Research

**Exhibit 8: Debt: equity trend**



Source: Company, ICICI Direct Research

We expect absolute debt at ₹ 624 crore in FY19E & ₹ 674 crore in FY20E vs. ₹ 624 crore in FY18

Absolute debt peaked out in FY14. Since then, debt has been on a declining trend with absolute debt as on FY18 at ₹ 624 crore (debt: equity at 0.4x). Going forward, we expect debt leverage to further decline with consequent debt: equity at 0.3x by FY20E. We expect a large part of capex spending to be met by internal accruals.



## Outlook and valuation

Amid robust product demand involving coal tar pitch, which is used in the aluminium and graphite electrode industry and carbon black, which is used in tyre and other applications, HSCL was operating its plant (coal tar distillation capacity: 4 lakh tonne) at near full utilisations levels. The domestic market was witnessing shortage thereby preventing HSCL from taking a shutdown to conduct a de-bottlenecking exercise so as to augment its capacity. Therefore, sensing the market dynamics now, HSCL is undergoing a shutdown exercise for a month in Q3FY19E, impacting volumes in Q2FY19. It is likely to impact volumes in Q3FY19E leading to nearly flat volumes in FY19E. Post this shutdown and de-bottlenecking exercise its coal tar distillation capacity is expected to be augmented by 1 lakh tonne to 5 lakh tonne on an annual basis, thereby providing necessary feedstock to its upcoming value added products i.e. speciality carbon black (SCB) & advance carbon material (ACM). For FY19E, we expect total carbon product sales volumes at 3.8 lakh tonne (flat YoY) and 4.4 lakh tonne in FY20E, implying volume CAGR of 7.7% in FY18-20E.

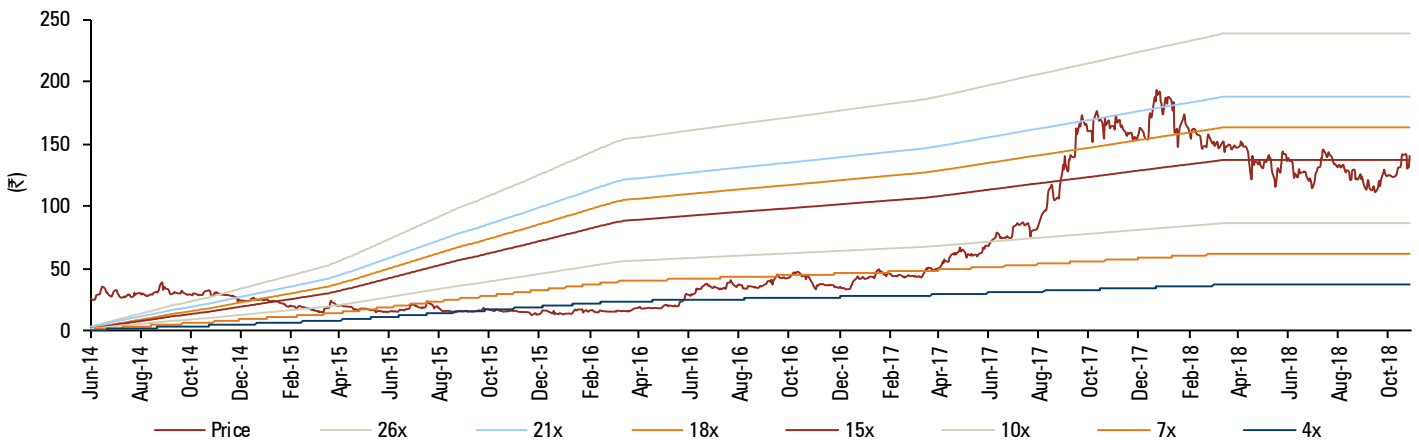
On the balance sheet front, HSCL has low geared balance sheet with FY18 debt: equity at 0.4x. With robust cash flow from operations and an impressive capex spend in new age products, we expect the debt gearing to be controlled with large amount of capex needs being met by internal accruals. On the return ratios front, it realises ~1.5x asset turnover, ~20% margins thereby realising ~20%+ RoIC. Going forward, revising our estimates, we now expect HSCL to clock sales, PAT CAGR of 21.3% & 23.4%, respectively, in FY18-20E. We value HSCL at ₹ 160 i.e. 18x P/E on FY20E EPS of ₹ 8.8 with a **BUY** rating on the stock.

### Exhibit 9: Valuation Summary

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	1324.2	15.0	1.9	-595.9	71.1	27.8	7.5	10.6
FY18	1971.2	48.9	5.8	198.8	23.8	13.5	16.7	18.2
FY19E	2357.9	19.6	7.0	20.5	19.7	12.0	16.8	18.7
FY20E	2902.6	23.1	8.8	26.3	15.6	9.9	17.6	19.8

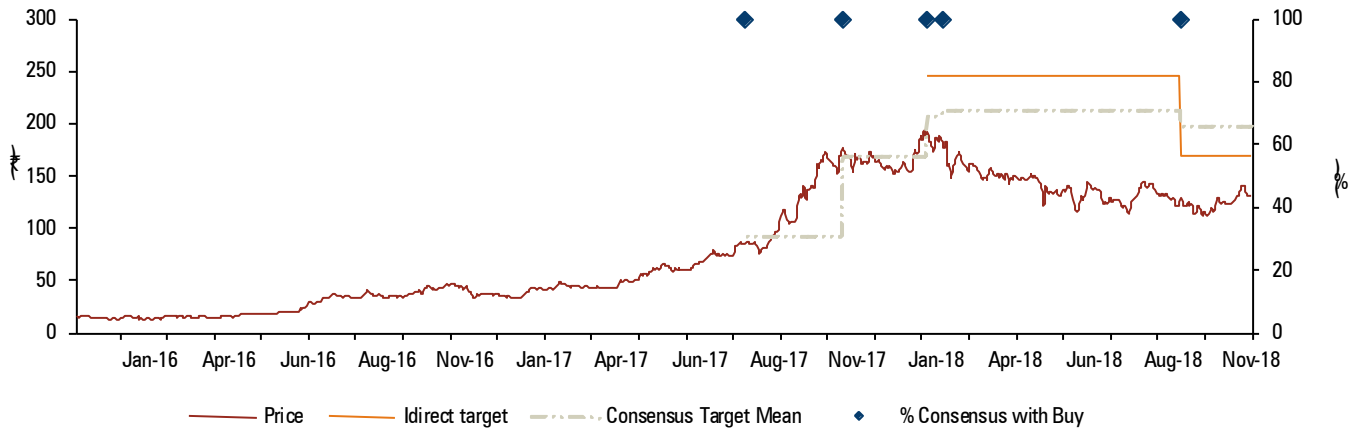
Source: Company, ICICI Direct Research

Exhibit 10: Two year forward P/E (Trading at two year forward P/E multiple of 15.6x)



Source: Reuters, ICICI Direct Research

### Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICI Direct Research; \*I-direct coverage on Himadri Speciality Chemical was initiated on January 2018

### Key events

Date/Year	Event
1993	HSCCL commission coal tar distillation plant at Howrah. Established new unit at Vishakapatnam
2000	Merged Himari Ispat into the company
2005	The company had a vision to create a vertically integrated carbon complex in Mahistikry. Commissioned & expanded distillation unit and commercialised a by-product at this plant
2008	HSCCL started production of Advance Carbon Material
2009	Acquired SNF Plant at Vapi. Commissioned a 50,000 tonne Carbon Black plant at Mahistikry along with co-gen power plant
2010	HSCCL completed further expansion of coal tar pitch plant at Mahistikry taking the total distillation capacity to ~250,000 tonne. Complether expansion of SNF plant at Vapi
2011	The company set up 100% export-oriented unit in Falta. Recognised R&D centre by Gol at Mahistikry
2012	Commissioned a coal tar pitch plant in China
2015	HSCCL expanded carbon black capacity to 120,000 tonne & power plant capacity. Brownfield expansion enhanced distillation capacity by 60% at Mahistikry taking the overall capacity to 400,000 tonne
2017	The company is moving higher on the value chain by setting up a 60,000 tonne specialty carbon black and 20,000 tonne advance carbon material plant that are expected to be commissioned by FY20E
2018	HSCCL commences FY19 on a strong foot. Net sales for Q1FY19 at ₹ 604.7 crore, up 34% YoY. EBITDA for the quarter stood at ₹ 135.8 crore with corresponding EBITDA/tonne at ₹ 3,685/tonne. PAT in Q1FY19 stood at ₹ 76.7 crore, up 53% YoY

Source: Company, ICICIdirect.com Research

### Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Bain Capital Private Equity, LP	30-Sep-18	24.7	103.2	0.0
2	Himadri Dyes & Intermediates, Ltd.	30-Sep-18	23.5	98.3	0.0
3	Himadri Group of Industries	30-Sep-18	22.4	93.8	0.0
4	Chaturveda Advisory Services, L.L.P	30-Sep-18	1.4	5.8	0.0
5	Lakhi (Dilipkumar)	30-Sep-18	1.4	5.7	0.0
6	HSBC Global Asset Management (Hong Kong) Limited	30-Sep-18	1.0	4.2	-0.3
7	Franklin Templeton Asset Management (India) Pvt. Ltd.	30-Sep-18	0.8	3.5	3.5
8	Choudhary (Vijay Kumar)	30-Sep-18	0.8	3.3	0.0
9	Choudhary (Shyam Sundar)	30-Sep-18	0.8	3.2	0.0
10	Dimensional Fund Advisors, L.P.	30-Sep-18	0.4	1.6	0.0

Source: Reuters, ICICI Direct Research

### Shareholding Pattern

(in %)	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Promoter	49.0	49.0	49.0	49.0	49.0
FII	1.5	2.2	2.2	2.4	2.5
DII	1.2	1.2	0.6	0.4	1.2
Others	48.4	47.7	48.3	48.3	47.4

### Recent Activity

Investor name	Buys		Investor name	Sells	
	Value (US\$ M)	Shares (M)		Value (US\$ M)	Shares (M)
Franklin Templeton Asset Mgmt (India) Pvt. Ltd.	5.5	3.5	J.P. Morgan Asset Management (Hong Kong) Ltd.	-0.7	-0.4
Van Eck Associates Corporation	1.2	0.7	HSBC Global Asset Management (Hong Kong) Ltd	-0.4	-0.3
BNY Mellon Asset Management North America Corp	0.5	0.3	Principal Asset Management Private Limited	-0.2	-0.1
BlackRock Institutional Trust Company, N.A.	0.0	0.0	Reliance Nippon Life Asset Management Limited	-0.2	-0.1
State Street Global Advisors (US)	0.0	0.0	Edelweiss Asset Management Ltd.	-0.1	-0.1

Source: Reuters, ICICI Direct Research

## Financial summary (Standalone)

Profit and loss statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Net Sales	1318.5	1971.2	2357.9	2902.6	
Other Operating Income	5.7	0.0	0.0	0.0	
<b>Total Operating Income</b>	<b>1324.2</b>	<b>1971.2</b>	<b>2357.9</b>	<b>2902.6</b>	
Growth (%)	15.0	48.9	19.6	23.1	
Raw Material Expenses	887.0	1,324.8	1,585.6	1,947.6	
Employee Expenses	35.9	46.6	55.8	69.7	
Other Operating Expense	154.4	149.8	169.4	209.0	
Foreign Exchange Loss/(Gain)	20.0	-0.3	30.6	36.3	
Total Operating Expenditure	1,097.2	1,520.9	1,841.3	2,262.5	
<b>EBITDA</b>	<b>227.0</b>	<b>450.3</b>	<b>516.5</b>	<b>640.0</b>	
Growth (%)	60.0	98.4	14.7	23.9	
Depreciation	31.0	31.4	33.1	47.7	
Interest	80.5	70.4	68.6	64.9	
Other Income	7.9	7.5	7.6	7.8	
PBT	123.4	355.9	422.4	535.2	
Exceptional Item	0.0	0.0	0.0	0.0	
Total Tax	42.2	113.4	130.1	165.9	
<b>PAT</b>	<b>81.2</b>	<b>242.6</b>	<b>292.4</b>	<b>369.3</b>	
Growth (%)	-595.9	198.8	20.5	26.3	
EPS (₹)	1.9	5.8	7.0	8.8	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
<b>Liabilities</b>					
Equity Capital	41.8	41.8	41.8	41.8	
Reserve and Surplus	1,036.1	1,414.5	1,701.9	2,058.6	
<b>Total Shareholders funds</b>	<b>1,077.9</b>	<b>1,456.4</b>	<b>1,743.7</b>	<b>2,100.4</b>	
Total Debt	754.1	623.8	623.8	673.8	
Deferred Tax Liability	89.7	252.5	252.5	252.5	
Minority Interest / Others	9.1	6.1	6.1	6.1	
<b>Total Liabilities</b>	<b>1,930.8</b>	<b>2,338.8</b>	<b>2,626.2</b>	<b>3,032.9</b>	
<b>Assets</b>					
Gross Block	1,526.2	1,554.4	1,602.1	1,932.1	
Less: Acc Depreciation	423.2	455.2	488.4	536.1	
Net Block	1,103.0	1,099.2	1,113.8	1,396.1	
Capital WIP	9.4	17.7	250.0	300.0	
<b>Total Fixed Assets</b>	<b>1,112.3</b>	<b>1,116.9</b>	<b>1,363.8</b>	<b>1,696.1</b>	
Investments	191.6	353.2	233.2	113.2	
Inventory	392.1	415.2	516.8	636.2	
Debtors	215.6	277.9	355.3	437.4	
Loans and Advances	122.0	49.9	58.9	63.9	
Other Current Assets	10.6	110.4	111.7	113.9	
Cash	118.4	31.4	45.8	70.1	
<b>Total Current Assets</b>	<b>858.7</b>	<b>884.9</b>	<b>1,088.6</b>	<b>1,321.5</b>	
Current Liabilities	241.3	225.9	267.3	304.6	
Provisions	2.0	3.0	4.8	6.0	
Current Liabilities & Prov	243.3	228.9	272.1	310.5	
Net Current Assets	615.4	656.0	816.5	1,010.9	
Others Assets	12.1	212.7	212.7	212.7	
<b>Application of Funds</b>	<b>1,930.8</b>	<b>2,338.8</b>	<b>2,626.2</b>	<b>3,032.9</b>	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Profit after Tax	81.2	242.6	292.4	369.3	
Add: Depreciation	31.0	31.4	33.1	47.7	
(Inc)/dec in Current Assets	-98.5	-113.1	-189.4	-208.5	
Inc/(dec) in CL and Provisions	95.9	-14.4	43.2	38.4	
Others	80.5	70.4	68.6	64.9	
<b>CF from operating activities</b>	<b>190.1</b>	<b>216.9</b>	<b>248.0</b>	<b>311.8</b>	
(Inc)/dec in Investments	-41.9	-161.7	120.0	120.0	
(Inc)/dec in Fixed Assets	-15.1	-36.6	-280.0	-380.0	
Others	-8.6	-40.8	0.0	0.0	
<b>CF from investing activities</b>	<b>-65.6</b>	<b>-239.0</b>	<b>-160.0</b>	<b>-260.0</b>	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-104.3	-130.3	0.0	50.0	
Interest & Dividend paid	-83.0	-75.5	-73.6	-77.4	
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0	
Others	78.5	140.9	0.0	0.0	
<b>CF from financing activities</b>	<b>-108.8</b>	<b>-64.8</b>	<b>-73.6</b>	<b>-27.4</b>	
<b>Net Cash flow</b>	<b>15.7</b>	<b>-87.0</b>	<b>14.4</b>	<b>24.3</b>	
Opening Cash	102.7	118.4	31.4	45.8	
<b>Closing Cash</b>	<b>118.4</b>	<b>31.4</b>	<b>45.8</b>	<b>70.1</b>	

Source: Company, ICICI Direct Research

Key ratios					
(Year-end March)	FY17	FY18	FY19E	FY20E	
<b>Per share data (₹)</b>					
EPS	1.9	5.8	7.0	8.8	
Cash EPS	2.7	6.5	7.8	10.0	
BV	25.8	34.8	41.7	50.2	
DPS	0.1	0.1	0.1	0.3	
Cash Per Share (Incl Invst)	7.4	9.2	6.7	4.4	
<b>Operating Ratios (%)</b>					
EBITDA Margin	17.1	22.8	21.9	22.1	
PAT Margin	6.1	12.3	12.4	12.7	
Inventory days	108.5	76.9	80.0	80.0	
Debtor days	59.7	51.5	55.0	55.0	
Creditor days	41.3	22.2	25.0	25.0	
<b>Return Ratios (%)</b>					
RoE	7.5	16.7	16.8	17.6	
RoCE	10.6	18.2	18.7	19.8	
RoIC	11.1	23.2	24.6	24.5	
<b>Valuation Ratios (x)</b>					
P/E	71.1	23.8	19.7	15.6	
EV / EBITDA	27.8	13.5	12.0	9.9	
EV / Net Sales	4.8	3.1	2.6	2.2	
Market Cap / Sales	4.4	2.9	2.4	2.0	
Price to Book Value	5.4	4.0	3.3	2.7	
<b>Solvency Ratios</b>					
Debt/EBITDA	3.3	1.4	1.2	1.1	
Debt / Equity	0.7	0.4	0.4	0.3	
Current Ratio	4.9	6.1	5.7	5.6	
Quick Ratio	2.3	2.7	2.5	2.5	

Source: Company, ICICI Direct Research



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