

Jindal Steel and Power

BSE SENSEX	S&P CNX
35,144	10,583
Bloomberg	JSP IN
Equity Shares (m)	968
M.Cap.(INRb)/(USDb)	176.6 / 2.4
52-Week Range (INR)	294 / 157
1, 6, 12 Rel. Per (%)	1/-27/0
12M Avg Val (INR M)	2523
Free float (%)	41.3

CMP: INR182
TP: INR336 (+84%)
Buy

Despite sequential contraction, steel margins remain robust

Rates improved at Jindal Power; Reiterating Buy

- 2QFY19 consolidated EBITDA declined 3% QoQ (+61% YoY) to INR22b (15% beat), led by compression in steel margins, both in India and Oman. The impact, however, was offset by improved profitability at overseas mines (e.g. Mozambique) and reversal of INR1b provision at Australia. Interest cost increased 12% QoQ to INR10.8b. Adj. PAT declined 51% QoQ to INR882m (v/s our estimate of a loss of INR2.3b).
- **Standalone – spreads compress:** Steel sales increased 8% QoQ (+54% YoY) to 1.28mt. EBITDA per ton declined 18% QoQ to INR11,344 due to lower spreads. EBITDA was down 12% QoQ (+85% YoY) to INR14.5b (our estimate: INR13.2b).
- **Oman – margins shrink:** Steel sales increased 7% YoY to 470kmt, while production was lower at 380kt due to maintenance shutdown. EBITDA per ton was down 33% to USD98/t. EBITDA declined 29% QoQ to INR3.2b.
- **Jindal Power – rates improve:** PLF declined ~4pp QoQ to 33% due to shortage of coal. Realization increased ~19% QoQ to INR4.08/kWh. EBITDA was INR3b.

Volume growth; Re-iterate Buy

- JSP is midst of ramping up its new blast furnace at Angul, which would drive 29% CAGR in steel production over FY18-20. Although there is some near-term pressure on steel pricing, the company does not face any import pressure.
- Power business is struggling. We believe power sector fundamentals are gradually improving, with a steep decline in capacity addition and rising demand. Merchant plants in proximity to coal mines (such as JSP's) are best placed. The stock trades at attractive valuation of 6.1x FY20E EV/EBITDA. We value the stock at INR336 based on SOTP (Exhibit 15). We reiterate **Buy**.

Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	279.7	404.9	396.5
EBITDA	64.7	89.6	94.7
PAT	-8.2	2.3	3.9
EPS (INR)	-8.5	2.3	4.0
Gr. (%)	-59.4	-127.6	70.4
BV/Sh (INR)	313.9	318.9	322.4
RoE (%)	-2.6	0.7	1.2
RoCE (%)	3.2	5.6	5.9
P/E (x)	-21.5	77.8	45.7
P/BV (x)	0.6	0.6	0.6

Estimate change

TP change

Rating change


Quarterly Performance (Consolidated) – INR m

Y/E March	FY18				FY19				FY18	FY19E	vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				2QE
Net Sales	59,364	62,393	71,048	86,923	97,282	1,00,559	1,02,451	1,04,565	2,79,727	4,04,856	88,842	13
Change (YoY %)	26.4	28.4	27.3	34.0	63.9	61.2	44.2	20.3	29.4	44.7	42.4	
EBITDA	13,527	13,734	16,065	21,365	22,766	22,074	22,344	22,403	64,691	89,587	19,179	15
Change (YoY %)	37.5	61.9	25.8	37.7	68.3	60.7	39.1	4.9	38.8	38.5	39.6	
As % of Net Sales	22.8	22.0	22.6	24.6	23.4	22.0	21.8	21.4	23.1	22.1	21.6	
Interest	9,006	9,268	9,670	10,714	9,729	10,858	10,537	10,478	38,657	41,603	10,320	5
Depreciation	9,622	9,977	9,632	9,599	10,399	10,314	11,925	12,005	38,830	44,644	11,433	-10
Other Income	0	14	10	5	0	9	8	9	29	26	8	
PBT (before EO item)	-5,101	-5,496	-3,227	1,057	2,637	911	-110	-72	-12,767	3,366	-2,566	-136
Extra-ordinary Income	0	-1,497	0	-4,376	0	2,555	0	0	-5,874	2,555	0	
PBT (after EO item)	-5,101	-6,994	-3,227	-3,319	2,637	3,466	-110	-72	-18,641	5,921	-2,566	-235
Total Tax	-887	-1,999	-457	944	1,538	674	1,000	723	-2,398	3,935	399	
% Tax	17.4	28.6	14.2	-28.4	58.3	19.4	-909.5	-1008.5	12.9	66.5	-15.6	
Reported PAT	-4,214	-4,995	-2,770	-4,263	1,099	2,792	-1,110	-795	-16,243	1,985	-2,966	-194
MI - Loss/(Profit)	-334	-497	-67	-1,166	-709	-645	-782	-654	-2,064	-2,790	-603	
Associate	10	19	43	17	0	0	24	26	87	50	28	
Adjusted PAT	-3,871	-2,982	-2,660	1,295	1,808	882	-305	-115	-8,218	2,270	-2,334	-138
Change (YoY %)	-15.2	-60.0	-34.7	-142.8	-146.7	-129.6	-88.5	-108.9	-57.0	-127.6	-21.7	

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Standalone: Margins shrink on lower spreads, but ahead of estimate

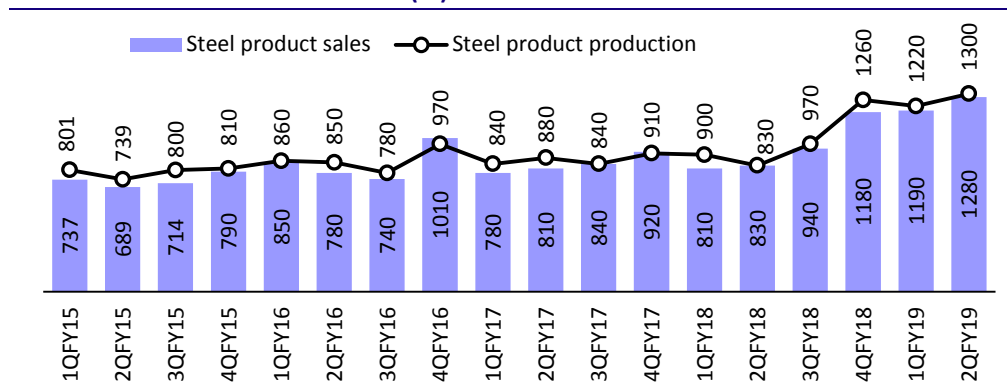
Exhibit 1: Quarterly Performance (standalone)

Y/E March	INR million											
	FY18				FY19				FY18	FY19E	vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Sales volume												
Steel (000 tons)	810	830	940	1,180	1,190	1,280	1,582	1,606	3,760	5,658	1,251	2
Pellets (000 tons)	610	860	870	740	830	740	710	700	3,080	2,980	800	-8
Net Sales	36,414	37,837	43,843	58,451	67,967	69,224	73,512	74,497	1,76,545	2,85,200	60,501	14
NSR (INR/t)	41,190	40,406	41,551	45,459	52,582	49,745	43,551	43,551			43,551	
Change (YoY %)	15.2	13.9	18.7	36.7	86.7	83.0	67.7	27.5	22.2	61.5	59.9	
EBITDA	7,495	7,837	9,211	15,188	16,451	14,521	16,555	15,638	39,731	63,165	13,157	10
(INR/t)	9,253	9,442	9,799	12,871	13,824	11,344	10,465	9,737	10,567	11,164	10,514	
As % of Net Sales	20.6	20.7	21.0	26.0	24.2	21.0	22.5	21.0	22.5	22.1	21.7	
Interest	5,323	5,783	5,942	6,864	6,054	6,758	6,773	6,743	23,912	26,327	6,565	3
Depreciation	4,806	4,958	4,650	4,683	5,767	5,825	6,976	7,046	19,097	25,614	6,476	-10
PBT (before EO item)	-2,634	-2,903	-1,382	3,641	4,630	1,938	2,806	1,850	-3,278	11,224	116	1,576
Extra-ordinary Income	0	-1,497	0	-1,943	0	2,555	0	0	-3,440	-3,440	0	
PBT (after EO item)	-2,634	-4,400	-1,382	1,698	4,630	4,492	2,806	1,850	-6,718	7,784	116	3,787
Total Tax	-857	-1,848	-644	247	1,307	666	561	370	-3,102	2,904	23	
% Tax	32.5	42.0	46.6	14.6	28.2	14.8	20.0	20.0	46.2	37.3	20.0	
Reported PAT	-1,777	-2,552	-737	1,451	3,323	3,827	2,245	1,480	-3,616	4,879	92	4,038
Adjusted PAT	-1,777	-1,055	-737	3,394	3,323	1,272	2,245	1,480	-176	8,320	92	1,276

Source: MOSL

Strong growth in volumes on start of new capacity

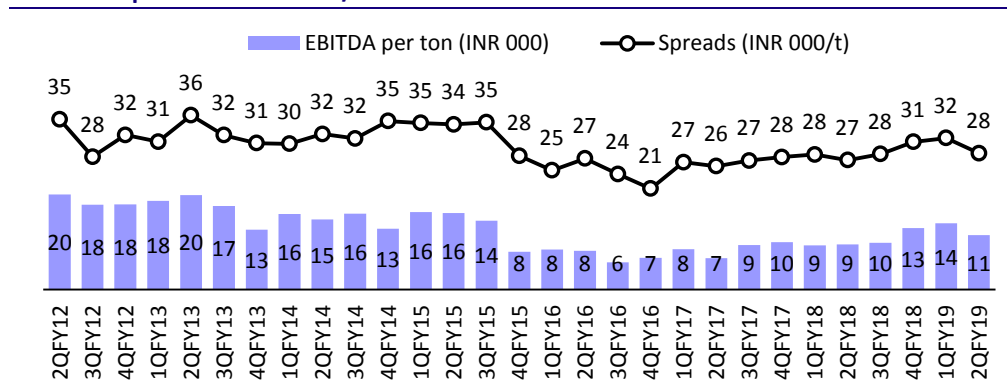
Exhibit 2: Standalone steel volumes (kt)



Source: MOSL

Spreads compress on increase in raw material cost. Operating cost was lower

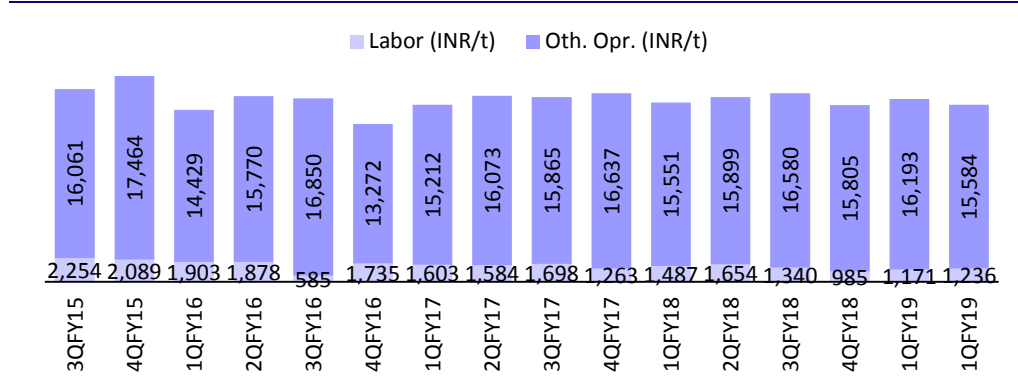
Exhibit 3: Spreads and EBITDA/t



Source: MOSL

Operating leverage benefit as volumes grow

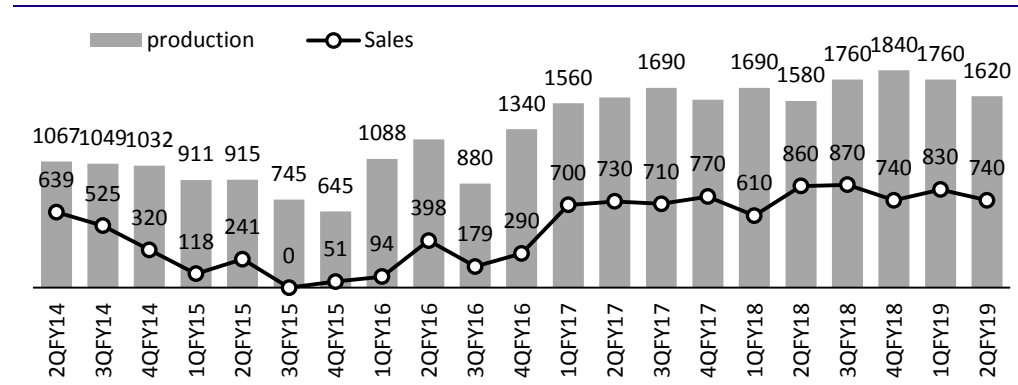
Exhibit 4: Operating cost



Source: MOSL

Pellet sales too have been contributing to the margins. Export pellet prices are at multi-year high on strong demand in China

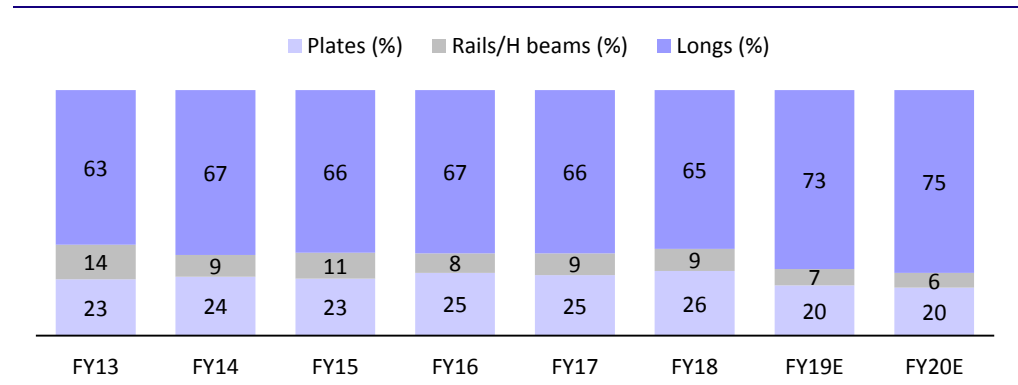
Exhibit 5: Pellet volumes (kt)



Source: MOSL

Longs dominate steel product mix

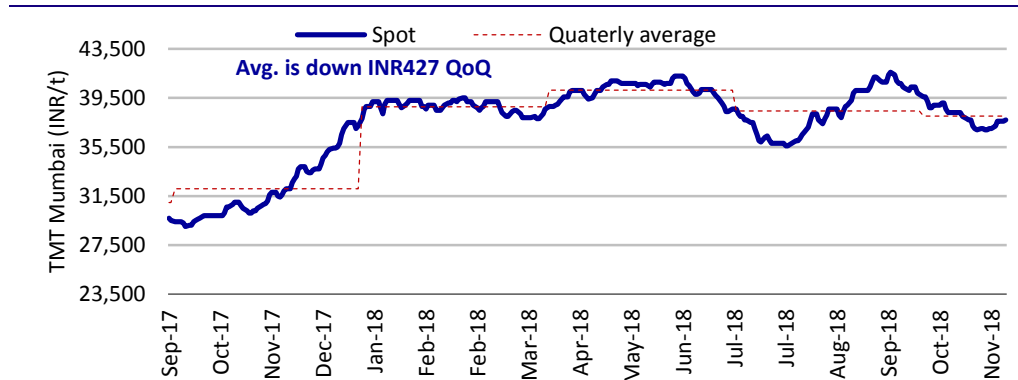
Exhibit 6: Product mix



Source: MOSL

Long product prices have corrected marginally

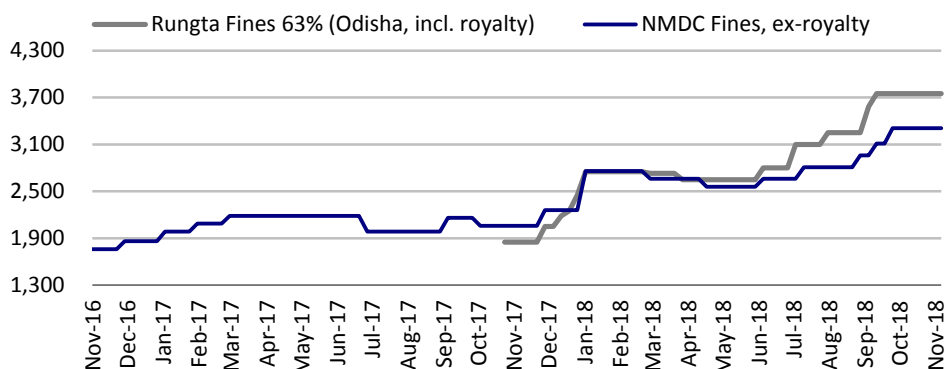
Exhibit 7: Long product prices



Source: MOSL

While iron ore prices have increased

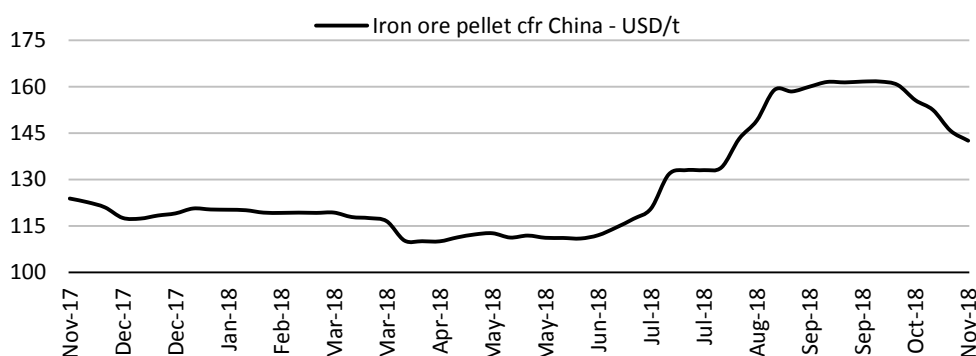
Exhibit 8: Domestic iron ore fines prices



Source: MOSL

Pellet prices have come off from recent highs

Exhibit 9: Iron ore pellet (China cfr) – USD/t



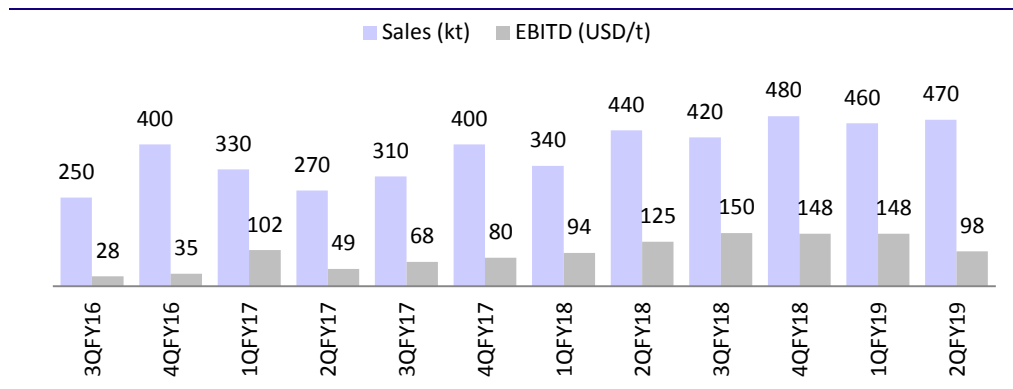
Source: MOSL

Exhibit 10: Quarterly Performance (Subsidiaries and associates)

Y/E March	FY18								FY19				INR million	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY18	FY19E	2QE	vs Est (%)		
Sales volume (kt)														
Oman Steel	340	440	420	480	460	470	425	430	1,680	1,785	431	9		
Net Sales	22,951	24,556	27,204	28,472	29,315	31,335	28,939	30,068	103,183	119,656	28,342	11		
Change (YoY %)	49.4	59.5	44.0	28.8	27.7	27.6	6.4	5.6	43.8	16.0	15.4			
EBITDA	6,032	5,897	6,854	6,178	6,315	7,553	5,789	6,765	24,961	26,422	6,022	25		
Change (YoY %)	85.7	85.8	39.1	-3.3	4.7	28.1	-15.5	9.5	40.7	5.9	2.1			
As % of Net Sales	26.3	24.0	25.2	21.7	21.5	24.1	20.0	22.5	24.2	22.1	21.2			
Jindal Power	4,680	3,450	3,560	2,650	3,140	3,020	3,632	4,077	14,340	13,868	3,015	0		
Oman Steel	2,096	3,630	4,190	4,757	4,556	3,229	3,214	3,687	14,673	14,686	4,018	-20		
Others	-744	-1,183	-895	-1,229	-1,381	1,304	-1,057	-999	-4,052	-2,133	-1,012	-229		
Interest	3,683	3,485	3,728	3,850	3,676	4,100	3,764	3,736	14,745	15,276	3,755	9		
Depreciation	4,816	5,019	4,982	4,917	4,633	4,489	4,949	4,960	19,734	19,030	4,957	-9		
Other Income	0	14	10	5	0	9	8	9	29	26	8	8		
PBT (before EO item)	-2,467	-2,593	-1,845	-2,584	-1,993	-1,027	-2,916	-1,922	-9,489	-7,858	-2,682	-62		
Extra-ordinary Income	0	0	0	-2,433	0	0	0	0	-2,433	0	0			
PBT (after EO item)	-2,467	-2,593	-1,845	-5,018	-1,993	-1,027	-2,916	-1,922	-11,923	-7,858	-2,682	-62		
Total Tax	-30	-151	188	697	230	8	439	353	704	1,031	376			
% Tax	1.2	5.8	-10.2	-13.9	-11.6	-0.8	-15.1	-18.4	-5.9	-13.1	-14.0			
Reported PAT	-2,437	-2,443	-2,033	-5,714	-2,224	-1,035	-3,355	-2,275	-12,626	-8,889	-3,058	-66		
Minority interest	-334	-497	-67	-1,166	-709	-645	-782	-654	-2,064	-2,790	-603	7		
Associate	10	19	43	17	0	0	24	26	87	50	28			
Adjusted PAT	-2,094	-1,927	-1,923	-2,099	-1,514	-390	-2,550	-1,595	-8,042	-6,049	-2,426	-84		
Change (YoY %)	16.4	-43.1	-13.0	12.3	-27.7	-79.8	32.6	-24.0	-13.2	-24.8	25.9			
Adj PAT of subs (Ex JPL)	-1,774	-167	-193	621	-174	1,140	-383	92	-712	2,792	321	255		

Source: MOSL

Exhibit 11: Oman steel



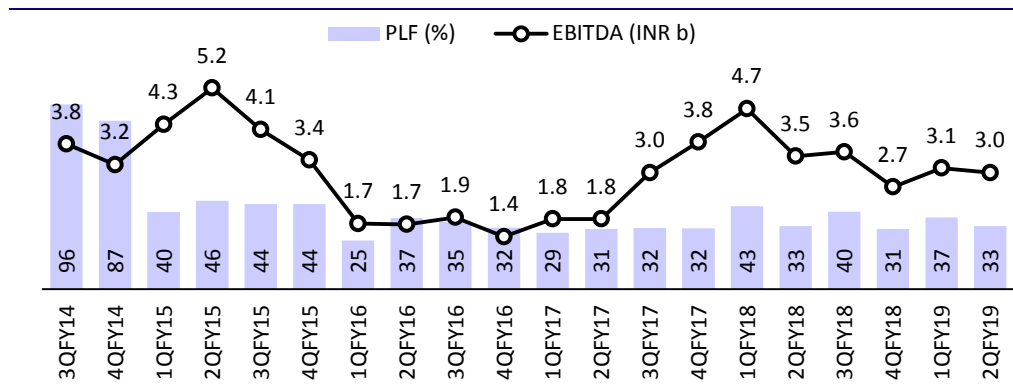
Source: MOSL

Exhibit 12: Quarterly Performance (Jindal Power)

Y/E March	FY18				FY19				FY18	FY19E	INR million	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	vs Est (%)
Capacity	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	0
PLF	43%	33%	40%	31%	37%	33%	38%	40%	37%	41%	34%	
Gross generation (MU)	3,186	2,427	2,982	2,310	2,751	2,427	2,825	2,935	10,905	12,227	2,497	-3
Est. Power sales (MU)	2,931	2,233	2,743	2,125	2,531	2,233	2,548	2,647	10,033	9,870	2,253	-1
Net Sales	10,790	8,780	11,720	9,520	8,680	9,110	9,637	10,315	40,810	36,800	8,317	10
(INR/kwh)	3.68	3.93	4.27	4.48	3.43	4.08	3.78	3.90	4.07	3.73	3.69	10.5
EBITDA	4,680	3,450	3,560	2,650	3,140	3,020	3,632	4,077	14,340	13,721	3,015	0
(INR/kwh)	1.6	1.5	1.3	1.2	1.2	1.4	1.4	1.5	1.4	1.4	1.3	1.0
Reported PAT	-320	-1,760	-1,730	-2,720	-1,340	-1,530	-2,167	-1,686	-7,330	-8,841	-2,748	-44

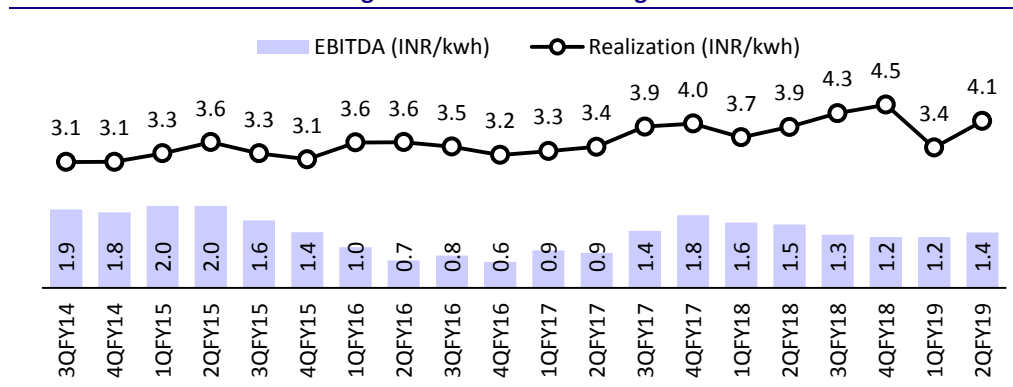
Source: MOSL

Exhibit 13: Jindal Power – EBITDA and PLF



Source: MOSL

Exhibit 14: Jindal Power – average rates and EBITDA margins



Source: MOSL

Exhibit 15: Sum of the parts valuations

INR million

Y/E March	FY15	FY16	FY17	FY18	FY19E	FY20E
Steel Business						
A. EBITDA	37,618	27,810	36,133	50,351	75,866	76,883
B. Target EV/EBITDA(x)			6.5	6.5	6.5	6.5
C. EV (AxB)			234,861	327,282	493,132	499,741
Jindal Power (JPL)						
D. PV of JPL's FCFE			250,180	197,228	205,101	211,997
Consolidated						
EBITDA	54,598	34,410	46,613	64,691	89,587	94,651
E. Enterprise Value (C+D)			485,041	524,510	698,233	711,738
F. Net Debt	443,617	463,928	454,896	438,319	428,836	396,208
G. CWIP	90,728	118,266	97,162	49,775	14,775	9,775
H. Discount on CWIP (%)						
Equity Value (E-F+G*(1-H%))				135,967	284,172	325,305
Target price (INR/share)				140	294	336

Source: MOSL

Exhibit 16: Key operating and financial parameters

Y/E March	FY15	FY16	FY17	FY18	FY19E	FY20E
Net sales	201,592	194,673	216,243	279,727	404,856	396,540
<i>Steel business (incl. CPP)</i>	<i>169,312</i>	<i>164,523</i>	<i>185,053</i>	<i>238,917</i>	<i>368,056</i>	<i>351,476</i>
Standalone	140,994	137,865	144,492	176,545	285,200	289,589
Steel sales (kt)	2,930	3,380	3,350	3,760	5,658	6,228
Pellet sales (kt)	411	962	2,910	3,080	2,980	2,820
Oman	31,243	26,439	30,810	47,765	66,596	62,445
HBI (kt) production	1,420	1,509	1,500	1,500	1,500	1,500
Steel (kt) sales	534	1,050	1,330	1,670	1,660	1,700
Wollongong (GNM)	466	1,065	2,039	1,672	2,153	2,368
Coking coal (kt)	171	304	240	400	400	400
Others	-3,391	-846	7,713	12,936	14,107	-2,925
Jindal power	32,280	30,150	31,190	40,810	36,800	45,064
Sales (Mkwh)	8,969	8,730	8,442	10,033	9,870	11,573
EBITDA	54,598	34,410	46,613	64,691	89,587	94,651
<i>Steel business (incl. CPP)</i>	<i>37,618</i>	<i>27,810</i>	<i>36,133</i>	<i>50,351</i>	<i>75,866</i>	<i>76,883</i>
(a) Standalone	37,057	24,392	28,877	39,731	63,165	65,234
EBITDA/t of steel	12,646	7,216	8,620	10,567	11,164	10,473
(b) Global Venture	561	3,419	7,255	10,621	12,701	11,650
1. Oman	7,235	4,057	6,139	14,673	14,686	14,675
EBITDA/t of HBI	5,096	2,688	4,093	9,782	9,791	9,784
2. Wollongong (GNM)	-2,794	-196	1,141	835	1,145	1,260
EBITDA/t of coal		-644				
3. Others	-3,879	-442	-24	-4,887	-3,130	-4,286
Jindal power	16,980	6,600	10,480	14,340	13,721	17,768
EBITDA (INR/kwh)	1.9	0.8	1.2	1.4	1.4	1.5
Depn. & Amortization	27,328	28,194	39,490	38,830	44,644	48,117
EBIT	27,270	6,216	7,122	25,861	44,943	46,534
Net Interest	25,837	32,808	34,240	38,657	41,603	41,222
Other income	2,256	2,200	411	29	26	33
PBT before EO	3,689	-24,391	-26,706	-12,767	3,366	5,345
Adjusted PAT	6,335	-16,662	-19,128	-8,218	2,270	3,869
Cash Profit	32,782	4,769	15,336	28,215	46,914	51,986

Source: MOSL

Exhibit 17: Metals valuation

	Rating	Price (INR)	MCAP (USD M)	EPS			P/E (x)		EV/EBITDA (x)		P/B(x)	
				FY18	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Steel												
Tata Steel	Neutral	589	7,876	71.9	91.6	73.4	6.4	8.0	5.8	7.0	1.1	0.9
JSW Steel	Buy	349	11,593	23.4	37.1	34.3	9.4	10.2	6.9	7.2	2.5	2.1
JSPL	Buy	182	2,297	-8.5	2.3	4.0	77.8	45.7	6.8	6.1	0.6	0.6
SAIL	Neutral	65	3,678	0.3	8.9	6.6	7.3	9.7	5.9	6.3	0.7	0.6
Non-Ferrous												
Hindalco	Buy	232	6,582	18.9	26.6	27.8	8.7	8.3	5.7	5.6	1.2	1.1
Nalco	Buy	67	2,392	5.1	10.2	7.4	6.6	9.1	3.1	4.5	1.2	1.2
Vedanta	Buy	206	8,399	20.4	18.4	25.2	11.2	8.2	6.0	4.7	1.2	1.1
Rain Ind.*	Buy	179	829	23.7	32.4	34.2	5.5	5.2	4.7	4.3	1.2	1.0
Mining												
Coal India	Buy	265	23,070	19.2	27.0	30.8	9.8	8.6	5.2	4.5	7.7	7.0
Hindustan Zinc	Neutral	265	15,403	21.1	21.0	27.0	12.6	9.8	7.9	5.9	3.2	2.7
NMDC	Buy	107	5,863	13.1	13.7	14.6	7.8	7.4	4.5	4.1	1.3	1.2

*Represents CY

Source: MOSL, Company

Financials and Valuations

Income Statement							(INR Million)	
Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
Net Sales	198,068	200,040	201,592	194,673	216,243	279,727	404,856	396,540
Change (%)	8.8	1.0	0.8	-3.4	11.1	29.4	44.7	-2.1
EBITDA	65,685	57,764	54,598	34,410	46,613	64,691	89,587	94,651
EBITDA Margin (%)	33.2	28.9	27.1	17.7	21.6	23.1	22.1	23.9
Depreciation	15,392	18,292	27,328	28,194	39,490	38,830	44,644	48,117
EBIT	50,293	39,472	27,270	6,216	7,122	25,861	44,943	46,534
Interest	7,582	15,008	25,837	32,808	34,240	38,657	41,603	41,222
Other Income	1,364	656	2,256	2,200	411	29	26	33
Extraordinary items	-5,741	0	-19,116	-2,358	-3,723	-5,874	2,555	0
PBT	38,335	25,120	-15,428	-26,750	-30,429	-18,641	5,921	5,345
Tax	9,218	6,182	-882	-6,763	-5,027	-2,398	3,935	1,996
Tax Rate (%)	24.0	24.6	5.7	25.3	16.5	12.9	66.5	37.3
Min. Int. & Assoc. Share	417	-140	-1,738	-980	-2,524	-2,064	-2,790	-120
Reported PAT	29,101	19,104	-12,781	-19,020	-22,851	-14,091	4,825	3,869
Adjusted PAT	34,842	19,104	6,335	-16,662	-19,128	-8,218	2,270	3,869
Change (%)	-14.2	-45.2	-66.8	-363.0	14.8	-57.0	-127.6	70.4

Balance Sheet							(INR Million)	
Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
Share Capital	935	915	915	915	915	968	968	968
Reserves	211,588	225,191	209,506	180,556	299,590	302,878	307,654	311,123
Net Worth	212,523	226,105	210,421	181,471	300,505	303,846	308,622	312,091
Minority Interest	5,573	10,802	8,573	8,003	6,467	4,403	1,613	1,493
Debt	246,182	363,682	455,007	470,132	466,571	443,104	443,104	413,104
Deferred Tax	13,365	14,727	20,185	13,477	53,586	50,284	50,284	50,284
Total Capital Employed	477,642	615,316	694,185	673,082	827,129	801,638	803,623	776,972
Gross Fixed Assets	267,032	466,646	612,235	627,116	783,127	846,580	901,580	926,580
Less: Acc Depreciation	74,285	122,687	151,286	178,233	129,476	168,002	212,646	260,763
Net Fixed Assets	192,747	343,959	460,949	448,883	653,651	678,578	688,934	665,817
Capital WIP	192,303	178,112	90,728	118,266	97,162	49,775	14,775	9,775
Goodwill on consolidation	1,543	5,930	5,485	5,485	5,670	5,922	5,922	5,922
Investments	8,089	3,418	17,852	3,577	3,677	1,458	1,458	1,458
Current Assets	176,046	209,301	180,353	159,182	145,820	156,572	199,135	199,689
Inventory	45,242	48,812	48,487	32,360	35,993	49,596	67,661	66,271
Debtors	19,541	17,724	16,907	14,292	17,166	18,261	33,276	32,592
Cash & Bank	2,001	10,153	11,391	6,204	5,144	4,786	14,268	16,896
Loans & Adv, Others	109,262	132,612	103,568	106,326	87,517	83,930	83,930	83,930
Curr Liabs & Provns	93,084	125,405	61,181	62,310	78,850	90,667	106,600	105,689
Net Current Assets	82,962	83,896	119,172	96,872	66,970	65,905	92,534	94,000
Total Assets	477,642	615,316	694,185	673,082	827,129	801,638	803,623	776,972

Financials and Valuations

Ratios

Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
Basic (INR)								
EPS	37.2	20.9	6.9	-18.2	-20.9	-8.5	2.3	4.0
Cash EPS	47.6	40.7	14.0	9.0	15.4	23.3	48.2	53.2
Book Value	227.3	247.1	230.0	198.4	328.4	313.9	318.9	322.4
DPS	1.6	1.6	1.6	0.0	0.0	0.0	0.0	0.0
Payout (incl. Div. Tax.)	4.4	7.9	27.0	0.0	0.0	0.0	0.0	0.0
Valuation(x)								
P/E	4.9	8.7	26.4	-10.0	-8.7	-21.5	77.8	45.7
Price / Book Value	0.8	0.7	0.8	0.9	0.6	0.6	0.6	0.6
EV/Sales	2.1	2.6	3.0	3.2	2.9	2.2	1.5	1.4
EV/EBITDA	6.3	9.0	11.2	18.3	13.5	9.5	6.8	6.1
Dividend Yield (%)	0.9	0.9	0.9	0.0	0.0	0.0	0.0	0.0
Profitability Ratios (%)								
RoE	17.7	8.8	2.9	-8.5	-7.9	-2.6	0.7	1.2
RoCE	12.3	7.3	4.5	1.2	1.0	3.2	5.6	5.9
RolC (pre-tax)	20.2	11.4	5.5	1.1	1.1	3.6	6.0	6.2
Turnover Ratios (%)								
Asset Turnover (x)	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Debtors (No. of Days)	36	32	31	27	29	30	30	30
Inventory (No. of Days)	83	89	88	61	61	61	61	61
Creditors (No. of Days)	58	90	70	79	38	40	40	40
Leverage Ratios (%)								
Net Debt/Equity (x)	1.1	1.6	2.1	2.6	1.5	1.4	1.4	1.3

Cash Flow Statement

Y/E Mar	2013	2014	2015	2016	2017	2018	2019E	2020E
(INR Million)								
Adjusted EBITDA	65,685	57,764	54,598	34,410	46,613	64,691	89,587	94,651
Non cash opr. exp (inc)	628	-2,456	-21,600	-4,581	-1,020	2,853	0	0
(Inc)/Dec in Wkg. Cap.	-23,207	12,816	-18,154	11,762	7,190	-9,267	-17,147	1,162
Tax Paid	-7,884	-8,337	-3,393	-170	450	-553	-3,935	-1,996
Other operating activities	0	0	0	0	15,840	14,101	0	0
CF from Op. Activity	35,223	59,786	11,451	41,422	69,072	71,825	68,505	93,817
(Inc)/Dec in FA & CWIP	-84,012	-141,525	-50,964	-39,500	-24,975	-25,767	-20,000	-20,000
Free cash flows	-48,789	-81,739	-39,513	1,922	44,097	46,057	48,505	73,817
(Pur)/Sale of Invt	-3,405	4,898	-13,430	15,904	5,164	12,299	0	0
Others	-8,408	-3,809	-970	3,706	1,331	-1,376	26	33
CF from Inv. Activity	-95,825	-140,437	-65,365	-19,889	-18,481	-14,845	-19,974	-19,967
Inc/(Dec) in Net Worth	0	-3,986	5	0	0	13,883	0	0
Inc / (Dec) in Debt	75,274	115,838	90,704	9,230	-10,256	-24,391	0	-30,000
Interest Paid	-15,713	-21,775	-34,381	-35,941	-41,396	-46,845	-41,603	-41,222
Divd Paid (incl Tax) & Others	1,551	-1,276	-1,177	-8	0	15	0	0
CF from Fin. Activity	61,111	88,802	55,151	-26,719	-51,651	-57,338	-41,603	-71,222
Inc/(Dec) in Cash	509	8,152	1,238	-5,187	-1,060	-358	6,928	2,628
Add: Opening Balance	1,492	2,001	10,153	11,391	6,204	5,144	4,786	14,268
Closing Balance	2,001	10,153	11,391	6,204	5,144	4,786	11,714	16,896

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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