# SRF

| BSE SENSEX | S&P CNX |
|---|---|
| 35,012 | 10,553 |
| Bloomberg | SRF IN |
| Equity Shares (m) | 58 |
| M.Cap.(INRb)/(USDb) | 112.7 / 1.6 |
| 52-Week Range (INR) | 2443 / 1531 |
| 1, 6, 12 Rel. Per (%) | 18/-16/8 |
| Avg Val, INRm | 625 |
| Free float (%) | 47.7 |

**Financials & Valuations (INR b)**

| Y/E Mar | 2018 | 2019E | 2020E |
|---|---|---|---|
| Net Sales | 55.9 | 76.0 | 87.0 |
| EBITDA | 9.1 | 13.9 | 17.4 |
| PAT | 4.6 | 6.3 | 8.4 |
| EPS (INR) | 79.0 | 107.3 | 144.5 |
| Gr. (%) | -10.3 | 35.8 | 34.7 |
| BV/Sh (INR) | 609.9 | 691.8 | 813.1 |
| RoE (%) | 13.7 | 16.5 | 19.2 |
| RoCE (%) | 9.1 | 10.9 | 12.6 |
| P/E (x) | 24.8 | 18.3 | 13.6 |
| P/BV (x) | 3.2 | 2.8 | 2.4 |

**Estimate change** ↑
**TP change** ↑
**Rating change** ↔

## CMP: INR1,961 TP: INR2,408 (+23%) Buy

## A strong quarter; Chemicals/Packaging shine, Textiles recovers

### Momentum to continue in 2HFY19

- **Strong performance across the board:** SRF's revenue increased 48.9% YoY to INR19,154m (our estimate: INR15,073m) in 2QFY19. EBITDA grew 63% YoY to INR3,327m (our estimate: INR2,715m), with the margin expanding 160bp YoY to 17.4% (our estimate: 18%). Adj. PAT increased 71.6% YoY to INR1,653m (our estimate: INR1,127m).
- **1HFY19 performance:** Revenue grew 42% YoY to INR36,566m. EBITDA increased 56% YoY to INR6,440, with the margin expanding 160bp YoY. Adj. PAT grew 49% YoY to INR2,992m. For 2HFY19, we expect revenue growth of 31% YoY, with margin expansion of 130bp YoY.
- **Further acceleration in Chemicals/Packaging; Technical Textiles recovers:** After robust growth in Chemicals (+33.8%) and Packaging (+52.3%) in the previous quarter, SRF took further strides with growth of 56.6% and 69.5% YoY, respectively, in 2QFY19. Technical Textiles business, too, recovered with growth of 30.3% YoY in 2QFY19 (after de-growth of 1.2% in 1QFY19). With growth drivers for all segments in place and Specialty Chemicals likely to revive, SRF is in a sweet spot for a stellar 2HFY19, in our view.
- **Valuation view:** After a strong beat on all fronts in 2QFY19 and continued traction across segments, we raise our revenue and PAT estimates for FY19/20 by 12%/7% and 14%/10%, respectively. We believe that steady growth in NTCF, the favorable supply-demand situation in BOPET, and the positive outlook for Specialty Chemicals would collectively ensure robust growth for SRF. We value the stock on an SOTP basis, with implied EV/EBITDA of 10x and implied P/E of 17x (~20% premium to its five-year average P/E). We believe that the premium is justified, given the much improved outlook and a robust RoE of 19.2% in FY20E. We expect 25%/35% revenue/PAT CAGR over FY18-20. Our TP of INR2,408 implies 23% upside. Maintain **Buy**.

**Consolidated - Quarterly Earning Model** (INR Million)

| Y/E March | FY18 | | | | FY19 | | | | FY18 | FY19E | FY19 | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | % |
| Net Sales | 12,933 | 12,864 | 13,971 | 16,123 | 17,413 | 19,154 | 19,139 | 20,313 | 55,890 | 76,018 | 15,073 | 27 |
| YoY Change (%) | -0.5 | 5.8 | 23.3 | 21.6 | 34.6 | 48.9 | 37.0 | 26.0 | 15.9 | 36.0 | 17.2 | |
| Total Expenditure | 10,835 | 10,828 | 11,444 | 13,332 | 14,300 | 15,827 | 15,407 | 16,555 | 46,439 | 62,089 | 12,358 | |
| EBITDA | 2,098 | 2,036 | 2,527 | 2,790 | 3,112 | 3,327 | 3,732 | 3,758 | 9,452 | 13,929 | 2,715 | 23 |
| Margins (%) | 16.2 | 15.8 | 18.1 | 17.3 | 17.9 | 17.4 | 19.5 | 18.5 | 16.9 | 18.3 | 18.0 | |
| Depreciation | 758 | 768 | 770 | 861 | 886 | 880 | 900 | 970 | 3,158 | 3,590 | 885 | |
| Interest | 271 | 305 | 239 | 425 | 443 | 500 | 600 | 613 | 1,239 | 2,253 | 435 | |
| Other Income | 196 | 152 | 209 | 130 | 38 | 146 | 210 | 135 | 688 | 530 | 160 | |
| PBT before EO expense | 1,266 | 1,115 | 1,727 | 1,634 | 1,823 | 2,093 | 2,442 | 2,310 | 5,743 | 8,615 | 1,555 | 35 |
| Extra-Ord expense | 0 | -74 | 0 | 0 | 0 | 179 | 0 | 0 | 0 | 179 | 0 | |
| PBT | 1,266 | 1,189 | 1,727 | 1,634 | 1,823 | 1,914 | 2,442 | 2,310 | 5,743 | 8,436 | 1,555 | 23 |
| Tax | 228 | 162 | 415 | 395 | 484 | 402 | 733 | 693 | 1,200 | 2,297 | 428 | |
| Rate (%) | 18.0 | 13.6 | 24.0 | 24.2 | 26.6 | 21.0 | 30.0 | 30.0 | 20.9 | 27.2 | 27.5 | |
| Reported PAT | 1,038 | 1,028 | 1,312 | 1,239 | 1,338 | 1,512 | 1,709 | 1,617 | 4,543 | 6,139 | 1,127 | 34 |
| Adj PAT | 1,038 | 964 | 1,312 | 1,239 | 1,338 | 1,653 | 1,709 | 1,617 | 4,553 | 6,318 | 1,127 | 47 |
| YoY Change (%) | -32.8 | -21.6 | 17.2 | -4.1 | 28.9 | 71.6 | 30.3 | 30.5 | -11.6 | 38.8 | 9.7 | |
| Margins (%) | 8.0 | 7.5 | 9.4 | 7.7 | 7.7 | 8.6 | 8.9 | 8.0 | 8.1 | 8.3 | 7.5 | |

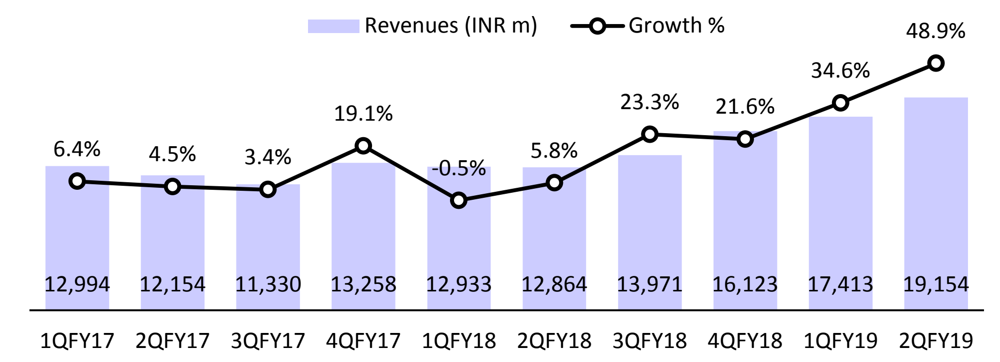
E: MOSL Estimates

**Sumant Kumar – Research Analyst** (Sumant.Kumar@MotilalOswal.com); +91 22 6129 1569
**Aksh Vashishth – Research Analyst** (Aksh.Vashishth@MotilalOswal.com); +91 22 6129 1553

## A strong beat across the board

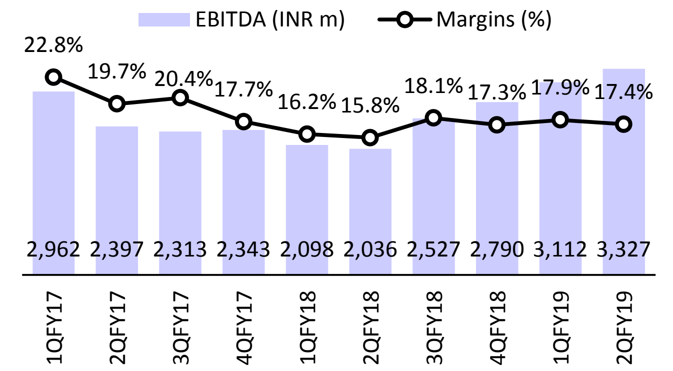
- SRF's revenue increased 48.9% YoY to INR19,154m (our estimate: INR15,073m) in 2QFY19, led Chemicals & Polymers (+56.6% YoY to INR5,420m), Packaging Film (+69.5% YoY to INR6,959m), Technical Textiles (+30.3% YoY to INR5,436m) and Others (+19.1% YoY to INR1,353m) segments. Inter-segmental revenue stood at INR14.4m.
- EBITDA margin expanded 160bp YoY to 17.4% (our estimate: 18%) in 2QFY19, led by a decline in employee expenses (-220bp to 6.6% of sales), other expenses (-130bp to 9.7%) and power & fuel costs (-110bp to 8.4%). Gross margin, however, contracted by 300bp YoY to 42.1%.
- Margin expanded in Technical Textiles (+400bp YoY to 16.2%) and Packaging Film (+520bp YoY to 17.3%) businesses, but contracted in Chemicals and Polymers business (-120bp YoY to 11.6%).
- EBITDA grew 63% YoY to INR3,327m (our estimate: INR2,715m).
- Adj. PAT grew 71.6% YoY to INR1,653m (our estimate: INR1,127m), despite a tax rate of 21% v/s 13.6% in 2QFY18 and interest cost of INR500m v/s INR305m in 2QFY18. Exchange rate fluctuations loss was to the tune of INR179m (compared to a gain of INR74m).

**Exhibit 1: Revenue trend**



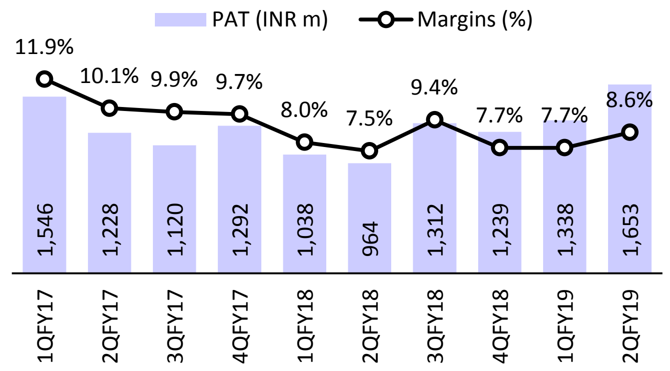

Source: Company, MOSL

**Exhibit 2: EBITDA margin trend**



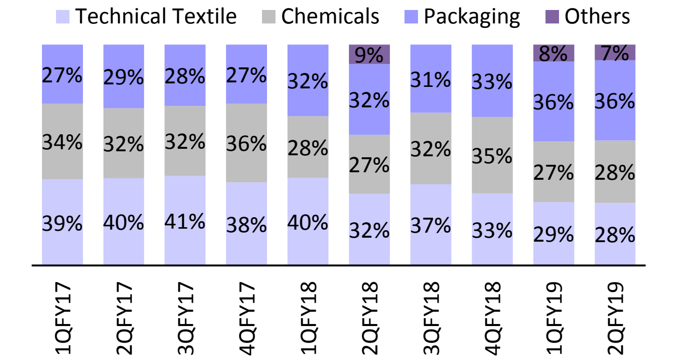

Source: Company, MOSL

**Exhibit 3: PAT trend**



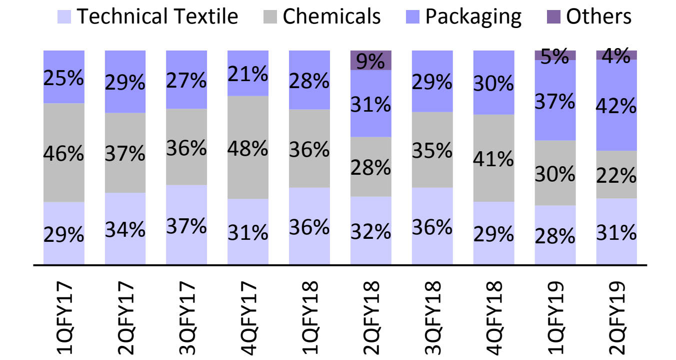

Source: Company, MOSL

**Exhibit 4: Revenue mix**




Source: Company, MOSL

**Exhibit 5: PBIT mix**

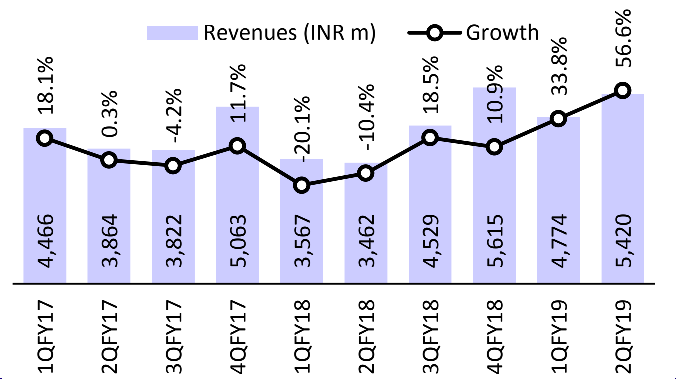



Source: Company, MOSL

## Chloromethane plant drives delta in Chemicals segment

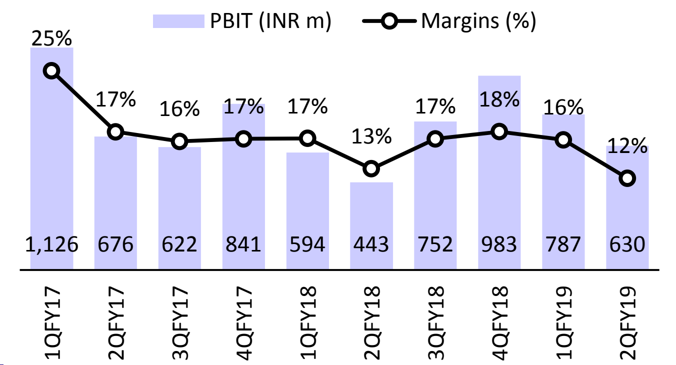
- Chemicals segment's revenue grew 56.6% YoY to INR5,420m in 2QFY19, driven by an increased penetration of fluorochemicals in domestic markets as well as higher export volumes.
- The chloromethane plant commissioned in Dec'17 resulted in incremental volumes.
- The company's share in domestic AC market witnessed uptick in 2QFY19 whereas the domestic passenger vehicles segment witnessed stable demand during the quarter.
- The management expects strong revival in agrochemicals space in 2HFY19 (40-50% growth in FY19 guided). The company has established new specialty chemical facilities at Dahej which is expected to contribute notably in 2HFY19.
- The focus going forward would be on increasing product portfolio and customer base in existing as well as new geographies in both agri and pharma grade chemicals.

**Exhibit 6: Chemicals revenue trend**




Source: Company, MOSL

**Exhibit 7: Chemicals PBIT trend**



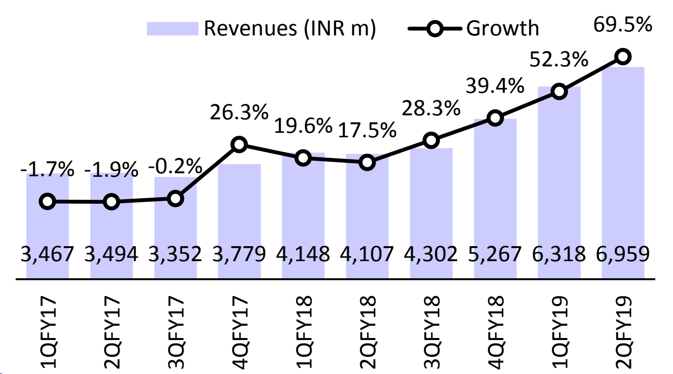

Source: Company, MOSL

## Enhanced margins in BOPET led to strong profitability in Packaging

- Packaging segment revenue grew 69.5% YoY to INR6,959m in 2QFY19 with margin expansion of 520bp to 17.3%.
- The improved profitability was a result of optimization of product-market mix. The company witnessed an increase in total value added product sales which aided growth. Further, there were also healthy exports to Europe & South East Asia and uptick in sales to South America.

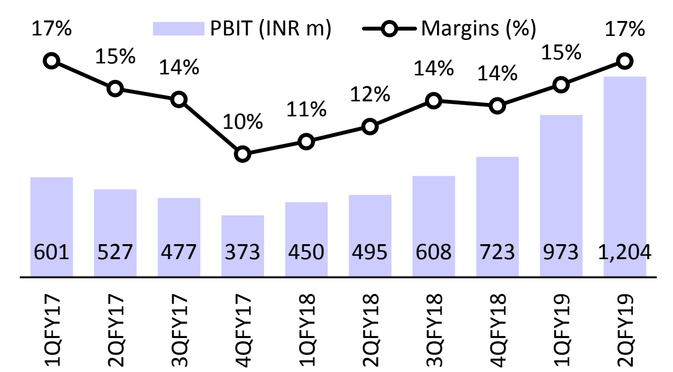
- The company began work in Hungary site and the investment in Thailand is also proceeding as per schedule.
- BOPP continues to suffer because of supply overhang which is likely to remain so in short to medium term.

**Exhibit 8: Packaging revenue trend**




Source: Company, MOSL

**Exhibit 9: Packaging PBIT trend**

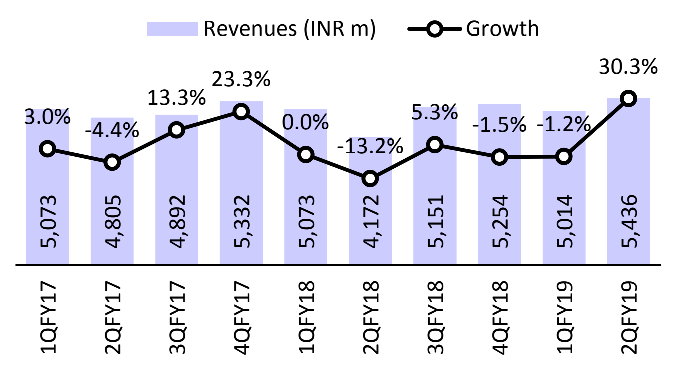



Source: Company, MOSL

## NTCF drives growth in Technical Textiles

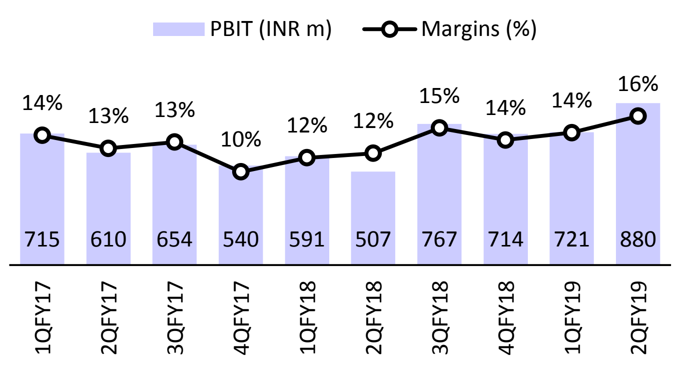
- Technical Textiles segment revenue grew 30.3% YoY to INR5,436m in 2QFY19, with margins expanding 400bp to 16.2%.
- The company maintained market leadership in NTCF and witnessed higher pre-monsoon and monsoon demand. The growth was also driven by strong market pull in bias tyres.
- The lower imports on account of high customs duty too aided domestic volume growth.
- In belting fabrics, the company registered better domestic volumes with growth from tier 2 markets. However, the competition from Chinese imports impacted realizations.
- Further, weaker INR is margin positive for the company, hence the segment benefitted from INR depreciation as well.

**Exhibit 10: Technical Textile revenue trend**




Source: Company, MOSL

**Exhibit 11: Technical Textile PBIT trend**




Source: Company, MOSL

## Concall Takeaways

- Management expects a meaningful recovery in agrochemical in 2HFY19, based on enquiries from customers and pipeline.
- The focus in chemicals segment would be to increase product portfolio and customer base in existing as well as new geographies in both agri and pharma grade chemicals.
- The company launched new product *Supertron Air Pure* in domestic market for car and split AC.
- The margins in packaging business were enhanced by BOPET, which has performed well in both India and Thailand.
- The company has begun work in Hungary site and the investment in Thailand is also proceeding as per schedule.
- Growth in technical textile was driven by strong volume pull in bias tyres. The high custom duty on Chinese imports too aided volume growth.
- The laminated fabric business is being plagued by oversupply situation and increasing raw material cost.
- The company witnessed increased inventory due to firm prices of crude-linked raw materials. Receivables, too, jumped due to higher export sales.
- The consolidated net debt stood at INR38b, of which 75-80% is foreign currency borrowing.
- The margin pressure in chemicals was mainly due to higher unit cost in specialty chemicals. The inventory was booked on higher cost, which was realized to the extent of sales made.
- Management expects commissioning of increased HFC capacity and an AI plant for a specific customer in 3QFY19.
- Management guided that no new line is being announced in BOPET. Thus, for the next 2-2.5 years, the supply demand situation is expected to remain favorable.

## Valuation and view

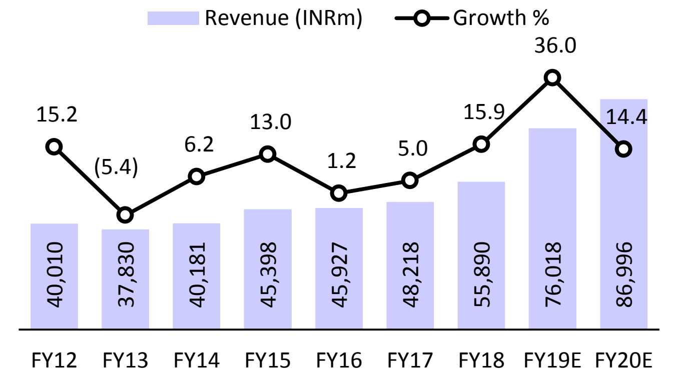
After a strong beat on all fronts in 2QFY19 and continued traction across segments, we raise our revenue and PAT estimates for FY19/20 by 12%/7% and 14%/10%, respectively. We believe that steady growth in NTCF, the favorable supply-demand situation in BOPET, and the positive outlook for Specialty Chemicals would collectively ensure robust growth for SRF. We value the stock on an SOTP basis, with implied EV/EBITDA of 10x and implied P/E of 17x (~20% premium to its five-year average P/E). We believe that the premium is justified, given the much improved outlook and a robust RoE of 19.2% in FY20E.

- We assign a multiple of 14x to SRF's Chemical business – ~25% discount to industry average trading multiple and peer PI's five-year average multiple owing to subdued RoCE of 8.1% compared to industry average of 16.6%.
- We assign Technical Textiles EV/EBITDA multiple of 6x – ~30% premium to industry average trading multiple due to much higher RoCE of 25% v/s industry average of ~7%.
- In case of Packaging business, we assign a multiple of 7x, in line with industry average trading multiple given comparable profitability and RoCE of ~12%.

We expect 25%/35% rev/PAT CAGR over FY18-20. Our TP of INR2,408 implies 23% upside. Maintain **Buy**.

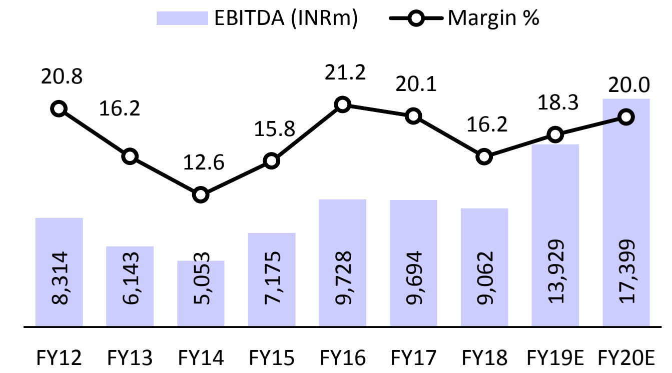
## Story in charts

**Exhibit 12: Expect revenue CAGR of 25% over FY18-20**



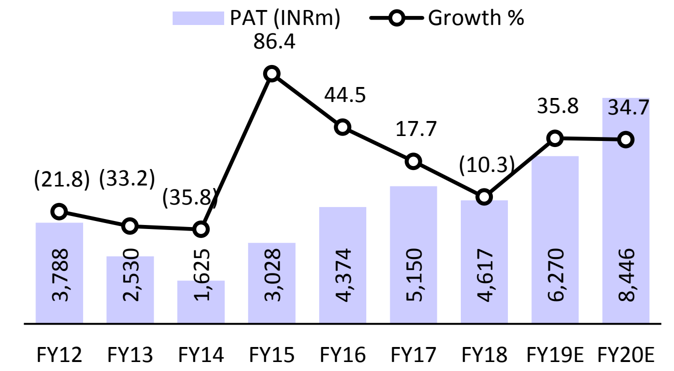

Source: MOSL, Company

**Exhibit 13: Margins to expand 380bp over FY18-20**



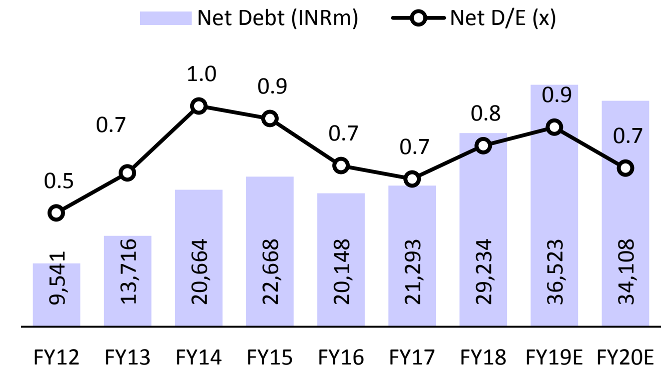

Source: MOSL, Company

**Exhibit 14: Expect PAT CAGR of 35% over FY18-20**




Source: MOSL, Company

**Exhibit 15: Debt to equity to reduce to 0.7 in FY20E**




Source: MOSL, Company

# Financials and Valuations

| Consolidated - Income Statement | | | | | | | | (INR Million) |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY13** | **FY14** | **FY15** | **FY16** | **FY17** | **FY18** | **FY19E** | **FY20E** |
| **Total Income from Operations** | **37,830** | **40,181** | **45,398** | **45,927** | **48,218** | **55,890** | **76,018** | **86,996** |
| Change (%) | -5.4 | 6.2 | 13.0 | 1.2 | 5.0 | 15.9 | 36.0 | 14.4 |
| **Total Expenditure** | **31,687** | **35,128** | **38,224** | **36,199** | **38,524** | **46,828** | **62,089** | **69,598** |
| % of Sales | 83.8 | 87.4 | 84.2 | 78.8 | 79.9 | 83.8 | 81.7 | 80.0 |
| **EBITDA** | **6,143** | **5,053** | **7,175** | **9,728** | **9,694** | **9,062** | **13,929** | **17,399** |
| Margin (%) | 16.2 | 12.6 | 15.8 | 21.2 | 20.1 | 16.2 | 18.3 | 20.0 |
| Depreciation | 2,089 | 2,248 | 2,450 | 2,750 | 2,834 | 3,158 | 3,590 | 3,894 |
| **EBIT** | **4,054** | **2,806** | **4,724** | **6,979** | **6,859** | **5,904** | **10,339** | **13,505** |
| Int. and Finance Charges | 998 | 961 | 1,376 | 1,305 | 1,018 | 1,239 | 2,253 | 2,383 |
| Other Income | 420 | 235 | 646 | 278 | 730 | 1,151 | 530 | 609 |
| **PBT bef. EO Exp.** | **3,476** | **2,080** | **3,994** | **5,952** | **6,572** | **5,817** | **8,615** | **11,731** |
| **PBT after EO Exp.** | **3,476** | **2,080** | **3,994** | **5,849** | **6,572** | **5,817** | **8,436** | **11,731** |
| Current Tax | 564 | 208 | 314 | 1,551 | 1,422 | 1,200 | 2,297 | 3,285 |
| Deferred Tax | 383 | 247 | 652 | 0 | 0 | 0 | 0 | 0 |
| Tax Rate (%) | 27.2 | 21.9 | 24.2 | 26.5 | 21.6 | 20.6 | 27.2 | 28.0 |
| **Reported PAT** | **2,530** | **1,625** | **3,028** | **4,299** | **5,150** | **4,617** | **6,139** | **8,446** |
| **Adjusted PAT** | **2,530** | **1,625** | **3,028** | **4,374** | **5,150** | **4,617** | **6,270** | **8,446** |
| Change (%) | -33.2 | -35.8 | 86.4 | 44.5 | 17.7 | -10.3 | 35.8 | 34.7 |
| Margin (%) | 6.7 | 4.0 | 6.7 | 9.5 | 10.7 | 8.3 | 8.2 | 9.7 |

| Consolidated - Balance Sheet | | | | | | | | (INR Million) |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY13** | **FY14** | **FY15** | **FY16** | **FY17** | **FY18** | **FY19E** | **FY20E** |
| Equity Share Capital | 584 | 584 | 584 | 584 | 584 | 584 | 584 | 584 |
| Total Reserves | 19,105 | 20,082 | 23,463 | 27,045 | 31,242 | 35,061 | 39,844 | 46,935 |
| **Net Worth** | **19,689** | **20,667** | **24,047** | **27,630** | **31,827** | **35,645** | **40,429** | **47,519** |
| Deferred Liabilities | 2,648 | 3,250 | 3,186 | 3,820 | 2,866 | 2,914 | 2,914 | 2,914 |
| Total Loans | 17,040 | 21,753 | 24,698 | 25,153 | 23,962 | 31,418 | 37,918 | 35,418 |
| **Capital Employed** | **39,377** | **45,670** | **51,932** | **56,603** | **58,655** | **69,978** | **81,261** | **85,851** |
| | | | | | | | | |
| Gross Block | 47,566 | 61,072 | 67,353 | 71,410 | 77,169 | 87,502 | 93,672 | 101,006 |
| Less: Accum. Deprn. | 24,197 | 25,657 | 28,107 | 30,334 | 33,169 | 36,327 | 39,917 | 43,810 |
| **Net Fixed Assets** | **23,369** | **35,415** | **39,246** | **41,076** | **44,000** | **51,175** | **53,756** | **57,196** |
| Goodwill on Consolidation | 30 | 93 | 49 | 49 | 49 | 41 | 41 | 41 |
| Capital WIP | 5,654 | 1,121 | 1,041 | 1,174 | 2,586 | 5,588 | 7,918 | 5,584 |
| Current Investments | 1,415 | 265 | 958 | 1,606 | 1,708 | 1,217 | 0 | 0 |
| **Total Investments** | **1,512** | **366** | **958** | **1,649** | **1,959** | **1,218** | **1,218** | **1,218** |
| **Curr. Assets, Loans&Adv.** | **15,181** | **17,693** | **17,306** | **20,291** | **21,090** | **25,608** | **36,821** | **42,065** |
| Inventory | 5,632 | 7,464 | 7,296 | 6,711 | 8,381 | 9,582 | 13,871 | 15,469 |
| Account Receivables | 5,087 | 6,915 | 6,107 | 5,145 | 6,569 | 6,807 | 10,413 | 11,917 |
| Cash and Bank Balance | 1,910 | 825 | 1,073 | 3,399 | 961 | 967 | 1,396 | 1,310 |
| Loans and Advances | 2,552 | 2,489 | 2,831 | 5,036 | 5,178 | 8,252 | 11,140 | 13,369 |
| **Curr. Liability & Prov.** | **6,513** | **9,516** | **7,812** | **8,934** | **11,055** | **13,653** | **18,492** | **20,252** |
| Account Payables | 5,182 | 7,886 | 5,815 | 7,146 | 8,089 | 10,442 | 15,282 | 17,042 |
| Other Current Liabilities | 1,058 | 1,287 | 1,710 | 1,477 | 2,606 | 2,831 | 2,831 | 2,831 |
| Provisions | 273 | 343 | 287 | 312 | 359 | 380 | 380 | 380 |
| **Net Current Assets** | **8,668** | **8,177** | **9,494** | **11,357** | **10,035** | **11,955** | **18,329** | **21,813** |
| Deferred Tax assets | 145 | 498 | 1,143 | 1,297 | 26 | 0 | 0 | 0 |
| **Appl. of Funds** | **39,377** | **45,670** | **51,932** | **56,603** | **58,655** | **69,978** | **81,261** | **85,851** |

# Financials and Valuations

## Ratios

| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19E | FY20E |
|---|---|---|---|---|---|---|---|---|
| **Basic (INR)** | | | | | | | | |
| **EPS** | **43.3** | **27.8** | **51.8** | **74.9** | **88.1** | **79.0** | **107.3** | **144.5** |
| Cash EPS | 79.0 | 66.3 | 93.7 | 121.9 | 136.6 | 133.0 | 168.7 | 211.1 |
| BV/Share | 336.9 | 353.7 | 411.5 | 472.8 | 544.6 | 609.9 | 691.8 | 813.1 |
| DPS | 9.8 | 9.8 | 9.8 | 9.8 | 11.8 | 16.0 | 20.0 | 20.0 |
| Payout (%) | 26.4 | 41.3 | 22.5 | 15.5 | 15.9 | 23.5 | 22.1 | 16.1 |
| **Valuation (x)** | | | | | | | | |
| P/E | 45.3 | 70.5 | 37.8 | 26.2 | 22.3 | 24.8 | 18.3 | 13.6 |
| Cash P/E | | 29.6 | 20.9 | 16.1 | 14.4 | 14.7 | 11.6 | 9.3 |
| P/BV | 5.8 | 5.5 | 4.8 | 4.1 | 3.6 | 3.2 | 2.8 | 2.4 |
| EV/Sales | 3.4 | 3.4 | 3.0 | 2.9 | 2.8 | 2.6 | 2.0 | 1.7 |
| EV/EBITDA | | 26.8 | 19.1 | 13.9 | 14.0 | 15.9 | 10.8 | 8.5 |
| Dividend Yield (%) | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | 0.8 | 1.0 | 1.0 |
| FCF per share | -43.1 | -75.8 | 9.9 | 58.9 | 19.0 | -110.5 | -42.1 | 105.3 |
| **Return Ratios (%)** | | | | | | | | |
| EBITDA Margins (%) | 16.2 | 12.6 | 15.8 | 21.2 | 20.1 | 16.2 | 18.3 | 20.0 |
| Net Profit Margins (%) | 6.7 | 4.0 | 6.7 | 9.5 | 10.7 | 8.3 | 8.2 | 9.7 |
| RoE | 13.2 | 8.1 | 13.5 | 16.9 | 17.3 | 13.7 | 16.5 | 19.2 |
| RoCE | 9.6 | 6.0 | 8.9 | 10.5 | 11.0 | 9.1 | 10.9 | 12.6 |
| RoIC | 20.2 | 10.1 | 14.5 | 18.5 | 17.8 | 14.8 | 20.8 | 24.3 |
| **Working Capital Ratios** | | | | | | | | |
| Accum. Dep/Gross Block (x) | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed Asset Turnover (x) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Asset Turnover (x) | 1.0 | 0.9 | 0.9 | 0.8 | 0.8 | 0.8 | 0.9 | 1.0 |
| Inventory (Days) | 95 | 114 | 105 | 105 | 126 | 115 | 118 | 118 |
| Debtor (Days) | 49 | 63 | 49 | 41 | 50 | 44 | 50 | 50 |
| Creditor (Days) | 88 | 120 | 83 | 112 | 122 | 126 | 130 | 130 |
| Working Cap. Turnover (Days) | 65 | 67 | 68 | 63 | 69 | 72 | 81 | 86 |
| **Leverage Ratio (x)** | | | | | | | | |
| Current Ratio | 2.3 | 1.9 | 2.2 | 2.3 | 1.9 | 1.9 | 2.0 | 2.1 |
| Interest Cover Ratio | 4 | 3 | 3 | 5 | 7 | 5 | 5 | 6 |
| Debt/Equity | 0.9 | 1.1 | 1.0 | 0.9 | 0.8 | 0.9 | 0.9 | 0.7 |

## Consolidated - Cash Flow Statement (INR Million)

| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19E | FY20E |
|---|---|---|---|---|---|---|---|---|
| OP/(Loss) before Tax | 3,476 | 2,080 | 3,994 | 5,952 | 6,572 | 5,817 | 8,436 | 11,731 |
| Depreciation | 2,089 | 2,248 | 2,450 | 2,750 | 2,834 | 3,158 | 3,590 | 3,894 |
| Interest & Finance Charges | 972 | 908 | 1,346 | 1,305 | 1,018 | 1,239 | 2,253 | 2,383 |
| Direct Taxes Paid | -632 | -413 | -850 | -1,551 | -1,422 | -1,200 | -2,297 | -3,285 |
| (Inc)/Dec in WC | -1,445 | -1,199 | -1,011 | 703 | -2,464 | -2,138 | -5,945 | -3,569 |
| **CF from Operations** | **4,459** | **3,623** | **5,931** | **9,159** | **6,538** | **6,876** | **6,037** | **11,154** |
| Others | -232 | -156 | -507 | -947 | 1,742 | 0 | 0 | 0 |
| **CF from Operating incl EO** | **4,227** | **3,467** | **5,423** | **8,212** | **8,280** | **6,876** | **6,037** | **11,154** |
| (inc)/dec in FA | -6,744 | -7,897 | -4,845 | -4,771 | -7,170 | -13,335 | -8,500 | -5,000 |
| **Free Cash Flow** | **-2,517** | **-4,430** | **579** | **3,441** | **1,110** | **-6,460** | **-2,463** | **6,154** |
| (Pur)/Sale of Investments | -63 | 1,156 | -632 | 0 | 0 | 0 | 0 | 0 |
| Others | 92 | 144 | 482 | -707 | -310 | 741 | 0 | 0 |
| **CF from Investments** | **-6,716** | **-6,597** | **-4,994** | **-5,477** | **-7,479** | **-12,595** | **-8,500** | **-5,000** |
| Issue of Shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | 4,547 | 3,911 | 1,889 | 1,053 | -1,523 | 7,806 | 6,500 | -2,500 |
| Interest Paid | -889 | -1,198 | -1,392 | -1,305 | -1,018 | -1,239 | -2,253 | -2,383 |
| Dividend Paid | -660 | -668 | -678 | -664 | -821 | -1,085 | -1,356 | -1,356 |
| Others | 0 | 0 | 0 | 507 | 123 | 243 | 0 | 0 |
| **CF from Fin. Activity** | **2,998** | **2,045** | **-181** | **-409** | **-3,238** | **5,726** | **2,891** | **-6,239** |
| **Inc/Dec of Cash** | **509** | **-1,085** | **248** | **2,326** | **-2,438** | **6** | **428** | **-86** |
| Opening Balance | 1,401 | 1,910 | 825 | 1,073 | 3,399 | 961 | 968 | 1,396 |
| **Closing Balance** | **1,910** | **825** | **1,073** | **3,399** | **961** | **968** | **1,396** | **1,310** |

| 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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