

ICICI Securities Limited  
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Q4FY20 result review  
and target price revision

## Metals

Target price: Rs110

Target price revision

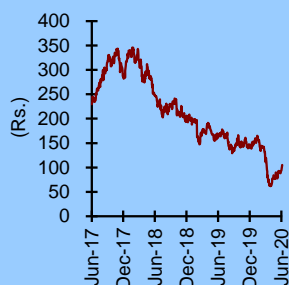
Rs110 from Rs130

### Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	50.1	50.1	50.1
Institutional investors	35.7	35.1	34.0
MFs and other	11.3	11.3	10.9
Banks & FIs	6.5	6.6	6.6
Insurance Cos.	0.8	0.8	0.8
FII	17.1	16.4	15.7
Others	14.2	14.8	15.9

Source: BSE India

### Price chart



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INDIA

## Vedanta

ICICI Securities

**HOLD**

Maintained

**Rs105**

### Aluminium delivers on cost savings

Vedanta's Q4FY20 EBITDA of Rs45.5bn, while in-line, has largely taken support of a superior cost performance in aluminium operations. Operating performance surprised in aluminium, power (TSPL's provisional performance based on availability?) and steel. Cairn and Zinc International disappointed – Cairn not only on account of an operational miss which seems largely on account of elevated costs as volumes were lower, but also as Vedanta yet again decided to undertake a substantial write-down of Rs173bn in oil and gas assets. We attribute 50% of the valuation to book and hence, any large write-down impacts our valuation as well. Vedanta could generate FCF of Rs70bn and reduce net debt by ~Rs60bn in FY20. We maintain HOLD with a revised target price of Rs110 (Rs130 earlier).

Conference call: 18:00 hrs IST on 8<sup>th</sup> June, Monday. Dial-ins: 022-71158015, 022-62801114

- ▶ **Aluminium manufacturing costs show significant improvement.** CoP reduced by ~US\$250/te QoQ, reaching US\$1451/te in Q4FY20. EBITDA/te expanded to US\$340/te from (US\$90/te) QoQ. Majority of cost improvements were seen in i) US\$50/te saving in alumina, ii) US\$100/te in power and iii) ~US\$100/te in hot metal and other manufacturing costs. It's the beat in aluminium EBITDA, largely driven by costs, which allows an in-line consolidated EBITDA print for Q4FY20.
- ▶ **Zinc International – Cost ex-Gamsberg witnesses a sharp increase.** Gamsberg volumes also fail to ramp-up with the highest production runrate of 13kte witnessed in Jan,'20. Zinc International operations witnessed higher than estimated negative EBITDA as CoP increased ~US\$200/te QoQ driven by operations ex-Gamsberg. Skorpion zinc mine has entered into care and maintenance from Apr,'20 onwards.
- ▶ **Oil and gas operations witness multiple headwinds.** While the lockdown was expected to impact Rajasthan production (down 13% YoY and 9% QoQ), EBITDA/barrel came in much lower than expected – perhaps due to higher operating costs. Also, due to US\$364mn of demands raised by DGH, the PSC extension couldn't be finalised and the company has been able to obtain a three month extension of working on Rajasthan block. Finally, due to suppressed oil prices, Vedanta undertook a write-down of assets of ~Rs173bn (majority in Cairn). This write-down has ~Rs30/share of impact on the book value (net of taxes) and impacts our valuation by ~Rs8/share.
- ▶ **Power EBITDA surprised, but the un-attributable part of the EBITDA increases.** As sales from TSPL drop nearly 44% QoQ, power EBITDA did surprise. Drop in TSPL sales would have resulted in higher provisional revenue recognition using agreed upon availability factor between TSPL and Punjab state electricity board.
- ▶ **Generates FCF of Rs70bn in FY20, reduces consolidated net debt by Rs60bn.** 50% of FCF has been generated by Vedanta ex-Hindustan Zinc which also reflects in net debt reduction. We maintain HOLD with a revised target price of Rs110/share as we factor in the reduced book value post the write-down in our valuation metric.

Market Cap	Rs391bn/US\$5.2bn
Reuters/Bloomberg	VDAN.BO /VEDL IN
Shares Outstanding (mn)	3,717.2
52-week Range (Rs)	178/62
Free Float (%)	49.9
FII (%)	15.7
Daily Volume (US\$'000)	36,173
Absolute Return 3m (%)	(10.1)
Absolute Return 12m (%)	(34.4)
Sensex Return 3m (%)	(10.6)
Sensex Return 12m (%)	(13.5)

Year to March	FY19	FY20	FY21E	FY22E
Revenue (Rs mn)	920,480	844,470	721,351	1,003,486
Net Income (Rs mn)	67,450	42,010	1,008	55,518
EPS (Rs)	18.1	11.3	0.3	14.9
% Chg YoY	(9.4)	(37.7)	NM	NM
P/E (x)	5.8	9.3	387.4	7.0
CEPS (Rs)	40.2	35.7	25.4	40.5
EV/E (x)	3.5	3.5	5.0	2.8
Dividend Yield	16.2	3.7	13.1	15.3
RoCE (%)	12.0	9.1	4.5	12.7
RoE (%)	10.7	7.2	0.2	11.2

Please refer to important disclosures at the end of this report

**Table 1: Vedanta's consolidated Q4FY20 result review***(Rs mn, year ending March 31)*

Rs mn	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ
<b>Net sales</b>	<b>197,550</b>	<b>234,680</b>	(9.0)	<b>213,600</b>	(7.5)
Total expenditure	152,030	173,330	(14.3)	148,460	2.4
<b>EBITDA</b>	<b>45,520</b>	<b>61,350</b>	6.2	<b>65,140</b>	(30.1)
Cairn India	8,690	18,050	53.0	27,610	(68.5)
Zinc India	19,450	27,770	(18.1)	22,740	(14.5)
Zinc International	(610)	3,910	NM	1,060	NM
Power business	4,580	3,600	5.3	3,790	20.8
Aluminium business	11,370	3,970	100.5	7,960	42.8
Copper	(680)	(690)	NM	(610)	NM
Iron Ore	3,490	2,400	(10.8)	2,140	63.1
Steel	2,680	3,370	(68.2)	1,070	150.5
Others	(3,450)	(1,030)	NM	(620)	NM
Other income	6,270	16,280	(60.3)	6,470	(3.1)
Interest	10,640	14,010	(12.1)	12,320	(13.6)
<b>PBDT</b>	<b>41,150</b>	<b>63,620</b>	(6.8)	<b>59,290</b>	(30.6)
Depreciation	22,520	22,580	1.5	22,910	(1.7)
Extraordinary expenses	171,320	-		(1,680)	
<b>PBT</b>	<b>(152,690)</b>	<b>41,040</b>	(7.3)	<b>38,060</b>	NM
Tax	(31,860)	8,860		11,410	
<b>Reported profit after tax</b>	<b>(120,830)</b>	<b>32,180</b>	(17.2)	<b>26,650</b>	NM
Net Profit after Minority					
Interest	(125,210)	26,150	(10.2)	23,480	NM
<b>Adj net profit</b>	<b>(19,130)</b>	<b>26,150</b>	(16.6)	<b>21,800</b>	NM

Source: Company data, I-Sec research;

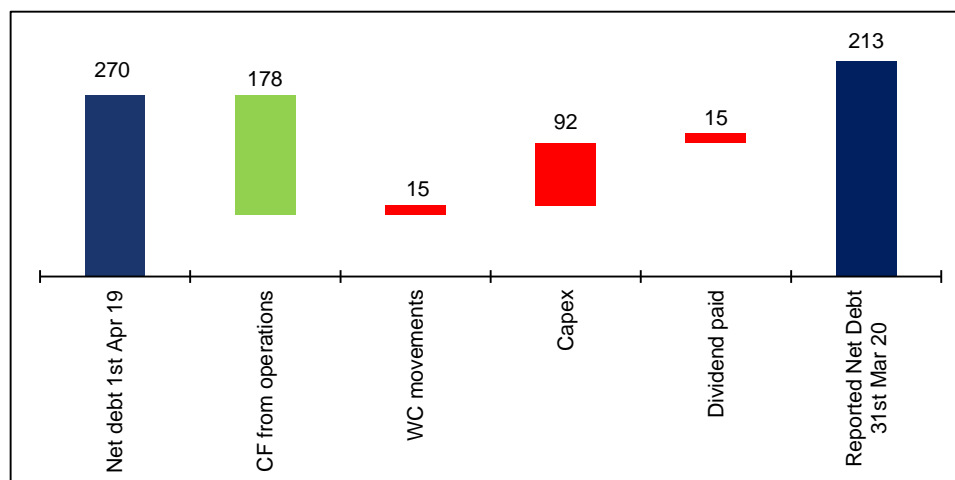
Refer to Summary financials for annual numbers.

**Table 2: Vedanta's standalone Q4FY20 result review***(Rs mn, year ending March 31)*

Rs mn	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
<b>Net sales</b>	<b>84,560</b>	<b>92,560</b>	(8.6)	<b>90,850</b>	(6.9)	<b>358,580</b>	<b>386,440</b>	(7.2)
<b>Total Expenses</b>	<b>67,630</b>	<b>79,920</b>	(15.4)	<b>67,570</b>	0.1	300,310	331,730	(9.5)
<b>EBITDA</b>	<b>16,930</b>	<b>12,640</b>	33.9	<b>23,280</b>	(27.3)	<b>58,270</b>	<b>54,710</b>	6.5
Finance costs	7,280	8,850	(17.7)	8,190	(11.1)	33,280	37,570	(11.4)
Other Income	1,840	1,930	(4.7)	1,580	16.5	28,700	61,520	(53.3)
<b>Profit before dep and taxes</b>	<b>11,490</b>	<b>5,720</b>	100.9	<b>16,670</b>	(31.1)	<b>53,690</b>	<b>78,660</b>	(31.7)
Depreciation	8,200	7,660	7.0	8,020	2.2	32,640	32,430	0.6
Profit before ex items	3,290	(1,940)		8,650		21,050	46,230	(54.5)
Ex items (Income)	126,970	-		(1,290)		125,680	(3,240)	
Taxes	(20,820)	(2,330)		1,030		(37,310)	(1,280)	
<b>Profit after taxes</b>	<b>(102,860)</b>	<b>390</b>		<b>8,910</b>		(67,320)	50,750	

Source: Company data, I-Sec research

Chart 1: Net debt bridge for FY20 (Rs bn)



Source: Company data, I-Sec research

Table 3: Aluminium cost breakup

(Rs mn, year ending March 31)

	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
LME	1971	1859	1793	1761	1752	1690
Ingot premium	29	52	54	61	59	62
Value-addition	93	99	92	83	67	72
<b>Total realisation</b>	<b>2,093</b>	<b>2,010</b>	<b>1,939</b>	<b>1,905</b>	<b>1,878</b>	<b>1,824</b>
Alumina costs	(875)	(784)	(712)	(697)	(625)	(571)
Power costs	(793)	(637)	(652)	(774)	(698)	(560)
Other hot metal costs	(357)	(388)	(400)	(381)	(368)	(320)
Conversion costs and others	11	(70)	(111)	(81)	(90)	(34)
<b>EBITDA</b>	<b>79</b>	<b>131</b>	<b>64</b>	<b>(28)</b>	<b>97</b>	<b>339</b>

Source: Company data, I-Sec research

Table 4: Exceptional items

(Rs mn, year ending March 31)

	FY20	FY19
<b>Exceptional Items – credit / (expense)</b>	<b>(173,860)</b>	<b>3,200</b>
Taxes on Exceptional Items - gain	65,210	(1,120)
<b>Exceptional items net of tax</b>	<b>(108,650)</b>	<b>2,080</b>
Cairn	(97,100)	1,700
Rajasthan Fields	(92,180)	
Exploration / KG Field	(4,920)	1,700
Copper	(4,690)	
Iron ore	(2,740)	
Others	(4,120)	380

Source: Company data, I-Sec research

## Zinc International – Gamsberg disappoints

**Table 5: Zinc International result review**

(Rs mn, year ending March 31)

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Production ('kte)	57	54	5.6	60	(5.0)	240	148	62.2
CoP (US\$/te)	1,784	1,488	19.9	1,580	12.9	1,665	1,912	(12.9)
Sales (Rs mn)	7,330	10,020	(26.8)	6,810	7.6	31,280	27,380	14.2
EBITDA (Rs mn)	(610)	3,910	(115.6)	1,060	(157.5)	3,800	6,980	(45.6)

Source: Company data, I-Sec research

- Q4FY20 production stood at 57kte: BMM at 12kte. Q4FY20 CoP was US\$1,784/te, 13% higher QoQ. FY20 production was 240kte, up 63% YoY.
- Gamsberg production was flat QoQ; best ever production of 13kte reached in Jan,'20. **Gamsberg CoP was US\$1484/te, up 4% QoQ. Full year CoP was US\$1445/te.**
- Skorpion mining will go under care and maintenance from April, '20 onwards. Ex-Gamsberg CoP has gone up significantly.

## Power – EBITDA reconciliation becomes difficult

**Table 6: Power business result review**

(Rs mn, year ending March 31)

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Sales (mn units)	2,107	3,520	(40.1)	2,282	(7.7)	11,162	13,517	(17.4)
Realisation (Rs/unit)	3.45	3.09	11.7	3.91	(11.8)	3.58	3.38	5.9
CoP (Rs/unit) ex TSPL	2.27	3.10	(26.8)	3.14	(27.7)	2.49	2.9	(14.1)
Sales (Rs mn)	12,040	15,930	(24.4)	13,070	(7.9)	58,600	65,240	(10.2)
EBITDA (Rs mn)	4,580	3,600	27.2	3,790	20.8	16,490	15,270	8.0

Source: Company data, I-Sec research

- TSPL sales nearly halved YoY, while dropping by ~44% QoQ. The drop in TSPL sales partly explains the sharp increase in blended realisation in power segment.
- TSPL realisation (Rs2.67/unit in Q4FY20) and cost of generation (Rs1.56/unit in Q4FY20) both decreased significantly QoQ.
- A large part of EBITDA is based on *granted* availability of TSPL and hence, actual sales cannot reconcile the same.

## Aluminum – lower costs help EBITDA beat

**Table 7: Aluminium business**

(Rs mn, year ending March 31)

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Aluminium Production (te)	474,000	481,000	(1.5)	483,000	(1.9)	1,904,000	1,959,000	(2.8)
Aluminium CoP (US\$/te)	1,451	1,810	(19.8)	1,691	(14.2)	1,690	1,967	(14.1)
Jharsuguda CoP (US\$/te)	1,422	1,807	(21.3)	1,675	(15.1)	1,686	1,970	(14.4)
Revenue (Rs mn)	63,780	65,470	(2.6)	67,890	(6.1)	265,770	292,290	(9.1)
EBITDA (Rs mn)	11,370	3,970	186.4	7,960	42.8	19,980	22,020	(9.3)

Source: Company data, I-Sec research

- Aluminium CoP at US\$1,451/te, down 14% QoQ and 20% YoY; aluminium CoP at US\$1,690/te for FY20, down 14%YoY. This helps in EBITDA surprise.
- Lanjigarh production at 479kte is flat QoQ and up 13% YoY; Lanjigarh CoP at US\$258/te is down 4% QoQ and 11% YoY.

**Copper – no resolution yet****Table 8: Copper business***(Rs mn, year ending March 31)*

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Cathode production (te)	26,000	26,000	(3.0)	20,000	30.0	77,000	90,000	(14.4)
Sales (Rs mn)	22,560	28,030	(19.5)	18,350	22.9	90,530	107,390	(15.7)
EBITDA (Rs mn)	(680)	(690)	NA	(610)	NA	(3,000)	(2,350)	27.7

Source: Company data, I-Sec research

**Zinc India – geotechnical issues in SK mines resolved****Table 9: Zinc India business***(Rs mn, year ending March 31)*

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Refined Zinc production (kte)	172,000	175,000	(1.7)	178,000	(3.4)	688,000	696,000	(1.1)
Zinc CoP ex royalty (US\$/te)	997	956	4.3	1,077	(7.4)	1,047	1,008	3.9
Sales (Rs mn)	42,930	53,540	(19.8)	46,000	(6.7)	181,590	206,560	(12.1)
EBITDA (Rs mn)	19,450	27,770	(30.0)	22,740	(14.5)	87,140	106,000	(17.8)

Source: Company data, I-Sec research

- Capacity expansion to 1.2mtpa is completed and planning for 1.35mtpa is underway.

**Iron ore – Goa drives QoQ volume increase****Table 10: Iron ore***(Rs mn, year ending March 31)*

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Iron Ore sales (mnte)	2.3	1.4	64.3	1.7	35.3	6.6	3.8	73.7
Pig Iron production (kte)	148	184	(19.6)	179	(17.3)	681	686	(0.7)
Sales (Rs mn)	10,730	8,530	25.8	8,360	28.3	34630	29110	19.0
EBITDA (Rs mn)	3,490	2,400	45.4	2,140	63.1	8780	5840	50.3

Source: Company data, I-Sec research

- Company sold 2.3mnte of iron ore, majority of QoQ increase is coming from Goa (e-auctions).

**Steel – EBITDA/te increase is much higher than realisation increase****Table 11: Steel business***(Rs mn, year ending March 31)*

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Production (kte)	320,000	347,000	(7.8)	317,000	0.9	1,231,000	1,199,000	2.7
Sales (Rs mn)	11,260	15,810	(28.8)	10,670	5.5	42,830	49,090	(12.8)
EBITDA (Rs mn)	2,680	3,370	(20.5)	1,070	150.5	5,880	9,700	(39.4)
EBITDA/te (Rs)	8,375	9,712		3,375	148.1	4,777	8,090	(41.0)

Source: Company data, I-Sec research

- Company witnessed steel production of 320kte in Q4FY20, down 8% YoY. Q4FY20 EBITDA/te stood at Rs 8375/te, up QoQ from Rs3375/te. Part of the increase can be explained by realisation increase (~Rs3200/te), the rest must have accrued from operational improvements as we cannot see any material improvement in mix.

## Oil &amp; Gas: Production impacted by Feb,'20 shutdown

Table 12: Oil and gas

(Rs mn, year ending March 31)

	Q4FY20	Q4FY19	% chg YoY	Q3FY20	% chg QoQ	FY20	FY19	% chg YoY
Avg daily Gross prod. (boepd)	160,838	187,063	(14.0)	172,189	(6.6)	172,971	188,784	(8.4)
Avg daily working int prod. (boepd)	101,565	118,135	(14.0)	110,656	(8.2)	110,459	119,798	(7.8)
Avg realisation (\$/boe)	47	61	(23.4)	55.3	(15.2)	56.6	65.3	(13.3)
Sales (Rs mn)	24,040	31,750	(24.3)	39,300	(38.8)	126,610	132,230	(4.3)
EBITDA (Rs mn)	8,690	18,050	(51.9)	27,610	(68.5)	72,710	76,560	(5.0)

Source: Company data, I-Sec research

- Q4FY20 witnessed an average production of 160kboepd, largely impacted by Feb,'20 shutdown,
- Given DGH claims of US\$364mn on Cairn (which company has disputed), PSC has not been extended. Gol has permitted Cairn India to continue petroleum operations in Rajasthan block until extension is signed for a period of three months from 15<sup>th</sup> May, 2020 – whichever is earlier.

## Entity-wise net debt and debt maturity profile

Table 13: Vedanta (consolidated): Entity-wise cash and debt

(Rs bn)

	Mar, '20			Dec'19			Mar'19		
	Debt	Cash & LI	Net Debt	Debt	Cash & LI	Net Debt	Debt	Cash & LI	Net Debt
Vedanta Limited Standalone (excluding Cairn India)	389	50	339	366	38	328	422	83	339
Zinc India	6	223	(216)	30	225	(195)	25	195	(170)
Zinc International	4	6	(1)	4	4	0	4	9	(5)
Cairn India Holdings	37	78	(41)	32	69	(37)	26	83	(57)
BALCO	46	4	42	42	0	42	44	4.36	40
Talwandi Sabo	61	1	60	63	2	61	87	2.62	84
Others	49	18	31	50	14	36	54	15.38	38
<b>Vedanta Limited Consolidated</b>	<b>592</b>	<b>379</b>	<b>213</b>	<b>586</b>	<b>352</b>	<b>234</b>	<b>662</b>	<b>393</b>	<b>270</b>

Source: Company data, I-Sec research

## Valuation methodology and key risks

We value Vedanta on a SoTP basis, by which we arrive at a target price of Rs156/share (previously: Rs130/share). Commodity price rise (particularly for zinc) is the key risk to our earnings and valuation estimates. We are valuing Hindustan Zinc with a longer term zinc price assumption of US\$2,050/te. We are still attributing 50% of the valuation based on 0.5x FY22E book. However, the write-down of Rs174bn reduces our future estimate of book value as well.

**We maintain HOLD with a revised target price of Rs110/share (Rs130/share earlier).**

**Table 14: Vedanta SoTP valuations**

(Rs mn)

Valuation	FY22E
Standalone EV @ 5.5x EV/E	156,200
Zinc International EV (5.5x EV/E)	44,000
BALCO EV (5.5x EV/E)	87,697
Net Debt ( Ex Hind Zinc and TSPL)	522,421
<b>Hind Zinc Equity Value (5.5x EV/E) @ ~65% stake</b>	<b>534,695</b>
<b>Cairn Asset Value</b>	<b>196,000</b>
Talwandi Sabo Equity Value (1x Book)	36,735
Electrosteel (6x EV/E)	48,000
<b>Equity Value</b>	<b>580,906</b>
<b>TP Per share (Rs) – assigning 50% probability</b>	<b>156</b>
<b>TP at 0.5x book – assigning 50% probability</b>	<b>66</b>
<b>Blended target price</b>	<b>110</b>

Source: I-Sec research

**Table 15: Vedanta key assumptions**

	FY21E	FY22E
Zinc LME-US\$/te	2,050	2,050
Lead LME-US\$/te	2,050	2,050
Aluminum LME-US\$/te	1800	1,950
Brent Crude (US\$/bbl)	35	60
Zinc Refined Production (te)	669,930	823,916
Lead Refined Production (te)	180,000	241,304
VAL Aluminium Production (kte)	1350	1800
Zinc International production/sales (kte)	322	429
Iron ore production/Sales (kte)	1800	2400
Balco Aluminium Production (kte)	450	600
Oil and Gas output (000 b/day) – Rajasthan	180	220
<b>Currency(INR/US\$)</b>	<b>75</b>	<b>75</b>

Source: Company data, I-Sec research

**Table 16: Vedanta – EBITDA breakup**

EBITDA (Rs mn)	FY21E	FY22E
<b>Cairn India</b>	<b>30,200</b>	<b>90,000</b>
HZL	76,489	101,614
Zinc International	5,700	8,000
Power business	12,214	13,546
Aluminium business	10,100	23,945
Copper	(2,400)	(2,400)
Iron Ore	3,703	7,840
Others	3,000	10,000
<b>Total</b>	<b>139,007</b>	<b>252,545</b>

Source: Company data, I-Sec research



## Financial summary

Table 17: Profit &amp; loss statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
<b>Op. Income (Sales)</b>	<b>920,480</b>	<b>844,470</b>	<b>721,351</b>	<b>1,003,486</b>
Operating Expenses	689,450	637,600	582,344	750,941
<b>EBITDA</b>	<b>231,030</b>	<b>206,870</b>	<b>139,007</b>	<b>252,545</b>
% margins	25.1	24.5	19.3	25.2
Depreciation and amortisation	81,920	90,930	93,295	95,113
Gross Interest	56,890	49,770	40,000	40,000
Other Income	40,180	25,100	18,897	20,784
<b>EBIT</b>	<b>189,290</b>	<b>141,040</b>	<b>64,609</b>	<b>178,216</b>
Extraordinaries	(3,200)	173,860	-	-
<b>PBT</b>	<b>135,600</b>	<b>(82,590)</b>	<b>24,609</b>	<b>138,216</b>
Less: Taxes	38,620	(35,160)	7,967	58,754
<b>PAT</b>	<b>96,980</b>	<b>(47,430)</b>	<b>23,098</b>	<b>85,918</b>
Minority interest	26,330	19,200	22,129	30,440
Profit from share of associate	-	(10)	40	40
PAT after minority	70,650	(66,640)	1,008	55,518
<b>Adjusted PAT</b>	<b>67,450</b>	<b>42,010</b>	<b>1,008</b>	<b>55,518</b>

Source: Company data, I-Sec research

Table 18: Balance sheet

(Rs mn, year ending March 31)

	FY19	FY20P	FY21E	FY22E
<b>Assets</b>				
Total Current Assets	353,420	359,730	324,302	314,574
of which cash & cash eqv.	83,690	125,020	101,182	51,054
Total Current Liabilities & Provisions	391,250	357,120	385,246	392,686
<b>Net Current Assets</b>	<b>(37,830)</b>	<b>2,610</b>	<b>(60,944)</b>	<b>(78,112)</b>
Investments	330,650	247,530	247,530	247,530
Marketable	281,740	246,580	246,580	246,580
<b>Net Fixed Assets</b>	<b>1,177,510</b>	<b>1,048,590</b>	<b>1,036,795</b>	<b>1,049,682</b>
CWIP	222,360	168,370	169,670	169,670
Goodwill	36,050	26,300	26,300	26,300
Other non-current assets	122,800	154,070	154,070	154,070
<b>Total Assets</b>	<b>1,629,180</b>	<b>1,479,100</b>	<b>1,403,751</b>	<b>1,399,470</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>783,140</b>	<b>704,500</b>	<b>657,070</b>	<b>626,477</b>
Other liabilities	70,800	57,130	57,130	57,130
Minority Interest	152,270	171,120	193,249	223,689
Equity Share Capital	3,720	3,720	3,720	3,720
Face Value (Rs)	1	1	1	1
Reserves & Surplus	619,250	542,630	492,581	488,454
<b>Net Worth</b>	<b>622,970</b>	<b>546,350</b>	<b>496,301</b>	<b>492,174</b>
<b>Total Liabilities</b>	<b>1,629,180</b>	<b>1,479,100</b>	<b>1,403,751</b>	<b>1,399,470</b>

Source: Company data, I-Sec research

Table 19: Cashflow statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
<b>Operating CF before WC change</b>	<b>216,260</b>	<b>202,370</b>	<b>137,496</b>	<b>200,246</b>
Working Capital Changes	21,280	(9,390)	39,716	(32,960)
Capital Commitments	(140,170)	(78,470)	(81,500)	(108,000)
<b>Free Cashflow</b>	<b>40,480</b>	<b>64,740*</b>	<b>55,712</b>	<b>19,286</b>
<b>Cashflow from Financing activities</b>				
Inc (Dec) in Borrowings	76,990	(83,580)	(47,430)	(30,593)
Dividend paid	(117,920)	(14,400)	(51,057)	(59,645)
Extraordinary Items	-	-	-	-
<b>Chg. in Cash &amp; Bank balance</b>	<b>29,820</b>	<b>(21,430)</b>	<b>(23,838)</b>	<b>(50,128)</b>

Source: Company data, I-Sec research \* Management highlighted FCF of Rs 70bn

Table 20: Key ratios

(Year ending March 31)

	FY19	FY20	FY21E	FY22E
<b>Per Share Data (Rs)</b>				
Recurring EPS	18.1	11.3	0.3	14.9
Reported EPS	19.0	(17.9)	0.3	14.9
Recurring Cash EPS	40.2	35.7	25.4	40.5
Dividend per share (DPS)	17.0	3.9	14	16
Book Value per share (BV)	167.5	146.9	133.4	132.3
Adj. BV per share (ABV)	157.8	139.8	126.3	125.2
<b>Growth Ratios (%)</b>				
EBITDA	(7.1)	(10.5)	(32.8)	81.7
Diluted Recurring EPS	(9.4)	(37.7)	NM	NM
Diluted Recurring CEPS	8.8	(11.0)	(29.1)	59.7
<b>Valuation Ratios</b>				
P/E	5.8	9.3	NM	7.0
P/CEPS	2.6	2.9	4.1	2.6
P/BV	0.6	0.7	0.8	0.8
EV / EBITDA	3.5	3.5	5.0	2.8
EV / FCF	12.1	9.5	11.0	9.2
<b>Operating Ratios</b>				
Other Income / PBT (%)	29.6	(24.3)	76.8	15.0
Effective Tax Rate (%)	28.5	34.1	32.4	42.5
NWC / Total Assets (%)	(2.3)	0.2	(4.3)	(5.6)
Inventory Turnover (days)	189.0	194.6	212.1	195.9
Receivables (days)	30.4	25.1	23.8	24.0
Payables (days)	405.7	362.5	414.5	325.1
Net D/E Ratio (x)	0.7	0.6	0.6	0.7
<b>Profitability Ratios (%)</b>				
Recurring Net Income Margins	7.3	5.0	0.1	5.5
RoCE	12.0	9.1	4.5	12.7
RoNW	10.7	7.2	0.2	11.2
Dividend Payout Ratio	89.6	NM	NM	107.5
Dividend Yield	16.2	3.7	13.1	15.3
EBITDA Margins	25.1	24.5	19.3	25.2

Source: Company data, I-Sec research



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