




**Estimate change**   
**TP change**   
**Rating change** 

Bloomberg	SAIL IN
Equity Shares (m)	4,130
M.Cap.(INRb)/(USDb)	237.9 / 3.2
52-Week Range (INR)	80 / 20
1, 6, 12 Rel. Per (%)	-8/41/9
12M Avg Val (INR M)	1735
Free float (%)	25.0

#### Financials & Valuations (INR b)

Y/E MARCH	2021E	2022E	2023E
Sales	681.8	734.7	764.1
EBITDA	128.8	118.1	106.0
Adj. PAT	53.2	46.4	37.0
EBITDA Margin (%)	18.9	16.1	13.9
Cons. Adj. EPS (INR)	12.9	11.2	9.0
EPS Gr. (%)	NA	-12.9	-20.1
BV/Sh. (INR)	109.1	118.9	126.4

#### Ratios

Net D:E	0.9	0.8	0.6
RoE (%)	12.3	9.8	7.3
RoCE (%)	10.7	9.4	7.9

#### Valuations

P/E (x)			
P/BV (x)	4.3	5.0	6.2
EV/EBITDA(x)	0.5	0.5	0.4
FCF Yield (%)	4.9	5.1	5.3

#### Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	75.0	75.0	75.0
DII	13.0	13.7	14.8
FII	4.2	3.2	3.6
Others	7.9	8.1	6.7

FII Includes depository receipts

**CMP: INR58 TP: INR81 (+41%) Upgrade to Buy**

### Biggest beneficiary of improved pricing

#### Strong deleveraging to add to equity value; upgrade to Buy

- SAIL's result highlights strong gains from higher steel prices in the business model – 3QFY21 EBITDA was up 147% YoY to INR50.8b, the highest ever. Net debt also fell sharply by 12% QoQ to INR443.0b.
- Spot steel prices are ~INR7,000/t, above the 3QFY21 average, which should drive 24% QoQ growth in EBITDA in 4QFY21, even after factoring in wage revisions. We raise FY21E EBITDA by 13%, factoring in strong near-term pricing.
- Even after factoring in conservative pricing in FY22E (~INR10,000/t decline from spot), we estimate a further INR71b (INR17/sh) fall in net debt to INR372b (3.2x of EBITDA) by Mar'22. Therefore, we upgrade to **Buy**. The valuation is also attractive at 5.2x FY22e EV/EBITDA and 0.5x P/B.

#### Strong realization drives beat on EBITDA

- Sales / EBITDA / adj. PAT at INR198b/50.8b/25.7b came in at +17%/+167%/+929% QoQ and -3%/+14%/+29% v/s our estimate.
- Sales volume was weaker at 4.15mt (est. 4.4mt) due to lower exports.
- Blended realization surprised positively, rising by INR7,576/t QoQ to INR47,813/t (est. INR46,237/t). This was owing to higher steel prices and contribution from iron ore sales (benefit of ~INR790/t). As a result, EBITDA/t also rose by INR7,722/t QoQ to INR12,241/t (22% above estimate).
- Finance cost fell 21% YoY to INR6.7b on lower debt and interest rate.
- In this quarter, SAIL has also moved to the new tax regime and has written off deferred tax assets of INR12.9b. While reported PAT was INR12.8b, adjusted PAT was thus higher at INR25.7b (10x of 2QFY21).
- Interim dividend of INR1.0/sh (INR4.1b outflow) was also announced.
- 9MFY21 revenue/EBITDA stood at INR458b/INR65.7b, +1%/+76% YoY on higher EBITDA/t of INR6,208/t (+74% YoY). Adj PAT stood at INR15.5b v/s loss of INR7.0b in 9MFY20.

#### Conference call takeaways – NSR at INR7,000/t, above 3QFY21 average

- While primary rebar prices are expected to correct due to increased supply from secondary steel mills at lower prices, flat product (HRC) prices are expected to remain strong. Jan'21 NSR was ~INR7,000/t, above 3QFY21.
- Revisions in employee wages would be done retrospectively from Apr'20, and provisions for the same would be made in 4QFY21. The impact of the wage revisions has been guided at >10% of employee cost (INR87.1b in FY20).
- Debt reduced by a further INR14b in Jan'21, and net debt is guided to fall below INR400b by Mar'21.

**Valuation and view**

- While employee cost is expected to rise by >10% on account of wage revisions, we expect the impact to be absorbed by volume growth and higher realization in the near term.
- Despite factoring in conservative realization (~15% discount to spot) and higher coking coal prices (USD170/t CNF India) in FY22E, we estimate SAIL's EBITDA to grow at a 44% CAGR to INR118b over FY20–22E.
- We estimate net debt reduction of INR162b (INR39/sh) to INR372b (INR90/sh) over FY20–22E – on the back of higher operating cash flows. Realization of Railways debtors would lead to further deleveraging (not factored in). With significant debt reduction and higher earnings, net debt/EBITDA should decline to ~3.0x by Mar'22.
- We value the stock at 6.0x FY22E EV/EBITDA at INR81/sh, implying target P/B of 0.7x (in line with the historical average). Upgrade to Buy.

**Quarterly Performance (Standalone) – INR b**

Y/E March	FY20				FY21E				FY20	FY21	FY21E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Sales (m tons)	3.2	3.1	4.1	3.7	2.2	4.2	4.1	4.2	14.2	14.8	4.4	-6
Change (YoY %)	-0.7	-9.4	26.4	-9.4	-31.1	33.6	1.4	12.0	0.8	3.9	8.0	
Realization (INR per ton)	45,614	44,878	40,443	43,194	40,534	40,237	47,813	53,313	43,328	46,116	46,237	3
Change (YoY %)	-6.2	-6.7	-17.3	-3.6	-11.1	-10.3	18.2	23.4	-8.7	6.4	14.3	
<b>Net Sales</b>	<b>148.2</b>	<b>141.3</b>	<b>165.4</b>	<b>161.7</b>	<b>90.7</b>	<b>169.2</b>	<b>198.3</b>	<b>223.6</b>	<b>616.6</b>	<b>681.8</b>	<b>204.2</b>	<b>-3</b>
Change (%)	-6.8	-15.5	4.5	-12.6	-38.8	19.8	19.9	38.2	-7.9	10.6	23.5	
NSR to RM Spread (INR/t)	24,841	24,712	18,495	26,930	22,562	19,483	29,694	36,267	23,538	27,574	28,570	
<b>EBITDA</b>	<b>15.8</b>	<b>11.6</b>	<b>10.0</b>	<b>19.5</b>	<b>-4.0</b>	<b>19.0</b>	<b>50.8</b>	<b>62.9</b>	<b>56.9</b>	<b>128.7</b>	<b>44.4</b>	<b>14</b>
EBITDA per ton (INR)	4,869	3,684	2,439	5,218	-1,801	4,518	12,241	15,006	4,000	8,704	10,055	22
Interest	7.9	9.4	8.5	9.1	8.9	7.2	6.7	6.4	34.9	29.2	8.5	
Depreciation	8.7	9.0	9.3	10.6	9.7	9.9	9.8	9.9	37.6	39.3	10.1	
Other Income	1.8	1.6	1.9	4.6	2.8	2.0	2.2	2.2	9.9	9.1	1.9	
<b>PBT (before EO Inc.)</b>	<b>1.0</b>	<b>-5.2</b>	<b>-5.9</b>	<b>4.5</b>	<b>-19.8</b>	<b>3.9</b>	<b>36.4</b>	<b>48.8</b>	<b>-5.6</b>	<b>69.3</b>	<b>27.7</b>	<b>31</b>
EO Income(exp)				37.3		2.2	0.0		37.3	2.2		
<b>PBT (after EO Inc.)</b>	<b>1.0</b>	<b>-5.2</b>	<b>-5.9</b>	<b>41.8</b>	<b>-19.8</b>	<b>6.1</b>	<b>36.4</b>	<b>48.8</b>	<b>31.7</b>	<b>71.5</b>	<b>27.7</b>	<b>32</b>
Total Tax	0.4	-1.8	-1.6	14.6	-7.1	2.2	23.6	12.6	11.5	31.2	7.8	
% Tax	33.8	34.5	27.4	34.8	36.0	35.6	64.8	25.8	36.2	43.7	28.0	
<b>Reported PAT</b>	<b>0.7</b>	<b>-3.4</b>	<b>-4.3</b>	<b>27.3</b>	<b>-12.7</b>	<b>3.9</b>	<b>12.8</b>	<b>36.2</b>	<b>20.2</b>	<b>40.3</b>	<b>20.0</b>	<b>-36</b>
<b>Adjusted PAT</b>	<b>0.7</b>	<b>-3.4</b>	<b>-4.3</b>	<b>2.9</b>	<b>-12.7</b>	<b>2.5</b>	<b>25.7</b>	<b>36.2</b>	<b>-4.1</b>	<b>51.7</b>	<b>20.0</b>	<b>29</b>
Change (YoY %)	-90.5	-159.5	-168.0	-42.2	Na	Na	Na	1,143.1	Na	Na		

**Quarterly per ton trend**

	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	QoQ (%)	YoY (%)
<b>Avg. Rev. (INR/ton)</b>	<b>45,614</b>	<b>43,515</b>	<b>40,443</b>	<b>43,194</b>	<b>40,534</b>	<b>40,237</b>	<b>47,813</b>	<b>19</b>	<b>18</b>
<b>Costs per ton of sales (INR)</b>								<b>0</b>	<b>0</b>
Inc(-)/Dec in stock & captive cons.	-4,243	-3,285	4,742	-1,540	-1,518	7,029	2,433	-65	-49
Consumption of Raw Materials	25,016	23,451	17,206	17,804	19,490	13,725	15,686	14	-9
Staff cost	6,298	6,223	4,950	7,350	8,909	4,847	5,650	17	14
Others	13,675	14,805	11,106	14,362	15,453	10,117	11,804	17	6
<b>Gross Margins per ton of sales</b>	<b>24,841</b>	<b>23,349</b>	<b>18,495</b>	<b>26,930</b>	<b>22,562</b>	<b>19,483</b>	<b>29,694</b>	<b>52</b>	<b>61</b>
<b>Conversion cost per ton of sales</b>	<b>19,972</b>	<b>21,028</b>	<b>16,056</b>	<b>21,712</b>	<b>24,362</b>	<b>14,964</b>	<b>17,454</b>	<b>17</b>	<b>9</b>
<b>EBITDA per ton of sales</b>	<b>4,869</b>	<b>3,684</b>	<b>2,439</b>	<b>5,218</b>	<b>-1,801</b>	<b>4,518</b>	<b>12,241</b>	<b>171</b>	<b>402</b>



### Conference call highlights

- In 3QFY21, SAIL sold 4.12mt of steel, of which exports stood at ~0.24mt. Crude steel production rose 14% QoQ to 4.37mt in 3Q.
- During the quarter, it sold 1.27mt of iron for INR4.76b, implying realization of INR3,750/t of iron ore. This contributed ~INR1,155/t to steel realization. We estimate EBITDA of INR3.5b from iron ore sales.
- NSR for flats stood at ~INR43,042/t and longs NSR stood at INR39,360/t. However, Jan'21 NSR stood at INR46,000/t for longs and INR50,574/t for flats.
- The management informed that real demand for steel remains strong; however, sluggishness was observed in the latter half of the month. The management hinted rebar prices may correct in the coming months due to the widened gap (INR9,000/t v/s avg of INR4,000/t) between primary and secondary rebar prices. However, it does not expect secondary rebar prices to correct further downwards. On the other hand, the management expects flat product prices to remain strong and does not foresee any impact on flat steel prices.

### Guidance

- SAIL had INR24b capex in 9MFY21. While the original guidance stands at INR40b, the company has revised up its capex spending target to INR48b, in line with the government directive to increase capex spending. However, the management hinted that capex spending should be lower than INR40b. Similarly, the FY22 capex guidance has been doubled to INR80b from INR40b earlier. We expect capex spending to remain at INR40–50b in FY22.
- The management expects to sustain its current quarterly run-rate of 4.2mt sales volume, and expects to achieve sales volume of 17.0mt in FY22.
- The management informed that the revisions in employee wages would be finalized in 4QFY21 and provided retrospectively from Apr'20. It expects the impact of the revisions to be higher by >10% over FY20 staff cost (of INR87.1b).
- SAIL expects to liquidate 2.0mt of iron ore inventory in 4QFY21.
- The management informed that it normally carries coking coal inventory of 45 days. The impact of the recent spike in coking coal prices should reflect in Apr'21. However, it expects coking coal prices to cool down from current levels.

### Liquidity and debt position

- SAIL's receivables from the Railways remain elevated near 2QFY21 levels (INR60b in 2QFY21). The management does not expect significant realization of the same in 4QFY21 due to budgetary constraints on the Railways side.
- SAIL's net debt declined INR61b QoQ to INR443.1b at 3QFY21-end. It further reduced by ~INR14.0b in Jan'21 and is expected to decline to ~INR400b by FY21-end.

### Valuation and view

- **Volume growth to take care of higher fixed cost:** While employee cost is expected to rise by >10% on account of wage revisions, we expect the impact to be absorbed by volume growth and higher realization. We have factored in a ~13% hike in staff cost over FY20.

- **44% EBITDA CAGR over FY20–22E, even on conservative estimate:** Despite factoring in conservative realization (~15% discount to spot) and higher coking coal prices (USD170/t CNF India) in FY22E, we estimate SAIL’s EBITDA to grow at a 44% CAGR to INR118b over FY20–22E.
- **Net leverage to remain comfortable:** We estimate a net debt reduction of INR162b (INR39/sh) to INR372b (INR90/sh) over FY20–22E on the back of higher operating cash flows. Realization of Railways debtors would lead to further deleveraging (not factored in). With significant debt reduction and higher earnings, net debt/EBITDA should decline to ~3.0x by Mar’22.

**Exhibit 1: SAIL EBITDA back at FY08 levels; interest coverage ratios and net leverage seen improving**

SAIL	FY08	FY09	FY12	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBITDA	125.9	86.8	64.0	49.0	-29.0	0.7	52.2	97.6	57.1	128.8	118.1	106.0
Net-debt	-100.5	-98.2	107.0	279.7	348.0	410.2	450.6	448.8	533.6	402.3	372.0	333.3
Net-debt to EBITDA (x)	-0.80	-1.13	1.67	5.71	-11.99	-	8.64	4.60	9.35	3.12	3.15	3.14
Interest paid	3.4	2.8	7.2	15.0	23.0	25.3	28.5	33.1	36.5	29.2	24.2	23.3
Interest coverage ratio (x)	55.7	43.1	10.3	3.8	-1.0	0.2	2.0	3.3	1.9	4.7	5.2	4.8
RoE (%)	41.7	24.2	9.7	4.9	-9.9	-7.1	0.3	6.8	-0.5	12.3	9.8	7.3

Source: Company, MOFSL; Int. coverage ratio (Int cost/EBITDA incl other income)

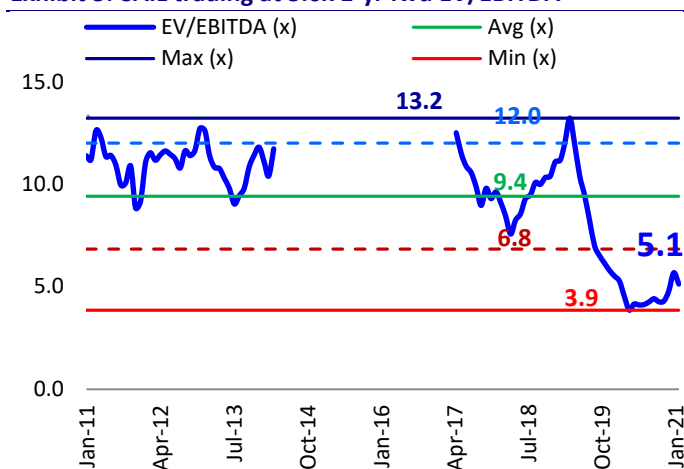
- **Valuation remains comfortable:** At CMP, the stock is trading at 5.2x FY22E EV/EBITDA and 0.5x P/B. We value the stock at 6.0x FY22E EV/EBITDA at INR81/sh, implying target P/B of 0.7x (in line with the historical average). Upgrade to **Buy**.

**Exhibit 2: Target price calculation**

YEAR	2017	2018	2019	2020	2021E	2022E
Sales (m tons)	13.1	14.1	14.1	14.2	14.8	16.0
EBITDA (INR per ton)	51	3,705	6,916	4,012	8,715	7,388
EBITDA	671	52,176	97,615	57,097	1,28,843	1,18,054
Target EV/EBITDA(x)						6.0
Target EV						7,08,321
less: Net Debt (INR m)	4,10,168	4,50,632	4,48,823	5,33,576	4,02,318	3,71,981
Equity value						3,36,340
<b>Target price (INR/sh.)</b>						<b>81</b>

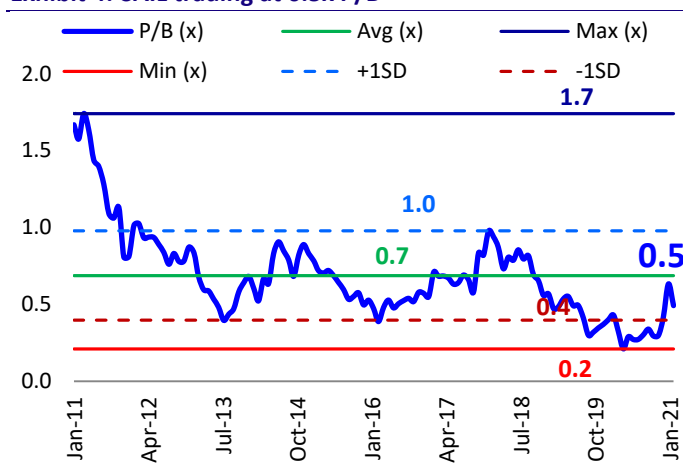
Source: MOFSL, Company

**Exhibit 3: SAIL trading at 5.0x 1-yr fwd EV/EBITDA**



Source: MOFSL

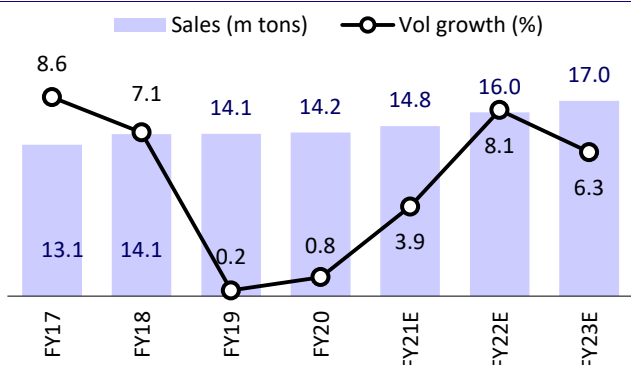
**Exhibit 4: SAIL trading at 0.5x P/B**



Source: MOFSL

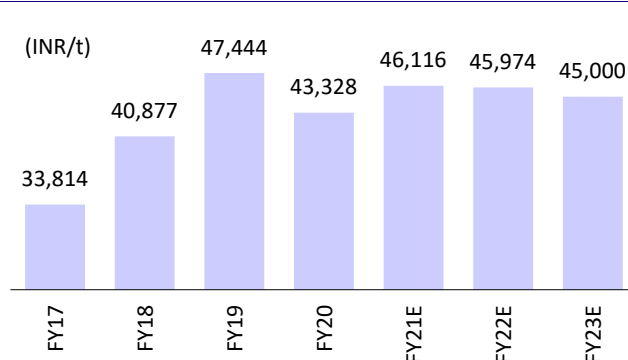
Story in charts

Exhibit 5: Volumes to grow at ~6% CAGR over FY20–22E



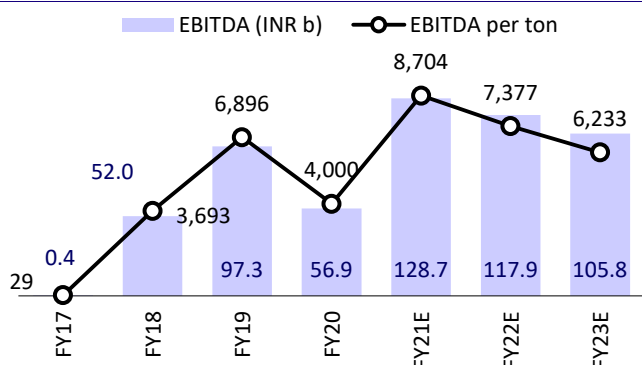
Source: Company, MOFSL

Exhibit 6: Realization to remain strong in FY22E



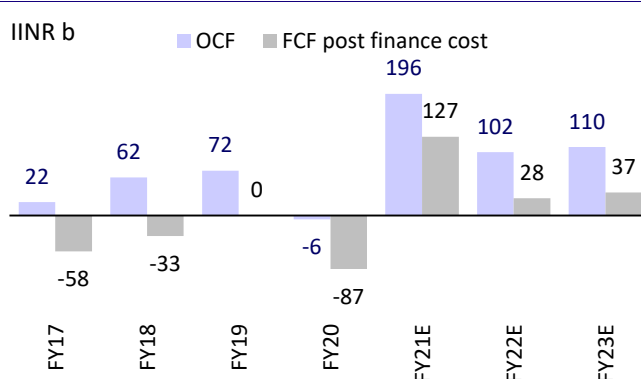
Source: Company, MOFSL

Exhibit 7: EBITDA to grow at ~23% CAGR over FY20–23E



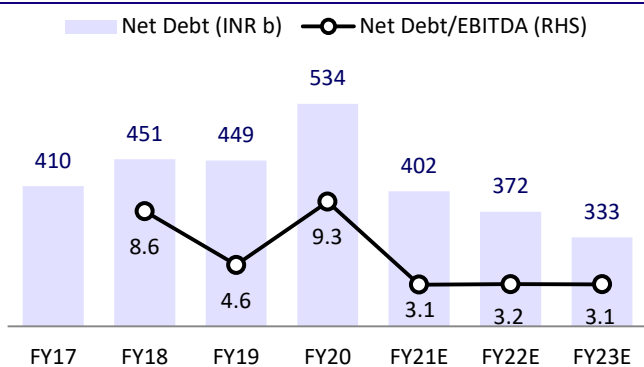
Source: Company, MOFSL

Exhibit 8: Expect higher operating cash flows over FY22–23E



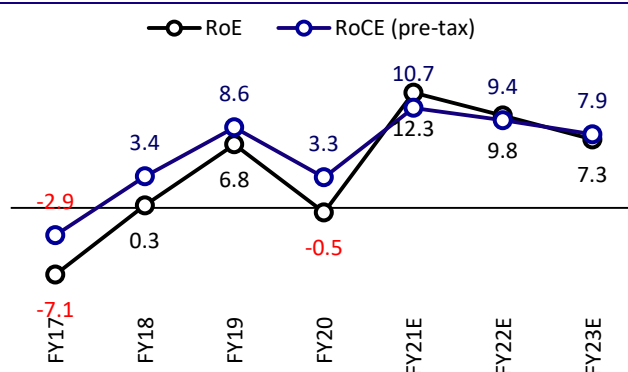
Source: Company, MOFSL

Exhibit 9: Net debt to decline, ; leverage remains comfortable for FY21E



Source: Company, MOFSL

Exhibit 10: Returns ratios to remain high in over FY22–23E



Source: Company, MOFSL

## Financials and valuations

Income Statement (Consolidated)							(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Sales</b>	<b>4,45,018</b>	<b>5,75,600</b>	<b>6,69,736</b>	<b>6,16,642</b>	<b>6,81,834</b>	<b>7,34,703</b>	<b>7,64,132</b>
Change (%)	13.8	29.3	16.4	-7.9	10.6	7.8	4.0
<b>EBITDA</b>	<b>671</b>	<b>52,176</b>	<b>97,615</b>	<b>57,097</b>	<b>1,28,843</b>	<b>1,18,054</b>	<b>1,05,995</b>
Change (%)	-102.3	7,677	87	-42	125.7	-8.4	-10.2
EBITDA per ton (INR)	51	3,705	6,916	4,012	8,715	7,388	6,242
Depreciation	26,816	30,660	33,853	37,557	39,310	40,623	41,232
<b>EBIT</b>	<b>-26,145</b>	<b>21,516</b>	<b>63,762</b>	<b>19,540</b>	<b>89,533</b>	<b>77,431</b>	<b>64,763</b>
Interest	25,278	28,228	31,549	34,868	29,193	24,179	23,332
Other income	4,495	4,152	4,945	9,058	8,285	6,608	5,867
<b>PBT before EO</b>	<b>-46,929</b>	<b>-2,559</b>	<b>37,158</b>	<b>-6,270</b>	<b>68,625</b>	<b>59,859</b>	<b>47,298</b>
Extraordinary Item	-2,167	-5,556	-3,894	37,342	2,249		
<b>PBT</b>	<b>-49,096</b>	<b>-8,115</b>	<b>33,264</b>	<b>31,073</b>	<b>70,874</b>	<b>59,859</b>	<b>47,298</b>
Total Tax	-19,595	-2,452	12,005	11,809	31,070	15,442	12,202
Effective Rate (%)	39.9	30.2	36.1	38.0	43.8	25.8	25.8
<b>Reported PAT</b>	<b>-29,501</b>	<b>-5,663</b>	<b>21,258</b>	<b>19,264</b>	<b>39,804</b>	<b>44,417</b>	<b>35,096</b>
Change (%)	-28.8	-80.8	-475.4	-9.4	106.6	11.6	-21.0
Share of Asso/JV	1,939	2,849	2,229	1,943	1,943	1,943	1,943
Minority Interest							
<b>Adjusted PAT</b>	<b>-26,259</b>	<b>1,063</b>	<b>25,976</b>	<b>-1,944</b>	<b>53,203</b>	<b>46,360</b>	<b>37,040</b>
Change (%)	-37.1	-104.0	2,344	-107	-2,837.0	-12.9	-20.1

Balance Sheet (Consolidated)							(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Sources of Funds</b>							
Share Capital	41,305	41,305	41,305	41,305	41,305	41,305	41,305
Reserves and Surplus	3,29,117	3,28,161	3,55,156	3,73,797	4,09,471	4,49,757	4,80,723
Shareholders' fund	<b>3,70,423</b>	<b>3,69,467</b>	<b>3,96,462</b>	<b>4,15,102</b>	<b>4,50,776</b>	<b>4,91,063</b>	<b>5,22,028</b>
Loans	4,13,957	4,54,087	4,51,700	5,38,026	4,38,026	3,88,026	3,58,026
Deferred Tax Liability	-38,488	-41,620	-28,668	-20,222	10,843	17,212	22,223
Minority Interest	0	0	0	0	0	0	0
<b>Capital Employed</b>	<b>7,45,892</b>	<b>7,81,934</b>	<b>8,19,494</b>	<b>9,32,907</b>	<b>8,99,645</b>	<b>8,96,300</b>	<b>9,02,278</b>
<b>Application of Funds</b>							
Gross Fixed Assets	8,41,918	9,55,829	10,17,173	11,31,328	11,91,328	12,61,328	13,11,328
Less: Depreciation	3,38,915	3,69,575	4,03,428	4,40,985	4,80,295	5,20,918	5,62,150
<b>Net Fixed Assets</b>	<b>5,03,003</b>	<b>5,86,254</b>	<b>6,13,745</b>	<b>6,90,343</b>	<b>7,11,033</b>	<b>7,40,410</b>	<b>7,49,178</b>
Capital WIP	2,32,754	1,83,954	1,60,136	87,533	67,533	47,533	47,533
Investments	24,755	26,289	29,748	32,404	32,404	32,404	32,404
<b>Curr. Assets</b>							
Inventory	1,57,361	1,70,243	1,95,103	2,38,363	2,05,484	2,21,417	2,19,819
Sundry Debtors	29,347	38,710	44,975	88,447	74,721	70,451	62,805
Cash & Bank Balances	3,788	3,456	2,877	4,450	35,708	16,045	24,708
Other assets	81,395	98,731	98,091	1,00,356	1,00,356	1,00,356	1,00,356
Loans and Advances	5,263	5,154	6,180	7,150	9,276	11,072	12,490
<b>Current Liabilities</b>							
Sundry Creditors	52,258	75,330	72,321	63,331	84,062	90,580	94,208
Other Current Liabilities	1,74,303	1,92,655	1,92,930	1,88,087	1,88,087	1,88,087	1,88,087
Provisions	65,213	62,871	66,110	64,722	64,722	64,722	64,722
<b>Net Current Assets</b>	<b>-14,620</b>	<b>-14,563</b>	<b>15,865</b>	<b>1,22,626</b>	<b>88,675</b>	<b>75,953</b>	<b>73,162</b>
<b>Application of Funds</b>	<b>7,45,892</b>	<b>7,81,934</b>	<b>8,19,494</b>	<b>9,32,906</b>	<b>8,99,645</b>	<b>8,96,300</b>	<b>9,02,278</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>-6.4</b>	<b>0.3</b>	<b>6.3</b>	<b>-0.5</b>	<b>12.9</b>	<b>11.2</b>	<b>9.0</b>
Cash EPS	-0.6	6.1	13.3	13.8	19.2	20.6	18.5
Book Value per Share	89.7	89.4	96.0	100.5	109.1	118.9	126.4
Dividend Per Share					1.0	1.0	1.0
<b>Valuation (x)</b>							
P/E	-8.8	217.6	8.9	-119.0	4.3	5.0	6.2
Cash PE	-86.2	9.3	4.2	4.1	2.9	2.7	3.0
EV/EBITDA	956.1	13.1	7.0	13.4	4.9	5.1	5.3
EV/Sales	1.4	1.2	1.0	1.2	0.9	0.8	0.7
EV( USD/Ton)	1,190	1,181	1,175	1,311	1,045	921	811
Price to Book Value	0.6	0.6	0.6	0.6	0.5	0.5	0.4
<b>Profitability Ratios (%)</b>							
EBITDA Margin	0.2	9.1	14.6	9.3	18.9	16.1	13.9
RoE	-7.1	0.3	6.8	-0.5	12.3	9.8	7.3
RoCE (pre-tax)	-2.9	3.4	8.6	3.3	10.7	9.4	7.9
RoIC (pre-tax)	-5.3	4.1	10.7	2.7	11.4	9.9	8.1
<b>Turnover Ratios</b>	<b>110</b>	<b>80</b>	<b>85</b>	<b>152</b>	<b>105</b>	<b>100</b>	<b>90</b>
Debtors (Days)	24	25	25	52	40	35	30
Inventory (Days)	129	108	106	141	110	110	105
Creditors (Days)	43	53	46	41	45	45	45
Asset Turnover (x)	0.6	0.7	0.8	0.7	0.8	0.8	0.8
<b>Leverage Ratio</b>							
Debt/Equity (x)	1.1	1.2	1.1	1.3	0.9	0.8	0.6

### Cash Flow Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>EBITDA</b>	<b>671</b>	<b>52,176</b>	<b>97,615</b>	<b>57,097</b>	<b>1,28,843</b>	<b>1,18,054</b>	<b>1,05,995</b>
(Inc)/Dec in WC	17,457	11,183	-26,646	-1,06,582	67,335	-5,145	12,873
Direct Taxes Paid	125	-1,371	22	-935	-2,131	-10,870	-8,609
Other Items	3,348	-353	1,161	44,249	2,249		
<b>CF from Oper. Activity</b>	<b>21,601</b>	<b>61,635</b>	<b>72,152</b>	<b>-6,171</b>	<b>1,96,296</b>	<b>1,02,039</b>	<b>1,10,258</b>
(Inc)/Dec in FA & CWIP	-54,267	-66,045	-38,805	-43,813	-40,000	-50,000	-50,000
<b>Free Cash Flows to Firm</b>	<b>-32,666</b>	<b>-4,410</b>	<b>33,347</b>	<b>-49,984</b>	<b>1,56,296</b>	<b>52,039</b>	<b>60,258</b>
Interest and Dividend	-38	116	1,301	1,464	8,285	6,608	5,867
(Pur)/Sale of Invest.	16	1,267	265	62			
<b>CF from Inv. Activity</b>	<b>-54,290</b>	<b>-64,662</b>	<b>-37,239</b>	<b>-42,287</b>	<b>-31,715</b>	<b>-43,392</b>	<b>-44,133</b>
Issue of Shares							
Inc / (Dec) in Debt	58,300	31,210	-2,387	89,074	-1,00,000	-50,000	-30,000
Interest Paid	-25,278	-28,515	-33,104	-36,538	-29,193	-24,179	-23,332
Dividends Paid				-2,505	-4,131	-4,131	-4,131
<b>CF from Finan. Activity</b>	<b>33,021</b>	<b>2,694</b>	<b>-35,491</b>	<b>50,032</b>	<b>-1,33,323</b>	<b>-78,309</b>	<b>-57,463</b>
<b>Inc / ( Dec) in Cash</b>	<b>333</b>	<b>-333</b>	<b>-579</b>	<b>1,573</b>	<b>31,258</b>	<b>-19,663</b>	<b>8,663</b>
Add: Opening Balance	3,456	3,788	3,456	2,877	4,450	35,708	16,045
<b>Closing Balance</b>	<b>3,788</b>	<b>3,456</b>	<b>2,877</b>	<b>4,450</b>	<b>35,708</b>	<b>16,045</b>	<b>24,708</b>

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
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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