

Coal India

Estimate change



TP change



Rating change



| | |
|-----------------------|---------------|
| Bloomberg | COAL IN |
| Equity Shares (m) | 6,207 |
| M.Cap.(INRb)/(USDb) | 1537.6 / 18.8 |
| 52-Week Range (INR) | 251 / 139 |
| 1, 6, 12 Rel. Per (%) | 3/22/44 |
| 12M Avg Val (INR M) | 2605 |

Financials & Valuations (INR b)

| Y/E MARCH | 2022 | 2023E | 2024E |
|----------------------|-------|-------|-------|
| Sales | 1,097 | 1,372 | 1,273 |
| EBITDA | 285 | 474 | 304 |
| Adj. PAT | 174 | 329 | 187 |
| EBITDA Margin (%) | 26 | 35 | 24 |
| Cons. Adj. EPS (INR) | 28 | 53 | 30 |
| EPS Gr. (%) | 37 | 89 | -43 |
| BV/Sh. (INR) | 70 | 97 | 112 |

Ratios

| | | | |
|------------|----|----|----|
| Net D:E | -1 | 0 | 0 |
| RoE (%) | 40 | 55 | 27 |
| RoCE (%) | 43 | 65 | 30 |
| Payout (%) | 60 | 50 | 50 |

Valuations

| | | | |
|----------------|------|------|-----|
| P/E (x) | 8.8 | 4.7 | 8.2 |
| P/BV (x) | 3.6 | 2.6 | 2.2 |
| EV/EBITDA(x) | 4.2 | 3.0 | 4.8 |
| Div. Yield (%) | 6.8 | 10.7 | 6.1 |
| FCF Yield (%) | 18.9 | 1.9 | 6.7 |

Shareholding pattern (%)

| As On | Sep-22 | Jun-22 | Sep-21 |
|----------|--------|--------|--------|
| Promoter | 66.1 | 66.1 | 66.1 |
| DII | 22.6 | 22.6 | 22.1 |
| FII | 6.7 | 6.5 | 6.7 |
| Others | 4.5 | 4.8 | 5.0 |

CMP: INR250
TP: INR325 (+30%)
Buy

Strong results; consensus continues to upgrade

- COAL reported yet another quarter of strong, albeit inline performance. E-auction premium at an all-time high of 329% drove the strong performance.
- Net sales grew 28% YoY but was down 15% QoQ to INR298b in 2QFY23. The YoY sales growth was driven by a 23% growth in blended ASP mainly driven by 281% YoY growth in the E-auction ASP, and 5% YoY growth in total dispatch volumes.
- Dispatches were down 13% QoQ which is a seasonal factor, while blended ASP was down 3% QoQ to INR1782/t. E-auction ASP was up 40% QoQ to INR6064/t.
- Adjusted EBITDA (net of OBR) grew 100% YoY after a strong growth of 178% YoY in 1QFY23, but was down 37% QoQ to INR80b (largely inline) – **the highest ever second quarter EBITDA for COAL.**
- APAT grew 106% YoY but down 32% QoQ to INR60b in 2QFY23 (inline).
- The company recorded a higher OBR provision in the quarter again taking advantage of existing coal inventory to prepare for another round of strong production in 2HFY23.
- We believe the consensus will continue to upgrade its FY23 estimates, driven by strength in the E-auction premiums. We are almost 20% higher than the consensus on FY23 estimates and expect consensus to continue to catch up.

E-auction continues to drive profitability

- While e-auction volumes dropped ~50% QoQ, the premium soared ~40% QoQ to a record 329%. We believe that the 3Q performance of COAL will be better QoQ with higher volume on e-auction with almost similar levels on premium.
- E-auction premium for Sep/Oct'22 stood at 312%/276% while volumes improved to 4.3mt/4.7mt, respectively. This indicates that the marginal drop in premium in 3Q QoQ will be more than compensated by higher volumes.
- With the onset of winters, we believe the demand for coal for power should slow down somewhat giving the company some headroom for higher non-power and e-auction dispatches. This in turn should help deliver another record set of profits for 3QFY23.

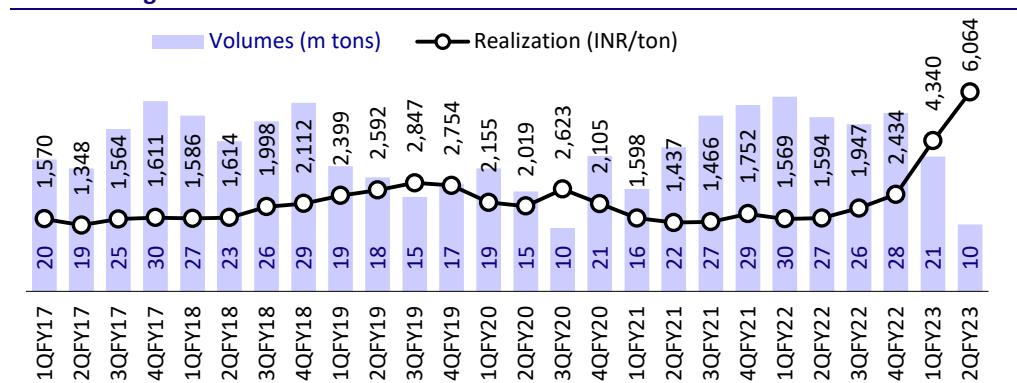
Valuation and view – raising estimates again

- We believe the world has come to terms that fossil fuel cannot be ignored, at least in the near term. Under-investment by the developed economies in the last decade has proven expensive with no alternate sources of Russian NG in sight other than coal
- Renewables continue to be unreliable with problems either related to (a) availability, (b) costs, (c) storage or (d) safety. As a result, dependence on coal is likely to increase in the near term whether investors prefer the same or not.

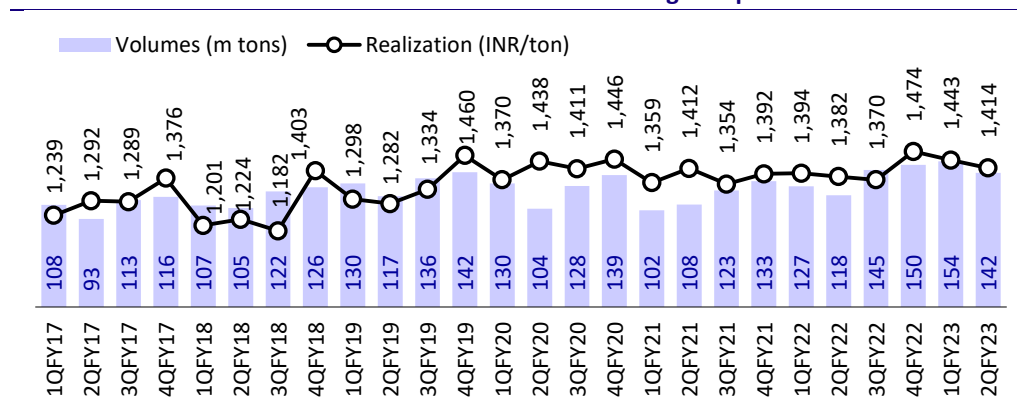
- We believe the port-based power plants in India will continue to operate at lower PLF as Europe continues to buy more south African coal, leading to shortage of high grade thermal coal in India (needed for the non-power sector), which in turn will lead to sustained e-auction premiums.
- Integration of all the five different modes of auction into a single e-auction has also lead to improved price discovery of coal and has resulted in a structural shift in e-auction premium.
- We raise our E-auction premium estimate for FY23/24 to 239%/81% from 188%/71%, respectively.
- Consequently, we again raise our FY23 EBITDA/PAT estimate by 22%/27% after a 23% bump up in 1Q. We also raise our FY24 EBITDA/PAT estimates by 6%/3%, respectively, and our TP to INR 325 (up from 265), valuing the stock at 4x FY23 EV/EBTIDA. We reiterate our Buy rating on the stock and COAL continues to be our top pick in the metals sector.
- The stock trades at an inexpensive valuation of 3x/4.8x our FY23/24 EV/EBTIDA. On P/B, the stock trades at 2.6x/2.2x on FY23/24 estimates. The company has declared an interim dividend of INR 15 and we estimate DPS of INR 26.7 for FY23.

Consolidated quarterly performance (INR b)

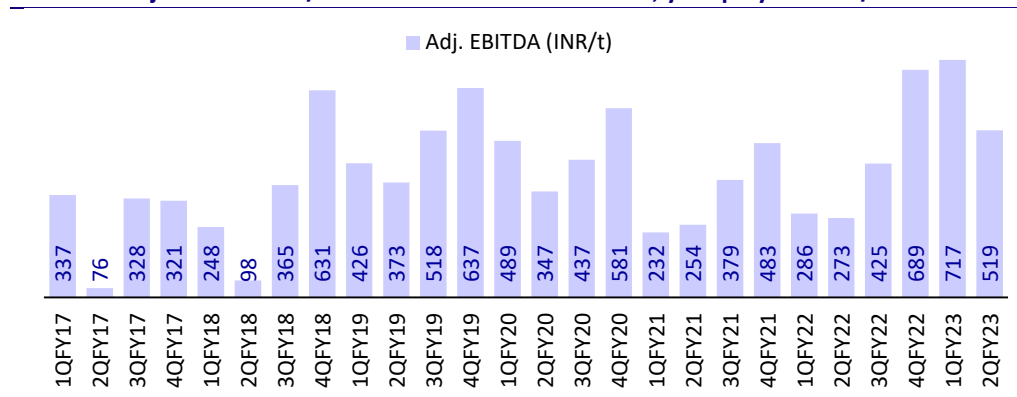
| Y/E March | FY22 | | | | FY23E | | | | FY22 | FY23E | FY23 | Var |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|--------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| Sales | 252.8 | 232.9 | 284.3 | 327.1 | 350.9 | 298.4 | 363.2 | 359.6 | 1,097.1 | 1,372.1 | 295.2 | 1.1 |
| Change YoY (%) | 36.8 | 10.1 | 20.0 | 22.5 | 38.8 | 28.1 | 27.7 | 9.9 | 21.9 | 25.1 | 26.7 | |
| Change QoQ (%) | | -7.9 | 22.1 | 15.0 | 7.3 | -15.0 | 21.7 | -1.0 | | | -15.9 | |
| Adj. EBITDA | 45.9 | 40.1 | 73.9 | 124.7 | 127.3 | 80.2 | 123.8 | 142.8 | 284.5 | 474.1 | 85.4 | -6.2 |
| Change YoY (%) | 63.9 | 18.0 | 26.2 | 56.4 | 177.6 | 99.9 | 67.7 | 14.5 | 42.1 | 66.6 | 113.0 | |
| Change QoQ (%) | -42.5 | -12.5 | 84.1 | 68.8 | 2.1 | -37.0 | 54.5 | 15.3 | | | -32.9 | |
| EBITDA per tonne | 285.7 | 272.8 | 425.3 | 688.6 | 716.5 | 518.8 | 688.0 | 760.6 | 429.6 | 677.3 | 553.0 | -6.2 |
| Depreciation | 10.4 | 9.3 | 10.4 | 14.1 | 9.9 | 10.8 | 10.8 | 14.5 | 44.3 | 46.1 | 9.7 | 10.8 |
| OBR | -2.6 | 0.7 | 5.6 | 33.9 | 4.8 | 7.4 | 5.0 | 5.3 | 37.6 | 22.5 | 0.1 | 52x |
| Interest | 1.5 | 1.4 | 1.3 | 1.2 | 1.5 | 1.4 | 1.3 | 1.3 | 5.4 | 5.5 | 1.4 | -5.3 |
| Other Income | 6.8 | 7.8 | 6.5 | 17.9 | 9.7 | 16.2 | 6.2 | 4.9 | 39.0 | 37.0 | 5.3 | 204 |
| EO Inc/(Exp) | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | |
| PBT | 43.4 | 36.5 | 63.1 | 93.3 | 120.8 | 76.9 | 112.8 | 126.5 | 236.2 | 437.0 | 79.5 | -3.3 |
| Tax | 11.6 | 7.1 | 17.5 | 26.2 | 32.4 | 16.4 | 27.9 | 31.3 | 62.4 | 108.0 | 21.3 | |
| Tax Rate (%) | 26.8 | 19.5 | 27.7 | 28.1 | 26.9 | 21.4 | 24.7 | 24.7 | 26.4 | 24.7 | 26.9 | |
| Reported PAT | 31.7 | 29.4 | 45.6 | 67.1 | 88.3 | 60.4 | 84.9 | 95.2 | 173.8 | 329.0 | 58.1 | 4.0 |
| Adjusted PAT | 31.7 | 29.4 | 45.6 | 67.1 | 88.3 | 60.4 | 84.9 | 95.2 | 173.8 | 329.0 | 58.1 | 4.0 |
| Change YoY (%) | 52.7 | -0.4 | 47.9 | 46.2 | 178.3 | 105.7 | 86.3 | 42.0 | 36.8 | 89.3 | 97.9 | |
| Change QoQ (%) | -30.8 | -7.4 | 55.2 | 47.1 | 31.7 | -31.6 | 40.5 | 12.1 | | | -34.2 | |

Exhibit 1: Highest ever e-auction ASP drove the realizations

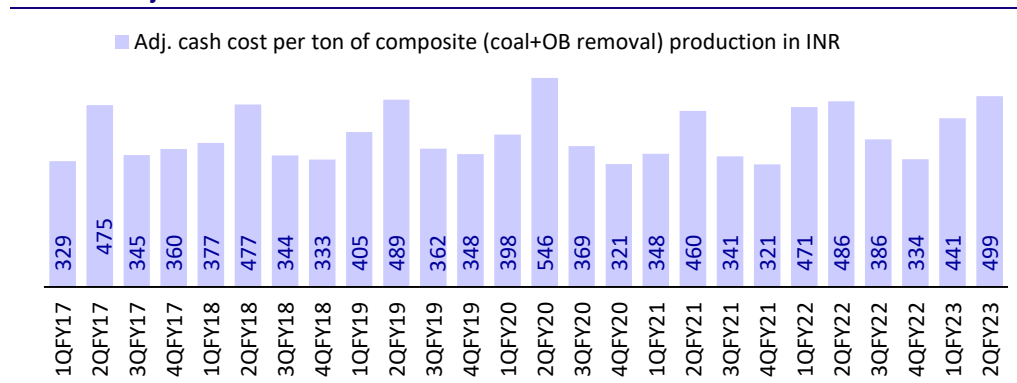
Source: MOFSL, Company

Exhibit 2: FSA volumes and realizations remain stable during the quarter

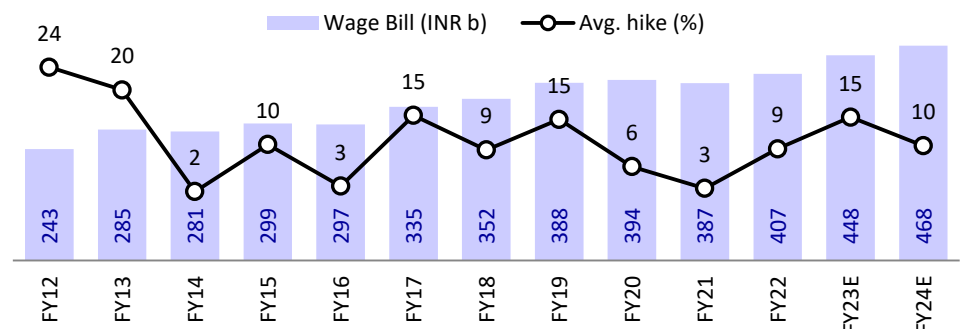
Source: MOFSL, Company

Exhibit 3: Adjusted EBITDA/t cooled off from record levels; yet up by INR 246/t YoY

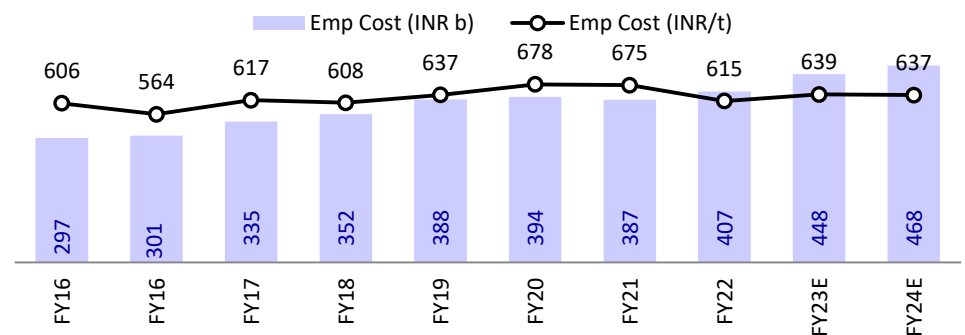
Source: Company, MOFSL

Exhibit 4: Adjusted cash cost remain under control

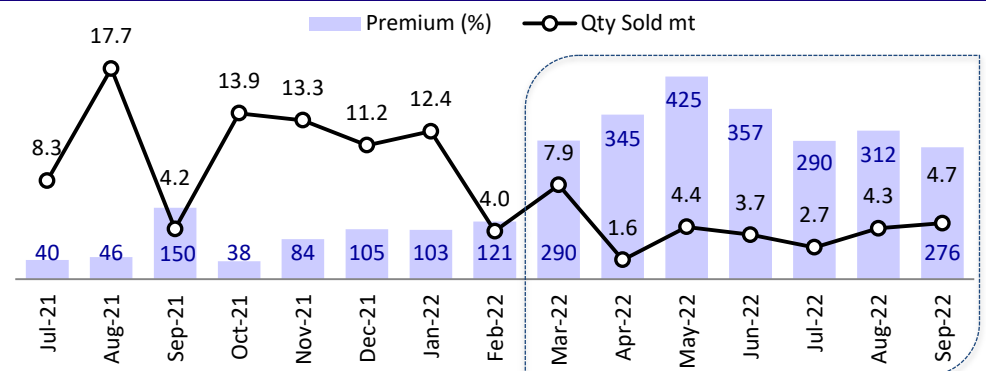
Source: CEA, MOFSL

Exhibit 5: Higher dispatches to adequately cover manpower cost; average wage hike to normalize post FY24E

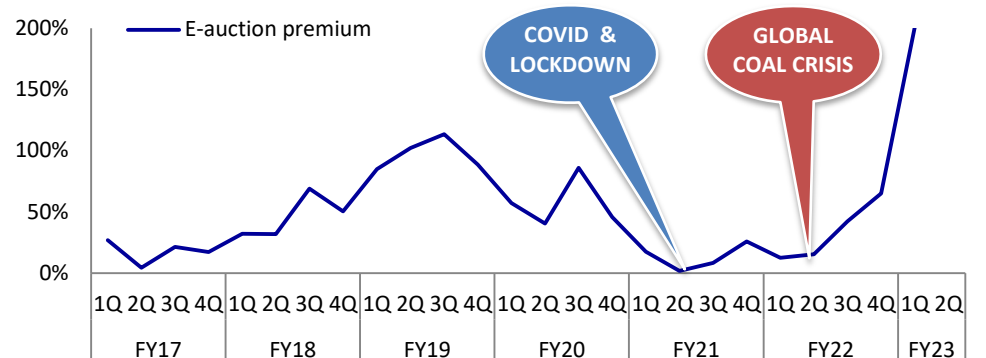
Source: MOFSL

Exhibit 6: Higher dispatches will keep a check on rising absolute employee cost

Source: Industry, MOFSL

Exhibit 7: Decline in E-auction premium to be offset by higher volumes

Source: Industry, Company, MOFSL

Exhibit 8: All-time high e-auction premium of 329%

Source: Industry, MOFSL

Exhibit 9: Adjusted P&L (INR m)

| | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|---------------------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Revenue | 9,95,469 | 9,60,803 | 9,00,260 | 10,97,135 | 13,72,126 | 12,73,285 |
| Power FSA | 6,40,826 | 6,24,312 | 5,84,460 | 7,26,889 | 8,84,313 | 9,64,942 |
| Non Power FSA | 1,24,788 | 1,42,822 | 1,19,007 | 1,07,430 | 1,47,867 | 79,221 |
| E-auction | 2,29,856 | 1,93,669 | 1,96,793 | 2,62,816 | 3,39,946 | 2,29,122 |
| Sales (mt) | 608 | 581 | 574 | 662 | 700 | 735 |
| YoY (%) | 4.9 | -4.5 | -1.3 | 15.5 | 5.7 | 5.0 |
| Power FSA | 458 | 426 | 407 | 495 | 580 | 601 |
| Share (%) | 75 | 73 | 71 | 75 | 83 | 82 |
| Non Power FSA | 67 | 75 | 65 | 45 | 52 | 55 |
| E-auction | 83 | 80 | 102 | 122 | 68 | 80 |
| Revenue per ton | 1,637 | 1,653 | 1,569 | 1,657 | 1,960 | 1,732 |
| YoY (%) | 10.6 | 1.0 | -5.1 | 5.5 | 18.3 | -11.6 |
| Power FSA | 1,399 | 1,465 | 1,438 | 1,467 | 1,524 | 1,607 |
| Non Power FSA | 1,851 | 1,904 | 1,831 | 2,398 | 2,840 | 1,449 |
| E-auction | 2,777 | 2,418 | 1,929 | 2,152 | 5,032 | 2,872 |
| Cost of Mining (ex. OBR) | 6,94,986 | 6,86,176 | 7,00,022 | 8,12,621 | 8,98,028 | 9,68,986 |
| CoP per ton | 1,143 | 1,181 | 1,220 | 1,227 | 1,283 | 1,318 |
| YoY (%) | 1.1 | 3.3 | 3.4 | 0.5 | 4.6 | 2.8 |
| Labour & social OH | 644 | 688 | 682 | 623 | 646 | 645 |
| Contract | 220 | 239 | 279 | 285 | 316 | 363 |
| R&M | 158 | 129 | 121 | 202 | 204 | 193 |
| Others | 120 | 125 | 138 | 118 | 117 | 119 |
| Adjusted EBITDA | 3,00,483 | 2,74,627 | 2,00,238 | 2,84,514 | 4,74,098 | 3,04,299 |

Exhibit 10: Key assumptions and changes to our estimates

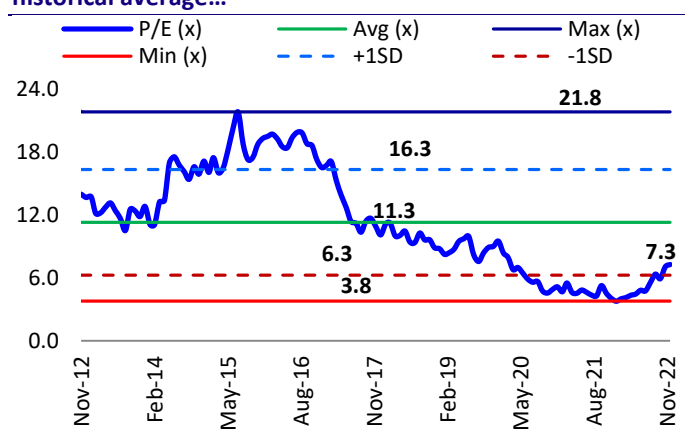
| | UoM | FY23E | | | FY24E | | |
|-----------------------|-----------|------------|------------|-----------|------------|------------|-----------|
| | | New | Old | % change | New | Old | % change |
| Production | mt | 700 | 700 | 0% | 735 | 735 | 0% |
| Dispatch | mt | | | | | | |
| - FSA | " | 632 | 623 | 2% | 655 | 654 | 0% |
| - E-auction | " | 57 | 59 | -5% | 69 | 63 | 10% |
| - Others | " | 11 | 11 | 0% | 11 | 11 | -1% |
| Total Dispatch | " | 700 | 693 | 1% | 735 | 728 | 1% |
| ASP | | | | | | | |
| - Blended | INR/t | 1,830 | 1,708 | 7% | 1,603 | 1,575 | 2% |
| - FSA | " | 1,502 | 1,441 | 4% | 1,464 | 1,456 | 1% |
| - E-auction | " | 5,086 | 4,155 | 22% | 2,644 | 2,485 | 6% |
| - E-auction premium | " | 239% | 188% | 5039bps | 81% | 71% | 996bps |
| Revenue | INR b | 1,372 | 1,274 | 7.7 | 1,273 | 1,241 | 2.6 |
| Adj EBITDA | INR b | 474 | 387 | 22.4 | 304 | 287 | 6.1 |
| PAT | INR b | 329 | 259 | 26.8 | 187 | 183 | 2.7 |

Source: MOSL, Company

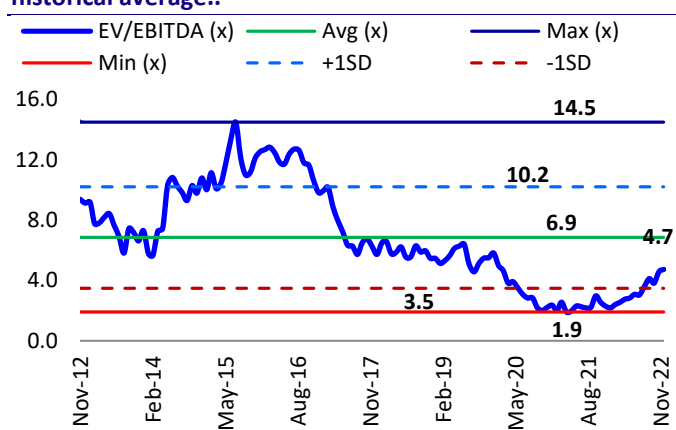
Exhibit 11: Valuation remains attractive as demand for COAL remains strong

| Target Price calculations | UoM | FY23E |
|---------------------------|-------|------------|
| Adjusted EBITDA | INR b | 474 |
| Target EV/EBITDA (x) | x | 4.0 |
| Target EV | INR b | 1,896 |
| Net debt | INR b | -110 |
| Equity value | INR b | 2,007 |
| TP | | 325 |

Source: Company, MOFSL

Exhibit 12: COAL P/E multiple remains cheap & below its historical average...

Source: MOFSL, Company

Exhibit 13: Even the EV/EBITDA multiple is below its historical average..

Source: MOFSL, Company

Exhibit 14: Comparable valuation of global coal companies

| Company | M-Cap USD m | P/E (x) | | | EV/EBITDA (x) | | | P/B (x) | | | RoE (%) | | |
|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | CY21/ FY22 | CY22/ FY23 | CY23/ FY24 | CY21/ FY22 | CY22/ FY23 | CY23/ FY24 | CY21/ FY22 | CY22/ FY23 | CY23/ FY24 | CY21/ FY22 | CY22/ FY23 | CY23/ FY24 |
| Coal* | 18,785 | 8.8 | 6.9 | 8.8 | 4.2 | 4.4 | 5.5 | 3.6 | 2.8 | 2.4 | 40.3 | 41.1 | 27.7 |
| China Shenhua | 78,558 | 5.6 | 6.1 | 6.3 | 3.9 | 4.3 | 4.4 | 1.0 | 1.0 | 1.0 | 19.1 | 16.8 | 15.7 |
| Banpu | 2,938 | 2.3 | 3.8 | 6.1 | 2.5 | 3.6 | 3.3 | 0.9 | 0.9 | 0.7 | 40.1 | 24.8 | 13.2 |
| Bukit Asam | 2,819 | 3.4 | 4.0 | 4.7 | 2.3 | 2.7 | 3.2 | 1.4 | 1.3 | 1.2 | 44.8 | 33.0 | 25.5 |
| Adaro Energy | 7,826 | 3.3 | 4.8 | 7.0 | 1.7 | 2.3 | 2.7 | 1.4 | 1.3 | 1.2 | 43.3 | 26.5 | 18.2 |

Source: MOFSL, Company, Bloomberg. (*) denotes MOFSL estimates

Financials and valuations

| Income Statement | | | | | | | | (INR b) | |
|-----------------------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
| Net Sales | 780 | 784 | 859 | 995 | 961 | 900 | 1,097 | 1,372 | 1,273 |
| Change (%) | 0.0 | 0.5 | 9.6 | 15.9 | -3.5 | -6.3 | 21.9 | 25.1 | -7.2 |
| Operating Expenses | 593 | 660 | 689 | 746 | 742 | 715 | 850 | 921 | 993 |
| EBITDA | 187 | 124 | 170 | 250 | 219 | 186 | 247 | 452 | 281 |
| % of Net Sales | 24.0 | 15.8 | 19.7 | 25.1 | 22.8 | 20.6 | 22.5 | 32.9 | 22.0 |
| Adjusted EBITDA | 215 | 151 | 203 | 300 | 275 | 200 | 285 | 474 | 304 |
| adj. EBITDA/ton | 403 | 277 | 350 | 494 | 473 | 349 | 430 | 677 | 414 |
| Depreciation | 28 | 29 | 31 | 35 | 35 | 37 | 44 | 46 | 48 |
| Interest | 4 | 4 | 4 | 3 | 5 | 6 | 5 | 5 | 6 |
| Other Income | 59 | 55 | 47 | 59 | 61 | 38 | 39 | 37 | 24 |
| Extra Ordinary income | 0 | 0 | 74 | 0 | 0 | 0 | 0 | 0 | 0 |
| PBT | 215 | 146 | 107 | 271 | 241 | 180 | 236 | 437 | 251 |
| Tax | 72 | 52 | 37 | 97 | 74 | 53 | 62 | 108 | 63 |
| Rate (%) | 33.4 | 35.4 | 34.6 | 35.6 | 30.6 | 29.5 | 26.4 | 24.7 | 25.2 |
| PAT before Min. Int. | 143 | 94 | 70 | 175 | 167 | 127 | 174 | 329 | 187 |
| Minority Interest | | | | | | | | | |
| Reported PAT | 143 | 94 | 70 | 175 | 167 | 127 | 174 | 329 | 187 |
| Change (%) | 0.1 | -34.1 | -25.5 | 148.8 | -4.4 | -23.9 | 36.8 | 89.3 | -43.0 |
| Adjusted PAT | 143 | 94 | 119 | 175 | 167 | 127 | 174 | 329 | 187 |
| Change (%) | 0.1 | -34.1 | 26.3 | 46.8 | -4.4 | -23.9 | 36.8 | 89.3 | -43.0 |

| Balance Sheet | | | | | | | | (INR b) | |
|-----------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
| Share Capital | 63 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 |
| Reserves | 285 | 183 | 136 | 203 | 260 | 304 | 370 | 534 | 628 |
| Net Worth | 348 | 245 | 198 | 265 | 322 | 365 | 431 | 596 | 690 |
| Minority Interest | 1 | 3 | 4 | 4 | 4 | 4 | 7 | 7 | 7 |
| Loans | 12 | 30 | 15 | 22 | 64 | 59 | 33 | 33 | 33 |
| Deffered tax Liability | -20 | -27 | -54 | -43 | -33 | -41 | -41 | -41 | -41 |
| Capital Employed | 341 | 251 | 164 | 248 | 357 | 388 | 430 | 594 | 688 |
| Gross Fixed Assets | 234 | 277 | 326 | 402 | 474 | 565 | 660 | 780 | 920 |
| Less: Depreciation | 27 | 56 | 85 | 116 | 150 | 187 | 232 | 278 | 326 |
| Net Fixed Assets | 207 | 221 | 241 | 286 | 323 | 378 | 428 | 502 | 594 |
| Capital Work in Progress | 59 | 103 | 138 | 137 | 128 | 151 | 168 | 248 | 308 |
| Investments | 0 | 0 | 3 | 5 | 9 | 23 | 24 | 44 | 49 |
| Current Assets | 841 | 809 | 839 | 857 | 1,007 | 1,025 | 1,141 | 1,143 | 1,099 |
| Inventory | 76 | 89 | 64 | 56 | 66 | 89 | 71 | 94 | 87 |
| Debtors | 114 | 107 | 87 | 55 | 144 | 196 | 114 | 226 | 174 |
| Other Current Assets | 241 | 285 | 351 | 392 | 490 | 524 | 588 | 677 | 711 |
| Loans and Advances | 1 | 0 | 10 | 16 | 11 | 6 | 4 | 4 | 4 |
| Cash | 409 | 327 | 326 | 338 | 295 | 209 | 365 | 144 | 123 |
| Current Liabilities | 767 | 882 | 1,058 | 1,037 | 1,110 | 1,189 | 1,331 | 1,343 | 1,361 |
| Payables | 33 | 39 | 45 | 68 | 101 | 76 | 86 | 75 | 70 |
| Other current liabilities | 734 | 843 | 1,012 | 968 | 1,009 | 1,113 | 1,245 | 1,268 | 1,291 |
| Net Curr. Assets | 74 | -73 | -218 | -179 | -104 | -164 | -190 | -200 | -263 |
| Application of Funds | 341 | 251 | 164 | 248 | 357 | 388 | 430 | 594 | 688 |

Financials and valuations

Ratios

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|--------------------------|-------|-------|-------|-------|-------|--------|--------|-------|-------|
| Basic | | | | | | | | | |
| Adjusted EPS | 22.6 | 15.2 | 19.2 | 28.3 | 27.1 | 20.6 | 28.2 | 53.4 | 30.4 |
| Cash EPS | 31.5 | 24.2 | 29.5 | 42.2 | 41.7 | 29.0 | 41.5 | 64.5 | 42.1 |
| Book Value | 55.1 | 39.5 | 32.0 | 42.9 | 52.2 | 59.3 | 70.0 | 96.7 | 111.9 |
| DPS | 27.4 | 19.9 | 16.5 | 13.1 | 12.0 | 16.0 | 17.0 | 26.7 | 15.2 |
| Payout (incl. Div. Tax.) | 145.5 | 160.3 | 103.3 | 55.5 | 53.3 | 77.6 | 60.3 | 50.0 | 50.0 |
| Valuation (x) | | | | | | | | | |
| P/E | 12.9 | 19.3 | 14.8 | 8.4 | 4.9 | 6.3 | 8.8 | 4.7 | 8.2 |
| Cash P/E | 9.3 | 12.1 | 9.6 | 5.6 | 3.2 | 4.5 | 6.0 | 3.9 | 5.9 |
| P/BV | 5.3 | 7.4 | 8.9 | 5.5 | 2.5 | 2.2 | 3.6 | 2.6 | 2.2 |
| EV/Adj. EBITDA | 6.7 | 10.1 | 7.1 | 3.8 | 2.1 | 3.3 | 4.2 | 3.0 | 4.8 |
| Dividend Yield (%) | 9.4 | 6.8 | 5.8 | 5.5 | 9.1 | 12.3 | 6.8 | 10.7 | 6.1 |
| EV /ton of Reserves | 66.6 | 69.9 | 66.6 | 52.7 | 26.8 | 30.0 | 55.5 | 65.6 | 66.6 |
| Profitability Ratios (%) | | | | | | | | | |
| Debtor (Days) | 53.6 | 50.0 | 36.9 | 20.2 | 54.7 | 79.6 | 37.8 | 60.0 | 50.0 |
| Inventory (Days) | 35.4 | 41.7 | 27.4 | 20.5 | 25.1 | 36.3 | 23.5 | 25.0 | 25.0 |
| Payables (Days) | 15.4 | 18.2 | 19.2 | 25.0 | 38.4 | 31.0 | 28.6 | 20.0 | 20.0 |
| Asset turnover(x) | 2.3 | 3.1 | 5.2 | 4.0 | 2.7 | 2.3 | 2.6 | 2.3 | 1.9 |
| Profitability Ratios (%) | | | | | | | | | |
| RoE | 41.0 | 38.4 | 35.4 | 66.0 | 51.9 | 34.8 | 40.3 | 55.2 | 27.2 |
| RoCE | 39.9 | 32.7 | 58.4 | 85.7 | 56.4 | 35.4 | 43.5 | 65.0 | 29.9 |
| RoIC | -60.6 | -40.0 | -37.7 | -51.7 | -83.4 | -295.0 | -243.4 | 1,900 | 95 |
| Leverage Ratio | | | | | | | | | |
| Net Debt/Equity (x) | -1.1 | -1.2 | -1.6 | -1.2 | -0.7 | -0.4 | -0.8 | -0.2 | -0.1 |

Cash Flow Statement

(INR b)

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|------------------------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|
| Adj EBITDA* | 215 | 151 | 203 | 300 | 275 | 200 | 285 | 474 | 304 |
| Non cash exp. (income) | 22 | 37 | -55 | 11 | 10 | 19 | 15 | 9 | 9 |
| (Inc)/Dec in WC | -27 | 60 | 138 | -49 | -123 | -57 | 174 | -146 | 52 |
| Taxes paid | -79 | -89 | -74 | -95 | -119 | -57 | -63 | -108 | -63 |
| CF from Operations | 132 | 158 | 213 | 167 | 41 | 106 | 411 | 230 | 303 |
| Capex | -58 | -87 | -85 | -73 | -56 | -110 | -120 | -200 | -200 |
| Free Cash Flow | 74 | 72 | 127 | 94 | -15 | -4 | 291 | 30 | 103 |
| (Pur)/Sale of Investments | 0 | 0 | -3 | -1 | -5 | -8 | -8 | -20 | -5 |
| Interest/dividend | 50 | 35 | 24 | 31 | 35 | 24 | 11 | 28 | 15 |
| Other investing activity | -83 | -12 | -13 | -10 | 11 | -14 | -5 | -88 | -34 |
| CF from Investments | -91 | -65 | -77 | -54 | -15 | -107 | -121 | -281 | -224 |
| Equity raised/(repaid) | 0 | -46 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt raised/(repaid) | 10 | 18 | -15 | 7 | 23 | -6 | -26 | 0 | 0 |
| Interest paid | 0 | 0 | 0 | 0 | -1 | -2 | -1 | -5 | -6 |
| Dividend (incl. tax) | -208 | -151 | -123 | -112 | -97 | -77 | -108 | -164 | -94 |
| Other financing | 3 | 3 | 3 | 4 | 5 | 0 | 0 | 0 | 0 |
| CF from Fin. Activity | -196 | -176 | -136 | -102 | -70 | -85 | -134 | -170 | -99 |
| Inc/Dec of Cash | -155 | -82 | -1 | 12 | -43 | -86 | 155 | -221 | -21 |
| Add: Beginning Balance | 564 | 409 | 327 | 326 | 338 | 295 | 209 | 365 | 144 |
| Closing Balance | 409 | 327 | 326 | 338 | 295 | 209 | 365 | 144 | 123 |

| 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 |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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