



**HDFC securities**

Equity  
Research

Pick<sub>of the</sub>  
week

RETAIL DESK

Industry	CMP	Recommendation	Add on dips to	Sequential Targets	Time Horizon
Cements	Rs. 149.25	Buy at CMP and add on declines	Rs. 135 - 138	Rs. 169 - 192	4-6 Quarters

Heidelbergcement India Limited (HCIL) is a subsidiary of global major HeidelbergCement Group, Germany, having its major operations in Central India. The company manufactures and sells cement in India under its brand “mycem cement”. The company has a total capacity of 5.4 Mn Tonnes. Company’s plants are located at Ammasandra (Karnataka), Damoh (Madhya Pradesh) & Jhansi (Uttar Pradesh).

#### Investment Rationale:

- Catering to the high demand bearing central region;
- Less of capacity additions, consolidation among the industry to help company up its operating rates and maintain prices at elevated levels;
- Government push to the infra sector and affordable housing augur well for company in terms of demand for cement;
- Increasing utilization levels to help improve profitability on account of positive operational leverage effect;
- Cash generation and no need of further capex to help company repay its debts and improve its capital structure;
- Large global promoter may help company grow inorganically with expansion in newer geographies;
- Fundamentally strong with improving margins, good return ratios, negative cash conversion cycle, declaration of first time ever dividends, etc.

#### Concerns

- Highly competitive cement industry;
- Rising fuel and coke prices may dent the margins;
- Cyclicity in demand from infra / housing sectors
- Weak monsoon in the coming fiscal may bring down company’s revenue prospects.

#### View and Valuation

HCIL is one of the leading cement industry players in central India with large built up capacities. With no expectations of capacity additions in the central region, the already established players are expected to maintain a pricing discipline in the region and the price realizations are expected to stay at current elevated levels. With the government impetus to the infrastructural development like road building and other infra projects and also government’s efforts towards Housing for all through affordable housing projects, the demand for cement is expected to grow/maintain at current levels. This will help HCIL derive good growth in its revenues through higher volumes and attractive realizations.

HCIL has a high fixed cost component in its cost structure due to which higher capacity utilizations (expected to rise to ~88% by FY19E – from 83% in FY17) can result in positive operating leverage over FY18E-FY19E. Also, the excess cash generated through its operations will be used to pay off and reduce its debts in absence of any major capex in the coming two fiscals. This will help company improve at PAT levels. HCIL has declared dividend @20% for FY17 for the first time since FY98, reflecting the confidence of the management in the future of HCIL.

HDFC Scrip Code	HEICEMEQN
BSE Code	500292
NSE Code	HEIDELBERG
Bloomberg	HEIM IN
CMP	149.25
Equity Capital (Rs Cr)	226.6
Face Value (Rs)	10
Eq- Share O/S (Cr)	22.7
Market Cap (Rs Cr)	3225.4
Book Val (FY17-Rs)	41.1
Avg.52 Wk Volume	~251000
52 Week High	162.70
52 Week Low	101.75

Shareholding Pattern % (June 30, 17)	
Promoters	69.4
Institutions	18.3
Non Institutions	12.3
Total	100.0

#### FUNDAMENTAL ANALYST

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**KEY HIGHLIGHTS**

- *HCIL belongs to Heidelberg group, Germany, ranking number 2 globally.*
- *HCIL has total capacity of 5.4 Mn TPA and caters majorly to good demand bearing central India region.*
- *Utilization levels have been on an uptrend and are expected to improve to ~88.7% by FY19E.*
- *Push to "Infra and Affordable housing for all" by fiscal authorities to augur well for company in terms of demand for cement.*
- *Higher cash generation to help company bring down its debt levels.*

HCIL's parent company from Germany is a strong positive for the company as the parent may help it grow inorganically in the years to come through strong presence in globally and the parent's ambitious plans to grow market share in India. With no major capex requirements, reducing debt scenario, higher utilizations, elevated realizations & a strong parent company, company is expected to do well in the years. The current valuations of \$112.4/tonne (H1FY18) for an MNC owned Indian Cement Company leaves scope for an upside.

We think investors could buy the shares at the CMP of Rs.149.25 (~11.1x FY19E EV/EBITDA; \$108.2/tonne) and add on dips to Rs.135-138 band (~10.3x FY19E EV/EBITDA; \$100/tonne) for sequential targets of Rs.169 (~12.4x FY19E EV/EBITDA; \$121/tonne) and Rs.192 (~14.0x FY19E EV/EBITDA; \$136/tonne) over the next 4-6 quarters.

**Financial Summary**

Particulars (Rs cr)	Standalone					Standalone				
	Q2FY18	Q2FY18	YoY (%)	Q1FY18	QoQ	FY15	FY16	FY17	FY18E	FY19E
Rev from Ops	425.9	388.8	9.6%	441.0	-3.4%	2044.3	1648.4	1717.5	1806.1	1974.7
EBITDA	87.6	64.4	36.2%	67.1	30.7%	322.2	231.2	278.9	304.7	341.3
APAT	27.6	16.5	67.3%	16.0	72.1%	17.4	35.4	76.2	108.2	145.0
EPS (Rs)	1.2	0.7	67.3%	0.7	72.1%	0.8	1.6	3.4	4.8	6.4
EV/EBITDA						30.7	19.1	14.6	12.9	11.2
EV/Tonne (\$)						129.4	125.9	116.2	112.3	108.5

Source: (Company, HDFC sec)

**Company Profile:**

HeidelbergCement India Limited is a subsidiary of HeidelbergCement Group, Germany. The Company has its operations in Central India at Damoh (Madhya Pradesh), Jhansi (Uttar Pradesh) and in Southern India at Ammasandra (Karnataka). Heidelberg commissioned a 12 MW waste heat recovery plant at its Narsingarh Plant in Damoh, Madhya Pradesh in FY16. The Company increased its capacity to 5.4 million tons p.a. through brown field expansion of its facilities in Central India in 2013. The new manufacturing capacity has enabled the Company to increase its market share in Central India i.e. Madhya Pradesh and Uttar Pradesh and in markets of Bihar, Haryana and Uttarakhand. The Company has carved a niche for its brand "mycem" in its existing and new markets.

Location of the Plant	State	Region	Capacity (in Mn Tonnes)
Damoh	Madhya Pradesh	Central	2.0
Jhansi	Uttar Pradesh	Central	2.7
Ammasandra, Tumkur	Karnataka	South	0.7

(Source: Company, HDFC sec)

HCIL manufactures both Portland Pozzolana Cement (PPC) & Portland Slag cement (PSC). PPC is a kind of Blended Cement which is produced by grinding the Portland clinker with gypsum and pozzolanic materials in measured proportions or by

blending Ordinary Portland Cement (OPC), with Pozzolanic materials in certain proportions. HCIL sells close to 95% of the PPC and PSC output in the central region and the remaining in the western and southern regions.

**Parent Company:**

HeidelbergCement is a German multinational building materials company headquartered in Heidelberg, Germany. On 1 July 2016, HeidelbergCement AG completed the acquisition of a 45% shareholding in Italcementi. That acquisition made HeidelbergCement the number-1 producer of construction aggregates, the number 2 in cement and number 3 in ready-mixed concrete worldwide. The enlarged Group has activities in around 60 countries with 60,000 employees working at 3,000 production sites. HeidelbergCement operates 139 cement plants with an annual cement capacity of 176 million tonnes, more than 1,500 ready-mixed concrete production sites, and over 600 aggregates quarries. (Source:wikipedia). HeidelbergCement recognizes India as an emerging country with high growth potential.

**Evolution of Heidelberg Group (HG) in India:**

- HG entered India in 2006 through a 50:50 JV in Indorama Cement Limited and acquisition of the majority stake in Mysore Cement Limited.
- HG acquired the balance stake of Indorama Cement in 2008 and merged the operations of the same with Mysore Cement Limited and capacity of the Company increased to 3.07 mn TPA. The merged entity was renamed as HeidelbergCement India Limited w.e.f. April 2009.
- Having consolidated its operations, the HCIL completed brownfield expansion of its facilities in Central India in 2013 and cement capacity was increased to 6 mn TPA. Considering the infrastructural bottlenecks at the Raigad grinding unit, the plant was sold to JSW Steel Ltd. in Jan'14. Post the disposal, HCIL's capacity stands at 5.4 mn TPA.
- With the acquisition of Italcementi in the second half of 2016, HG further strengthened its presence in India. Italcementi had entered the Indian market in 2001, through acquisition of Zuari Cement, which had an integrated cement plant at Yerraguntla (State of Andhra Pradesh). In January 2002, Zuari Cement took over another company, Sri Vishnu (SVCL), situated in Sitapuram (State of Telangana). Italcementi later acquired full control of Zuari Cement in May 2006, and production at Yerraguntla was enhanced through construction of a second clinker line in March 2010.
- Zuari Cements is a fellow subsidiary of HCIL, which currently does not have any direct control or benefit derived from the Italcementi acquisition by its parent group. However, it does derive certain synergies with respect to restriction in selling of products in geographies covered by Zuari and vice versa. Zuari Cements has 3 operational plants located in the states of Telangana, Andhra Pradesh and Tamil Nadu. Further, there are two plants at different stages of development in Karnataka and Maharashtra, giving it an operational production capacity of around 6 MTPA and capacity under development of around 4.1 MTPA in India (as of Aug 2015).
- HG has interests in other companies in India including Gulbarga Cement (subsidiary of Zuari Cements), Cochin Cements, Sitapuram Power. The CEO of HCIL is also the MD of Zuari Cements.

**Investment Rationale:****Catering to the high demand bearing central region:**

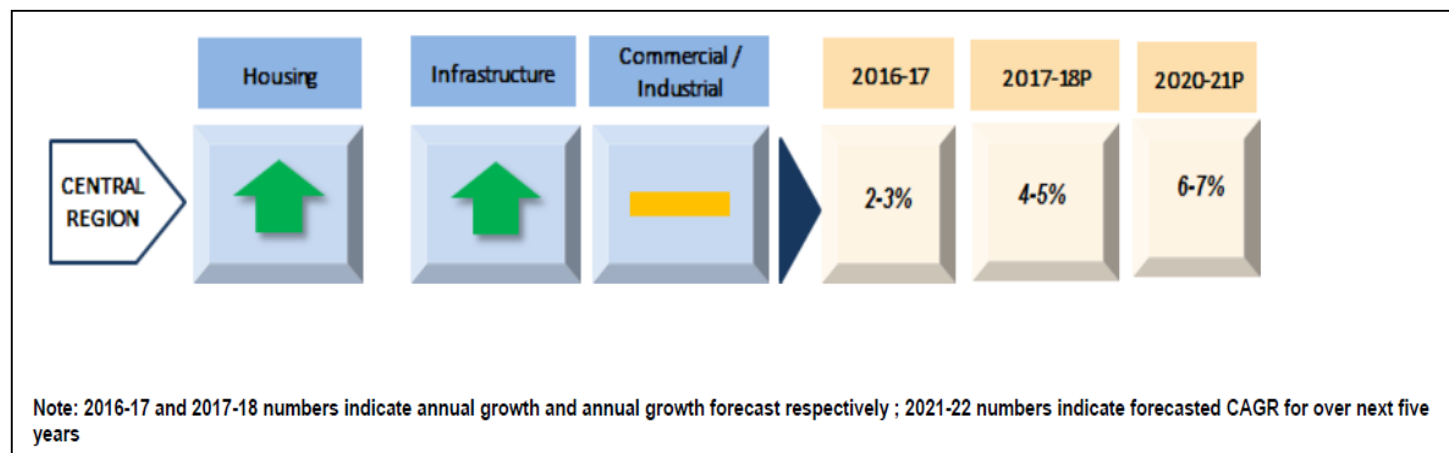
As mentioned earlier, company's majority volumes are sold in the central India. The central region accounts for 19% of domestic cement consumption. In the region, Madhya Pradesh (MP) has large limestone deposits in the Satna cluster.

Since there are no major limestone reserves in Uttar Pradesh (UP), players have only set up grinding units in the state, which is a key consumer. Compared to western and south regions, central region has a higher share of rural population.

Cement demand declined in central region in FY17 owing to poor housing demand in Uttar Pradesh (which accounts for 65-70% of region's demand). Along with north, this region was one of the worst hit owing to weaker penetration of banking network in the region on account of demonetization impact. Further, ban on sand mining in Q2FY17 in Uttar Pradesh and temporary slowdown in infrastructure works due to election hit the demand. This led to a moderate year of demand for cement players in the central region. During Q1FY18, cement demand declined as the housing demand in Uttar Pradesh was impacted by ban on sand mining in Yamuna River. This hurt the availability of sand in the region, which in turn hit the construction activity and cement demand.

However, the situation has eased with restoration of sand mining as indicated by various players in this segment. Overall, cement demand in the region remained nearly flat with marginal growth of 0.5-1%. In FY18, cement demand is expected to grow 4-5% particularly during H2FY18, on account of growth from infrastructure such as expansion of Lucknow metro and low base. With a large rural population base the benefits of rural housing development and housing for all would augur well for demand in this region. Further, construction of roads (Agra- Lucknow expressway), irrigation and power projects have been key drivers within the infrastructure segment. Last few years have seen a healthy uptick in urban infrastructure also (Lucknow metro).

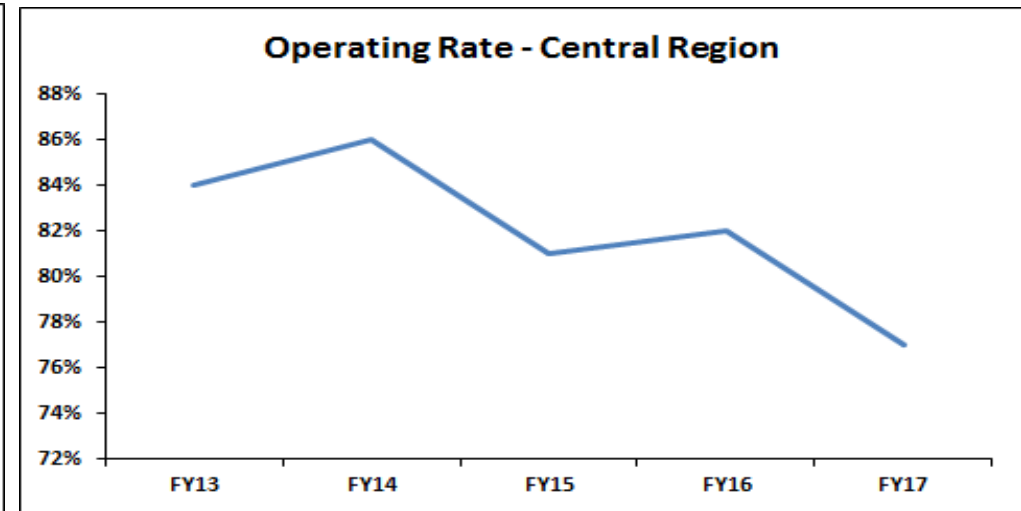
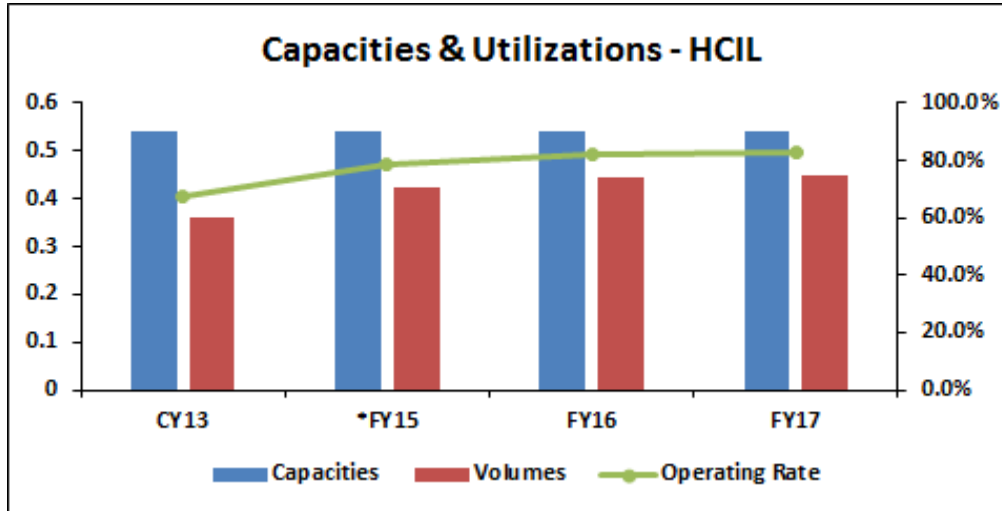
Over the span of next 5 years, we expect cement demand in the region to grow at 6.0-6.5% CAGR, from 2016-17 to 2021-22 against 3.3% CAGR recorded in the previous five years. Key infrastructure projects in the region such as metro projects in Bhopal and Indore; smart city related development in Madhya Pradesh (Bhopal, Indore and Jabalpur) Uttar Pradesh (Lucknow); several road and highway projects; etc. will drive cement demand in the region. Further housing demand in new emerging pockets of Meerut (post metro linkage to NCR), Aligarh, etc. and continued development in key centers of Indore, Bhopal, Noida, etc. to continue to aid demand.



(Source: Crisilresearch, HDFC sec)

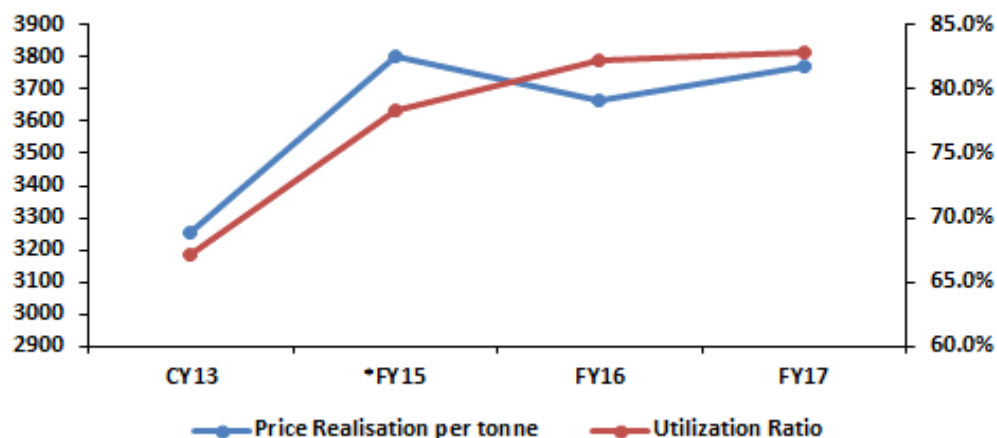
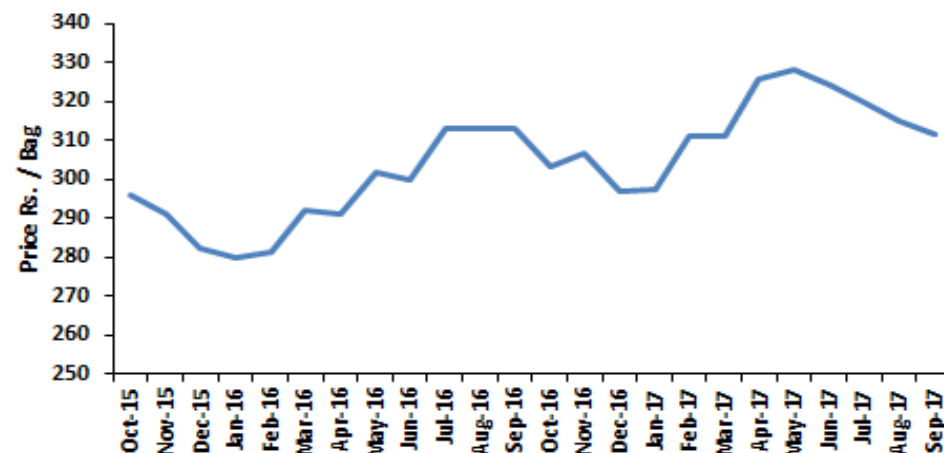
**Minimal capacity additions helping derive higher operating rates and good prices for its products:**

The other factor to track is the capacity additions in the central region. The pace of capacity additions has been on a declining trend from 2009-10 to 2015-16 and has reversed in 2016-17. The total capacity additions expected in the region is ~7.5 Mn tonnes in next 3 years. This is not much as compared to the overall capacity addition expected across India of about 47 Mn tonnes. Thus a good demand in the region along with moderate capacity addition is expected to help increase the utilization rates and realization levels in the industry and for the company as well.



(Source: Company, Crisilresearch, HDFC sec) (FY15 figures are annualized for 12 months)

The weak demand post demonetization and increased competition in some regions continue to exert pressure on cement prices, thus limiting any recovery. Consequently, pan-India cement prices dipped by 1% in FY17 on a y-o-y basis, marking second consecutive year of decline in pan-India prices. With better demand prospects in FY18, relatively lower capacity addition facilitating increase in utilization rates, and consolidation activity, we expect an upward movement in prices in FY18. In the central region, prices have seen a revival in H1FY17 after witnessing a downward trajectory for most part of the year in FY16. However, weak demand following demonetization restricted any sharp increase. As a result, average prices in Q4FY17 were still lower compared to average prices for Q2FY17. With the pickup in demand for cements in H1CY17, the prices surged higher. However, with the advent of GST and fall in construction activity in the said period, the prices softened, however, still staying at levels higher than 2 year average. We expect the region's cement prices to surge in H2FY18 aided by demand growth in the region aided by push to infra and housing sector push by government (FY18-FY19 being pre-election years).

**Price Realisation and Utilisation Ratio - HCIL**

**Price Trend of Cement in Central India**


(Source: Crisilresearch, HDFC sec) (FY15 figures are annualized for 12 months)

#### Infrastructure and Affordable housing push by the government to help maintain demand for cement:

The government's focus on construction of roads (83,677 km to be built over the next five years) and affordable housing (~2.2 crore houses to be built over the next two or three years) bodes well for cement demand. Increased government spending on PMAY to provide impetus to housing segment, which has been fairly muted over the last few years. Further, grant of infrastructure status to affordable housing would facilitate easier access to low-cost finance and thereby support demand. A 9.1% increase in allocation to Rural Development and 44% rise in PMAY - Gramin is likely to catalyze growth in cement demand from rural housing, which typically constitutes 35% of overall cement demand. Further, increased government spending on infrastructure, especially cement intensive sectors such as national highways (up by 11.1%), metros (15%), and other schemes (e.g., Swachh Bharat up by 27%), to augment cement sales. The recently announced government program of Bharatmala requiring an expenditure of Rs.5.35 tn to be incurred over 5 years is another positive as the same is towards construction of roads and cement is primary requirement for same. In view of above, the government push to these activities is to help the industry and hence the company derive better demand for its products in the coming 2 fiscals, especially as early FY20 will witness a Lok Sabha election.

#### Cost efficiencies and positive operating leverage to help company improve its margins:

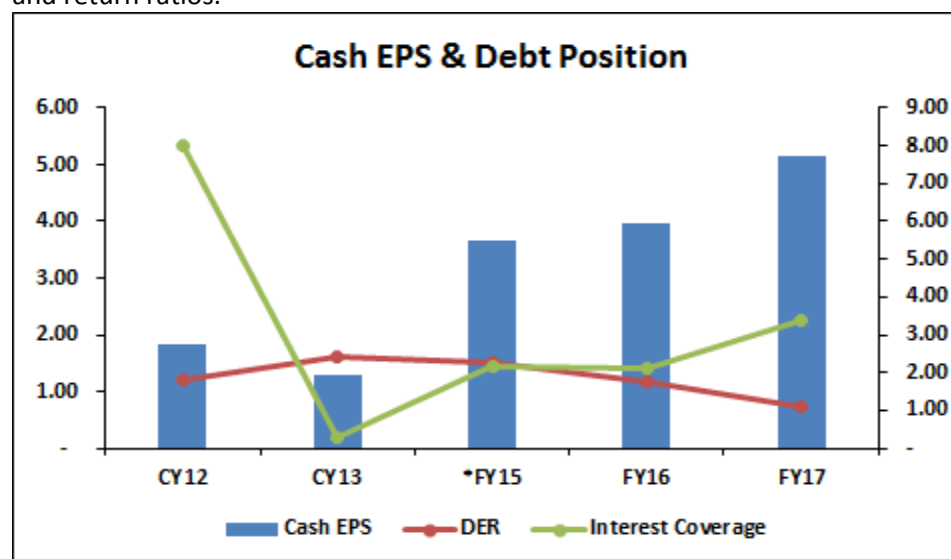
With high fixed costs involved in its operations, higher volumes would help company derive economies of scale and improve on its cost efficiencies. As stated above, we expect utilization levels to improve from 83.0% in FY17 to ~88.7% in FY19E. This will help company benefit from the positive operational leverage and improve on its margins by 350bps in FY19E from 16.2% to 19.7%. Further, the 12 MW waste heat recovery plant commissioned by the company in FY16 will help the company reduce power cost by ~10-20/t and lower dependence on grid power. Higher utilization and steps like



overhead belt conveyor and WHRMS will drive cost downwards, going forward. Hence, with improving utilizations, the volumes are to come at healthy margins.

**Good operational cash generation and no need of further capex to help company repay its debts and improve its capital structure:**

HCIL has over the past 3 fiscals generated healthy cash flows from the operating activities and used the funds to bring down its debt levels. This is mainly because of the major capex carried out by the company in the CY12 & CY13. The company does not intend to ramp up its operations and does not see any need to incur capex. This leaves the excess cash generated in the business to be applied to repay its debt. Company has brought down its debt levels from ~Rs.1356.8 crs in FY13 to Rs.705 crs in FY17. This and further reduction in the debt would improve company's PAT (interest costs will fall) and return ratios.



(Source: Company, HDFC sec) (FY15 figures are annualized for 12 months)

**Large global promoter to help company grow inorganically:**

HCIL's parent company from Germany is a strong positive for the company as the parent may help it grow inorganically in the years to come through strong presence in globally and the parent's ambitious plans to grow market share in India. IT may also decide to merge the other group companies situated in India with HGIL to make it a large player.

HGIL has received support from parent in terms of loans of ~Rs.650 cr @ interest rate of 7.65%-10.5%. It receives technical support from a group company for which Rs.17 cr p.a. is paid out as technical knowhow fees.

**GST to bring down raw material costs:**

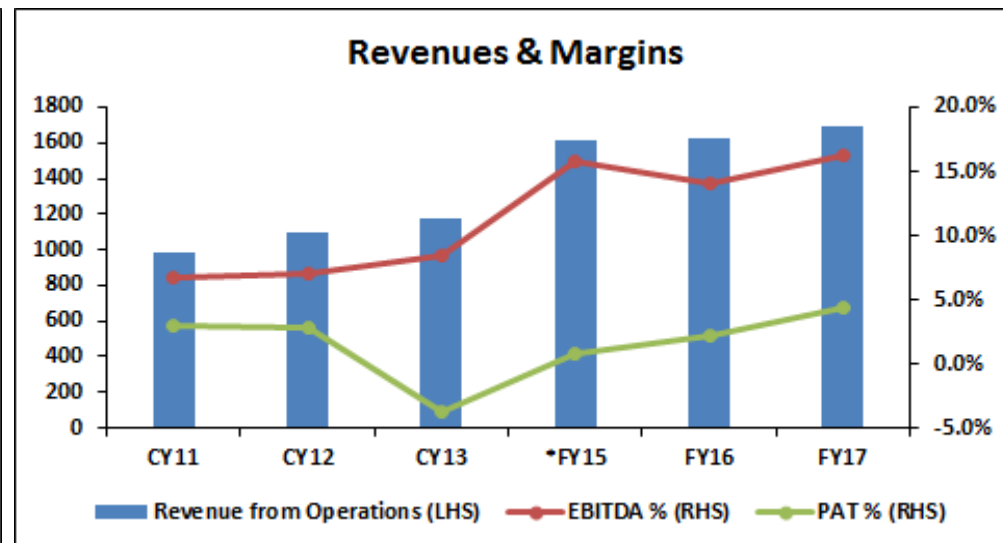
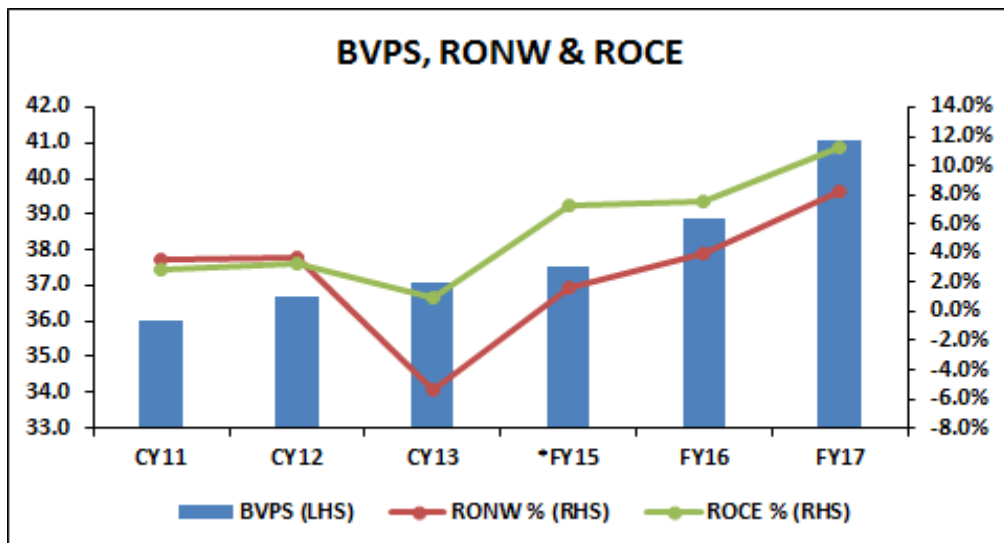
Cement as a product would not be expected to benefit from the new GST rate as the Pre-GST rate in most of the states added up to about 28-30% and the current GST is 28%. However, coal / petcoke, which form roughly 18-20% of the total



costs, shall be attracting a lower rate of 5% & 18% respectively against 11-12% & 20%. This will help company bring down its costs marginally.

### Healthy Financials:

Over the years company has been able to improve its return ratios on account of increased operational efficiency and deleveraging of balance sheet. Company has been witnessing good margin growth over the past 3 fiscals. The company has for the first time in 20 years declared a dividend of Rs. 2 per share which indicates its desire to share the profits with the minority shareholders.



(Source: Company, HDFC sec)

### Concerns:

#### Highly Competitive industry:

Cement industry as whole has been witnessing overcapacities and high competition amongst the players. With less scope for product differentiation in the industry, most of the competition is in pricing of the product. Although, the central region, where company has majority of its operations, is expected to not witness any major capacity additions, any major competitive move may bring down company's profitability.

#### Rise in Coal & Petcoke prices may dent profitability:

Coal and petcoke comprise of 18-20% of the cost structure for the company. With a continued surge in prices of these inputs, company may face contraction of margins with inability to pass on the input cost through price hikes.

**Weak monsoon in coming fiscal:**

Compared to western and south regions, central region has a higher share of rural population. With a large rural population base dependent on agri income, monsoon is the key factor influencing demand in the region. Any adverse development on this front could impact the demand for cement and in turn the revenues and margins for the company.

**Seasonality of Infra and Housing sector passed on to Cement Industry:**

With majority of the demand for the cement coming from the infra and housing industry, with every change in tide from these triggers, cement industry also is affected. In view of same, a sudden reduction in infra spend or reduced focus on housing by the authorities may bring down company's growth in revenues and profitability.

**Number of equity shares:**

Company has a large equity base (compared to its capacity) in comparison with its major peers which requires a large positive movement in its performance indicators for a significant improvement in its share price.

**Parent company's other interests in India:**

HeidelbergCement AG has other presence in India apart from HGIL (Zuari Cement, Cochin Cements etc). Any action on the part of the parent (relating to setting up of new capacities or acquiring companies or restructuring of its holdings in different companies by way of merger/demerger) may not always be in the interests of the minority shareholders of HCIL.

**Peer Comparison:**

Company	Comparison basis	Capacities	Sales	EBITDA	EBITDA / t	PAT	EPS	EV/EBITDA	EV/t	PE
ACC*	Region / MNC Parent	33.4 Mn TPA	10,767.6	1,251.8	512.0	678.8	36.1	24.4	140.9	48.4
Prism Cement **	Region	7 Mn TPA	5,464.6	281.1	54.1	17.5	0.3	30.3	187.0	382.5
Sagar Cements	Size	4.3 Mn TPA	813.8	110.4	501.0	-3.9	-1.9	18.7	73.8	NA
HCIL	-	5.4 Mn TPA	1717.5	278.9	556.6	76.2	3.4	14.6	116.0	44.4

(\* Financial numbers for ACC correspond to CY16 and for rest companies correspond to FY17.)

(\*\*Prism Cements has two other businesses, cement constitutes ~43% of revenues and ~168% of total Capital employed)

**View and Valuation**

HCIL is one of the leading cement industry players in central India with large built up capacities. With no expectations of capacity additions in the central region, the already established players are expected to maintain a pricing discipline in the region and the price realizations are expected to stay at current elevated levels. With the government impetus to the infrastructural development like road building and other infra projects and also government's efforts towards Housing for all through affordable housing projects, the demand for cement is expected to grow/maintain at current levels. This will help HCIL derive good growth in its revenues through higher volumes and attractive realizations.

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two fiscals. This will help company improve at PAT levels. HCIL has declared dividend @20% for FY17 for the first time since FY98, reflecting the confidence of the management in the future of HCIL.

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### Financial Statements

Rs in Cr	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	FY16	FY17	YoY (%)
Revenue from operations	425.9	388.8	9.6%	441.0	-3.4%	1648.4	1717.5	-4.0%
Raw Material Consumed	81.4	72.8	11.8%	84.2	-3.3%	342.8	326.0	5.2%
Stock Adjustment	-13.8	-9.6	43.8%	12.6	-209.5%	-9.3	34.7	-126.9%
Employee Expenses	29.3	27.0	8.5%	29.4	-0.4%	105.0	114.8	-8.5%
Other Expenses	241.4	234.2	3.1%	247.8	-2.6%	978.7	963.2	1.6%
Total Expenditure	338.2	324.4	4.3%	374.0	-9.6%	1417.2	1438.6	-1.5%
EBITDA	87.6	64.4	36.2%	67.1	30.7%	231.2	278.9	-17.1%
Depreciation	25.5	25.0	2.2%	25.0	2.2%	99.8	99.2	0.6%
EBIT	62.1	39.4	57.7%	42.1	47.6%	131.4	179.7	-26.9%
Interest	18.8	23.5	-19.8%	19.8	-4.9%	108.5	89.8	20.8%
Other Income	2.3	9.1	-74.3%	2.5	-5.6%	22.4	23.7	-5.3%
Profit before Tax	45.7	25.0	82.3%	24.8	84.1%	45.4	113.6	-60.1%
Tax Expenses	18.1	8.5	111.5%	8.8	106.2%	10.0	37.4	-73.3%
Reported Profit After Tax	27.6	16.5	67.3%	16.0	72.1%	35.4	76.2	-53.6%
EPS	1.22	0.73	67.3%	0.71	72.1%	1.56	3.36	-53.6%

### Income Statement

Particulars, Rs in Cr	15MFY15	FY16	FY17	FY18E	FY19E
<b>Rev from Ops</b>	<b>2044.3</b>	<b>1648.4</b>	<b>1717.5</b>	<b>1806.1</b>	<b>1974.7</b>
RM Cost	443.8	342.8	326.0	0.0	0.0
Stock Adjustment	-27.7	-9.3	34.7	0.0	0.0
Employee Exp	133.7	105.0	114.8	122.5	129.3
Other Expenses	1172.3	978.7	963.2	1020.6	1132.8
Total Expenses	1722.1	1417.2	1438.6	1143.1	1262.1
<b>EBITDA</b>	<b>322.2</b>	<b>231.2</b>	<b>278.9</b>	<b>663.0</b>	<b>712.5</b>

### Cash Flow Statement

Particulars, Rs in Cr	15MFY15	FY16	FY17E	FY18E	FY19E
<b>EBT</b>	<b>119.8</b>	<b>45.4</b>	<b>113.6</b>	<b>161.6</b>	<b>214.8</b>
Depreciation	137.5	99.8	99.2	100.2	99.0
Interest /Dividend paid	135.1	107.0	88.0	67.0	53.0
Other Adjustment	-73.5	-21.7	-19.3	-18.1	-24.1
(Inc)/Dec in working Capital	-70.8	39.9	104.4	35.9	20.3
Tax Paid	-10.6	-13.3	-24.5	-53.3	-69.8
<b>CF from Operating Activities</b>	<b>237.6</b>	<b>256.9</b>	<b>361.4</b>	<b>293.2</b>	<b>293.3</b>

Dep	137.5	99.8	99.2	100.2	99.0
EBIT	184.6	131.4	179.7	562.9	613.5
Interest	138.9	108.5	89.8	67.0	53.0
Other Income	13.8	22.4	23.7	24.0	25.5
PBT	59.5	45.4	113.6	519.9	586.0
Tax	42.2	10.0	37.4	53.3	69.8
PAT	17.4	35.4	76.2	466.6	516.2
<b>EPS</b>	<b>0.8</b>	<b>1.6</b>	<b>3.4</b>	<b>4.8</b>	<b>6.4</b>

Capital expenditure	-172.8	-124.9	-47.4	-52.0	-73.0
Sale of FA	0.8	3.3	2.8	2.0	3.0
(Purchase)/Sale of Investment	0.0	0.0	0.0	0.0	0.0
Others	178.3	13.7	4.4	6.2	7.1
<b>CF from Investing Activities</b>	<b>6.2</b>	<b>-108.0</b>	<b>-40.2</b>	<b>-43.8</b>	<b>-62.9</b>
Inc/(Dec) in Share capital	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	-64.2	-172.4	-221.5	-135.3	-130.0
Dividend and Interest Paid	-147.4	-115.1	-93.3	-112.3	-98.3
<b>CF from Financing Activities</b>	<b>-211.6</b>	<b>-287.5</b>	<b>-314.7</b>	<b>-247.6</b>	<b>-228.3</b>
<b>Net Cash Flow</b>	<b>32.1</b>	<b>-138.5</b>	<b>6.4</b>	<b>1.8</b>	<b>2.0</b>
<b>Opening Balance</b>	<b>114.1</b>	<b>146.3</b>	<b>7.8</b>	<b>14.2</b>	<b>16.0</b>
<b>Closing Balance</b>	<b>146.3</b>	<b>7.8</b>	<b>14.2</b>	<b>16.0</b>	<b>18.0</b>

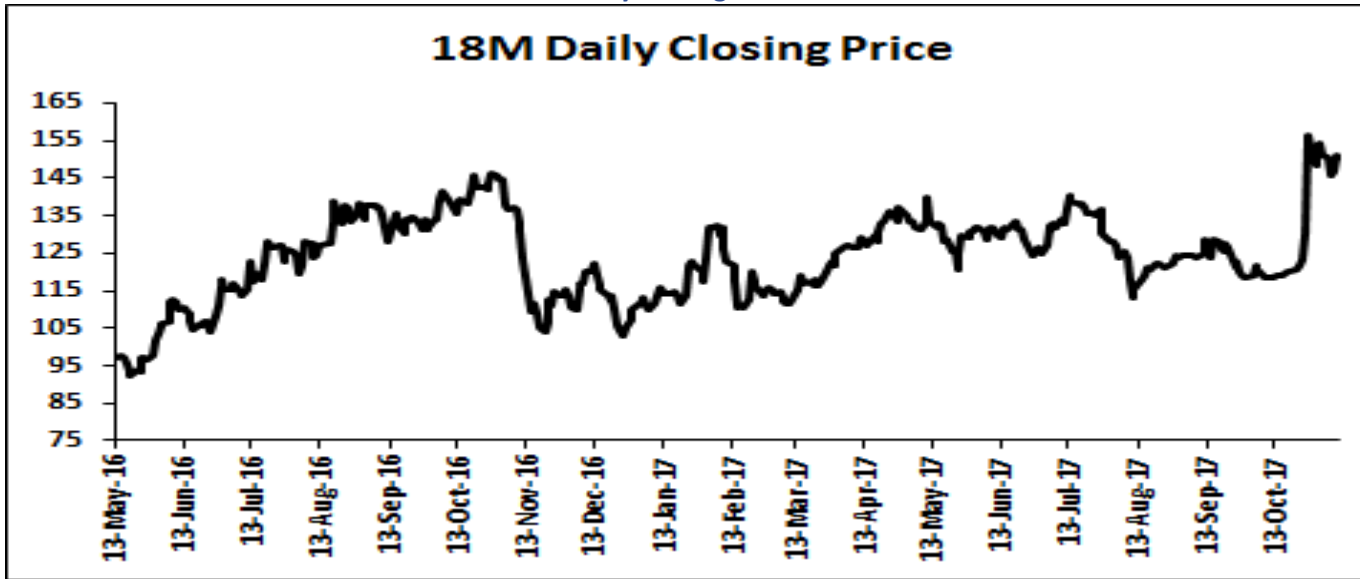
**Balance Sheet**

Particulars, Rs in Cr	15MFY1	FY16	FY17	FY18E	FY19E
<b>LIABILITIES</b>					
Share Capital	226.6	226.6	226.6	226.6	226.6
Reserves and Surplus	640.3	668.3	740.3	803.2	902.9
<b>Shareholders' Funds:</b>	<b>867.0</b>	<b>894.9</b>	<b>967.0</b>	<b>1029.9</b>	<b>1129.5</b>
Long Term Borrowings	924.9	670.9	575.2	440.0	310.0
Deferred Tax Liabilities (Net)	47.1	41.9	53.0	55.0	59.0
Other Long Term Liab	2.9	15.5	39.0	47.0	53.0
Long Term Provisions	20.8	19.2	21.7	24.5	28.9
<b>Non-Current Liabilities:</b>	<b>995.7</b>	<b>747.5</b>	<b>688.9</b>	<b>566.5</b>	<b>450.9</b>
Short Term Borrowings	0.0	70.0	0.0	0.0	0.0
Trade Payables	191.0	186.0	191.4	207.8	232.6
Other Current Liabilities	552.5	509.0	344.3	310.2	314.6
Short Term Provisions	190.8	207.2	216.1	223.0	203.0
<b>Current Liabilities:</b>	<b>934.4</b>	<b>972.2</b>	<b>751.8</b>	<b>741.1</b>	<b>750.3</b>
<b>Total</b>	<b>2797.0</b>	<b>2614.6</b>	<b>2407.6</b>	<b>2337.4</b>	<b>2330.7</b>
<b>ASSETS:</b>					
Fixed Assets	1918.8	1957.2	1883.4	1833.2	1804.2
Long Term Loans and	71.3	68.2	58.4	52.0	47.0
Other Non Curr Assets	103.4	27.5	0.0	0.0	0.0
<b>Non-Current Assets:</b>	<b>2093.4</b>	<b>2052.9</b>	<b>1941.8</b>	<b>1885.2</b>	<b>1851.2</b>
Inventories	191.0	178.2	139.6	143.5	162.3
Trade Receivables	19.1	25.8	12.6	14.8	13.5
Cash and Bank Balances	146.3	7.8	14.2	16.0	18.0
Short Term Loans and	259.2	267.2	280.1	258.0	267.7
Other Current Assets	88.0	82.8	19.4	19.9	18.0
<b>Current Assets:</b>	<b>703.6</b>	<b>561.7</b>	<b>465.9</b>	<b>452.3</b>	<b>479.5</b>
<b>Total</b>	<b>2797.0</b>	<b>2614.6</b>	<b>2407.6</b>	<b>2337.4</b>	<b>2330.7</b>

**Financial Ratios**

Particulars	15MFY15	FY16	FY17	FY18E	FY19E
No of Equity Shares-cr	22.7	22.7	22.7	22.7	22.7
Enterprise Value-cr	4534.6	4413.4	4073.3	3936.2	3804.2
EPS	0.8	1.6	3.4	4.8	6.4
Cash EPS	6.8	6.0	7.7	9.2	10.8
Book Value Per Share(Rs.)	37.5	38.9	41.1	44.1	47.6
PE(x)	243.6	95.6	44.4	31.2	23.3
P/BV (x)	4.0	3.8	3.6	3.4	3.1
Mcap/Sales(x)	2.1	2.1	2.0	1.9	1.7
EV/EBITDA	30.7	19.1	14.6	12.9	11.1
EV/Tonne (\$)	129.2	125.7	116.0	112.1	108.4
EBITDAM (%)	15.8%	14.0%	16.2%	16.9%	17.3%
EBITDA/tonne (Rs)	546.5	474.8	556.6	610.0	650.0
EBITM (%)	9.0%	8.0%	10.5%	11.3%	12.3%
PATM (%)	0.8%	2.1%	4.4%	6.0%	7.3%
ROCE (%)	7.3%	7.5%	11.3%	14.0%	16.9%
RONW (%)	1.6%	4.0%	8.2%	10.8%	13.4%
Current Ratio	0.75	0.58	0.62	0.61	0.64
Quick Ratio	0.75	0.58	0.62	0.61	0.64
DER	1.50	1.16	0.73	0.55	0.39
Int Coverage ratio	1.43	1.42	2.27	3.41	5.05

18M Daily Closing Price Chart:



(Source: BSE Website)

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