

Cost controls Cushions Weak Demand Impact

Star Ferro & Cement's (SFCL) consolidated EBITDA dipped 6% YoY hit by demonetisation, though the company moderated the pain through stringent cost control and on lower fuel costs. We expect SFCL's profitability to recover during FY18/19 aided by its cost controls, stable fuel cost outlook, and cement price recovery in the north east region (NER). The cement manufacturer is also shirking its debtor days, which, coupled with the clearance of subsidy backlogs by the central government can boost its cash-flow, and accelerate deleveraging. SFCL's reverse-merger into Star Cement (by end of FY17) will simplify its corporate structure without any equity dilution. Maintain BUY with revised TP of Rs125.

- **Cost controls moderated demonetisation's impact on profitability in Q3FY17:** Hit by demand slowdown post demonetisation, SFCL's sales volume (external) declined 3% YoY (as against double digit volume growth in the past 14 quarters). Supply discipline (mostly in NER) led to 2% QoQ recovery in SFCL's NSR (though it remained 3% lower YoY). Weak demand also moderated pricing recovery. However, SFCL trimmed its marketing/ promotional expenses on YoY and QoQ basis which led to operating leverage gains. Overall input costs also cooled off 2% QoQ largely led by lower fuel costs in NER. Consequently the unitary opex/MT declined 6% QoQ and 4% YoY (beating our estimate of 1% QoQ decline), thus moderating EBITDA/MT fall to 3% YoY to Rs1,315 and contained EBITDA decline at 6% YoY. Lower depreciation YoY further drove consolidated PAT growth of 12% YoY.
- **Focus remains on cost controls and working capital:** SFCL has been reducing its marketing/ promotional expenses from the peak seen in FY16. In addition SFCL's fuel cost has also moderated on account of a reduction in local coal prices in NER. Increasing plant utilisation has also added to cost efficiencies. These should drive 1% YoY unitary opex reduction in FY17, and flattish in FY18E. In FY19E, we estimate opex to increase 7% YoY mainly on account of exhaustion of freight subsidy in FY18E. Amid market expansion in the eastern region, SFCL's debtor days had shot up to 79/96days in FY15/16 vs 44 days in FY14. This is expected to moderate during FY17-19E on tight control on sales, and boost its cash flow.
- **Capex, subsidy and re-structuring updates:** SFCL is increasing its clinker capacity by 15% to 3mn MT by early FY19E through debottlenecking at Meghalaya plant (Rs900mn capex). It is also increasing its grinding capacity by 10% to 3.7mn MT through similar debottlenecking at its Meghalaya unit by early FY18E (Rs500mn capex). Its Siliguri grinding unit is getting delayed amid uncertainty on land clearance from the West Bengal government. We factor in this expansion by end of FY19E (estimated capex ~Rs1bn). SFCL is going slow on any major expansion plans as its capital subsidy/ freight incentives receivable from the Central government is getting delayed (~Rs8bn backlog so far). The management is hopeful of receiving ~Rs1bn by Mar'17 and another Rs3-4bn in FY18. The cash-flow will help SFCL reduce debt/ plan future expansions. SFCL expects to complete its reverse merger with Star Cement (earlier CMCL) by the end of FY17 (non-equity dilutive exercise for SFCL).
- **Maintain BUY:** With smaller players getting squeezed out in the NER (by the regional majors – SFCL and Dalmia's market share gains), we expect pricing recovery to gain pace in the region. We cut our EBITDA estimates for FY17/18E by 13% each to factor in lower sales volume on demand slowdown post demonetisation and as the management is increasing its focus on better realisation. We maintain our Buy rating on SFCL, with a revised TP of Rs125, valuing SFCL's 70.5% holding in the cement business at 7.5x its FY19E EBITDA (vs earlier TP of Rs130 @ 7.5x FY18E). We estimate significant improvement in SFCL's cash flow driven by cement price recovery in NER, working capital improvement, and on clearance of subsidy backlog during FY18/19E (we model in Rs1bn/Rs2.5bn/Rs2.5bn receipt during FY17/18/19E).

Y/E Mar (Rsmn)	Q3FY17	Q3FY16	YoY (%)	Q2FY17	QoQ (%)	Q3FY17E	Variance %
Net Sales	3,935	4,287	(8.2)	3,658	7.6	3,754	4.9
Op. cost	3,072	3,370	(8.8)	3,069	0.1	3,121	(1.6)
EBITDA	863	917	(6.0)	589	46.5	634	36.1
EBITDA margin (%)	21.9	21.4	53bps	16.1	582bps	16.9	504bps
Depreciation	356	430	(17.2)	358	(0.6)	350	1.7
Interest	194	199	(2.7)	198.6	(2.5)	200	(3.2)
PBT	317	301	5.5	37.0	758.8	89	258.5
Taxes Paid	(1)	8		13.6		18	(103.9)
Minority Interest	106	102	3.4	19.4	445.9	22	378.1
Adjusted PAT	212	190	11.6	4.0	5,210.0	49	336.0

Source: Company, Centrum Research Estimates; Consolidated financials

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	APAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY15	14,304	21.9	4,351	30.4	834	1,091.9	3.8	12.3	10.7	19.7	8.2
FY16	17,150	19.9	3,979	23.2	925	10.9	4.2	13.2	11.1	33.3	14.2
FY17E	17,346	1.1	3,695	21.3	937	1.3	4.2	11.4	10.1	23.9	11.3
FY18E	19,793	14.1	4,605	23.3	1,646	75.6	7.4	17.5	14.4	13.6	7.8
FY19E	22,981	16.1	4,747	20.7	1,904	15.7	8.6	17.1	15.1	11.8	5.8

Source: Company, Centrum Research Estimates, Consolidated Financials.

Target Price	Rs125	Key Data	
CMP*	Rs101	Bloomberg Code	SFCL IN
Upside	23.8%	Curr Shares O/S (mn)	222.2
Previous Target	Rs130	Diluted Shares O/S(mn)	222.2
Previous Rating	Buy	Mkt Cap (Rsbn/USDmn)	22.4/332.8
Price Performance (%)*		52 Wk H / L (Rs)	132/86.5
		5 Year H / L (Rs)	189/113.3
SFCL IN	1.3 (13.6) (9.7)	Daily Vol. (3M NSE Avg.)	28665
NIFTY	6.4 0.7 18.7		

*as on 8 February 2017; Source: Bloomberg, Centrum Research

Shareholding pattern (%)*

	Dec-16	Sep-16	Jun-16	Mar-16
Promoter	64.4	64.4	66.7	66.6
FIs	0.1	0.1	0.1	0.1
Dom. Inst.	1.7	1.8	0.0	0.0
Public & Others	33.7	33.7	33.2	33.2

Source: BSE, *as on 8 February 2017

Operational performance trends

	Q3FY17	Q3FY16	YoY (%)	Q2FY17	QoQ (%)
Sales Vol (Cement +Clinker)					
Net sales (mn MT)	0.66	0.67	(2.7)	0.61	6.8
Gross sales (mn MT)	0.70	0.74	(5.2)	0.66	6.0
NSR (Rs/MT) ^^	5,607	5,790	(3.2)	5,526	1.5
RM & Traded Goods	1,561	1,294	20.6	1,439	8.5
Power & Fuel	442	768	(42.5)	607	(27.3)
Employee	448	375	19.6	482	(7.0)
Freight	882	888	(0.7)	848	3.9
Other expenses	1,045	1,227	(14.8)	1,260	(17.1)
Opex (Rs/MT) ^^	4,378	4,551	(3.8)	4,637	(5.6)
EBITDA (Rs/MT) **	1,315	1,361	(3.3)	959	37.2

Source: Company, Centrum Research

Gross sales imply total cement and clinker sales including clinker sold to on-lease GUs in West Bengal and includes cement purchased from these units and resold BY SFCL

Net sales is excluding clinker sales to on-lease GUs

^^ NSR and Op costs items calculated on gross sales volume

** EBITDA per MT calculation on net sales volume

Earning Revisions

Particulars (Rs bn)	FY17E			FY18E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	17.3	19.2	(9.5)	19.8	22.9	(13.7)
EBITDA	3.7	4.2	(12.7)	4.6	5.3	(13.4)
Ebitda margin (%)	21.3	22.1		23.3	23.2	
Adj PAT	0.9	1.2	(20.5)	1.6	2.0	(19.2)

Source: Centrum Research Estimates

Rajesh Kumar Ravi, rajesh.ravi@centrum.co.in; 91 22 4215 9643

Vinay Menon, vinay.menon@centrum.co.in; 91 22 4215 9141

Con-call highlights

- **Regional demand/pricing trend:** The management indicated that NE region demand declined during Q3FY17 owing to demonetisation – with the maximum decline in December. While January sales improved only marginally MoM, the sales volume can be seen returning towards normalcy in February 2017. Outside NE region, SFCL's management estimated that West Bengal witnessed ~10% YoY demand decline in Q3FY17, followed by a 2% decline in Odisha. Overall cement demand in Bihar rose 2% YoY while it rose 10% YoY in Jharkhand during Q3FY17. The management expects NER demand to grow at 7% in FY18. Cement prices have marginally improved sequentially in Q4FY17 so far.
- **Production and sales details:** SFCL's cement sales (from owned and on-leased units) dipped 3% YoY to 0.64mn MT on account of a sharp decline in sales post currency demonetisation in Nov 2016. Total clinker production dipped 2% YoY to 0.47mn MT. SFCL's gross sales volume of cement and clinker (including sales to on-lease GUs) declined 5% YoY to 0.70mn MT. External sales volume (excluding clinker sales to on-lease units) was down 3% YoY to 0.66 mn MT.
- **SFCL's regional sales mix:** During the quarter, NE Region accounted for 63% of SFCL's total cement sales vs 64% YoY and 61% QoQ. SFCL continues to be a market leader in NE region with ~28% market share. SFCL's sales in NER declined 2% YoY and outside NE region sales fell 6% YoY (mainly on poor offtake in West Bengal).
- **NSR recovered 2% QoQ though it was down 3% YoY:** SFCL's NSR recovered 1.5% QoQ after declining for the last five consecutive quarters. The recovery was on account of supply discipline among the players in the region, though demonetisation moderated the pricing improvement as demand weakened.
- **Operating cost reduction and working capital improvement:** SFCL highlighted that it has been able to reduce its marketing/ promotional expenses in absolute term during FY17 as its market positioning outside NE region has stabilised. This helped generate operating leverage gains as sales volume are up 10% YoY during 9MFY17. Further, it has seen cost savings in its fuel (driven by coal cost reduction in NE region) and packaging costs. These should help reduce its unitary opex during FY17. SFCL has also tightened its sales thus lowering its debtor days by ~20days from 96days in Mar'16 to 77 days in Sep'16/ Dec'16. The management expects further scope for reduction in its debtor days, which should enhance its cash conversion cycle.
- **SFCL's consolidated gross and net debt** stood at Rs8.2bn/ Rs7.9bn at the end of Q3FY17 vs Rs8.8bn/Rs8.7bn at the end of Q2FY17 and vs Rs9.4bn/ Rs9.2bn at the end of FY16. Over the last three/ nine months its gross debt has come down by Rs600mn/Rs1,200mn respectively.
- **SFCL's total subsidy receivable** stood at ~Rs7.7bn at the end of Q3FY17 (Rs5.7bn of freight subsidy and Rs2bn of capital subsidy). It sees some scope of receiving Rs1bn before the end of FY17 and another Rs3-4bn in FY18.
- **Expansion plans:** SFCL is debottlenecking its Meghalaya grinding unit, leading to 0.3mn MT capacity increase by the end of FY17. In FY18/early FY19, it will debottleneck its clinker capacity by 0.4mn MT. It would spend Rs500mn in FY17 and Rs1bn in FY18E towards these expansions. The pending Siliguri grinding unit (1mn MT) is expected to be commissioned in FY19E. These will lead to clinker/cement capacity at 2.6/3.7 mn MT in FY18E and 3.0/4.7 mn MT in FY19E.
- **Simplification of corporate structure to be completed in FY17E:** The listed company SFCL is currently a purely holding company, which holds 70.48% in its unlisted subsidiary – Star Cement (earlier known as CMCL). Star Cement and its two wholly owned subsidiaries own all of the cement assets and 51% of the thermal CPP. The remaining 29.52% of Star Cement is also owned by SFCL's promoter group, and the promoters have decided to reverse merge the listed SFCL into Star Cement and subsequently make Star Cement the listed company. This transaction would entail issuing SFCL's current shareholders 1.33 share of the new entity – Star Cement. This will not lead to any equity dilution and simplify the corporate structure as Star Cement will truly reflect the cement business; moreover, the layers of subsidiary will reduce to one from the two layers at present. This transaction is expected to be accomplished by the end of FY17.

Valuations and key assumptions

Exhibit 1: 1 year forward EV/EBITDA chart

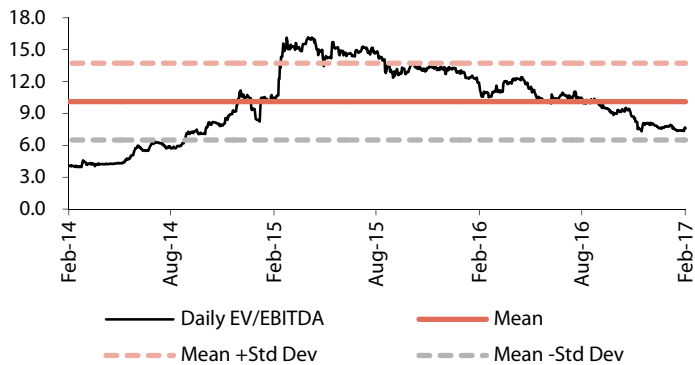
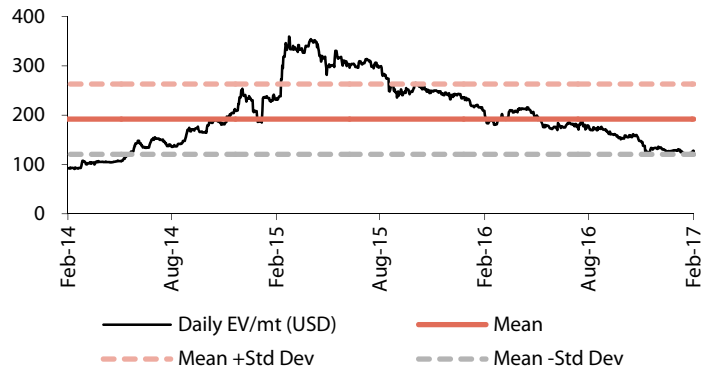


Exhibit 2: 1 year forward EV/MT chart



Source: Bloomberg, Company, Centrum Research Estimates

Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 3: Comparative Valuations

Company	Mkt Cap (Rs bn)	CAGR FY16-18E (%)			EBITDA margin (%)			RoCE (%)			RoE (%)			EV/EBITDA (x)			EV/MT(USD)		
		Rev.	EBITDA	PAT	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
SFCL	22.4	7.4	7.6	33.4	23.2	21.3	23.3	11.1	10.1	14.4	13.2	11.4	17.5	14.2	11.3	7.8	282	190	150
UltraTech Cement	1,020.3	18.0	25.7	16.1	19.1	20.5	21.7	8.4	9.2	10.4	11.3	11.6	12.5	17.5	20.4	15.8	192	235	207
Shree Cement	553.7	13.4	27.2	80.7	23.7	29.9	29.8	9.6	19.7	20.7	9.4	20.8	22.3	21.0	21.6	18.8	216	293	297
JK Lakshmi	45.5	10.8	35.6	204.6	10.3	13.6	15.4	3.7	6.5	8.1	1.3	6.0	10.8	20.8	16.1	12.3	104	91	87
JK Cement	58.6	9.6	28.1	146.9	13.6	16.9	18.6	4.6	8.8	11.1	3.9	13.3	19.4	13.8	12.7	9.7	78	92	88
Orient Cement	28.1	39.9	53.7	(29.9)	12.4	10.5	15.0	5.2	1.8	6.3	6.4	(3.1)	1.3	24.9	20.9	13.2	88	78	87

Source: Company, Centrum Research Estimates

Exhibit 4: Key Operational Assumptions

Particulars	FY14	FY15	FY16	FY17E	FY18E	FY19E
Total Cement Capacity (mn MT)	3.1	3.1	3.1	3.4	3.7	4.7
Total Sales Volume (mn MT)	1.8	2.4	2.7	2.9	3.2	3.6
YoY change (%)	64.4	34.5	15.9	4.5	12.2	13.0
(Rs/ MT trend)						
NSR	5,854	5,845	5,836	5,650	5,791	5,994
YoY change (%)	5.4	(0.2)	(0.1)	(3.2)	2.5	3.5
RM & Traded goods	855	944	1,180	1,340	1,367	1,394
Power & Fuel	941	707	736	690	704	725
Freight costs	1,086	998	1,011	938	938	1,218
Employee cost	419	375	370	413	431	461
Other expense	832	763	1,200	1,065	1,005	958
Total Opex	4,570	4,093	4,497	4,446	4,444	4,756
EBITDA per MT	1,284	1,846	1,456	1,294	1,438	1,312

Source: Company, Centrum Research Estimates

Exhibit 5: Quarterly financials trend - Consolidated

Y/E Mar (Rs mn)	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17
Net Sales	5,069	4,087	3,115	4,287	5,632	4,491	3,658	3,935
Total Expenditure	3,522	2,874	2,563	3,370	4,365	3,575	3,069	3,072
Raw Materials	1,074	549	463	958	1,485	980	952	1,096
Employee	227	231	305	278	271	293	319	315
Others	757	834	825	908	951	848	834	733
EBITDA	1,548	1,213	552	917	1,267	915	589	863
Depreciation	600	417	428	430	440	342	358	356
EBIT	948	796	124	487	828	573	230	506
Interest	201	202	216	199	216	210	199	194
Other Income	(9)	17	12	13	2	4	5	5
PBT	738	611	(81)	301	614	367	37	317
Taxes	(19)	5	16	8	26	5	14	(1)
Adjusted PAT (before minority)	757	605	(96)	293	588	362	23	318
Exceptional expense/ (income)	3	(0)	2	(5)	(2)	0	3	(6)
Minority Interest	210	190	(16)	102	188	126	19	106
Reported PAT	550	415	(79)	186	398	236	7	206
Adjusted PAT	547	415	(80)	190	400	236	4	212
Adj EPS (Rs)	2.5	1.9	(0.4)	0.9	1.8	1.1	0.0	1.0
YoY Growth (%)								
Revenue	33.1	26.7	18.6	26.8	11.1	9.9	17.4	(8.2)
EBITDA	30.8	8.3	9.9	(22.3)	(18.1)	(24.5)	6.6	(6.0)
PBT	31.6	68.6	n/m	(25.3)	(16.8)	(39.8)	n/m	5.5
Adj PAT	51.0	70.3	n/m	(22.2)	(27.0)	(43.2)	n/m	11.6
Margins (%)								
EBITDA	30.5	29.7	17.7	21.4	22.5	20.4	16.1	21.9
EBIT	18.7	19.5	4.0	11.4	14.7	12.8	6.3	12.9
PBT	14.6	14.9	(2.6)	7.0	10.9	8.2	1.0	8.1
Adj PAT	14.9	14.8	(3.1)	6.8	10.4	8.1	0.6	8.1
Operational Trend								
Cement & clinker Sales Vol								
Gross sales volume (mn MT)	0.87	0.69	0.53	0.74	0.99	0.80	0.66	0.70
YoY growth (%)	54.7	29.4	18.0	28.3	14.0	15.6	24.2	(5.2)
Net sales volume (mn MT)	0.81	0.65	0.50	0.67	0.93	0.76	0.61	0.66
YoY growth (%)	44.1	22.2	10.2	19.8	15.3	16.1	23.3	(2.7)
NSR (Rs/ MT) ^^	5,836	5,914	5,844	5,790	5,689	5,624	5,526	5,607
Opex (Rs/MT) ^^	4,055	4,159	4,808	4,551	4,409	4,477	4,637	4,378
EBITDA (Rs per MT) **	1,913	1,858	1,109	1,361	1,358	1,208	959	1,315

Source: Company, Centrum Research

^^ NSR and Op costs items calculated on gross sales which include clinker sales to the on-lease GUs in West Bengal for conversion to cement for sale

** EBITDA per MT calculation on total external cement and clinker sales (excluding clinker sales to on-lease GUs)

Financials - Consolidated

Exhibit 6: Income Statement

Y/E March (Rsmn)	FY15	FY16	FY17E	FY18E	FY19E
Revenues	14,304	17,150	17,346	19,793	22,981
Materials cost	2,296	3,455	4,114	4,671	5,345
% of revenues	16.0	20.1	23.7	23.6	23.3
Employee Cost	913	1,084	1,269	1,472	1,766
% of revenues	6.4	6.3	7.3	7.4	7.7
Others	6,745	8,632	8,268	9,044	11,123
% of revenues	47.2	50.3	47.7	45.7	48.4
EBITDA	4,351	3,979	3,695	4,605	4,747
EBITDA Margins (%)	30.4	23.2	21.3	23.3	20.7
Depreciation & Amortisation	2,237	1,715	1,416	1,204	1,068
EBIT	2,113	2,264	2,279	3,401	3,679
Interest expenses	874	834	790	500	310
PBT from operations	1,239	1,430	1,489	2,901	3,369
Other Income	8	14	20	50	150
Exceptional loss/(gain)	0	(5)	-	-	-
PBT	1,247	1,439	1,509	2,951	3,519
Taxes	48	55	170	600	800
Effective tax rate (%)	3.8	3.8	11.3	20.3	22.7
Net Profit	1,199	1,384	1,339	2,351	2,719
Minority + Associates	(365)	(464)	(402)	(705)	(816)
Reported Net Profit	834	920	937	1,646	1,904
Adj Net Profit	834	925	937	1,646	1,904

Source: Company, Centrum Research Estimates

Exhibit 7: Key Ratios

Y/E March	FY15	FY16	FY17E	FY18E	FY19E
Growth ratios (%)					
Revenues	21.9	19.9	1.1	14.1	16.1
EBITDA	70.6	(8.5)	(7.1)	24.6	3.1
Adj Net Profit	1,091.9	10.9	1.3	75.6	15.7
Margin ratios (%)					
EBITDA Margin	30.4	23.2	21.3	23.3	20.7
PBT from operations Margin	8.7	8.3	8.6	14.7	14.7
Adj PAT Margin	5.8	5.4	5.4	8.3	8.3
Return Ratios (%)					
RoE	12.3	13.2	11.4	17.5	17.1
RoCE	10.7	11.1	10.1	14.4	15.1
RoIC	10.7	11.1	10.1	14.5	17.6
Turnover Ratios (days)					
Gross block turnover (x)	0.9	1.0	1.0	1.1	1.2
Debtors	79.1	95.5	84.0	78.5	67.5
Inventory	27.9	44.5	40.2	40.2	36.5
Creditors	19.7	29.9	27.4	26.6	25.9
Cash conversion cycle	87.2	110.2	96.7	92.0	78.1
Solvency Ratio					
Net debt-equity	0.9	0.8	0.6	0.2	(0.2)
Debt-equity	0.9	0.8	0.6	0.2	0.2
Interest coverage ratio	2.4	2.7	2.9	6.8	11.9
Gross debt/EBITDA	2.0	2.4	2.0	0.8	0.7
Current Ratio	3.8	3.7	4.1	3.4	3.1
Per Share (Rs)					
Adjusted EPS	3.8	4.2	4.2	7.4	8.6
BVPS	30.6	33.7	37.5	44.4	52.4
CEPS	13.8	11.9	10.6	12.8	13.4
DPS	-	1.0	0.4	0.4	0.5
Dividend payout %	8.0	24.2	11.8	5.9	7.1
Valuations (x)(Avg Mkt Cap)					
P/E (adjusted)	19.7	33.3	23.9	13.6	11.8
P/BV	2.4	4.1	2.7	2.3	1.9
EV/EBITDA	8.2	14.2	11.3	7.8	5.8
EV/ton (1 USD \$=Rs 65)	177	282	190	150	90
Dividend yield %	-	0.7	0.4	0.4	0.5
5 Yr Avg AOCF/EV yield %	0.3	0.4	2.1	7.4	14.6

Source: Company, Centrum Research Estimates

Exhibit 8: Balance Sheet

Y/E March (Rsmn)	FY15	FY16	FY17E	FY18E	FY19E
Equity Share Capital	222	222	222	222	222
Reserves & surplus	6,578	7,276	8,103	9,652	11,421
Total Shareholders' Fund	6,800	7,498	8,325	9,874	11,643
Total Debt	8,805	9,398	7,208	3,576	3,229
Def tax liab. (net)	87	112	212	312	412
Minority Interest	3,231	3,596	3,998	4,703	5,519
Total Liabilities	18,922	20,604	19,743	18,465	20,804
Gross Block	16,124	16,738	17,338	18,638	20,938
Less:- Accumulated Depreciation	5,845	7,547	8,963	10,167	11,235
Net Block	10,280	9,191	8,375	8,471	9,703
Capital WIP	410	490	390	390	90
Net Fixed assets	10,689	9,681	8,765	8,861	9,793
Investments	15	15	15	15	15
Inventories	1,091	2,092	1,908	2,177	2,298
Sundry Debtors	3,098	4,488	3,989	4,256	4,252
Cash & bank balances	204	245	86	641	6,236
Loans & Advances	6,802	8,140	8,499	6,532	3,332
Other Assets	4	5	2	2	2
Total current assets	11,200	14,970	14,484	13,607	16,120
Trade payables	770	1,404	1,301	1,445	1,632
Other current liabilities	2,114	2,616	2,168	2,514	3,424
Provisions	98	43	52	59	69
Net current assets	8,218	10,908	10,963	9,589	10,995
Total Assets	18,922	20,604	19,743	18,465	20,804

Source: Company, Centrum Research Estimates

Exhibit 9: Cash Flow

Y/E March (Rsmn)	FY15	FY16	FY17E	FY18E	FY19E
Op profit before WC changes	4,139	3,682	3,625	4,105	4,047
Working capital changes	(1,532)	(2,384)	(214)	1,929	4,189
Cash from Operations	2,606	1,297	3,411	6,034	8,236
Adj. OCF (OCF-Interest)	1,732	464	2,621	5,534	7,926
Net capex	(434)	(808)	(500)	(1,300)	(2,000)
Adj. FCF (AOCF-Capex)	1,299	(344)	2,121	4,234	5,926
Cash from investing	(407)	(796)	(480)	(1,250)	(1,850)
Cash from financing	(2,170)	(461)	(3,090)	(4,229)	(791)
Net change in cash	29	40	(159)	555	5,595

Source: Company, Centrum Research Estimates

Appendix A

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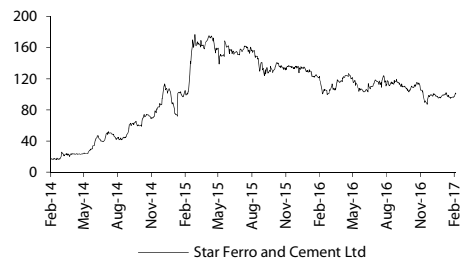
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SFCL price chart



Source: Bloomberg, Centrum Research

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SEBI REGN NO.: INP000004383

Website: www.centrum.co.in

Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:

Kavita Ravichandran

(022) 4215 9842; Email ID: Compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered Office Address	Corporate Office & Correspondence Address
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000