

## Strong growth in core markets continues; Maintain BUY

During Q2FY19, Star Cement continued to deliver strong volume growth (+17% YoY) on robust demand in NE region which also buoyed NSR. However, increased raw material costs, rising diesel price, one off elongation in maintenance shut down and lack of freight subsidy in current quarter, led to sharp cost increase and EBITDA fell 11% YoY. Management remains confident of stronger H2FY19 vs H1 owing to robust demand and pricing outlook in NE region and as operating cost will normalise going forward. We remain bullish on the company owing to its regional leadership in lucrative market of NE region, alongwith strong cash flow outlook. We reiterate BUY with a TP of Rs162.

- Q2FY19 – Strong volume growth continues along with robust pricing:** Star's total external sales volume rose 17% YoY, led by 27% YoY increase in its NE region sales, 19% rise in outside NE sales while external clinker sales fell 77% YoY. Clinker sales fell on account of elongated kiln maintenance shutdown of 72 days in Q2FY19 vs usual 40 days shut down in Q2FY18. This also led to Star purchasing 30K MT clinker to meet cement demand. NE region accounted for 77% of total cement sales vs 72% QoQ and 76% YoY. Management indicated cement pricing has remained flattish QoQ while it has been buoyant on YoY basis. However, as share of clinker sales fell QoQ and YoY and with increased sales in NE region QoQ, blended NSR increased 5% QoQ and 12% YoY.
- High opex dragged down unitary EBITDA to Rs1237/MT:** Unitary opex increased 14% QoQ and 25% YoY. The YoY sharp cost increase in driven by one-off clinker purchase in Q2FY19, higher unitary production cost as share of cement rose by 800bps YoY, higher maintenance expense, impact of higher diesel prices and on account of Rs350/MT freight subsidy base of Q2FY18. On QoQ basis also the RM cost was higher driven by external clinker purchase. Unitary freight cost fell due to lower clinker sales (exports as well as sale to onlease units) and owing to increased sales in NE market (low lead distance). Thus, amid high cost inflation YoY, unitary EBITDA moderated to Rs1237/MT. Thus, EBITDA fell 11% YoY. Lower depreciation and interest expense along with lower tax rate YoY drove up PAT by 41% YoY.
- Earnings outlook:** As against NE regional demand growth of 11%, Star reported 20% volume growth during H1FY19, as only Star and Dalmia currently have surplus capacity in the NE region. Thus incremental volume growth will accrue to these two players. Thus, Star should be able to deliver 13% volume CAGR during FY18-20E (it delivered 15% growth in H1FY19). Amid no new capacity in NE markets, realisation should remain firm. Management remains confident of delivering about Rs1750/Mt of unitary EBITDA as it expects profitability to be stronger in H2 aided by strong cement demand, stable coal prices, falling freight cost and normalisation of high maintenance expense seen in Q2FY19. We maintain our EBITDA estimates for FY19/20E.
- Maintain BUY:** Star is debottlenecking its clinker by 0.2mn MT by end of FY19. It is also adding railway siding to its plant in Meghalaya. In Dec'19, it will operationalise 2mn MT split grinding unit in Siliguri. Star also expects the pending Rs4.4bn of subsidy backlog to get cleared off by FY20. We remain bullish on Star Cement, as it has re-aligned its regional sales mix towards strong demand/pricing market with stable fuel costs locally. We re-iterate BUY with a TP of Rs162, (10.5x FY20 EBITDA). It is currently trading at 8x/ 6x FY19/20E EBITDA. On cash-flow basis, the stock is trading at attractive valuations 8%/13% yield (5-year adj-OCF/EV yield) on FY19/20E. In our view, Star's industry leading unitary EBITDA (despite expiration of freight subsidy) should justify its premium valuation on replacement cost basis.

Y/E Mar (Rs mn)	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)	Q1FY19E	Variance %
Net Sales	3,623	2,810	28.9	5,179	(30.1)	3,423	5.8
Op. cost	2,935	2,040	43.9	3,862	(24.0)	2,701	8.7
<b>EBITDA</b>	<b>687</b>	<b>770</b>	<b>(10.7)</b>	<b>1,317</b>	<b>(47.8)</b>	<b>722</b>	<b>(4.8)</b>
EBITDA margin (%)	19.0	27.4	(84.2)	25.4	(64.6)	21.1	(21.2)
Depreciation	271	326	(16.8)	283	(4.1)	283	(4.1)
Interest	33	141	(76.9)	54	(39.8)	25	30.9
Other income	7	9	(28.2)	3	95.5	10	(34.2)
Taxes Paid	8	49	(83.4)	68	(88.1)	42	(80.9)
Minority Interest	18	5	258.0	12	49.5	5	255.3
<b>Adjusted PAT</b>	<b>364</b>	<b>258</b>	<b>41.3</b>	<b>903</b>	<b>(59.7)</b>	<b>377</b>	<b>(3.3)</b>

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)
FY16	15,794	10.4	3,994	25.3	1,346	61.3	3.2	13.4	11.9	22.9	10.1
FY17	15,341	(2.9)	4,146	27.0	2,010	49.4	4.8	18.2	15.5	15.5	9.5
FY18	16,227	5.8	5,295	32.6	3,388	68.6	8.1	24.7	22.1	14.9	10.3
FY19E	19,193	18.3	5,063	26.4	3,503	3.4	8.4	20.8	21.9	12.0	8.0
FY20E	22,146	15.4	5,863	26.5	4,287	22.4	10.2	21.5	25.0	9.8	6.1

Source: Company, Centrum Research Estimates, Consolidated Financials.

In the interest of timeliness, this document is not edited

**Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet**

Target Price	Rs162	Key Data				
CMP	Rs100	Bloomberg Code	STRCEM IN			
Upside	62%	Curr Shares O/S (mn)	419.2			
Previous Target	Rs162	Diluted Shares O/S(mn)	419.2			
Previous Rating	Buy	Mkt Cap (Rsbn/USDmn)	42/578.6			
<b>Price Performance (%)*</b>		5 Yr H / L (Rs)	151.9/80.1			
		1M	6M	1Yr	5 Year H / L (Rs)	151.9/80.1
STRCEM IN	(3.2)	(20.4)	(13.1)	Daily Vol. (3M NSE Avg.)	191671	
NIFTY	1.1	(2.1)	3.5			

\*as on 13 November 2018; Source: Bloomberg, Centrum Research

### Shareholding pattern (%)\*

	Sep-18	Jun-18	Mar-18	Dec-17
Promoter	68.9	68.9	68.9	73.3
FII	1.0	2.2	1.9	1.1
Dom. Inst.	8.4	7.5	7.2	2.6
Public & Others	21.7	21.4	22.0	23.1

Source: BSE, \*as on 13 November 2018

### Operational performance trends

	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
<b>Sales Vol -mn MT (Cement+Clinker)</b>					
Net sales vol	0.56	0.47	17.4	0.81	(31.1)
Gross sales vol	0.57	0.50	15.4	0.85	(33.2)
<b>NSR (Rs/MT) ^^</b>	6,342	5,677	11.7	6,060	4.7
RM & Traded Goods	1,978	1,459	35.6	1,395	41.8
Power & Fuel	648	612	5.9	896	(27.6)
Employee	562	542	3.5	314	79.1
Freight	1,103	818	34.9	1,372	(19.6)
Other expenses	847	690	22.8	542	56.2
Opex (Rs/MT) ^^	5,139	4,122	24.7	4,519	13.7
<b>EBITDA (Rs/MT) **</b>	<b>1,237</b>	<b>1,626</b>	<b>(23.9)</b>	<b>1,634</b>	<b>(24.3)</b>

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. 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)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	19.2	19.0	0.9	22.1	22.0	0.9
EBITDA	5.1	5.1	(0.0)	5.9	5.9	0.0
Ebitda margin (%)	26.4	26.6		26.5	26.7	
Adj PAT	3.5	3.4	1.9	4.3	4.2	1.0

Source: Centrum Research Estimates

### Centrum vs. Bloomberg Consensus\*

Particulars (Rs bn)	FY19E			FY20E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Net Sales	19.2	19.1	0.6	22.1	21.9	1.2
EBITDA	5.1	5.1	0.1	5.9	6.0	(2.7)
PAT	3.5	3.1	12.3	4.3	4.0	8.3

Bloomberg Consensus*				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
7	0	1	158	162	2.5

\*as on 13 November 2018; Source: Bloomberg, Centrum Research Estimates

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## Con-call highlights

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- **Grey Cement Sales:** Star's grey cement sales (from owned and on-leased units) in Q2FY19 rose 25% YoY (down 23% QoQ) to 0.55mn MT. Star's cement sales in NE region rose 27% YoY, driven by strong demand in the region. Sales outside NE region rose 19% YoY.
- NE region accounted for 77% of total cement sales in Q2FY19 vs 76% YoY and 72% QoQ. Cement production mix stood at 81% OPC, 17% PPC and 2% PSC.
- External clinker sales volume declined by 77% YoY to 8k MT as company did not sell clinker due to maintenance shutdown of 72 days taken during the quarter. Company purchased 30k MT of clinker during the quarter.
- **Total external sales volume** including clinker sales rose 17% YoY, but declined 31% QoQ to 0.56mn MT.
- **Robust demand outlook for the eastern region:** Management indicated that NE region continues to grow at 10-11% in H1FY19, similar to the FY18 growth rate. As Star and Dalmia only have surplus capacity in the NE region, Star and Dalmia will be able to deliver strong volume growth ahead of the industry growth.
- **Capex guidance:** During FY19-20, Star is working on (1) clinker debottlenecking by 0.2mn MT (to 2.8 mn MT) by end of FY19 (capex Rs150-200mn), (2) a 2mn MT grinding unit in Siliguri (West Bengal) by end of FY20 (capex Rs4bn), (3) Railway siding at Meghalaya by end of FY19 (capex Rs200mn). The Siliguri capex will be spread as Rs1.5bn/Rs2.5bn in FY19/20E. Earlier Star had said that is also working to apply to environmental clearance to increase clinker capacity in Meghalaya by 2 mn MT (it will take 24 months to commission the plant after the approvals are received). Star is also exploring in-organic opportunities in its areas of operations – both in NE region and outside NE region.

## Comparative valuations and key assumptions

### Exhibit 1: Comparative Valuations

Company	Mkt Cap (Rs bn)	CAGR FY18-20E (%)			EBITDA margin (%)			RoCE (%)			RoE (%)			EV/EBITDA (x)			EV/MT(USD)		
		Rev.	EBITDA	PAT	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Star Cement	42.0	16.8	5.2	12.5	32.6	26.4	26.5	22.1	21.9	25.0	24.7	20.8	21.5	10.3	8.0	6.1	228	169	117
Dalmia Cement	189.5	16.6	11.9	51.8	23.5	20.4	21.6	4.7	4.3	5.8	3.6	3.2	6.1	13.8	11.0	8.4	170	131	111
JK Lakshmi	31.5	8.1	21.2	69.6	12.1	12.9	15.2	6.3	7.4	9.0	5.9	9.3	14.2	16.4	9.7	7.5	96	66	61
Orient Cement	17.9	11.6	9.3	38.6	13.7	11.6	13.2	5.2	4.7	6.8	4.4	3.2	7.9	10.0	10.3	8.1	59	58	57
Ramco Cements	142.6	15.1	10.2	15.3	25.0	22.3	22.9	9.9	9.4	10.8	14.3	13.4	15.2	16.3	13.7	11.5	184	158	139

Source: Company, Centrum Research Estimates

### Exhibit 2: Key Operational Assumptions

Particulars	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Total Cement Capacity (mn MT)</b>	<b>3.09</b>	<b>3.09</b>	<b>3.39</b>	<b>3.69</b>	<b>3.69</b>	<b>5.69</b>
<b>Total Sales Volume (mn MT)</b>	<b>2.36</b>	<b>2.76</b>	<b>2.82</b>	<b>2.61</b>	<b>2.93</b>	<b>3.30</b>
YoY change (%)	34.5	17.0	2.1	(7.5)	12.6	12.4
Utilisation (%)	76.3	89.3	83.1	70.6	79.5	58.0
<b>(Rs/ MT trend)</b>						
<b>NSR</b>	<b>5,845</b>	<b>5,345</b>	<b>5,112</b>	<b>5,894</b>	<b>6,212</b>	<b>6,399</b>
YoY change (%)	(0.2)	(8.6)	(4.3)	15.3	5.4	3.0
RM & Traded goods	944	1,169	1,134	1,092	1,500	1,553
Power & Fuel	730	729	638	785	770	801
Freight costs	998	1,002	899	1,059	1,260	1,298
Employee cost	375	365	395	390	382	392
Other expense	740	728	664	645	661	661
<b>Total Opex</b>	<b>4,093</b>	<b>3,993</b>	<b>3,731</b>	<b>3,970</b>	<b>4,573</b>	<b>4,704</b>
<b>EBITDA per MT</b>	<b>1,846</b>	<b>1,448</b>	<b>1,472</b>	<b>2,032</b>	<b>1,725</b>	<b>1,778</b>

Source: Company, Centrum Research Estimates

**Exhibit 3: Quarterly financials trend - Consolidated**

Y/E Mar (Rs mn)	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19
<b>Net Sales</b>	<b>3,427</b>	<b>4,792</b>	<b>4,287</b>	<b>2,810</b>	<b>3,774</b>	<b>5,274</b>	<b>5,179</b>	<b>3,623</b>
Total Expenditure	2,546	3,099	2,700	2,040	2,361	3,830	3,862	2,935
Raw Materials	925	902	800	722	505	1,024	1,192	1,130
Employee	288	288	285	268	275	246	268	321
Others	414	601	381	341	425	632	463	484
<b>EBITDA</b>	<b>881</b>	<b>1,693</b>	<b>1,586</b>	<b>770</b>	<b>1,413</b>	<b>1,444</b>	<b>1,317</b>	<b>687</b>
Depreciation	356	122	303	326	337	241	283	271
EBIT	525	1,571	1,283	444	1,077	1,203	1,034	416
Interest	186	184	157	141	137	89	54	33
Other Income	1	20	4	9	2	28	3	7
PBT	340	1,407	1,129	311	942	1,143	983	390
Taxes	0	127	33	49	28	54	68	8
Adjusted PAT (before minority)	340	1,280	1,097	263	914	1,088	915	382
Exceptional expense/ (income)	(1)	-	1	(3)	-	-	(1)	3
Minority Interest	13	20	22	5	18	10	12	18
Reported PAT	327	1,259	1,075	255	895	1,079	903	367
<b>Adjusted PAT</b>	<b>328</b>	<b>1,259</b>	<b>1,075</b>	<b>258</b>	<b>895</b>	<b>1,079</b>	<b>903</b>	<b>364</b>
Adj EPS (Rs)	0.8	3.0	2.6	0.6	2.1	2.6	2.2	0.9
<b>YoY Growth (%)</b>								
Revenue	(20.1)	(14.9)	8.9	(9.9)	10.1	10.1	20.8	28.9
EBITDA	(3.9)	33.6	73.1	30.5	60.4	(14.7)	(17.0)	(10.7)
PBT	13.1	128.6	207.3	739.3	176.9	(18.8)	(13.0)	25.2
Adj PAT	72.1	121.4	207.8	1,768.9	173.4	(14.3)	(15.9)	41.3
<b>Margins (%)</b>								
EBITDA	25.7	35.3	37.0	27.4	37.4	27.4	25.4	19.0
EBIT	15.3	32.8	29.9	15.8	28.5	22.8	20.0	11.5
PBT	9.9	29.4	26.3	11.1	25.0	21.7	19.0	10.8
Adj PAT	9.9	26.7	25.6	9.3	24.2	20.6	17.7	10.5
<b>Operational Trend</b>								
<b>Cement &amp; clinker Sales Vol</b>								
Gross sales volume (mn MT)	0.70	0.84	0.76	0.50	0.65	0.85	0.85	0.57
YoY growth (%)	(5.2)	(15.4)	(4.8)	(25.2)	(7.7)	1.6	12.5	15.4
<b>Net sales volume (mn MT)</b>	<b>0.66</b>	<b>0.79</b>	<b>0.71</b>	<b>0.47</b>	<b>0.62</b>	<b>0.80</b>	<b>0.81</b>	<b>0.56</b>
YoY growth (%)	(2.7)	(15.5)	(6.3)	(22.9)	(5.4)	1.8	13.5	17.4
<b>NSR (Rs/ MT) ^^</b>	<b>4,883</b>	<b>5,719</b>	<b>5,640</b>	<b>5,677</b>	<b>5,829</b>	<b>6,198</b>	<b>6,060</b>	<b>6,342</b>
Opex (Rs/MT) ^^	3,627	3,698	3,553	4,122	3,646	4,501	4,519	5,139
<b>EBITDA (Rs per MT) **</b>	<b>1,344</b>	<b>2,149</b>	<b>2,234</b>	<b>1,626</b>	<b>2,280</b>	<b>1,801</b>	<b>1,634</b>	<b>1,237</b>

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 4: Income Statement

Y/E March (Rsmn)	FY16	FY17	FY18	FY19E	FY20E
<b>Revenues</b>	<b>15,794</b>	<b>15,341</b>	<b>16,227</b>	<b>19,193</b>	<b>22,146</b>
Materials cost	3,455	3,403	3,007	4,635	5,374
% of revenues	21.9	22.2	18.5	24.1	24.3
Employee Cost	1,078	1,186	1,074	1,181	1,358
% of revenues	6.8	7.7	6.6	6.2	6.1
Others	7,267	6,606	6,851	8,314	9,551
% of revenues	46.0	43.1	42.2	43.3	43.1
<b>EBITDA</b>	<b>3,994</b>	<b>4,146</b>	<b>5,295</b>	<b>5,063</b>	<b>5,863</b>
EBITDA Margins (%)	25.3	27.0	32.6	26.4	26.5
Depreciation & Amortisation	1,715	1,179	1,207	1,091	1,241
<b>EBIT</b>	<b>2,279</b>	<b>2,967</b>	<b>4,088</b>	<b>3,972</b>	<b>4,622</b>
Interest expenses	834	781	525	125	100
<b>PBT from operations</b>	<b>1,445</b>	<b>2,186</b>	<b>3,564</b>	<b>3,847</b>	<b>4,522</b>
Other Income	13	24	44	45	350
Exceptional loss/(gain)	(5)	-	-	-	-
PBT	1,453	2,211	3,607	3,892	4,872
Taxes	60	139	164	311	487
Effective tax rate (%)	4.1	6.3	4.5	8.0	10.0
Net Profit	1,393	2,072	3,443	3,581	4,385
Minority + Associates	(53)	(62)	(55)	(78)	(97)
Reported Net Profit	1,340	2,010	3,388	3,503	4,287
<b>Adj Net Profit</b>	<b>1,346</b>	<b>2,010</b>	<b>3,388</b>	<b>3,503</b>	<b>4,287</b>

Source: Company, Centrum Research Estimates

### Exhibit 5: Key Ratios

Y/E March	FY16	FY17	FY18	FY19E	FY20E
<b>Growth ratios (%)</b>					
Revenues	10.4	(2.9)	5.8	18.3	15.4
EBITDA	(8.2)	3.8	27.7	(4.4)	15.8
Adj Net Profit	61.3	49.4	68.6	3.4	22.4
<b>Margin ratios (%)</b>					
EBITDA Margin	25.3	27.0	32.6	26.4	26.5
PBT from operations Margin	9.2	14.3	22.0	20.0	20.4
Adj PAT Margin	8.5	13.1	20.9	18.2	19.4
<b>Return Ratios (%)</b>					
RoE	13.4	18.2	24.7	20.8	21.5
RoCE	11.9	15.5	22.1	21.9	25.0
RoIC	12.0	15.6	22.2	23.5	31.8
<b>Turnover Ratios (days)</b>					
Gross block turnover (x)	1.0	1.1	1.6	1.8	1.7
Debtors	58	33	33	35	37
Inventory	48	38	66	51	46
Creditors	32	22	43	35	35
Cash conversion cycle	74	49	57	51	47
<b>Solvency Ratio</b>					
Net debt-equity	0.9	0.6	0.3	(0.1)	(0.3)
Debt-equity	0.9	0.7	0.3	0.1	0.0
Interest coverage ratio	2.7	3.8	7.8	31.8	46.2
Gross debt/EBITDA	2.4	1.9	0.8	0.2	0.1
Current Ratio	2.6	2.9	2.7	2.2	2.3
<b>Per Share (Rs)</b>					
Adjusted EPS	3.2	4.8	8.1	8.4	10.2
BVPS	22.7	27.3	35.2	41.8	49.7
CEPS	7.3	7.6	11.0	11.0	13.2
DPS	-	-	1.0	1.5	2.0
Dividend payout %	-	-	14.6	21.1	23.0
<b>Valuations (x)(Avg Mkt Cap)</b>					
P/E (adjusted)	22.9	15.5	14.9	12.0	9.8
P/BV	3.2	2.7	3.4	2.4	2.0
EV/EBITDA	10.1	9.5	10.3	8.0	6.1
EV/ton (1 USD \$=Rs 65)	201	179	228	169	117
Dividend yield %	-	-	0.8	1.5	2.0
5 Yr Avg AOCF/EV yield %	-	1.4	3.1	7.9	12.6

Source: Company, Centrum Research Estimates

### Exhibit 6: Balance Sheet

Y/E March (Rsmn)	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	419	419	419	419	419
Reserves & surplus	9,093	11,040	14,344	17,107	20,407
<b>Total Shareholders' Fund</b>	<b>9,512</b>	<b>11,460</b>	<b>14,763</b>	<b>17,526</b>	<b>20,826</b>
Total Debt	9,390	8,007	4,324	994	795
Def tax liab. (net)	(1,492)	(1,765)	(2,329)	(2,796)	(3,040)
Minority Interest	504	566	621	699	796
<b>Total Liabilities</b>	<b>17,914</b>	<b>18,268</b>	<b>17,380</b>	<b>16,423</b>	<b>19,378</b>
Gross Block	16,738	10,043	10,556	11,056	15,356
Less:- Accumulated Depreciation	7,547	1,411	2,709	3,800	5,042
Net Block	9,191	8,632	7,847	7,256	10,315
Capital WIP	490	549	357	1,857	157
<b>Net Fixed assets</b>	<b>9,681</b>	<b>9,181</b>	<b>8,205</b>	<b>9,113</b>	<b>10,472</b>
Investments	22	52	26	26	26
Inventories	2,092	1,612	2,946	2,687	2,768
Sundry Debtors	2,525	1,378	1,465	1,823	2,215
Cash & bank balances	238	163	186	2,464	7,131
Loans & Advances	107	97	132	152	175
Other Assets	8,488	10,555	9,768	6,268	3,339
<b>Total current assets</b>	<b>13,450</b>	<b>13,804</b>	<b>14,497</b>	<b>13,394</b>	<b>15,628</b>
Trade payables	1,404	938	1,889	1,840	2,124
Other current liabilities	3,792	3,782	3,405	4,207	4,550
Provisions	43	49	54	63	73
<b>Net current assets</b>	<b>8,212</b>	<b>9,034</b>	<b>9,149</b>	<b>7,284</b>	<b>8,880</b>
<b>Total Assets</b>	<b>17,914</b>	<b>18,268</b>	<b>17,380</b>	<b>16,423</b>	<b>19,378</b>

Source: Company, Centrum Research Estimates

### Exhibit 7: Cash Flow

Y/E March (Rsmn)	FY16	FY17	FY18	FY19E	FY20E
<b>Op profit before WC changes</b>	<b>3,697</b>	<b>3,722</b>	<b>4,552</b>	<b>3,818</b>	<b>4,645</b>
Working capital changes	(2,726)	(722)	(345)	4,610	3,558
<b>Cash from Operations</b>	<b>970</b>	<b>3,000</b>	<b>4,206</b>	<b>8,428</b>	<b>8,203</b>
<b>Adj. OCF (OCF-Interest)</b>	<b>137</b>	<b>2,221</b>	<b>3,684</b>	<b>8,303</b>	<b>8,103</b>
Net capex	(808)	(890)	(324)	(2,000)	(2,600)
Adj. FCF (AOCF-Capex)	(671)	1,331	3,360	6,303	5,503
<b>Cash from investing</b>	<b>(792)</b>	<b>(894)</b>	<b>(253)</b>	<b>(1,955)</b>	<b>(2,250)</b>
<b>Cash from financing</b>	<b>(140)</b>	<b>(2,181)</b>	<b>(3,929)</b>	<b>(4,195)</b>	<b>(1,286)</b>
Net change in cash	38	(75)	24	2,277	4,667

Source: Company, Centrum Research Estimates

## Appendix A

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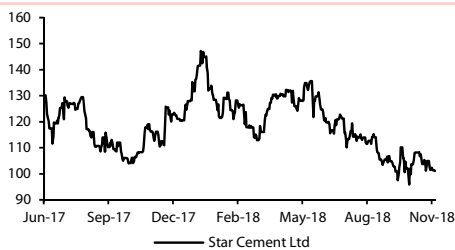
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### Star price chart share price



Source: Bloomberg

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