# METALS & MINERALS

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## Volumes lower in steel, realisation sustained at 2QFY19 levels….

| Companies | Rating | Target |
|---|---|---|
| JSWSTEEL | HOLD | 305 |
| JINDALSTEL | BUY | 190 |
| HINDALCO | BUY | 240 |
| HINDZINC | NEUTRAL | 286 |
| COALINDIA | BUY | 309 |
| NMDC | NEUTRAL | 88 |
| ASTRAL | ACCUMULATE | 1327 |
| FINPIPE | NEUTRAL | 490 |
| RATNAMANI | BUY | 1030 |
| TATAMETALI | NEUTRAL | 660 |

### Metals & Mining

In 3QFY19 steel players EBITDA margins broadly sustained there 2QFY19 levels and were broadly flat or improved on YoY basis considering a scenario where average steel HRC prices and rebar prices fell in 3QFY19 and raw material prices were on higher side, steel players turned their focus towards domestic market with increasing their VAP share, delivering better service and strategically altering the geographical location to reduce cost. Better product mix helped player to broadly maintain or improve realisation QoQ. Realisation for JSWSTEEL (stdln.), JSPL (stdln.) and JSL increasing in the range of 10-42% YoY and were up in range of 1-3% QoQ. Fall in LME aluminium and alumina prices impacted the performance of Nalco, Hindalco and Vedanta. However, stable performance at Novelis and strong performance at Hind Zinc helped Hindalco and Vedanta respectively to reduce the impact of fall in LME aluminium. In mining space, Coal India, NMDC and Hind zinc all delivered robust performance, strong realisation helped Coal India and NMDC whereas higher QoQ volume improved Hind zinc's performance.

Among steel players volume were lower on QoQ basis due to steep fall in steel prices leading to lower inventory buildup at customer end, tight liquidity and increase in imports (due to global trade tension) leading to weak demand. Steel sales volume for JSWSTEEL (stdln.) was at 3.68mt (down 7.3% YoY and 7.1% QoQ), JSPL's volume was at 1.65mt (up 21% YoY, down 6% QoQ) and JSL's volume at 0.20mt (down 4% YoY, up 1% QoQ). In mining space, Coal India's off take volume 153.8mt (up 1% YoY and up 12% QoQ), NMDC's sales volume came in at 8.70mt (up 8% YoY and up 30% QoQ) and Hind zinc's refined zinc volume was at 188KT (down 6% YoY, up 16% QoQ).

### Pipes & Tubes

In metal pipe Ratnamani delivered better than expected numbers on account of higher volume led by strong deliveries in carbon steel segment.Tatametalik's DI pipe volume increased which helped to post 12% YoY revenue growth, however cost pressure was there due to higher iron ore, coal and coke prices.
In plastic piping performance got impacted by low volume growth and fall in PVC prices, volume growth got impacted by lower demand from agri segment, sluggish real-estate sector and liquidity crunch. Astral delivered stable performance on margin front in piping business, however, consolidated margins got impacted by lower margins in adhesive business due to higher branding and advertisement cost. Whereas, Finpipe's margins got impacted by reducing PVC-EDC delta and increase in lower margin pipe volume as compare to 2QFY19.

### Management guidance

On guidance front management JSW Steel have turned slightly cautious with regards to volume growth in FY19, expecting falling 2-3% short on FY19 sales volume guidance of 16mt, JSPL expects to do around 1.5mt of steel in 4QFY19 and have maintained Rs.4000cr debt reduction in FY19, at Hindalco hedging for 4QFY19 is at 27.5% at LME aluminium of Rs.141700/t and 11% commodity only at USD 2287/t and for FY20 hedges are at 11% at Rs.152400/t and 4% at USD 2421/t.

### View and Outlook

Domestic steel prices have increased in Feb'19 owing to improvement in steel prices globally which got triggered by iron ore issue in Brazil (due to dam accident at a Vale mine) which increased international iron ore prices to over USD 90/t. However, going into 4QFY19, realisation in steel are expected to decline as Nov-Dec'18 decline in steel prices would come in 4QFY19 and near term industry head winds like, general elections, slowdown in real estate and agriculture sector and global trade tension would put some pressure on volume front for steel as well as pipe and tubes players. In mining space Coal India is expected to post good set of numbers in 4QFY19 on the back high FSA realization and expected QoQ increase in e-auction volume on the back of improvement in coal inventory level at power plant, however, muted volume growth at SECL and MCL is a concern. From our Metals & Mining and Pipes & Tubes coverage universe we like JSPL from ferrous space, Hindalco from non-ferrous, Coal India from mining and Ratnamani from pipes & tubes.

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| | Sales | | | EBITDA | | | | PAT | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Companies | 3QFY19 | YoY | QoQ | 3QFY19 | YoY | QoQ | Margin | PAT | YoY | QoQ |
| JSWSTEEL | 20318 | 11% | -6% | 4501 | 17% | -8% | 22% | 1624 | 12% | -24% |
| JINDALSTEL | 9566 | 37% | -4% | 2077 | 29% | -6% | 22% | -23 | -91% | -127% |
| JSL | 3135 | 5% | 2% | 228 | -41% | -2% | 7% | 0 | -100% | -77% |
| HINDALCO | 11938 | 8% | 10% | 928 | -29% | -15% | 8% | 247 | -34% | -20% |
| NATIONALUM | 2719 | 14% | -11% | 513 | 49% | -40% | 19% | 300 | 9% | -41% |
| VEDL | 23669 | -3% | 4% | 5645 | -17% | 8% | 24% | 1574 | -29% | 54% |
| HINDZINC | 5540 | -6% | 16% | 2838 | -13% | 22% | 51% | 2211 | -1% | 22% |
| COALINDIA | 25046 | 15% | 14% | 6788 | 55% | 57% | 27% | 4567 | 50% | 48% |
| NMDC | 3649 | 48% | 50% | 2154 | 78% | 71% | 59% | 1577 | 78% | 148% |
| ASTRAL | 634 | 24% | 1% | 94 | 27% | -1% | 15% | 53 | 15% | 16% |
| FINPIPE | 757 | 5% | 39% | 125 | 10% | 0% | 17% | 79 | 13% | 3% |
| RATNAMANI | 728 | 36% | 0% | 101 | 20% | -13% | 14% | 63 | 37% | -9% |
| TATAMETALIK | 546 | 12% | 0% | 75 | 3% | -13% | 14% | 40 | -2% | -17% |
| TATASPONGE | 261 | 22% | 21% | 30 | -37% | 2% | 12% | 27 | -26% | -3% |
| APLAPOLLO | 1691 | 29% | 0% | 59 | -33% | -31% | 4% | 13 | -64% | -52% |

| | ROCE | | | ROE | | | EV/EBITDA | | |
|---|---|---|---|---|---|---|---|---|---|
| Companies | FY18 | FY19E | FY20E | FY18 | FY19E | FY20E | FY18 | FY19E | FY20E |
| JSWSTEEL | 19.1% | 22.5% | 15.7% | 21.5% | 22.8% | 14.3% | 6.8 | 5.0 | 6.5 |
| JINDALSTEL | 4.1% | 7.0% | 7.9% | -5.3% | 1.3% | 2.1% | 8.3 | 5.3 | 4.5 |
| JSL | 16.9% | 15.5% | 16.7% | 14.0% | 7.9% | 9.9% | 5.4 | 3.7 | 3.3 |
| HINDALCO | 5.9% | 5.1% | 5.1% | 7.9% | 9.2% | 9.1% | 6.3 | 5.9 | 5.8 |
| NATIONALUM | 8.7% | 19.8% | 7.7% | 8.3% | 14.3% | 7.0% | 7.3 | 2.5 | 5.2 |
| VEDL | 17.8% | 14.8% | 18.9% | 12.6% | 10.1% | 14.9% | 5.0 | 3.7 | 3.0 |
| HINDZINC | 30.0% | 27.0% | 28.5% | 25.6% | 23.9% | 24.5% | 8.6 | 8.0 | 6.4 |
| COALINDIA | 30.9% | 87.1% | 83.2% | 55.2% | 75.4% | 72.5% | 15.1 | 4.8 | 4.6 |
| NMDC | 22.8% | 22.1% | 15.4% | 15.6% | 15.4% | 11.2% | 5.5 | 4.1 | 5.9 |
| ASTRAL | 22.9% | 23.0% | 25.4% | 17.6% | 17.1% | 18.7% | 32.0 | 33.8 | 26.4 |
| FINPIPE | 15.3% | 16.4% | 14.7% | 10.8% | 11.1% | 10.7% | 17.0 | 9.9 | 10.0 |
| RATNAMANI | 15.7% | 20.8% | 19.5% | 11.6% | 16.0% | 14.8% | 15.0 | 10.2 | 9.1 |
| TATAMETALIK | 40.9% | 41.0% | 34.8% | 44.4% | 31.4% | 25.7% | 7.4 | 5.4 | 5.1 |
| TATASPONGE | 17.3% | 13.7% | 12.6% | 14.3% | 12.1% | 11.0% | 7.3 | 4.0 | 3.7 |
| APLAPOLLO | 34.7% | 21.3% | 30.5% | 19.1% | 11.4% | 17.2% | 12.9 | 8.5 | 5.5 |

| JSWSTEEL | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales (mt) | 3.61 | 3.95 | 3.39 | 3.96 | 4.03 | 4.18 | 3.76 | 3.91 | 3.62 | -10% |
| Revenue | 14013 | 16656 | 14699 | 16818 | 18264 | 20817 | 20519 | 21552 | 20318 | 11% |
| EBITDA | 2867 | 3165 | 2617 | 3036 | 3851 | 5290 | 5105 | 4906 | 4501 | 17% |
| PAT | 730 | 1009 | 624 | 836 | 1774 | 2879 | 2339 | 2087 | 1603 | -10% |
| Adj. PAT | 730 | 1015 | 626 | 839 | 1447 | 2996 | 2366 | 2126 | 1624 | 12% |

JSW Steel 3QFY19 standalone sales volume came in lower at 3.68mt (lower 7.3% YoY and 7.1% QoQ) due to surplus steel in market, tight liquidity and increase in imports (due to global trade tension) leading to weak demand and fall in steel prices and destocking. However, realization was up 18% YoY and 1% QoQ due to higher domestic sales and execution of higher priced orders to automotive customers. Consolidated revenue came in at Rs.20318cr (up 11% YoY, down 6% QoQ), EBITDA came in at Rs.4501cr (up 16.8% YoY, down 8% QoQ) and margins stood at 22.2% (vs.21% in 3QFY18 and 22.8% in 2QFY19).Consolidated volume came in at 3.62mt (down 10% YoY, 7% QoQ). Sales volume in coated business declined to 0.42mt (down 18% YoY, 7% QoQ), revenue declined to Rs.2964cr (down 2% YoY, 6% QoQ) however realization improved to Rs.70571/t (up 19% YoY, 1% QoQ). US plate and pipe mill revenue came in at USD 104.7mn (up 90% YoY and down 3% QoQ) and EBITDA was at USD 4.06mn (up 5% YoY, down 26% QoQ). Capacity utilization for plate and pipe were at 34% and 12% respectively. Management maintained production guidance for FY19 at 16.75mt but have guided sale volume may fall short by 2-3% of earlier guidance of 16mt.

| JINDALSTEL | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales (mt) | 1.16 | 1.31 | 1.15 | 1.27 | 1.36 | 1.66 | 1.61 | 1.75 | 1.65 | 21% |
| Revenue | 5408 | 6290 | 5669 | 6123 | 6993 | 8599 | 9665 | 9982 | 9566 | 37% |
| EBITDA | 1277 | 1552 | 1353 | 1373 | 1607 | 2137 | 2277 | 2207 | 2077 | 29% |
| PAT | -407 | -100 | -420 | -498 | -273 | -425 | 110 | 279 | -87 | -68% |
| Adj. PAT | -407 | -304 | -389 | -298 | -266 | 130 | 181 | 88 | -23 | -91% |

Despite fall in steel prices, JSPL's standalone steel realization improved QoQ on the back of better product mix. However, volume fell due to lower inventory buildup at customer end in Dec'19 because of significant fall in steel prices in Dec'19. Oman business volume and margin continue to remain impacted by falling rebar prices in Middle East. Higher coal cost and coal availability issues continue to impact JPL's performance. Standalone steel production and sales volume came in at 1.22mt (up 25.8% YoY, down 6.2% QoQ) and 1.20mt (up 27.7% YoY, down 6.3% QoQ). Volume increased on YoY basis led by ramp up of Angul plant. Oman business sales volume came in at 0.45mt (up 7% YoY, down 4% QoQ).EBITDA came in at USD 47mn (down 25% YoY, up 2% QoQ), Oman business volume and margin remain impacted by continuous fall in Middle East rebar prices. Power generation at JPL was 2609mn unit (down 12.5% YoY, up 7.5% QoQ), revenue was at Rs.1004cr (down 14%, up 10% QoQ) and EBITDA came in Rs.273cr (down 23% YoY, and 10% QoQ). EBITDA/unit was at Rs.1.05/unit (down 12% YoY and 16% QoQ). Other comprehensive income of Rs.4447cr in 3QFY19 is related to revaluation of Oman business. In books it was valued at USD 0.8mn and since the capacity has increased in last few years at Oman and the current market value of the same is close to USD 2.4bn, thus its carrying cost has gone up. Indian business Jan'19 exit rate for Jan'19 was 6mtpa; management expects 1.5mt volume in 4QFY19 and close to 6.5mt in FY20 for Indian business. Oman FY20 volume is expected to be close to 2.3-2.4mt.

| JSL | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales (mt) | 0.15 | 0.15 | 0.14 | 0.20 | 0.21 | 0.22 | 0.22 | 0.21 | 0.20 | -4% |
| Revenue | 2093 | 2301 | 2015 | 2608 | 2989 | 3173 | 3147 | 3081 | 3135 | 5% |
| EBITDA | 341 | 313 | 251 | 256 | 386 | 388 | 375 | 231 | 228 | -41% |
| PAT | 40 | 161 | 42 | 27 | 135 | 115 | 91 | -36 | 52 | -61% |
| Adj. PAT | 39 | 141 | 54 | 22 | 109 | 132 | 102 | 1 | 0 | -100% |

Revenue growth of 5% was due to 10% YoY growth in realisation to Rs.1543601/t (up 3% QoQ) on account of higher share of 300 series steel. Sales volume was down 4% YoY due to fall in export, higher imports, lower demand from automotive and consumer appliances in Diwali season. EBITDA at Rs.228cr (down 41% YoY, down 2% QoQ) owing to inventory loss on account of fall in nickel prices and increase in 300 series also led to higher consumption cost putting further pressure on margins. EBITDA margin was at 7.3% (vs. 13% in 3QFY18 and 7.5% in 2QFY19). Forex gain for the quarter was at Rs.85cr..

| HINDALCO | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Standalone (KT) | 310 | 328 | 299 | 329 | 325 | 321 | 300 | 326 | 323 | -1% |
| Revenue | 9915 | 11747 | 10407 | 10308 | 11023 | 11681 | 10593 | 10833 | 11938 | 8% |
| EBITDA | 1185 | 1347 | 1148 | 1390 | 1312 | 1258 | 1325 | 1091 | 928 | -29% |
| PAT | 321 | 503 | 290 | 393 | 377 | 377 | 414 | 309 | 247 | -34% |
| Novelis Vol. (KT) | 750 | 790 | 785 | 802 | 796 | 806 | 797 | 807 | 800 | 1% |
| Revenue | 2313 | 2621 | 2669 | 2794 | 3085 | 3066 | 3097 | 3136 | 3009 | -2% |
| Adj. EBITDA | 255 | 292 | 289 | 302 | 305 | 319 | 332 | 355 | 322 | 6% |
| Adj PAT | 56 | 99 | 94 | 83 | 121 | 121 | 130 | 139 | 133 | 10% |

Novelis revenue growth of 3% YoY was off the usual trend of recent quarters due to muted volume YoY at 800kt (vs.796kt in 3QFY19) led by slowdown in auto sector in China and UK, however at EBITDA level performance was stable with adj EBITDA at USD 322mn (up 6% YoY, down 9% QoQ) and margins at 10.7% (vs.10.4% in 3QFY19 and 11% in 2QFY19) led by operational efficiencies, optimal product mix and cost management. At standalone level (ex-Utkal) margins contracted further to due to higher input cost and higher other expenses with EBITDA at Rs.928cr (down 29% YoY and 15% QoQ) and margins at 8% (vs.12% in 3QFY18 and 10% in 2QFY19), however standalone plus Utkal EBITDA was at Rs.1717cr (up 7% YoY, down 2% QoQ) and margins were at 21.4% (vs.22% in 3QFY18 and 22% in 2QFY19). Aluminium sales volume came in at 323kt (down 1% YoY and QoQ) with capacities operating at optimal level, alumina production including Utkal was at 749kt (up 2% YoY and 7%QoQ). Copper sales volume came in at 99kt (down 3% YoY, up 25% QoQ) post 2QFY19 maintenance shutdown.

| NALCO | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 1852 | 2423 | 1803 | 2455 | 2389 | 2863 | 2973 | 3041 | 2719 | 14% |
| EBITDA | 285 | 427 | 228 | 335 | 344 | 490 | 1011 | 851 | 513 | 49% |
| PAT | 181 | 271 | 129 | 218 | 276 | 251 | 596 | 510 | 300 | 9% |

Company's 3QFY19 revenue came in at Rs.2719cr (up 14% YoY, down 11% QoQ), lower alumina prices impacted company's performance in the quarter. Average alumina prices were down 17% in 3QFY19 vs. 2QFY19 at USD 449/t. Furthermore, on cost front power and fuel cost at Rs.787cr increased QoQ as % of sales to 29% vs.26% in 2QFY19 and other expenses increased to Rs.499cr (up 86% YoY, 31% QoQ), lower alumina prices coupled with higher CoP led to sequential reduction in margins. EBITDA margin for the quarter stood at 19% (vs.15% in 3QFY18 and 28% in 2QFY19).

| VEDL | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Zinc India (KT) | 0.15 | 0.15 | 0.14 | 0.20 | 0.21 | 0.22 | 0.22 | 0.21 | 0.20 | -4% |
| Zinc Intnl. (KT) | 2093 | 2301 | 2015 | 2608 | 2989 | 3173 | 3147 | 3081 | 3135 | 5% |
| Al (KT) | 341 | 313 | 251 | 256 | 386 | 388 | 375 | 231 | 228 | -41% |
| O&G (boepd) | 40 | 161 | 42 | 27 | 135 | 115 | 91 | -36 | 52 | -61% |
| Revenue | 19417 | 22511 | 18285 | 21590 | 24361 | 27630 | 22206 | 22705 | 23669 | -3% |
| EBITDA | 5880 | 7350 | 4874 | 5669 | 6763 | 7837 | 6284 | 5208 | 5645 | -17% |
| PAT (ex mino.) | 1870 | 1527 | 1525 | 1905 | 2211 | 1933 | 1533 | 1023 | 1574 | -29% |

VEDL's consolidated EBITDA came in at Rs.5645cr (down 16.5% YoY, up 8% QoQ) , good performance at Hind Zinc and Zinc international. Zinc int.'s volume were lower than expected but increased QoQ by 36% and to 38kt. Aluminium business got impacted by lower LME and lower premium and higher power cost. Iron ore business still remain impacted by ban on mining in Goa and Copper smelter is still not operational but supreme court have uphold NGT order which is a positive. Steel business performance improved in the quarter with volume at 0.32mt (up 21% QoQ) and exit rate of 1.5mt. Management have reduce guidance of zinc international's Gamsberg mine from 70kt for FY19 in 2QFY19 to 20kt in 3QFY19, and in oil & gas the guidance for gross volume for FY19 have been reduced from 200-220kboepd in 2QFY19 to 200kboepd in 3QFY19.

Company's subsidiary Cairn India Holdings Limited (CIHL) have paid USD 200mn (Rs.1431cr) towards purchase of an economic interest in structures investment in Anglo American PLC from its ultimate parent, Volcan investment Ltd. The ownership of the underlying shares, and the associated voting interest, remains with Volcan. The investment has subsequently performed positively, on an unrealized mark to market basis. The said investment was made in Dec'18 and Rs.2000cr incremental investment is also to be made over a period of 20 months. It has a lock in period of 20 months for this investment. The investment is linked to underlying share price of Anglo American PLC.

| HINDZINC | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Zinc (KT) | 205 | 215 | 194 | 192 | 200 | 206 | 172 | 162 | 188 | -6% |
| Lead (KT) | 39 | 45 | 35 | 38 | 46 | 50 | 42 | 49 | 54 | 17% |
| Silver (tonnes) | 118 | 139 | 115 | 140 | 132 | 170 | 138 | 172 | 178 | 35% |
| Revenue | 4980 | 6756 | 4576 | 5309 | 5922 | 6277 | 5310 | 4777 | 5540 | -6% |
| EBITDA | 2783 | 3748 | 2384 | 3024 | 3244 | 3620 | 2713 | 2334 | 2838 | -13% |
| PAT | 2320 | 3057 | 1876 | 2254 | 2230 | 2505 | 1918 | 1815 | 2211 | -1% |

Hindzinc's revenue for the quarter came in at Rs.5540cr (down 6% QoQ, up 16% QoQ), YoY fall was due to lower zinc volume and lower LME zinc, QoQ improvement was led by higher overall volume and rupee depreciation. EBITDA came in at Rs.2838cr (down 12.5% YoY, up 22% QoQ). Other income for the quarter increased to Rs.550cr (1.84x 3QFY18 and 1.4x 2QFY19) led higher treasury income. Depreciation for the quarter was higher at Rs.489cr (up 2% YoY, 8% QoQ) led by increase in production from underground mines leading to higher amortization. Higher other income led to QoQ improvement in PAT. 3QFY19 volume across the segments were up QoQ , with refined zinc volume at 188kt (down 6% YoY, up 16% QoQ), refined lead production came in at 54kt (up 17% YoY, up 5% QoQ) and silver at 178 tonnes (up 35% YoY, up 3% QoQ). QoQ improvement in zinc volume was led by higher mine output and improved mine metal availability, however, YoY volume were lower due to higher led ratio in ore. Management lowered its capex guidance to USD 350mn from USD400-450mn in 2QFY19, primarily on account of delay in full shaft commissioning at Rampura Aghucha mine, which is now expected to commission by 2QFY20 (earlier 4QFY19). Furthermore, management expects delay in some other projects as well.

| COALINDIA | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Off take (mt) | 142 | 150 | 138 | 131 | 152 | 160 | 153 | 138 | 154 | 2% |
| Revenue | 20415 | 23172 | 19161 | 18148 | 21707 | 26909 | 24261 | 21884 | 25046 | 15% |
| EBITDA | 3854 | 3388 | 3522 | 818 | 4378 | 196 | 4680 | 4317 | 6788 | 55% |
| PAT | 2884 | 2716 | 2351 | 370 | 3042 | 1296 | 3786 | 3085 | 4567 | 50% |

Coal India delivered strong set of numbers with revenue at Rs.25046cr (up 15% YoY and 14% QoQ) on the back of significantly higher e-auction realisation at Rs.2847/t (up 42% YoY and 10% QoQ) and strong FSA realisation at Rs.1334/t (up 13% YoY and 2% QoQ). EBITDA came in at Rs.6788cr (up 55% YoY and 57% QoQ) on the back of higher realisation, lower overall cost at 73% of sales (vs.78% in 3QFY18 and 80% in 2QFY19) and change in accounting of provision also helped. Off take volume came in at 153.8mt (up 1% YoY and 12% QoQ). Share of FSA increased to 88% of total off take in 3QFY19 (vs.80% in 3QFY18 and 85% in 2QFY19) and e-auction share fell to 10% (vs.17% in 3QFY18 and 13% in 2QFY19) but was better than expected. Coal dispatch to power sector increased to 126mt (up 3% YoY, 14% QoQ), however better than expected e-auction volume as well as realisation helped the company to robust performance. Company is now reporting provision on net basis as compare to gross in 2QFY19, the decrease in provision is offset by decrease with the related other income, the other income is lower to similar extent. The same was PAT neutral so does not impact PAT.

| NMDC | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales (mt) | 10.06 | 9.78 | 9.18 | 8.30 | 8.06 | 10.54 | 6.78 | 6.71 | 8.70 | 8% |
| Revenue | 2498 | 2872 | 2842 | 2421 | 2469 | 3883 | 2422 | 2438 | 3649 | 48% |
| EBITDA | 1027 | 932 | 1495 | 1203 | 1210 | 1901 | 1424 | 1259 | 2154 | 78% |
| PAT | 595 | 512 | 969 | 844 | 887 | 1106 | 975 | 636 | 1577 | 78% |

NMDC's 3QFY19 revenue registered strong growth of 48% YoY to Rs.3649cr led by 38% YoY growth in realization and 8% volume growth. EBITDA for the quarter came in at Rs. 2154cr (up 78% YoY, 71% QoQ) and EBITDA margin expanded to 59% (vs. 49% in 3QFY19 and 52% in 2QFY19).Production and sales volume for the quarter came in at 9.54mt (up 11% YoY and 81% QoQ) and sale volume came in at 8.70mt (up 8% YoY, 30% QoQ). Realization for the quarter came in at Rs.4157/t (up 38% YoY and 16% QoQ) on the back strong iron ore prices in domestic market. Volume loss due to Donimalai mine not being in operation from the start of Nov'18 has been slightly compensated by increase in volume from Kumaraswamy mine in Karnataka. However, Doniamalai mine volume loss would impact significantly the FY19e and FY20e total volume, and the mine is still not operational.

| ASTRAL | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Pipe Vol (MT) | 20852 | 28720 | 19539 | 26070 | 26764 | 31618 | 22476 | 27250 | 27882 | 4% |
| Revenue | 450 | 582 | 407 | 520 | 512 | 651 | 477 | 629 | 634 | 24% |
| EBITDA | 63 | 89 | 48 | 76 | 74 | 118 | 78 | 94 | 94 | 27% |
| PAT | 32 | 56 | 25 | 39 | 46 | 65 | 38 | 46 | 53 | 15% |

YoY growth in revenue was led by 4% volume growth and 9% realization growth in piping business and 14% revenue growth in adhesive business. Furthermore, inclusion of Rex's (acquired recently) revenue of Rs.48cr (vs.Rs.44cr in 2QFY19) also increased topline. EBITDA came in at Rs.94cr (up 27% YoY, down 1% QoQ) and margin stood at 14.8% (vs.14.4% in 3QFY18 and 15% in 2QFY19). Pipe production and sales volume came in at 27563 MT (up 1% YoY, 5% QoQ) and sales at 27882 MT (up 4% YoY and 2% QoQ). Pipe revenue was at Rs.444cr (up 14% YoY and 1%QoQ) and EBITDA stood at Rs.79cr (up 35% YoY and 6% QoQ) and margins at 17.8% (vs.15% in 3QFY18 and 17% in 2QFY19). Adhesive total revenue came in at Rs.152cr (up 14% YoY, down 4% QoQ) and EBITDA came in at Rs.16cr (down 18% YoY and 31% QoQ) and margins at 11% (vs.15% in 3QFY18 and 15% in 2QFY19) due to high branding cost at Resinova. Rex Performance improved, revenue came in at Rs.48cr (vs.Rs.44cr in 2QFY19) and EBITDA was at Rs.3cr (vs.Rs.1cr in 2QFY19).

| APLAPOLLO | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Pipe Vol (MT) | 222 | 234 | 265 | 283 | 281 | 301 | 302 | 304 | 315 | 12% |
| Revenue | 1146 | 1316 | 1156 | 1345 | 1314 | 1519 | 1677 | 1690 | 1691 | 29% |
| EBITDA | 78 | 75 | 79 | 101 | 88 | 103 | 109 | 86 | 59 | -33% |
| PAT | 30 | 41 | 39 | 41 | 36 | 45 | 47 | 27 | 13 | -64% |

YoY growth in revenue was on account of 12% volume growth and 15% growth in blended realisation. EBITDA came in at Rs.59cr (down 33% YoY and 31% QoQ) and margins at 3.5% (vs.7% in 3QFY18 and 5% in 2QFY19). Inventory loss of Rs.42cr due to steep fall in steel prices impacted the performance. Furthermore, up gradation and modernization of GI facilities impacted GI volumes during the quarter. However, the up gradation of GI plant is complete and with stable steel prices and ramp up in production company expects to deliver healthy and sustainable volume performance.

| FINPIPE | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Pipe Vol (mt) | 40966 | 63982 | 71518 | 47246 | 61514 | 71758 | 77636 | 45273 | 59178 | -4% |
| PVC Vol (MT) | 56226 | 76541 | 74998 | 40539 | 71107 | 72123 | 68454 | 43461 | 66838 | -6% |
| Revenue | 576 | 1016 | 731 | 475 | 723 | 809 | 828 | 543 | 757 | 5% |
| EBITDA | 130 | 179 | 131 | 50 | 113 | 188 | 194 | 125 | 125 | 10% |
| PAT | 72 | 123 | 80 | 28 | 70 | 121 | 131 | 76 | 79 | 13% |

Finpipe's 3QFY19 revenue came in at Rs.757cr (up 5% YoY, 39% QoQ) and EBITDA at Rs.125cr (up 10% YoY, flat QoQ), EBITDA margins came in lower at 16.5% (vs.15.7%in 3QFY18 and 23% in 2QFY19). EBITDA margins contracted QoQ due to increase in pipes and fittings volume (commands lower margin) and fall in PVC prices and increase in EDC prices (raw material). Pipe and fitting sales volume was at 59178 MT (down 4% YoY, up 31% QoQ) and total PVC resin sales volume came in at 66838 MT (down 6% YoY, up 54% QoQ). PVC resin external sales came in at 22211 MT (down 21% QoQ, up 153% QoQ) and in-house sales increased to 44627 MT (up 3% YoY and 29% QoQ). Management stated that pick up in agri division demand from 3QFY19 has been significantly lower than expected and have witnessed de-growth, and remained sluggish in Jan'19 as well, the primary reason for the same is delay in payment to sugarcane farmers. PVC-EDC delta has been declining continuously for last 3 quarters from around USD 717/t in 4QFY18 to USD 482/t in 3QFY19.

| RATNAMANI | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| SS Volume (MT) | 4441 | 5655 | 4493 | 5800 | 5427 | 5334 | 3983 | 5651 | 5405 | 0% |
| CS Volume (MT) | 45475 | 43524 | 31641 | 24548 | 70034 | 74804 | 71128 | 76653 | 73680 | 5% |
| Revenue | 363 | 388 | 295 | 318 | 536 | 619 | 609 | 730 | 728 | 36% |
| EBITDA | 77 | 68 | 47 | 51 | 84 | 93 | 90 | 116 | 101 | 20% |
| PAT | 45 | 40 | 23 | 27 | 46 | 56 | 58 | 69 | 63 | 37% |

Ratnamani delivered strong topline at Rs.728cr (up 36% YoY, flat QoQ) led by continued strong execution in CS segment. Company is on line to achieve its yearly revenue guidance of around Rs.2600-2700cr in FY19 and may even exceed its earlier guidance of Rs.1100-1200cr topline in 2HFY19 considering the 3QFY19 numbers. Strong execution in CS division led by city gas distribution and water segment orders has been driving company's performance for a while now. Volume in SS division came in at 5405 MT (flat YoY, down 4% QoQ) and CS division volume came in at 73680 MT (up 5% YoY, down 4% QoQ).Lower employee cost and slightly lower other expenses helped to reduce the impact at EBITDA helped to restrict fall in EBITDA margin to 2% as compare to 3% fall in gross margin. EBITDA for the quarter came in at Rs.101cr (up 20% YoY, down 13% QoQ).Order inflow in SS division remain impacted by low capex in refinery segment and power sector, however, in recent quarters SS order book has improved to Rs.400-450cr level from earlier levels of Rs.300-350cr. SS division capex of 20000 MT is expected to come online by Oct-Dec'19 and CS division capex of 120000 MT is expected to come online by Nov-Dec'19. Near term headwinds are expected due to election, however, healthy order book expected to mitigate the risk.

| TATAMETALIK | 3QFY17 | 4QFY17 | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | YoY% |
|---|---|---|---|---|---|---|---|---|---|---|
| Pig iron (MT) | 82027 | 96451 | 102000 | 127526 | 137581 | 135857 | 115436 | 134718 | 128039 | -7% |
| DI pipe (MT) | 39471 | 65640 | 49000 | 45630 | 52535 | 64628 | 47043 | 50734 | 66536 | 27% |
| Revenue | 300 | 401 | 387 | 450 | 490 | 546 | 468 | 547 | 546 | 12% |
| EBITDA | 43 | 75 | 50 | 67 | 73 | 88 | 66 | 86 | 75 | 3% |
| PAT | 20 | 40 | 31 | 34 | 40 | 55 | 30 | 48 | 40 | -2% |

Tata Metaliks 3QFY19 revenue came in at Rs.546cr. (up 12% YoY, flat QoQ), YoY increase in revenue was primarily on account higher DI pipe sales volume in the quarter at 66536 tonnes (up 27% YoY, 31% QoQ). Pig iron external sales volume was lower at 61503 tonnes (down 28% YoY, 27% QoQ) due to increase in captive consumption (higher DI production) and unscheduled shutdown. EBITDA came in at Rs.75cr (up 3% YoY, down 13% QoQ), and EBITDA margins contracted 1% YoY and 2% QoQ to 13.7% due higher input cost and higher other expenses. Management indicated, softness in raw material prices may lead to fall in realization going ahead. On capacity expansion front company has still not taken a final call. Management expects slow 1QFY20 due to issues with funding of govt. projects because of election.

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|---|---|
| Analyst's ownership of the stocks mentioned in the Report | NIL |

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