

BSE SENSEX
32,507

S&P CNX
10,185

CMP: INR170
TP: INR213 (+25%)
Buy


Bloomberg	AGLL IN
Equity Shares (m)	245.7
M.Cap.(INRb)/(USDb)	41.3 / 0.6
52-Week Range (INR)	202/150
1, 6, 12 Rel. Per (%)	-3/-14/-20
12M Avg Val (INR M)	80
Free float (%)	30.0

Financials Snapshot (INR b)

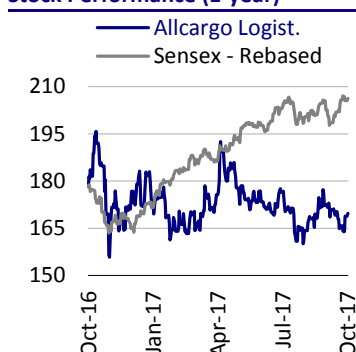
Y/E Mar	2018E	2019E	2020E
Sales	65.0	73.9	83.7
EBITDA	4.7	5.4	6.0
NP	2.5	3.2	3.7
EPS (Rs)	10.3	12.9	15.2
EPS Gr (%)	4.6	25.3	18.1
BV/Sh (INR)	80.7	90.0	100.8
RoE (%)	13.4	15.1	15.9
RoCE (%)	11.5	13.0	13.9
P/E (x)	16.5	13.2	11.2
P/BV (x)	2.1	1.9	1.7
EV/EBITDA (x)	9.1	7.2	5.9

Shareholding pattern (%)

As On	Sep-17	Jun-17	Sep-16
Promoter	69.1	69.1	69.8
DII	6.3	6.3	0.1
FII	16.7	16.4	14.6
Others	7.9	8.2	15.5

FII Includes depository receipts

Stock Performance (1-year)



Contract logistics, land monetization to add value

Management initiatives to improve return ratios

- We expect AGLL to create value in the medium term from strong growth in contract logistics through its subsidiary, ACCI. Monetization of land parcels by roping in strategic partners would add further value to the company.
- The MTO segment should continue to see growth in profits, led by strong revenue growth due to rising proportion of FCL shipments coupled with stable margins. Also, the management has taken multiple initiatives, which should result in an improvement of the company's overall return ratios.
- AGLL trades at 11x FY20E EPS, which is attractive, given improving return ratio profile and 16% earnings CAGR over FY17-20E. We value AGLL on 14x FY20E EPS and arrive at a target price of INR213, implying 25% upside. We believe an additional value of 25-30% of present market capitalization could get created in the medium term from contract logistics, land monetization and entry into last mile delivery, which we are not factoring into our present target price. Maintain Buy.

Contract logistics the way forward for domestic business

We expect a paradigm shift in contract logistics in India. With rising dependence on third-party logistics (3PL), this segment should witness robust growth. Organized large-sized players are scarce in this space and AGLL has a three-pronged strategy to cement its early mover advantage:

- 1. Organic growth:** AGLL has created a niche for itself in contract logistics, with strong exposure to Autos, Chemicals, E-commerce, fashion and Retail. This also helps improve AGLL's overall profitability profile, as margins in these segments are higher. Additionally implementation of GST is expected to give a big demand boost to contract logistics business in the country.
- 2. Acquisitions in last mile delivery:** AGLL foresees good prospects in express delivery for e-commerce players – Amazon and other key clients are likely to increase business to 3PL players. AGLL intends to invest upto INR2b towards acquisition, which will give them access to last mile connectivity particularly for B2C segment as they have exposure in B2B segment.
- 3. Monetization of land parcels in key strategic locations:** AGLL intends to develop 500 acres of land bank in multiple locations like Hyderabad, Bangalore, Chennai, Jhajjar and Nagpur into warehouse complexes, Logistics parks along with strategic partners. It intends to follow an asset-light model in this activity with major capex could be incurred by the strategic partner expected to come on board.

MTO segment profitability continues to improve

AGLL's multi-modal transport operator (MTO) business generates annual free cash flow of over INR2b, led by low capex requirement and steady growth. The segment has witnessed significant improvement in profitability over the last 2-3 quarters, led by revival in container shipping freight rates globally. Rates have firmed up due to consolidation of container shipping companies and demand recovery after prolonged weakness. This bodes well for the segment's prospects in the medium term; profitability should improve over the next 12-18 months.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Well placed to benefit from firming up of container shipping rates:** AGLL is strategically placed to benefit from firming up of container shipping freight rates, as it enjoys double-digit market share with dominance in key routes. It intends to use its strong cash flows from the segment to further consolidate its position in the less-than-container-load (LCL) market.
- **Expect higher scale of business:** AGLL should achieve higher scale of business by raising the proportion of full-container-load (FCL) shipments, leveraging on the same network used for LCL shipments.
- **Superior return ratios:** The MTO segment should continue to report RoCE in excess of 30%, led by improving profitability and growing scale. AGLL's foray into the FCL business would help increase asset turn.

Management initiatives to improve return ratios

The management has taken multiple initiatives to improve return ratios in the last 12 months. We recap the key management decisions and their implications:

- **Sale of unproductive assets:** AGLL has Sold 2 ships in the last 12 months which have completed its lifecycle and were not making expected profits as coastal shipping freight rates have not been healthy due to increased competitive intensity. It is also planning to sell one more ship. Additionally the residual ships have been put in long term contract with better profitability in order to reduce the volatility of profits from the segment.
- **Divestment of lower tonnage cranes:** AGLL has divested lower tonnage cranes in the last 12-15 months, as the return ratios from these cranes are subdued and competitive intensity is high due to low entry barriers.
- **Termination of lease arrangement with CWC:** AGLL has terminated its lease arrangement with Central Warehousing Corporation (CWC) for the Mundra Container Freight Station with effect from December 2017. The pick-up in business was not expected lines and the termination of the lease agreement will help improve profitability as there is no other commitment from Mundra CFS to CWC and reduction in lease rental expenses. Commencement of Kolkata CFS in 2HFY18 will likely drive earnings growth for the segment over FY17-FY19.
- **Use of under-utilized resources for contract logistics business:** AGLL intends to use unused capacities of its container freight stations at multiple locations and its various land parcels for warehousing, 3PL contract which is expected to see meaningful traction post GST. By optimally using its under-utilized resources, AGLL will be able to garner higher revenues in the next five years.

Valuation and view

The MTO segment is likely to do well in the medium term, led by firming of global container freight rates. Though the CFS segment is facing headwinds in terms of direct port delivery, the Kolkata CFS should provide growth for the segment. The P&E segment should see stabilization of profits due to sale of unproductive and low-yielding assets. Valuations of 13x/11x FY19/FY20E earnings appear attractive, given AGLL's strong fundamentals, improving return ratios, and earnings CAGR of 16% over FY17-20E. We value AGLL at 14x FY20E EPS and arrive at a target price of INR213, implying 25% upside. We believe an additional value of 25-30% of present market capitalization could get created in the medium term from contract logistics, land monetization and entry into last mile delivery, which we are not factoring into our present target price. Maintain **Buy**.

Contract logistics the way forward

Three-pronged strategy in place

We expect a paradigm shift in contract logistics in India. With rising dependence on third-party logistics (3PL), this segment should witness robust growth. Organized large-sized players are scarce in this space and AGLL has a three-pronged strategy to cement its early mover advantage:

1. **Organic growth:** AGLL has created a niche for itself in contract logistics, with strong exposure to segments like Autos, Chemicals, E-Com, Fashion and Retail segment. These segments tend to earn higher margins than other thus improving the overall margin profile for the segment. Additionally implementation of GST is expected to give a big demand boost to contract logistics business.
2. **Acquisitions in last mile delivery:** AGLL foresees good prospects in express delivery for e-commerce players – Amazon and other key clients are likely to increase business to 3PL players. AGLL is considering acquisitions to quickly grow in this space. It is considering an acquisition size of up to INR2b, which should help multiply revenue by 2-3x over the next 3-4 years.
3. **Monetization of land parcels in key strategic locations:** AGLL is considering development of 500 acres of land bank in multiple locations like Hyderabad, Bangalore, Chennai and Nagpur into warehouse complexes along with strategic partners. It intends to follow an asset-light model in this activity and expects the strategic partners to incur most of the capital expenditure.

Expect contract logistics in India to grow at 40-50% for the next few years

The erstwhile taxation system in India had discouraged the emergence of an efficient logistics industry. With the implementation of GST, economic considerations other than the need to traverse multiple regional taxes would now begin to shape the industry. The elimination of multiple state taxes and hurdles to inter-state goods transport has created space for the emergence of truly national carriers. Warehouses, which were earlier designed to evade taxes, will be repositioned to cater to pure business needs to reduce overall logistics cost. As a result, we expect a paradigm shift in contract logistics in India.

Key industries like FMCG, Autos and Retail are redesigning their supply chains to reduce overall logistics cost. The key change is the emergence of a hub and spoke model, with primary transportation being handled at the hub and secondary transportation being handled at the spokes. Majority of the hubs will be located in close proximity to the manufacturing and consumption centers. The spokes will be used more as feeder warehouses to consolidate cargo for large-sized players.

Implementation of GST has resulted in increased dependence on third-party logistics (3PL) to improve efficiencies and reduce overall logistics cost. There is now a demand for organized integrated logistics players with strong capabilities to handle and manage large-scale business. Additionally, government initiatives to encourage *Make in India* will further increase the overall movement of goods in the country, necessitating efficient logistics. Integrated organized players would be in a better position to handle the scale of logistics services required.

Under the GST regime, warehouses will see a major shift in terms of both size and location. Demand for large format warehouses will increase meaningfully. Warehousing space in India is likely to double from the present 600msf, centered around major consumption hubs. The primary consumption centers would be the metros – Mumbai, Delhi, Kolkata and Chennai, and mini metros – Ahmedabad, Bengaluru, Hyderabad and Pune. Lease rates for compliant warehouses have increased 10-12% since GST implementation, opening up a major opportunity for large organized players like AGLL. As organized players consolidate and deliver value, their market share will increase rapidly from the current sub-20%.

With growing dependence on 3PL, we expect contract logistics in India to grow at a CAGR of 40-50% over the next few years.

AGLL strategically-placed to make the most of the opportunity

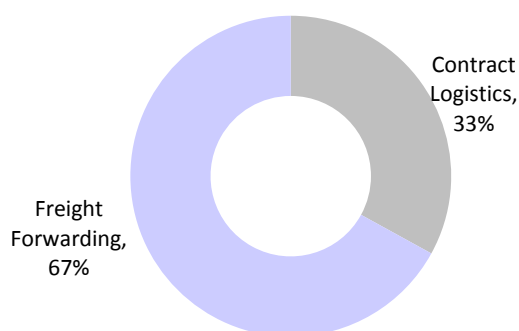
AGLL has been focused on this segment of logistics and acquired 62% stake in ACCI. Earlier known as CCI, ACCI is a pioneer in contract logistics for the Chemicals segment. The acquisition has deepened AGLL's footprint in contract logistics. Now its subsidiary, ACCI has invested in people with expertise in contract logistics as also warehouses. It has also developed expertise in providing value-added services, which helps to improve its margins and reduce competitive intensity. ACCI provides multiple services under one roof, making it more desirable to clients.

ACCI aims to be amongst the top-3 players in contract logistics in India by FY20. It intends to build on its leadership in the Chemicals segment and expand to Autos, Engineering, E-Comm, Fashion and Retail. In Chemicals, its clientele includes DOW, BASF and Henkel. In Autos, the scope of contract logistics extends from line feeding to after-market servicing. In Retail, clients are e-commerce players.

ACCI had warehouse space of ~1.5msf to cater to the needs of contract logistics about one year ago. Almost 50% of its warehouse space was being utilized for the Chemicals segment. To cater to growing needs, ACCI has increased its warehouse capacity from 1.5msf to ~3msf, and intends to further expand up to 10msf by FY20. Its warehousing space is spread across 20 strategic locations in India.

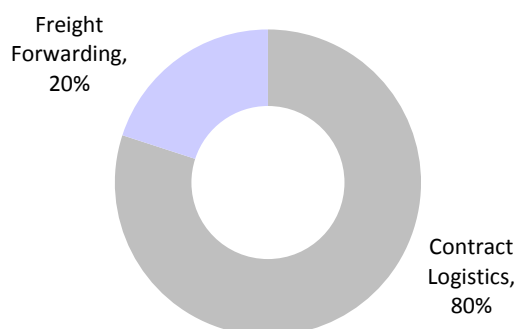
ACCI builds warehouses under the built to suit (BTS) model, with high end technology and automated processes. This allows for a high degree of customization and increases client stickiness. ACCI is investing heavily in automation for warehouses over the next 2-3 years, which will give it an edge over peers.

Exhibit 1: ACCI's revenue breakup in FY17



Source: MOSL, Company

Exhibit 2: ACCI's revenue breakup in FY20E



Source: MOSL

AGLL's contract logistics revenue is likely to grow at a CAGR of 25% over FY17-22 to INR3.5b. Margins are likely to be over 20%, given ACCI's expertise and capabilities. The total expected value for ACCI would be closer to INR10.5b in FY22, valuing it at 15x EV/EBITDA. Discounting it to FY20 and also adjusting for AGLL's 62% stake in ACCI, the potential value for the contract logistics business works out to INR5.4b, translating into INR22/share or 13% of AGLL's market capitalization.

Exhibit 3: AGLL calculation of optionality value from contract logistics

	FY22
Contract logistics revenue	3.5
OPM(%)	20%
EBITDA	0.7
EV/EBITDA multiple (x)	15
EV (Inr bn)	10.5
Discounting it on FY20	8.7
Value of AGLL's 62% share in ACCI	5.4
AGLL's per share value from contract logistics	22
% of present market value	13%

Source: MOSL, Company

Exploring acquisitions for rapid growth in last mile delivery

AGLL foresees good prospects in express delivery for e-commerce players. This business is similar to express transport, a line of business where AGLL has achieved proficiency in the international market. AGLL intends to invest ~INR2bn towards acquisition which will give them access to last mile connectivity particularly for B2C segment as they have exposure in B2B segment.

The last mile space in India is expected to grow at a healthy pace for the next few years, both for the B2B and B2C segments. Growth in the B2B segment will be driven by implementation of GST, which will make it critical to have express transport to bring down overall logistics cost. The B2C segment should see strong growth over the next few years, as e-commerce players like Amazon are deepening their footprint in India. Increasing penetration of e-commerce players is likely to drive strong demand for efficient organized last mile players.

The proportion of in-house e-commerce logistics has been declining over the last few years. E-commerce players like Amazon are increasingly relying on 3PL. The proportion of 3PL e-commerce logistics has increased from sub-10% to 40% in the last few years, highlighting the need for integrated 3PL players for e-commerce. While the profitability of both the e-commerce players themselves as well as e-commerce logistics players has been dwindling due to fight for market share, once the shake-down is over, the surviving players would stand to benefit significantly.

The last mile e-commerce player AGLL is proposing to acquire is expected to bring in established clients in both B2C and B2B segments as also long-term leases for state-of-the-art warehouses. This would give AGLL a competitive edge.

Taking asset-light approach for warehouse management

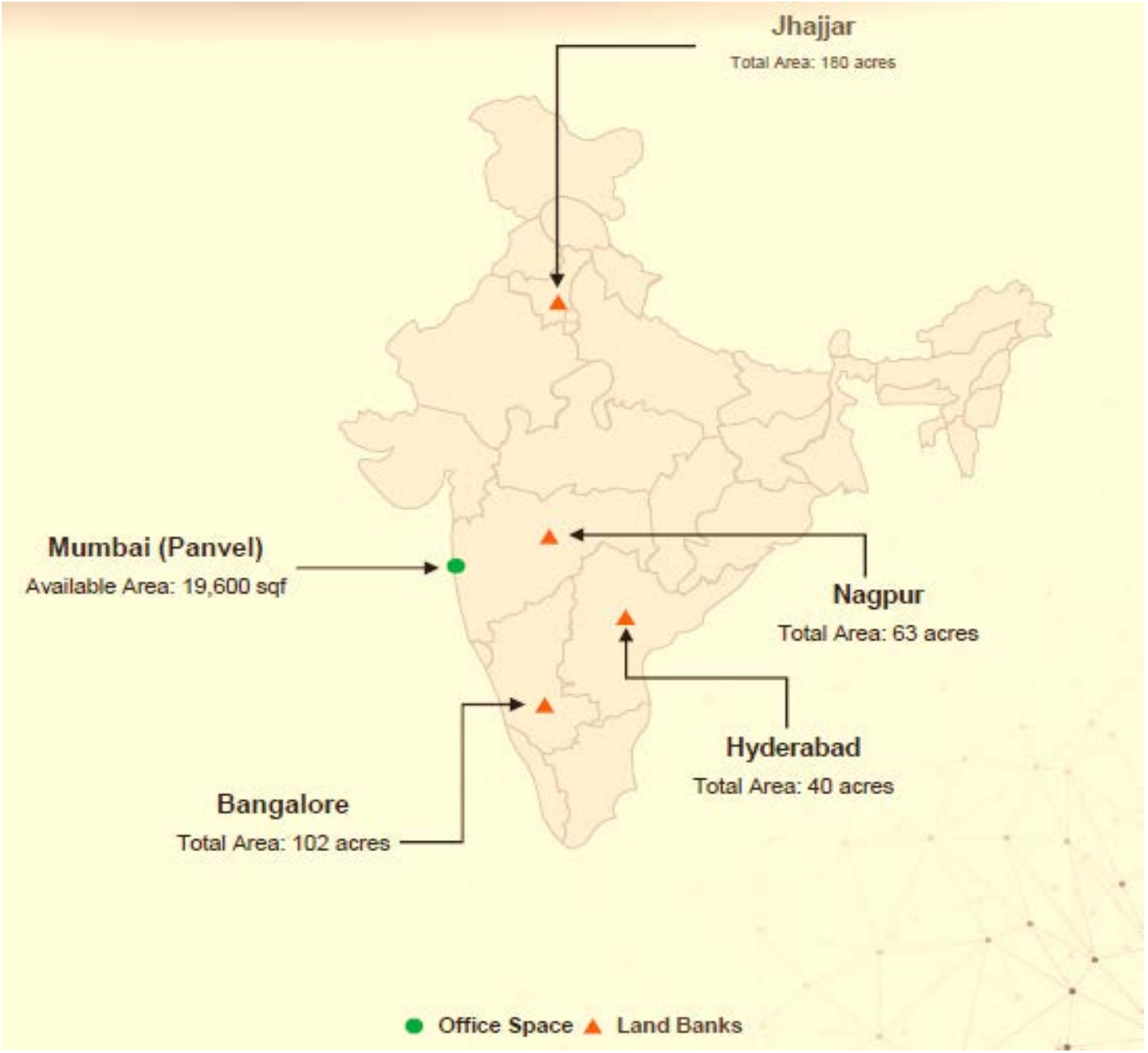
AGLL intends to develop 500 acres of land bank in multiple locations like Hyderabad, Bangalore, Chennai and Nagpur into warehouse complexes along with strategic partners. It also targets a presence in multimodal logistics parks. The first logistics park is expected to commence in Jhajjar in about three years. It intends to follow an asset-light model in this activity and expects the strategic partners to incur most of the capital expenditure. Monetizing its land parcels in key locations will also enable AGLL to realize gains from owning these land parcels.

AGLL's key advantage is that it possesses large tracts of contiguous land acquired at attractive rates over the last decade or so. These land parcels are suitable for warehousing management, as most of the demand for warehouses is around the regions where they are located. The land parcels will also be used to develop multimodal logistics parks, which should see strong growth post the commencement of the Dedicated Freight Corridors in FY20.

Its strategic partners would ensure that AGLL does not need to infuse further equity into the segment. Also, the strategic partners could bring in adequate expertise and knowledge of warehouse management. They would also help in getting sustainable business from key clients, supporting overall return ratios. In case of logistics parks, the strategic partners could be shipping lines, bringing in volume commitments.

The market value of AGLL's land bank is estimated at INR5b-6b, which translates to ~12-14% of its current market capitalization. Once developed, the value of its land parcels would be much higher.

Exhibit 4: Scope for development/monetization of unutilized assets



Source: MOSL, Company

MTO segment profitability continues to improve

Demand recovering; freight rates rising

- AGLL's multi-modal transport operator (MTO) business generates annual free cash flow of over INR2b, led by low capex requirement and steady growth.
- The segment has witnessed significant improvement in profitability over the last 2-3 quarters, led by revival in container shipping freight rates globally.
- Rates have firmed up due to consolidation of container shipping companies and demand recovery. This bodes well for the segment's prospects in the medium term; profitability should improve over the next 12-18 months.

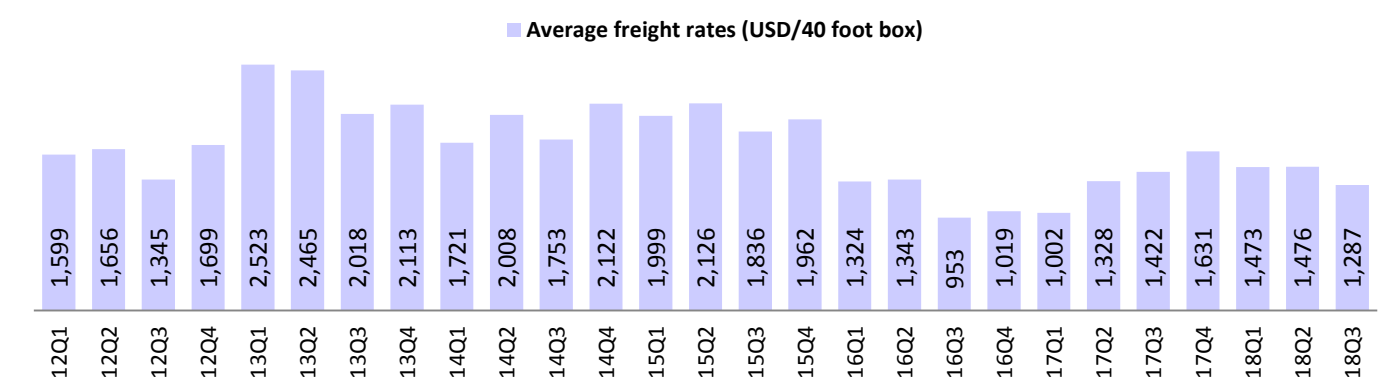
Well placed to benefit from firming up of container shipping rates

Container freight rates had been sluggish for a sustained period of time on weak demand and overcapacity. However, in the last 18 months, container shipping freight rates have improved on consolidation of container shipping companies as well as demand improvement. Container demand is expected to grow at 3-4% versus flattish growth for the last 4-5 years. As supply growth in container shipping is likely to be at par with demand growth, freight rates are expected to be largely stable in the medium term.

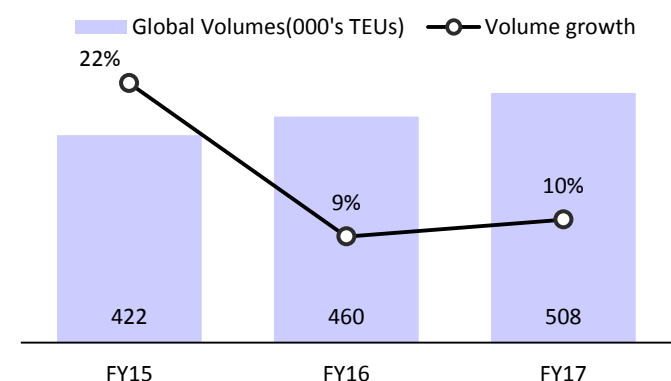
AGLL is strategically placed to benefit from firming up of container shipping freight rates. It has a healthy presence in the MTO business, with a global network of 300+ offices across 160+ countries. It enjoys double-digit market share in the segment and is one of the world's largest players in the less-than-container-load (LCL) market. Its scale enables it to enjoy preferential container rates, allowing it higher margins than peers. Sustainability of global container freight rates augur well for AGLL's MTO business margins.

AGLL's MTO business is witnessing improvement in profitability over the past 2-3 quarters, led by demand revival and rising container shipping freight rates. With global container freight rates sustaining, we expect profitability to continue improving over the next 12-18 months.

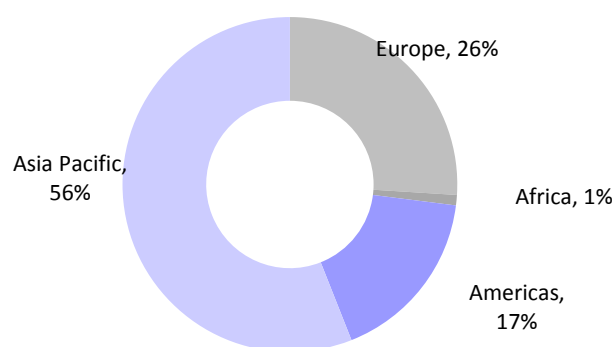
Exhibit 5: Trend in global freight rates



Source: Bloomberg

Exhibit 6: Trend in MTO volumes

Source: Company, MOSL

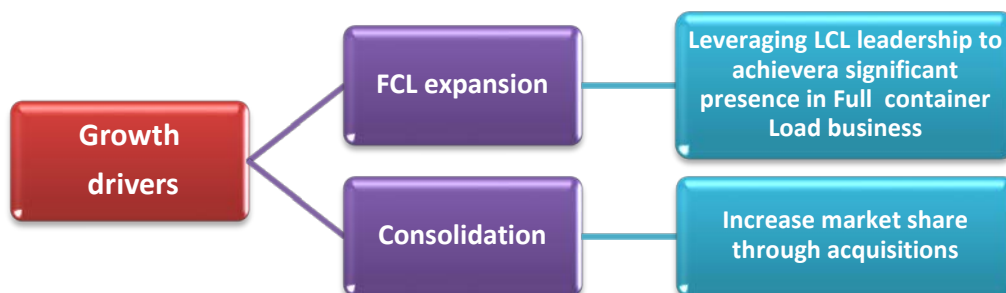
Exhibit 7: Strong foothold in Asia Pacific

Source: Company, MOSL

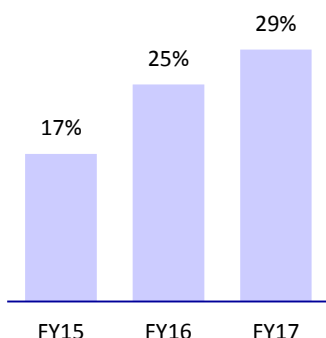
Expect higher scale of business

AGLL's MTO business generates annual free cash flow of over INR2b, led by low capex requirement and steady growth. It intends to utilize its accumulated cash for further consolidating its position/market share in the LCL market. It is investing in technology and digitalization to gain market share.

AGLL's strategy going forward is to grow volumes in excess of market growth rate by increasing its overall presence in the full-container-load (FCL) market. It should achieve higher scale of business by raising the proportion of FCL shipments, leveraging on the same network used for LCL shipments.

Exhibit 8: Expect growth to come from FCL Expansion and Consolidation

Source: Company; MOSL

Healthy return on capital employed for MTO**Superior return ratios**

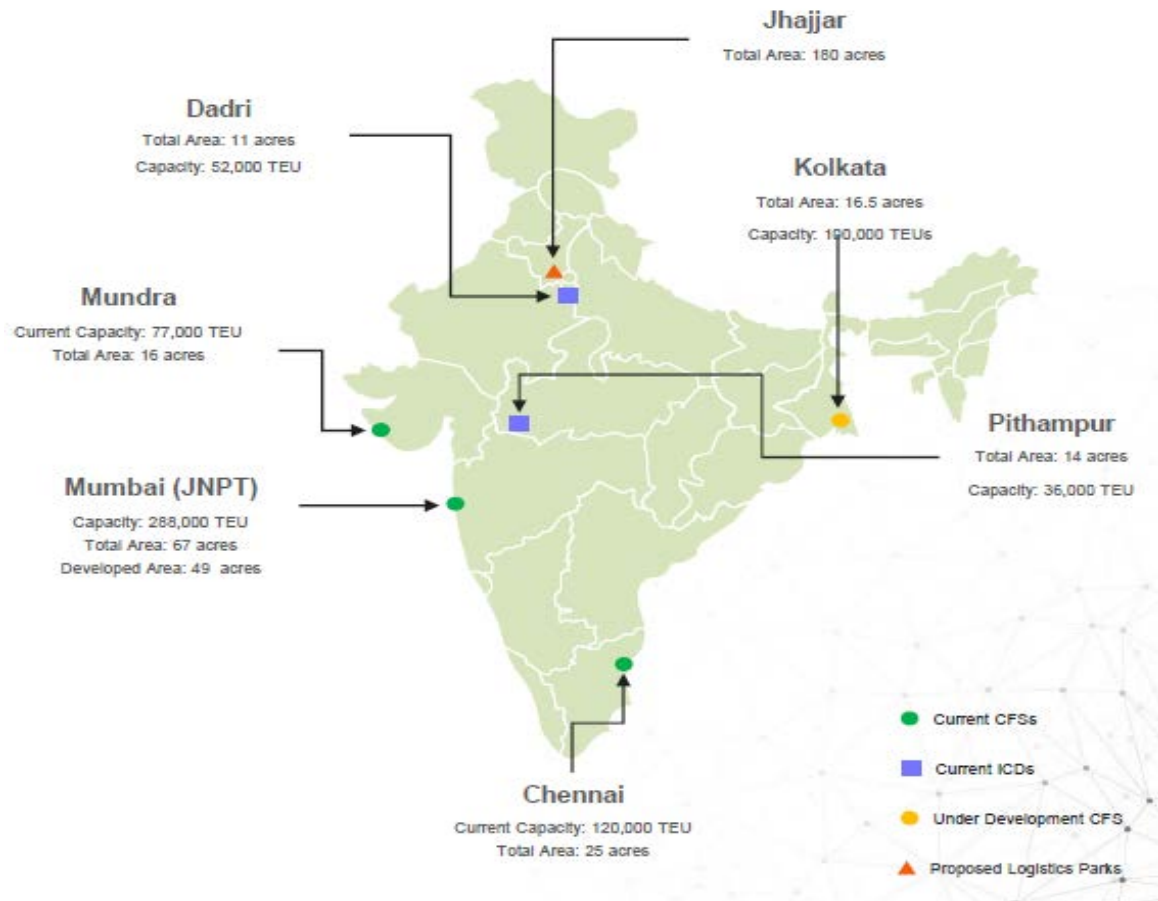
AGLL's MTO business enjoys high RoCE due to low capex commitment and high asset turnover. It should continue to report RoCE in excess of 30%, led by improving profitability and growing scale. AGLL's foray into the FCL business would help increase asset turn.

CFS business facing challenges

However, management initiatives minimize pain

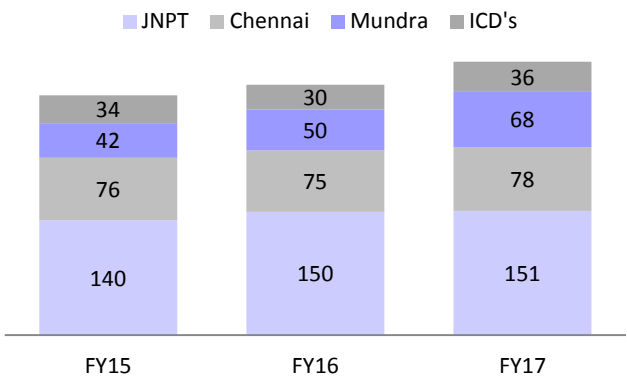
- AGLL's CFS business generates healthy RoCE of ~30% due to stable cash flows. However, the business is facing challenges due to regulatory issues on direct port delivery. Also, fixed costs in the form of lease rentals are hurting margins.
- The management has come up with new revenue models, helping AGLL to restrict the impact of direct port delivery. Volumes are expected to pick up, with the addition of the fourth terminal at JNPT. Also, the Kolkata CFS will get operational in 2HFY18, thus resulting in volume growth in FY19.
- AGLL has terminated its lease arrangement with Central Warehousing Corporation (CWC) for the Mundra Container Freight Station with effect from December 2017. The pick-up in business was not expected lines and the termination of the lease agreement will help improve profitability as there is no other commitment from Mundra CFS to CWC and reduction in lease rental expenses.
- AGLL intends to use unused capacities of its container freight stations at multiple locations and its various land parcels for warehousing, 3PL contract which is expected to see meaningful traction post GST. By optimally using its under-utilized resources, AGLL will be able to garner higher revenues in the next five years.

Exhibit 9: Allcargo is present across major container ports of India



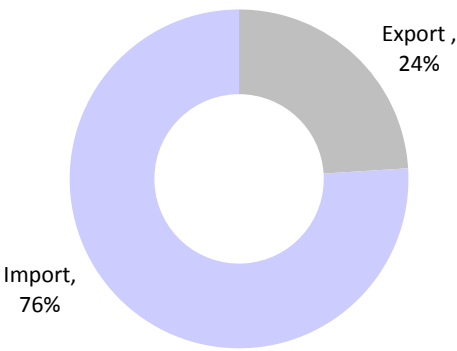
Source: Company, MOSL

Exhibit 10: Volume trend in CFS business



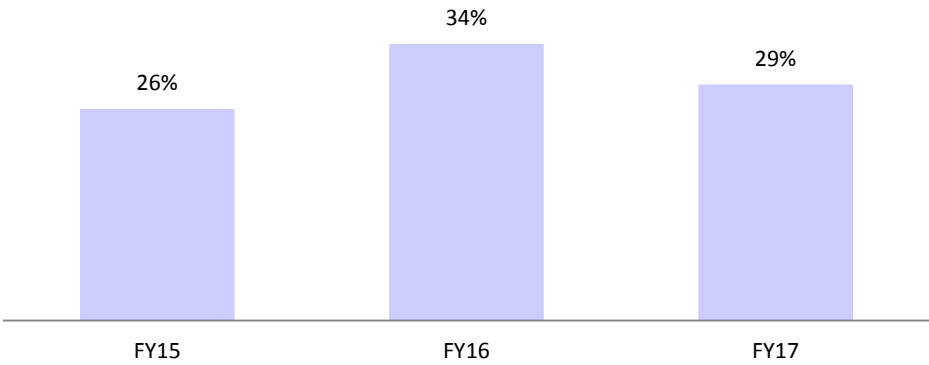
Source: MOSL, Company

Exhibit 11: Import-export mix - FY17



Source: MOSL, Company

Exhibit 12: RoCE of CFS business



Source: MOSL, Company

Building niche offerings in P&E business

Taken multiple initiatives to improve return ratio profile

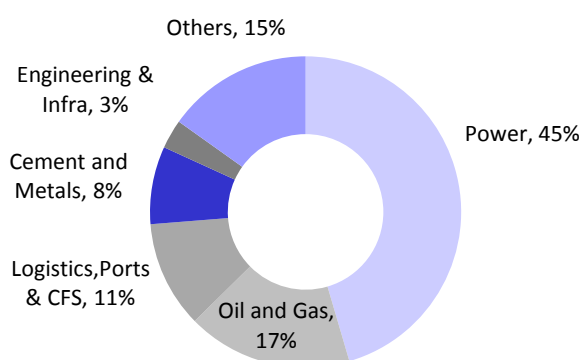
- AGLL's Project and Engineering (P&E) business caters to major PSUs and MNCs in Infra, Steel, Cement, Oil and Energy segments through equipment leasing and project logistics. It is one of India's largest crane rental companies, with an owned fleet of 135. AGLL is building further niche business offerings, which should help gain customer stickiness and higher margins.
- The ROCE of the P&E business is lower than the average RoCE of the company due to higher proportion of low yielding assets in the business. The management has taken multiple initiatives in the past 12 months to improve the return ratio profile. Key management decisions and their implications:
 - **Sale of unproductive assets:** AGLL has Sold 2 ships in the last 12 months which have completed its lifecycle and were not making expected profits as coastal shipping freight rates have not been healthy due to increased competitive intensity. It is also planning to sell one more ship. Additionally the residual ships have been put in long term contract with better profitability in order to reduce the volatility of profits from the segment.
 - **Divestment of lower tonnage cranes:** AGLL has divested lower tonnage cranes in the last 12-15 months, as the return ratios from these cranes are subdued and competitive intensity is high due to low entry barriers.
 - AGLL has a diversified client base in the crane hiring business, which protects it against a downturn in a particular industry/segment. So, the slowdown in the wind power segment, which contributes 20% of the overall business, is unlikely to impact the overall business substantially.
 - **Project logistics to benefit from uptick in capex cycle:** The project logistics segment of AGLL (asset light) is also likely to be a key beneficiary of expected improvement in capex cycle over the next few years. Order book for the segment is likely to witness improvement from present levels resulting in improved profitability from the segment. The segment could witness significant improvement in profits due to positive operating leverage led by execution of large sized orders.

Exhibit 13: Fleet strength

Equipment Type	As on 31st March, 2017
Cranes	135
Trailers	394
Hydraulic Axles	201
Reach Stackers and Forklifts	48
Prime Movers	21
Others	8
Total	807

Source: Company, MOSL

Exhibit 14: Client Diversification (by Revenue)-FY2017



Source: Company, MOSL

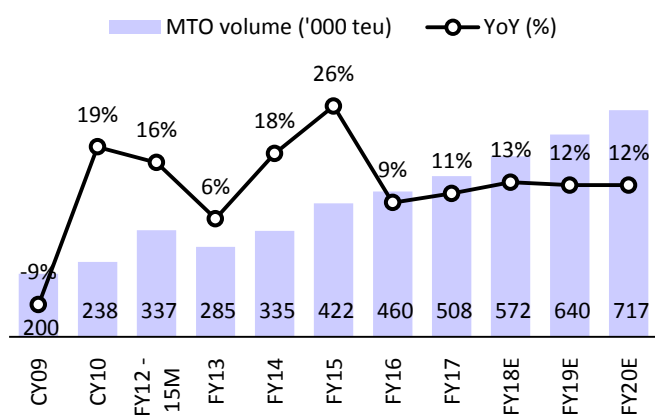
Valuations attractive

Value creation through contract logistics; Buy

- The MTO segment is likely to do well in the medium term, led by firming of global container freight rates.
- Though the CFS segment is facing headwinds in terms of direct port delivery, the Kolkata CFS should provide growth for the segment.
- The P&E segment should see stabilization of profits due to sale of unproductive and low-yielding assets.
- Valuations of 13x/11x FY19/FY20E earnings appear attractive, given AGLL's strong fundamentals, improving return ratios, and earnings CAGR of 16% over FY17-20E.
- We value AGLL at 14x FY20E EPS and arrive at a target price of INR213, implying 25% upside. We believe additional value of 25-30% of present market capitalization could get created in the medium term from contract logistics, land monetization and entry into last mile delivery, which we are not factoring into our present target price. Maintain **Buy**.

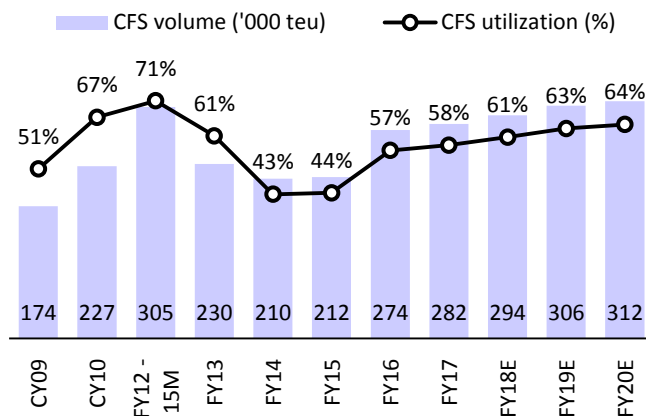
Story in charts

Exhibit 15: Expect MTO volumes to grow at 12% CAGR over FY17-20, driven by improving trade volumes



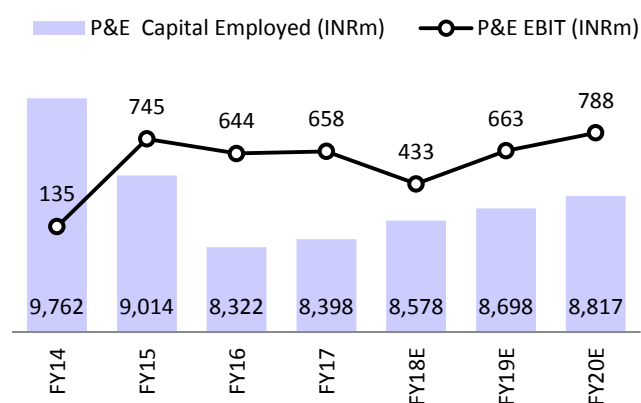
Source: Company, MOSL

Exhibit 16: Expect CFS volumes to grow at 3% CAGR over FY17-20



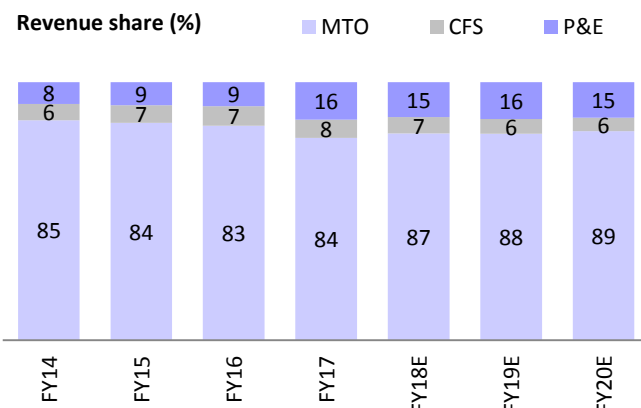
Source: Company, MOSL

Exhibit 17: P&E – capital employed and EBIT



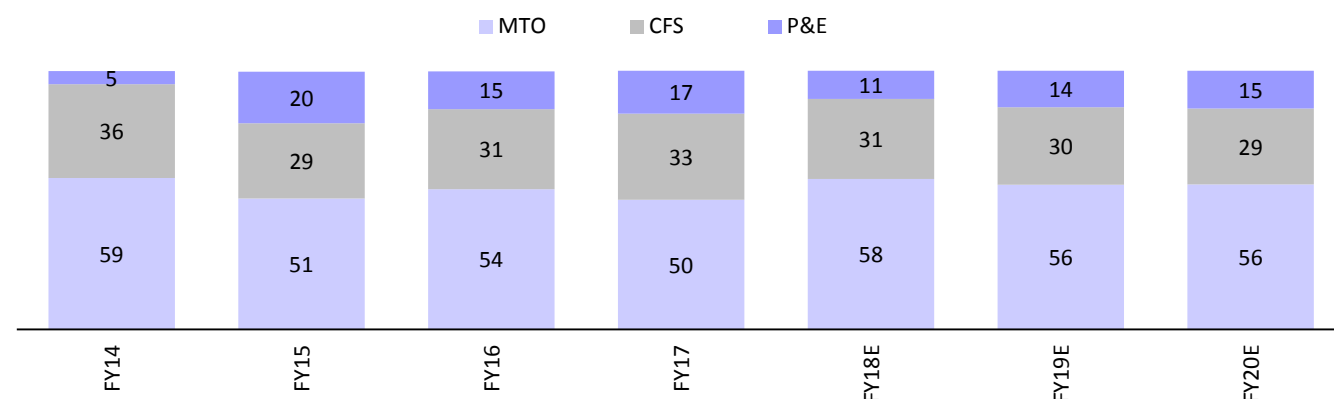
Source: Company, MOSL

Exhibit 18: MTO segment contributes highest to revenue



Source: Company, MOSL

Exhibit 19: MTO segment contributes highest to EBIT



Source: Company, MOSL

Financials and Valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Total Income from Operations	39,255	48,445	56,180	56,281	55,681	64,987	73,879	83,685
Change (%)	-8.1	23.4	16.0	0.2	-1.1	16.7	13.7	13.3
Total Expenditure	35,701	44,681	51,534	51,235	51,056	60,315	68,484	77,683
EBITDA	3,554	3,763	4,646	5,046	4,625	4,671	5,395	6,002
Margin (%)	9.1	7.8	8.3	9.0	8.3	7.2	7.3	7.2
Depreciation	1,474	1,755	1,574	2,006	1,662	1,624	1,702	1,749
EBIT	2,080	2,009	3,072	3,040	2,963	3,047	3,693	4,254
Int. and Finance Charges	414	563	535	408	324	342	320	284
Other Income	670	515	412	404	606	500	570	650
PBT bef. EO Exp.	2,335	1,960	2,950	3,036	3,245	3,206	3,943	4,620
EO Items	0	0	0	132	128	0	0	0
PBT after EO Exp.	2,335	1,960	2,950	2,904	3,116	3,206	3,943	4,620
Income tax	512	416	700	498	776	705	867	1,016
Tax Rate (%)	21.9	21.2	23.7	17.2	24.9	22.0	22.0	22.0
PAT	1,823	1,544	2,250	2,406	2,340	2,500	3,076	3,604
Minority + Associate share	126	51	73	-8	-22	25	89	134
PAT incl. Minority + Associate	1,697	1,493	2,177	2,399	2,318	2,526	3,165	3,738
Adjusted PAT	1,823	1,544	2,250	2,508	2,414	2,526	3,165	3,738
Change (%)	-38.7	-15.3	45.7	11.5	-3.7	4.6	25.3	18.1
Margin (%)	4.6	3.2	4.0	4.5	4.3	3.9	4.3	4.5

Consolidated - Balance Sheet

(INR m)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Equity Share Capital	252	252	252	504	491	491	491	491
Total Reserves	15,604	17,679	18,826	16,860	17,431	19,327	21,615	24,274
Net Worth	15,857	17,931	19,078	17,364	17,922	19,818	22,107	24,765
Minority Interest	433	463	221	216	207	207	207	207
Deferred Liabilities	1,172	1,284	1,354	35	17	17	17	17
Total Loans	7,267	9,921	6,133	3,327	5,134	4,634	4,134	3,634
Capital Employed	24,728	29,599	26,786	20,941	23,280	24,676	26,465	28,623
Gross Block	18,850	20,528	20,244	18,389	18,487	19,724	20,318	20,828
Less: Accum. Deprn.	5,163	7,094	8,283	5,352	6,384	8,008	9,709	11,458
Net Fixed Assets	13,687	13,434	11,961	13,037	12,103	11,717	10,609	9,369
Goodwill on Consolidation	4,602	9,051	8,655	2,753	2,604	2,604	2,604	2,604
Capital WIP	139	236	302	504	753	215	122	112
Total Investments	1,859	1,902	894	1,530	3,598	3,598	3,598	3,598
Curr. Assets, Loans&Adv.	9,641	11,675	12,648	12,007	12,743	15,530	20,232	25,190
Inventory	111	114	117	112	101	137	155	176
Account Receivables	3,825	5,715	6,476	6,767	7,522	7,638	8,683	9,836
Cash and Bank Balance	1,382	1,647	1,738	1,944	1,873	3,856	6,961	10,157
Loans and Advances	4,324	4,199	4,318	3,184	3,247	3,899	4,433	5,021
Curr. Liability & Prov.	5,429	6,938	7,928	9,768	9,258	9,725	11,437	12,988
Account Payables	3,536	4,661	5,744	5,641	6,165	6,990	8,068	9,152
Other Current Liabilities	1,275	1,674	1,557	3,606	2,552	2,080	2,586	2,929
Provisions	619	602	627	521	542	655	783	907
Net Current Assets	4,212	4,737	4,720	2,239	3,485	5,805	8,795	12,202
Deferred Tax assets	228	238	253	879	738	738	738	738
Appl. of Funds	24,728	29,599	26,786	20,941	23,280	24,676	26,465	28,623

E: MOSL Estimates

Financials and Valuations

Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Basic (INR)								
EPS	7.2	6.1	8.9	9.9	9.8	10.3	12.9	15.2
Cash EPS	13.1	13.1	15.2	17.9	16.6	16.9	19.8	22.3
BV/Share	62.9	71.1	75.7	68.9	72.9	80.7	90.0	100.8
DPS	0.7	0.8	1.0	2.0	2.0	2.1	2.6	3.0
Payout (%)	12.1	14.3	13.4	23.3	23.2	23.1	22.7	22.5
Valuation (x)								
P/E	23.5	27.7	19.0	17.1	17.3	16.5	13.2	11.2
Cash P/E	13.0	13.0	11.2	9.5	10.2	10.1	8.6	7.6
P/BV	2.7	2.4	2.2	2.5	2.3	2.1	1.9	1.7
EV/Sales	1.2	1.0	0.8	0.8	0.8	0.7	0.5	0.4
EV/EBITDA	13.4	13.3	9.9	8.6	9.7	9.1	7.2	5.9
Dividend Yield (%)	0.4	0.4	0.6	1.2	1.2	1.2	1.5	1.7
Return Ratios (%)								
RoE	11.9	9.1	12.2	13.8	13.7	13.4	15.1	15.9
RoCE	8.9	7.3	9.4	12.0	12.1	11.5	13.0	13.9
RoIC	10.1	8.2	10.7	13.6	13.7	13.4	16.6	20.3
Working Capital Ratios								
Debtor (Days)	36	43	42	44	49	43	43	43
Creditor (Days)	47	50	53	54	60	59	59	60
Working Cap. Turnover (Days)	26	23	19	2	11	11	9	9
Leverage Ratio (x)								
Net Debt/Equity (x)	0.4	0.5	0.3	0.0	0.1	0.0	-0.2	-0.3

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
OP/(Loss) before Tax	2,335	1,960	3,171	2,904	3,116	3,206	3,943	4,620
Depreciation	1,474	1,755	1,574	2,006	1,662	1,624	1,702	1,749
Interest & Finance Charges	370	532	492	4	-281	-158	-250	-366
Direct Taxes Paid	-634	-373	-478	-498	-776	-705	-867	-1,016
(Inc)/Dec in WC	-22	-195	113	2,688	-1,317	-337	115	-211
CF from Operations	3,522	3,680	4,872	7,104	2,403	3,629	4,642	4,775
Others	-278	-572	-573	0	0	0	0	0
CF from Operating incl EO	3,244	3,107	4,300	7,104	2,403	3,629	4,642	4,775
(inc)/dec in FA	-1,896	-1,290	-442	1,654	-347	-700	-500	-500
Free Cash Flow	1,348	1,817	3,858	8,758	2,056	2,929	4,142	4,275
(Pur)/Sale of Investments	52	-237	1,218	-636	-2,068	0	0	0
Others	88	-2,665	-1,028	-4,384	-965	500	570	650
CF from Investments	-1,757	-4,192	-252	-3,366	-3,381	-200	70	150
Issue of Shares	0	0	0	252	-13	0	0	0
(Inc)/Dec in Debt	-563	2,732	-2,509	-2,807	1,807	-500	-500	-500
Interest Paid	-538	-586	-550	-408	-324	-342	-320	-284
Dividend Paid	-74	-222	-310	-561	-542	-579	-698	-811
Others	-271	-575	-589	-8	-22	-25	-89	-134
CF from Fin. Activity	-1,446	1,350	-3,957	-3,531	906	-1,446	-1,608	-1,729
Inc/Dec of Cash	41	265	91	207	-71	1,983	3,105	3,196
Opening Balance	1,341	1,382	1,647	1,738	1,944	1,873	3,856	6,961
Closing Balance	1,382	1,647	1,738	1,944	1,873	3,856	6,961	10,157

NOTES

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