

# Container Corporation

Estimate change



TP change



Rating change



Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	284.4 / 4
52-Week Range (INR)	602 / 263
1, 6, 12 Rel. Per (%)	8/-33/-45
12M Avg Val (INR M)	985

## Financial Snapshot (INR bn)

Y/E MARCH	2021E	2022E	2023E
Sales	63.5	75.6	92.2
EBITDA	13.4	15.7	19.1
Adj. PAT	8.1	9.7	12.0
EBITDA Margin (%)	21.2	20.8	20.8
Adj. EPS (INR)	13.4	15.9	19.7
EPS Gr. (%)	(19.5)	19.0	24.0
BV/Sh. (INR)	171	178	185
<b>Ratios</b>			
Net D:E	(0.4)	(0.4)	(0.4)
RoE (%)	8.0	9.1	10.9
RoCE (%)	8.2	9.3	11.1
Payout (%)	55.0	60.0	60.0
<b>Valuations</b>			
P/E (x)	34.9	29.3	23.7
P/BV (x)	2.7	2.6	2.5
EV/EBITDA(x)	18.3	15.3	12.3
Div. Yield (%)	1.57	2.04	2.54
FCF Yield (%)	1.47	2.81	3.56

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	54.8	54.8	54.8
DII	16.7	15.8	13.5
FII	23.3	24.5	27.2
Others	5.3	4.9	4.5

FII Includes depository receipts

**CMP: INR467**
**TP: INR555 (+19%)**
**Buy**

## Realization boost drives earnings surprise

### DFC commissioning to drive sharp growth in earnings

- CCRI's 3QFY21 earnings surprised positively, with realization growing 7% QoQ, driving a 17% beat on EBITDA. We expect volume growth to remain strong in the near/longer term from a recovery in EXIM trade/Dedicated Freight Corridor (DFC) project.
- We have raised our FY21E/FY22E EBITDA by 19%/13% and TP by 22% to INR555 per share on higher realization. Maintain **Buy** on expected volume and margin benefits from DFC. Clarity on land licensing fee (LLF) would aid re-rating of the stock.

### Higher realizations drives EBITDA beat

- Revenue/EBITDA/PAT grew 15%/nil/9% YoY to INR17.5b/INR3.7b/INR2.4b and was 11%/17%/32% above our estimate on higher realization (+8% YoY) at INR18,155/TEU. EXIM/domestic realization stood at INR16,140/INR28,197 per TEU, up 6%/14% YoY.
- Total volumes rose 6% YoY to 966,015 TEUs (in line), with EXIM/domestic volumes at 804,557/161,458 per TEUs (+5%/+12% YoY).
- EBITDA margin was lower at 21.2% v/s 24.3% in 3QFY20 due to higher LLF at INR1.2b and a one-time provision of INR0.5b towards post-retirement medical expenses of retired employees. Adjusted for that, EBITDA stood at INR4.21b (+13% YoY) and EBITDA margin at 24%.
- 9MFY21 revenue/EBITDA/PAT stood at INR44.5b/INR8.4b/INR4.9b and was down 9%/30%/31% YoY due to ~8% decline in volumes and increase in land licensing fees (INR3.5b in 9MFY21 v/s ~INR1.4b in FY20).

### Highlights from the management commentary

- Realization improved on account of higher loads, increase in lead distance, and free empty container movement allowed by railways during the 15-day window in 3QFY21.
- The management has provided ~INR 4.5b in FY21 for LLF, based on 6% of land value. The Ministry of Railways has, however, demanded a higher amount (INR13.4b, including GST) and clarity is expected by FY21-end.
- The management has guided for a 5% YoY drop in total volumes (in FY21) as against its previous guidance of an 8% decline.
- The benefit of DFC should be realized in FY22 as the route is undergoing trial runs. It will enhance the pricing power of the company, led by a faster turnaround time, more double stacking, and timetabled trains on the route.

### Valuation and view

- CCRI is a direct play on the upcoming large rail freight infrastructure (DFC).
- We expect a 19% EBITDA CAGR over FY21-23E, led by healthy volume growth from DFC and margin improvement on operating leverage benefits.
- Clarity on the final land license fee (LLF) to be charged by the railways remains key for the near-term stock performance.
- The stock trades at 15.3x FY22E EV/EBITDA. We derive a DCF-based target price of INR555/share based on a WACC of 12%.

Amit Murarka - Research analyst (Amit.Murarka@motilaloswal.com)

Basant Joshi - Research analyst (Basant.Joshi@motilaloswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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

## Quarterly earnings model

Y/E March	(INR m)											
	FY20				FY21				FY20	FY21E	Variance	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QFY21E	v/s est.	
<b>Net Sales</b>	<b>16,389</b>	<b>17,387</b>	<b>15,276</b>	<b>15,686</b>	<b>11,891</b>	<b>15,027</b>	<b>17,538</b>	<b>19,059</b>	<b>64,738</b>	<b>63,516</b>	<b>15,795</b>	<b>11</b>
YoY Change (%)	9.4	1.0	-2.9	-10.4	-27.4	-13.6	14.8	21.5	-1.1	-1.9	3.4	
<b>EBITDA</b>	<b>4,033</b>	<b>4,255</b>	<b>3,717</b>	<b>4,744</b>	<b>1,590</b>	<b>3,129</b>	<b>3,719</b>	<b>5,006</b>	<b>16,749</b>	<b>13,444</b>	<b>3,177</b>	<b>17</b>
Margin (%)	24.6	24.5	24.3	30.2	13.4	20.8	21.2	26.3	25.9	21.2	20.1	
YoY Change (%)	25.9	5.3	11.3	23.9	-60.6	-26.5	0.0	5.5	16.3	-19.7	-14.5	
Depreciation	1,253	1,278	1,263	1,336	1,260	1,272	1,364	1,345	5,130	5,241	1,309	
Interest	112	81	60	108	85	85	84	86	361	340	75	
Other Income	583	637	626	952	588	713	822	877	2,797	3,000	650	
<b>PBT before EO expense</b>	<b>3,250</b>	<b>3,532</b>	<b>3,021</b>	<b>4,253</b>	<b>833</b>	<b>2,486</b>	<b>3,092</b>	<b>4,451</b>	<b>14,056</b>	<b>10,863</b>	<b>2,443</b>	<b>27</b>
Extra-Ord. expense	0	8,611	0	206	0	0	0	0	8,816	0	0	
<b>PBT</b>	<b>3,250</b>	<b>-5,079</b>	<b>3,021</b>	<b>4,047</b>	<b>833</b>	<b>2,486</b>	<b>3,092</b>	<b>4,451</b>	<b>5,240</b>	<b>10,863</b>	<b>2,443</b>	<b>27</b>
Tax	971	-1,858	1,266	1,102	217	610	714	1,175	1,482	2,716	635	
Rate (%)	29.9	36.6	41.9	27.2	26.0	24.5	23.1	26.4	28.3	25.0	26.0	
<b>Reported PAT</b>	<b>2,278</b>	<b>-3,220</b>	<b>1,755</b>	<b>2,945</b>	<b>616</b>	<b>1,876</b>	<b>2,379</b>	<b>3,276</b>	<b>3,758</b>	<b>8,148</b>	<b>1,808</b>	<b>32</b>
<b>Adj. PAT</b>	<b>2,340</b>	<b>2,543</b>	<b>2,175</b>	<b>3,062</b>	<b>616</b>	<b>1,876</b>	<b>2,379</b>	<b>3,276</b>	<b>10,120</b>	<b>8,148</b>	<b>1,808</b>	<b>32</b>
YoY Change (%)	-7.3	-24.3	-20.8	-13.1	-73.7	-26.2	9.4	7.0	-16.7	-19.5	-16.9	
Margin (%)	14.3	14.6	14.2	19.5	5.2	12.5	13.6	17.2	15.6	12.8	11.4	



## Highlights from the management commentary

### Operational highlights

- The management has guided for a 5% YoY drop in total volumes (in FY21) as against its previous guidance of an 8% decline.
- Originating volume for EXIM/Domestic stood at 536,563TEUs/77,076TEUs.
- Empty running charges for EXIM/Domestic stood at INR328m/INR342m v/s INR227m/INR281m in 3QFY20.
- EXIM/Domestic tonnage stood at 8.85mt/2.46mt. Aggregate tonnage for 9MFY21 stood at 29.64mt.
- Lead distance stood at 790km. The same for EXIM/Domestic came in at 709km/1,401km.
- Around 777 double stack trains were used during 3QFY21.

### Realization insights

- Realization was high on account of higher loads, increase in lead distance, and free empty container movement allowed by railways during the 15-day window in 3QFY21.
- The company has not offered any discount on empty container movement for EXIM in FY21. It has also started levying a land usage surcharge of INR5,000/TEU and INR10,000/FEU at the Tughlakabad terminal. It has not offered any discount on empty container movement for EXIM in FY21.

### LLF

- The management has guided for an LLF of INR4.5b in FY21 as against a demand of INR13.4b by the Railways.
- It has provided INR3.5b as LLF for 9MFY21.

### Cost insights

- Security arrangement has been rationalized for all depots and the management has taken initiatives for fuel cost optimization.

- The surrendering of terminals led to savings in overhead expenses. However, the management said it has no further plans of surrendering any other terminal.

#### DFC benefits

- Transit time will improve from Rewari to Palanpur and rail cargo is expected to eat into the market share of road transportation.
- The company will increase the number of double stack trains and will add timetabled trains on the route.
- Full benefits will be realized in FY22 as the route is undergoing trial runs. It will enhance the pricing power of the company, led by a faster turnaround time.

#### Market share

- CCRI's import market share has increased to 58%/63%/45% for Pipavav/JNPT/Mundhra from 52%/62%/41% in 3QFY20.
- Export market share grew to 50%/53%/47% for Pipavav/JNPT/Mundhra from 43%/52%/45% in 3QFY20.
- Aggregate market share at major ports has risen to 11.11% from 10.77% YoY.
- Port mix of Pipavav/JNPT/Mundhra has increased to 15%/35.9%/32.7% in 9MFY21 from 11%/32.6%/31.3% in 9MFY20.

#### Capex

- FY21 guidance stands at INR5bn, while 9MFY21 capex stood at INR2bn.
- The management guided for completion of 1-2 logistics park in FY22, while others will be completed in FY23.

#### Other highlights

- CCRI has provided INR692m (INR496m has been charged to P&L) for post-retirement medical benefits for retired employees as per actuarial calculations in 3QFY21. The management said it will provide for the same again in upcoming quarters if needed, but it will be capped below 1% of PBT.
- The management is reassessing its plans on coastal shipping, which remains suspended since the onset of the COVID-19 pandemic.
- It has ordered 60 racks of 25 tonne capacity, of which it has received four racks. These are running at 22t capacity due to some technical issue. It expects to receive four additional racks in 4QFY21 and has no plans to retire existing loading stock.

#### Exploring bulk transportation opportunities

- CCRI has begun trial runs for bulk transportation for Food Corporation of India, which is currently undertaken in bags and involves bagging and de-bagging.
- Bulk transportation doesn't involve bagging and de-bagging and will result in cost savings and lesser wastage.
- The management has identified plenty of opportunities for transportation of commodities like sugar, cement, salt, oil, etc. and is working on a plan.
- At present, these commodities are transported in railway wagons. However, given the shortage of wagons in the country, containers can offer a good alternative and provide flexibility in terms of multi-modal transportation.

## Key exhibits

### Exhibit 1: Financial summary (INR m)

	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)
<b>Net Sales</b>	<b>17,499</b>	<b>16,389</b>	<b>17,387</b>	<b>15,276</b>	<b>15,686</b>	<b>11,891</b>	<b>15,027</b>	<b>17,538</b>	<b>15%</b>	<b>17%</b>
Terminal and Service Charges	9,640	8,953	9,397	8,514	8,120	6,523	8,205	9,323	10%	14%
Employee Expenses	1097	806	829	898	602	796	842	1,327	48%	58%
Other Expenses	2,933	2,598	2,905	2,147	2,220	2,983	2,851	3,169	48%	11%
<b>EBITDA</b>	<b>3,828</b>	<b>4,033</b>	<b>4,255</b>	<b>3,717</b>	<b>4,744</b>	<b>1,590</b>	<b>3,129</b>	<b>3,719</b>	<b>0%</b>	<b>19%</b>
EBITDA margin (%)	22%	25%	24%	24%	30%	13%	21%	21%		
Depreciation	1,117	1,253	1,278	1,263	1,336	1,260	1,272	1,364	8%	7%
<b>EBIT</b>	<b>2,711</b>	<b>2,779</b>	<b>2,977</b>	<b>2,454</b>	<b>3,409</b>	<b>330</b>	<b>1,858</b>	<b>2,355</b>	<b>-4%</b>	<b>27%</b>
Interest	7	112	81	60	108	85	85	84	40%	-1%
Other Income	2,132	583	637	626	952	588	713	822	31%	15%
<b>PBT</b>	<b>4,836</b>	<b>3,250</b>	<b>3,532</b>	<b>3,021</b>	<b>4,253</b>	<b>833</b>	<b>2,486</b>	<b>3,092</b>	<b>2%</b>	<b>24%</b>
Total Tax	1,313	971	-1858	1,266	1,102	217	610	714	-44%	17%
Tax rate (%)	27%	30%	-53%	42%	26%	26%	25%	23%		
<b>PAT</b>	<b>3,523</b>	<b>2,340</b>	<b>2,543</b>	<b>2,175</b>	<b>3,062</b>	<b>616</b>	<b>1,876</b>	<b>2,379</b>	<b>9%</b>	<b>27%</b>
<b>EPS (INR)</b>	<b>5.8</b>	<b>3.8</b>	<b>4.2</b>	<b>3.6</b>	<b>5.0</b>	<b>1.0</b>	<b>3.1</b>	<b>3.9</b>	<b>8%</b>	<b>27%</b>

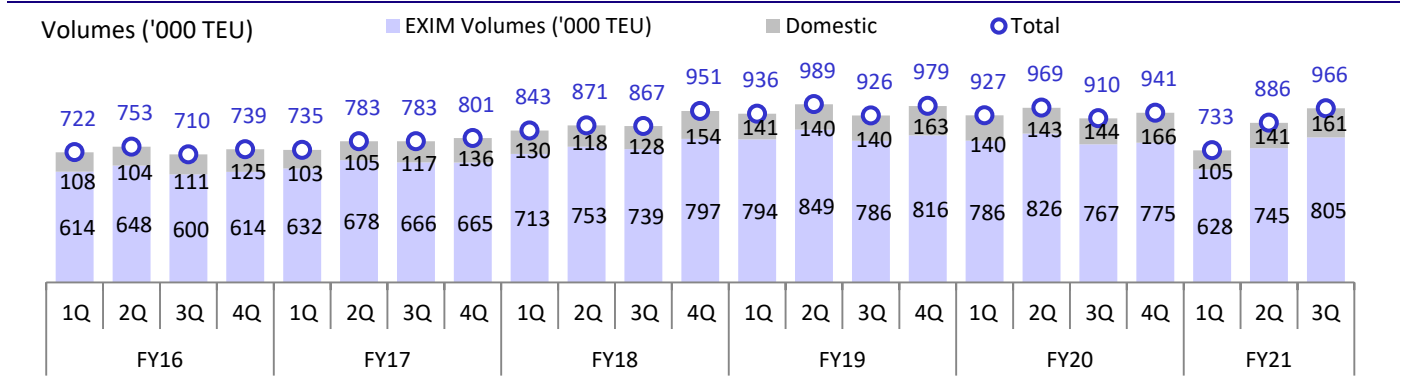
### Exhibit 2: Segmental revenue and profitability

	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)
<b>Revenue (INR m)</b>										
EXIM	13,171	12,704	13,577	11,713	11,307	9,007	11,300	12,986	11%	15%
Domestic	4,328	3,685	3,810	3,562	4,380	2,885	3,727	4,553	28%	22%
<b>Total Segment Revenue</b>	<b>17,499</b>	<b>16,389</b>	<b>17,387</b>	<b>15,276</b>	<b>15,686</b>	<b>11,891</b>	<b>15,027</b>	<b>17,538</b>	<b>15%</b>	<b>17%</b>
<b>Segmental EBIT</b>										
EXIM	3,073	2,926	3,139	2,805	3,425	770	1,883	2,261	-19%	20%
Domestic	227	189	198	25	397	147	215	305	1120%	42%
<b>Total</b>	<b>3,300</b>	<b>3,114</b>	<b>3,337</b>	<b>2,830</b>	<b>3,822</b>	<b>917</b>	<b>2,099</b>	<b>2,566</b>	<b>-9%</b>	<b>22%</b>
<b>EBIT Margin (%)</b>										
EXIM	23.3%	23.0%	23.1%	23.9%	30.3%	8.6%	16.7%	17.4%		
Domestic	5.2%	5.1%	5.2%	0.7%	9.1%	5.1%	5.8%	6.7%		
<b>Total</b>	<b>18.9%</b>	<b>19.0%</b>	<b>19.2%</b>	<b>18.5%</b>	<b>24.4%</b>	<b>7.7%</b>	<b>14.0%</b>	<b>14.6%</b>		

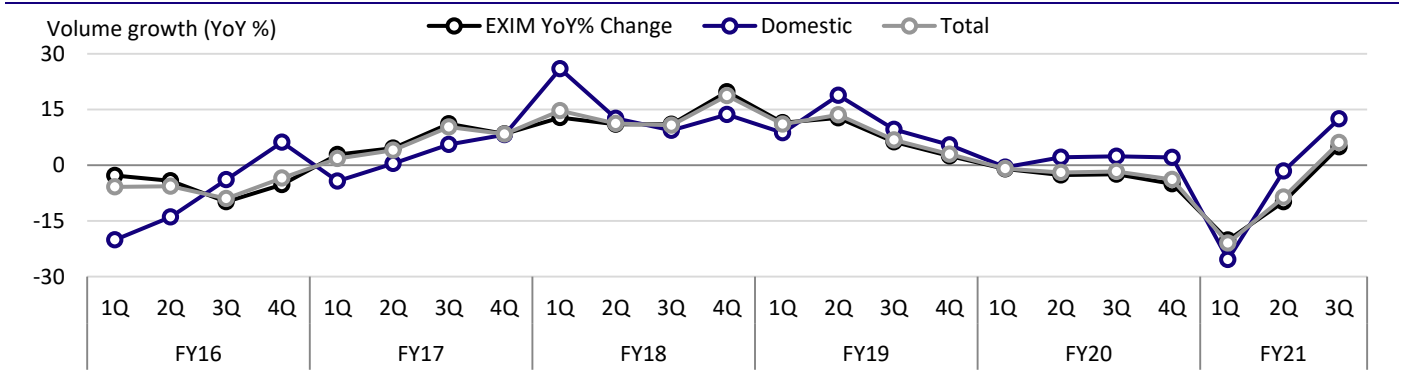
### Exhibit 3: Realization snapshot

	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)
<b>Volumes (TEU)</b>										
EXIM	816,396	786,442	826,013	766,822	775,319	627,905	744,788	804,557	5%	8%
Domestic	162,534	140,481	143,145	143,585	165,951	104,806	140,885	161,458	12%	15%
<b>Total</b>	<b>978,930</b>	<b>926,923</b>	<b>969,158</b>	<b>910,407</b>	<b>941,270</b>	<b>732,711</b>	<b>885,673</b>	<b>966,015</b>	<b>6%</b>	<b>9%</b>
<b>Realization (INR/TEU)</b>										
EXIM	16,134	16,154	16,437	15,275	14,583	14,344	15,172	16,140	6%	6%
Domestic	26,627	26,232	26,614	24,810	26,390	27,524	26,456	28,197	14%	7%
<b>Total</b>	<b>17,876</b>	<b>17,681</b>	<b>17,940</b>	<b>16,779</b>	<b>16,665</b>	<b>16,229</b>	<b>16,967</b>	<b>18,155</b>	<b>8%</b>	<b>7%</b>
<b>EBIT (INR/TEU)</b>										
EXIM	3,764	3,720	3,800	3,658	4,417	1,227	2,529	2,810	-23%	11%
Domestic	1,397	1,342	1,383	171	2,395	1,403	1,528	1,888	1004%	24%
<b>Total</b>	<b>3,371</b>	<b>3,360</b>	<b>3,443</b>	<b>3,108</b>	<b>4,060</b>	<b>1,252</b>	<b>2,369</b>	<b>2,656</b>	<b>-15%</b>	<b>12%</b>

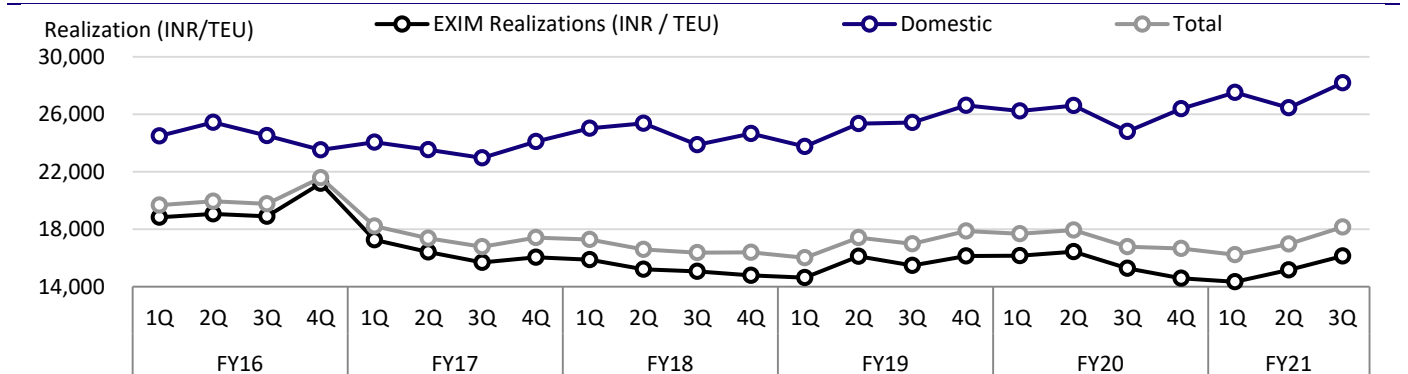
**Exhibit 4: Quarterly domestic and EXIM volume trend ('000 TEU)**



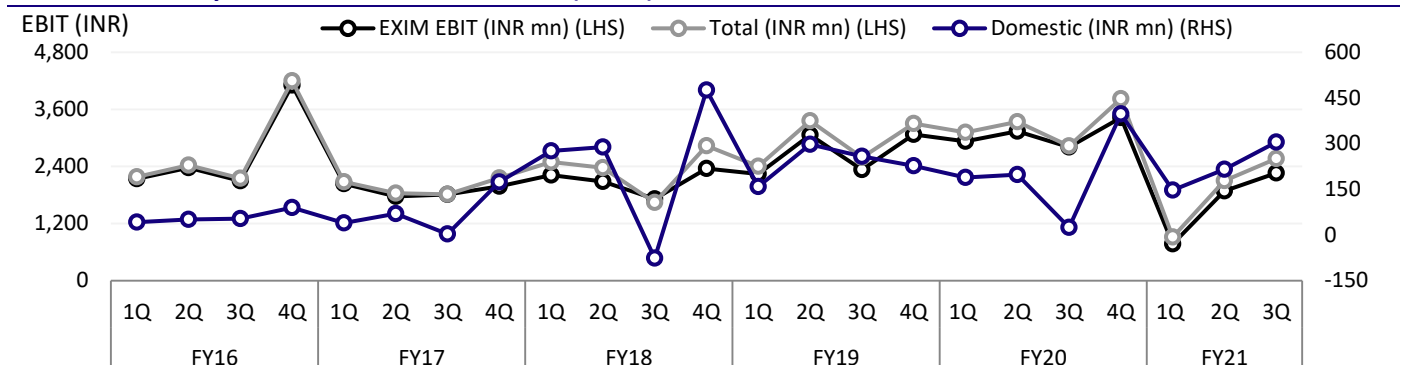
**Exhibit 5: Quarterly domestic and EXIM volume YoY growth ('000 TEU)**



**Exhibit 6: Quarterly domestic and EXIM per TEU realization trend (INR/TEU)**



**Exhibit 7: Quarterly domestic and EXIM EBIT trend (INR m)**



Source: MOFSL, Company

## Financials and valuations

Standalone Income Statement								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Total Income from Operations</b>	<b>59,217</b>	<b>53,946</b>	<b>58,893</b>	<b>65,427</b>	<b>64,738</b>	<b>63,516</b>	<b>75,568</b>	<b>92,247</b>
Change (%)	-3.7	-8.9	9.2	11.1	-1.1	-1.9	19.0	22.1
<b>Total Expenditure</b>	<b>45,834</b>	<b>43,593</b>	<b>46,814</b>	<b>51,019</b>	<b>47,989</b>	<b>50,072</b>	<b>59,823</b>	<b>73,104</b>
% of Sales	77.4	80.8	79.5	78.0	74.1	78.8	79.2	79.2
<b>EBITDA</b>	<b>13,384</b>	<b>10,354</b>	<b>12,079</b>	<b>14,408</b>	<b>16,749</b>	<b>13,444</b>	<b>15,745</b>	<b>19,144</b>
Margin (%)	22.6	19.2	20.5	22.0	25.9	21.2	20.8	20.8
Depreciation	3,478	3,518	3,927	4,246	5,130	5,241	5,716	6,213
<b>EBIT</b>	<b>9,906</b>	<b>6,835</b>	<b>8,152</b>	<b>10,162</b>	<b>11,619</b>	<b>8,203</b>	<b>10,029</b>	<b>12,931</b>
Int. and Finance Charges	2	37	1	7	361	340	300	300
Other Income	3,175	2,892	5,705	6,735	2,797	3,000	3,200	3,400
<b>PBT bef. EO Exp.</b>	<b>13,080</b>	<b>9,691</b>	<b>13,856</b>	<b>16,889</b>	<b>14,056</b>	<b>10,863</b>	<b>12,929</b>	<b>16,031</b>
EO Items	0	1,250	-129	0	-8,816	0	0	0
<b>PBT</b>	<b>13,080</b>	<b>10,941</b>	<b>13,727</b>	<b>16,889</b>	<b>5,240</b>	<b>10,863</b>	<b>12,929</b>	<b>16,031</b>
Current Tax	2,843	3,206	3,862	4,841	3,208	2,716	3,232	4,008
Deferred Tax	728	-845	-579	-107	-1,726	0	0	0
Tax	3,571	2,361	3,283	4,735	1,482	2,716	3,232	4,008
Tax Rate (%)	27.3	21.6	23.9	28.0	28.3	25.0	25.0	25.0
<b>Reported PAT</b>	<b>9,508</b>	<b>8,580</b>	<b>10,445</b>	<b>12,154</b>	<b>3,758</b>	<b>8,148</b>	<b>9,697</b>	<b>12,023</b>
<b>Adjusted PAT</b>	<b>9,508</b>	<b>7,331</b>	<b>10,574</b>	<b>12,154</b>	<b>10,120</b>	<b>8,148</b>	<b>9,697</b>	<b>12,023</b>
Change (%)	-9.8	-22.9	44.2	14.9	-16.7	-19.5	19.0	24.0
Margin (%)	16.1	13.6	18.0	18.6	15.6	12.8	12.8	13.0

Standalone Balance Sheet								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	1,950	1,950	2,437	3,047	3,047	3,047	3,047	3,047
Total Reserves	81,507	86,512	91,574	100,632	97,601	101,267	105,146	109,955
<b>Net Worth</b>	<b>83,457</b>	<b>88,462</b>	<b>94,011</b>	<b>103,679</b>	<b>100,647</b>	<b>104,314</b>	<b>108,193</b>	<b>113,002</b>
Deferred Liabilities	3,546	2,769	2,533	1,616	0	0	0	0
Total Loans	0	0	0	7,007	0	0	0	1
<b>Capital Employed</b>	<b>87,002</b>	<b>91,231</b>	<b>96,544</b>	<b>112,301</b>	<b>100,647</b>	<b>104,314</b>	<b>108,193</b>	<b>113,003</b>
Gross Block	31,473	40,676	47,332	57,038	70,379	77,254	83,754	91,254
Less: Accum. Deprn.	3,474	6,978	10,848	15,091	20,686	25,927	31,642	37,855
<b>Net Fixed Assets</b>	<b>28,000</b>	<b>33,698</b>	<b>36,484</b>	<b>41,947</b>	<b>49,694</b>	<b>51,328</b>	<b>52,112</b>	<b>53,399</b>
Capital WIP	5,133	5,071	6,710	6,247	9,375	7,000	7,000	7,000
<b>Total Investments</b>	<b>13,576</b>	<b>13,737</b>	<b>13,890</b>	<b>14,029</b>	<b>14,441</b>	<b>14,441</b>	<b>14,441</b>	<b>14,441</b>
<b>Curr. Assets, Loans and Adv.</b>	<b>47,591</b>	<b>46,904</b>	<b>49,395</b>	<b>63,845</b>	<b>42,013</b>	<b>43,676</b>	<b>48,980</b>	<b>55,550</b>
Inventory	180	229	275	233	261	272	325	397
Account Receivables	493	425	604	884	1,591	870	1,035	1,516
Cash and Bank Balance	7,999	16,835	19,817	1,704	21,686	24,059	29,144	35,162
Loans and Advances	38,921	29,415	28,699	61,025	18,475	18,475	18,475	18,475
<b>Curr. Liability and Prov.</b>	<b>7,579</b>	<b>8,546</b>	<b>10,592</b>	<b>13,767</b>	<b>15,020</b>	<b>12,277</b>	<b>14,486</b>	<b>17,533</b>
Account Payables	1,868	2,415	2,542	3,504	1,553	2,058	2,458	3,004
Other Current Liabilities	5,202	5,441	7,344	9,544	12,776	9,527	11,335	13,837
Provisions	510	690	705	719	692	692	692	692
<b>Net Current Assets</b>	<b>40,012</b>	<b>38,357</b>	<b>38,804</b>	<b>50,078</b>	<b>26,992</b>	<b>31,399</b>	<b>34,494</b>	<b>38,017</b>
<b>Appl. of Funds</b>	<b>87,002</b>	<b>91,231</b>	<b>96,544</b>	<b>112,301</b>	<b>100,647</b>	<b>104,314</b>	<b>108,193</b>	<b>113,003</b>

E: MOFSL estimates

## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>15.6</b>	<b>12.0</b>	<b>17.4</b>	<b>19.9</b>	<b>16.6</b>	<b>13.4</b>	<b>15.9</b>	<b>19.7</b>
Cash EPS	21.3	17.8	23.8	26.9	25.0	22.0	25.3	29.9
BV/Share	137.0	145.2	154.3	170.2	165.2	171.2	177.6	185.5
DPS	4.3	6.3	6.9	8.5	3.6	7.4	9.5	11.8
Payout (%)	33.3	51.9	48.0	51.4	60.7	55.0	60.0	60.0
<b>Valuation (x)</b>								
P/E					28.1	34.9	29.3	23.7
Cash P/E					18.7	21.3	18.5	15.6
P/BV					2.8	2.7	2.6	2.5
EV/Sales					4.1	4.1	3.4	2.7
EV/EBITDA					14.8	18.3	15.3	12.3
Dividend Yield (%)					0.8	1.6	2.0	2.5
FCF per share					53.8	6.9	13.1	16.6
<b>Return Ratios (%)</b>								
RoE	11.9	8.5	11.6	12.3	9.9	8.0	9.1	10.9
RoCE	11.5	8.6	11.2	11.6	9.7	8.2	9.3	11.1
ROIC	14.6	9.3	11.1	10.0	11.5	10.8	12.9	17.0
<b>Working Capital Ratios</b>								
Asset Turnover (x)	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.8
Inventory (Days)	1	2	2	1	1	2	2	2
Debtor (Days)	3	3	4	5	9	5	5	6
Creditor (Days)	19	26	26	34	16	22	22	23
Working Cap. Turnover (Days)	197	146	118	270	30	42	26	11
<b>Leverage Ratio (x)</b>								
Current Ratio	6.3	5.5	4.7	4.6	2.8	3.6	3.4	3.2
Net Debt/Equity	-0.1	-0.2	-0.2	0.1	-0.2	-0.2	-0.3	-0.3

### Standalone Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
OP/(Loss) before Tax	13,080	11,806	13,857	16,889	5,240	10,863	12,929	16,031
Depreciation	3,627	3,650	3,927	4,246	5,130	5,241	5,716	6,213
Interest and Finance Charges	-2,914	-2,514	-2,332	-2,247	-2,039	-2,660	-2,900	-3,100
Direct Taxes Paid	-3,192	-3,868	-3,360	-5,404	-1,382	-2,716	-3,232	-4,008
(Inc.)/Dec. in WC	-21,026	9,575	1,169	-33,386	26,758	-2,033	1,990	2,494
<b>CF from Operations</b>	<b>-10,426</b>	<b>18,650</b>	<b>13,260</b>	<b>-19,902</b>	<b>33,707</b>	<b>8,695</b>	<b>14,503</b>	<b>17,630</b>
Others	-27	-69	19	15	8,982	0	0	0
<b>CF from Operations incl. EO</b>	<b>-10,453</b>	<b>18,581</b>	<b>13,279</b>	<b>-19,887</b>	<b>42,689</b>	<b>8,695</b>	<b>14,503</b>	<b>17,630</b>
(Inc.)/Dec. in FA	-5,818	-9,143	-8,595	-7,040	-9,888	-4,500	-6,500	-7,500
<b>Free Cash Flow</b>	<b>-16,271</b>	<b>9,438</b>	<b>4,684</b>	<b>-26,927</b>	<b>32,801</b>	<b>4,195</b>	<b>8,003</b>	<b>10,130</b>
(Pur.)/Sale of Investments	0	0	-153	-139	-618	0	0	0
Others	1,537	2,978	3,451	21,639	-15,227	3,000	3,200	3,400
<b>CF from Investments</b>	<b>-4,281</b>	<b>-6,165</b>	<b>-5,297</b>	<b>14,461</b>	<b>-25,733</b>	<b>-1,500</b>	<b>-3,300</b>	<b>-4,100</b>
Issue of Shares	0	0	0	0	0	0	0	0
(Inc.)/Dec. in Debt	0	0	0	7,007	-7,007	0	0	1
Interest Paid	-2	-37	-1	-7	-81	-340	-300	-300
Dividend Paid	-2,613	-2,944	-4,168	-1,828	-5,666	-4,481	-5,818	-7,214
Others	-532	-599	-831	-366	-1,714	0	0	0
<b>CF from Fin. Activity</b>	<b>-3,146</b>	<b>-3,580</b>	<b>-4,999</b>	<b>4,805</b>	<b>-14,467</b>	<b>-4,821</b>	<b>-6,118</b>	<b>-7,513</b>
<b>Inc./Dec. in Cash</b>	<b>-17,881</b>	<b>8,836</b>	<b>2,983</b>	<b>-621</b>	<b>2,489</b>	<b>2,374</b>	<b>5,085</b>	<b>6,017</b>
Opening Balance	25,879	7,999	16,835	19,817	19,196	21,685	24,059	29,144
<b>Closing Balance</b>	<b>7,999</b>	<b>16,835</b>	<b>19,817</b>	<b>19,196</b>	<b>21,685</b>	<b>24,059</b>	<b>29,144</b>	<b>35,162</b>

NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website [www.motilaloswal.com](http://www.motilaloswal.com) CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)\*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-71881085.

\* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.