

Container Corporation of India

BSE SENSEX

59,793

S&P CNX

17,833

CMP: INR753

TP: INR870 (+16%)

Buy



Stock Info

Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	458.6 / 5.8
52-Week Range (INR)	771 / 554
1, 6, 12 Rel. Per (%)	6/17/-1
12M Avg Val (INR M)	1081
Free float (%)	45.2

Financials Snapshot (INR b)

Y/E March	2022	2023E	2024E
Net Sales	75.9	90.3	106.5
EBITDA	17.3	21.7	26.1
Adj. PAT	10.6	13.9	16.9
Adj. EPS (INR)	17.4	22.8	27.8
EPS Gr. (%)	81.1	30.6	21.9
BV/Sh. (INR)	176.9	186.0	197.1

Ratios

Net D/E (x)	-0.3	-0.3	-0.4
RoE (%)	10.1	12.6	14.5
RoCE (%)	10.5	13.0	15.0
Payout (%)	51.6	60.0	60.0

Valuations

P/E (x)	43.2	33.1	27.1
P/BV (x)	4.3	4.0	3.8
EV/EBITDA (x)	24.0	18.8	15.3
Div. Yield (%)	1.2	1.8	2.2
FCF Yield (%)	1.6	3.1	3.6

Commissioning of DFCs – a key growth catalyst

In this report, we delve deep into Container Corporation of India (CONCOR)'s FY22 Annual Report and present the key takeaways below:

Strong growth in Domestic business; focusing on profitability aggressively

- During FY22, CONCOR handled 47.7 MT of containerized cargo by rail v/s 42 MT in FY21 (reporting 13.5% YoY growth). In terms of TEU's, CONCOR achieved throughput of 4.1m TEUs in FY22 v/s 3.6m in FY21 (posting 11.8% growth). While EXIM volumes grew 8% YoY, domestic volumes spiked 32% YoY in FY22.
- Over the years, the company has developed its infrastructure, and it now operates 61 terminals across India of which six are pure EXIM terminals, 36 are combined container terminals and 17 are pure domestic terminals. CONCOR has also entered into two strategic tie-ups at various locations.
- The company is increasingly focusing on profitability and continues to operate more on long-lead profitable routes where it faces lower competition. CONCOR is also enhancing its value-added services and looking to generate higher margins from terminal handling and logistics solutions.

Strong growth despite a challenging economic environment; higher volumes and efficiency lead to earnings improvement

- Driven by strong volumes in the Domestic segment, CONCOR's revenue grew 19% YoY to INR75.95b in FY22 from INR63.8b in FY21.
- The company generated 23% margin in FY22 (16% in FY21) underpinned by its strong focus on profitability and discontinuation of the low-margin shorter routes.
- CONCOR's net Profit stood at INR 10.6b in FY22 (INR 5.9b in FY21) propelled by its strong operating performance.
- The company incurred capex of ~INR6b in FY22 mainly because of terminal development/expansion, wagon acquisition and handling equipment.
- The Land License Fee (LLF) for FY22 stood at INR4.7b. The Union Cabinet recently approved the land license policy on long-term leasing of Railways Land ([link](#)). The new policy provides leasing of railway land for a period of 35 years @ 1.5% of market value of land per annum (currently, LLF is calculated @6% of market value of land). Existing entities, such as CONCOR, will have the option to switch to the new regime after a transparent and competitive bidding process. A comprehensive policy document will be framed and implemented within 90 days of cabinet approval.

Robust infrastructure allows efficient operations

- At end-FY22, total wagons operated by CONCOR (including leased wagons) stood at 16,679. Additionally, it also had 37,431 containers (owned and leased) as part of its operations. CONCOR has floated a tender for procuring 10,000 more containers.
- Further, the company owns 108 reach stackers, 14 gantry cranes and 31 reefer power packs of different capacity. This kind of infrastructure allows CONCOR to manage high volumes efficiently.

Alok Deora - Research analyst (Alok.Deora@MotilalOswal.com)

Saurabh Dugar - Research analyst (Saurabh.Dugar@MotilalOswal.com)

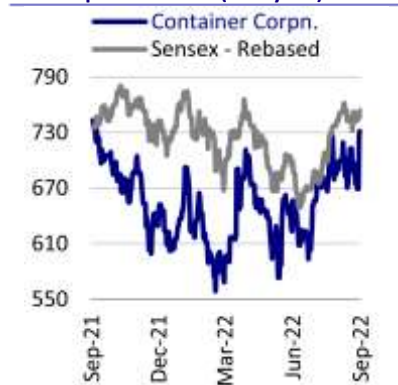
Investors are advised to refer through important disclosures made at the last page of the Research Report.

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

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	54.8	54.8	54.8
DII	16.9	17.0	16.3
FII	23.7	23.5	24.9
Others	4.6	4.7	4.0

FII Includes depository receipts

Stock's performance (one-year)**Government's initiative to provide significant tailwind to the logistics sector**

- The dedicated freight corridor (DFC) would be a big volume growth trigger beyond FY24 for CONCOR. Over the next two years, a large part of the Western DFC is likely to be commissioned that would lead to strong volume growth and margin improvement for large players like CONCOR.
- In the Union Budget 2022, emphasis has been laid on the development of multimodal Logistics Parks (MMLPs), Roads and Cargo Terminals. Work has started on the key pillars for infrastructure development i.e. National Infrastructure Pipeline (NIP), National Monetisation Pipeline (NMP) and PM Gati Shakti, which will go a long way for the sustainable development of the country.
- The government's initiatives such as: a) 'Aatmanirbhar Bharat', b) setting up a target of 25,000 km of new highways, c) Gati Shakti Masterplan for expressways, and d) 100 new cargo terminals with MMLPs will provide a big boost to logistics facilities.

Focus on ESG initiatives

- CONCOR has recently developed a complete 'dust proof and moisture free' solution for loading /unloading of bulk cement and fly ash into the silo and bulker through 20' ISO standard containers. This bulk cement handling equipment is cost effective and environment friendly.
- CONCOR, in collaboration with Mahavir International, Delhi provided free of cost Covishield vaccine to ~9,200 stakeholders in Delhi-NCR area.
- The company was actively involved in: a) setting up of infrastructure and providing health equipment to Primary Health Centers in the Tribal Area in Asifabad, and b) supplying medical equipment to the hospitals and PHCs of Paderu Agency Area.
- The Board of Directors comprised four Executive Functional Directors, including a Chairman and Managing Director, two part-time Directors (Government Nominee) and five part-time Non-Official (Independent) Directors.

Valuation and view: Domestic volumes to drive growth further; retain BUY

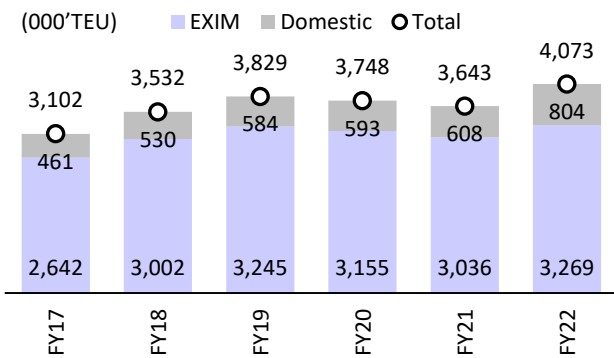
- We expect volumes to pick up further with the phase-wise commissioning of DFCs, thereby leading to 18% revenue CAGR during FY22-24E. The LLF for FY23 is expected to be at INR3.7b, lower than the earlier guidance.
- Backed by lower LLF and efficiency improvement from DFC commissioning, we expect EBITDA margin to improve to ~24% levels, resulting in 23% EBITDA CAGR over FY22-24E for the company.
- We believe the company would be one of the biggest beneficiaries of DFC commissioning. Besides, we have not incorporated the possible cost savings that could materialize from the new land leasing policy as the comprehensive policy document would be available 90 days post cabinet approval. Any benefits arising due to this policy would be incremental to the financial performance and target price. **We maintain our BUY rating on the stock with a DCF-based TP of INR870, implying an FY24E EV/EBITDA of 18x.**

Highlights from the FY22 Annual Report

Leader in multimodal logistics with state-of-the-art intermodal terminals across the country

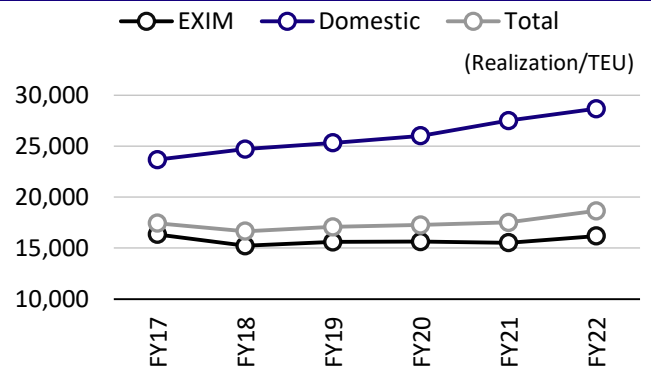
- CONCOR is a market leader in providing containerized rail freight business supported by a large, pan-India infrastructure along with an established track record of healthy operational performance.
- The company witnessed a robust performance in FY22, with 12% volume growth and robust margin improvement. Growth was primarily driven by domestic volumes (+32% YoY) followed by an 8% growth in EXIM volumes.
- CONCOR started bulk cement commercial operations in FY22. The management sees extremely healthy potential in cement transportation and is looking to handle volumes of ~12mt over the next three years.

Exhibit 1: Growth in FY22 driven by domestic volumes



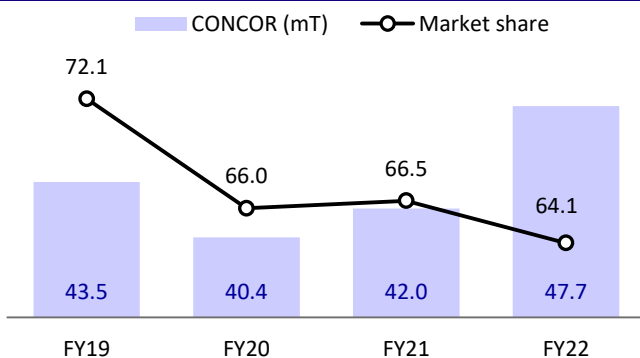
Source: Company, MOFSL

Exhibit 2: Realization remained stable



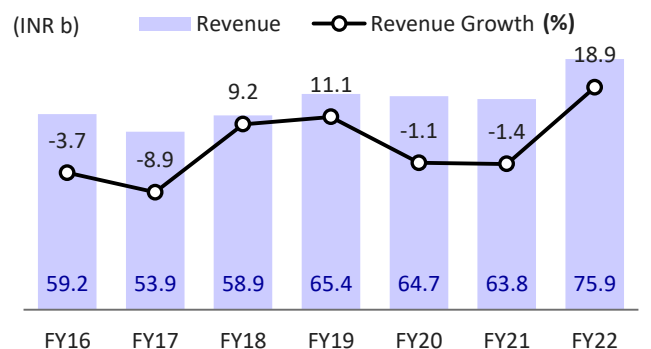
Source: Company, MOFSL

Exhibit 3: Market share declined due to weak EXIM volumes

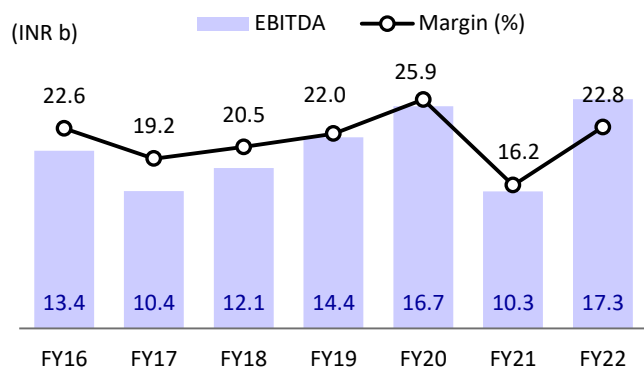


Source: Company, MOFSL

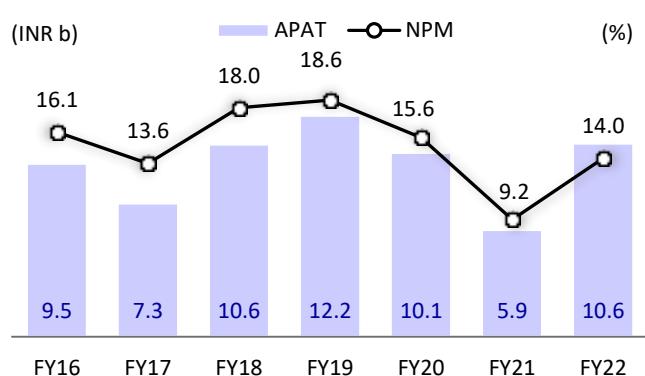
Exhibit 4: CONCOR recorded the highest revenue in its history in FY22



Source: Company, MOFSL

Exhibit 5: Higher volumes led to margin improvement

Source: Company, MOFSL

Exhibit 6: Net profit improved on a low base

Source: Company, MOFSL

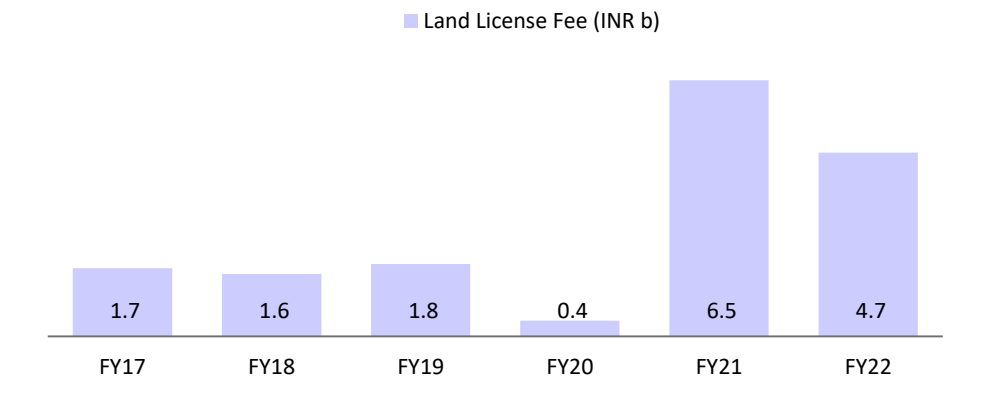
Exhibit 7: Reported double-digit ROE amid a challenging environment

Source: Company, MOFSL

Change in LLF by the government of India (GoI)

- CONCOR incurred an LLF fee of INR4.7b during FY22 including certain provisions.
- Until FY20, LLF payable for utilizing lands of Indian Railways was in direct correlation with the numbers of containers (TEUs) handled on such lands and the LLF rate determined by Indian Railways from time to time.
- In FY21, the Railway Ministry changed the methodology for LLF calculation. LLF applicable on the Railway land was chargeable at 6% of the value of land, with increase of 7% annually. This was made effective from 1st Apr'20.
- Due to this change, some of the terminals were rendered unviable and were handed over by CONCOR to the Railways.
- Further, Union Cabinet recently approved the land license policy on long-term leasing of Railway land for implementing the PM Gati Shakti framework ([link](#)).
- The new policy provides for long-term leasing of railway land for cargo-related activities for a period of 35 years @ 1.5% of market value of land per annum. The existing entities, such as CONCOR, which are using Railway land for cargo terminals will have the option to switch to the new policy regime after a transparent and competitive bidding process. A comprehensive policy document will be framed and implemented within 90 days of cabinet approval.

Exhibit 8: Change in LLF policy led to higher LLF expense for CONCOR



Source: Company, MOFSL

Infrastructure and asset base

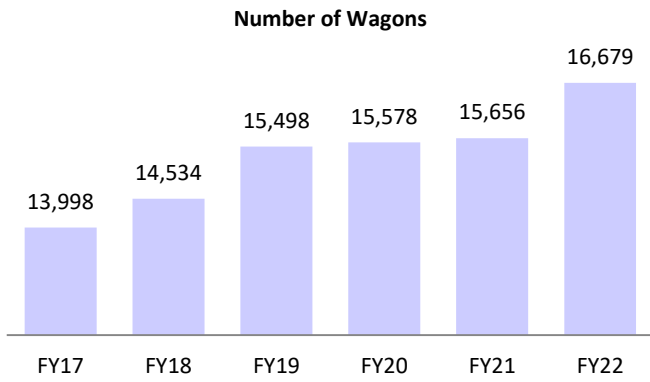
- Over the years, the company has developed its infrastructure, and it now operates 61 terminals across India of which six are pure EXIM terminals, 36 are combined container terminals and 17 are pure domestic terminals. CONCOR has also entered into two strategic tie-ups at various locations. The two new facilities at Multi Modal Logistics Park (MMLP), Mundra (Gujarat) and Rail Transshipment Hub at Swarupganj (Rajasthan) were developed during FY22.
- At end-FY22, total wagons operated by CONCOR (including leased wagons) stood at 16,679. Additionally, it also had 37,431 containers (owned and leased) as part of its operations. CONCOR has floated a tender for procuring 10,000 more containers.
- Further, the company owns 108 reach stackers, 14 gantry cranes and 31 reefer power packs of different capacity. This kind of infrastructure allows CONCOR to manage high volumes efficiently.

Exhibit 9: Strong asset base and wide reach



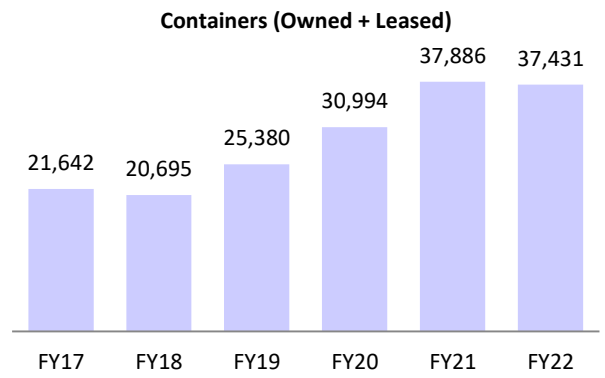
Source: Company, MOFSL

Exhibit 10: Total wagons operated



Source: Company, MOFSL

Exhibit 11: Container base



Source: Company, MOFSL

Exhibit 12: CONCOR's network of terminals across the country



Source: Company, MOFSL

Expansion in warehousing and distribution

- CONCOR expanded its warehousing business by standardizing services and tariffs across terminals and offering containers as warehouses.
- It is having 4m sqft of warehouse space, serving mostly EXIM customers.
- To expand the warehouse footprint and also to develop distribution logistics, CONCOR identified potential locations in consultation with PwC, which has identified 21 locations for developing Distribution Logistics (DL) Nodes through the PPP Model.

Exhibit 13: Warehousing locations to be developed across India



Source: Company, MOFSL

Subsidiaries and JVs

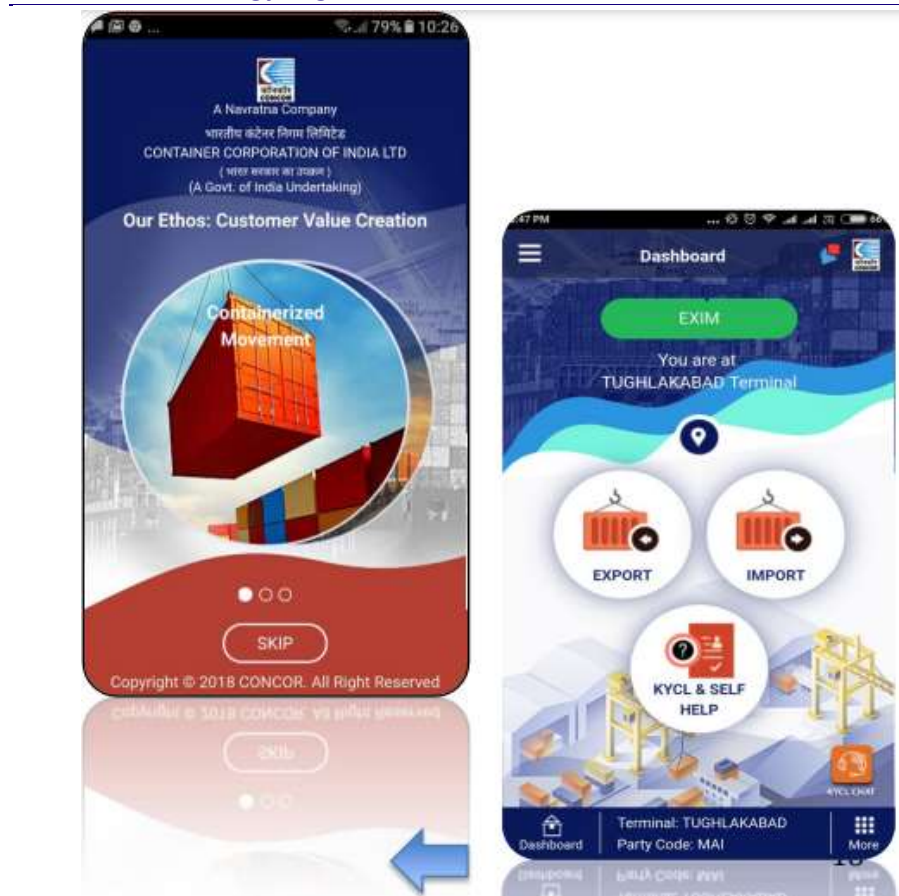
- CONCOR had incorporated M/s. Fresh & Healthy Enterprises Ltd. (FHEL) that provides complete cold chain logistics solutions to its various stakeholders.
- To expand its span of operations and make its presence felt in the air cargo business, CONCOR formed CONCOR Air Ltd. (CAL) in 2012.
- CONCOR Last Mile Logistics Limited (CLMLL) develops railway goods sheds, operates and manages freight terminals/goods sheds, develops warehouses and provides first mile-last mile connectivity as well as other related services.
- SIDCUL CONCOR Infra Company Ltd is a JV with State Infrastructure & Industrial Development Corporation of Uttarakhand Ltd.
- Punjab Logistics Infrastructure Limited is a JV with Punjab State Container and Warehousing Corporation Limited.
- CONCOR is exploring the possibility of merger of its subsidiary companies, M/s. CONCOR AIR Ltd., M/s SIDCUL CONCOR Infra Company Ltd. (SCICL) and M/s Punjab Logistics Infrastructure Ltd. (PLIL) with CONCOR. The Board of Directors

of CONCOR had approved a scheme of amalgamation of CAL with CONCOR, which was subject to necessary approvals and agreement/consent of concerned stakeholders.

Technology

- CONCOR is working on automation of its services by implementing Artificial Intelligence-based systems at its terminals.
- The Terminal Management System for Domestic (DTMS), for EXIM (ETMS), ERP for Oracle Financial, HR Payroll, Container Repair System, and Operation system were implemented for the expanded network of terminals.
- The Electronic-filing of documents on the commercial system, initially provided at ICD/Tughlakabad only, has now been extended to all EXIM terminals. This enables the customers to file their documents electronically from their own offices and the online payment modes of NEFT/RTGS have been enabled.
- The e-tender system with e-payment facility for sale and EMD electronically as well as MSE exemptions has also been introduced. The site is integrated with online payment gateway for collection of fees.
- CONCOR has launched its First Mile Last Mile (FMLM) mobile app to EXIM customers in order to facilitate end-to-end solutions.

Exhibit 14: Technology, digital transformation and automation in CONCOR



Source: Company, MOFSL

ESG initiatives



Environment

- CONCOR has recently developed a complete 'dust proof and moisture free' solution for loading /unloading of bulk cement and fly ash into the silo and bulker through 20' ISO standard containers. This bulk cement handling equipment is cost effective and environment friendly.
- At CONCOR, the occurrence of industrial accidents is minimal.

Social

- CONCOR, in collaboration with Mahavir International, Delhi provided free of cost Covishield vaccine to ~9,200 stakeholders in Delhi-NCR area.
- The company was actively involved in: a) setting up of infrastructure and providing health equipment to Primary Health Centers in the Tribal Area in Asifabad, and b) supplying medical equipment to the hospitals and PHCs of Paderu Agency Area.
- The company took up watershed development activities in Mulumuru of Vizag district (Andhra Pradesh) under a 1,000 hectare area, which is currently benefitting numerous villagers.
- In order to promote sports, CONCOR supported construction of squash court, gymnasium at a Sports Complex in Visakhapatnam.
- Programmes for promoting work life balance such as Yoga and/or meditation are conducted regularly for the employees. Cricket matches and other sports programs are regularly conducted for the employees. The company has a 'Sports Policy' to encourage sports and games and to improve the quality of life and fitness for its employees and their families.

Governance

- The Board of Directors comprised four Executive Functional Directors, including a Chairman and Managing Director, two part-time Directors (Government Nominee) and five part-time Non-Official (Independent) Directors.
- Appointments/nominations of all the Directors in CONCOR are being done by the President of India, through the Ministry of Railways.
- During FY22, the company paid interim dividends of INR4 per share and INR2 per share to the shareholders. Further, a final dividend of INR3 per share has been recommended for approval of shareholders. With this, the total dividend payout for FY22 will be INR5.5b, which is 51.6% of its net profit.

Initiatives under "Atmanirbhar Bharat" to boost the logistics sector

- The DFC would be a big volume growth trigger beyond FY24 for CONCOR. Over the next two years, a large part of the Western DFC is likely to be commissioned that would lead to strong volume growth and margin improvement for large players such as CONCOR.
- In the Union Budget 2022, emphasis has been laid on the development of multimodal Logistics Parks (MMLPs), Roads and Cargo Terminals.
- Work has started on the key pillars for infrastructure development i.e. National Infrastructure Pipeline (NIP), National Monetisation Pipeline (NMP) and PM Gati Shakti, which will go a long way for the sustainable development of the country.

- The government's initiatives such as: a) 'Aatmanirbhar Bharat', b) setting up a target of 25,000 km of new highways, c) Gati Shakti Masterplan for expressways, and d) 100 new cargo terminals with MMLPs will provide a big boost to logistics facilities.
- Further, development of the Unified Logistics Interface Platform, which allows data exchange among stakeholders, will improve work efficiency in the logistics sector by providing real-time information to all stakeholders. Players will also improve their international competitiveness quotient through this initiative.

Exhibit 15: The latest status of DFC

Section/ Packages		Length	Commissioning Target	Financial Progress
WDFC				
Rewari-Palanpur	Rewari-Madar	306 Km	Commissioned	82%
	Madar-Palanpur	353 Km		
Palanpur- Makarpura(Vadodara)	Palanpur-Mahesana	62 Km	Commissioned	
	Mahesana-Sanand	93 Km	Aug 2022	
	Sanand- Makarpura	147.5 Km	Jun/Dec 2023	
Makarpura(Vadodara)-Sachin(Surat)		135 Km	Jun 2023	
Sachin (Surat)-Vaitarna		186 Km	Jun 2023	
Vaitarna-JNPT (Mumbai)		109 Km	Mar/Dec 2024	
Dadri-Rewari		127 Km	Jun 2023	
EDFC				
Bhaupur(Kanpur)-Khurja		351 km	Commissioned	85%
DDU -Sonnagar		137 Km	Commissioned	
Bhaupur(Kanpur) - DDU	Rooma-Shujatpur	130 Km	Commissioned	
	Chheoki - Chunar	110 Km	Aug 2022	
	Bhaupur-Rooma	50 Km	Mar 2023	
	Shujatpur-Karchana	73 Km	Dec 2022	
	Chunar-DDU	39 Km	Mar 2023	
Khurja-Dadri		46 km	Oct2022	
Khurja-Pilkhani (Saharanpur)		222 km	Jun 2023	
Pilkhani (Saharanpur) – Sahnewal (Ludhiana)		179 km	Jun 2023	

Source: DFCCIL

Future outlook and initiatives undertaken

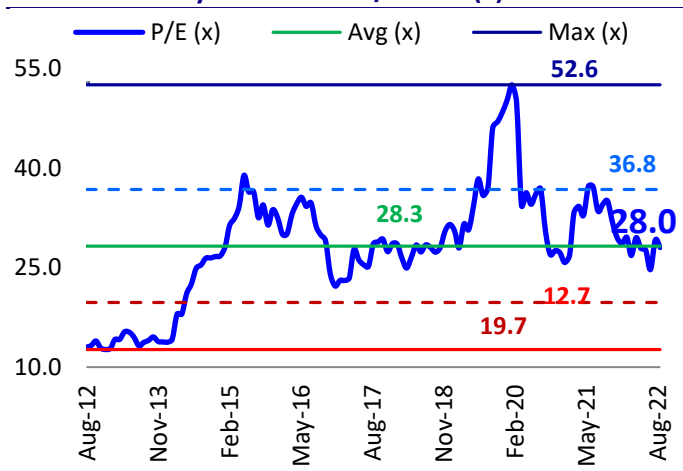
- CONCOR is well poised to tap the new business opportunities arising from potential growth in EXIM container volumes, and the likely increase in container traffic due to development of DFCs.
- The growing market potential in air cargo, automobile sector, food supply chain management, coastal shipping and distribution logistics offers scope for diversification.
- In Jun'21, the company started Reefer train service from JNPT/BMCT to ICD/Whitefield for transporting 3,409 tons of imported fresh fruits in reefer containers.
- CONCOR's CMLK (Kathuwas) terminal has become the first terminal to get direct connectivity with Western Dedicated Freight Corridor (WDFC). This will aid in faster evacuation of containers, reduction in transit time as well as growth of EXIM traffic.
- CONCOR in association with Indian Railways flagged off the Inaugural Export Container Train from ICD/TNPM in Aug'21. This high-speed weekly service will cover a distance of 1,400 km in three days.
- CONCOR has introduced innovative material handling system for bulk cement that will enable transportation of bulk cement in normal containers.

- CONCOR's MMLP at MIHAN has successfully initiated the first movement of DSO consignment of eight containers via the regular EXIM rake to JNPT under exclusive permission from customs for CONCOR at Port.
- CONCOR has loaded the first ever rake from JN Port to New Mangalore Port (CCPP) in FY22.

Valuation and view

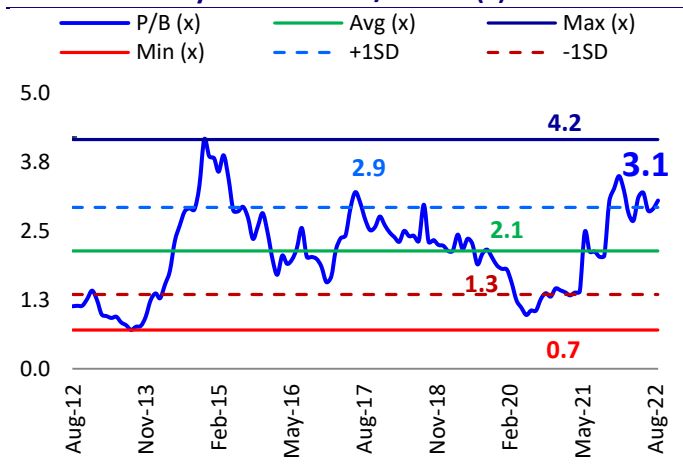
- We expect volumes to pick up further with the phase-wise commissioning of DFCs, thereby leading to 18% revenue CAGR during FY22-24E. The LLF for FY23 is expected to be at INR3.7b, lower than the earlier guidance.
- Backed by lower LLF and efficiency improvement from DFC commissioning, we expect EBITDA margin to improve to ~24% levels, resulting in 23% EBITDA CAGR over FY22-24E for the company.
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Exhibit 16: One-year forward P/E ratio (x)



Source: Company, MOFSL

Exhibit 17: One-year forward P/B ratio (x)



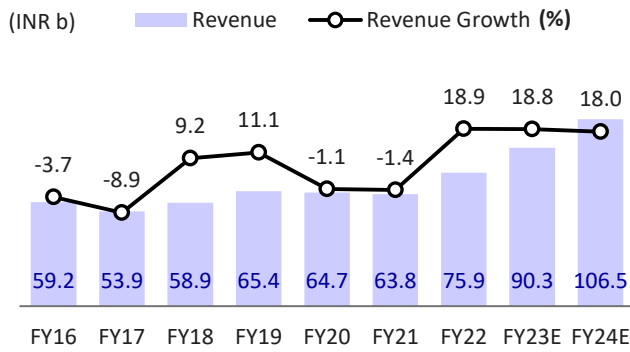
Source: Company, MOFSL

Risks and concerns

- Stiff competition from the Road sector, specifically for short lead and light weight cargo, could impact volumes adversely.
- Shortage of containers, higher cost of ships, and driver shortages have led to an increase in the overall logistics cost, thus hurting the demand environment.
- Weakness in global demand could impact EXIM trade.
- The Russia-Ukraine conflict has added to the woes of global supply chain. Consequently, soaring oil prices and high inflation are disturbing the sector's output, alongside supply chains and logistics operations. These issues are anticipated to impede growth prospects in the near term.

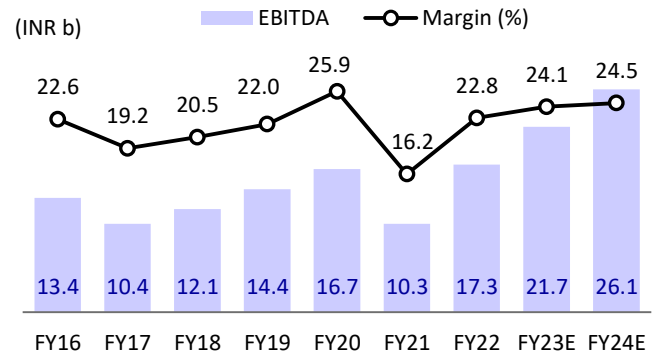
Story in charts

Exhibit 18: Topline growth to be stable



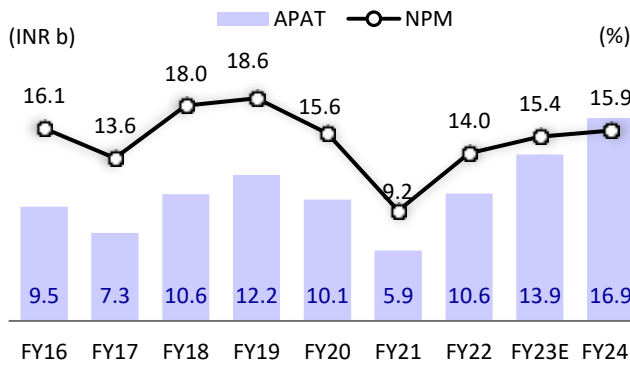
Source: Company, MOFSL

Exhibit 19: Improvement in volumes to impact margins



Source: Company, MOFSL

Exhibit 20: Strong operating performance to drive PAT



Source: Company, MOFSL

Exhibit 21: Return ratio set to breach pre-Covid levels



Source: Company, MOFSL

Financials and valuations

Standalone – Income Statement

Y/E March (INR m)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Total Income from Operations	53,946	58,893	65,427	64,738	63,850	75,945	90,257	1,06,521
Change (%)	-8.9	9.2	11.1	-1.1	-1.4	18.9	18.8	18.0
Total Expenditure	43,593	46,814	51,019	47,989	53,521	58,661	68,524	80,415
As a percentage of Sales	80.8	79.5	78.0	74.1	83.8	77.2	75.9	75.5
EBITDA	10,354	12,079	14,408	16,749	10,329	17,284	21,733	26,106
Margin (%)	19.2	20.5	22.0	25.9	16.2	22.8	24.1	24.5
Depreciation	3,518	3,927	4,246	5,130	5,219	5,298	5,413	5,721
EBIT	6,835	8,152	10,162	11,619	5,109	11,986	16,320	20,385
Int. and Finance Charges	37	1	7	361	340	546	600	800
Other Income	2,892	5,705	6,735	2,797	2,855	2,631	2,831	3,031
PBT bef. EO Exp.	9,691	13,856	16,889	14,056	7,625	14,071	18,551	22,617
EO Items	1,250	-129	0	-8,816	-834	-1	0	0
PBT	10,941	13,727	16,889	5,240	6,791	14,070	18,551	22,617
Current Tax	3,206	3,862	4,841	3,208	2,129	3,805	4,675	5,699
Deferred Tax	-845	-579	-107	-1,726	-371	-358	0	0
Tax	2,361	3,283	4,735	1,482	1,758	3,447	4,675	5,699
Tax Rate (%)	21.6	23.9	28.0	28.3	25.9	24.5	25.2	25.2
Reported PAT	8,580	10,445	12,154	3,758	5,033	10,623	13,876	16,917
Adjusted PAT	7,331	10,574	12,154	10,120	5,867	10,624	13,876	16,917
Change (%)	-22.9	44.2	14.9	-16.7	-42.0	81.1	30.6	21.9
Margin (%)	13.6	18.0	18.6	15.6	9.2	14.0	15.4	15.9

Standalone – Balance Sheet

Y/E March (INR m)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	1,950	2,437	3,047	3,047	3,047	3,047	3,047	3,047
Total Reserves	86,512	91,574	1,00,632	97,601	98,991	104,727	1,10,277	1,17,044
Net Worth	88,462	94,011	1,03,679	1,00,647	1,02,037	107,773	1,13,324	1,20,090
Deferred Liabilities	2,769	2,533	1,616	0	0	0	0	0
Total Loans	0	0	7,007	0	0	0	0	0
Capital Employed	91,231	96,544	1,12,301	1,00,647	1,02,037	107,773	1,13,324	1,20,090
Gross Block	40,676	47,332	57,038	70,379	81,028	87,217	93,217	1,00,717
Less: Accum. Deprn.	6,978	10,848	15,091	20,686	28,011	33,309	38,722	44,443
Net Fixed Assets	33,698	36,484	41,947	49,694	53,018	53,908	54,495	56,274
Capital WIP	5,071	6,710	6,247	9,375	9,198	7,482	7,482	7,482
Total Investments	13,737	13,890	14,029	14,441	14,452	14,356	14,356	14,356
Curr. Assets, Loans, and Adv.	46,904	49,395	63,845	42,013	44,735	51,365	59,760	68,697
Inventory	229	275	233	261	239	307	358	421
Account Receivables	425	604	884	1,591	1,555	1,761	2,093	2,471
Cash and Bank Balance	16,835	19,817	1,704	21,686	24,732	28,879	36,890	45,387
Loans and Advances	29,415	28,699	61,025	18,475	18,209	20,419	20,419	20,419
Curr. Liability and Prov.	8,546	10,592	13,767	15,020	19,908	20,244	23,675	27,624
Account Payables	2,415	2,542	3,504	1,553	2,709	4,236	4,949	5,807
Other Current Liabilities	5,441	7,344	9,544	12,776	15,500	14,428	17,147	20,237
Provisions	690	705	719	692	1,699	1,579	1,579	1,579
Net Current Assets	38,357	38,804	50,078	26,992	24,827	31,122	36,085	41,073
Appl. of Funds	91,231	96,544	1,12,301	1,00,647	1,02,037	107,773	1,13,323	1,20,090

Financials and valuations

Ratio analysis

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)								
EPS	12.0	17.4	19.9	16.6	9.6	17.4	22.8	27.8
Cash EPS	17.8	23.8	26.9	25.0	18.2	26.1	31.7	37.2
BV/Share	145.2	154.3	170.2	165.2	167.5	176.9	186.0	197.1
DPS	6.3	6.9	8.5	3.6	5.0	9.0	13.7	16.7
Payout (%)	51.9	48.0	51.4	60.7	60.5	51.6	60.0	60.0
Valuation (x)								
P/E	62.6	43.4	37.7	45.3	78.2	43.2	33.1	27.1
Cash P/E	42.3	31.6	28.0	30.1	41.4	28.8	23.8	20.3
P/BV	5.2	4.9	4.4	4.6	4.5	4.3	4.0	3.8
EV/Sales	7.9	7.2	6.9	6.5	6.6	5.5	4.5	3.7
EV/EBITDA	41.4	35.2	31.2	25.2	40.6	24.0	18.8	15.3
Dividend Yield (%)	0.8	0.9	1.1	0.5	0.7	1.2	1.8	2.2
FCF per share	24.2	9.6	-44.2	53.8	9.4	12.2	23.2	26.9
Return Ratios (%)								
RoE	8.5	11.6	12.3	9.9	5.8	10.1	12.6	14.5
RoCE	8.6	11.2	11.6	9.7	5.8	10.5	13.0	15.0
RoIC	9.3	11.1	10.0	11.5	7.0	16.3	21.9	28.4
Working Capital Ratios								
Asset Turnover (x)	0.6	0.6	0.6	0.6	0.6	0.7	0.8	0.9
Inventory (Days)	2	2	1	1	1	1	1	1
Debtor (Days)	3	4	5	9	9	8	8	8
Creditor (Days)	26	26	34	16	29	38	37	38
Leverage Ratio (x)								
Current Ratio	5.5	4.7	4.6	2.8	2.2	2.5	2.5	2.5
Net Debt/Equity	-0.2	-0.2	0.1	-0.2	-0.2	-0.3	-0.3	-0.4

Standalone – Cash Flow Statement

Y/E March (INR m)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	11,806	13,857	16,889	5,240	6,791	14,070	18,551	22,617
Depreciation	3,650	3,927	4,246	5,130	5,219	5,298	5,413	5,721
Interest and Finance Charges	-2,514	-2,332	-2,247	-1,678	-1,648	-1,302	-2,231	-2,231
Direct Taxes Paid	-3,868	-3,360	-5,404	-1,382	-2,444	-3,568	-4,675	-5,699
(Inc.)/Dec. in WC	9,575	1,169	-33,386	26,758	1,691	-1,003	3,048	3,509
CF from Operations	18,650	13,260	-19,902	34,067	9,610	13,496	20,106	23,916
Others	-69	19	15	8,621	633	-90	0	0
CF from Operations incl. EO	18,581	13,279	-19,887	42,689	10,243	13,406	20,106	23,916
(inc.)/dec. in FA	-9,143	-8,595	-7,040	-9,888	-4,501	9,597	-6,000	-7,500
Free Cash Flow	9,438	4,684	-26,927	32,801	5,741	23,002	14,106	16,416
(Pur.)/Sale of Investments	0	-153	-139	-618	-570	595	0	0
Others	2,978	3,451	21,639	-15,227	2,310	-13,684	2,831	3,031
CF from Investments	-6,165	-5,297	14,461	-25,733	-2,761	-3,492	-3,169	-4,469
Issue of Shares	0	0	0	0	0	0	0	0
(Inc.)/Dec. in Debt	0	0	7,007	-7,007	0	0	0	0
Interest Paid	-37	-1	-7	-81	-1	0	-600	-800
Dividend Paid	-2,944	-4,168	-1,828	-5,666	-3,564	-4,874	-8,326	-10,150
Others	-599	-831	-366	-1,714	-869	-893	0	0
CF from Fin. Activity	-3,580	-4,999	4,805	-14,467	-4,434	-5,767	-8,926	-10,950
Inc./Dec. in Cash	8,836	2,983	-621	2,489	3,047	4,146	8,011	8,497
Opening Balance	7,999	16,835	19,817	19,196	21,685	24,732	28,879	36,890
Closing Balance	16,835	19,817	19,196	21,685	24,732	28,879	36,890	45,387

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
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