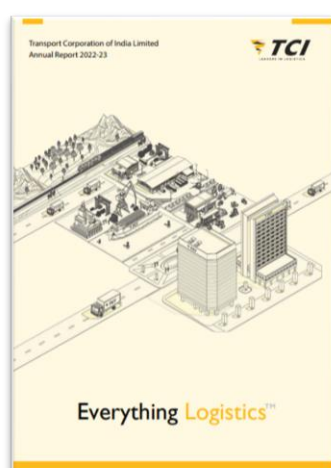


Motilal Oswal values your support in the Asiamoney Brokers Poll 2023 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



#### Stock Info

Bloomberg	TRPC IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	58.8 / 0.7
52-Week Range (INR)	845 / 556
1, 6, 12 Rel. Per (%)	1/10/-10
12M Avg Val (INR M)	62
Free float (%)	31.1

#### Financials Snapshot (INR b)

Y/E March	2023	2024E	2025E
Net Sales	37.8	43.1	49.6
EBITDA	4.2	4.9	5.7
Adj. PAT	3.2	3.7	4.3
EBITDA Margin (%)	11.2	11.3	11.5
Adj. EPS (INR)	41.6	47.6	56.0
EPS Gr. (%)	10.7	14.5	17.7
BV/Sh. (INR)	220.7	264.9	317.4

#### Ratios

Net D/E (x)	-0.1	0.0	-0.1
RoE (%)	20.1	19.3	19.0
RoCE (%)	19.3	18.7	18.5
Payout (%)	17.0	7.3	6.2

#### Valuations

P/E (x)	18.1	15.8	13.5
P/BV (x)	3.4	2.8	2.4
EV/EBITDA (x)	12.8	11.3	9.3
Div. Yield (%)	0.9	0.5	0.5
FCF Yield (%)	3.6	-2.6	2.8

# Transport Corporation of India

**CMP: INR757**

**TP: INR850 (+12%)**

**Buy**

## Leading Integrated multimodal logistics & supply chain solutions provider

In this report, we present key takeaways from TRPC's FY23 Annual Report.

### Driving growth with multimodal logistics solutions

- TRPC provides comprehensive logistics solutions through its three main business divisions: TCI Freight, TCI Supply Chain, and TCI Seaways. Additionally, its JV with CONCOR enables the company to provide efficient rail transport solutions. Its diverse presence in various segments empowers the company to cater to a broader market and deliver personalized value-added services beyond mere transportation and warehousing.
- The company boasts of an extensive fleet, comprising over 10,000 trucks, six cargo ships, and 14m sq. ft. of warehousing space.
- While the freight services business is expected to benefit from the shift to organized sectors from the unorganized ones, the supply chain division is anticipated to experience a robust recovery, driven by improvements in the automotive sector.
- TRPC's highest margin segment, Seaways, is projected to sustain its growth momentum in FY24. The company plans to expand the capacity of its Seaways division in FY24, which is expected to further boost volume growth.

### The Supply Chain, Freight, and Seaways divisions are witnessing strong and sustainable growth

- TRPC experienced strong demand for its freight services and has a strategic goal of increasing the proportion of high-margin LTL services in its overall freight mix. Currently, the LTL share stands at 35%, and the company aims to raise it to 40% by the end of FY25. This shift in the freight mix is driven by the favorable market conditions and the potential for greater profitability in the LTL segment.
- Within the Supply Chain business, TRPC offers technology-driven solutions for inbound and outbound transportation, warehousing, and yard management. The recovery in the Automotive demand, which accounts for ~80% of Supply Chain revenue, is expected to drive growth in this segment. The strong customer loyalty and retention in this business ensure decent growth visibility for the company. The Integrated Supply Chain market is predicted to achieve a CAGR of ~20% over FY20-26E, with the organized market experiencing even faster growth.
- The Seaways segment saw lower available capacity in FY23 as some of the ships went under dry-dock during the year. In FY24, only one ship is expected to go under dry-dock, which would mean higher capacity available with TRPC in FY24 as against FY23. To support volumes, the company is looking to add one more ship to its fleet in FY24. The Seaways segment is the highest margin segment for TRPC and higher revenues from this segment would mean strong overall earnings growth for the company.

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

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

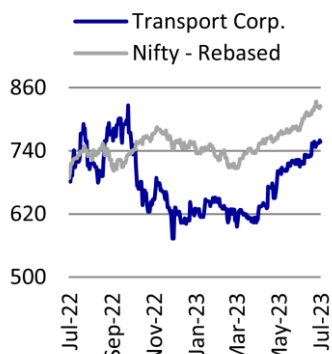
**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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

**Shareholding pattern (%)**

As On	Jun-23	Mar-23	Jun-22
Promoter	68.9	69.0	66.6
DII	12.8	12.2	12.0
FII	2.5	2.8	3.1
Others	15.8	16.0	18.3

FII Includes depository receipts

**Stock's performance (one-year)****Strong asset base, aided by IT-enabled infrastructure; looking at growth-focused capex**

- TRPC has a fleet of over 10,000 trucks under operation, six cargo ships, and 14m sq. ft. of warehousing space under management.
- TRPC has earmarked an investment of INR 3.75b in FY24 to be allocated across various areas, including rail, ships, sustainable warehousing, containers, and other crucial assets.
- The cost of purchasing a ship has remained high, leading to the delay in acquiring a new vessel. The management is optimistic about procuring the new ship in the second half of FY24. Initially, they were considering the possibility of acquiring a used ship, but now they are also exploring the feasibility of purchasing a new ship.

**Integration of technology across business verticals has ensured better responsiveness, efficiency, and accuracy**

- By embracing IT-enabled infrastructure and database solutions such as Cloud computing, database warehousing management system, and repository systems, TRPC has been able to offer enhanced client services, increase productivity, and reinforce its network. These technological advancements have empowered the company to respond swiftly to customer demands, optimize resource allocation, and minimize operational inefficiencies.
- Furthermore, digital transformation has allowed TRPC to adapt to the rapidly changing logistics landscape, where data-driven insights and real-time analytics play a critical role. With a more agile and data-centric approach, TRPC can proactively identify areas for improvement, make data-backed decisions, and implement continuous process enhancements.
- As a result of its unwavering focus on digital transformation and automation, TRPC stands better equipped to navigate the challenges and capitalize on the opportunities within the logistics industry.

**Focus on ESG initiatives**

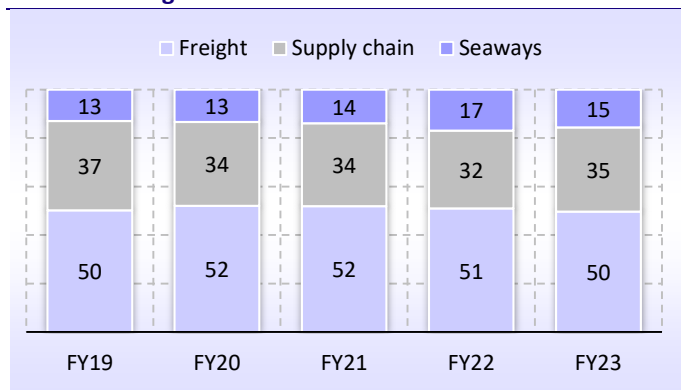
- The company is actively pursuing green logistics practices, emphasizing the utilization of rail and coastal transportation, which accounts for ~30% of its consolidated revenues from multimodal operations.
- In collaboration with IIM-B, TRPC has established a Sustainable Supply Chain Lab, focusing on developing and implementing sustainable practices throughout its supply chain.
- Furthermore, the company has a fleet of over 200 CNG vehicles, demonstrating its commitment to reducing carbon emissions and promoting cleaner transportation options.
- The company has established an Artificial Limb Center and preventive healthcare centers, offering essential healthcare services to those in need. In FY23, these centers have served more than 25,000 beneficiaries, making a significant difference in the lives of individuals requiring healthcare support and artificial limbs.

**Valuation and view**

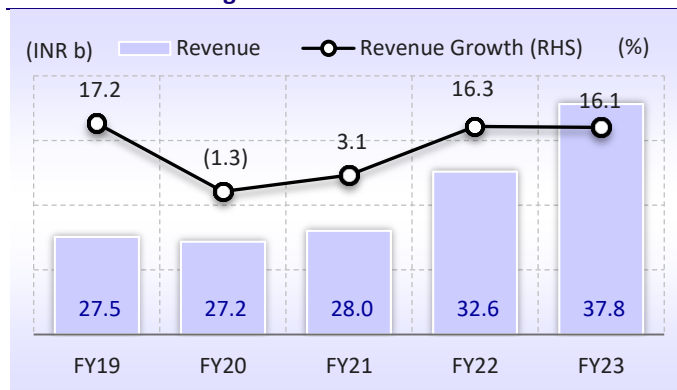
- TRPC benefits from a diverse customer base, mitigating the risks associated with over-reliance on specific clients or industries.
- The improving share of LTL services within the Road Freight division is a positive sign for TRPC. LTL services generally offer higher margins and can contribute significantly to the company's overall profitability.
- The management's plans to expand capacity in the seaways division will further support growth prospects.
- We expect TRPC to achieve CAGR of 15%/16%/16% in revenue/EBITDA/PAT over FY23-FY25. We reiterate our BUY rating on the stock with a TP of INR 850, based on 15x FY25 EPS.

**Highlights from the Annual Report****Integrated multimodal Logistics solution provider with pan-India presence**

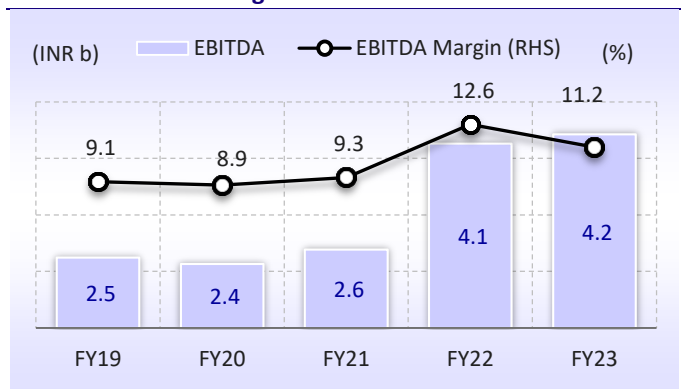
- TRPC's established presence across the multimodal Logistics value chain (Road, Rail, 3PL, and Water logistics) enables it to offer efficient end-to-end Logistics solutions, cater to a larger addressable market, and makes it the preferred choice for customers looking for complete solutions.
- Revenue grew 16% YoY and EBITDA margin contracted 140bp to 11.2%. The absence of high-margin return load from Myanmar affected margins and a decrease in EXIM business has adversely impacted margins in FY23.
- Strong operational performance in the freight and supply chain business (which reported strong double-digit growth in FY23) resulted in ~20% ROCE for TRPC.

**Exhibit 1: Freight and 3PL dominate**

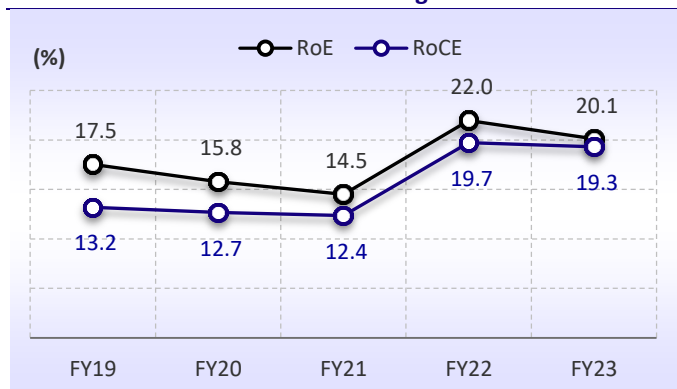
Source: Company, MOFSL

**Exhibit 2: Revenue growth stood at 16% in FY23**

Source: Company, MOFSL

**Exhibit 3: EBITDA margin contracts in FY23**

Source: Company, MOFSL

**Exhibit 4: Return ratios remain strong**

Source: Company, MOFSL

## Business verticals and the growth trajectory

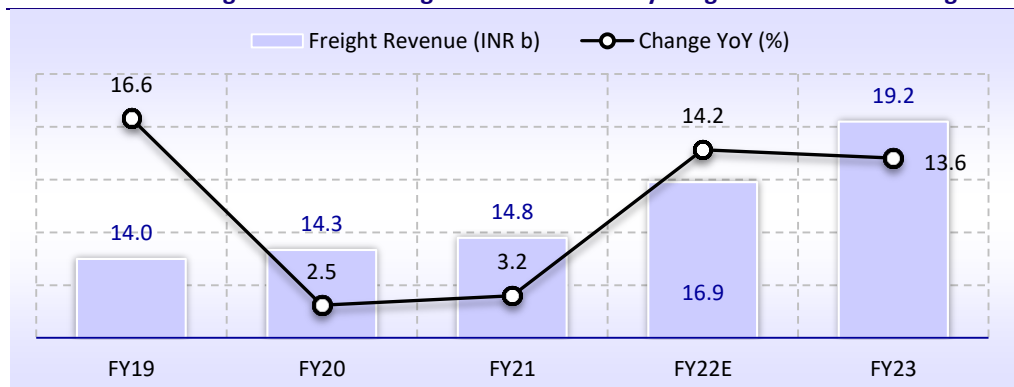
### TCI Freight

- TCI Freight offers a comprehensive range of transportation services, including FTL, LTL, handling over-dimensional cargo, and undertaking project heavy haul services. The high margin LTL segment contributed 35% to the division's revenue in FY23 and the company plans to increase the share of LTL to 40% by FY25.
- In addition to transportation services, TCI Freight provides storage facilities to traders and manufacturers. Its strategically located infrastructure spans key markets across India.
- With 25 well-placed hubs throughout the country, TCI Freight operates a dedicated fleet of more than 4,600 trucks, along with hydraulic axles and trailers, ensuring efficient and reliable logistics operations.
- TCI Freight stands to benefit from industrial opportunities, including advancements in aviation and defence, the introduction of 5G technology, growth in the renewable energy sector, as well as increased demand in the consumption sectors.
- Furthermore, India's large consumer base presents significant growth opportunities for TCI Freight. These factors together position TCI Freight favorably to capitalize on the growing logistics demands in India and contribute to the country's economic development.

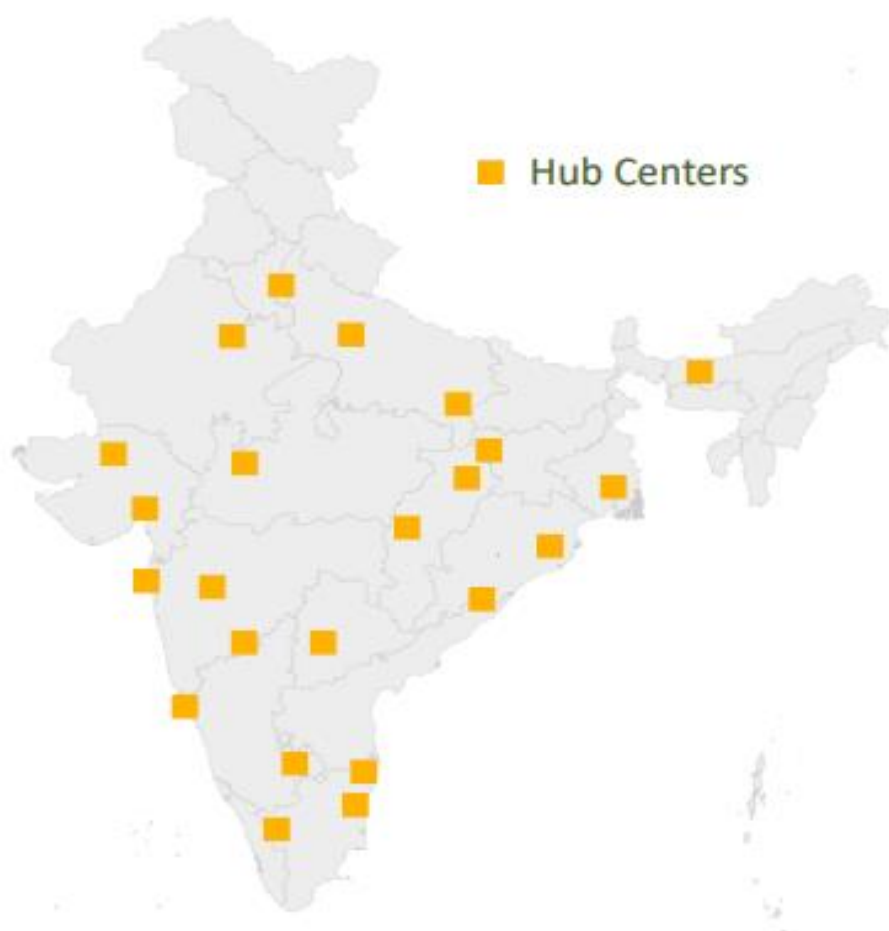
### Exhibit 5: Integrated surface transport solutions



Source: Company, MOFSL

**Exhibit 6: Revenue growth in the Freight division driven by a higher mix of the LTL segment**

Source: Company, MOFSL

**Exhibit 7: Pan-India centers**

Source: Company, MOFSL

**TCI Supply Chain Solutions**

- TCI Supply Chain Solutions offers a diverse range of services, including supply chain design and re-engineering, logistics support to third parties, and comprehensive warehousing management solutions.
- The company operates with a strong asset base, including ownership and lease of modern warehouse facilities totaling 14m sq. ft. Additionally, the company has a customized fleet of over 1,200 trucks and trailers, stainless steel tank containers, 650 ISO containers, and other physical assets.



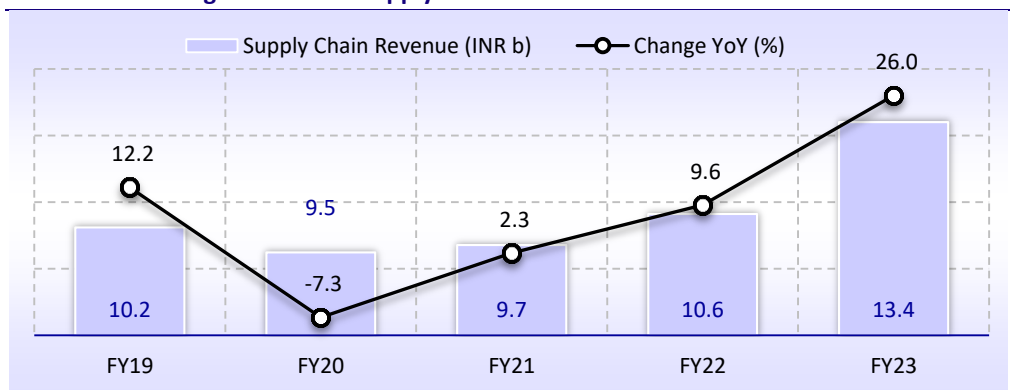
- In FY23, the revenues for the supply chain division grew 26% YoY along with EBITA margins of 9.4%. The growth momentum of the supply chain division has continued, driven by both the retention and expansion of business with existing clients, as well as successful acquisitions of new business opportunities.
- **Some of the growth drivers for the supply chain division are:**
  - A notable surge in the growth of 3PL services, which now include automation to manage high-velocity and high-volume operations.
  - The evolution of logistics and 3PL activities within the automobile industry, driven by the adoption of EVs, mobility solutions, and vehicles powered by alternative fuels.
  - A significant increase in demand for fulfilment and forward logistics solutions across consumption-led sectors. This surge is prompting companies to redesign their supply chains, aiming to establish an omni-channel retail services channel.

**Exhibit 8: TCI Supply Chain is servicing complex requirements**



Source: Company, MOFSL

**Exhibit 9: Robust growth in the Supply Chain division**



Source: Company, MOFSL

### TCI Seaways

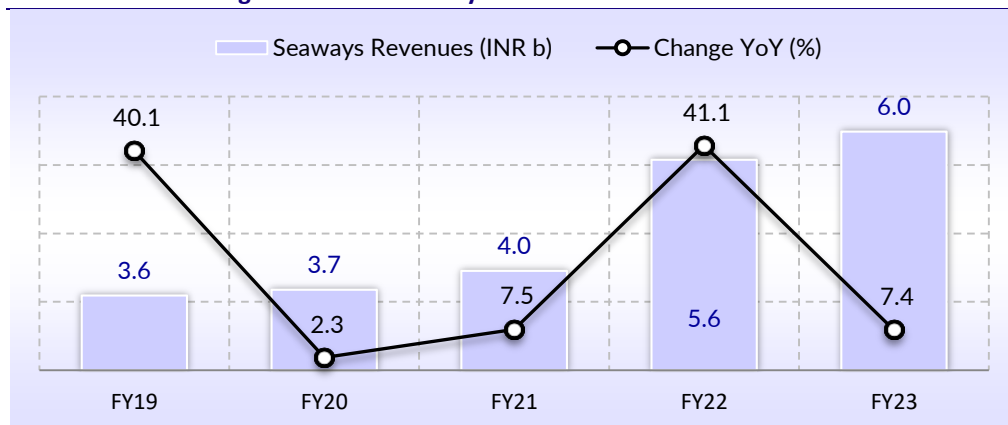
- TRPC is a prominent player in the coastal shipping industry. The company has a strong presence across India's Western, Eastern, and Southern ports. TRPC specializes in offering comprehensive coastal shipping services, managing container and bulk cargo movements, and providing efficient transportation services.
- **Services of the seaways division is deployed on the following routes:**
  - Chennai- Port Blair - Chennai
  - Kandla - Tuticorin
  - Kandla - Mangalore - Kochi & Kochi - Kandla
  - Vizag - Andaman - Vizag
- The company also excels in offering first-mile and last-mile connectivity options through both rail and road networks, ensuring seamless integration into the broader transportation ecosystem.
- In line with its commitment to sustainability and environmental responsibility, TRPC offers multi-modal solutions that significantly reduce carbon footprint, embracing green logistics practices.
- The company possesses an impressive fleet of over 8,500 multipurpose marine containers. In addition to that, TRPC owns and operates six domestic coastal ships, boasting a combined capacity of 77,957 deadweight tons (DWT).
- TRPC's extensive reach allows it to serve seven out of the thirteen major ports in India, making the company a major player in the coastal shipping industry.

**Exhibit 10: TCI Seaways division**



Source: Company, MOFSL

**Exhibit 11: Subdued growth in the Seaways division in FY23**



Source: Company, MOFSL

- In FY23, revenue of the seaways division grew 7.4% YoY, while EBITDA margins contracted ~240bp YoY.
- The Seaways segment saw lower available capacity in FY23 as some of the ships went under dry-dock during the year.

#### **Purchase of a new ship**

- The cost of purchasing a ship has remained high, leading to the delay in acquiring a new ship.
- The management is optimistic about procuring the new ship in FY24. Initially, the management was considering the possibility of acquiring a used ship, but now it is also exploring the feasibility of purchasing a new ship.

#### **Joint ventures**

- TRPC has two JVs – TCI-CONCOR Multimodal Solutions and Transystem Logistics International Pvt. – in which it holds 49% and 51% stake, respectively.
- TCI-CONCOR Multimodal Solutions offers integrated rail multimodal Logistics solutions for businesses dealing with chemicals, food grains, metals, etc.
- Transystem Logistics International Pvt. is a strategic alliance between TRPC and Mitsui & Co. It focuses on providing Automotive Logistics to Toyota Kirloskar and other Japanese companies in India.

#### **Subsidiaries**

- TCI Cold Chain Solutions is a strategic subsidiary in collaboration with Mitsui & Co., where TRPC holds an 80% stake. TRPC caters to cold chain services and end-to-end supply chain management requirements of QSR, Retail, Pharmaceutical, and Chemical sectors through TCI Cold Chains Solutions. The service includes temperature-controlled warehousing as well as primary and secondary distribution requirements.
- TCI Nepal Pvt. is a wholly owned subsidiary of TRPC, providing end-to-end movements of goods through the main borders of the countries and customs clearance on both sides of the border.
- Headquartered in Dhaka, TCI Bangladesh is a wholly owned subsidiary offering C&F services and end-to-end Logistics solutions.
- In FY23, TCI Brazil Logistica Ltda and TCI Holdings Netherlands B.V., which were step-down subsidiaries of the company, were liquidated.



**Exhibit 12: A wide range of service offerings**

Source: Company, MOFSL

**Exhibit 13: Financials of its key subsidiary**

Particulars (INR m)	FY20	FY21	FY22	FY23
<b>TCI Cold Chain Solutions</b>				
Net worth	202	231	419	447
<b>Revenue</b>	<b>258</b>	<b>361</b>	<b>587</b>	<b>601</b>
YoY growth (%)	373	40	62	2.3
PBT	-1	5	29	40
<b>PAT</b>	<b>-1</b>	<b>5</b>	<b>28</b>	<b>28</b>

Source: Company, MOFSL

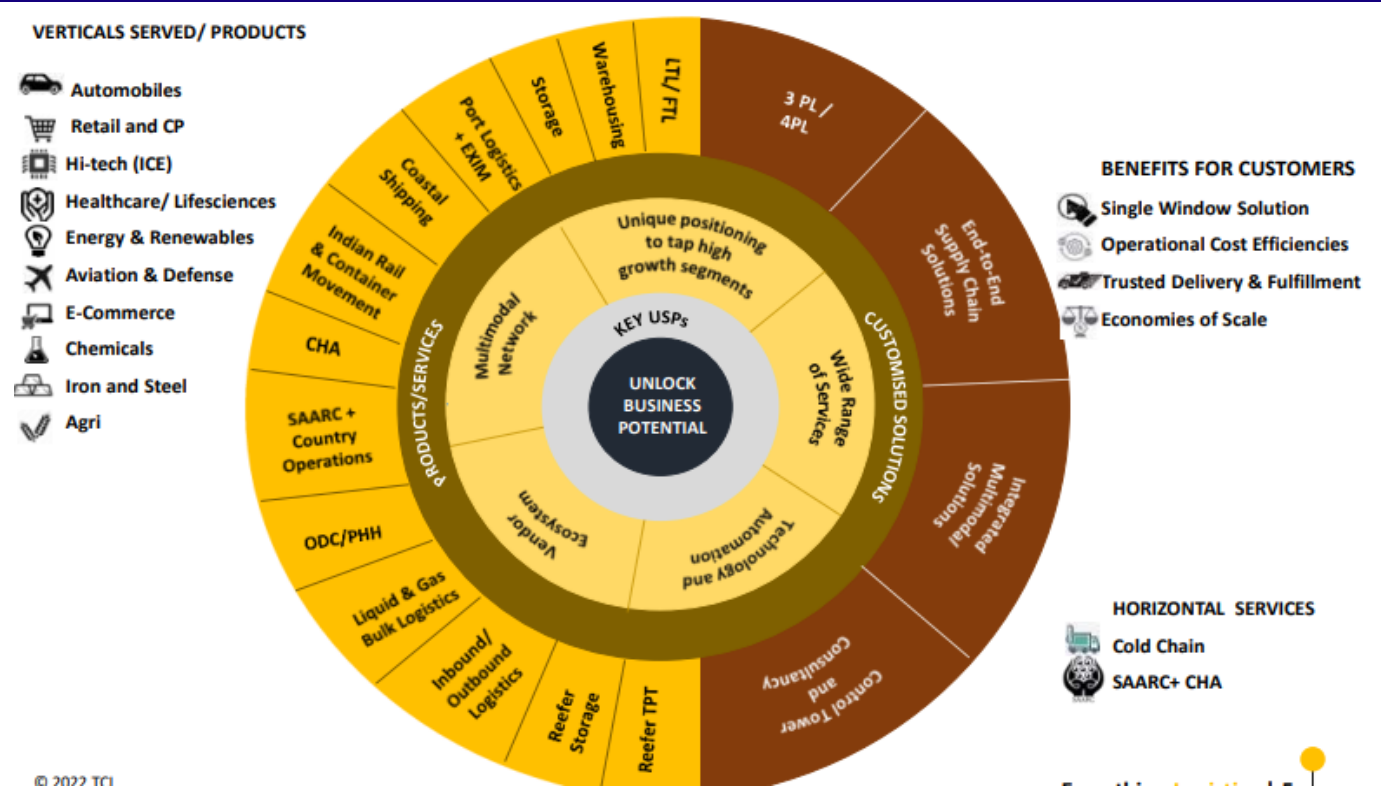
### Diversified end-user industries keep concentration risk minimal

- The combination of diversified service offerings, multi-sectorial presence, and adherence to core business principles has strengthened the company's resilience and competitiveness in the market, enabling it to sustain consistent growth over time.
- TRPC offers Logistics solutions to Chemical and Pharma, Agriculture, Consumer Goods, Renewables, Metal and Minerals, among various industries, thus reducing its business concentration risk.
- In the Chemical and Pharma segment, it offers multimodal solutions for the movement of hazardous and non-hazardous bulk liquid and dry chemicals, through its ISO certified gas and dry bulk containers.
- For Agriculture-based businesses, it offers 3PL solutions, yard management, and multimodal solutions comprising last-mile deliveries.
- In order to cater to the fast growing and organized food delivery and e-commerce segment, TRPC has formed a JV in collaboration with Mitsui & Co. (TCI Cold Chain Solutions), offering more than 13,000 pallets.
- TRPC has incorporated subsidiaries in Nepal and Bangladesh to cater to SAARC countries, enhance supply-chain solution linkages in neighboring countries, and capitalize on the China+1 opportunity, as global players opt for alternative suppliers and logistics partner.

Exhibit 14: TRPC is focusing on the high growth Agriculture, chemical & Pharma, and Renewables sectors

Segments	Opportunities	Our Solutions
<div>Agriculture</div> <div></div>	<div>The agriculture sector heavily depends on logistics as it has shorter cycles and it alone makes up 16% of GDP through Grains &amp; produce, Fertilizers &amp; Agrochemicals, Horticulture &amp; flora, Fruits &amp; Veggies (Perishables), Honey &amp; Silk, Semi-Processed edibles</div>	<div><ul style="list-style-type: none"><li>We offer multimodal transportation, custom clearances, and warehousing management under a single customer relationship management system</li></ul></div>
<div>Renewables</div> <div></div>	<div>There has also been a boom in 'Green Energy' and a shift from fossil fuels to renewable energies requiring logistics for plant equipments for Solar, Hydel &amp; Wind power stations, Hydrogen Fuel, Electric Batteries, Cables, Machinery and turbines etc.</div>	<div><ul style="list-style-type: none"><li>We offer hub-spoke based multimodal solutions with last-mile deliveries, 3PL Solutions, Yard management, OBL, and Warehouse management</li></ul></div>
<div>Cold Chain</div> <div></div>	<div>As India's food industry grows and becomes more complex, the demand for temperature-controlled logistics is increasing in dairy, meat, aqua, perishables fruits, veggies, juices, pharmaceuticals, vaccines etc.</div>	<div><ul style="list-style-type: none"><li>End-to-end supply chain and Cold Supply Chain services</li><li>Ambient and Cold Warehousing, Primary Transportation, 3PL, CFA, and DC management</li><li>Temperature-controlled transportation</li></ul></div>

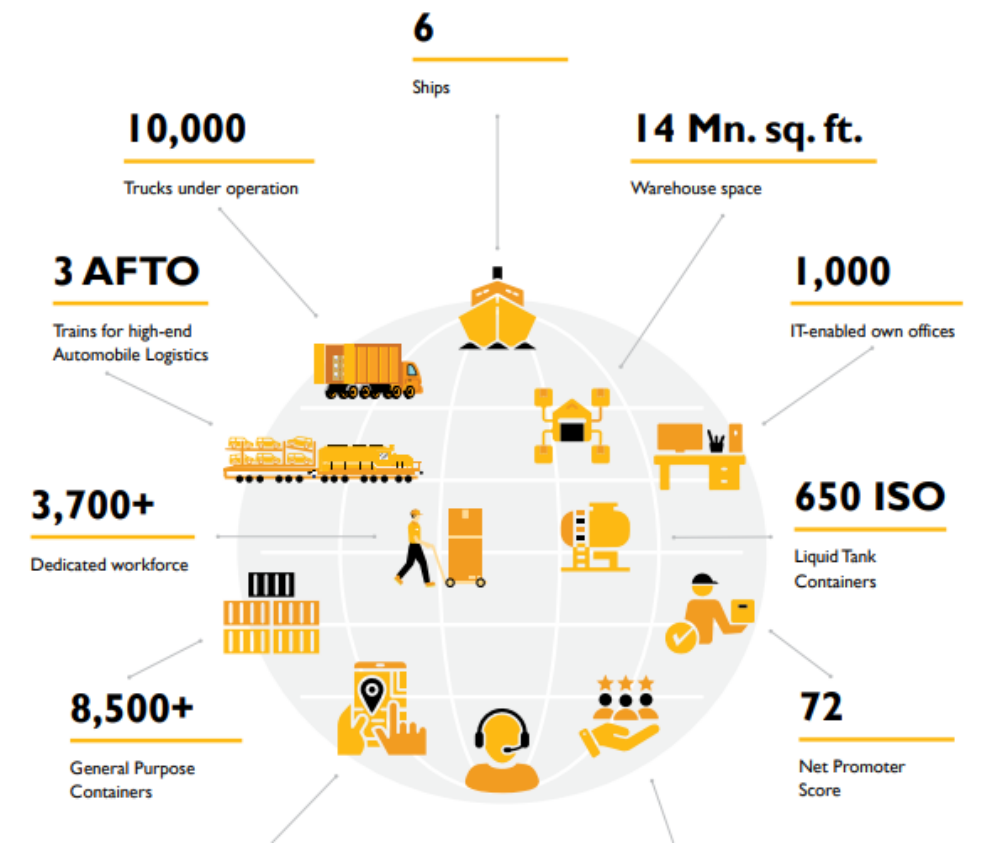
Exhibit 15: Wide range of services to diversified end-user industries



### Infrastructure base

- TRPC operates under an extremely robust infrastructure base, which allows it to manage its operations efficiently across its business verticals.

#### Exhibit 16: Strong network base

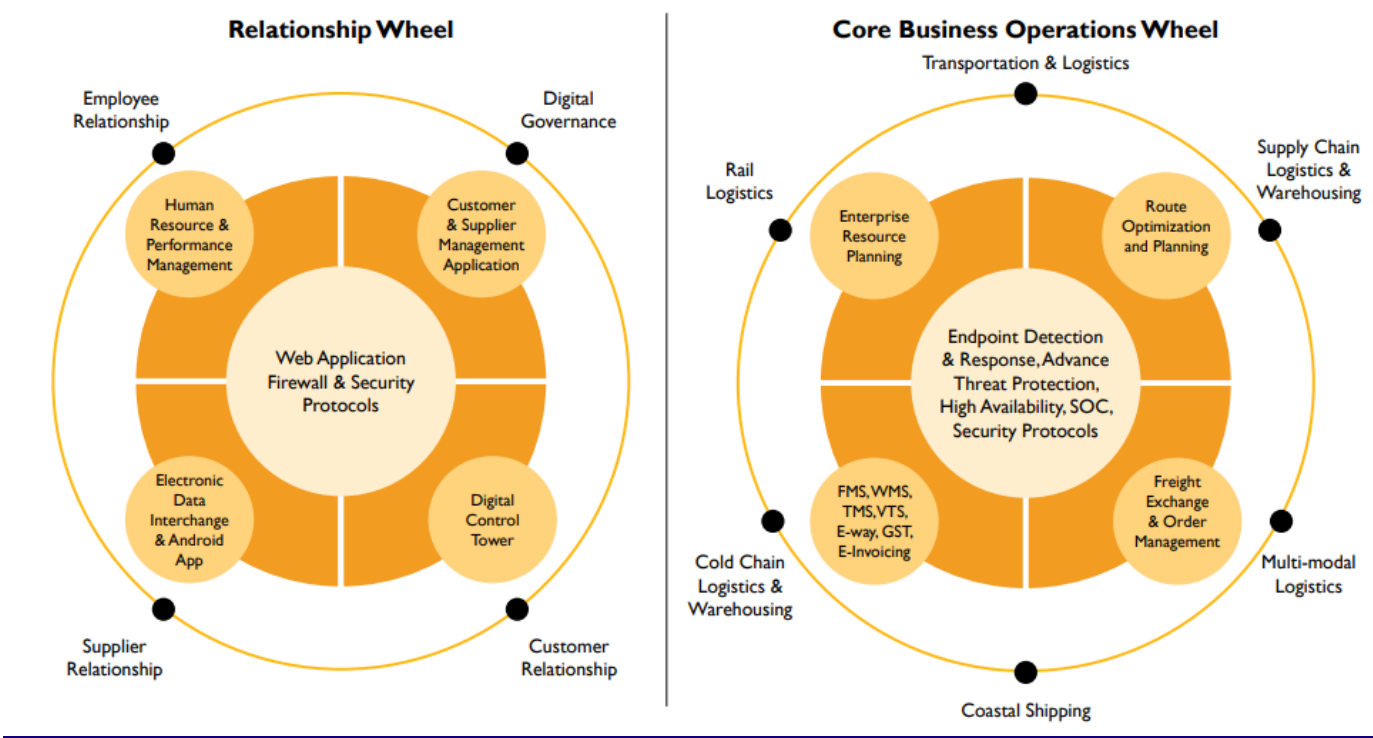


Source: Company, MOFSL

### Technology

- TRPC's primary focus lies in surpassing customer expectations through the integration of technology solutions, achieved by creating control towers for both customers and suppliers.
- The utilization of cutting-edge analytics, robotics, process automation, machine learning, and artificial intelligence has brought about proactive event management, a decrease in bottlenecks, and improved end-to-end visibility and transparency.
- TRPC has embraced IT-enabled infrastructure and database solutions, such as cloud computing, database warehousing management system, and version control and repository systems, which empower the company to enhance client service, boost productivity, and strengthen its network.
- The implementation of an algorithm-based refuelling system has significantly reduced fuel costs. Automated selection of the pump and fuel quantity is based on factors such as the fuel rate, route, vehicle type, and tank capacity.

Exhibit 17: Technology, digital transformation, and automation in TRPC



Source: Company, MOFSL

TRPC continues to focus on deleveraging

- TRPC has been able to manage its liquidity and has reduced its debt level to INR0.6b in FY23 from ~INR4b in FY20.
- A zero net borrowing position and a surplus of cash demonstrate strong financial management and discipline in utilizing resources efficiently. This puts TRPC in a favorable position to meet any future financial requirements, pursue growth opportunities, and effectively withstand economic challenges.

Exhibit 18: Free cash generation remains strong

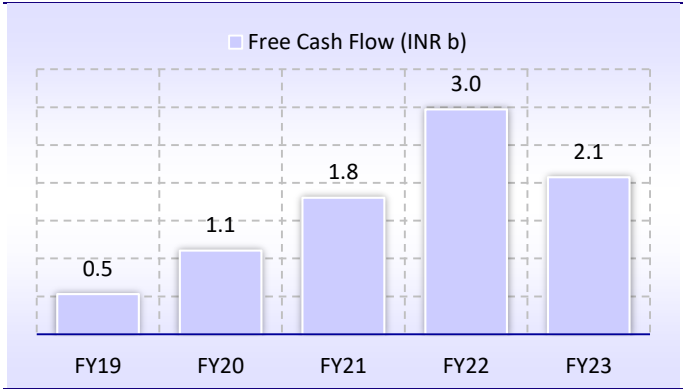
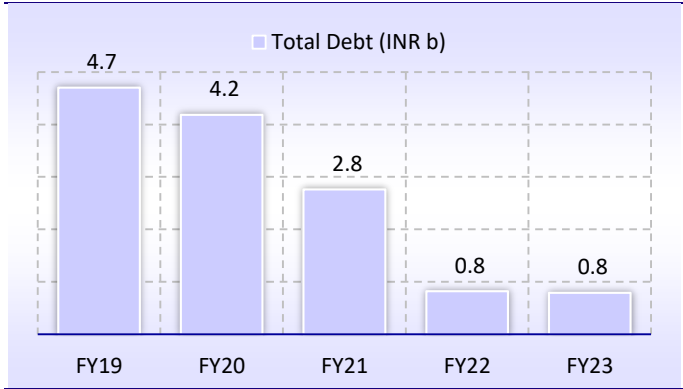
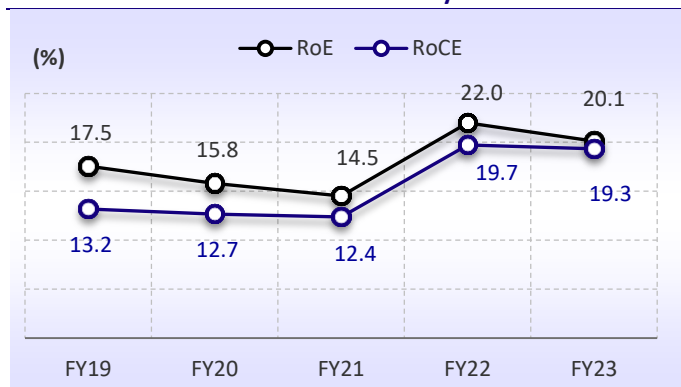


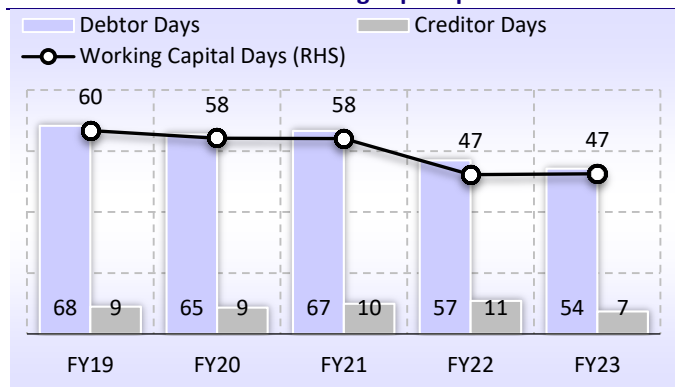
Exhibit 19: Deleveraging remains a focus area





**Exhibit 20: Return ratios remain healthy**

Source: Company, MOFSL

**Exhibit 21: Comfortable working capital position**

Source: Company, MOFSL

## ESG initiatives



### Environment

- The company is dedicated to creating eco-friendly workplaces and has taken steps to incorporate solar panels at their warehouses, promoting the use of renewable energy sources.
- The company is actively pursuing green logistics practices, emphasizing the utilization of rail and coastal transportation, which accounts for ~30% of its consolidated revenues from multimodal operations.
- In collaboration with IIM-B, TRPC has established a Sustainable Supply Chain Lab, focusing on developing and implementing sustainable practices throughout its supply chain.
- Through its renewable energy initiatives, TRPC has successfully generated 15.9m units of renewable energy, contributing to a greener and more sustainable future.
- Furthermore, the company has a fleet of over 200 CNG vehicles, demonstrating its commitment to reducing carbon emissions and promoting cleaner transportation options.

### Social

- The company has undertaken road safety and health initiatives in nine states, positively impacting the lives of more than 2.5m people. The company's efforts in promoting education and vocational training have been particularly beneficial to underprivileged individuals, contributing to rural development programs and benefiting over 10,000 beneficiaries in FY23.
- Furthermore, the company has established an Artificial Limb Center and preventive healthcare centers, offering essential healthcare services to those in need. In FY23, these centers have served more than 25,000 beneficiaries, making a significant difference in the lives of individuals requiring healthcare support and artificial limbs.

### Governance

- In FY23, the company has spent INR 42m towards CSR projects.
- The company has recommended a final dividend of INR 2 for FY23.

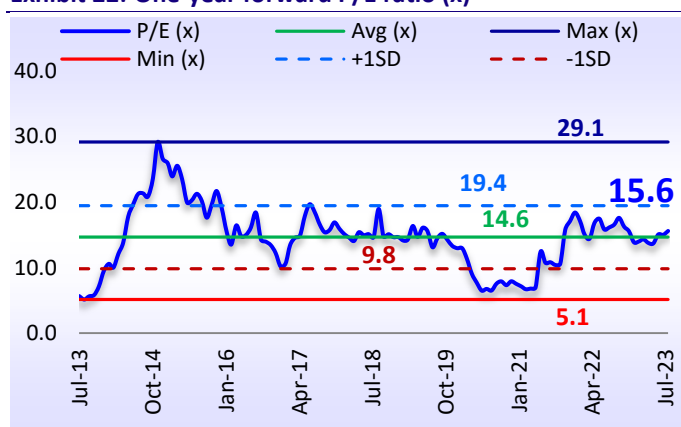


- The current tenures of Mr. D P Agarwal, Chairman & Managing Director and Mr. Vineet Agarwal, Managing Director, are expiring on July 31, 2023 and June 30, 2023, respectively. Based upon the recommendation of the Compensation/ Nomination & Remuneration Committee, it is proposed to appoint them for a further period of five years each, subject to the approval of shareholders in the ensuing AGM.
- Around 50% of the board is composed of Independent Directors.
- Based on the recommendations of the audit committee, the board of directors has recommended the re-appointment of M/s. Brahmayya & Co., as the statutory auditors for a second term of five consecutive years from the conclusion of 27th AGM till the conclusion of the 32nd AGM to be held in CY27.

### Valuation and view

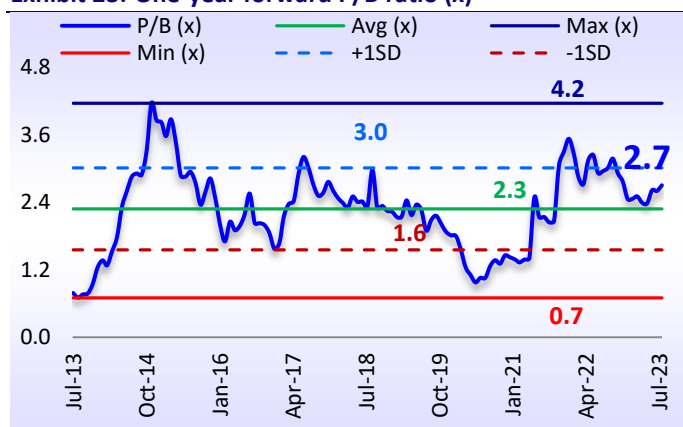
- TRPC stands out with its diverse range of multimodal transportation solutions, which not only gives it a competitive edge but also allows the company to effectively meet the diverse demands of its customers. The upward trend in its LTL business within the Road Freight division indicates positive progress and holds potential for improved profitability.
- Based on our analysis, we expect revenue/EBITDA/PAT to grow by 15%/16%/16% over FY23-25. The growth forecasts take into account several factors, including the increasing share of LTL in the overall Freight revenue, the acquisition of new clientele in 3PL, and the sustained reliability and trustworthiness of coastal shipping services.
- We reiterate our BUY rating for TRPC with a TP of INR 850, based on 15x FY25 EPS.

Exhibit 22: One-year forward P/E ratio (x)



Source: Company, MOFSL

Exhibit 23: One-year forward P/B ratio (x)



Source: Company, MOFSL

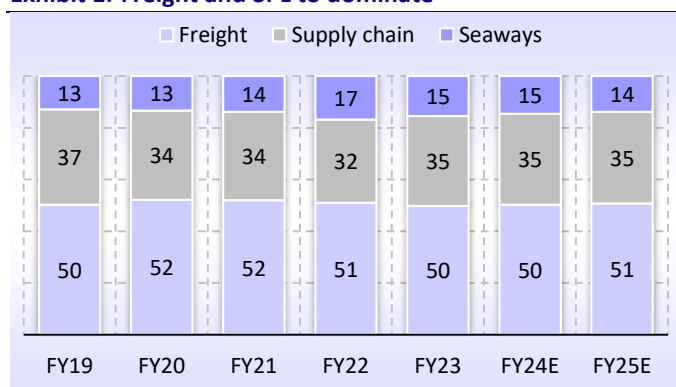
### Risk and concerns

- The Logistics industry remains predominantly unorganized, with ~90% of the market controlled by small and regional players, including single-truck owners, freight forwarders, last-mile connectivity providers, and other independent workers with fragmented work processes. However, the introduction of GST and e-way bill systems has led to a significant decline in the market share of unorganized players.

- The current low international freight rates have led to declining margins for the seaways division, adversely impacting the overall margin profile of the company.
- Inability to cope with high traffic density, lack of cross-modal material handling infrastructure, and insufficient capacities at air and seaports, along with a lack of other connecting infrastructure are some of the challenges faced by the logistics sector, due to lack of infrastructure in the country.
- New-age, technology-enabled start-ups seeking improved infrastructure to sustain automation and digitalization across logistics face slow growth due to non-availability of skilled and experienced manpower.

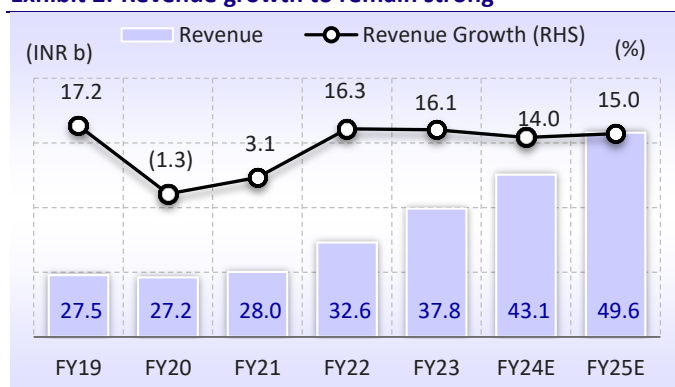
## STORY IN CHARTS

**Exhibit 1: Freight and 3PL to dominate**



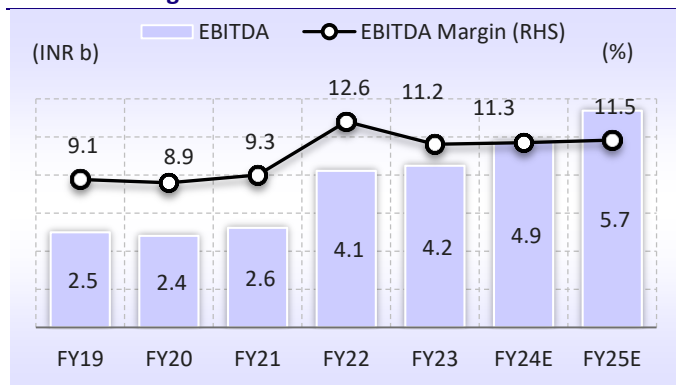
Source: Company, MOFSL

**Exhibit 2: Revenue growth to remain strong**



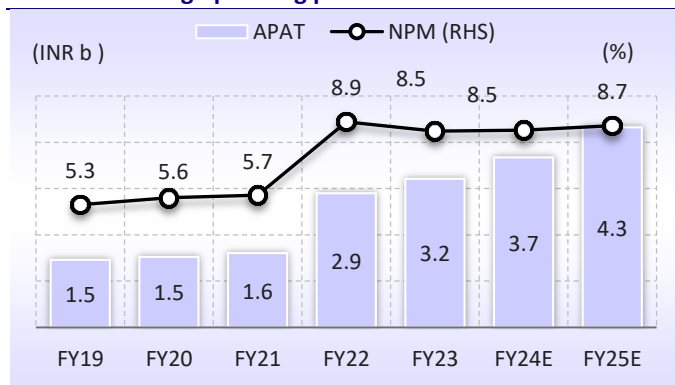
Source: Company, MOFSL

**Exhibit 3: Margin to remain stable**



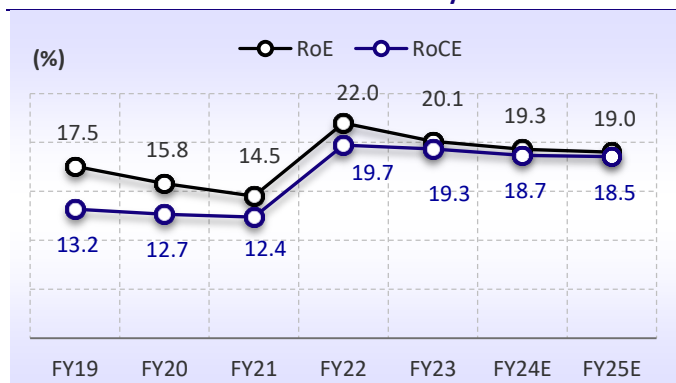
Source: Company, MOFSL

**Exhibit 4: Strong operating performance to drive PAT**



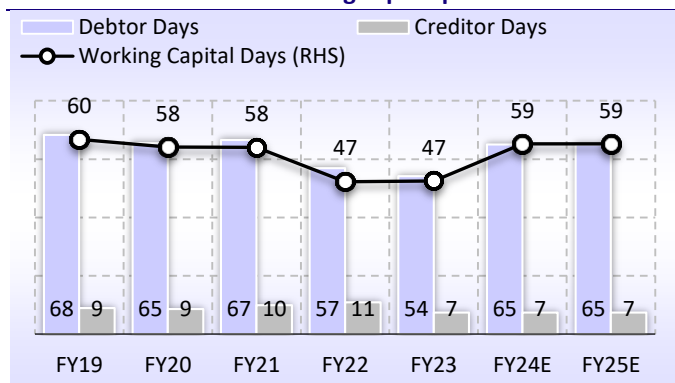
Source: Company, MOFSL

**Exhibit 5: Return ratios to remain steady**



Source: Company, MOFSL

**Exhibit 6: Comfortable working capital position**



Source: Company, MOFSL

## Financials and valuations

## Consolidated Income Statement

Y/E March (INR m)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>27,536</b>	<b>27,178</b>	<b>28,024</b>	<b>32,588</b>	<b>37,826</b>	<b>43,113</b>	<b>49,593</b>
Change (%)	17.2	-1.3	3.1	16.3	16.1	14.0	15.0
Gross Margin (%)	18.2	18.5	18.0	20.9	19.9	20.0	20.0
<b>EBITDA</b>	<b>2,495</b>	<b>2,405</b>	<b>2,612</b>	<b>4,109</b>	<b>4,240</b>	<b>4,871</b>	<b>5,687</b>
Margin (%)	9.1	8.9	9.3	12.6	11.2	11.3	11.5
Depreciation	774	825	928	1,130	1,214	1,228	1,408
<b>EBIT</b>	<b>1,721</b>	<b>1,580</b>	<b>1,684</b>	<b>2,978</b>	<b>3,026</b>	<b>3,643</b>	<b>4,278</b>
Int. and Finance Charges	374	343	267	128	98	75	61
Other Income	195	201	255	178	303	333	366
<b>PBT</b>	<b>1,542</b>	<b>1,438</b>	<b>1,672</b>	<b>3,028</b>	<b>3,231</b>	<b>3,900</b>	<b>4,584</b>
Tax	333	159	238	377	434	624	733
Effective Tax Rate (%)	21.6	11.1	14.3	12.4	13.4	16.0	16.0
<b>PAT before MI, Associates, and EO Items</b>	<b>1,209</b>	<b>1,279</b>	<b>1,434</b>	<b>2,652</b>	<b>2,796</b>	<b>3,276</b>	<b>3,851</b>
Share of profit/(loss) of Associates and JVs	251	252	201	277	444	426	501
Minority Interest	0	-8	-33	-32	-33	-30	-30
Extraordinary Items	7	99	131	0	34	0	0
<b>Reported PAT</b>	<b>1,453</b>	<b>1,424</b>	<b>1,471</b>	<b>2,896</b>	<b>3,173</b>	<b>3,672</b>	<b>4,321</b>
<b>Adjusted PAT</b>	<b>1,460</b>	<b>1,522</b>	<b>1,602</b>	<b>2,896</b>	<b>3,207</b>	<b>3,672</b>	<b>4,321</b>
Change (%)	17.9	4.3	5.2	80.8	10.7	14.5	17.7
Margin (%)	5.3	5.6	5.7	8.9	8.5	8.5	8.7

## Consolidated Balance Sheet

Y/E March (INR m)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	153	154	154	155	155	155	155
Total Reserves	8,766	10,085	11,543	14,148	16,863	20,265	24,316
<b>Net Worth</b>	<b>8,920</b>	<b>10,239</b>	<b>11,697</b>	<b>14,303</b>	<b>17,018</b>	<b>20,420</b>	<b>24,471</b>
Minority Interest	52	57	86	274	301	301	301
Deferred Tax Liabilities	390	302	273	276	300	300	300
Total Loans	4,703	4,186	2,767	825	795	575	525
<b>Capital Employed</b>	<b>14,065</b>	<b>14,784</b>	<b>14,823</b>	<b>15,677</b>	<b>18,414</b>	<b>21,597</b>	<b>25,598</b>
Gross Block	9,503	10,595	10,684	12,286	12,676	14,676	16,676
Less: Accum. Deprn.	2,235	3,111	3,275	5,046	5,471	6,699	8,107
<b>Net Fixed Assets</b>	<b>7,268</b>	<b>7,483</b>	<b>7,409</b>	<b>7,241</b>	<b>7,205</b>	<b>7,977</b>	<b>8,569</b>
Capital WIP	40	450	690	846	967	937	907
<b>Total Investments</b>	<b>1,168</b>	<b>1,354</b>	<b>1,500</b>	<b>1,927</b>	<b>2,859</b>	<b>2,859</b>	<b>2,859</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>7,683</b>	<b>7,547</b>	<b>7,790</b>	<b>8,257</b>	<b>9,978</b>	<b>12,781</b>	<b>16,666</b>
Inventory	53	66	71	85	50	118	136
Account Receivables	5,151	4,873	5,110	5,083	5,609	7,678	8,832
Cash and Bank Balances	155	259	395	745	1,846	675	2,740
Cash	101	132	341	679	1,699	529	2,593
Bank Balance	55	128	55	66	66	66	66
Loans and Advances	268	268	124	12	12	14	16
Others	2,056	2,081	2,089	2,333	2,461	4,297	4,943
<b>Current Liab. and Prov.</b>	<b>2,095</b>	<b>2,050</b>	<b>2,565</b>	<b>2,593</b>	<b>2,595</b>	<b>2,958</b>	<b>3,402</b>
Account Payables	674	639	759	971	760	866	996
Other Current Liabilities	1,355	1,309	1,719	1,371	1,552	1,769	2,035
Provisions	65	102	86	251	283	322	371
<b>Net Current Assets</b>	<b>5,589</b>	<b>5,497</b>	<b>5,225</b>	<b>5,663</b>	<b>7,383</b>	<b>9,824</b>	<b>13,263</b>
<b>Application of Funds</b>	<b>14,065</b>	<b>14,784</b>	<b>14,823</b>	<b>15,677</b>	<b>18,414</b>	<b>21,597</b>	<b>25,598</b>

## Financials and valuations

## Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>							
EPS	18.9	19.7	20.8	37.6	41.6	47.6	56.0
EPS growth (%)	17.9	4.3	5.2	80.8	10.7	14.5	17.7
Cash EPS	29.0	30.4	32.8	52.2	57.3	63.6	74.3
BV/Share	115.7	132.8	151.7	185.5	220.7	264.9	317.4
DPS	1.8	2.0	2.5	2.5	7.0	3.5	3.5
Payout (Incl. Div. Tax, %)	12.6	14.1	13.1	6.7	17.0	7.3	6.2
<b>Valuation (x)</b>							
P/E	39.8	38.2	36.3	20.1	18.1	15.8	13.5
Cash P/E	26.0	24.8	23.0	14.4	13.1	11.9	10.1
EV/EBITDA	24.7	25.2	22.6	13.7	12.8	11.3	9.3
EV/Sales	2.2	2.2	2.1	1.7	1.4	1.3	1.1
P/BV	6.5	5.7	5.0	4.1	3.4	2.8	2.4
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.9	0.5	0.5
<b>Return Ratios (%)</b>							
RoE	17.5	15.8	14.5	22.0	20.1	19.3	19.0
RoCE	13.2	12.7	12.4	19.7	19.3	18.7	18.5
RoIC	11.5	11.1	11.6	21.4	21.0	20.5	19.8
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	3.2	2.7	2.6	2.8	3.0	3.2	3.2
Asset Turnover (x)	2.0	1.8	1.9	2.1	2.1	2.0	1.9
Inventory (Days)	1	1	1	1	0	1	1
Debtors (Days)	68	65	67	57	54	65	65
Creditors (Days)	9	9	10	11	7	7	7
<b>Leverage Ratio (x)</b>							
Net Debt/Equity ratio	0.5	0.4	0.2	0.0	-0.1	0.0	-0.1

## Consolidated Cash Flow Statement

Y/E March (INR m)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	1,786	1,591	1,743	3,305	3,640	3,900	4,584
Depreciation	774	825	928	1,130	1,214	1,228	1,408
Direct Taxes Paid	-342	-410	52	-494	-186	-624	-733
(Inc.)/Dec. in WC	-758	181	232	-163	-729	-3,807	-1,365
Other Items	331	242	93	-98	-332	-258	-306
<b>CF from Operations</b>	<b>1,791</b>	<b>2,428</b>	<b>3,047</b>	<b>3,680</b>	<b>3,607</b>	<b>440</b>	<b>3,588</b>
(Inc.)/Dec. in FA	-1,259	-1,321	-1,241	-707	-1,530	-1,970	-1,970
<b>Free Cash Flow</b>	<b>532</b>	<b>1,108</b>	<b>1,807</b>	<b>2,973</b>	<b>2,077</b>	<b>-1,530</b>	<b>1,618</b>
Change in Investments	-49	-55	-17	-28	-69	0	0
Others	-268	22	196	-27	-333	493	313
<b>CF from Investments</b>	<b>-1,576</b>	<b>-1,353</b>	<b>-1,062</b>	<b>-762</b>	<b>-1,931</b>	<b>-1,477</b>	<b>-1,657</b>
Change in Equity	12	24	40	34	35	0	0
Inc./Dec. in Debt	307	-523	-1,419	-2,148	6	-220	-50
Dividends Paid	-182	-201	-96	-410	-543	-270	-270
Others	-338	-343	-302	-56	-153	356	453
<b>CF from Fin. Activity</b>	<b>-202</b>	<b>-1,044</b>	<b>-1,776</b>	<b>-2,580</b>	<b>-655</b>	<b>-133</b>	<b>134</b>
<b>Inc./Dec. in Cash</b>	<b>13</b>	<b>31</b>	<b>209</b>	<b>338</b>	<b>1,021</b>	<b>-1,171</b>	<b>2,064</b>
Opening Balance	142	101	132	341	679	1,699	529
<b>Closing Balance</b>	<b>155</b>	<b>132</b>	<b>341</b>	<b>679</b>	<b>1,699</b>	<b>529</b>	<b>2,593</b>

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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

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.