

Adani Ports & SEZ

Estimate change 

TP change 

Rating change 

CMP: INR1,219

TP: INR1,470 (+21%)

Buy

In-line performance; well placed to surpass volume guidance of FY24

Bloomberg	ADSEZ IN
Equity Shares (m)	2160
M.Cap.(INRb)/(USDb)	2632.9 / 31.7
52-Week Range (INR)	1240 / 395
1, 6, 12 Rel. Per (%)	17/49/123
12M Avg Val (INR M)	6941

Financial Snapshot (INR b)

Y/E MARCH	2024E	2025E	2026E
Sales	269.4	310.7	353.6
EBITDA	160.4	184.2	214.6
Adj. PAT	90.8	103.9	126.7
EBITDA Margin (%)	59.5	59.3	60.7
Adj. EPS (INR)	42.0	48.1	58.6
EPS Gr. (%)	20.1	14.4	21.9
BV/Sh. (INR)	243.7	279.8	323.8

Ratios

Net D:E	0.8	0.6	0.4
RoE (%)	18.5	18.4	19.4
RoCE (%)	11.2	11.6	12.7
Payout (%)	23.5	25.0	20.5

Valuations

P/E (x)	29.0	25.4	20.8
P/BV (x)	5.0	4.4	3.8
EV/EBITDA(x)	19.0	16.3	13.7
Div. Yield (%)	0.8	1.0	1.0
FCF Yield (%)	3.5	3.8	4.8

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	65.9	65.5	65.1
DII	12.0	13.3	14.5
FII	14.7	13.8	13.8
Others	7.4	7.7	6.6

FII Includes depository receipts

- Adani Ports & SEZ Ltd (APSEZ) reported a revenue growth of 45% YoY to INR69.2b in 3QFY24 (in line). During the quarter, APSEZ recorded ~44% YoY growth in cargo volumes to reach 108.6 MMT.
- EBITDA margin came in at 60.5% in 3QFY24 vs. our estimate of 59.5% (down 240bp YoY, up 210bp QoQ). While EBITDA grew 39% YoY to INR41.9b, APAT increased 52% YoY to INR23.5b (our estimate was INR 21.1b).
- In 3QFY24, Port revenues grew 41% YoY to INR55.4b. EBITDA margins in the Ports business stood at 71% in 3QFY24 (70% in 3QFY23). Logistics revenues grew 8% YoY to INR6b. EBITDA margins in the Logistics business stood at 28% in 3QFY24 (29% in 2QFY23). During 9MFY24, revenue increased 32% YoY to INR 198b, EBITDA increased 24% YoY to INR 118b, and APAT stood at INR 66b (+19% YoY).
- APSEZ reported a robust 9MFY24 by handling 311 MMT of cargo volume in the period. The management recently revised its FY24 cargo volume guidance to 400 MMT from ~380 MMT earlier. Further, through debt reduction, APSEZ has achieved its net Debt to EBITDA target of 2.5x, well ahead of its given timeline and aspires to sustain this level in the future.
- APSEZ has a diversified cargo mix along with sticky cargo and customer base. The operational ramp-up at the recently acquired ports is expected to drive a 14% growth in cargo volumes over FY23-26. This would drive a revenue/EBITDA/PAT CAGR of 19% over FY23-26. We marginally increase our estimates with improved growth outlook and reiterate our BUY rating with a revised TP of INR1,470 (premised on 16x FY26E EV/EBITDA).**

APSEZ records highest-ever cargo volume in 9MFY24, led by its flagship port at Mundra

- On YTD basis (Apr-Dec' 23), APSEZ has handled 311 MMT of total cargo, up 23% YoY. EBITDA margin of the domestic port business improved 200bp to 72% in 9MFY24 vs. 70% in 9MFY23.
- APSEZ's market share in India stood at ~25% in Dec'23. APSEZ's domestic cargo volumes growth in 9MFY24 was over ~2.5x India's cargo volume growth rate. Nine of the company's domestic ports recorded their highest-ever cargo volumes in 9MFY24.
- APSEZ is focused on expanding its footprint in the existing ports and diversifying the cargo base within these facilities.

Logistics business well placed for faster growth ahead

- In 3QFY24, Adani Logistics Ltd (ALL) registered an ~8% YoY growth in revenue and EBITDA margins of 28% (29% in 3QFY23).
- ALL currently operates 11 multi-modal logistics parks (MMLPs), equipped with 116 trains, 2.4m sq. ft. of warehousing space, and 1.1mmt of grain silos. ALL plans to expand its footprint and build a pan-India presence in the form of logistic parks and warehouses.

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

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

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

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

Highlights from the management commentary

- While a prolonged issue in the Red Sea may disrupt the overall supply chain and lead to container shortages, the impact on overall volumes is expected to be marginal, given that only 10% of the company's total container volumes move through the Red Sea route.
- APSEZ reached a record quarterly cargo volume of 108.6 MMT, with Mundra, its main port, achieving the highest-ever monthly volume for any Indian port in Oct'23. Domestic cargo growth was over 2.5x India's growth rate, with nine of the company's domestic ports/terminals recording their highest-ever cargo volumes in 9MFY24.
- In the logistics business, initiatives include adding two more MMLP in North India and Mumbai (to be commissioned in the next two to three years), and increasing the rake count from 115 to 300 by FY28, primarily driven by GPWI and followed by the container business.
- A USD 325m bond buy-back in 9MFY24 improved the Net Debt-to-EBITDA ratio to 2.5x as of Dec'23, compared to 2.8x in Sep'23. The company aims to maintain this ratio.

Valuation and view

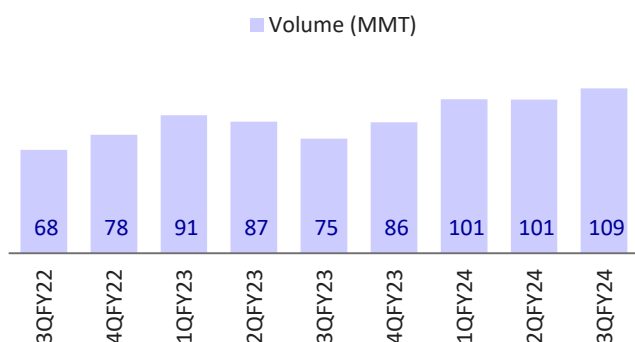
- APSEZ achieved a notable 2x industry growth, elevating its market share to ~25% as of Dec'23 from 10% in Mar'13. During 9MFY24, total cargo volume handled by APSEZ stood at 311 MMT (up 23% YoY), positioning the company to achieve higher end of its FY24 volume guidance of 400 MMT.
- As utilization and volumes continue to ramp up existing and newly acquired ports, we expect strong growth to continue ahead. We marginally increase our estimates with improved growth outlook and reiterate our BUY rating with a revised TP of INR1,470 (premised on 16x FY26E EV/EBITDA).

Quarterly Snapshot – Consolidated

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	vs Est	
Net Sales	50,581	52,108	47,862	57,969	62,476	66,464	69,201	71,249	2,08,519	2,69,390	68,620	1
YoY Change (%)	8.3	32.8	17.5	40.0	23.5	27.6	44.6	22.9	21.8	29.2	43.4	
EBITDA	32,905	32,603	30,114	32,713	37,537	38,805	41,860	42,168	1,28,335	1,60,369	40,486	3
Margins (%)	65.1	62.6	62.9	56.4	60.1	58.4	60.5	59.2	61.5	59.5	59.0	
Depreciation	8,404	8,543	8,836	8,449	9,496	9,745	9,853	9,925	34,232	39,019	9,800	
Interest	6,512	6,345	5,448	7,631	7,061	7,153	6,864	6,928	25,936	28,007	7,203	
Other Income	4,681	4,381	2,650	3,823	3,837	3,055	5,069	5,128	15,535	17,088	3,207	
PBT before EO expense	22,669	22,096	18,479	20,457	24,816	24,962	30,211	30,443	83,701	1,10,431	26,690	13
Extra-Ord expense	12,232	4,271	3,258	14,146	-844	213	1,822	0	33,907	1,191	0	
PBT	10,437	17,825	15,221	6,311	25,660	24,749	28,389	30,443	49,794	1,09,240	26,690	6
Tax	-721	1,626	2,274	-2,215	3,714	7,591	5,331	7,397	964	24,033	5,818	
Rate (%)	-6.9	9.1	14.9	-35.1	14.5	30.7	18.8	24.3	1.9	22.0	21.8	
MI and Associates	17	573	11	-253	799	-320	973	-1,579	348	-127	-300	
Reported PAT	11,141	15,626	12,936	8,779	21,147	17,479	22,084	24,624	48,482	85,334	21,172	4
Adj PAT	20,927	19,043	15,543	20,095	20,472	22,200	23,542	24,624	75,608	90,839	21,172	11
YoY Change (%)	25.6	41.8	-2.1	25.0	-2.2	16.6	51.5	22.5	23.0	20.1	36.2	

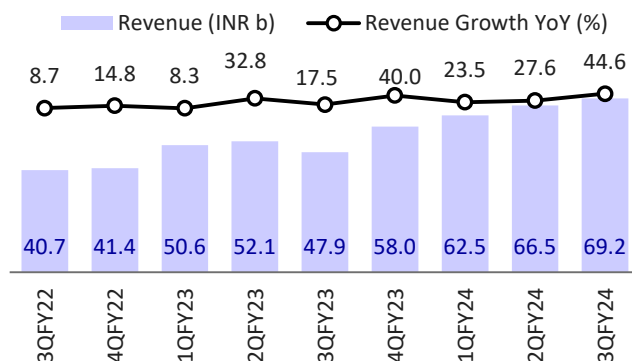
Story in charts – 3QFY24

Exhibit 1: Port Cargo volume increased ~44% YoY



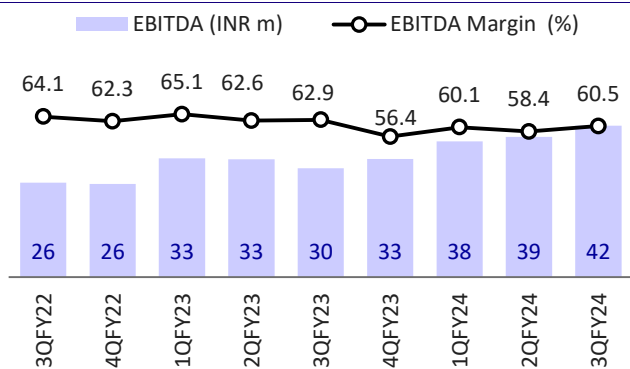
Source: Company, MOFSL

Exhibit 2: Growth in Consolidated revenue was led by volume growth



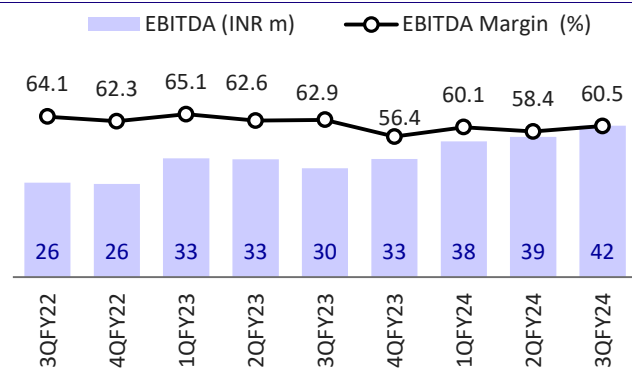
Source: Company, MOFSL

Exhibit 3: EBITDA and margin trend



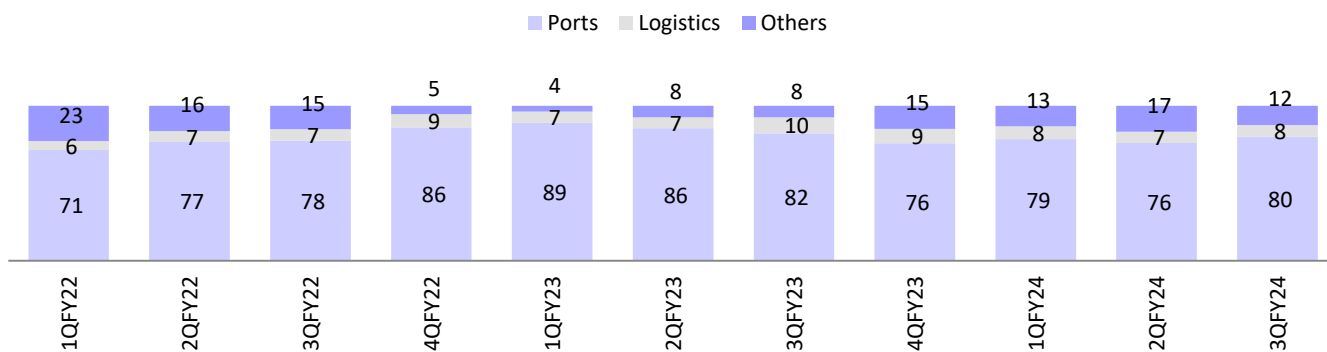
Source: Company, MOFSL

Exhibit 4: APAT increased ~17% YoY



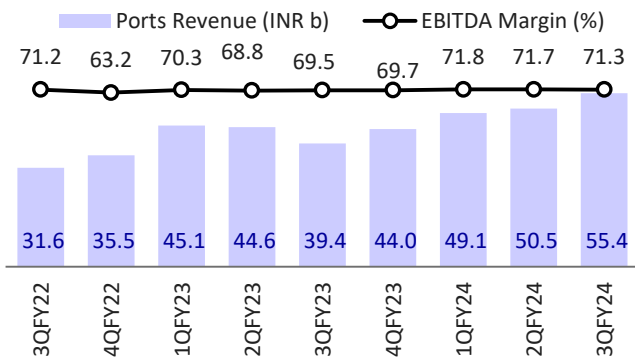
Source: Company, MOFSL

Exhibit 5: Quarterly revenue share (%)



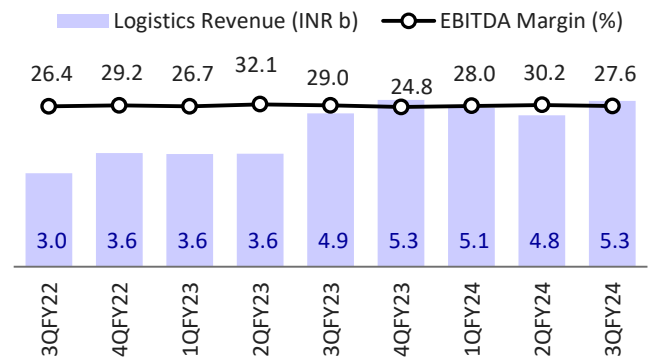
Source: Company, MOFSL

Exhibit 6: Port revenue increased 13% YoY



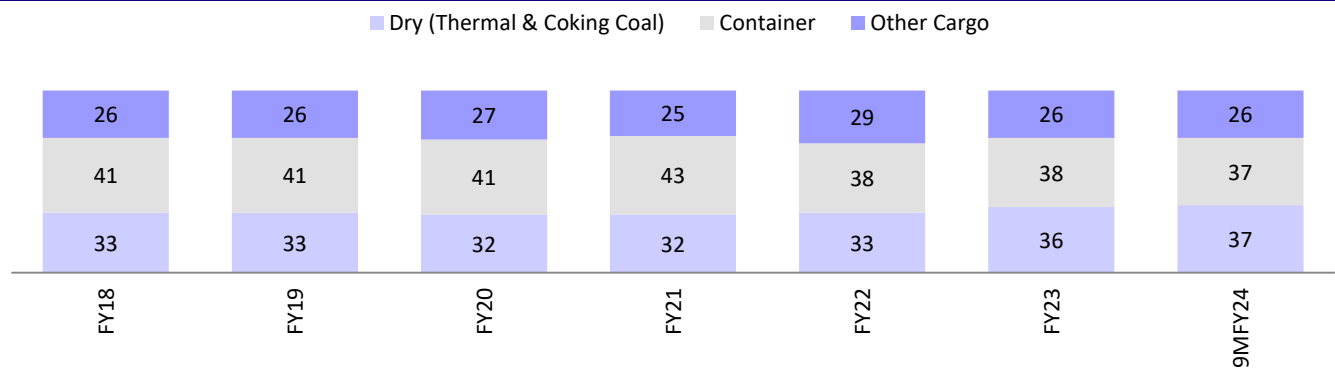
Source: Company, MOFSL

Exhibit 7: Logistics revenue increased 34% YoY



Source: Company, MOFSL

Exhibit 8: Cargo Volume Share (%)



Source: Company, MOFSL

Exhibit 9: Volume Trend across Ports (m tonnes)

Ports	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	Port Contribution (%)
Mundra	37.1	37.4	42.5	38.8	35.6	38.4	41.5	44.5	47.8	44.0
Dahej	1.9	2.0	3.2	3.7	2.1	2.3	2.6	3.0	2.8	2.6
Hazira	6.1	5.9	6.7	6.0	6.2	6.2	6.7	7.3	6.2	5.7
Dhamra	8.2	8.3	8.8	8.4	7.0	7.1	9.9	9.9	11.3	10.4
Kattupalli	1.7	2.4	2.6	3.0	2.9	2.8	3.0	2.8	2.8	2.6
Krishnapatnam	8.6	9.4	12.4	12.7	10.2	12.9	16.1	13.2	14.2	13.1
Gangavaram	-	7.7	9.1	8.2	6.5	8.6	9.4	8.7	9.4	8.7
Others	4.4	5.0	5.6	5.8	4.9	8.0	12.2	11.8	14.1	13.0
Total (MMT)	68.0	78.1	90.9	86.6	75.4	86.3	101.4	101.2	108.6	

Source: Company, MOFSL



Highlights from the management commentary

Operational highlights

- A 44% YoY increase in cargo volume drove a 45% YoY revenue growth to INR 69.2b in 3QFY24. The domestic port's EBITDA margin expanded ~170 bp, resulting in a 39% YoY EBITDA growth to INR 41.9b.
- In 3QFY24, Port revenues grew 41% YoY to INR55.4b. EBITDA margins stood at 71% in 3QFY24 (70% in 3QFY23).
- Logistics revenues grew 8% YoY to INR6b. EBITDA margins stood at 28% in 3QFY24 (29% in 3QFY23).

- Net Debt stood at INR379b at the end of 3QFY24 (INR399b at the end of FY23).
- A USD 325m bond buy-back in 9MFY24 improved the Net Debt-to-EBITDA ratio to 2.5x as of Dec'23, compared to 2.8x in Sep'23. The company aims to maintain this ratio as a milestone.
- Container cargo experienced a 27% YoY growth, followed by dry cargo at 25%, and liquid & gas at ~20% YoY during 9MFY24. Market share in containers has seen a significant increase.
- The Haifa port successfully managed 9.3 MMT of cargo in 9MFY24 and 3 MMT in 3QFY24. There has been no noticeable slowdown in the traffic flow at the Haifa port, located in the northern region of Israel.

Port Vertical

- While a prolonged issue in the Red Sea may disrupt the overall supply chain and lead to container shortages, the impact on overall volumes is expected to be marginal, given that only 10% of the company's total container volumes move through the Red Sea route. Some container volumes may be affected due to the Red Sea issue.
- APSEZ reached a record quarterly cargo volume of 108.6 MMT, with Mundra, its main port, achieving the highest-ever monthly volume for any Indian port in Oct'23.
- Domestic cargo growth was over 2.5x India's growth rate, with nine of the company's domestic ports/terminals recording their highest ever cargo volumes in 9MFY24.
- Key factors driving cargo volume growth include strong demand across the Indian economy, an active capex cycle evident in power, steel production, and an increase in exports of manufactured goods.
- The volumes at the Mundra Port experienced 34% YoY growth, driven by an uptick in cargo across various categories. This increase, combined with a 3% YoY improvement in realizations, contributed to the rise in both revenue and EBITDA during the quarter. Additionally, the EBITDA margins saw an improvement, reaching 66% in 3QFY24, compared to 59% in 3QFY23.
- Mundra's strategic advantage over the Pipavav port and JNPT is its proximity to NCR (100kms closer to NCR over Pipavav and 350kms closer than JNPT).
- The proportion of non-Mundra domestic ports in the overall cargo distribution increased to 56% in 9MFY24 from 54% in 9MFY23.
- The Haifa Port experienced a marginal increase in volume to 3MMT in 3QFY24, with no significant impact from the ongoing Israel – Hamas war.

Logistics Business

- Adani Logistics Ltd (ALL) achieved its highest-ever Rail (+22%) and GPWIS (+46%) volumes in 9MFY24.
- Logistics rail volumes demonstrated a growth of 17% YoY, reaching 0.16m TEUs. GPWIS cargo volumes experienced a significant 53% YoY growth, totaling 5.3 MMT.
- The total number of rakes at the end of Dec'23 increased to 115 (104 rakes at the end of Sep'23) and is further expected to rise to 128 by the end of FY24.
- The total warehousing capacity in 9MFY24 expanded to 2.4m sq. ft. with the inclusion of warehouses in NRC and Indore.

- During the quarter, there was a notable increase of 9 trains in traffic.
- The count of Multi Modal Logistics Parks (MMLP) has risen to 11, with the addition of Loni ICD and Valvada ICD. It is expected to further increase to 12 by the end of FY24 with the commissioning of Virochannagar MMLP.
- By the end of FY24, with the commissioning of Samastipur and Darbangha agri silos, APSEZ's total silo capacity is projected to grow to 1.2 MMT.
- In the logistics business, initiatives include adding two more MMLP in North India and Mumbai (to be commissioned in the next two to three years), and increasing the rake count from 115 to 300 by FY28, primarily driven by GPWI and followed by the container business.

Guidance

- The management has guided for 400 MMT of cargo for FY24.
- Revenue and EBITDA is forecasted to be ~INR 250b and ~INR 150b, respectively, in FY24. Capex for FY24 is projected to be ~INR 74b, keeping net debt-to-EBITDA ratio at 2.5x.
- On YTD basis (Apr-Dec'23), APSEZ has handled 311 MMT (+23% YoY) of cargo vis-à-vis its FY24 guidance of 400 MMT. The company is targeting 500 MMT of cargo volumes by the end of CY25, and the company is on track to achieve this goal.
- Logistics growth is expected to continue to grow at the current pace or even faster, with significant opportunities in container, bulk, and agri businesses. The current growth rate is considered the minimum, and APSEZ aims for a much faster growth rate in its logistics business.
- Increasing the weight of the agro silo business is expected to enhance EBITDA margins, with an overall margin target of 15% for the Agro Silo business.

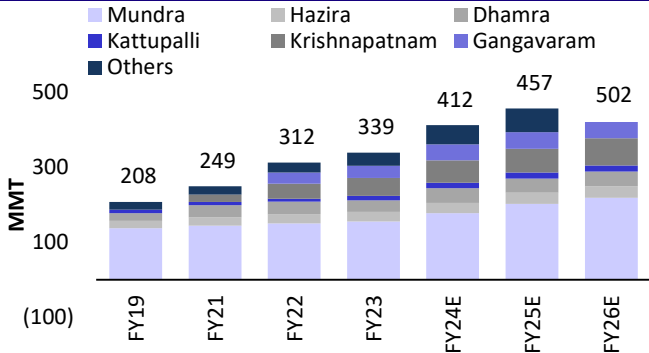
Exhibit 10: Revised estimates

(INR m)	FY24E			FY25E			FY26E		
	Rev	Old	Chg(%)	Rev	Old	Chg(%)	Rev	Old	Chg(%)
Net Sales	2,69,390	2,68,134	0.5	3,10,747	3,10,747	0.0	3,53,637	3,53,637	0.0
EBITDA	1,60,369	1,59,515	0.5	1,84,195	1,84,195	0.0	2,14,637	2,13,315	0.6
EBITDA Margin (%)	59.5	59.5	4	59.3	59.3	-	60.7	60.3	37
PAT	90,839	86,770	4.7	1,03,879	1,00,379	3.5	1,26,666	1,21,994	3.8
EPS (INR)	42.0	40.2	4.7	48.1	46.5	3.5	58.6	56.5	3.8

Source: Company, MOFSL

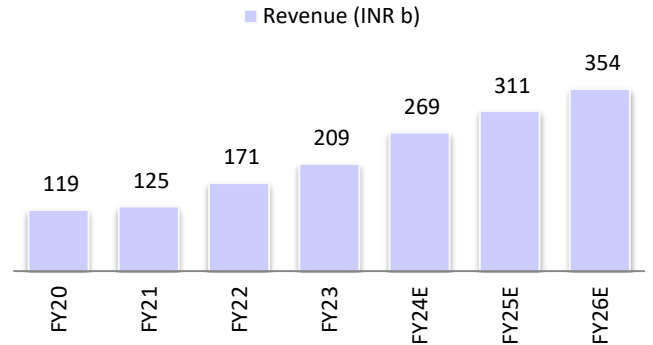
Story in charts

Exhibit 11: APSEZ – volumes (MMT)



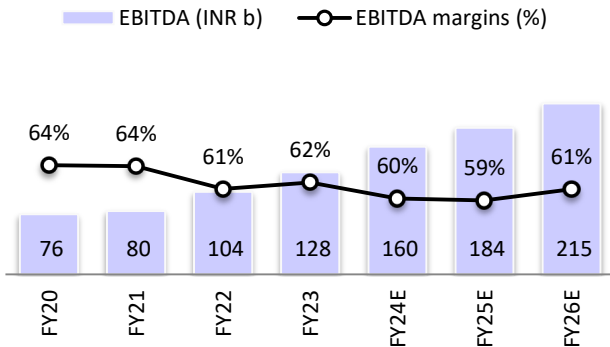
Source: Company, MOFSL

Exhibit 12: Revenue growth to remain strong



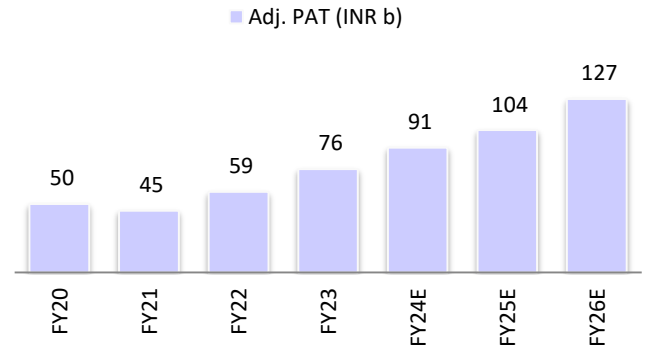
Source: Company, MOFSL

Exhibit 13: Margin to stabilize at ~60%



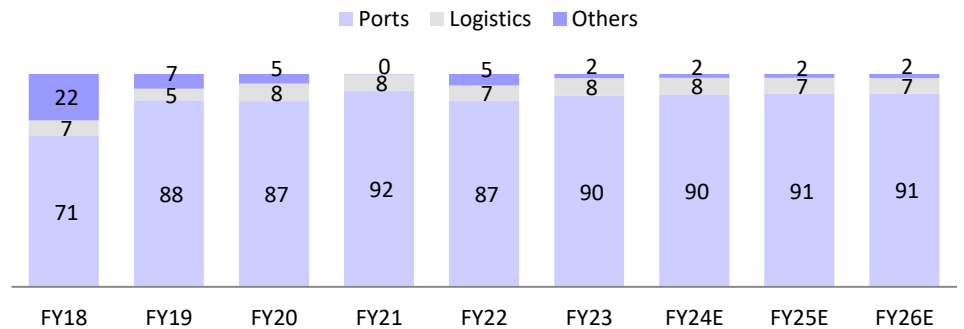
Source: Company, MOFSL

Exhibit 14: Strong operating performance to drive PAT



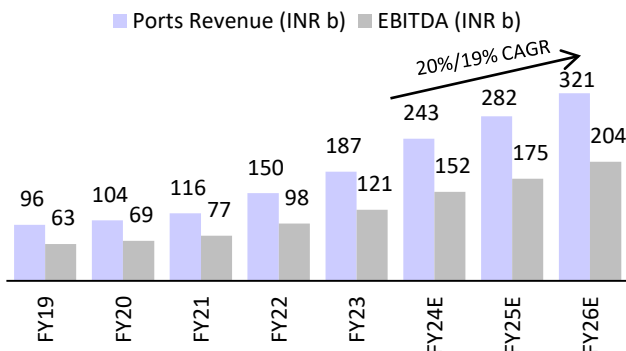
Source: Company, MOFSL

Exhibit 15: Revenue share (%)



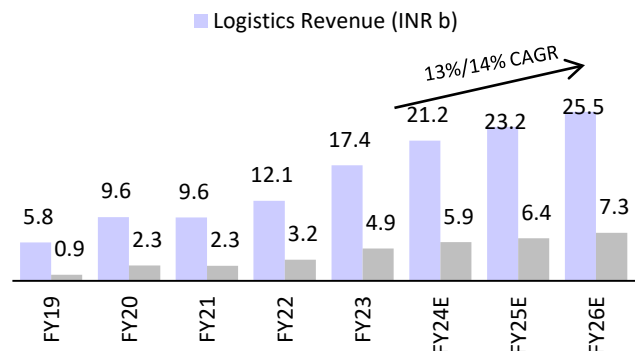
Source: Company, MOFSL

Exhibit 16: Ports revenue to report 20% CAGR



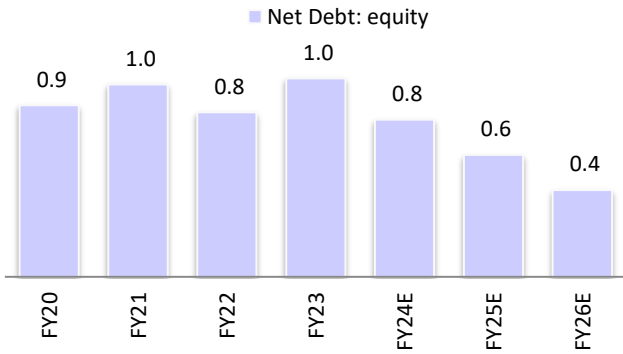
Source: Company, MOFSL

Exhibit 17: Logistics segment to report 13% CAGR in revenue



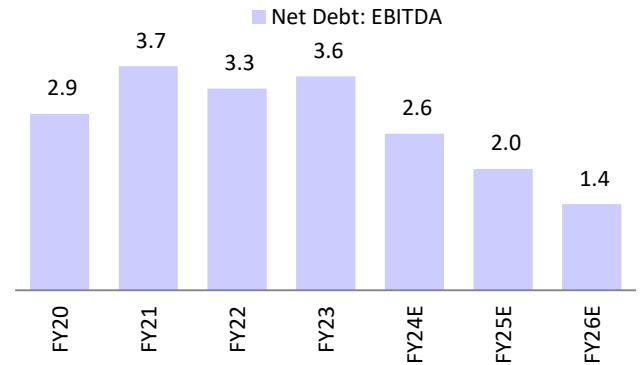
Source: Company, MOFSL

Exhibit 18: Net debt/equity to decrease



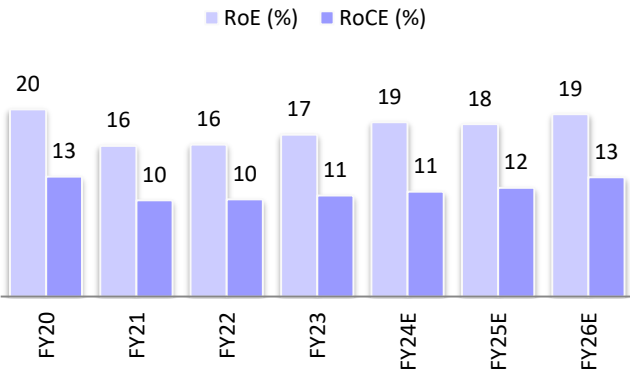
Source: Company, MOFSL

Exhibit 19: Net debt/EBITDA to improve with better efficiency



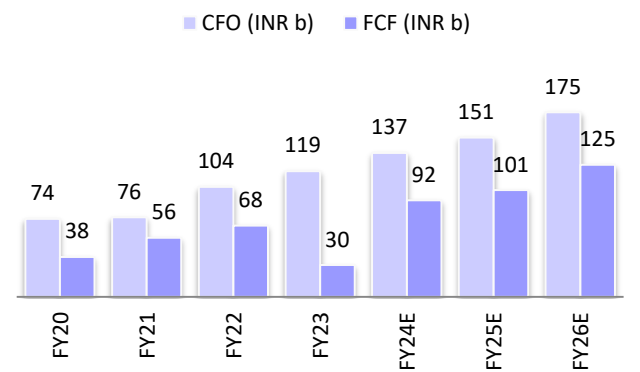
Source: Company, MOFSL

Exhibit 20: Return ratios to remain stable



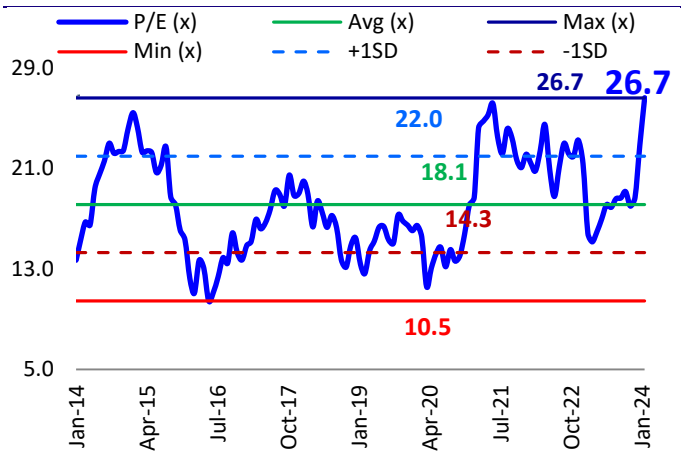
Source: Company, MOFSL

Exhibit 21: CFO and FCF generation to pick up



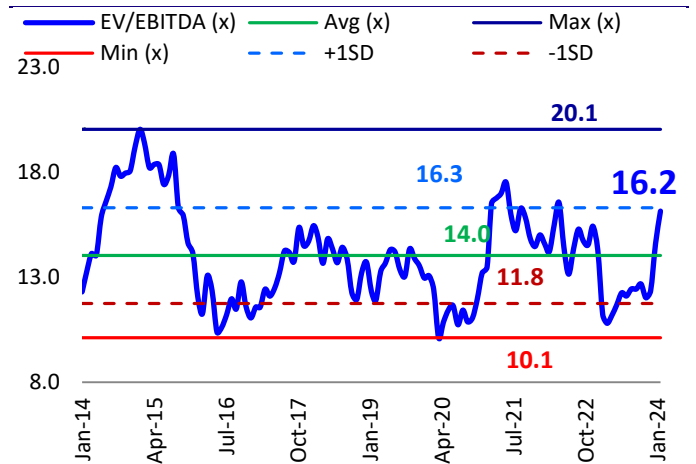
Source: Company, MOFSL

Exhibit 22: APSEZ – P/E trend



Source: Company, MOFSL

Exhibit 23: APSEZ – EV/EBITDA trend



Source: Company, MOFSL

Financials and valuation

Consolidated Income Statement

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	1,18,731	1,25,496	1,71,188	2,08,519	2,69,390	3,10,747	3,53,637
Change in Net Sales (%)	8.7	5.7	36.4	21.8	29.2	15.4	13.8
Total Expenses	43,077	45,662	67,223	80,185	1,09,021	1,26,551	1,39,000
EBITDA	75,654	79,834	1,03,965	1,28,335	1,60,369	1,84,195	2,14,637
Margin (%)	63.7	63.6	60.7	61.5	59.5	59.3	60.7
Depn. & Amortization	16,803	21,073	30,993	34,232	39,019	41,323	43,748
EBIT	58,851	58,761	72,972	94,102	1,21,350	1,42,872	1,70,889
Net Interest	19,507	21,292	25,596	25,936	28,007	27,724	27,442
Other income	18,614	19,702	22,237	15,535	17,088	17,943	18,840
PBT	57,958	57,172	69,613	83,701	1,10,431	1,33,091	1,62,288
EO expense	15,475	-5,891	12,930	33,907	-1,191	0	0
PBT after EO	42,483	63,063	56,684	49,794	1,11,623	1,33,091	1,62,288
Tax	4,594	12,433	7,640	964	24,033	29,280	35,703
Rate (%)	10.8	19.7	13.5	1.9	21.5	22.0	22.0
PAT before JV, MI	37,889	50,630	49,044	48,830	87,590	1,03,811	1,26,584
Share of loss from JV, MI	-258	-687	-498	-348	127	68.7	82.0
Reported PAT	37,631	49,943	48,547	48,482	87,717	1,03,879	1,26,666
Adjusted PAT	50,011	45,230	58,890	75,608	90,839	1,03,879	1,26,666
Change (%)	13.9	-9.6	30.2	28.4	20.1	14.4	21.9
Margin (%)	42.1	36.0	34.4	36.3	33.7	33.4	35.8

Source: MOFSL, Company

Consolidated Balance Sheet

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	4,064	4,064	4,225	4,320	4,320	4,320	4,320
Reserves	2,52,171	3,02,219	4,15,658	4,51,516	5,22,212	6,00,122	6,95,122
Net Worth	2,56,235	3,06,283	4,19,882	4,55,836	5,26,532	6,04,442	6,99,442
Minority Interest	2,196	14,685	3,928	13,385	14,050	14,904	15,878
Total Loans	2,94,630	3,44,010	4,54,530	4,98,193	4,93,193	4,88,193	4,83,193
Deferred Tax Liability	-9,227	3,214	16,530	9,865	9,865	9,865	9,865
Capital Employed	5,43,834	6,68,191	8,94,871	9,77,279	10,43,640	11,17,404	12,08,378
Gross Block	3,62,512	5,51,805	7,00,208	7,82,018	8,27,018	8,77,018	9,27,018
Less: Accum. Deprn.	68,229	1,10,800	1,41,793	1,48,004	1,87,023	2,28,346	2,72,093
Net Fixed Assets	2,94,283	4,41,005	5,58,415	6,34,014	6,39,995	6,48,672	6,54,924
Capital WIP	32,163	36,971	40,229	68,140	68,140	68,140	68,140
Investments	11,780	22,362	31,607	1,00,599	1,20,599	1,40,599	1,60,599
Curr. Assets	2,71,715	2,44,083	3,53,029	3,24,299	3,70,016	4,18,729	4,87,211
Inventories	2,883	9,919	3,956	4,520	5,839	6,736	7,665
Account Receivables	25,891	23,859	22,219	32,417	41,880	48,309	54,977
Cash and Bank Balance	73,139	47,008	1,06,674	42,488	76,481	1,16,907	1,76,814
-Cash and cash equivalents	71,955	41,980	86,530	9,320	43,313	83,739	1,43,646
-Bank balance	1,184	5,027	20,144	33,168	33,168	33,168	33,168
Loans & advances	31,173	20,691	18,738	19,970	20,174	20,388	20,613
Other current assets	1,38,630	1,42,607	2,01,441	2,24,905	2,25,643	2,26,389	2,27,143
Curr. Liability & Prov.	66,106	76,229	88,409	1,49,774	1,55,111	1,58,737	1,62,497
Account Payables	7,287	10,139	11,596	18,282	23,619	27,245	31,006
Provisions	1,145	1,224	1,418	17,498	17,498	17,498	17,498
Other current liabilities	57,674	64,867	75,396	1,13,994	1,13,994	1,13,994	1,13,994
Net Curr. Assets	2,05,608	1,67,854	2,64,619	1,74,525	2,14,906	2,59,992	3,24,714
Appl. of Funds	5,43,834	6,68,191	8,94,871	9,77,279	10,43,640	11,17,404	12,08,378

Source: MOFSL, Company

Financials and valuation

Ratios

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)							
EPS	24.6	22.3	27.9	35.0	42.0	48.1	58.6
EPS Growth	16.1	-9.6	25.2	25.5	20.1	14.4	21.9
Cash EPS	32.9	32.6	42.6	50.8	60.1	67.2	78.9
BV/Share	126.1	150.7	198.8	211.0	243.7	279.8	323.8
Payout (%)	13.0	22.5	17.9	14.3	23.5	25.0	20.5
Dividend yield (%)	0.4	0.6	0.6	0.6	0.8	1.0	1.0
Valuation (x)							
P/E	49.5	54.8	43.7	34.8	29.0	25.4	20.8
Cash P/E	37.1	37.4	28.6	24.0	20.3	18.1	15.5
P/BV	9.7	8.1	6.1	5.8	5.0	4.4	3.8
EV/EBITDA	37.6	36.4	27.8	23.3	19.0	16.3	13.7
Dividend Yield (%)	0.3	0.4	0.4	0.4	0.8	1.0	1.0
Return Ratios (%)							
RoE	19.9	16.1	16.2	17.3	18.5	18.4	19.4
RoCE (post-tax)	12.8	10.3	10.4	10.8	11.2	11.6	12.7
RoIC (post-tax)	12.7	9.5	9.9	12.5	12.3	14.2	16.7
Working Capital Ratios							
Fixed Asset Turnover (x)	0.4	0.3	0.3	0.3	0.4	0.5	0.5
Asset Turnover (x)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Debtor (Days)	80	69	47	57	57	57	57
Creditors (Days)	22	29	25	32	32	32	32
Inventory (Days)	9	29	8	8	8	8	8
Leverage Ratio (x)							
Current Ratio	4.1	3.2	4.0	2.2	2.4	2.6	3.0
Interest Cover Ratio	4.0	3.7	3.7	4.2	4.9	5.8	6.9
Net Debt/EBITDA	2.9	3.7	3.3	3.6	2.6	2.0	1.4
Net Debt/Equity	0.9	1.0	0.8	1.0	0.8	0.6	0.4

Cash Flow Statement (INR m)

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	42,439	62,920	57,171	54,891	1,16,728	1,34,013	1,63,344
Depreciation	16,803	21,073	30,993	34,232	39,019	41,323	43,748
Direct Taxes Paid	-8,496	-8,728	-9,597	-8,339	-24,033	-29,280	-35,703
(Inc)/Dec in WC	9,909	4,084	7,584	-8,546	-6,388	-4,660	-4,815
Other Items	13,363	-3,791	18,050	47,094	10,918	9,781	8,602
CF from Operations	74,018	75,558	1,04,201	1,19,333	1,36,245	1,51,178	1,75,175
(Inc)/Dec in FA	-35,584	-19,497	-36,458	-89,210	-45,000	-50,000	-50,000
Free Cash Flow	38,434	56,061	67,743	30,123	91,245	1,01,178	1,25,175
Acquisitions/Divestment	-2,735	-1,49,912	-6,538	-1,44,291	0	0	0
Change in Investments	10,961	6,350	-28,056	22,851	-20,000	-20,000	-20,000
Others	19,854	21,632	18,233	14,614	17,088	17,943	18,840
CF from Investments	-7,504	-1,41,427	-52,818	-1,96,036	-47,912	-52,057	-51,160
Share issue	-19,707	0	9,093	9,455	0	0	0
Inc/(Dec) in Debt	4,015	54,909	75,276	3,453	-5,000	-5,000	-5,000
Interest	-19,239	-19,558	-25,505	-23,710	-28,007	-27,724	-27,442
Dividend	-8,446	-212	-10,267	-10,929	-21,334	-25,970	-31,667
Others	821	0	-54,455	-5,607	0	0	0
Cash from financing activity	-42,556	35,139	-5,858	-27,338	-54,340	-58,694	-64,108
Net change in cash & equi.	23,958	-30,730	45,526	-1,04,042	33,993	40,426	59,907
Opening cash balance	47,982	71,955	43,118	86,714	9,320	43,313	83,739
change in control of subs.	15	756	-2,113	26,648	0	0	0
Closing cash balance	71,955	41,980	86,530	9,320	43,313	83,739	1,43,646

Source: MOFSL, Company

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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 be 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, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on 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, 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 Analyst 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 Advisers 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 at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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.
- 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.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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, nor 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.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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 dp grievances@motilaloswal.com.