Transport Corporation of India BUY

Logistics | Company Update

Company Update

Long term structural play - Recommend Buy

TCI is a well-established multi-modal logistics services provider, offering a wide range of services, including transportation, freight forwarding, supply chain solutions, and warehousing. We continue to see TCI as a long-term play, backed by: a) increasing demand for integrated logistics service providers b) improving share in the LTL business in the Road Freight division and c) huge growth opportunity in supply chain management and seaways business d) improving earnings from joint ventures. We value the stock Rs.933 (17xFY25E EPS). Recommend BUY.

Improving mix in freight division - FTL vs LTL proportion

TCI has focused on enhancing the less than truck load (LTL) freight contribution in the road transportation segment. Margin in LTL is higher than FTL and more fragmented, smaller client leads to lower receivable days than FTL. The share of LTL/FTL in the Freight division stood at 36%/64% in Q1FY24 and management is optimistic about increasing LTL's share to 40% by FY25. Expecting 12-17% revenue CAGR for next 3 years in Freight division.

Supply chain business in top gear

Overall, supply chain division grew 20.1% in Q1FY24 led by robust demand from automotive industry. Demand for warehousing services has been growing continuously. The ROCE has moved in the range of 20%. Company currently has 14mn sq. ft. of warehousing space.

Seaways business – Long term revenue and margin driver

The growth potential is massive in the seaways business led by the strong government's push towards seaways transportation and the need for green logistics in the country. The company is looking to buy a new ship which will aid strong revenue growth and margin expansion from FY25 but is expecting flattish growth in FY24.

Freight Division - Assets light business model

In Freight division, company has Asset light business model. Currently, it has +4500 trucks under operation out of which the company owns 120 trucks. This asset light model provides company the flexibility in operation and helps in higher return generation.

FINANCIALS (Rs Mn)

Particulars	FY21A	FY22A	FY23A	FY24E	FY25E
Revenue	28,024	32,567	37,826	41,843	48,170
Growth(%)	3.1	16.2	16.1	10.6	15.1
EBITDA	2,482	4,087	4,240	4,603	5,589
OPM(%)	8.9	12.6	11.2	11.0	11.6
PAT	1,739	2,961	3,272	3,766	4,264
Growth(%)	20.8	70.2	10.5	15.1	13.2
EPS(Rs.)	22.4	38.2	42.2	48.5	55.0
Growth(%)	20.8	70.2	10.5	15.1	13.2
PER(x)	34.8	20.4	18.5	16.1	14.2
ROANW(%)	15.9	22.8	20.9	20.1	19.1
ROACE(%)	11.9	18.2	17.1	15.8	15.1

CMP	Rs 779
Target / Upside	Rs 933 / 20%
NIFTY	19,465

Scrip Details

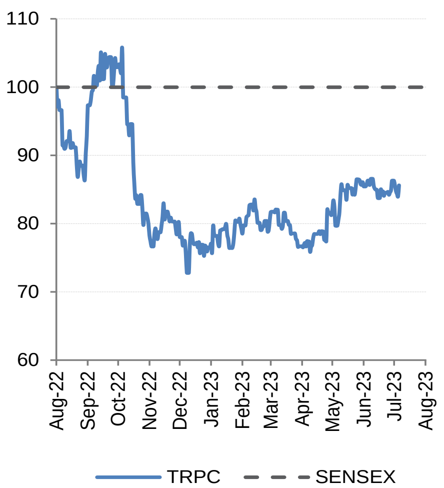
Equity / FV	Rs 155mn / Rs 2
Market Cap	Rs 60bn
	USD 735.7mn
52-week High/Low	Rs 845/ 555
Avg. Volume (no)	49,857
Bloom Code	TRPC IN

Price Performance	1M	3M	12M
Absolute (%)	3	15	1
Rel to NIFTY (%)	3	6	(10)

Shareholding Pattern

	Dec'22	Mar'23	Jun'23
Promoters	69.0	69.0	68.9
MF/Banks/FIs	11.7	11.0	12.6
FIIs	3.3	3.0	2.7
Public / Others	16.0	17.0	15.8

Company Relative to SENSEX



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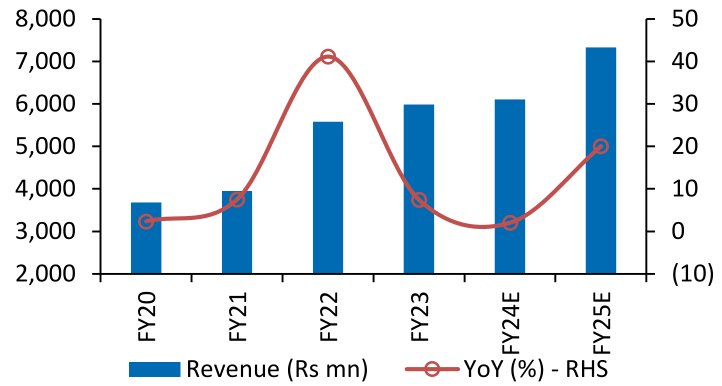
Freight division on a strong footing

TCI Freight offers FTL, LTL, over-dimensional cargo, and project heavy haul services. The services include full truck load (FTL), less than truck load (LTL), Customized Solutions and ODC and Project heavy haul. It also provides storage facilities for traders and manufacturers. TCI Freight has 25 strategically located hubs across India and plans to add another 50 by the end of FY24 and a dedicated fleet of trucks and trailers in operation.

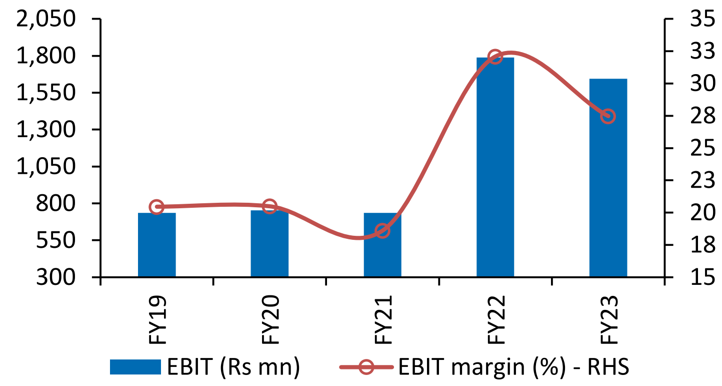
We expect strong revenue growth to continue in the future, as currently, 70-80% of freight movements in India are small and medium quantity goods, where road transportation is the quickest and cheapest alternative. Consumer demand dynamics have changed in recent years where speed of delivery is paramount. This makes integrated and tech-driven player like TRPC a preferred choice for customers. Moreover, the Government has an ambitious target of developing India as a manufacturing and export hub. For this, it has launched various initiatives like PLI and favorable EXIM policy, etc. On back of these incentives the manufacturing industry in India is now poised for robust growth. This provides a huge opportunity for road transporters.

Exhibit 1: Freight Division Revenue (%)



Source: Company, DART

Exhibit 2: Freight division EBIT and EBIT margin (%)



Source: Company, DART

The company enjoys a market share of more than 15% in the organized trucking industry in India and a market share of about 1% in overall trucking industry. Presently, the company operates more than ~4,500 trucks. In freight division the company do not own any trucks (less than 120 trucks) all the trucks are on vendor based model. It has a strong backing in terms of its extensive and strategically located branch network and trained work force.

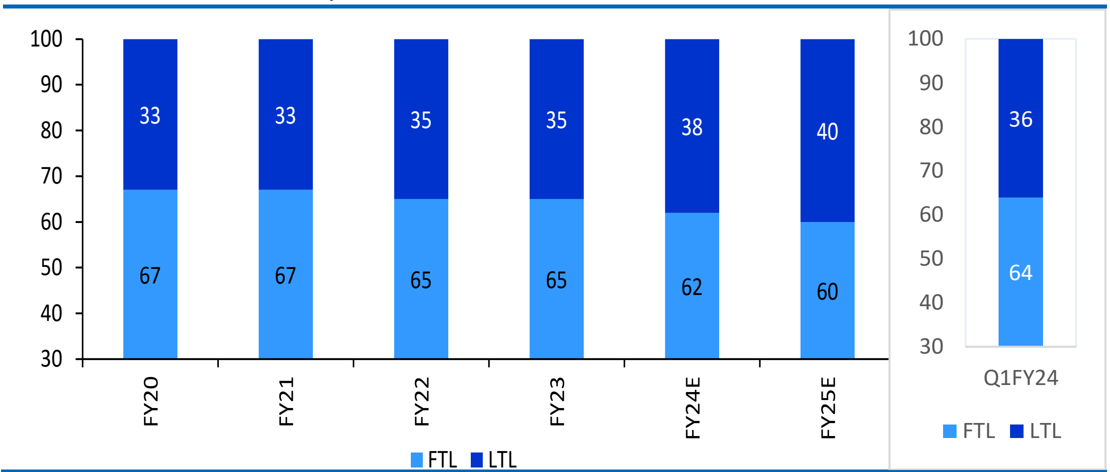
This division is fully equipped to provide total transport solutions for cargo of any dimension or product segment. It transports cargo on FTL (Full Truck Load)/ LTL (Less than truck load)/ small packages and consignments/over dimensional cargoes. Apart from road, the division also provides rail transportation using bulk rakes, containers etc. It has Joint Venture with CONCOR for providing end to end transport solutions including rail transportations.

LTL a key margin driver in road freight segment

Traditionally a strong player in the FTL segment, TRPC has focused on enhancing the share of LTL by tapping a higher number of SME customers, in recent years. According to the company, this strategy has led to faster growth in LTL over FTL segment over the past two years). LTL business, has picked up and has now reached about 36% of the overall business for the freight segment. This has translated into a healthy revenue/EBITDA for the freight division.

We view the growing mix of LTL business as a key positive given that (1) organized players have a natural advantage in LTL as it requires the presence of distribution hubs and a wider geographic footprint, (2) margins are higher than FTL (EBIT 8-11% vs. 2-4%), and (3) a more fragmented, smaller clientele leads to lower receivable days than FTL.

Exhibit 3: FTL VS LTL Mix,



Source: Company, DART

Poised to tap growth opportunity of logistic sector

India's logistics industry is witnessing robust growth due to factors such as increasing consumption, e-commerce expansion, infrastructure development, and government initiatives like "Make in India." TCI is well positioned to capitalize on this growth, given its extensive network.

In road transportation growth outlook for the **organized players** seems extremely promising on back of strong industry growth, coupled with a shift to the organized from the unorganized sector led by favorable government policies like GST, e-way bill and mandatory e-invoicing (recently applicable). Moreover, integrated logistics players are expected to perform better driven by higher efficiencies and market share gains.

In the road freight segment, TRPC has access to 4,600 trucks and trailers, 700 branches and 25 hubs; in seaways, it has 6 cargo ships with ~64,000dwt (deadweight tonnage) capacity; and also, container rail connectivity through a joint venture with Container Corporation of India (CCRI) – TCI Concor Multimodal Solutions Pvt. Ltd. (subsidiary of TRPC). Multi-modal capabilities along with a wide reach enable the company to offer flexible and optimum transport solutions to clients.

Exhibit 4: Benefits of e-way bill and GST

Benefits of GST and e-way bill

TRANSPORTATION

- Increased vehicle capacity requirements as business changes to "Hub and Spoke" model.
- Reduce transportation costs through optimum usage of fleet.

WAREHOUSING

- Setting up centralised warehouses.
- Higher demand for technologically managed warehouses

LOGISTICS OPERATORS

- Increased requirements for 3PL solutions providers.
- Demand for heavy duty trucks and warehousing moves higher hence increased utilization level.
- Increased organized players market share as GST reg. is mandatory for input tax credit.

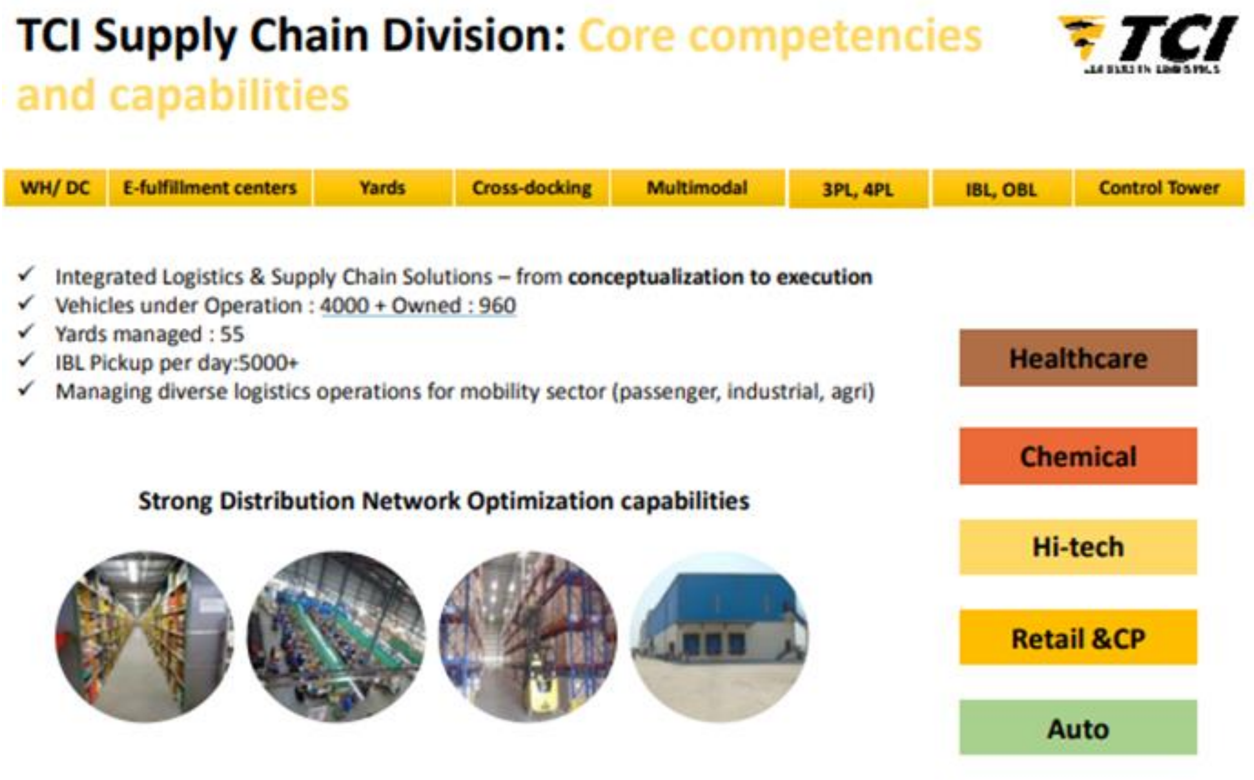
Source: Company, DART

Strong revenue growth in supply Chain

It offers supply chain design and re-engineering, logistics support to third parties, warehousing management, and other similar services. Under this segment company have 5000 + (Owned 1000) vehicles under operation and it manages 55 yards. IBL Pickup per day is 5000+. This segment of company serve variety of industry like Healthcare, Chemical, Hi-tech, Retail &CP and Auto.

The Supply Chain Division grew by 20% YoY in Q1FY24 and reported growth of 38% YoY in EBIT margins and company is confident on maintaining these numbers for the rest of financial year on the backing of reduction in shortage of chips for the automotive sector, pick up of demand of tractors and 2W in rural areas, increase in revenue from 3PL and capacity expansion. The management is confident of maintaining the 40% plus ROCE.

Exhibit 5: Supply Chain Division

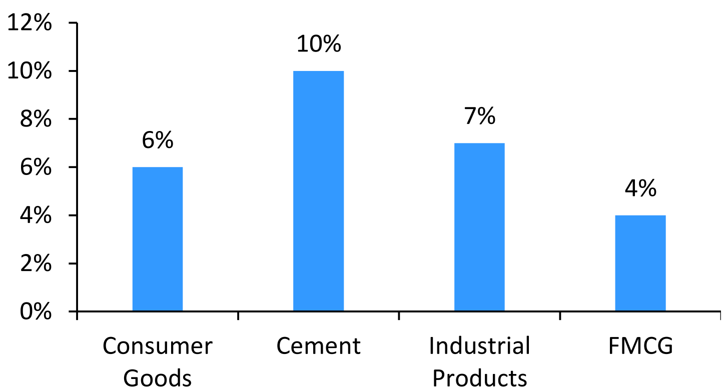


Source: Company, DART

The company currently manages 14mn sq. ft. of warehousing space. The Automotive sector contributes 80% of revenues in the supply chain division. A pickup in the auto sector, especially in the EV space, has primarily contributed to growth in the supply chain division.

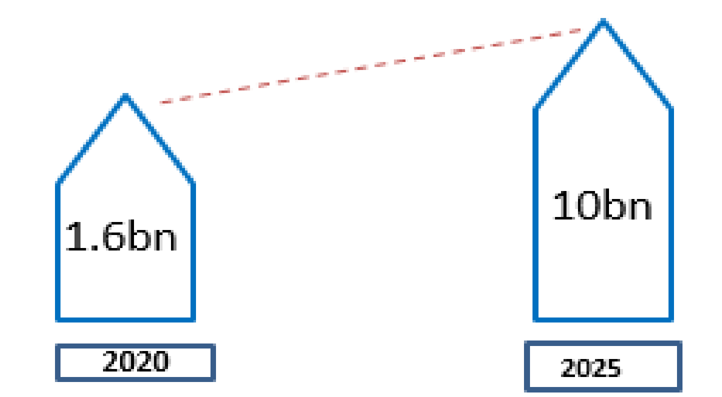
Going ahead Supply Chain and Warehousing is expected to gain momentum driven by 1) a raising trend of outsourcing logistics services by end user industry 2) Reorganization of warehouses 3) Increased use of warehouse automation 4) Increase in Cold storage and 5) Increased use of Technology. This is positive for strong 3PL players like TCI.

Exhibit 6: Logistics and warehouse cost (% of sales)



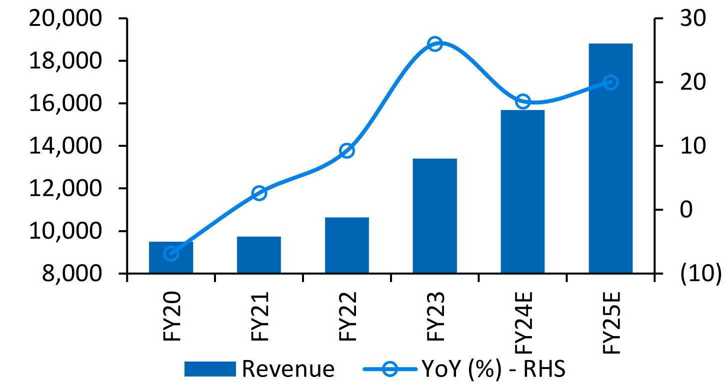
Source: Company, DART

Exhibit 7: Supply Chain market Opportunity



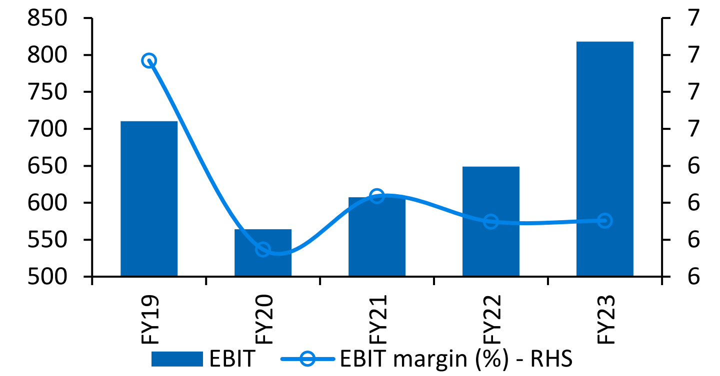
Source: Company, DART

Exhibit 8: Supply Chain Division Revenue (%)



Source: Company, DART

Exhibit 9: Supply Chain EBIT and EBIT margin (%)



Source: Company, DART

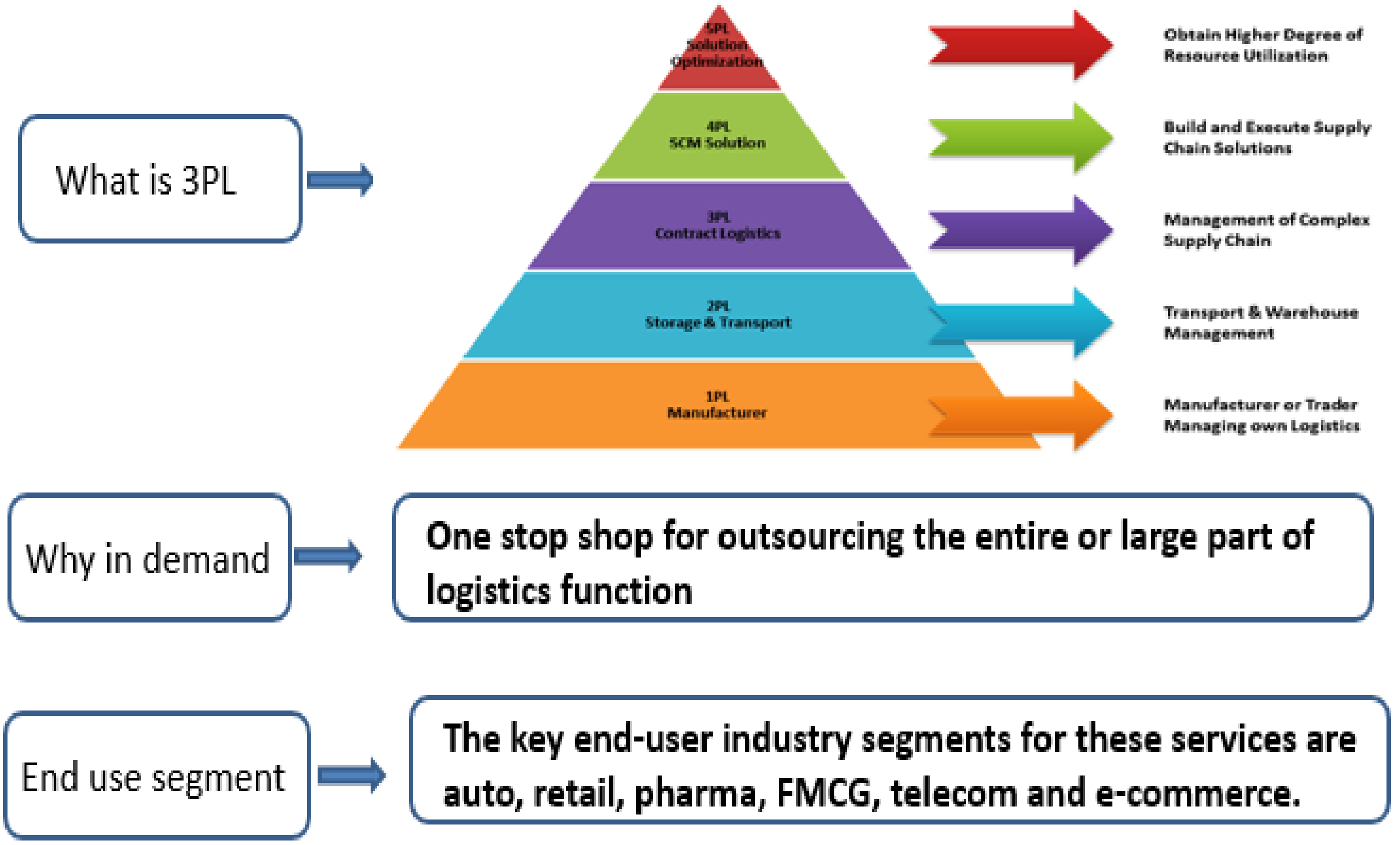
3PL businesses are well placed

Integrated logistics solutions providers are expected to peg robust growth on back of higher adoption of 3PL by end-use sectors, pick-up in manufacturing and exponential growth in e-commerce space.

TCI is among the few logistics player to adopt 3PL very early. Leveraging its first-mover advantage, it has developed a strong client base and wide service offerings, especially in the auto sector which is major chunk of the business (~80% contribution to segment revenue). Apart from auto, TRPC also caters to the retail and consumer products, chemicals, and e-commerce industries.

TCI has invested significantly in technology to enhance its operational efficiency and provide value-added services to customers. The company leverages advanced tracking systems, warehouse management systems, and digital platforms to streamline its operations, improve visibility, and offer real-time insights to customers.

Exhibit 10: 3PL Industry dynamics

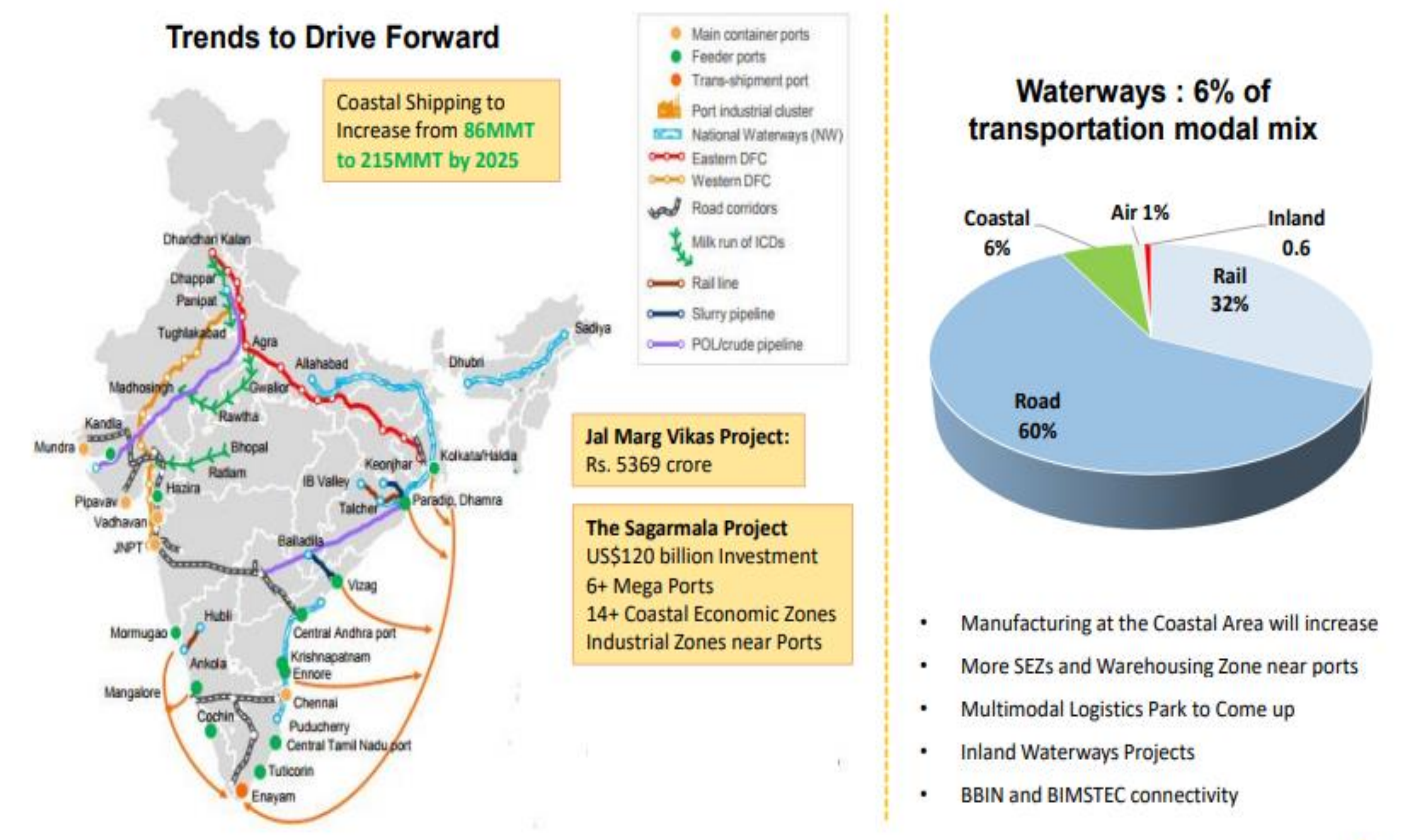


Source: Company, DART

Seaways business drives earnings growth

With development of inland sea coasts, seaways freight provide major opportunities for inland freight sheep operators. Currently coastal shipping accounts for 6% of the transportation, with massive potential to register strong growth. Projects like the USD65bn Jal Marg Vikas and the USD120b Sagarmala project by the Government of India is a major driver for growth.

Exhibit 11: Seaways Industry dynamics



Source: Company, DART The Seaways business witnessed strong upward momentum in FY22, along with the doubling of margin. The elevated margin in the Seaways business is likely to continue in the medium term.

Company is a key multimodal coastal players having presence along the Western, Eastern & Southern ports of India. In this segment company has expertise in coastal shipping services, container & bulk cargo movements, and transportation services. Company owns 8500+ marine containers (multipurpose), 6 domestic coastal ships with a total capacity of 77,957 DWT, and serves 7 out of 13 ports in India. Company is a key multimodal coastal players having presence along the Western, Eastern & Southern ports of India. Ships are deployed on Chennai–Port Blair–Chennai, Kandla–Tuticorin, Kandla–Mangalore–Kochi and Kochi–Kandla, Chennai–Myanmar–Chennai.

Going ahead we expect seaways division to grow strongly on back of 1) increasing manufacturing units in coastal areas 2) more SEZ zone near ports and 3) development of inland waterways projects. However, we expect slower ram up in seaways division as company has deferred its plan of new ship addition to H2FY24 owing to elevated cost of new ships.

Exhibit 12: Seaway Division

8,500+

Own Multipurpose Marine Containers

06

Domestic Coastal Ships

77,957 DWT

Total Capacity

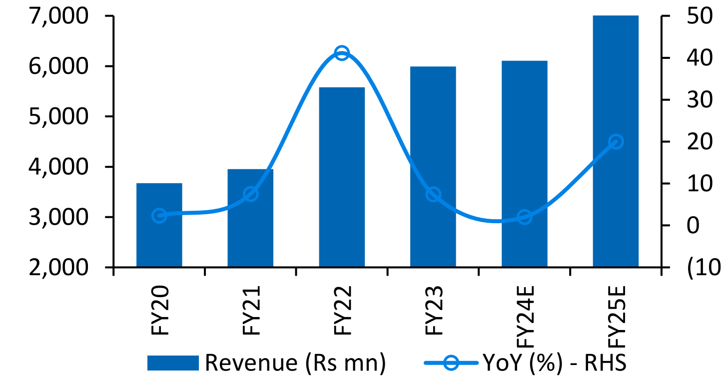
7

Out of 13 Major Ports Served

Exhibit 13:

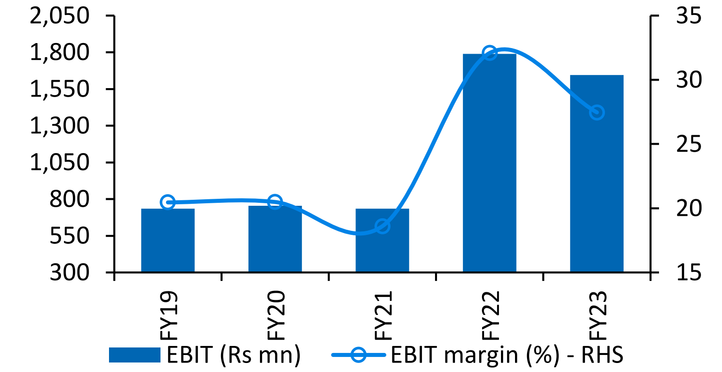
Source: Company, DART

Exhibit 14: Seaways division Revenue trend



Source: Company, DART

Exhibit 15: Seaways division EBIT trend

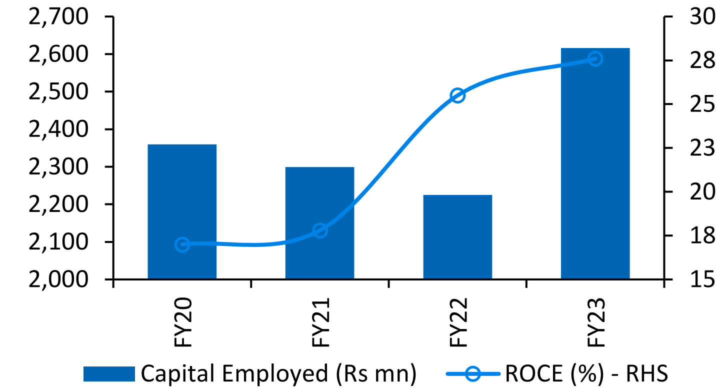


Source: Company, DART

Assets light business model

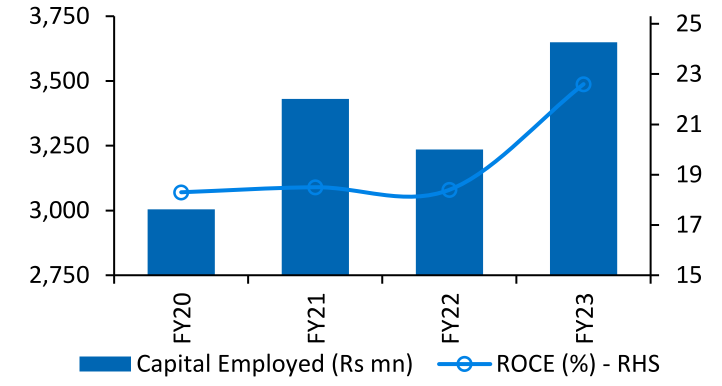
In road transportation company has a healthy mix of owned and leased vehicles. Currently it has +5000 vehicles under operation out of which 1000 vehicles are owned by the company. This asset light model provides the company the flexibility in operation and helps in higher return generation.

Exhibit 16: Freight division ROCE Pre Tax trend



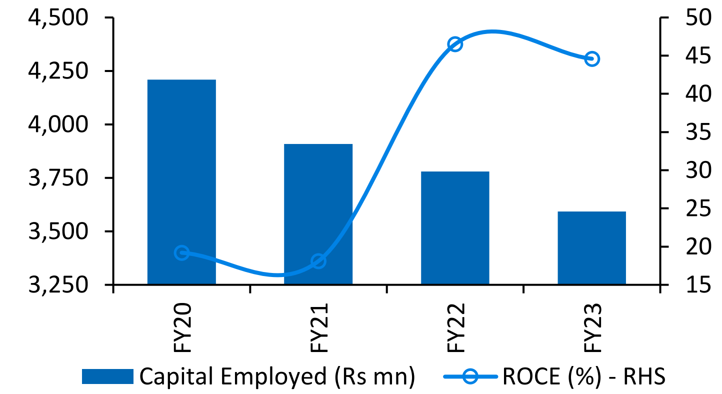
Source: Company, DART

Exhibit 17: Supply chain division ROCE Pre Tax trend



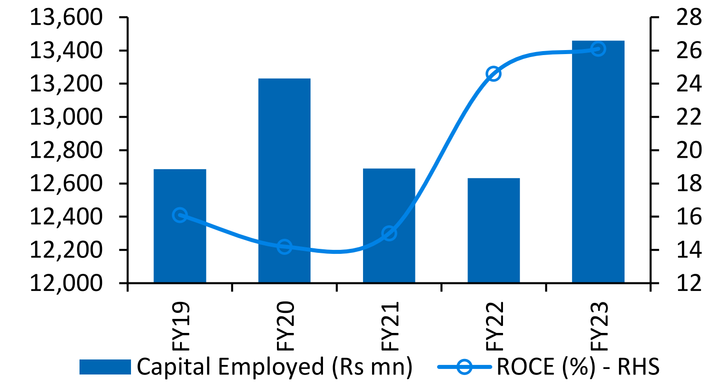
Source: Company, DART

Exhibit 18: Seaways division ROCE Pre Tax trend



Source: Company, DART

Exhibit 19: Consolidated ROCE Pre Tax trend

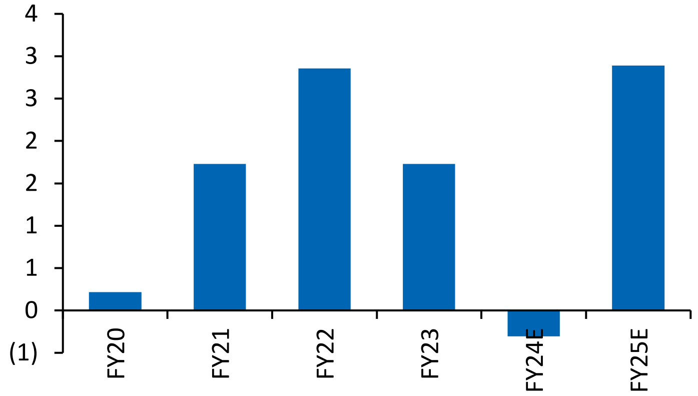


Source: Company, DART

Continuous focus on deleveraging

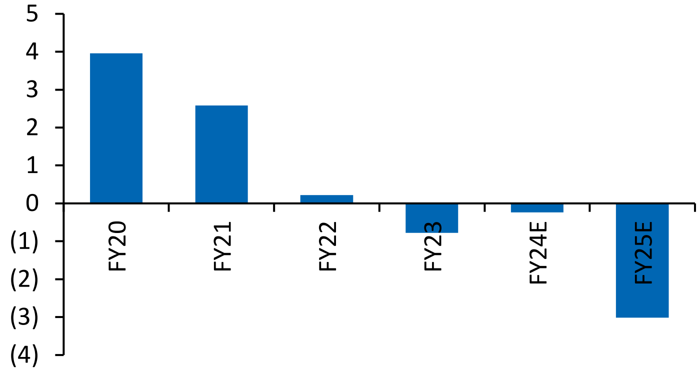
Company has reduced its debt level to virtually zero from INR 4b about two years ago. Strong operating performance and improved working capital management, led to better cash flow generation, with which TRPC reduced its borrowings drastically over the last two years.

Exhibit 20: Free cash flow generation (Rs bn)



Source: Company, DART

Exhibit 21: Led to reduction in debt level (Rs bn)



Source: Company, DART

Key Risks to Investment thesis

- Sharp fluctuations in freight rate may impact profitability.
- Slower than expected ramp up in seaways division.
- The Russia-Ukraine ware has added to the woes of the global supply chain.
- Sharp rise in crude oil prices: Given the time lag between fuel price increases and pass-along of the burden to customers, a sharp rally in crude price may intermittently affect margins.

Snapshot of Q1FY24 result

- In Q1FY24 TCI **consolidated revenue fell 3% QoQ to** Rs.9.49bn attributed to 5.78% QoQ degrowth in freight division to Rs.4.75bn, 4.84% QoQ growth in supply chain division to Rs.3.63bn, and partially offset by 17.56% QoQ de-growth in Seaways division to Rs.1.25 bn.
- **EBITDA** de-grew 6.7% QoQ to Rs.1.00 bn. **Margin** contracted 42 bps QoQ, 91 bps YoY to 10.6% lead by weaker mix (lower revenue from seaways division) and contraction in margin of freight division.
- **EBIT Margin** for Q1FY23 in freight division stood at 3.3% contracted 91 bps QoQ, supply chain solution at 6.33% contracted 22bps QoQ, Seaways division at 29.2% expanded 147 bps QoQ and Energy Division at 50% expanded 1792bps QoQ.
- **Outlook-** Management expects demand momentum to continue but at a slower pace for FY24. Management guided 10-15% of revenue and profitability growth in FY24. However management remain cautious on demand situation due to headwinds of the global recession on domestic manufacturing, sub-optimal Monsoon and distressed rural demand etc.

Exhibit 22: Summary of quarterly performance

Particulars	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	FY23	FY24E
Net sales (mn)	6,961	8,251	8,377	8,977	9,029	9,321	9,667	9,793	9,498	37,826	41,843
% QoQ	(22)	18.5	1.5	7.2	0.6	3.2	3.7	1.3	(3)		
% yoy	71.6	18.4	3.8	0.6	29.7	13	15.4	9.1	5.2	16.1	10.6
Employee cost	413	412	437	439	471	492	493	510	555	1,965	2,301
% sales	5.9	5	5.2	4.9	5.2	5.3	5.1	5.2	5.8	5.2	5.5
Other op cost	5,791	6,795	6,848	7,345	7,518	7,869	8,030	8,203	7,935	31,620	34,939
% sales	83.2	82.3	81.8	81.8	83.3	84.4	83.1	83.8	83.5	83.6	83.5
EBITDA (mn)	758	1,045	1,092	1,193	1,040	960	1,144	1,081	1,008	4,240	4,603
% QoQ	(11.9)	38	4.5	9.3	(12.8)	(7.8)	19.2	(5.6)	(6.7)		
% yoy	148.3	81.6	57.6	38.7	37.3	(8.2)	4.8	(9.4)	3.1	3.7	8.6
Margin (%)	10.9	12.7	13	13.3	11.5	10.3	11.8	11	10.6	11.2	11

Source: Company, DART

Exhibit 23: Segment-Wise Assumptions

Segment Revenue	FY21	FY22	FY23	FY24E	FY25E
Freight Division	14,785	16,895	19,197	20,637	22,701
% YoY	3.0	14.3	13.6	7.5	10.0
Supply Chain Solution	9,738	10,639	13,405	15,683	18,820
% YoY	2.6	9.3	26.0	17.0	20.0
Seaways Division	3,953	5,578	5,990	6,109	7,331
% YoY	7.5	41.1	7.4	2.0	20.0
Energy Division	38	53	60	63	67
% YoY	(30.24)	37.86	14.39	5.00	5.00
Intersegment	(421)	(526)	(738)	(850)	(950)
Total	28,278	32,766	38,128	41,843	48,169
% YoY	3.3	15.9	16.4	9.7	15.1

Source: Company, DART

Earnings call KTAs

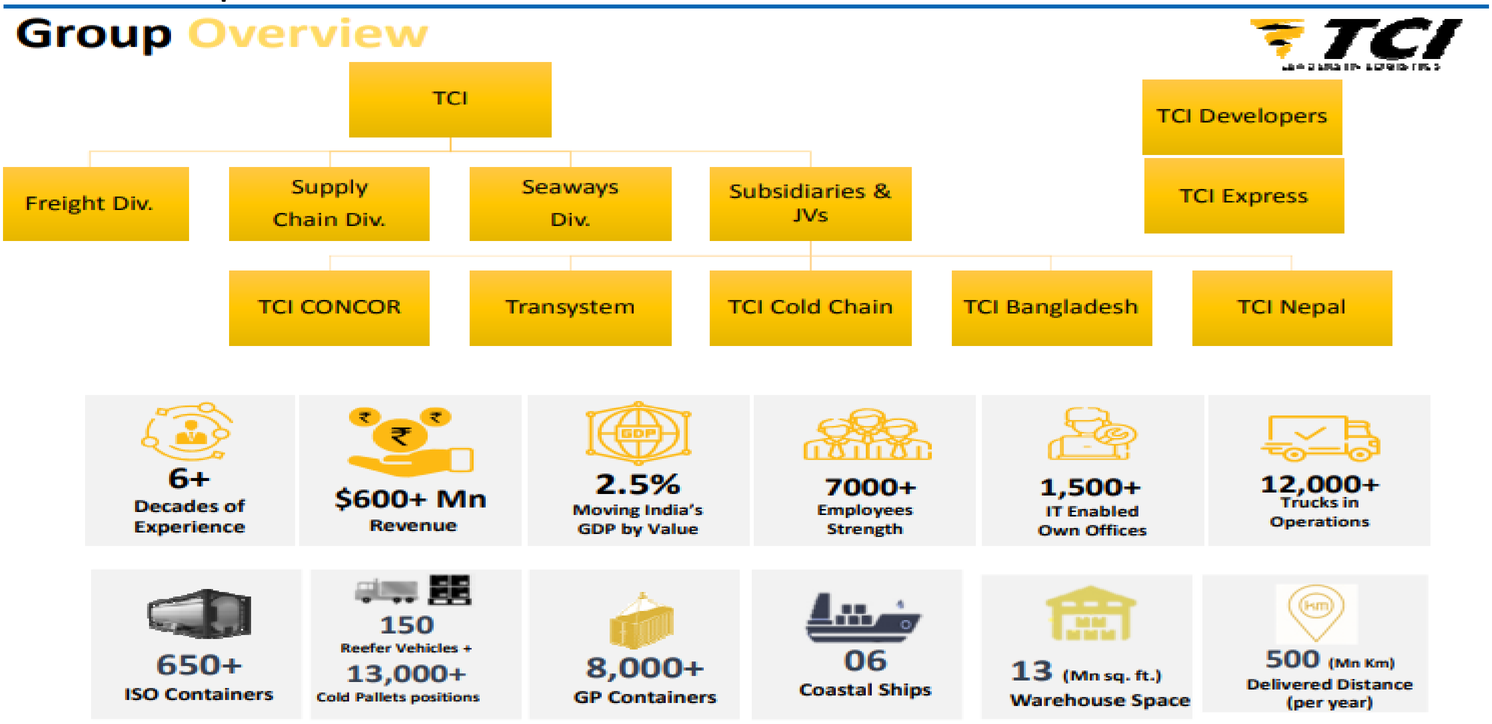
- **Volume**: Q1FY24 was subdued as most of the customers held inventory from Q4FY23. Even though the volumes have been subpar, there has been a gain in market share across all divisions. The shift from unorganized sector to the organized sector across many sectors will play a huge role in the coming years.
- Government policies, as well as the domestic manufacturing growth, is also pushing a certain amount of opportunities for the cold chain division. 60-70% of pharmaceutical production needs to move to cold chain which will start taking place in the next few months and will majorly reflect next year.
- **International Market:** SAARC is a bit on the weaker side because of the currency issues in countries like Nepal, as well as ensuing elections in Bangladesh but company is also looking into opening an open in Middle East. The company is also looking to add 50 branches to enhance their network.
- **Freight Division**: The LTL Business has been growing on the backing of a strong network across cross border customers where there are not just branches but hubs as well. LTL business share has grown from 35% of FY23 to 36% in Q1FY24 and is on target to reach 40% by FY25. The margin has been stable due to the revenue grown and EBIT growth. 3PL penetration is 4.5% Vs 11% globally.
- **Supply Chain Division**: The Supply Chain Division grew by 20% YoY and company is confident on maintaining these numbers for the rest of financial year on the backing of reduction in shortage of chips for the automotive sector and pick up of demand of tractors and 2W in rural areas.
- **Seaways Division**: Currently the company has a fleet of 6 ships and 8500 containers and have added 500 containers as of date and only one ship will be going for dry docking and the remaining 5 will be operational throughout the year. The freight rate has come down and there was a onetime effect of the cyclone which reduced volumes. The company is predicting a flat outlook for FY24 unless a new ship has been added to the fleet. The management is confident of maintaining the 40% plus ROCE.
- **Concor**: The Concor business was slightly slower as the shift to rail is slower than expected. The company lost a few contracts because of the cyclone but has new contracts ready for Q2FY24. The company has plans of adding trucks to their fleet in FY24.
- **JV**: The JV with Toyota has performed well and seen a 57% growth in Q1FY24 and is optimist on maintaining margin levels.
- Rs. 275 crores of cash is available.
- **CAPEX**: The Company has a Capex plan of Rs. 375 crores for FY24, and Rs. 43 crores has been spent in Q1FY24. The major portion of this Capex is for the purchase of a new ship which could take place towards the end of Q3FY24 or Q4FY24.
- **Freight Rates**: Freight rates are dependent on the fuel prices and not on the international prices, and the fuel prices, over the last year, same quarter have come down by 10-20%.
- The company is expected a 10-15% YoY growth for FY24 and 12-17% range for 3 year CAGR.

Company Overview

Established in 1958, Transport Corporation of India (TCI) is a leading multimodal logistics solution provider. TRPC offers integrated multimodal Logistics solutions through its three business divisions: TCI Freight, TCI Supply Chain Solutions, and TCI Seaways.

It has a fleet of more than 12,000 trucks, six cargo ships, more than 150 reefer vehicles, and 14mn sq. ft. of warehousing space. TRPC business can be categorized into three operating divisions – road freight, supply chain solutions and seaways – TRPC offers a whole gamut of logistics services to customers. This includes (1) FTL, LTL and over-dimensional cargo transportation in the freight business, (2) 3PL services through supply chain division, and (3) coastal shipping, freight forwarding (NVOCC) and project cargo in seaways. It also has a JV with CONCOR, where it provides rail transport solutions.

Exhibit 24: Group Overview

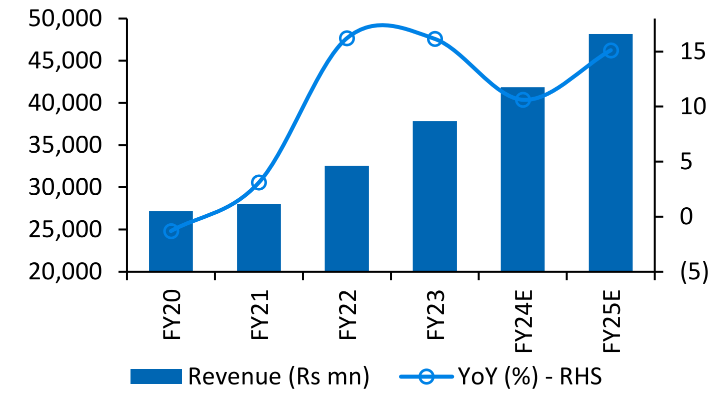


Source: Company, DART

Exhibit 25: Multimodal Capabilities

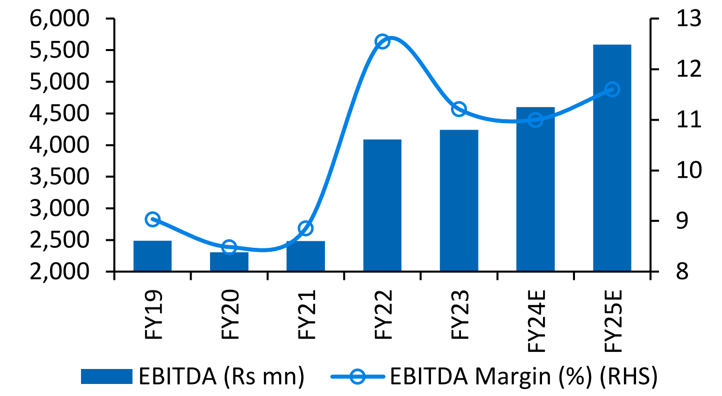
Source: Company, DART

Exhibit 26: Consolidated Revenue (%)



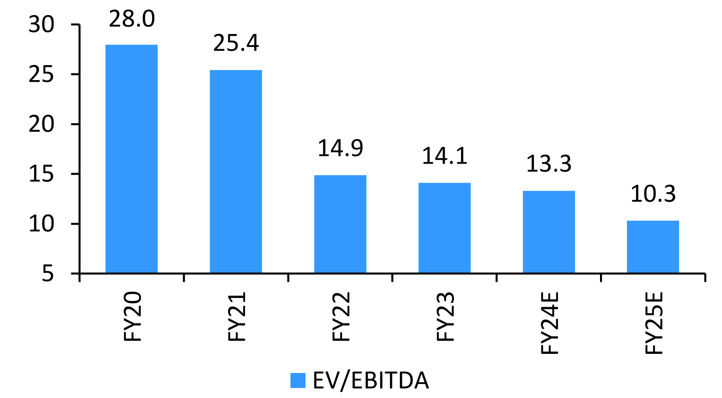
Source: Company, DART

Exhibit 27: EBITDA & EBITDA Margin (%)



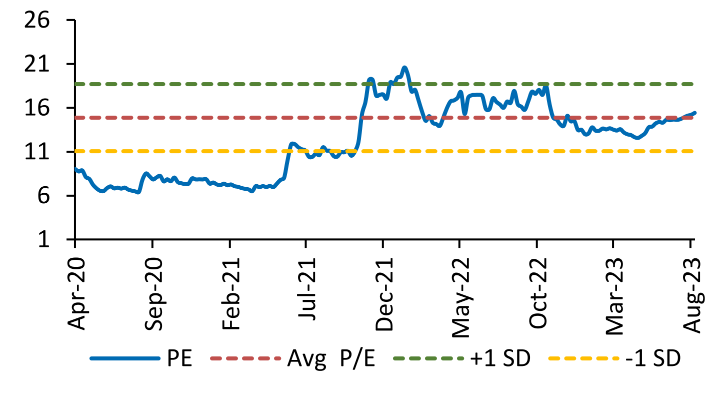
Source: Company, DART

Exhibit 28: EV/EBITDA



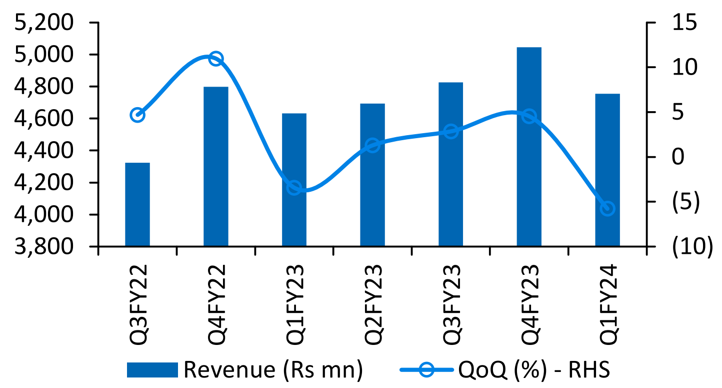
Source: Company, DART

Exhibit 29: One Year forward PE



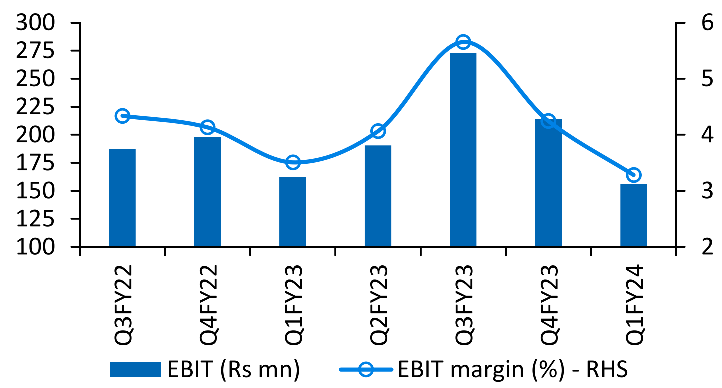
Source: Company, DART

Exhibit 30: Freight Division Revenue (%)



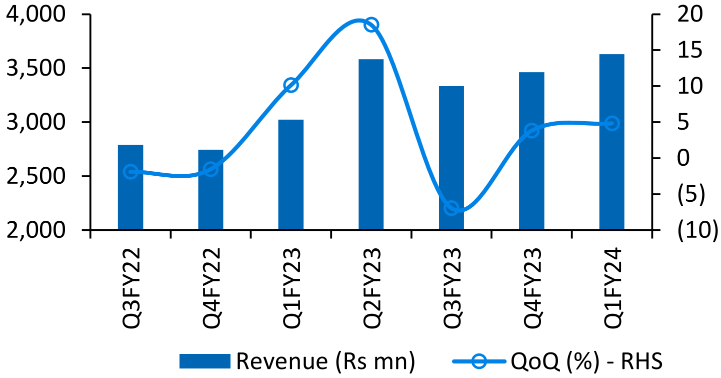
Source: Company, DART

Exhibit 31: Freight division EBIT and EBIT margin (%)



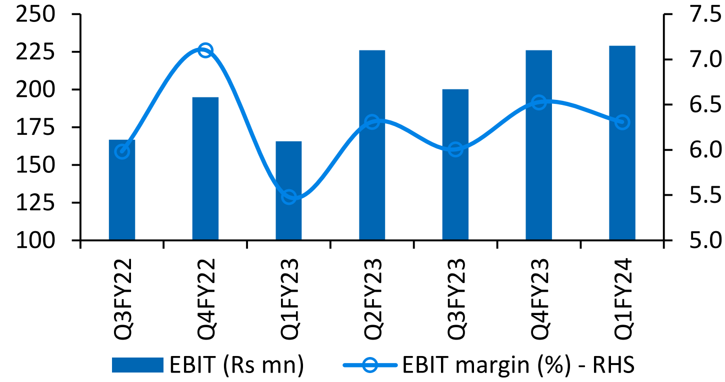
Source: Company, DART

Exhibit 32: Supply Chain Division Revenue (%)



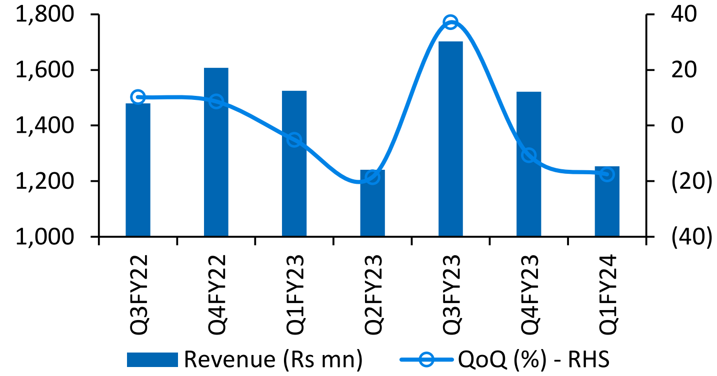
Source: Company, DART

Exhibit 33: Supply Chain EBIT and EBIT margin (%)



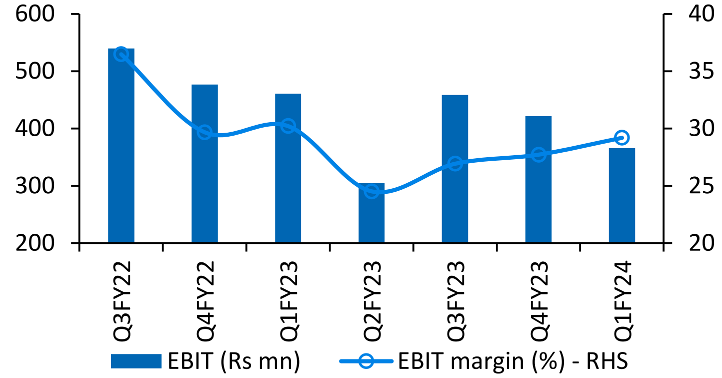
Source: Company, DART

Exhibit 34: Seaways Division Revenue (%)



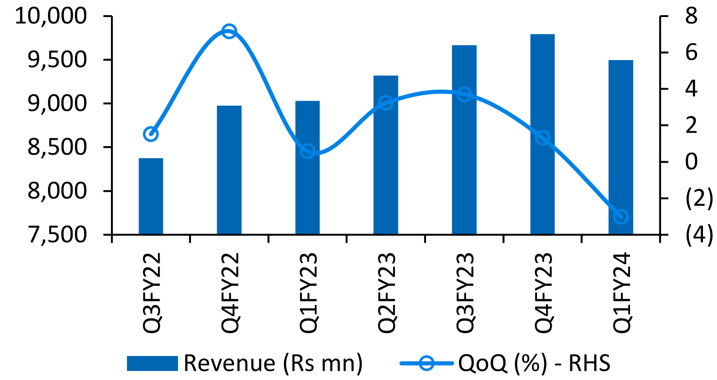
Source: Company, DART

Exhibit 35: Seaways division EBIT and EBIT margin (%)



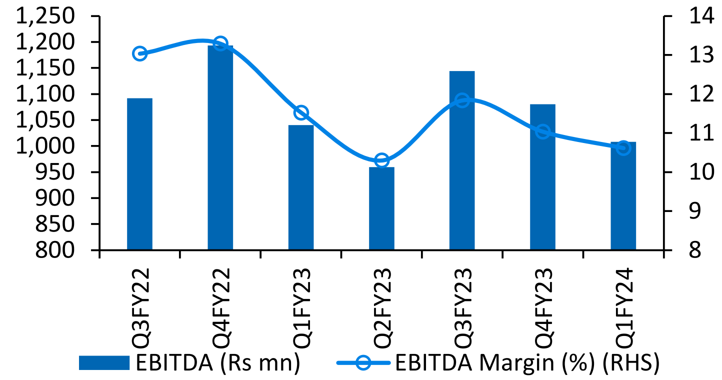
Source: Company, DART

Exhibit 36: Consolidated Revenue (%)



Source: Company, DART

Exhibit 37: Consolidated EBITDA and Margin (%)



Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Revenue	**32,567**	**37,826**	**41,843**	**48,170**
Total Expense	**28,479**	**33,586**	**37,241**	**42,581**
COGS	25,766	30,307	33,475	38,535
Employees Cost	1,700	1,965	2,301	2,360
Other expenses	1,013	1,314	1,465	1,686
EBIDTA	**4,087**	**4,240**	**4,603**	**5,589**
Depreciation	1,130	1,214	1,320	1,625
EBIT	**2,957**	**3,026**	**3,283**	**3,964**
Interest	128	98	75	44
Other Income	199	303	356	409
Exc. / E.O. items	0	0	0	0
EBT	**3,028**	**3,231**	**3,563**	**4,329**
Tax	377	434	499	866
RPAT	2,961	3,272	3,766	4,264
Minority Interest	(32)	(33)	(37)	(37)
Profit/Loss share of associates	**277**	**443**	**664**	**764**
APAT	**2,961**	**3,272**	**3,766**	**4,264**

Balance Sheet

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Sources of Funds				
Equity Capital	154	155	155	155
Minority Interest	0	0	0	0
Reserves & Surplus	14,148	16,863	20,232	24,150
Net Worth	**14,302**	**17,018**	**20,387**	**24,305**
Total Debt	962	919	719	420
Net Deferred Tax Liability	289	300	300	300
Total Capital Employed	**15,553**	**18,237**	**21,406**	**25,025**
Applications of Funds				
Net Block	**8,014**	**7,913**	**10,343**	**10,218**
CWIP	73	260	338	439
Investments	1,927	2,859	3,359	3,859
Current Assets, Loans & Advances	**7,996**	**9,463**	**9,822**	**13,314**
Inventories	85	50	52	59
Receivables	5,083	5,609	6,706	7,719
Cash and Bank Balances	745	1,699	960	3,430
Loans and Advances	0	0	0	0
Other Current Assets	2,084	2,105	2,105	2,105
Less: Current Liabilities & Provisions	**2,456**	**2,257**	**2,456**	**2,805**
Payables	851	760	612	700
Other Current Liabilities	1,605	1,498	1,844	2,105
sub total				
Net Current Assets	5,540	7,206	7,366	10,509
Total Assets	**15,553**	**18,237**	**21,406**	**25,025**

E – Estimates

Important Ratios

Particulars	FY22A	FY23A	FY24E	FY25E
(A) Margins (%)				
Gross Profit Margin	20.9	19.9	20.0	20.0
EBIDTA Margin	12.6	11.2	11.0	11.6
EBIT Margin	9.1	8.0	7.8	8.2
Tax rate	12.4	13.4	14.0	20.0
Net Profit Margin	9.1	8.6	9.0	8.9
(B) As Percentage of Net Sales (%)				
COGS	79.1	80.1	80.0	80.0
Employee	5.2	5.2	5.5	4.9
Other	3.1	3.5	3.5	3.5
(C) Measure of Financial Status				
Gross Debt / Equity	0.1	0.1	0.0	0.0
Interest Coverage	23.0	30.8	43.5	90.1
Inventory days	1	0	0	0
Debtors days	57	54	58	58
Average Cost of Debt	6.5	10.4	9.2	7.7
Payable days	10	7	5	5
Working Capital days	62	70	64	80
FA T/O	4.1	4.8	4.0	4.7
(D) Measures of Investment				
AEPS (Rs)	38.2	42.2	48.5	55.0
CEPS (Rs)	52.7	57.8	65.5	75.9
DPS (Rs)	2.5	4.5	4.0	4.0
Dividend Payout (%)	6.5	10.6	8.2	7.2
BVPS (Rs)	184.3	219.3	262.7	313.2
RoANW (%)	22.8	20.9	20.1	19.1
RoACE (%)	18.2	17.1	15.8	15.1
RoAIC (%)	20.1	19.3	17.8	18.9
(E) Valuation Ratios				
CMP (Rs)	779	779	779	779
P/E	20.4	18.5	16.1	14.2
Mcap (Rs Mn)	60,450	60,450	60,450	60,450
MCap/ Sales	1.9	1.6	1.4	1.3
EV	60,668	59,670	60,210	57,440
EV/Sales	1.9	1.6	1.4	1.2
EV/EBITDA	14.8	14.1	13.1	10.3
P/BV	4.2	3.6	3.0	2.5
Dividend Yield (%)	0.3	0.6	0.5	0.5
(F) Growth Rate (%)				
Revenue	16.2	16.1	10.6	15.1
EBITDA	64.7	3.7	8.6	21.4
EBIT	90.3	2.3	8.5	20.7
PBT	73.8	6.7	10.3	21.5
APAT	70.2	10.5	15.1	13.2
EPS	70.2	10.5	15.1	13.2

E – Estimates

Cash Flow

Particulars	FY22A	FY23A	FY24E	FY25E
Profit before tax	**3,305**	**3,231**	**3,563**	**4,329**
Depreciation & w.o.	1,130	1,214	1,320	1,625
Net Interest Exp	(7)	(356)	75	44
Direct taxes paid	(494)	(186)	(499)	(866)
Change in Working Capital	(163)	(729)	(915)	(640)
Non Cash	(208)	84	(23)	0
(A) CF from Operating Activities	**3,563**	**3,258**	**3,521**	**4,493**
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(707)	(1,530)	(3,828)	(1,601)
Free Cash Flow	**2,856**	**1,728**	**(307)**	**2,891**
(Inc)./ Dec. in Investments	(178)	(724)	(500)	(500)
Other	123	336	53	134
(B) CF from Investing Activities	**(762)**	**(1,917)**	**(4,275)**	**(1,967)**
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	(2,148)	132	(200)	(297)
Interest exp net	(256)	(66)	(75)	(44)
Dividend Paid (Incl. Tax)	(410)	(543)	0	0
Other	362	92	289	286
(C) CF from Financing	**(2,451)**	**(385)**	**14**	**(55)**
Net Change in Cash	350	955	(740)	2,471
Opening Cash balances	**395**	**745**	**1,699**	**959**
Closing Cash balances	**745**	**1,699**	**959**	**3,430**

E – Estimates

Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

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I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

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Corporate Identity Number: U65990GJ993PTC116741
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