

# APL Apollo Tubes

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR862**      **TP: INR1,200 (+39%)**      **Buy**

Bloomberg	APAT IN
Equity Shares (m)	276
M.Cap.(INRb)/(USDb)	215.3 / 2.9
52-Week Range (INR)	1114 / 446
1, 6, 12 Rel. Per (%)	-16/-3/63
12M Avg Val (INR M)	548

## Financials & Valuations (INR b)

Y/E Mar	2022E	2023E	2024E
Sales	122.9	153.5	190.0
EBITDA	9.0	10.8	14.0
PAT	5.3	7.1	9.4
EBITDA (%)	7.3	7.0	7.4
EPS (INR)	19.3	25.6	34.2
EPS Gr. (%)	47.8	32.6	33.7
BV/Sh. (INR)	84.1	108.2	140.6

## Ratios

Net D/E	0.1	-0.1	-0.2
RoE (%)	26.5	26.6	27.5
RoCE (%)	25.7	25.6	27.3
Payout (%)	7.0	5.9	5.1

## Valuations

P/E (x)	44.7	33.7	25.2
EV/EBITDA (x)	26.6	21.8	16.4
Div Yield (%)	0.2	0.2	0.2
FCF Yield (%)	0.5	2.0	2.9

## Shareholding pattern (%)

As on	Dec-21	Sep-21	Dec-20
Promoter	34.5	36.8	39.5
DII	10.7	8.4	11.8
FII	24.6	25.2	17.8
Others	30.1	29.5	30.9

Note: FII includes depository receipts

## Lower volumes impact operating performance

- APL Apollo Tubes (APAT) reported subdued operating performance. This was particularly weighed by decline in volumes by 17% YoY due to channel de-stocking and demand being deferred in Infra and other sectors. EBITDA/MT grew 5% YoY to INR5,023 on a higher mix of value-added products.
- Operating performance was in line with our estimates. We maintain our FY23E/FY24E earnings estimate as the company is expected to maintain its growth trajectory on a strong demand outlook. We value the stock at 35x FY24E EPS to arrive at TP of INR1,200. We maintain our Buy rating.

## Higher realization drives sales growth

- Consol. revenue grew 24% YoY to INR32.3b (est. INR27.5b), primarily driven by higher realization during the quarter.
- Gross profit/MT grew 23% YoY to INR10,445 (+4% QoQ).
- EBITDA/MT grew 5% YoY to INR5,023 (-3% QoQ) on a higher mix of value-added products (65% in 3QFY22 v/s 40% in 3QFY21).
- EBITDA stood at INR2.0b, down 13% YoY (in line with est).
- Adjusted PAT declined 12% YoY to INR1.2b (in line with est).
- Overall volumes declined 17% YoY due to a) a 43% drop in light-structure volumes to 47,250MT and b) 28% YoY decline in general structure to 139,360MT due to volatile HRC prices observed during the quarter.

## Highlights from management commentary

- **Raipur plant:** The Raipur expansion plan is underway and is scheduled to be commenced by 1HFY23. The Raipur capacity would add 1.5MMT, with planned capex of INR8b, of which INR4b has already been deployed. The entire project is funded through internal accruals.
- **Volume guidance:** APAT's total capacity is expected to increase to 4MMT by 1HFY23. The company plans to achieve 1.8MMT in volumes in FY22 and an incremental 700,000MT each year. APAT aims to achieve volumes of 4MMT by FY25. The corresponding share of value-added products is expected to be 70–75%.

## Valuation and view

- We believe the earnings momentum would continue with (a) growing demand across segments, (b) increased product penetration, with a robust distribution network, (c) an increase in the share of VAP, driving margins, (d) the introduction of Apollo Mart, and (e) its market leadership position.
- Performance was in line with our estimates. We maintain our earnings estimates for FY23/FY24 as the company is expected to maintain its growth trajectory on a strong demand outlook.
- We expect a revenue/EBITDA/PAT CAGR of 31%/27%/38% over FY21–24. We value the stock at 35x FY24E EPS to arrive at TP of INR1,200. Maintain **Buy**.

## Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Gross Sales</b>	<b>11,098</b>	<b>22,021</b>	<b>26,009</b>	<b>25,870</b>	<b>25,343</b>	<b>30,839</b>	<b>32,304</b>	<b>34,406</b>	<b>84,998</b>	<b>1,22,891</b>	<b>27,480</b>	<b>18</b>
YoY Change (%)	-46.4	39.0	22.9	37.0	128.4	40.0	24.2	33.0	11.0	44.6	5.7	
Total Expenditure	10,387	20,330	23,688	23,805	22,796	28,617	30,281	32,201	78,210	1,13,895	25,435	
<b>EBITDA</b>	<b>711</b>	<b>1,691</b>	<b>2,321</b>	<b>2,065</b>	<b>2,547</b>	<b>2,222</b>	<b>2,023</b>	<b>2,205</b>	<b>6,787</b>	<b>8,996</b>	<b>2,044</b>	<b>-1</b>
Margins (%)	6.4	7.7	8.9	8.0	10.0	7.2	6.3	6.4	8.0	7.3	7.4	
Depreciation	239	251	262	275	265	273	272	300	1,028	1,110	280	
Interest	212	159	147	144	128	107	109	90	661	452	110	
Other Income	49	101	83	126	102	114	79	50	359	345	83	
<b>PBT before EO expense</b>	<b>309</b>	<b>1,382</b>	<b>1,995</b>	<b>1,772</b>	<b>2,256</b>	<b>1,956</b>	<b>1,721</b>	<b>1,865</b>	<b>5,458</b>	<b>7,779</b>	<b>1,738</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>309</b>	<b>1,382</b>	<b>1,995</b>	<b>1,772</b>	<b>2,256</b>	<b>1,956</b>	<b>1,721</b>	<b>1,865</b>	<b>5,458</b>	<b>7,779</b>	<b>1,738</b>	
Tax	90	356	507	428	572	495	442	469	1,381	1,973	437	
Rate (%)	29.1	25.7	25.4	24.2	25.3	25.3	25.7	25.2	25.3	25.4	25.2	
MI & Profit/Loss of Asso. Cos.	51	105	167	152	211	148	123	0	475	481	176	
<b>Reported PAT</b>	<b>168</b>	<b>921</b>	<b>1,320</b>	<b>1,192</b>	<b>1,474</b>	<b>1,313</b>	<b>1,156</b>	<b>1,396</b>	<b>3,602</b>	<b>5,325</b>	<b>1,125</b>	
<b>Adj PAT</b>	<b>168</b>	<b>921</b>	<b>1,320</b>	<b>1,192</b>	<b>1,474</b>	<b>1,313</b>	<b>1,156</b>	<b>1,396</b>	<b>3,602</b>	<b>5,325</b>	<b>1,125</b>	<b>3</b>
YoY Change (%)	-67.6	67.1	77.8	109.8	778.1	42.5	-12.4	17.1	51.3	47.8	-14.8	
Margins (%)	1.5	4.2	5.1	4.6	5.8	4.3	3.6	4.1	4.2	4.3	4.1	

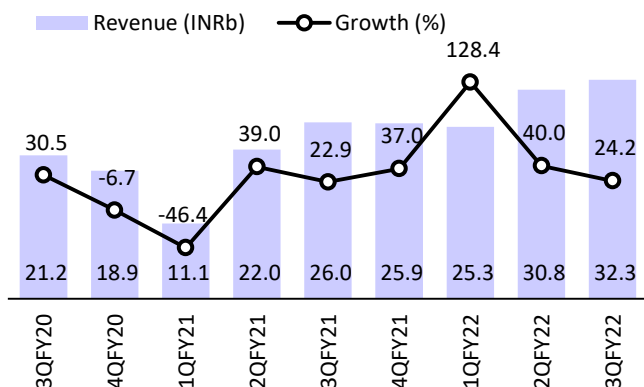
## Exhibit 1: Key performance indicators

Y/E March	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
<b>Segment Volumes (MT)</b>							
<b>Apollo Structural</b>							
Heavy Structures	9,000	21,000	26,814	38,000	18,897	26,464	35,143
Light Structures	8,000	63,000	82,969	58,000	39,955	51,378	47,250
General Structures	1,19,000	2,26,000	1,94,231	1,73,000	1,23,700	1,60,955	1,39,360
<b>Apollo Z</b>							
Rust-proof structures	56,000	85,000	81,943	70,000	84,792	90,317	91,140
Rust-proof sheets	-	6,000	6,071	10,000	29,768	21,245	19,043
Apollo Galv	13,000	18,000	20,947	19,000	16,666	15,980	17,109
Apollo Tricoat	32,000	61,000	72,604	66,000	59,346	61,048	53,684
<b>Segment EBITDA/MT (INR/MT)</b>							
<b>Apollo Structural</b>							
Heavy Structures	3,900	4,200	5,000	5,012	8,000	6,240	7,531
Light Structures	3,600	4,000	5,100	5,106	6,300	5,137	4,721
General Structures	1,149	1,380	1,993	1,996	3,125	2,194	1,524
<b>Apollo Z</b>							
Rust-proof structures	5,300	6,236	7,654	7,708	8,990	8,083	7,714
Rust-proof sheets	4,556	4,556	4,760	4,804	6,000	5,136	4,554
Apollo Galv	3,491	5,655	6,950	6,981	7,257	6,353	6,051
Apollo Tricoat	5,786	6,137	7,872	7,671	11,716	8,172	7,999
<b>Cost Break-up</b>							
RM Cost (% of sales)	84%	84%	84%	85%	82%	86%	87%
Employee Cost (% of sales)	3%	2%	1%	1%	1%	1%	1%
Other Cost (% of sales)	7%	7%	6%	6%	7%	6%	6%
Gross Margins (%)	16%	16%	16%	15%	18%	14%	13%
EBITDA Margins (%)	6%	8%	9%	8%	10%	7%	6%

Source: Company, MOFSL

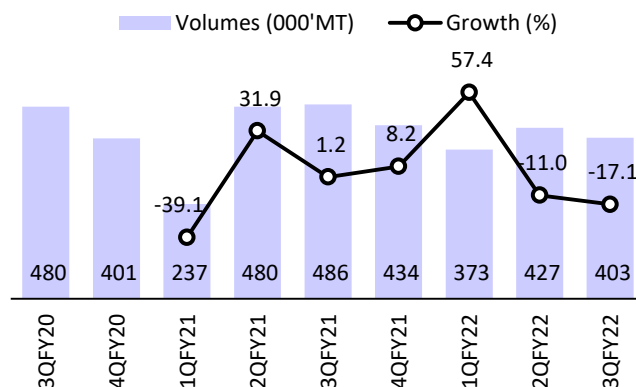
## Key exhibits

**Exhibit 2: Consolidated revenue trend**



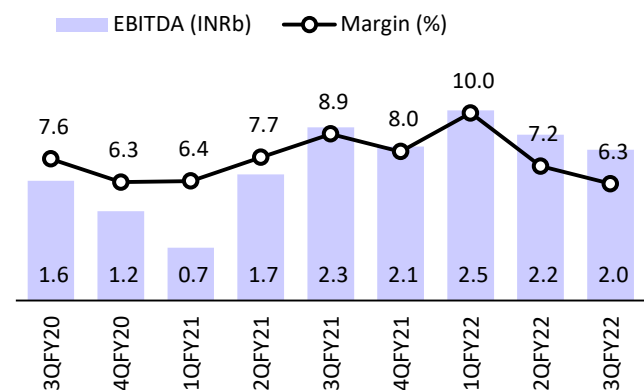
Source: Company, MOFSL

**Exhibit 3: Volume trend**



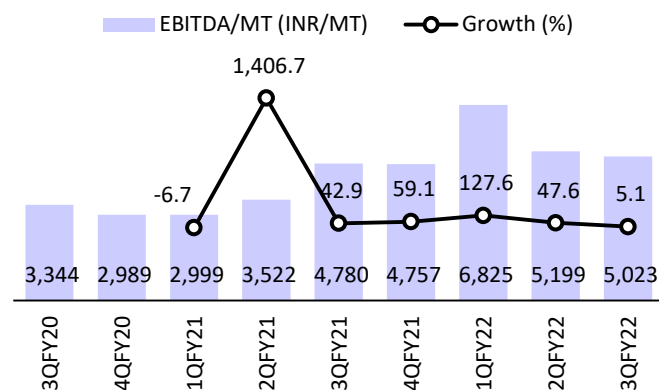
Source: Company, MOFSL

**Exhibit 4: Consolidated EBITDA trend**



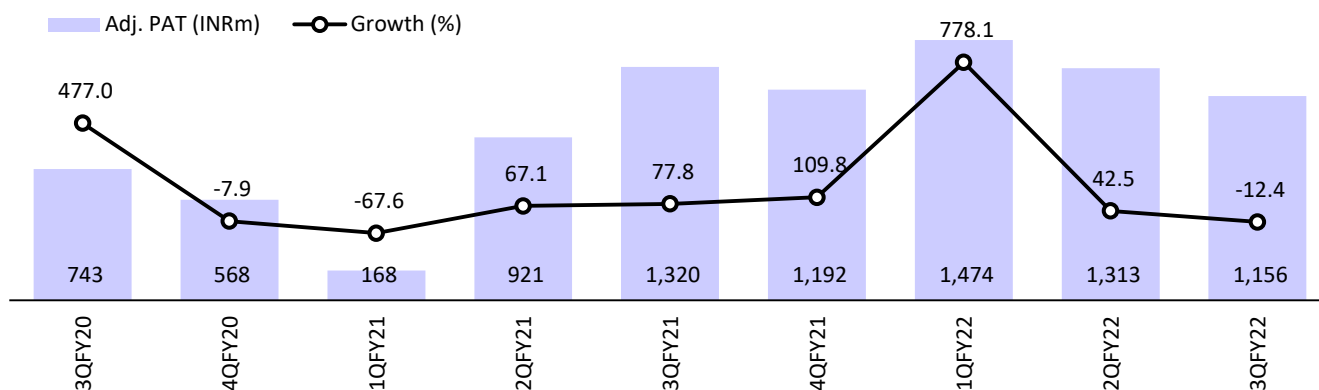
Source: Company, MOFSL

**Exhibit 5: EBITDA/MT trend**



Source: Company, MOFSL

**Exhibit 6: Consolidated adj. PAT trend**



Source: Company, MOFSL

**Exhibit 7: Delhi hospital project in full swing**



Hospital structure put in place in 6 weeks



Final view of the hospital

Source: Company, MOFSL

**Exhibit 8: Distribution network expansion through Apollo Mart**

## Apollo Mart Strategic Rationale

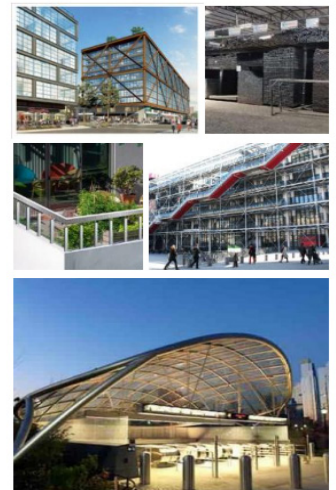
- To become India's largest market platform for steel building materials
- To leverage Apollo Brand and enhance the distribution network
- 100% subsidiary of APL Apollo Tubes

**Tech enabled trading platform for Steel building material products**

Products other than steel tubes	Market size (Rs bn)
TMT Bars	1,480
Structural Sections	228
Metal Sheets	325
Welding Rods	46
Meshnet Steel	40
Binding Wire	80
Potential addressable market size	2,200

**To start with existing distribution network and expand reach in untapped markets**

- Reach expansion will boost penetration for APL's products
- Pan-India warehousing infrastructure with initial 4 locations
- Outsource newer products from local manufacturers
- Introduction of private labels wherever applicable



## Apollo Mart Strategic Rationale & Steps

- **FOCUS & LEARN:** A separate sales & service team will provide increased focus on and learning from our smaller retailers, dealers and their end customers
- **BRAND:** Leverage the **APOLLO** brand to build market share & margin with our dealer base by adding highly adjacent materials in Steel (white label)
- **DIGITIZE:** Use the dealer base & increased market presence to develop a full tech & logistics platform for the existing business first
- **PLATFORM:** Offer the platform to a large set of customers and suppliers to become India's largest full-stack marketplace for steel building materials



Source: Company, MOFSL

**Exhibit 9: Raipur plant update**

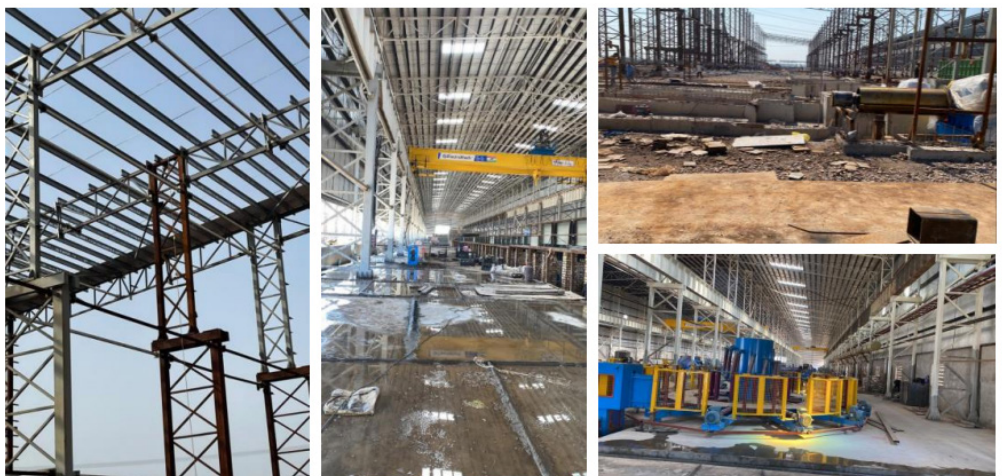


**HIGHLIGHTS**

- Upcoming 400 Acre Raipur plant
- Project to commence in phases starting H1FY23
- Total Capacity – **1.5mn ton**
- 100% value added products
- Total capex **Rs8 bn**; **c50%** already incurred

**3 Products:**

- Apollo Column - 0.5mn ton capacity with high Dia and high thickness sizes upto 500mm X 500 mm
- Coated tubes - 0.5mn ton capacity
- Coated products - 0.5mn ton capacity



**Area of 1.5mn square feet being built using 100% Apollo Column Tubes**

Source: Company, MOFSL



### 3QFY22 conference call highlights

- **Raipur plant:** The Raipur expansion plan is underway and is scheduled to be commenced by 1HFY23. The Raipur capacity would add 1.5MMT, consisting of 0.5MMT Apollo columns, 0.5MMT coated tubes, and 0.5MMT coated product capacities. It has planned capex of INR8b, of which INR4b has already been deployed. The entire project is funded through internal accruals.
- **Volume guidance:** APAT's total capacity is expected to increase to 4MMT by 1HFY23. The company plans to achieve 1.8MMT in volumes in FY22 and an incremental 700,000MT each year. APAT aims to achieve volumes of 4MMT by FY25. The corresponding share of value-added products is expected to be 70–75%.
- **Delhi hospital project:** The hospital structure would be completed within 50 days, with the entire project scheduled to be completed within six months. APAT is the sole supplier to the EPC contractor for the Delhi hospital project.
- **Apollo Mart:** The company has incorporated a subsidiary to increase its distribution reach – it aims to be India's largest market platform for steel building materials. The company aims to cater to the B2B segment through this initiative.
- **Volumes:** Volumes fell during the quarter due to de-stocking over major factors, such as 1) steel prices declining globally, 2) erratic rainfall in southern India, and 3) the postponement of demand due to the festive season.
- **Brand strengthening:** The company is focused on expanding its dealer reach and has established a retail store to increase awareness regarding the use of steel tubing in furniture. The company has appointed Tiger Shroff as the brand ambassador and has initiated social media and television campaigns.
- **Return ratio profile:** ROCE reached over 30% for the quarter, which the company aims to maintain at a similar return ratio profile. The company aims to achieve 40% ROCE in FY25E.
- **Working capital (WC):** WC days remained at less than 10 days; the company plans to maintain a similar trend going forward as well.
- **Net debt:** Net debt increased moderately to INR1.6b in Dec'21 (v/s INR1.3b in Sep'21), while remaining flat YoY.

### Valuation

- We believe the earnings momentum would continue with (a) growing demand across segments, (b) increased product penetration, with a robust distribution network, (c) an increase in the share of VAP, driving margins, (d) the introduction of Apollo Mart, and (e) its market leadership position.
- Performance was in line with our estimates. We maintain our earnings estimates for FY23/FY24 as the company is expected to maintain its growth trajectory on a strong demand outlook.
- We expect a revenue/EBITDA/PAT CAGR of 31%/27%/38% over FY21–24. We value the stock at 35x FY24E EPS to arrive at TP of INR1,200. Maintain **Buy**.

### Exhibit 10: Change in estimates

Earnings change (INR m)	Old			New			Change		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	1,18,067	1,47,493	1,82,510	1,22,891	1,53,549	1,90,032	4%	4%	4%
EBITDA	9,018	10,760	13,952	8,996	10,767	13,977	0%	0%	0%
Adj. PAT	5,307	7,155	9,519	5,325	7,062	9,442	0%	-1%	-1%

## Financials and valuations

### Consolidated - Income Statement

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Total Income from Operations</b>	<b>42,136</b>	<b>39,239</b>	<b>53,348</b>	<b>71,523</b>	<b>77,232</b>	<b>84,998</b>	<b>1,22,891</b>	<b>1,53,549</b>	<b>1,90,032</b>
Change (%)	34.3	-6.9	36.0	34.1	8.0	10.1	44.6	24.9	23.8
RM Cost	35,546	32,324	45,483	63,077	65,786	71,648	1,04,303	1,28,982	1,59,627
Employees Cost	629	754	862	1,079	1,422	1,296	1,510	1,996	2,470
Other Expenses	3,145	2,832	3,292	3,439	5,252	5,266	8,083	11,804	13,958
<b>Total Expenditure</b>	<b>39,319</b>	<b>35,909</b>	<b>49,637</b>	<b>67,595</b>	<b>72,459</b>	<b>78,210</b>	<b>1,13,896</b>	<b>1,42,782</b>	<b>1,76,056</b>
% of Sales	93.3	91.5	93.0	94.5	93.8	92.0	92.7	93.0	92.6
<b>EBITDA</b>	<b>2,817</b>	<b>3,330</b>	<b>3,710</b>	<b>3,928</b>	<b>4,773</b>	<b>6,787</b>	<b>8,996</b>	<b>10,767</b>	<b>13,977</b>
Margin (%)	6.7	8.5	7.0	5.5	6.2	8.0	7.3	7.0	7.4
Depreciation	341	509	534	643	959	1,028	1,110	1,342	1,480
<b>EBIT</b>	<b>2,476</b>	<b>2,821</b>	<b>3,176</b>	<b>3,286</b>	<b>3,814</b>	<b>5,759</b>	<b>7,885</b>	<b>9,425</b>	<b>12,497</b>
Int. and Finance Charges	695	720	813	1,134	1,073	661	452	450	450
Other Income	103	60	80	117	222	359	345	461	570
<b>PBT bef. EO Exp.</b>	<b>1,883</b>	<b>2,160</b>	<b>2,443</b>	<b>2,269</b>	<b>2,963</b>	<b>5,458</b>	<b>7,779</b>	<b>9,436</b>	<b>12,617</b>
EO Items	-253	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>1,630</b>	<b>2,160</b>	<b>2,443</b>	<b>2,269</b>	<b>2,963</b>	<b>5,458</b>	<b>7,779</b>	<b>9,436</b>	<b>12,617</b>
Total Tax	624	639	862	787	403	1,381	1,973	2,374	3,174
Tax Rate (%)	38.3	29.6	35.3	34.7	13.6	25.3	25.4	25.2	25.2
Minority Interest	0	0	0	0	180	475	481	0	0
<b>Reported PAT</b>	<b>1,006</b>	<b>1,521</b>	<b>1,581</b>	<b>1,482</b>	<b>2,380</b>	<b>3,602</b>	<b>5,325</b>	<b>7,062</b>	<b>9,442</b>
<b>Adjusted PAT</b>	<b>1,259</b>	<b>1,521</b>	<b>1,581</b>	<b>1,482</b>	<b>2,380</b>	<b>3,602</b>	<b>5,325</b>	<b>7,062</b>	<b>9,442</b>
Change (%)	97.5	20.8	4.0	-6.2	60.5	51.3	47.8	32.6	33.7
Margin (%)	3.0	3.9	3.0	2.1	3.1	4.2	4.3	4.6	5.0

### Consolidated - Balance Sheet

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	234	236	237	239	249	250	552	552	552
Total Reserves	5,441	6,798	8,141	9,402	13,313	16,697	22,653	29,300	38,260
<b>Net Worth</b>	<b>5,676</b>	<b>7,034</b>	<b>8,379</b>	<b>9,641</b>	<b>13,562</b>	<b>16,947</b>	<b>23,205</b>	<b>29,852</b>	<b>38,812</b>
Minority Interest	0	0	0	0	954	1,383	0	0	0
Total Loans	6,498	5,944	7,751	8,581	8,338	5,203	2,403	2,403	603
Deferred Tax Liabilities	859	813	994	1,200	1,012	1,112	1,112	1,112	1,112
<b>Capital Employed</b>	<b>13,033</b>	<b>13,790</b>	<b>17,124</b>	<b>19,422</b>	<b>23,865</b>	<b>24,644</b>	<b>26,719</b>	<b>33,367</b>	<b>40,526</b>
Gross Block	7,291	6,922	9,617	11,626	17,246	18,568	20,554	22,751	24,991
Less: Accum. Deprn.	1,058	454	988	1,548	2,507	3,535	4,646	5,988	7,468
<b>Net Fixed Assets</b>	<b>6,233</b>	<b>6,468</b>	<b>8,628</b>	<b>10,078</b>	<b>14,738</b>	<b>15,033</b>	<b>15,908</b>	<b>16,763</b>	<b>17,523</b>
Goodwill on Consolidation	429	230	230	230	1,375	1,375	2,796	2,796	2,796
Capital WIP	320	1,224	460	275	101	1,077	1,340	1,393	1,404
<b>Total Investments</b>	<b>131</b>	<b>4</b>	<b>11</b>	<b>494</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>4,515</b>	<b>4,515</b>
Current Investments	0	0	0	0	0	0	0	4,500	4,500
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>9,491</b>	<b>10,519</b>	<b>12,483</b>	<b>16,663</b>	<b>16,431</b>	<b>16,491</b>	<b>20,355</b>	<b>25,060</b>	<b>35,460</b>
Inventory	5,944	4,696	5,915	7,835	7,842	7,599	10,921	13,691	16,882
Account Receivables	2,201	2,949	4,321	5,433	4,764	1,306	2,694	3,365	4,165
Cash and Bank Balance	14	16	68	478	456	3,579	948	766	5,456
Loans and Advances	1,333	2,859	2,179	2,917	3,370	4,006	5,792	7,237	8,957
<b>Curr. Liability &amp; Prov.</b>	<b>3,572</b>	<b>4,656</b>	<b>4,688</b>	<b>8,317</b>	<b>8,796</b>	<b>9,345</b>	<b>13,695</b>	<b>17,160</b>	<b>21,171</b>
Account Payables	2,581	4,039	3,793	6,989	7,644	7,859	11,546	14,474	17,847
Other Current Liabilities	506	459	814	1,220	979	1,310	1,894	2,367	2,929
Provisions	484	157	81	108	173	177	255	319	395
<b>Net Current Assets</b>	<b>5,920</b>	<b>5,864</b>	<b>7,795</b>	<b>8,346</b>	<b>7,636</b>	<b>7,145</b>	<b>6,660</b>	<b>7,900</b>	<b>14,289</b>
<b>Appl. of Funds</b>	<b>13,033</b>	<b>13,790</b>	<b>17,124</b>	<b>19,422</b>	<b>23,865</b>	<b>24,644</b>	<b>26,719</b>	<b>33,367</b>	<b>40,526</b>

## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>4.6</b>	<b>5.5</b>	<b>5.7</b>	<b>5.4</b>	<b>8.6</b>	<b>13.0</b>	<b>19.3</b>	<b>25.6</b>	<b>34.2</b>
Cash EPS	5.8	7.4	7.7	7.7	12.1	16.8	23.3	30.4	39.6
BV/Share	20.6	25.5	30.4	34.9	49.1	61.4	84.1	108.2	140.6
DPS	0.8	1.0	1.2	1.2	0.0	0.0	1.4	1.5	1.8
Payout (%)	28.0	22.5	25.3	27.7	0.0	0.0	7.0	5.9	5.1
<b>Valuation (x)</b>									
P/E	189.0	156.4	150.4	160.5	100.0	66.1	44.7	33.7	25.2
Cash P/E	148.7	117.2	112.5	111.9	71.3	51.4	37.0	28.3	21.8
P/BV	41.9	33.8	28.4	24.7	17.5	14.0	10.3	8.0	6.1
EV/Sales	5.8	6.2	4.6	3.4	3.2	2.8	1.9	1.5	1.2
EV/EBITDA	86.8	73.2	66.2	62.6	51.7	35.5	26.6	21.8	16.4
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.0	0.0	0.2	0.2	0.2
FCF per share	0.9	11.6	3.5	4.8	-5.4	24.2	4.4	17.1	24.8
<b>Return Ratios (%)</b>									
RoE	23.7	23.9	20.5	16.5	20.5	23.6	26.5	26.6	27.5
RoCE	14.5	16.1	14.5	12.9	17.4	20.8	25.7	25.6	27.3
RoIC	13.6	15.8	14.1	12.4	15.9	19.9	26.5	27.6	33.5
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	5.8	5.7	5.5	6.2	4.5	4.6	6.0	6.7	7.6
Asset Turnover (x)	3.2	2.8	3.1	3.7	3.2	3.4	4.6	4.6	4.7
Inventory (Days)	51	44	40	40	37	33	32	33	32
Debtor (Days)	19	27	30	28	23	6	8	8	8
Creditor (Days)	22	38	26	36	36	34	34	34	34
<b>Leverage Ratio (x)</b>									
Current Ratio	2.7	2.3	2.7	2.0	1.9	1.8	1.5	1.5	1.7
Interest Cover Ratio	3.6	3.9	3.9	2.9	3.6	8.7	17.5	20.9	27.8
Net Debt/Equity	1.1	0.8	0.9	0.8	0.6	0.1	0.1	-0.1	-0.2

### Consolidated - Cash Flow

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
OP/(Loss) before Tax	1,630	2,160	2,443	2,269	2,963	5,458	7,779	9,436	12,617
Depreciation	341	509	534	0	959	1,028	1,110	1,342	1,480
Interest & Finance Charges	669	711	789	0	851	302	107	-11	-120
Direct Taxes Paid	-432	-629	-602	-673	-403	-1,381	-1,973	-2,374	-3,174
(Inc)/Dec in WC	-2,335	330	-2,342	287	725	3,577	-2,146	-1,422	-1,699
<b>CF from Operations</b>	<b>-127</b>	<b>3,082</b>	<b>823</b>	<b>1,884</b>	<b>5,096</b>	<b>8,983</b>	<b>4,877</b>	<b>6,971</b>	<b>9,104</b>
Others	240	72	91	1,693	0	0	0	0	0
<b>CF from Operating incl EO</b>	<b>113</b>	<b>3,154</b>	<b>914</b>	<b>3,576</b>	<b>5,096</b>	<b>8,983</b>	<b>4,877</b>	<b>6,971</b>	<b>9,104</b>
(Inc)/Dec in FA	149	61	48	-2,261	-6,591	-2,298	-3,671	-2,250	-2,250
<b>Free Cash Flow</b>	<b>261</b>	<b>3,215</b>	<b>961</b>	<b>1,316</b>	<b>-1,495</b>	<b>6,685</b>	<b>1,206</b>	<b>4,721</b>	<b>6,854</b>
(Pur)/Sale of Investments	-18	2	2	-390	479	0	0	-4,500	0
Others	-1,227	-1,761	-1,703	13	1,763	-4,171	345	461	570
<b>CF from Investments</b>	<b>-1,096</b>	<b>-1,697</b>	<b>-1,654</b>	<b>-2,639</b>	<b>-4,349</b>	<b>-6,468</b>	<b>-3,326</b>	<b>-6,289</b>	<b>-1,680</b>
Issue of Shares	0	106	100	56	10	1	1,306	0	0
Inc/(Dec) in Debt	1,673	-554	1,807	830	-244	-3,135	-2,800	0	-1,800
Interest Paid	-695	-725	-772	-1,014	-1,073	-661	-452	-450	-450
Dividend Paid	-141	-234	-283	-400	0	0	-373	-414	-483
Others	-28	-47	-59	0	538	4,403	-1,864	0	0
<b>CF from Fin. Activity</b>	<b>809</b>	<b>-1,454</b>	<b>792</b>	<b>-528</b>	<b>-768</b>	<b>609</b>	<b>-4,182</b>	<b>-864</b>	<b>-2,733</b>
<b>Inc/Dec of Cash</b>	<b>-175</b>	<b>2</b>	<b>52</b>	<b>410</b>	<b>-22</b>	<b>3,123</b>	<b>-2,631</b>	<b>-182</b>	<b>4,691</b>
Opening Balance	188	14	16	68	478	456	3,579	948	766
<b>Closing Balance</b>	<b>13</b>	<b>16</b>	<b>68</b>	<b>478</b>	<b>456</b>	<b>3,579</b>	<b>948</b>	<b>766</b>	<b>5,456</b>



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

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

#### Disclosures

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

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

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

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

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

#### Regional Disclosures (outside India)

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

#### For Hong Kong:

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

#### For U.S.

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

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

#### For Singapore

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

#### Specific Disclosures

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

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months

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

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

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

#### Analyst Certification

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

#### Terms & Conditions:

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

#### Disclaimer:

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

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

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

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