

# Adani Ports and SEZ | BUY

## In-line quarter

Adani Port and SEZ (APSEZ) reported broadly in-line EBITDA performance in 2QFY24 (EBITDA stood at INR 38.81bn, +19% YoY/+3% QoQ and 3% above consensus). Consolidated revenue grew 24% YoY to INR 66bn (+28% YoY, 3%/7% above JMFe/ Consensus) largely led by a) consolidation of Haifa and Karaikal ports, b) India port volume growth (+13% YoY; in line with JMFe), and c) strong growth in Logistics (+34% YoY; 3% above JMFe). Blended realisation was flat YoY (+3% QoQ). Adjusted PAT was INR 20.7bn (assuming nominal 17% tax rate), up 13% YoY/1% QoQ (in line with JMFe and consensus). The management indicated expectation of higher end of the range on its guidance of volume (370-390mnt), revenue (INR 240bn-250bn) and EBITDA (INR 145bn-150bn). The company categorically mentioned a) absence of any material inter-corporate deposits (ICD) transactions, and b) reduction in capital advances for projects. Moreover, its JV in Sri Lanka has secured funding commitment of USD 553mn from US International Development Finance Corporation (DFC), signifying the strength of the investment. We broadly maintain our FY24-FY26EPS estimates and now value APSEZ at 14x EV/EBITDA (basis 3-year/5-year median of 14.2x/13.7x respectively) and arrive at a Dec'24 TP of INR 1,140 (earlier Jun'24 TP of INR 920 on DCF basis). We maintain BUY.

- 2QFY24 summary:** Consolidated revenue grew 28% YoY/6% QoQ on the back of a) port revenue (+13% YoY/+2% QoQ), and b) logistics segment (+34% YoY/-5% QoQ; +17% 4-year CAGR) and was 3% above JMFe. Adjusted for forex loss/gains, EBITDA was INR 38.8bn, +19% YoY/+3% QoQ and in line with JMFe. The company has adopted a new tax regime for its subsidiary, resulting in MAT credit write-off of INR 4.55bn (non-cash expenses) as the new tax regime is a superior proposition. Adjusted net profit (assuming normal tax rate of 17%) grew 13% YoY to INR 20.7bn (+13% YoY, +17% 4-year CAGR) and was 1% above JMFe.
- Port volume growth on track:** Port volume grew 13% YoY/flat QoQ to 101.2mnt (in line with JMFe) and was led by robust growth in Mundra (+15% YoY), Dhamra (+18% YoY), and Hazira (+17% YoY), and Haifa port consolidation (c. 3.1mnt). From a commodity perspective, container and other cargo (dry bulk+liquid) led the show (+16%/+30% YoY respectively) while coal grew at 2% YoY. Port EBITDA grew 18% YoY to INR 36.2bn (+3% QoQ, 2% above JMFe). While it maintained its target of 500mnt for FY25, the company indicated the higher end of its earlier 370-390mnt guidance on volume for FY24. We estimate APSEZ to overshoot its guidance in FY24.
- Logistics on uptrend:** Rail volume increased 32% YoY to 147k TEU in 2QFY24 as compared to 14% growth in Indian Railways' container volumes (EXIM mix at 90% for APSEZ). During 1HFY24, the company added 11 container trains, of which nine trains were added during 2Q, taking the total count to 104 (50 containers, 44 GPWIS, seven Agri and three AFTO). Total warehousing capacity during 1HFY24 increased to 2.4mn sqft with the addition of warehouses in Mumbai and Indore.
- Maintain estimates; BUY:** We broadly maintain our FY24-26 EPS estimates and now value

Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	171,188	208,519	266,151	308,673	352,344
Sales Growth (%)	36.4	21.8	27.6	16.0	14.1
EBITDA	95,244	109,471	156,463	182,456	206,785
EBITDA Margin (%)	55.6	52.5	58.8	59.1	58.7
Adjusted Net Profit	57,779	69,472	83,764	101,662	119,861
Diluted EPS (INR)	27.4	32.2	38.8	47.1	55.5
Diluted EPS Growth (%)	22.9	17.6	20.6	21.4	17.9
ROIC (%)	9.0	9.8	11.1	13.0	14.8
ROE (%)	16.8	16.6	17.1	18.0	18.4
P/E (x)	29.5	25.1	20.8	17.1	14.5
P/B (x)	4.5	3.8	3.3	2.9	2.5
EV/EBITDA (x)	21.8	20.2	13.6	11.3	9.5
Dividend Yield (%)	0.6	0.8	1.0	1.2	1.4

Source: Company data, JM Financial. Note: Valuations as of 09/Nov/2023



Achal Lohade

achal.lohade@jmfl.com | Tel: (91 22) 66303081

Vineet Shanker

vineet.shanker@jmfl.com | Tel: (91 22) 66303574

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,140
Upside/(Downside)	41.4%
Previous Price Target	920
Change	23.9%

### Key Data – ADSEZ IN

Current Market Price	INR806
Market cap (bn)	INR1,741.5/US\$20.9
Free Float	33%
Shares in issue (mn)	2,160.2
Diluted share (mn)	2,160.2
3-mon avg daily val (mn)	INR5,305.6/US\$63.7
52-week range	916/395
Sensex/Nifty	64,832/19,395
INR/US\$	83.3

### Price Performance

%	1M	6M	12M
Absolute	2.0	16.8	-9.5
Relative*	3.1	11.2	-14.8

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

APSEZ at 14x EV/EBITDA to arrive at a Dec'24 TP of INR 1,140 (earlier Jun'24 TP of INR 920 on DCF basis). Our target multiple is based on its historical 3/5-year median (1-year forward EV/EBITDA multiple) of 14.2x/13x respectively. We maintain BUY. Any adverse development on group entities is a key risk to our call.

## Results and concall highlights:

### Guidance:

- Volume growth guidance maintained for FY24 and FY25 of 390-400mnt (higher end of the range is likely) and 500mnt respectively. The management highlighted that FY25 volume growth will be led by existing assets (including Colombo and Vizhinjam, which will account for 25-30mnt).
- While the company refrained from providing specific guidance on capital expenditure, it did indicate that Net debt/EBITDA will be maintained around 2.5x by end-FY24 as compared to 3.5x in FY23 (assuming INR 80bn cash balance).
- On the international strategy, the company continues to look for high-growth countries (like Vietnam, Bangladesh, Indonesia, certain part of the Middle East, etc.) wherein it can potentially undertake brownfield expansion or acquire existing assets through privatisation (by governments); but this will be done through local partnerships in respective countries, in order to de-risk itself. The company always looks for countries where it can make India as a hub and create trade lanes.

### Ports

- India ports realisation grew 3% QoQ largely on account of change in mix.
- Haifa: The conflict is in the southern part while the Haifa port is in the northern part, which hasn't seen any slowdown. During Oct'23, the port saw volume of 1.1mnt (similar to last 6-months' average).
- Sri Lanka container terminal update: It expects commissioning of phase-1 terminal by Dec'24. This JV has secured funding commitment of USD 553mn from US International Development Finance Corporation (DFC), signifying strength of the investment. This is a 20-year loan from DFC. The total project cost is USD 750mn, of which USD 200mn would be the equity component, split among three partners (APSEZ share of 51%). The loan from DFC is in the form of non-recourse funding to APSEZ balance sheet.
- West Bengal Tejpur port Letter of Award is awaited while Lol has been received 18-24 months ago.
- Vizhinjam Port berthed its first vessel in Oct'23; the port will start commercial operations by end-FY24
- Dighi Port: Dighi is a long-term project and the company believes that it is an alternate gateway to JNPT (Mumbai). The company is building a railway line and currently also building an industrial park and improving road connectivity to the port. It is adding liquid operations, in the first phase. This facility will take 4-5 years to come up to scale. The company believes that Dighi will be a great opportunity over the next 10-20 years. This port has successfully welcomed its first Rock Phosphate Vessel, weighing 19,000MT, in 2QFY24. It also handled its first project cargo during 1HFY24.

### Others

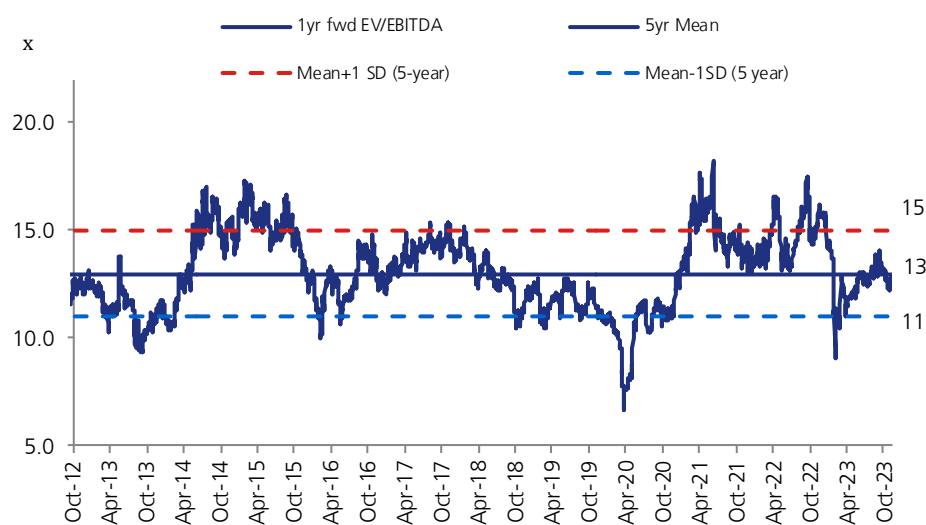
- MMLP count increased to 10 with addition of Loni ICD and is likely to reach 12 by FY24-end with the additions of Valvada ICD and Virochannagar MMLP. Total Agrisilo capacity is likely to reach 1.2 MMT by end-FY24, with addition of silos at Samastipur and Darbangha.
- Gross debt as of Sep'23 stood at INR 472bn (INR 525bn, as of Mar'23) and net debt was INR 387bn (INR 443bn, as of Mar'23).

## Exhibit 1. Valuation Table (Dec'24TP)

FV date	UoM	31-12-2024
<b>EBITDA (1yr forward)</b>	<b>INR mn</b>	<b>200,702</b>
EV/EBITDA multiple	x	14.0
<b>Enterprise value</b>	<b>INR mn</b>	<b>2,809,834</b>
Net Debt/(cash)	INR mn	346,358
<b>Equity value</b>	<b>INR mn</b>	<b>2,463,476</b>
Shares	mn	2,160
<b>Fair value per share</b>	<b>INR/sh</b>	<b>1,140</b>
<b>% upside (Absolute)</b>	<b>%</b>	<b>37%</b>
% CAGR	%	32%

Source: JM Financial, Company

## Exhibit 2. EV/EBITDA band (1-year forward)



Source: Bloomberg

1 yr Median	3 yr Median	5 yr Median	10 yr Median
12.8	14.2	13.0	13.4

## Financial performance

## Exhibit 3. Consolidated quarterly performance

(INR mn)	2Q23A	2Q24A	YoY	4-yr CAGR	1Q24A	QoQ	2Q24E	Var	1HFY23	1HFY24	YoY	4-yr CAGR
<b>Revenue from Operations</b>	<b>52,108</b>	<b>66,464</b>	<b>28%</b>	<b>24%</b>	<b>62,476</b>	<b>6%</b>	<b>64,597</b>	<b>3%</b>	<b>102,689</b>	<b>128,940</b>	<b>26%</b>	<b>23%</b>
India Port Revenue	44,630	50,520	13%	21%	49,110	3%	49,779	1%	89,670	99,630	11%	20%
Volume (mnt)	87	98	13%	17%	98	0%	98	0%	178	196	11%	16%
Realisation (INR/t)	515	515	0%	4%	500	3%	507	2%	505	508	0%	4%
Others	7,478	15,944	113%	37%	13,366	19%	14,818	8%	13,019	29,310	125%	37%
Logistics	3,605	4,830	34%	17%	5,072	-5%	4,687	3%	7,210	9,902	37%	23%
SEZ and Port Development	1,940	2,890	49%	110%	490	490%	1,455	99%	2,100	3,380	61%	86%
International Ports and others	1,933	8,224	325%	45%	7,804	5%	8,676	-5%	3,709	16,028	332%	45%
Operating Expenses	14,147	18,673	32%	26%	16,266	15%	16,695	12%	26,725	34,939	31%	26%
% of sales	27.1%	28.1%	90 bps		26.0%	210 bps	25.8%	230 bps	26.0%	27.1%	110 bps	
Employee Costs	2,331	4,779	105%	37%	5,015	-5%	5,129	-7%	4,986	9,795	96%	38%
% of sales	4.5%	7.2%	270 bps		8.0%	-80 bps	7.9%	-70 bps	4.9%	7.6%	270 bps	
Other Expenses	3,028	4,207	39%	28%	3,658	15%	4,087	3%	5,470	7,865	44%	27%
% of sales	5.8%	6.3%	50 bps		5.9%	50 bps	6.3%	0 bps	5.3%	6.1%	80 bps	
Forex Loss/-Gain	3,697	2,165	NM	-18%	-109	NM	0	NM	15,708	2,056	NM	-19%
Total Expenditure	23,202	29,824	29%	19%	24,830	20%	25,911	15%	52,889	54,654	3%	22%
<b>EBITDA</b>	<b>28,906</b>	<b>36,640</b>	<b>27%</b>	<b>29%</b>	<b>37,646</b>	<b>-3%</b>	<b>38,686</b>	<b>-5%</b>	<b>49,800</b>	<b>74,286</b>	<b>49%</b>	<b>24%</b>
Margin %	55.5%	55.1%	-30 bps		60.3%	-510 bps	59.9%	-480 bps	48.5%	57.6%	910 bps	
<b>Adjusted EBITDA (excl forex)</b>	<b>32,603</b>	<b>38,805</b>	<b>19%</b>	<b>21%</b>	<b>37,537</b>	<b>3%</b>	<b>38,686</b>	<b>0%</b>	<b>65,507</b>	<b>76,341</b>	<b>17%</b>	<b>20%</b>
Margin %	62.6%	58.4%	-420 bps		60.1%	-170 bps	59.9%	-150 bps	63.8%	59.2%	-460 bps	
<b>India Port EBITDA (Excl forex)</b>	<b>30,630</b>	<b>36,240</b>	<b>18%</b>	<b>22%</b>	<b>35,240</b>	<b>3%</b>	<b>35,463</b>	<b>2%</b>	<b>62,280</b>	<b>71,480</b>	<b>15%</b>	<b>21%</b>
<b>Margin %</b>	<b>68.6%</b>	<b>71.7%</b>	<b>310 bps</b>		<b>71.8%</b>	<b>0 bps</b>	<b>71.2%</b>	<b>50 bps</b>	<b>69.5%</b>	<b>71.7%</b>	<b>230 bps</b>	
INR/ tonne	354	369	4%	4%	359	3%	361	2%	351	364	4%	4%
Logistics	1,160	1,460	26%	19%	1,430	2%	1,406	4%	2,120	2,890	36%	23%
Margin %	32.2%	30.2%	-190 bps		28.2%	200 bps	30.0%	20 bps	29.4%	29.2%	-20 bps	
SEZ and Port Development	660	310	-53%	20%	60	417%	800	-61%	720	370	-49%	7%
Margin %	34.0%	10.7%	-2330 bps		12.2%	-150 bps	55.0%	-4430 bps	34.3%	10.9%	-2330 bps	
<b>International Ports and others</b>	<b>170</b>	<b>880</b>	<b>418%</b>	<b>12%</b>	<b>790</b>	<b>11%</b>	<b>1,017</b>	<b>-13%</b>	<b>310</b>	<b>1,670</b>	<b>439%</b>	<b>8%</b>
<b>Margin %</b>	<b>8.8%</b>	<b>10.7%</b>	<b>190 bps</b>		<b>10.1%</b>	<b>60 bps</b>	<b>11.7%</b>	<b>-100 bps</b>	<b>8.4%</b>	<b>10.4%</b>	<b>210 bps</b>	
Depreciation	8,543	9,745	14%	24%	9,496	3%	9,591	2%	16,947	19,241	14%	24%
Other Income	4,381	3,055	-30%	-12%	3,837	-20%	2,800	9%	9,062	6,891	-24%	-7%
<b>EBIT</b>	<b>24,744</b>	<b>29,950</b>	<b>21%</b>	<b>21%</b>	<b>31,987</b>	<b>-6%</b>	<b>31,896</b>	<b>-6%</b>	<b>41,914</b>	<b>61,936</b>	<b>48%</b>	<b>17%</b>
Finance Costs	6,345	7,153	13%	6%	7,061	1%	7,100	1%	12,857	14,214	11%	9%
Derivatives Loss/-Gain	-574	-1,952	NM	46%	-735	NM	0		-795	-2,687	NM	58%
Extraordinary exp/-inc	0	0		NA	0		0		0	0		-100%
<b>PBT</b>	<b>18,974</b>	<b>24,749</b>	<b>30%</b>	<b>29%</b>	<b>25,660</b>	<b>-4%</b>	<b>24,796</b>	<b>0%</b>	<b>29,852</b>	<b>50,409</b>	<b>69%</b>	<b>22%</b>
Tax Expense	1,626	7,591	NM	NA	3,714	104%	4,215	80%	905	11,304	NM	63%
Tax Rate %	8.6%	30.7%	2210 bps	NA	14.5%	1620 bps	17.0%	1370 bps	3.0%	22.4%	1940 bps	33%
Share of profit in Associate/ JV	30	458			-753				0	0		
Minority Interest	603	138			47		200	NM	795	184		
<b>Reported Net Profit</b>	<b>16,775</b>	<b>17,479</b>	<b>4%</b>	<b>13%</b>	<b>21,147</b>	<b>-17%</b>	<b>20,380</b>	<b>-14%</b>	<b>28,152</b>	<b>38,920</b>	<b>38%</b>	<b>17%</b>
Reported EPS	7.94	8.09	2%	12%	9.79	-17%	9.50	-15%	13.42	17.88	33%	15%
<b>Adjusted Net Profit</b>	<b>18,340</b>	<b>20,718</b>	<b>13%</b>	<b>17%</b>	<b>20,597</b>	<b>1%</b>	<b>20,580</b>	<b>1%</b>	<b>37,155</b>	<b>41,315</b>	<b>11%</b>	<b>16%</b>
Adjusted EPS	8.68	9.59	10%	15%	9.54	1%	9.53	1%	17.59	19.13	9%	15%

Source: Company, JM Financial

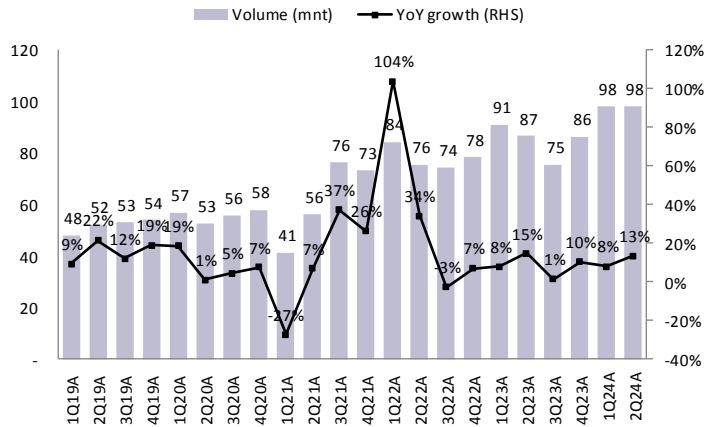
**Exhibit 4. 2QFY24 volume summary – Karaikal and Haifa consolidation boost the print**

(INR mn)	2Q23A	2Q24A	YoY	4-yr CAGR	1Q24A	QoQ	2Q24E	Var	1HFY23	1HFY24	YoY	4-yr CAGR
<b>India Volume (mnt)</b>	<b>86.6</b>	<b>98.1</b>	<b>13%</b>	<b>17%</b>	<b>98.1</b>	<b>0%</b>	<b>98.2</b>	<b>0%</b>	<b>177.5</b>	<b>196.2</b>	<b>11%</b>	<b>16%</b>
Container	31.7	39.7	25%	14%	34.4	16%			63.2	74.1	17%	13%
Coal	34.6	35.2	2%	23%	36.8	-4%			70.5	71.9	2%	20%
Others	20.3	23.3	14%	13%	27.0	-14%			43.8	50.2	15%	15%
<b>Volume Mix %</b>												
Container	37%	40%	390 bps		35%	550 bps		4050 bps	36%	38%	210 bps	
Coal	40%	36%	-410 bps		37%	-170 bps		3580 bps	40%	37%	-310 bps	
Others	23%	24%	20 bps		27%	-380 bps		2370 bps	25%	26%	90 bps	
<b>India Port Volume (mnt)</b>	<b>86.6</b>	<b>98.1</b>	<b>13%</b>	<b>17%</b>	<b>98.1</b>	<b>0%</b>	<b>98.2</b>	<b>0%</b>	<b>177.5</b>	<b>196.2</b>	<b>11%</b>	<b>16%</b>
Mundra	38.8	44.5	15%	8%	41.5	7%	42.0	6%	81.4	86.0	6%	5%
Hazira	6.2	7.3	17%	9%	6.7	9%	7.0	4%	12.9	14.0	8%	7%
Dahej	3.6	3.0	-18%	19%	2.6	17%	2.6	14%	6.9	5.6	-19%	15%
Dhamra	8.4	9.9	18%	10%	9.9	0%	10.1	-2%	17.1	19.8	15%	11%
Krishnapatnam	12.7	13.2	4%	NM	16.1	-18%	15.5	-15%	25.1	29.3	17%	NM
Kattupalli	3.0	2.8	-6%	0%	3.0	-5%	3.0	-7%	5.7	5.8	2%	3%
Gangavaram	8.2	8.7	6%	NM	9.4	-7%	9.5	-9%	0.0	0.0	#DIV/0!	NM
Others	5.6	8.7	57%	29%	9.0	-3%	8.4	4%	28.4	35.8	26%	47%
<b>Port Volume Mix %</b>												
Mundra	45%	45%	50 bps		42%	300 bps		260 bps	46%	44%	-200 bps	
Hazira	7%	7%	20 bps		7%	60 bps		30 bps	7%	7%	-20 bps	
Dahej	4%	3%	-120 bps		3%	40 bps		40 bps	4%	3%	-100 bps	
Dhamra	10%	10%	40 bps		10%	0 bps		-20 bps	10%	10%	40 bps	
Krishnapatnam	15%	13%	-130 bps		16%	-300 bps		-230 bps	14%	15%	80 bps	
Kattupalli	3%	3%	-60 bps		3%	-20 bps		-20 bps	3%	3%	-30 bps	
Gangavaram	9%	9%	-60 bps		10%	-70 bps		-90 bps	0%	0%	0 bps	
Others	6%	9%	250 bps		9%	-30 bps		30 bps	16%	18%	220 bps	

Source: Company, JM Financial

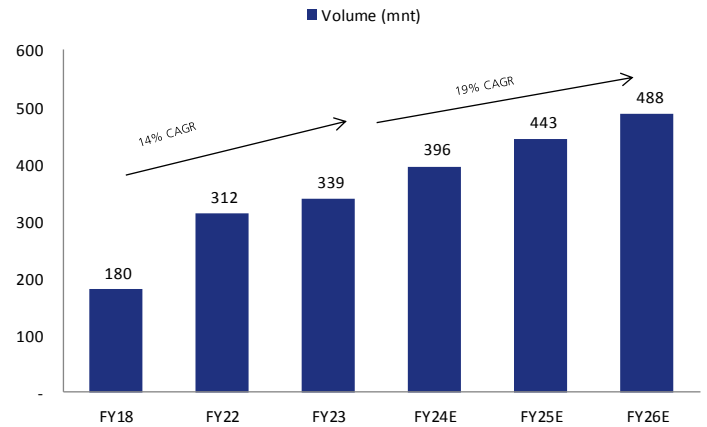
Charts

Exhibit 5. Volume trend quarterly



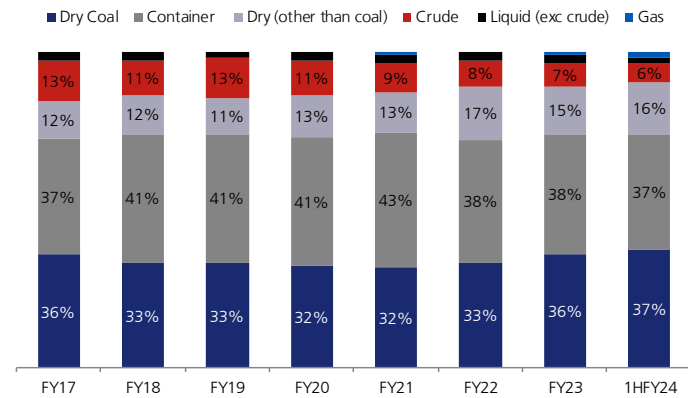
Source: Company, JM Financial

Exhibit 6. Volume trend annual



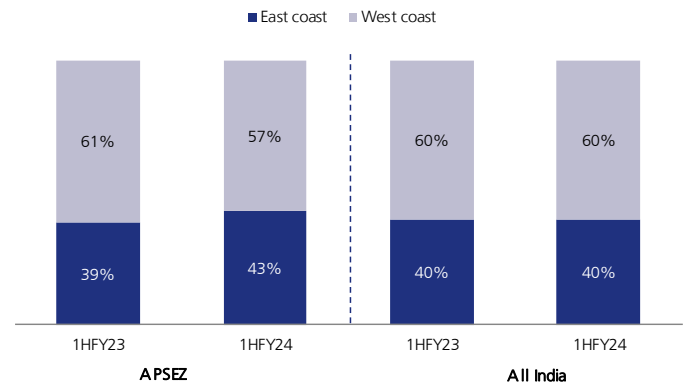
Source: Company, JM Financial

Exhibit 7. Diversifying cargo portfolio



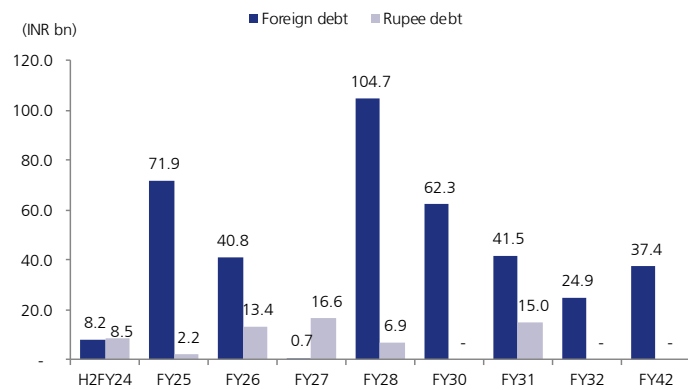
Source: Company, JM Financial

Exhibit 8. Region mix (%)



Source: Company, JM Financial

Exhibit 9. Debt maturity profile as on Sept'23



Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	171,188	208,519	266,151	308,673	352,344	
Sales Growth	36.4%	21.8%	27.6%	16.0%	14.1%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>171,188</b>	<b>208,519</b>	<b>266,151</b>	<b>308,673</b>	<b>352,344</b>	
Cost of Goods Sold/Op. Exp	48,651	56,546	70,410	84,271	99,419	
Personnel Cost	7,794	11,782	20,029	23,033	25,337	
Other Expenses	19,498	30,721	19,249	18,912	20,804	
<b>EBITDA</b>	<b>95,244</b>	<b>109,471</b>	<b>156,463</b>	<b>182,456</b>	<b>206,785</b>	
EBITDA Margin	55.6%	52.5%	58.8%	59.1%	58.7%	
EBITDA Growth	9.5%	14.9%	42.9%	16.6%	13.3%	
Depn. & Amort.	30,993	34,232	39,025	41,952	45,098	
EBIT	64,251	75,239	117,438	140,504	161,686	
Other Income	22,237	15,535	13,000	9,100	8,190	
Finance Cost	25,596	25,936	28,530	22,824	20,541	
PBT before Excep. & Forex	60,893	64,838	101,909	126,780	149,335	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	60,893	64,838	101,909	126,780	149,335	
Taxes	7,640	964	19,350	24,088	28,374	
Extraordinary Inc./Loss(-)	-3,895	2,310	2,687	0	0	
Assoc. Profit/Min. Int.(-)	498	348	967	1,030	1,100	
Reported Net Profit	48,860	65,836	84,278	101,662	119,861	
<b>Adjusted Net Profit</b>	<b>57,779</b>	<b>69,472</b>	<b>83,764</b>	<b>101,662</b>	<b>119,861</b>	
Net Margin	33.8%	33.3%	31.5%	32.9%	34.0%	
Diluted Share Cap. (mn)	2,112.4	2,160.2	2,160.2	2,160.2	2,160.2	
<b>Diluted EPS (INR)</b>	<b>27.4</b>	<b>32.2</b>	<b>38.8</b>	<b>47.1</b>	<b>55.5</b>	
Diluted EPS Growth	22.9%	17.6%	20.6%	21.4%	17.9%	
Total Dividend + Tax	10,560	13,167	16,856	20,332	23,972	
Dividend Per Share (INR)	5.0	6.1	7.8	9.4	11.1	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	57,171	54,891	104,595	126,780	149,335	
Depn. & Amort.	30,993	34,232	39,025	41,952	45,098	
Net Interest Exp. / Inc. (-)	6,189	13,473	15,530	13,724	12,351	
Inc (-) / Dec in WCAP.	7,584	-8,546	-11,903	6,432	15,251	
Others	11,861	33,621	6,870	5,071	5,973	
Taxes Paid	-9,597	-8,339	-19,350	-24,088	-28,374	
<b>Operating Cash Flow</b>	<b>104,201</b>	<b>119,333</b>	<b>134,767</b>	<b>169,871</b>	<b>199,635</b>	
Capex	-36,458	-221,431	-55,000	-70,000	-70,000	
Free Cash Flow	67,744	-102,098	79,767	99,871	129,635	
Inc (-) / Dec in Investments	-32,082	24,824	40,287	0	0	
Others	15,722	571	13,000	9,100	8,190	
<b>Investing Cash Flow</b>	<b>-52,818</b>	<b>-196,036</b>	<b>-1,713</b>	<b>-60,900</b>	<b>-61,810</b>	
Inc / Dec (-) in Capital	9,093	9,455	0	0	0	
Dividend + Tax thereon	-10,267	-10,929	-16,856	-20,332	-23,972	
Inc / Dec (-) in Loans	49,771	-20,257	-55,000	-40,000	-45,000	
Others	-54,455	-5,607	-28,530	-22,824	-20,541	
<b>Financing Cash Flow</b>	<b>-5,858</b>	<b>-27,338</b>	<b>-100,385</b>	<b>-83,156</b>	<b>-89,514</b>	
<b>Inc / Dec (-) in Cash</b>	<b>45,526</b>	<b>-104,042</b>	<b>32,669</b>	<b>25,815</b>	<b>48,311</b>	
Opening Cash Balance	47,902	124,466	42,488	75,214	103,894	
Closing Cash Balance	93,428	20,424	75,157	101,028	152,205	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	382,472	455,836	523,258	604,588	700,477	
Share Capital	4,225	4,320	4,320	4,320	4,320	
Reserves & Surplus	378,247	451,516	518,938	600,267	696,157	
Preference Share Capital	28	0	0	0	0	
Minority Interest	3,928	13,385	14,252	15,162	16,118	
Total Loans	454,530	498,193	443,193	403,193	358,193	
Def. Tax Liab. / Assets (-)	12,130	31,864	36,048	41,119	47,092	
<b>Total - Equity &amp; Liab.</b>	<b>853,088</b>	<b>999,278</b>	<b>1,016,751</b>	<b>1,064,062</b>	<b>1,121,880</b>	
Net Fixed Assets	607,968	771,788	787,763	815,812	840,713	
Gross Fixed Assets	620,566	779,881	863,021	933,021	1,003,021	
Intangible Assets	59,179	69,634	69,634	69,634	69,634	
Less: Depn. & Amort.	111,635	145,867	184,892	226,844	271,942	
Capital WIP	39,858	68,140	40,000	40,000	40,000	
Investments	59,611	75,865	35,579	35,579	35,579	
Current Assets	271,255	301,398	322,771	343,913	390,528	
Inventories	3,812	4,520	5,769	6,691	7,637	
Sundry Debtors	24,697	39,408	47,397	54,969	62,746	
Cash & Bank Balances	124,466	42,488	75,214	103,894	155,196	
Loans & Advances	118,280	214,982	194,392	178,359	164,949	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	85,746	149,774	129,362	131,241	144,940	
Current Liabilities	54,261	75,155	77,946	83,845	89,971	
Provisions & Others	31,485	74,618	51,416	47,397	54,969	
Net Current Assets	185,509	151,624	193,409	212,672	245,588	
<b>Total - Assets</b>	<b>853,088</b>	<b>999,278</b>	<b>1,016,751</b>	<b>1,064,062</b>	<b>1,121,880</b>	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	33.8%	33.3%	31.5%	32.9%	34.0%	
Asset Turnover (x)	0.2	0.2	0.2	0.3	0.3	
Leverage Factor (x)	2.3	2.3	2.2	2.0	1.8	
RoE	16.8%	16.6%	17.1%	18.0%	18.4%	

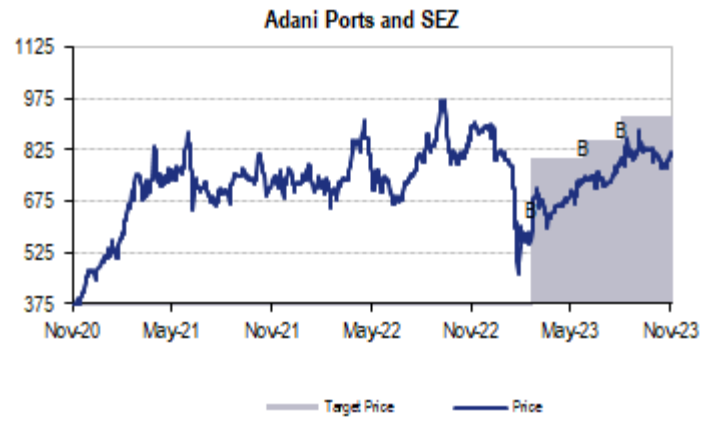
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	181.1	211.0	242.2	279.9	324.3	
ROIC	9.0%	9.8%	11.1%	13.0%	14.8%	
ROE	16.8%	16.6%	17.1%	18.0%	18.4%	
Net Debt/Equity (x)	0.9	1.0	0.7	0.5	0.3	
P/E (x)	29.5	25.1	20.8	17.1	14.5	
P/B (x)	4.5	3.8	3.3	2.9	2.5	
EV/EBITDA (x)	21.8	20.2	13.6	11.3	9.5	
EV/Sales (x)	12.1	10.6	8.0	6.7	5.6	
Debtor days	53	69	65	65	65	
Inventory days	8	8	8	8	8	
Creditor days	61	67	61	61	61	

Source: Company, JM Financial

**History of Recommendation and Target Price**

Date	Recommendation	Target Price	% Chg.
27-Feb-23	Buy	800	
31-May-23	Buy	850	6.3
9-Aug-23	Buy	920	8.2

**Recommendation History**





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

**Research Analyst(s) Certification**

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**Important Disclosures**

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

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 JM Financial Institutional Securities and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.