

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	GOAGRO IN
Equity Shares (m)	192
M.Cap.(INRb)/(USDb)	124.4 / 1.7
52-Week Range (INR)	747 / 461
1, 6, 12 Rel. Per (%)	-5/23/-4
12M Avg Val (INR M)	181

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	62.7	76.3	87.1
EBITDA	5.6	6.8	7.7
PAT	3.1	4.1	4.8
EBITDA (%)	9.0	8.9	8.9
EPS (INR)	16.3	21.3	24.8
EPS Gr. (%)	25.0	30.2	16.5
BV/Sh. (INR)	107	120	135

Ratios

Net D/E	0.4	0.4	0.3
RoE (%)	16.1	18.8	19.4
RoCE (%)	12.2	13.2	14.5
Payout (%)	49.0	40.0	36.3

Valuations

P/E (x)	39.7	30.5	26.2
EV/EBITDA (x)	24.4	20.3	17.6
Div Yield (%)	1.2	1.3	1.4
FCF Yield (%)	(2.1)	1.4	2.0

Shareholding pattern (%)

	Jun-21	Mar-21	Jun-20
Promoter	71.7	70.7	70.1
DII	1.3	1.7	2.3
FII	2.8	2.8	3.5
Others	24.2	24.8	24.1

Note: FII includes depository receipts

CMP: INR648 **TP: INR760 (+17%)** **Buy**

Higher commodity prices underplay robust revenue growth

In line PAT, EBITDA below our estimate

- GOAGRO registered robust revenue growth due to a recovery in demand across segments. The Animal Feed and Palm Oil business drove performance on the back of a demand uptick and price hike. EBITDA margin contracted by 220bp YoY due to a surge in commodity prices, thereby affecting gross margin.
- We largely maintain over earnings estimate for FY22E/FY23E, as its 1Q performance was broadly in line with our estimates and the continued demand recovery across segments. We value the stock on a SoTP basis to arrive at our TP of INR760. We maintain our Buy rating.

Palm Oil and Animal Feed business drive revenue growth

- Consolidated revenue grew 28% YoY to INR19.9b (est. INR18.6b). EBITDA margin contracted by 220bp YoY to 8.5% (est. 10.1%) due to gross margin contraction of 300bp. EBITDA rose ~2% YoY to INR1,695m (est. INR1,883m). Adjusted PAT increased 20% YoY to INR1,060m (est. INR1,033m).
- Animal Feed business:** Revenue grew 34% YoY in 1QFY22 (to INR10b) owing to demand uptick in the Food category, coupled with price hike taken by the company to offset an increase in commodity prices. EBIT margin contracted marginally (10bp) to 6.4% as the Aqua Feed business was affected due to higher RM prices and was unable to pass on the same to customers. EBIT grew 32% to INR637m. EBIT/kg grew 12% YoY (+5% QoQ) to INR2/kg.
- Revenue/EBIT for the **Palm Oil business** surged 84%/5x YoY to INR2,888m/INR326m. High Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) prices in 1QFY22, and higher Oil Extraction ratio (OER) v/s 1QFY21 aided performance.
- The **Crop Protection business** grew 15% YoY (to INR3.7b). EBIT margin contracted by 390bp (to 22.4%). **Sales/EBIT** in the standalone business grew 16%/6% YoY. **Astec Lifesciences:** Revenue increased by 15% YoY, despite a drop in the prices of key products in the international market. EBITDA declined by 14% YoY due to raw material cost inflation.
- The **Dairy business** revenue grew 13% YoY to INR2.7b, despite a demand slowdown due to sporadic lockdowns across southern states. Operating loss stood at INR31m in 1QFY22 v/s an operating profit of INR103m in 1QFY21. Operating performance was affected due to elevated RM prices since Jan'21 and lower demand. As a result, it was unable to hike prices in this segment.
- Revenue for **Godrej Tyson Foods** grew 7% YoY (to INR1.8b), whereas operating loss stood at INR3m (v/s an operating profit of INR215m in 1QFY21).

Highlights from the management commentary

- Revenue in the Palm Oil segment grew 84% YoY in 1QFY22 due to increase in CPO and PKO prices. Volume growth stood at 7% in 1QFY22 on the back of improvement in the oil extraction ratio to 16.95% (v/s 16% last year) and higher (2% YoY) arrival of fresh fruit bunches. Crude Palm Oil prices increased by 76% YoY in 1QFY22.
- In the standalone Crop Protection business, growth in the next few years would be driven by: i) the launch of six new products, which are in the pipeline (four herbicides, one fungicide, and one PGR), and ii) four products that are in the pipeline, including in-licensing products (two insecticides, one herbicide, and one fungicide).

Valuation and view

- The Crop Protection business is likely to do well going forward, due to: a) product launches in the standalone business (over the next 1-2 years), b) correction in RM prices, with an improvement in logistics, c) better performance in Astec Lifesciences, owing to its expertise in triazole chemistry, and d) commencement of a new herbicide plant.
- Performance in the Animal Feed segment was affected on lower demand from the HORECA segment due to the second COVID wave and increase in commodity prices. Going forward, with the lifting of lockdown across regions, it is expected to deliver a better performance on a low base of FY21.
- Volume growth in the Palm Oil segment is likely to return in FY22E on higher arrival of FFBs and better yields from the new plant, with improved technology. Higher prices would aid margins.
- We largely maintain over FY22E/FY23E earnings estimate as the performance is broadly in line with our estimate and continued demand recovery across segments. We value the stock on a SoTP basis to arrive at our TP of INR760. We maintain our Buy rating.

Consolidated quarterly earnings model

(INR m)

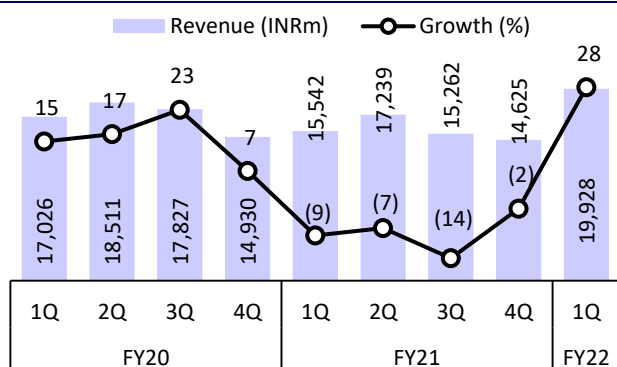
Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	15,542	17,239	15,262	14,625	19,928	21,313	18,364	16,720	62,667	76,325	18,571	7
YoY Change (%)	-8.7	-6.9	-14.4	-2.0	28.2	23.6	20.3	14.3	-8.2	21.8	19.5	
Total Expenditure	13,882	15,508	14,137	13,502	18,232	18,987	17,015	15,316	57,029	69,551	16,688	
EBITDA	1,659	1,732	1,124	1,122	1,695	2,326	1,349	1,404	5,638	6,774	1,883	-10
Margin (%)	10.7	10.0	7.4	7.7	8.5	10.9	7.3	8.4	9.0	8.9	10.1	
Depreciation	366	391	390	393	408	420	430	440	1,540	1,698	380	
Interest	128	96	63	178	130	100	65	175	465	470	175	
Other Income	83	83	131	99	104	87	137	104	396	433	87	
PBT before EO expense	1,248	1,328	802	651	1,262	1,893	991	893	4,029	5,039	1,415	
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	1,248	1,328	802	651	1,262	1,893	991	893	4,029	5,039	1,415	
Tax	338	345	220	152	327	476	250	225	1,055	1,278	356	
Rate (%)	27.1	26.0	27.4	23.3	26.0	25.2	25.2	25.2	26.2	25.4	25.2	
Minority Interest and P/L of Asso. Cos.	25	-88	-34	-67	-126	-92	-36	-71	-164	-324	26	
Reported PAT	885	1,070	616	566	1,060	1,509	777	739	3,137	4,085	1,033	
Adj. PAT	885	1,070	616	566	1,060	1,509	777	739	3,137	4,085	1,033	3
YoY Change (%)	16.5	2.9	19.4	191.4	19.7	40.9	26.2	30.6	25.0	30.2	16.7	
Margin (%)	5.7	6.2	4.0	3.9	5.3	7.1	4.2	4.4	5.0	5.4	5.6	

Key performance indicators

Y/E March	FY21				FY22				FY21	FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Segment Revenue Gr. (%)										
Animal Feed (AF)	-15.5	-18.8	-22.7	-9.3	33.9	21.5	25.1	15.5	(16.8)	23.9
Palm Oil	8.2	23.9	-16.6	7.9	83.5	60.0	35.0	35.0	5.4	56.1
Crop Protection	11.9	-2.6	1.3	6.2	15.1	14.4	12.9	8.2	4.0	12.8
Dairy	-26.2	-15.4	-10.1	-0.3	12.7	3.0	3.0	3.0	(13.5)	5.2
Segment EBIT Margin (%)										
Animal Feed	6.4	6.2	4.9	7.1	6.4	5.9	4.8	6.4	6.2	5.9
Palm Oil	4.1	14.1	16.3	7.4	11.3	18.0	16.5	8.0	11.8	15.0
Crop Protection	26.3	22.4	16.1	20.3	22.4	15.0	15.0	15.0	21.8	21.2
Dairy	1.4	1.6	2.6	-1.3	-3.9	1.0	2.0	1.0	1.0	0.0
AF Volumes ('000MT)	268	280	293	296	317	313	345	326	1,136	869
AF Realization (INR/kg)	27.9	27.2	26.8	27.0	31.6	29.6	28.4	28.4	27.2	29.4
Cost Break-up										
RM Cost (as a percentage of sales)	72.8	73.2	74.2	74.0	75.8	74.0	74.0	74.0	73.5	74.5
Staff Cost (as a percentage of sales)	5.9	5.7	6.5	5.9	5.1	4.9	5.7	5.4	6.0	5.2
Other Cost (as a percentage of sales)	10.6	11.0	12.0	12.5	10.5	10.2	13.0	12.2	11.5	11.4
Gross Margin (%)	27.2	26.8	25.8	26.0	24.2	26.0	26.0	26.0	26.5	25.5
EBITDA Margin (%)	10.7	10.0	7.4	7.7	8.5	10.9	7.3	8.4	9.0	8.9
EBIT Margin (%)	8.3	7.8	4.8	5.0	6.5	8.9	5.0	5.8	6.5	6.7

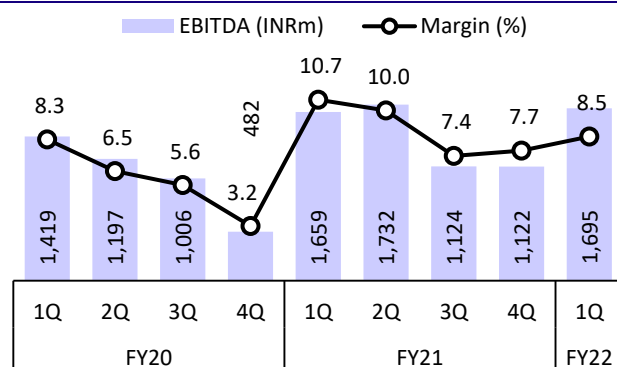
Key exhibits

Exhibit 1: Consolidated revenue trend



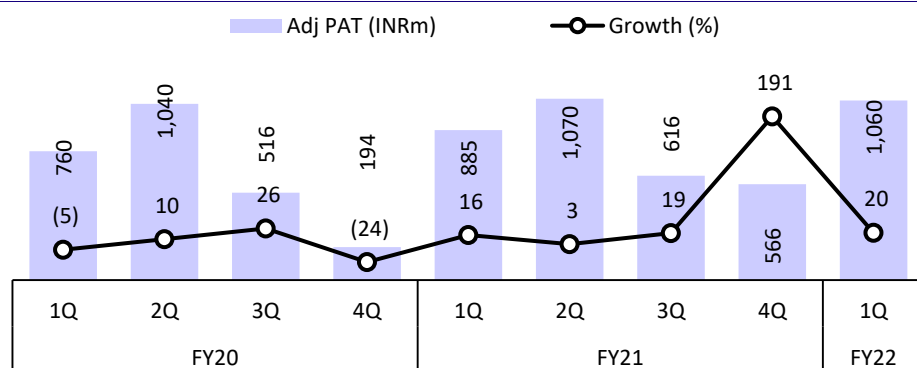
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



Source: Company, MOFSL

Exhibit 3: Consolidated adjusted PAT trend



Source: Company, MOFSL

Exhibit 4: Animal Feed business

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Volume (MT)	3,24,035	3,32,301	3,50,290	2,94,215	2,67,749	2,79,906	2,92,539	2,96,116	3,16,838
Growth (%)	6.5	9.2	8.0	(11.3)	(17.4)	(15.8)	(16.5)	0.6	18.3
Revenue (INR m)	8,850	9,387	10,130	8,811	7,480	7,623	7,833	7,995	10,013
Growth (%)	20.0	31.9	32.3	(0.1)	(15.5)	(18.8)	(22.7)	(9.3)	33.9
EBIT (INR m)	424	431	350	332	481	476	382	568	637
Margin (%)	4.8	4.6	3.5	3.8	6.4	6.2	4.9	7.1	6.4
Growth (%)	17.2	91.1	47.5	(27.9)	13.5	10.6	9.1	71.0	32.5

Source: Company, MOFSL

Exhibit 5: Consolidated Crop Protection

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Revenue (INR m)	2,866	3,416	2,180	2,501	3,208	3,328	2,209	2,656	3,692
Growth (%)	11.6	7.0	(5.4)	38.1	11.9	(2.6)	1.3	6.2	15.1
EBIT (INR m)	768	678	381	483	844	745	356	539	829
Margin (%)	26.8	19.8	17.5	19.3	26.3	22.4	16.1	20.3	22.4
Growth (%)	0.8	(16.1)	(7.5)	46.1	10.0	9.9	(6.5)	11.6	(1.9)

Source: Company, MOFSL

Exhibit 6: Standalone Crop Protection

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Revenue (INR m)	2,093	2,002	912	670	2,082	1,778	1,035	935	2,405
Growth (%)	9.4	(2.2)	(15.7)	48.2	(0.5)	(11.2)	13.5	39.6	15.5
EBIT (INR m)	744	550	185	59	604	488	228	207	640
Margin (%)	35.5	27.5	20.3	8.8	29.0	27.4	22.0	22.1	26.6
Growth (%)	6.0	(7.1)	(15.1)	(33.7)	(18.8)	(11.3)	23.2	250.8	6.0

Source: Company, MOFSL

Exhibit 7: Astec Lifesciences

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Revenue (INR m)	770	1,420	1,248	1,802	1,119	1,550	1,160	1,719	1,287
Growth (%)	18.5	23.9	(31.1)	34.7	45.4	9.2	(7.1)	(4.6)	15.0
EBITDA (INR m)	73	171	248	479	295	314	189	397	255
Margin (%)	9.5	12.0	19.9	26.6	26.4	20.3	16.3	23.1	19.8
Growth (%)	(20.7)	(32.4)	(22.3)	66.3	304.1	83.6	(23.8)	(17.1)	(13.6)

Source: Company, MOFSL

Exhibit 8: Palm Oil business

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Revenue (INR m)	1,454	2,366	2,250	665	1,574	2,932	1,878	717	2,888
Growth (%)	(13.6)	(11.2)	24.2	4.9	8.2	23.9	(16.6)	7.9	83.5
EBIT (INR m)	127	288	436	43	65	414	305	53	326
Margin (%)	8.7	12.2	19.4	6.5	4.1	14.1	16.3	7.4	11.3
Growth (%)	(64.6)	(37.2)	36.7	NA	(48.9)	44.0	(30.0)	23.3	403.6

Source: Company, MOFSL

Exhibit 9: Dairy business

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Revenue (INR m)	3,204	3,063	2,855	2,808	2,365	2,590	2,567	2,801	2,665
Growth (%)	2.4	2.2	2.7	5.0	(26.2)	(15.4)	(10.1)	(0.3)	12.7
EBITDA (INR m)	138	91	72	21	103	112	138	35	(31)
Margin (%)	4.3	3.0	2.5	0.7	4.4	4.3	5.4	1.2	(1.2)
Growth (%)	122.6	54.2	(59.8)	(83.5)	(25.4)	23.1	91.7	66.7	(130.1)
EBIT (INR m)	66	-2	-7	-58	33	41	68	-36	-105
Margin (%)	2.1	(0.1)	(0.2)	(2.1)	1.4	1.6	2.6	(1.3)	(3.9)
Growth (%)	3,220.0	(52.6)	(106.0)	(254.0)	(50.2)	NA	NA	NA	NA

Source: Company, MOFSL



Highlights from the management commentary

Animal Feed

- The demand uptick in Feed categories of cattle, broiler and layer led to strong volume growth (18% YoY). This, coupled with price hikes taken in 1QFY22, resulted in revenue growth of 34% YoY.
- Segment EBIT grew 33% YoY, despite a higher increase in key commodity prices. Realization of R&D benefits and strategic raw material stocking supported profitability levels.
- The Aqua Feed business was adversely impacted by a limited ability to pass on the raw material price increase in Shrimp Feed. It hiked Shrimp Feed prices by INR7,000/MT over the last two months. It would require one more price increase to maintain contribution margin.
- Volume growth in Feeds in 1QFY22 (YoY) | Cattle Feed: 10%, Broiler Feed: 70%, Layer Feed: 20%, and Aqua Feed: 4%.
- The government is looking to allow imports of soymeal, which will reduce feed prices. The entire cost decrease is unlikely to be passed on to the customers by the industry.
- In one month, chicken prices are likely to recover on the back of an improvement in demand.

Standalone Crop Protection

- Revenue in the segment in 1QFY22 was driven by higher sales of in-house products over 1QFY21. Sales could have been higher, but a good and early start of the southwest monsoon was followed by a long gap of 25-30 days, which affected the sowing of major crops and thereby demand for Agrochemicals in Jun'21
- Raw material prices increased sharply due to an increase in demand and limited supply from China. However, the entire cost inflation could not be passed on, resulting in margin pressure.
- The Herbicides segment of the Agrochemical industry has been impacted due to delayed rain. GOAGRO's key product Hitweed has been impacted as the spray of herbicides, which typically happens during 20-30th June each year, has been hit. The overall performance of GOAGRO during the Kharif season would be impacted as these sales have been lost.
- In the standalone Crop Protection business, growth in the next few years would be driven by: i) the launch of six new products, which are in the pipeline (four herbicides, one fungicide, and one PGR), and ii) four products that are in the pipeline, including in-licensing products (two insecticides, one herbicide, and one fungicide).

Oil Palm business

- Revenue in this segment grew 84% YoY in 1QFY22 due to increase in CPO and PKO prices. Volume growth stood at 7% in 1QFY22 on the back of improvement in the oil extraction ratio to 16.95% (v/s 16% last year) and higher (2% YoY) arrival of fresh fruit bunches. Crude Palm Oil prices increased by 76% YoY in 1QFY22.
- Volumes have been impacted in 1Q due to a shift in the season, but the management remains confident of growing volumes in FY22 v/s FY21.

- It expects the new initiatives by the government to increase Palm Oil cultivation in India.
- As prices of Palm Oil increase, remuneration to farmers would also rise. This has impacted margin in the segment, despite the increase in the prices of Palm Oil.

Dairy

- After the pick-up seen in 4QFY21, demand for milk and milk products was impacted by micro lockdowns in southern states. However, volumes and sales have grown across the product portfolio on a lower base of 1QFY21.
- EBITDA has been impacted by an increase in procurement costs, which started increasing from Jan'21 onwards. Due to limited demand, Dairy companies in South India have not hiked prices.
- It launched a Mango Recharge energy drink to expand volumes and grow the 'whey' category for Godrej Jersey.
- Earlier the company used to cater to the Institutional segment, which has been impacted due to COVID-19 and lower focus on value-added products. However, the management is now focusing on increasing the share of value added products (VAP) and up scaling the business.
- The management's target is to achieve scale in the liquid milk and grow the VAP category, which contributes 20% to margin. Its focus is to achieve scale in the Dairy business, post which profitability should follow suit.

Astec Lifesciences

- Revenue growth was driven by the domestic business as exports declined in 1QFY22. Prices of key products declined in international markets, which caused sales to be lower, despite an increase in volumes. Segment-wise, revenue growth was driven by enterprise sales as the same in the contract manufacturing business is typically lower in 1QFY22.
- EBITDA was impacted by raw material cost inflation, which restricted the increase in gross profit. Fixed overheads have increased due to normalization of business activity.
- The herbicide plant will be operationalized in 2Q and will contribute to revenue in FY22. The R&D center is expected to be completed in the 3QFY23.

Godrej Tyson Foods

- Prices of poultry and poultry products were impacted by lower demand from the HORECA segment and lower out-of-home consumption. Raw material costs rose due to a sharp surge in commodity prices. This adversely impacted margin.
- With the easing of restrictions in many states, demand and prices have increased. This will increase profitability levels from Jul'21 onwards.

Other highlights

- The company has made an investment of INR260m in KSE.

Valuation and view

- The Crop Protection business is likely to do well going forward, due to: a) product launches in the standalone business (over the next 1-2 years), b) correction in RM prices, with an improvement in logistics, c) better performance in Astec Lifesciences, owing to its expertise in triazole chemistry, and d) commencement of a new herbicide plant.
- Performance in the Animal Feed segment was affected on lower demand from the HORECA segment due to the second COVID wave and increase in commodity prices. Going forward, with the lifting of lockdown across regions, it is expected to deliver a better performance on a low base of FY21.
- Volume growth in the Palm Oil segment is likely to return in FY22E on higher arrival of FFBs and better yields from the new plant, with improved technology. Higher prices would aid margins.
- We largely maintain over FY22E/FY23E earnings estimate as the performance is broadly in line with our estimate and continued demand recovery across segments. We value the stock on a SoTP basis to arrive at our TP of INR760. We maintain our Buy rating.

Exhibit 10: Valuation

Particulars	EBITDA FY23E (INR m)	EV/EBITDA (x)	EV (INR m)	Net debt (INR m)	Equity value (INR m)	GOAGRO's share (%)	Value (INR m)	Value/ share (INR)	Share
Standalone									
Crop Protection	2,024	18	36,479		36,479	100%	36,479	190	25%
Palm Oil	2,105	18	38,304		38,304	100%	38,304	199	26%
Animal Feed	3,013	18	54,071		54,071	100%	54,071	282	37%
Unallocated expenses	(1,568)	5	(7,838)		(7,838)	100%	(7,838)	(41)	-5%
Total	5,574	22	1,21,015	6,684	1,14,331	100%	1,14,331	595	78%
Subsidiaries:									
Astec Lifesciences (m-cap with a 20% holding company discount)					20,240	57%	11,628	61	8%
Creamline Dairy	520	15	8,009	4	8,005	52%	4,155	22	3%
Godrej Tyson Foods and others	752	18	13,544		13,544	51%	6,908	36	5%
JV/associate:									
ACI Godrej Agrovet Pvt	1,115	16	17,840		17,840	50%	8,920	46	6%
Total	7,962	20	1,60,408		1,73,960			760	100%

Source: MOFSL

Exhibit 11: Changes to our estimates

Earnings change (INR m)	Old estimate		New estimate		Change	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	74,804	85,588	76,325	87,091	2%	2%
EBITDA	6,936	7,608	6,774	7,742	-2%	2%
Adj. PAT	4,302	4,802	4,085	4,758	-5%	-1%

Source: MOFSL

Financials and valuations

Consolidated Income Statement								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Total Income from Operations	37,550	49,264	52,059	59,177	68,294	62,667	76,325	87,091
Change (%)	13.4	31.2	5.7	13.7	15.4	-8.2	21.8	14.1
Total Expenditure	34,585	44,884	47,629	54,619	64,189	57,029	69,551	79,349
% of Sales	92.1	91.1	91.5	92.3	94.0	91.0	91.1	91.1
EBITDA	2,965	4,380	4,430	4,558	4,104	5,638	6,774	7,742
Margin (%)	7.9	8.9	8.5	7.7	6.0	9.0	8.9	8.9
Depreciation	524	747	859	982	1,481	1,540	1,698	1,862
EBIT	2,441	3,633	3,571	3,577	2,624	4,098	5,076	5,880
Int. and Finance Charges	977	863	453	339	416	465	470	521
Other Income	627	590	318	531	468	396	433	523
PBT bef. EO Exp.	2,091	3,360	3,436	3,769	2,675	4,029	5,039	5,882
EO Items	946	200	121	883	682	0	0	0
PBT after EO Exp.	3,037	3,560	3,557	4,652	3,357	4,029	5,039	5,882
Total Tax	754	1,018	1,207	1,280	481	1,055	1,278	1,480
Tax Rate (%)	24.8	28.6	33.9	27.5	14.3	26.20	25.37	25.2
Profit from Associate and MI	-356	55	57	82	-185	-164	-324	-356
Reported PAT	2,639	2,487	2,292	3,290	3,062	3,137	4,085	4,758
Adjusted PAT	1,693	2,287	2,172	2,407	2,510	3,137	4,085	4,758
Change (%)	-2.5	35.1	-5.1	10.9	4.3	25.0	30.2	16.5
Margin (%)	4.5	4.6	4.2	4.1	3.7	5.0	5.4	5.5

Consolidated Balance Sheet								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	926	1,851	1,920	1,920	1,920	1,921	1,921	1,921
Total Reserves	6,906	8,237	12,193	14,570	16,461	18,590	21,043	24,073
Net Worth	7,832	10,088	14,114	16,490	18,381	20,511	22,964	25,993
Minority Interest	2,323	2,541	2,693	4,010	3,825	4,103	4,319	4,556
Total Loans	13,757	6,641	4,098	3,950	6,185	9,428	9,428	7,928
Deferred Tax Liabilities	1,458	1,663	1,730	2,086	1,751	1,713	1,713	1,713
Capital Employed	25,369	20,933	22,635	26,536	30,142	35,755	38,423	40,191
Gross Block	12,139	14,109	15,185	21,246	23,812	26,551	29,182	31,859
Less: Accum. Deprn.	564	1,329	2,214	3,196	4,677	6,217	7,914	9,776
Net Fixed Assets	11,575	12,779	12,971	18,050	19,136	20,334	21,268	22,083
Goodwill on Consolidation	1,949	1,949	1,949	2,649	2,649	2,649	2,649	2,649
Capital WIP	638	504	1,904	936	1,532	1,414	1,783	1,607
Total Investments	2,140	1,755	1,952	1,165	1,292	1,237	1,237	1,237
Curr. Assets, Loans and Adv.	14,930	15,157	16,749	19,542	22,392	22,355	27,110	30,441
Inventory	6,665	7,381	7,629	9,517	9,436	10,419	12,386	14,131
Account Receivables	4,545	5,219	6,315	7,349	8,539	8,226	10,037	11,453
Cash and Bank Balance	420	538	299	299	508	509	870	503
Loans and Advances	3,299	2,019	2,507	2,378	3,910	3,200	3,816	4,355
Curr. Liability and Prov.	5,862	11,212	12,890	15,807	16,859	12,235	15,624	17,826
Account Payables	3,349	8,408	9,550	12,394	12,885	7,326	10,480	11,957
Other Current Liabilities	2,312	2,496	2,955	2,934	3,467	4,206	4,580	5,225
Provisions	202	308	385	478	507	703	564	643
Net Current Assets	9,067	3,946	3,859	3,736	5,533	10,120	11,486	12,615
Appl. of Funds	25,369	20,933	22,635	26,536	30,142	35,755	38,423	40,191

Financials and valuations

Ratios								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Basic (INR)								
EPS	8.8	11.9	11.3	12.5	13.1	16.3	21.3	24.8
Cash EPS	11.5	15.8	15.8	17.6	20.8	24.4	30.1	34.5
BV/Share	40.8	52.5	73.5	85.9	95.7	106.8	119.6	135.4
DPS	2.1	4.5	4.5	4.5	5.5	8.0	8.5	9.0
Payout (%)	18.8	41.9	45.6	31.6	41.5	49.0	40.0	36.3
Valuation (x)								
P/E		54.4	57.3	51.7	49.6	39.7	30.5	26.2
Cash P/E		41.0	41.1	36.7	31.2	26.6	21.5	18.8
P/BV		12.3	8.8	7.5	6.8	6.1	5.4	4.8
EV/Sales		2.7	2.5	2.2	2.0	2.2	1.8	1.6
EV/EBITDA		30.4	29.6	29.0	32.6	24.4	20.3	17.6
Dividend Yield (%)		0.7	0.7	0.7	0.8	1.2	1.3	1.4
FCF per share		36.6	5.7	9.0	-1.2	-13.7	8.9	13.0
Return Ratios (%)								
RoE	23.8	25.5	17.9	15.7	14.4	16.1	18.8	19.4
RoCE	13.2	15.7	14.7	15.4	11.8	12.2	13.2	14.5
RoIC	11.3	12.9	12.9	12.2	8.8	10.2	11.3	12.3
Working Capital Ratios								
Fixed Asset Turnover (x)	3.1	3.5	3.4	2.8	2.9	2.4	2.6	2.7
Asset Turnover (x)	1.5	2.4	2.3	2.2	2.3	1.8	2.0	2.2
Inventory (Days)	65	55	53	59	50	61	59	59
Debtor (Days)	44	39	44	45	46	48	48	48
Creditor (Days)	33	62	67	76	69	43	50	50
Leverage Ratio (x)								
Current Ratio	2.5	1.4	1.3	1.2	1.3	1.8	1.7	1.7
Interest Coverage Ratio	2.5	4.2	7.9	10.6	6.3	8.8	10.8	11.3
Net Debt/Equity	1.6	0.6	0.3	0.2	0.3	0.4	0.4	0.3

Consolidated Cash Flow Statement								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
OP/(Loss) before Tax	3,364	3,727	3,717	4,773	3,486	4,029	5,039	5,882
Depreciation	524	747	859	982	1,481	1,540	1,698	1,862
Interest and Finance Charges	885	715	453	339	416	69	37	-2
Direct Taxes Paid	-456	-800	-837	-1,097	-969	-1,055	-1,278	-1,480
(Inc.)/Dec. in WC	-1,024	5,145	-471	633	-2,204	-4,601	-789	-1,259
CF from Operations	3,293	9,534	3,721	5,629	2,210	-18	4,707	5,002
Others	-1,610	-561	-183	-1,152	188	0	0	0
CF from Operations incl. EO	1,683	8,973	3,538	4,477	2,398	-18	4,707	5,002
(Inc.)/Dec. in FA	-1,223	-1,949	-2,448	-2,759	-2,634	-2,621	-3,000	-2,500
Free Cash Flow	460	7,024	1,091	1,719	-236	-2,639	1,707	2,502
(Pur.)/Sale of Investments	581	610	-131	0	0	55	0	0
Others	-3,581	366	51	386	82	693	973	1,117
CF from Investments	-4,223	-974	-2,528	-2,372	-2,552	-1,873	-2,027	-1,383
Issue of Shares	39	8	2	0	0	0	0	0
Inc./(Dec.) in Debt	4,168	-7,027	-2,571	-680	2,311	3,243	0	-1,500
Interest Paid	-972	-861	-455	-354	-390	-465	-470	-521
Dividend Paid	-452	0	-1,045	-1,076	-1,076	-1,536	-1,632	-1,728
Others	0	0	2,818	4	-481	650	-216	-238
CF from Fin. Activity	2,784	-7,881	-1,250	-2,105	364	1,893	-2,319	-3,987
Inc./Dec. in Cash	244	119	-240	0	210	1	361	-368
Opening Balance	175	419	538	299	299	508	509	870
Closing Balance	419	538	299	299	508	509	870	503

NOTES

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

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