

BSE SENSEX
56,817

S&P CNX
16,975

CMP: INR475

TP: INR692 (+46%)

Buy



Stock Info

Bloomberg	GOAGRO IN
Equity Shares (m)	192
M.Cap.(INRb)/(USD b)	91.2 / 1.2
52-Week Range (INR)	747 / 458
1, 6, 12 Rel. Per (%)	-1/-24/-15
12M Avg Val (INR M)	175

Financials Snapshot (INR b)

Y/E Mar	2022E	2023E	2024E
Sales	81.6	87.6	98.2
EBITDA	6.5	8.0	8.7
PAT	3.8	5.1	5.6
EBITDA (%)	8.0	9.1	8.8
EPS (INR)	19.6	26.4	29.2
EPS Gr. (%)	19.9	34.8	10.6
BV/Sh. (INR)	117	135	155

Ratios

Net D/E	0.4	0.3	0.2
RoE (%)	17.5	21.0	20.2
RoCE (%)	12.3	15.2	15.5
Payout (%)	44.9	34.1	30.8

Valuations

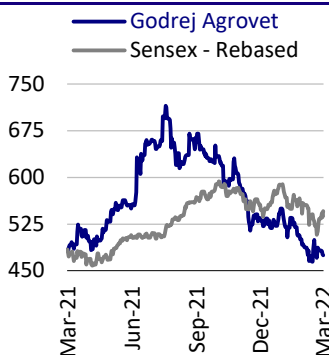
P/E (x)	24.2	18.0	16.3
EV/EBITDA (x)	16.1	12.8	11.6
Div Yield (%)	1.8	1.9	1.9
FCF Yield (%)	1.5	3.4	3.2

Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	71.6	71.6	70.3
DII	1.4	1.5	2.2
FII	2.9	2.9	3.1
Others	24.1	24.0	24.4

FII Includes depository receipts

Stock performance (one-year)



Demand recovery across segments to propel earnings

Godrej Agrovet (GOAGRO) is likely to witness better demand across its segments of Palm Oil, Animal Feed (AF) and Crop Protection (CP). However, surge in commodity prices in the recent months due to the Russia-Ukraine crisis is expected to put its margins under pressure in the AF and CP businesses in the short term. Conversely, the palm oil business is likely to be a beneficiary of rising prices.

- The palm oil prices rallied 42% YoY to USD1,383/t as of Jan'22. However, the prices have further seen a 32% upsurge reaching USD1,840/t on 14th Mar'22 from USD1,393/t on 16th Feb'22. The spike was led by ongoing Russia-Ukraine conflict and the export restrictions imposed by the Indonesian government. Moreover, palm oil prices are likely to remain elevated until the global commodity supply issues cool down.
- The AF business is witnessing increasing demand from the hotels, restaurants, and catering (HoReCa) segment as a result of opening up of the economy. FY22 sales volume is estimated to surpass the pre-COVID level.
- The CP 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 operations in FY23 and FY24, c) better performance of Astec Lifesciences owing to its expertise in triazole chemistry, and d) commencement of a new herbicide plant.
- We expect GOAGRO to report a revenue/EBITDA/PAT CAGR of 16%/15%/21% over FY21-24, respectively.
- We raise our FY23/FY24 earnings estimates by 11%/3%, respectively, backed by favorable palm oil business environment and improvement in EBITDA margin of the standalone CP business from 22% each in FY23E/FY24E to 23%/24% respectively (v/s 27.7% in FY21 and 19.8% in FY22E). We value the stock on an SoTP basis to arrive at our TP of INR692, implying 46% potential upside. We maintain our **BUY** rating on GOAGRO.
- Key risks to our call: a) decrease in realization for milk/ broiler/ eggs, b) increase/ shortfall in the availability of raw materials, c) decline in palm oil import duty levied by the government, d) unfavorable weather patterns that may have an adverse effect on the business and e) resistance development, which reduces life of the products.

Palm oil prices to remain elevated due to the global macro events

- Several countries have imposed financial and trade sanctions on Russia due to Russia's invasion of Ukraine, thereby impacting the global commodity trade adversely. The global sunflower oil export market at ~13.35 MMT as of CY21 (of which Russia and Ukraine account for a majority share of 78%), is getting adversely impacted due to the crisis. If the conflict gets prolonged, it would result in a shift of demand from sunflower oil to other vegetable oils. Out of the global vegetable oil production of 209.42 MMT as on FY21, palm oil formed the highest share (~40%) followed by Soybean oil (~29%). Being the largest produced vegetable oil, palm oil is likely to witness a rise in demand taking its market share higher in the near to medium term. Sunflower oil accounted for 9.3%/9.2% as of 2020-21 of total global vegetable oil production/exports, respectively.

Sumant Kumar - Research Analyst (Sumant.Kumar@MotilalOswal.com)

Research Analyst: Meet Has Mukh Jain (meet.jain@motilalosal.com) | Pranav Sanjeev Lala - (Pranav.Lala@motilalosal.com)

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

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

- Moreover, the Indonesian government has imposed a restriction – known as Domestic Market Obligation (DMO) – on palm oil exports, with effect from 15th Feb'22. As part of this, the Indonesian government has reserved 20% of the production for local use with a price cap for oil exporters in an attempt to cool down the soaring prices of cooking oil in Indonesia. India being the largest importer of palm oil from Indonesia (47% during Nov'20 –Oct'21) will face price rise due to lower supply.
- The palm oil prices rallied 42% YoY to USD1,383/t as of Jan'22. However, the prices have further seen a 32% upsurge reaching USD1,840/t on 14th Mar'22 from USD1,393/t on 16th Feb'22. The palm oil price traded at USD1,522/t, i.e., at a 3% premium to sunflower oil (at ~USD1,472/t) as of 28th Feb'22.
- GOAGRO's palm oil revenue/EBITDA grew 68%/165% YoY in 9MFY22, respectively. The share of palm oil business is likely to contribute 16%/32% of revenue/EBITDA for FY22E v/s 12%/17% in FY21, respectively, while the mix is expected to be better in the coming years v/s FY21. The company is constantly focusing on R&D projects, which will help to improve the yields and the oil extraction ratio. GOAGRO is also focused on expanding its area under coverage outside Andhra Pradesh in other regions like Telangana. The palm oil business of GOAGRO is likely to end FY22 at an EBITDA/MT of INR26,863, while the same is projected to be 21,609 in FY23 and 16,757 in FY24 (v/s 12,859 in FY21). We expect the palm oil business to report a revenue/EBITDA CAGR of 20% each with volume CAGR of 9.5% during FY21-24.

AF business's growth momentum continues with higher volume

- The AF market is witnessing a shift from unorganized livestock farming to organized farming with a growing population of livestock. Further, outbursts of diseases in animals are leading to the increasing adoption of AF as it improves the health of the animals. GOAGRO being a major player in the AF business in India, has a strong focus on R&D and it will be a key beneficiary of the shift.
- The AF business has been adversely impacted in FY21 by the decline in consumption due to COVID-induced lockdowns across the country. However, with the opening up of the economy in FY22, the volume has improved with a gradual demand uptick in Feed categories of cattle, broiler and layer (registering a growth of 20.6% YoY to 1.01 MMT in 9MFY22, marginally surpassing the pre-COVID levels). Moreover, the topline growth has been strong at 41% YoY for 9MFY22 to INR32.5b on low base. The business realization also improved 17.3% YoY to touch INR32/kg in 9MFY22 v/s INR27.3/kg in 9MFY21.
- GOAGRO's EBIT/kg, which grew 7.1% YoY to INR1.71 in 9MFY22 from INR1.59 in 9MFY21, witnessed some pressure in the near to medium term as the key raw material prices of corn, soybean meal and de-oiled rice bran spiked in recent months. However, GOAGRO is continuously improving its margins from a long-term perspective, by investing in R&D, launching new products, and taking strategic stocking initiatives.
- Going forward, the rise in raw material prices is likely to put margins under pressure for the next few quarters; however, we expect this to be offset by regular price hikes along with launch of new value-added products. The segment volumes are anticipated to be fueled by strong demand from increase in dairy and poultry meat consumptions led by the opening up of the HoReCa segment.

We estimate the AF business to record a CAGR of 19%/15% in revenue/EBITDA during FY21-24, respectively.

CP business to revive going forward

- GOAGRO's CP standalone business has launched multiple products (~10 products since FY20; refer to Exhibit 12) over the last few years across categories catering to the entire crop lifecycle. However, the business is yet to reap the benefits from these multiple launches. The CP business saw headwinds during the last two years led by: a) disruptions in production from the COVID-induced lockdown measures, b) excessive rainfalls impairing application opportunities, c) irregular monsoon season leading to lower sowing, and d) raw material inflation impacting margins. The irregular monsoon also adversely impacted its key product 'Hitweed' in 3QFY22, leading to higher product returns. The returns have hurt the business revenue and consequently margins. These factors have led to a marginal growth in revenue by 2% YoY in FY21, while the operating margin contracted materially by 74bp YoY to 27.7% in the standalone business. This was followed by a steep decline in the revenue/EBIT for 9MFY22 by 10%/40%, YoY respectively.
- The revenue of GOAGRO's subsidiary, Astec Lifesciences, has increased 5% YoY in 9MFY22 despite a drop in the prices of key products in the international market. Barring 2QFY22, which was adversely affected by flood and global shortage of containers, the remaining quarters have reported high growth with EBITDA margins expanding to 22.8% in 9MFY22 from 20.8% in 9MFY21. Further, the new herbicide plant started in 2QFY22 is projected to drive the topline growth by 15% for FY23. The company has devised its long-term growth plans which are: a) focusing on developing the CRAMS business (higher-margin business); b) opening of the new R&D center (capex of USD6-7m) to be operational in FY23E, and; c) generating growth from the new herbicide plant.
- The CP business, on a consolidated level, witnessed a subdued performance with a marginal decline of 3% in topline to INR8.45b for 9MFY22. However, the business at the standalone level declined 10% YoY over the same period. Margins were also under pressure due to lower sowing, steep inflation in raw materials and large quantum of sales return.
- We estimate the CP business to record a CAGR of 10%/8% in revenue/EBITDA during FY21-24E, respectively.
- Overall, the CP business is likely to show better performance in the coming years driven by the standalone CP business with new product launches and improvement in margins. The growth momentum of Astec Lifesciences is also likely to continue with the new herbicide plant and growth in exiting products.

Strong recovery on the cards; raising estimates – maintain BUY

- The palm oil prices rallied 42% YoY to USD1,383/t as of Jan'22. However, the prices have further seen a 32% upsurge reaching USD1,840/t on 14th Mar'22 from USD1,393/t on 16th Feb'22. The spike was led by ongoing Russia-Ukraine conflict and the export restrictions imposed by the Indonesian government. Moreover, palm oil prices are likely to remain elevated until the global commodity supply issues cool down. The AF business is witnessing increasing demand from the HoReCa segment as a result of opening up of the economy. FY22 sales volume is estimated to surpass the pre-COVID level.

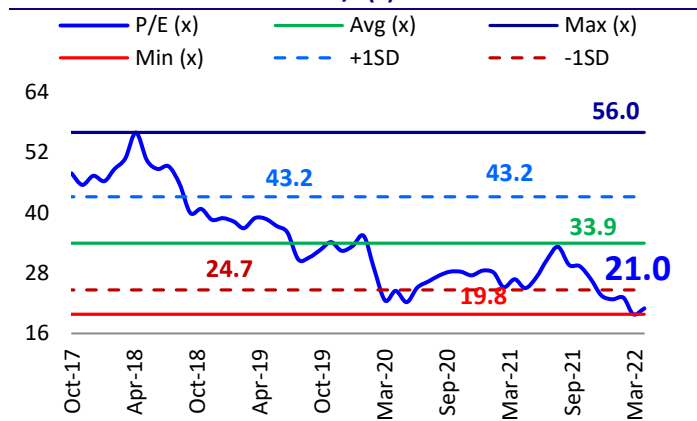
- The CP business is likely to do well going forward, due to: a) product launches in the standalone business (over the next 1-2 years), b) correction in RM prices, with an improvement in logistics operations in FY23 and FY24, c) better performance of Astec Lifesciences owing to its expertise in triazole chemistry, and d) commencement of a new herbicide plant.
- We expect GOAGRO to report a revenue/EBITDA/PAT CAGR of 16%/15%/21% over FY21-24, respectively.
- We raise our FY23/FY24 earnings estimates by 11%/3%, respectively, backed by favorable palm oil business environment and improvement in EBITDA margin of the standalone CP business from 22% each in FY23E/FY24E to 23%/24% respectively (v/s 27.7% in FY21 and 19.8% in FY22E). We value the stock on an SoTP basis to arrive at our TP of INR692, implying 46% potential upside. We maintain our **BUY** rating on GOAGRO.
- Key risks to our call: a) decrease in realization for milk/ broiler/ eggs, b) increase/ shortfall in the availability of raw materials, c) decline in palm oil import duty levied by the government, d) unfavorable weather patterns that may have an adverse effect on the business and e) resistance development, which reduces life of the products.

Exhibit 1: Valuation

Particulars	EBITDA FY24E (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:									
CP	1,713	15	25,693		25,693	100%	25,693	134	19
Palm Oil	1,936	15	29,046		29,046	100%	29,046	151	22
AF	3,507	16	56,118		56,118	100%	56,118	292	42
Unallocated expenses	(1,767)	6	(10,601)		(10,601)	100%	(10,601)	(55)	-8
Total	5,390	19	1,00,256	4,721	95,535	100%	95,535	498	72
Subsidiaries:									
Astec (m-cap with a 20% holding company discount)					25,390	57%	14,587	76	11
Creamline Dairy	578	15	8,899	(96)	8,995	52%	4,669	24	4
Godrej Tyson Foods and others	864	18	15,556		15,556	51%	7,934	41	6
JV/ Associate:									
ACI Godrej Agrovet Pvt.	1,261	16	20,171		20,171	50%	10,086	53	8
Total	8,093	18	1,44,882		1,65,646			692	100

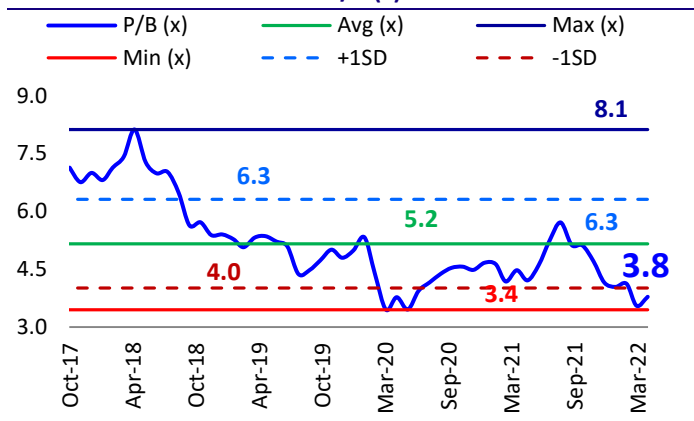
Source: MOFSL

Exhibit 2: One-Year Forward P/E(x)



Source: Company, MOFSL

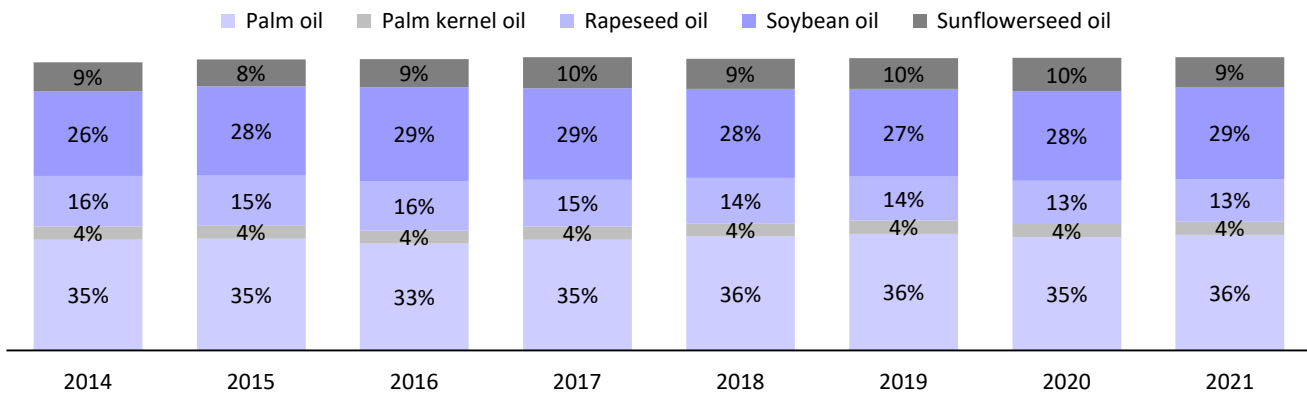
Exhibit 3: One-Year Forward P/B (x)



Source: Company, MOFSL

Key exhibits

Exhibit 4: Global vegetable oil production (209.4 MMT – FY21)



Source: USDA, FAO, MOFSL

Exhibit 5: Global sunflower seed oil exports by country in FY21

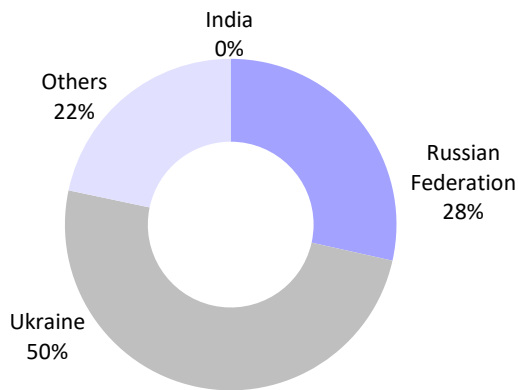
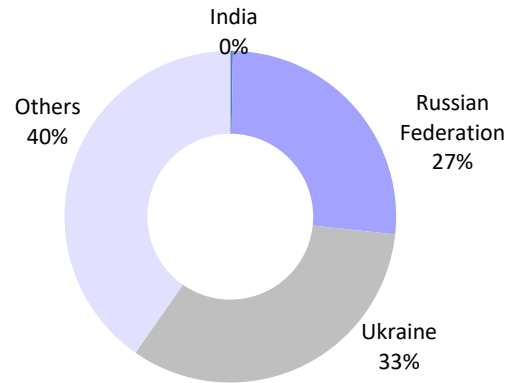


Exhibit 6: Global sunflower seed oil production by country in FY21



Source: United States department of Agriculture (USDA), MOFSL

Exhibit 7: Global palm oil production by country (as of FY21)

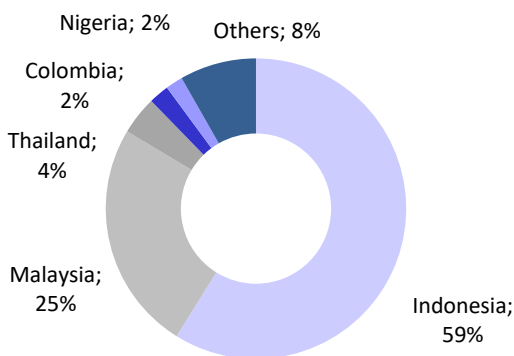
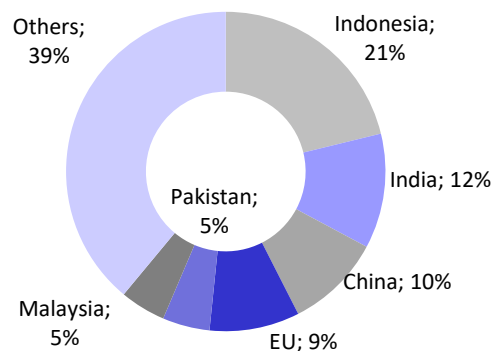


Exhibit 8: Major palm oil consumers in the world (as of FY21)



Source: USDA, FAO, MOFSL

Exhibit 9: Reduction in import duties on palm oil in India to cool down palm oil prices

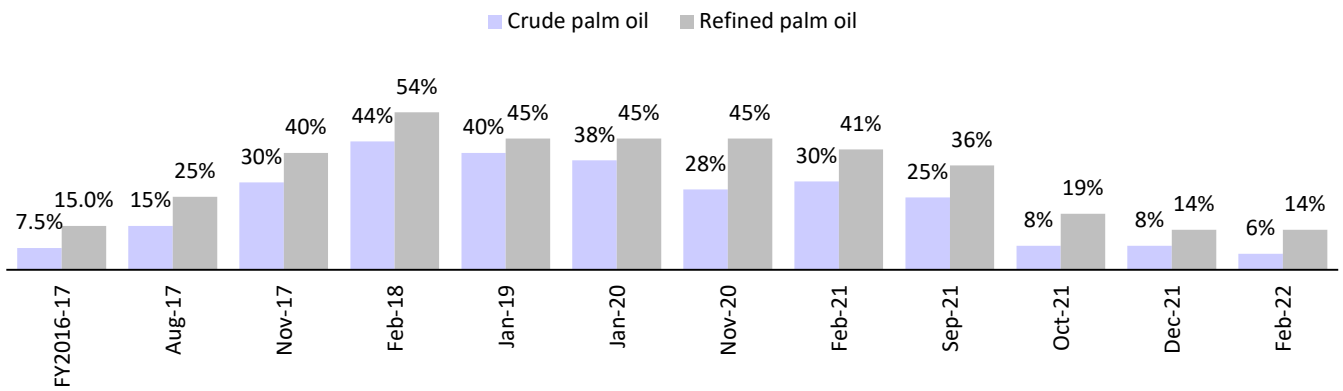
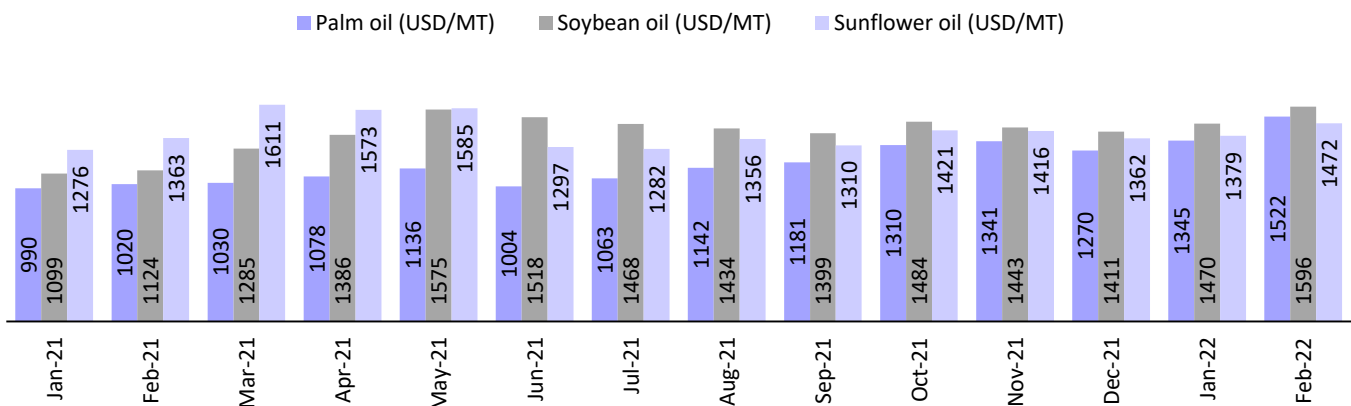
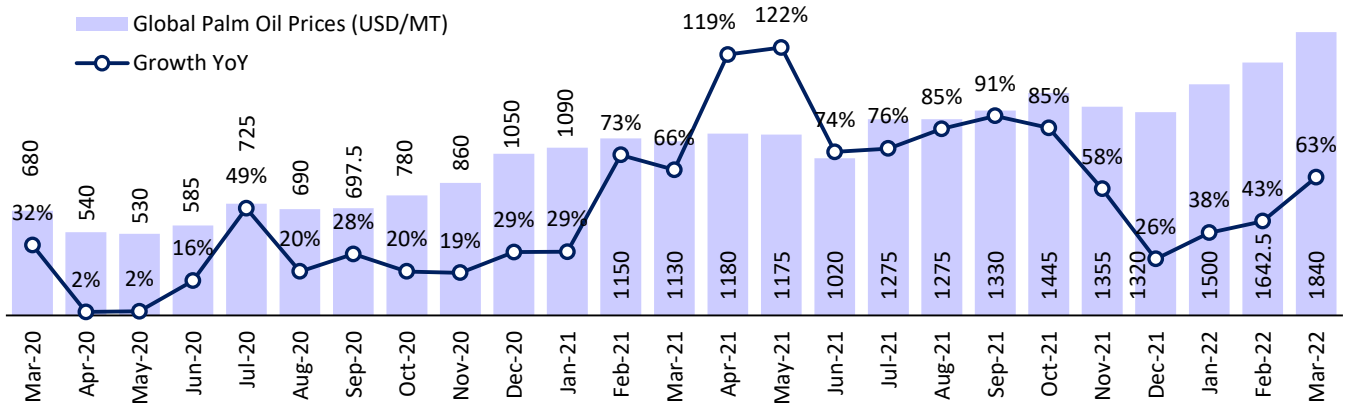


Exhibit 10: Global price trend of major vegetable oils



Source: World Bank data, MOFSL

Exhibit 11: Global trend of palm oil prices



Source: Bloomberg, MOFSL

Exhibit 12: CP standalone – product launches in the last two years

Year	Name of product	Type	Chemical Name	Disease	Crop
FY 19-20	Hitweed Maxx	Herbicide	❖ Pyriithiobac Sodium 6% + Quizalofop Ethyl 4% MEC	❖ It is selective post emergence of cotton herbicide with dual mode of action. It controls major broad- and narrow-leaved weeds of cotton.	Cotton
	Hanabi	Insecticide	❖ Pyridaben-20%WP	❖ Most effective in SPIDER MITE, WHITE FLY, CONTACT INSECTICIDE/ACARICIDE	Tea plantation
	Bloxit	Herbicide	❖ Halosulfuron methyl 75 wg	❖ It is a selective, systemic, post-emergence of herbicide with WDG formulation for effective control of Cyperus rotundus from nuts in Sugarcane and Maize.	Maize & Sugarcane
	Veteran	Herbicide	❖ Tembotrione 42% SC	❖ Is a broad spectrum post- emergence of herbicide recommended for control of broad leaf and grassy weeds in corn.	Maize
	Prudens	Insecticide	❖ Pyriproxyfen 10%+Bifenthrin10 %EC	❖ It is a unique combination of new generation broad spectrum insecticide and Insect Growth Regulator (IGR). Gives quick knockdown and long duration control	Cotton
	Klifton	Insecticide	❖ Pyriproxifen 10% EC	❖ Lano is a pyridine-based pesticide used against a variety of arthropoda, in particular, to protect cotton crops against white fly	Brinjal, Cotton, Chilli, Okra
FY 20-21	Delete Aqua	Herbicide	❖ Pretilachlor 50% EC	❖ Controls weed	Tranplanted rice
	Impool-X	Herbicide	❖ Quizalofop Ethyl 10% EC	❖ Control of narrow leaf weeds	Broad leaf crops
FY 21-22	Portraitt	Herbicide	❖ Quizalofop Ethyl 4% + Oxyfluorfen 6% EC	❖ Is a post-emergence, contact, and systemic herbicide, which controls narrow leaf weeds as well as broadleaf weeds.	Onion
	Gracia	Insecticide	❖ Fluxametamide	❖ Excellent control of chewing and sucking pests such as larva, caterpillars, and Thrips.	Pulses, Hot Pepper, Cole Crops, Tomatoes, Brinjal And Okra

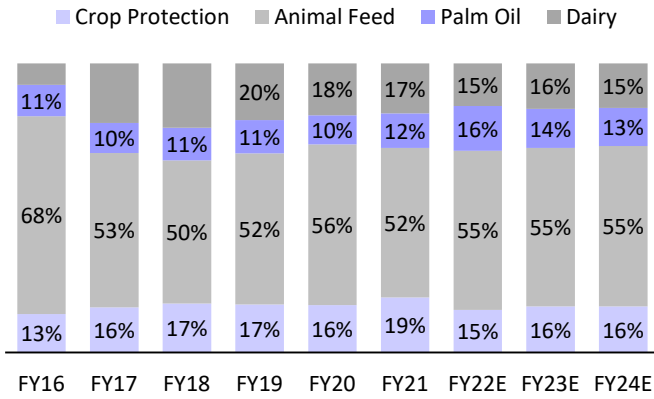
Source: Company, MOFSL

Exhibit 13: Revisions to our estimates

Earnings change (INR m)	Old			New			Change		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	81,611	85,666	96,091	81,611	87,552	98,153	0%	2%	2%
EBITDA	6,499	7,358	8,456	6,499	8,008	8,669	0%	9%	3%
Adjusted PAT	3,762	4,576	5,439	3,762	5,070	5,607	0%	11%	3%

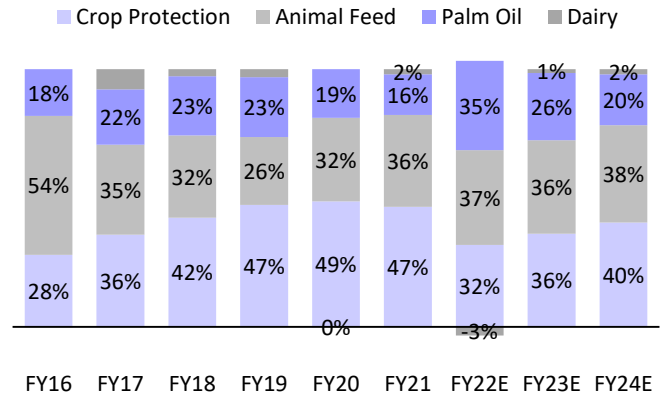
Story in charts

Exhibit 14: AF business dominates the overall sales...



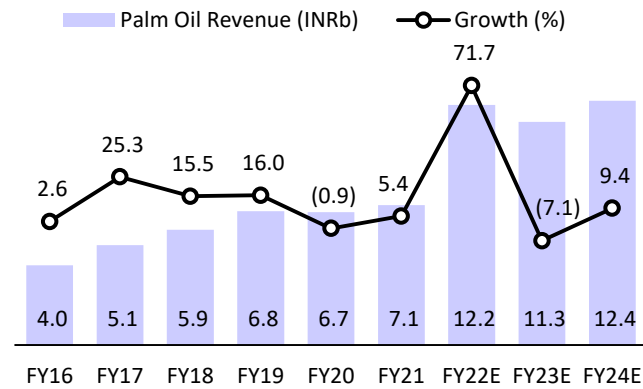
Source: Company, MOFSL

Exhibit 15: ...while CP and palm oil businesses have higher margins



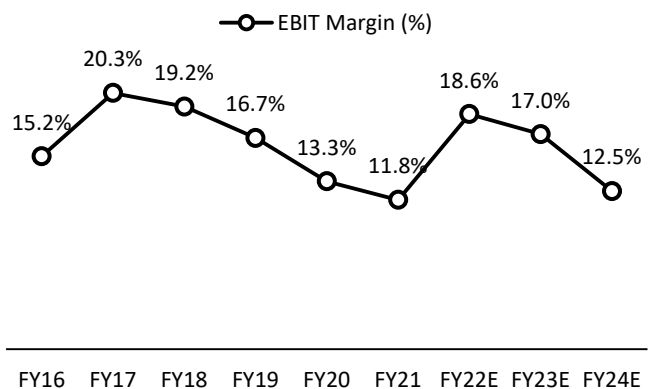
Source: Company, MOFSL

Exhibit 16: Palm oil business to record 20% revenue CAGR over FY21-24...



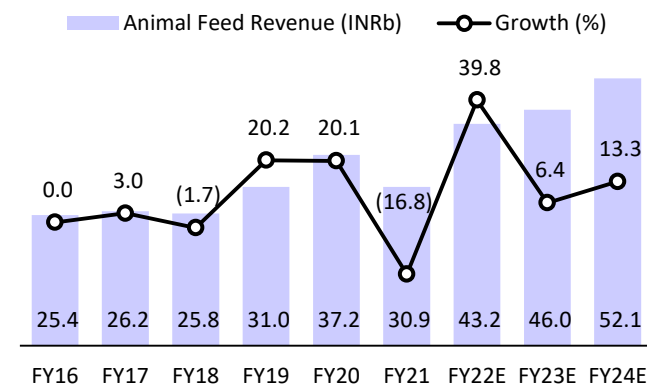
Source: Company, MOFSL

Exhibit 17: ...with EBIT margin higher than Pre-COVID levels



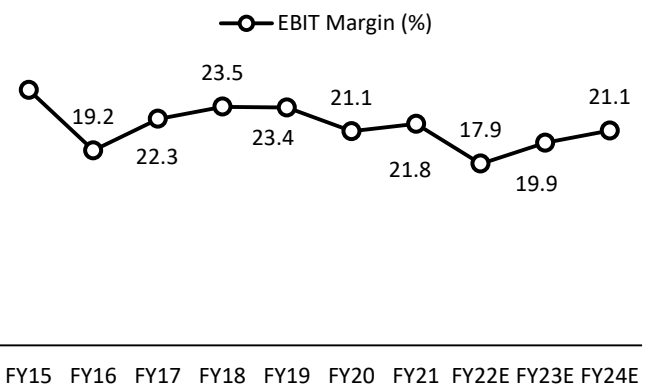
Source: Company, MOFSL

Exhibit 18: AF business to post 19% revenue CAGR over FY21-24...



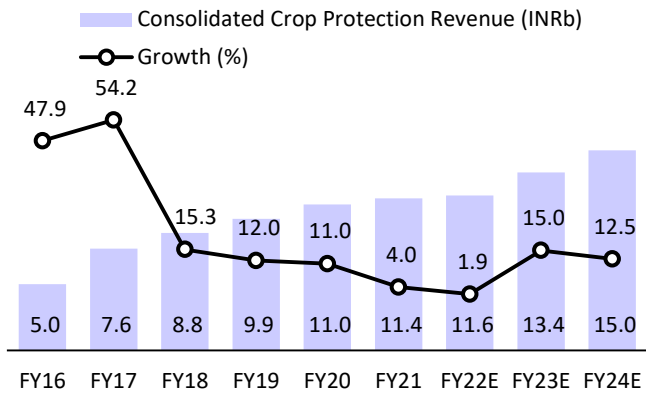
Source: Company, MOFSL

Exhibit 19: ...with EBIT margins sustaining above Pre-COVID levels



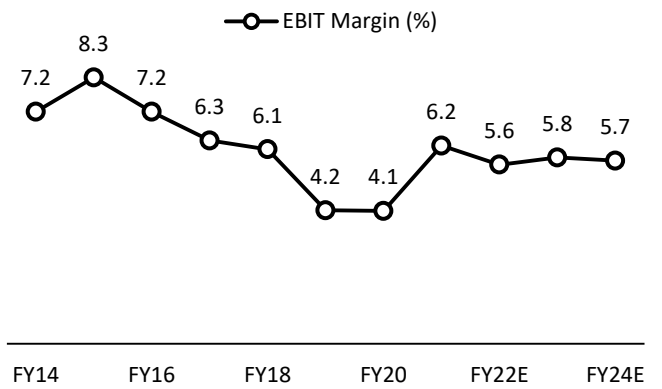
Source: Company, MOFSL

Exhibit 20: CP to record 10% revenue CAGR over FY21–24...



Source: Company, MOFSL

Exhibit 21: ...with continuous EBIT margin expansion



Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement									(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total Income from Operations	37,550	49,264	52,059	59,177	68,294	62,667	81,611	87,552	98,153
Change (%)	13.4	31.2	5.7	13.7	15.4	-8.2	30.2	7.3	12.1
Total Expenditure	34,585	44,884	47,629	54,619	64,189	57,029	75,111	79,544	89,484
As a percentage of Sales	92.1	91.1	91.5	92.3	94.0	91.0	92.0	90.9	91.2
EBITDA	2,965	4,380	4,430	4,558	4,104	5,638	6,499	8,008	8,669
Margin (%)	7.9	8.9	8.5	7.7	6.0	9.0	8.0	9.1	8.8
Depreciation	524	747	859	982	1,481	1,540	1,726	1,862	2,021
EBIT	2,441	3,633	3,571	3,577	2,624	4,098	4,773	6,146	6,648
Int. and Finance Charges	977	863	453	339	416	465	626	521	431
Other Income	627	590	318	531	468	396	369	525	589
PBT bef. EO Exp.	2,091	3,360	3,436	3,769	2,675	4,029	4,516	6,151	6,806
EO Items	946	200	121	883	682	0	-173	0	0
PBT after EO Exp.	3,037	3,560	3,557	4,652	3,357	4,029	4,343	6,151	6,806
Total Tax	754	1,018	1,207	1,280	481	1,055	1,134	1,548	1,713
Tax Rate (%)	24.8	28.6	33.9	27.5	14.3	26.20	26.11	25.2	25.2
Profit from Associate and MI	-356	55	57	82	-185	-164	-425	-468	-514
Reported PAT	2,639	2,487	2,292	3,290	3,062	3,137	3,635	5,070	5,607
Adjusted PAT	1,693	2,287	2,172	2,407	2,510	3,137	3,762	5,070	5,607
Change (%)	-2.5	35.1	-5.1	10.9	4.3	25.0	19.9	34.8	10.6
Margin (%)	4.5	4.6	4.2	4.1	3.7	5.0	4.6	5.8	5.7

Consolidated Balance Sheet									(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	926	1,851	1,920	1,920	1,920	1,921	1,921	1,921	1,921
Total Reserves	6,906	8,237	12,193	14,570	16,461	18,590	20,593	23,935	27,814
Net Worth	7,832	10,088	14,114	16,490	18,381	20,511	22,513	25,855	29,735
Minority Interest	2,323	2,541	2,693	4,010	3,825	4,103	4,164	4,232	4,307
Total Loans	13,757	6,641	4,098	3,950	6,185	9,428	9,428	7,928	6,428
Deferred Tax Liabilities	1,458	1,663	1,730	2,086	1,751	1,713	1,713	1,713	1,713
Capital Employed	25,369	20,933	22,635	26,536	30,142	35,755	37,819	39,728	42,182
Gross Block	12,139	14,109	15,185	21,246	23,812	26,551	29,182	31,859	34,394
Less: Accum. Deprn.	564	1,329	2,214	3,196	4,677	6,217	7,943	9,804	11,825
Net Fixed Assets	11,575	12,779	12,971	18,050	19,136	20,334	21,240	22,054	22,569
Goodwill on Consolidation	1,949	1,949	1,949	2,649	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	1,571
Total Investments	2,140	1,755	1,952	1,165	1,292	1,237	1,237	1,237	1,237
Curr. Assets, Loans, and Adv.	14,930	15,157	16,749	19,542	22,392	22,355	28,178	30,330	34,352
Inventory	6,665	7,381	7,629	9,517	9,436	10,419	13,376	14,165	15,936
Account Receivables	4,545	5,219	6,315	7,349	8,539	8,226	10,285	11,034	12,370
Cash and Bank Balance	420	538	299	299	508	509	436	753	1,139
Loans and Advances	3,299	2,019	2,507	2,378	3,910	3,200	4,081	4,378	4,908
Curr. Liability and Prov.	5,862	11,212	12,890	15,807	16,859	12,235	17,268	18,149	20,196
Account Payables	3,349	8,408	9,550	12,394	12,885	7,326	11,524	11,986	13,484
Other Current Liabilities	2,312	2,496	2,955	2,934	3,467	4,206	5,141	5,516	5,987
Provisions	202	308	385	478	507	703	603	647	725
Net Current Assets	9,067	3,946	3,859	3,736	5,533	10,120	10,910	12,181	14,156
Appl. of Funds	25,369	20,933	22,635	26,536	30,142	35,755	37,819	39,728	42,182

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Basic (INR)									
EPS	8.8	11.9	11.3	12.5	13.1	16.3	19.6	26.4	29.2
Cash EPS	11.5	15.8	15.8	17.6	20.8	24.4	28.6	36.1	39.7
BV/Share	40.8	52.5	73.5	85.9	95.7	106.8	117.2	134.6	154.8
DPS	2.1	4.5	4.5	4.5	5.5	8.0	8.5	9.0	9.0
Payout (%)	18.8	41.9	45.6	31.6	41.5	49.0	44.9	34.1	30.8
Valuation (x)									
P/E	53.9	39.9	42.0	37.9	36.3	29.1	24.2	18.0	16.3
Cash P/E	41.1	30.1	30.1	26.9	22.8	19.5	16.6	13.2	12.0
P/BV	11.6	9.0	6.5	5.5	5.0	4.4	4.1	3.5	3.1
EV/Sales	2.8	2.0	1.9	1.7	1.5	1.7	1.3	1.2	1.0
EV/EBITDA	35.8	22.8	22.0	21.7	24.5	18.5	16.1	12.8	11.6
Dividend Yield (%)	0.5	0.9	1.0	0.9	1.2	1.7	1.8	1.9	1.9
FCF per share	2.4	36.6	5.7	9.0	-1.2	-13.7	7.2	16.0	15.3
Return Ratios (%)									
RoE	23.8	25.5	17.9	15.7	14.4	16.1	17.5	21.0	20.2
RoCE	13.2	15.7	14.7	15.4	11.8	12.2	12.3	15.2	15.5
RoIC	11.3	12.9	12.9	12.2	8.8	10.2	10.5	13.0	13.4
Working Capital Ratios									
Fixed Asset Turnover (x)	3.1	3.5	3.4	2.8	2.9	2.4	2.8	2.7	2.9
Asset Turnover (x)	1.5	2.4	2.3	2.2	2.3	1.8	2.2	2.2	2.3
Inventory (Days)	65	55	53	59	50	61	60	59	59
Debtor (Days)	44	39	44	45	46	48	46	46	46
Creditor (Days)	33	62	67	76	69	43	52	50	50
Leverage Ratio (x)									
Current Ratio	2.5	1.4	1.3	1.2	1.3	1.8	1.6	1.7	1.7
Interest Coverage Ratio	2.5	4.2	7.9	10.6	6.3	8.8	7.6	11.8	15.4
Net Debt/Equity	1.6	0.6	0.3	0.2	0.3	0.4	0.4	0.3	0.2

Consolidated Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
OP/(Loss) before Tax	3,364	3,727	3,717	4,773	3,486	4,029	4,516	6,151	6,806
Depreciation	524	747	859	982	1,481	1,540	1,726	1,862	2,021
Interest and Finance Charges	885	715	453	339	416	69	257	-5	-158
Direct Taxes Paid	-456	-800	-837	-1,097	-969	-1,055	-1,134	-1,548	-1,713
(Inc.)/Dec. in WC	-1,024	5,145	-471	633	-2,204	-4,601	-801	-887	-1,514
CF from Operations	3,293	9,534	3,721	5,629	2,210	-18	4,564	5,573	5,442
Others	-1,610	-561	-183	-1,152	188	0	-173	0	0
CF from Operations incl. EO	1,683	8,973	3,538	4,477	2,398	-18	4,391	5,573	5,442
(Inc.)/Dec. in FA	-1,223	-1,949	-2,448	-2,759	-2,634	-2,621	-3,000	-2,500	-2,500
Free Cash Flow	460	7,024	1,091	1,719	-236	-2,639	1,391	3,073	2,942
(Pur.)/Sale of Investments	581	610	-131	0	0	55	0	0	0
Others	-3,581	366	51	386	82	693	856	1,061	1,178
CF from Investments	-4,223	-974	-2,528	-2,372	-2,552	-1,873	-2,144	-1,439	-1,322
Issue of Shares	39	8	2	0	0	0	0	0	0
Inc./(Dec.) in Debt	4,168	-7,027	-2,571	-680	2,311	3,243	0	-1,500	-1,500
Interest Paid	-972	-861	-455	-354	-390	-465	-626	-521	-431
Dividend Paid	-452	0	-1,045	-1,076	-1,076	-1,536	-1,632	-1,728	-1,728
Others	0	0	2,818	4	-481	650	-62	-68	-75
CF from Fin. Activity	2,784	-7,881	-1,250	-2,105	364	1,893	-2,320	-3,817	-3,734
Inc./Dec. in Cash	244	119	-240	0	210	1	-73	317	386
Opening Balance	175	419	538	299	299	508	509	436	753
Closing Balance	419	538	299	299	508	509	436	753	1,139

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

*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. 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://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

The Research 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. 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, 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.