Motilal Oswal Investment Services

8 November 2022
2QFY23 Results Update | Sector: Midcap

Godrej Agrovet

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	GOAGRO IN
Equity Shares (m)	192
M.Cap.(INRb)/(USDb)	95.2 / 1.2
52-Week Range (INR)	635 / 441
1, 6, 12 Rel. Per (%)	-10/-17/-19
12M Avg Val (INR M)	138

Financials & Valuations (INR b)

Y/E MARCH	2022	2023E	2024E
Sales	83.1	95.2	99.6
EBITDA	6.7	6.7	8.1
Adj. PAT	4.2	3.5	4.3
EBITDA Margin (%)	8.0	7.1	8.2
Cons. Adj. EPS (INR)	21.6	18.1	22.3
EPS Gr. (%)	32.4	(16.3)	23.3
BV/Sh. (INR)	118	126	138
Ratios			
Net D:E	0.7	0.6	0.6
RoE (%)	19.2	14.8	16.9
RoCE (%)	12.6	9.9	11.7
Payout (%)	45.3	55.2	47.0
Valuations			
P/E (x)	22.9	27.4	22.2
EV/EBITDA (x)	17.2	17.1	14.1
Div. Yield (%)	1.9	2.0	2.1
FCF Yield (%)	(4.1)	2.2	3.0

Shareholding pattern (%)

	Sep-22	Jun-22	Sep-21
Promoter	74.1	73.7	71.6
DII	5.2	2.9	1.5
FII	1.6	1.5	2.9
Others	19.1	21.9	24.0

Note: FII includes depository receipts

CMP: INR495 TP: INR580 (+17%) Buy

Higher input costs impact operating performance

Operational performance in line with our expectation

- GOAGRO reported a subdued operating performance on the back of volatile commodity prices, higher input cost, and limited pass on of prices.
- EBIT in the Animal Feed (AF)/Palm Oil business declined by 15%/16% YoY, while the same in the Crop Protection (CP) business grew 13% YoY on the back of robust revenue growth (up 44% YoY).
- We largely maintain our FY23/FY24 earnings estimate and maintain our Buy rating, with a SoTP-based TP of INR580.

Crop Protection business drives revenue growth

- Consolidated revenue grew 14% YoY to INR24.5b (est. INR23.1b) on the back of strong growth across businesses, except the Palm Oil business (up 1% YoY). EBITDA margin contracted by 270bp YoY to 6.1% (est. 6.8%). EBITDA/adjusted PAT declined by 21%/34% YoY to INR1.5b/INR718m (est. INR1.6b/INR822m).
- **Animal Feed business:** Revenue grew 8% YoY to INR12.2b, led by the Cattle Feed category (up 15% YoY). Total sales volume grew 5.7% YoY to 357KMT. EBIT/kg stood at INR1.38 (down 19% YoY, but up ~2x QoQ).
- **Palm Oil business:** Revenue remained flat at INR4b, while EBIT margin contracted by 330bp YoY to 16.2%. EBIT stood at INR656m (down 16% YoY). Strong volume growth was offset by lower crude oil prices (Crude Palm Oil/Palm Kernel Oil prices declined by 16%/3% YoY).
- **Crop Protection business**: Consolidated revenue/EBIT grew 44%/13% YoY to INR3.7b/INR589m, led by higher growth in Astec (up 95%/2x YoY to INR2b/INR279m). Consolidated EBIT margin contracted by 440bp YoY to 15.9% due to higher raw material prices, limited transmission, and an unfavorable product mix.

Highlights from the management commentary

- **Palm Oil business:** Oil Extraction Ratio (OER) stood at 18.62% in 1HFY23 v/s 17.75% in 1HFY22, and is expected to improve further in 2HFY23, resulting in better profitability.
- **Capex:** GOAGRO is adding a 400MT of palm oil refinery capacity at a capex of INR700m. The same is expected to be commissioned by Apr'23, thereby improving margin by 50bp. It is building a solvent extraction plant of ~200MT, which is expected to be operational by Jun'23.
- **Dairy business**: The management is expecting to break-even in FY24, with a turnover of INR20b and 45% share in VAP.

Valuation and view

- The CP business is likely to do well going forward, led by product launches in the standalone business (over the next one-to-two years) and better performance in Astec Lifesciences, owing to its expertise in triazole chemistry and ramping up of the Herbicide plant.

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- The AF business is expected to witness a revenue/EBIDTA CAGR of 10%/7% over FY22-24, with product launches capturing a higher market share.
- We expect consolidated revenue/EBITDA/PAT CAGR of 9%/11%/2% over FY22-24. We largely maintain our FY23/FY24 earnings estimate and value the stock on a SoTP basis to arrive at our TP of INR580. We maintain our **Buy** rating.

Consolidated - Quarterly Earning Model (INR m)

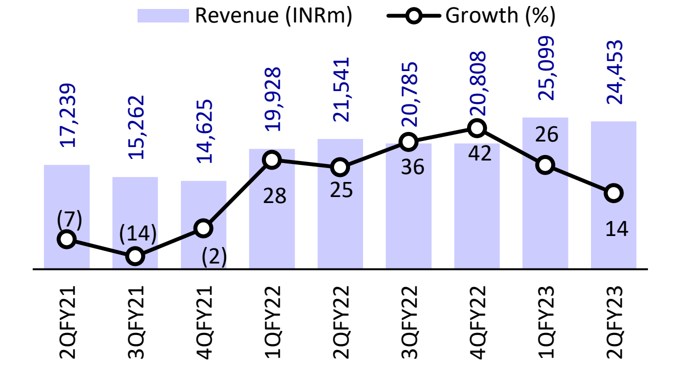
Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Gross Sales	**19,928**	**21,541**	**20,785**	**20,808**	**25,099**	**24,453**	**23,043**	**22,584**	**83,061**	**95,179**	**23,085**	**6**
YoY Change (%)	28.2	25.0	36.2	42.3	25.9	13.5	10.9	8.5	32.5	14.6	7.2	
Total Expenditure	18,232	19,636	19,423	19,115	23,483	22,950	21,311	20,719	76,407	88,464	21,509	
EBITDA	**1,695**	**1,904**	**1,362**	**1,693**	**1,616**	**1,503**	**1,731**	**1,865**	**6,654**	**6,715**	**1,577**	**-5**
Margins (%)	8.5	8.8	6.6	8.1	6.4	6.1	7.5	8.3	8.0	7.1	6.8	
Depreciation	408	424	445	457	449	461	485	495	1,733	1,890	455	
Interest	130	156	165	180	216	257	210	220	631	903	210	
Other Income	104	56	104	532	77	88	110	110	797	384	59	
PBT before EO expense	**1,262**	**1,381**	**857**	**1,587**	**1,028**	**873**	**1,146**	**1,260**	**5,086**	**4,307**	**971**	
Extra-Ord expense	0	0	173	0	0	0	0	0	173	0	0	
PBT	**1,262**	**1,381**	**684**	**1,587**	**1,028**	**873**	**1,146**	**1,260**	**4,914**	**4,307**	**971**	**-10**
Tax	327	376	175	346	279	219	288	317	1,224	1,103	244	
Rate (%)	26.0	27.2	25.6	21.8	27.1	25.1	25.2	25.2	24.9	25.6	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-126	-87	-142	18	-77	-64	-150	19	-337	-272	-96	
Reported PAT	**1,060**	**1,093**	**651**	**1,223**	**827**	**718**	**1,007**	**924**	**4,026**	**3,476**	**822**	
Adj PAT	**1,060**	**1,093**	**778**	**1,223**	**827**	**718**	**1,007**	**924**	**4,199**	**3,476**	**822**	**-13**
YoY Change (%)	19.7	2.1	26.4	116.1	-22.0	-34.3	29.4	-24.5	33.8	-17.2	-24.7	
Margins (%)	5.3	5.1	3.7	5.9	3.3	2.9	4.4	4.1	5.1	3.7	3.6	

Key Performance Indicators

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Segment Revenue Gr. (%)										
Animal Feed (AF)	33.9	48.8	41.7	38.2	24.4	7.6	17.4	13.4	40.6	15.4
Palm Oil	83.5	36.9	105.2	163.8	33.3	0.8	-22.0	-35.0	78.1	(4.1)
Crop Protection	15.1	-22.9	-1.0	32.8	-0.3	44.3	18.1	13.5	5.0	16.7
Dairy	12.7	9.7	12.1	20.2	47.6	27.0	24.0	12.0	13.8	26.6
Segment EBIT Margin (%)										
Animal Feed	6.4	5.1	4.7	5.4	2.0	4.0	4.6	5.3	5.4	4.0
Palm Oil	11.3	19.5	25.2	17.5	22.3	16.2	22.0	14.5	19.0	19.4
Crop Protection	22.4	20.3	7.1	23.6	12.2	15.9	19.4	20.0	19.5	16.7
Dairy	-3.9	-1.2	-2.7	-0.9	-2.6	-3.3	0.4	0.5	(2.1)	(1.3)
AF Volumes (000'MT)	**317**	**338**	**359**	**347**	**353**	**357**	**395**	**386**	**863**	**900**
AF Realization (INR/kg)	**31.6**	**33.6**	**30.9**	**31.8**	**35.3**	**34.2**	**33.0**	**32.5**	**32.0**	**33.7**
Cost Break-up										
RM Cost (% of sales)	75.8	75.5	76.5	75.7	79.2	78.1	75.0	75.0	75.9	76.9
Staff Cost (% of sales)	5.1	4.9	5.2	6.0	4.8	4.8	5.2	5.5	5.3	5.1
Other Cost (% of sales)	10.5	10.8	11.7	10.2	9.6	10.9	12.3	11.2	10.8	11.0
Gross Margins (%)	24.2	24.5	23.5	24.3	20.8	21.9	25.0	25.0	24.1	23.1
EBITDA Margins (%)	8.5	8.8	6.6	8.1	6.4	6.1	7.5	8.3	8.0	7.1
EBIT Margins (%)	6.5	6.9	4.4	5.9	4.7	4.3	5.4	6.1	5.9	5.1

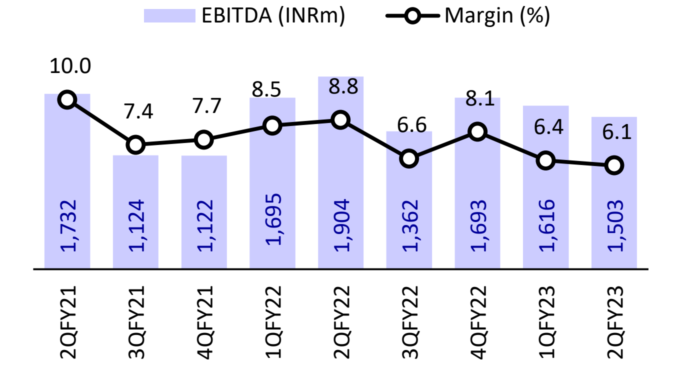
Key exhibits

Exhibit 1: Consolidated revenue trend



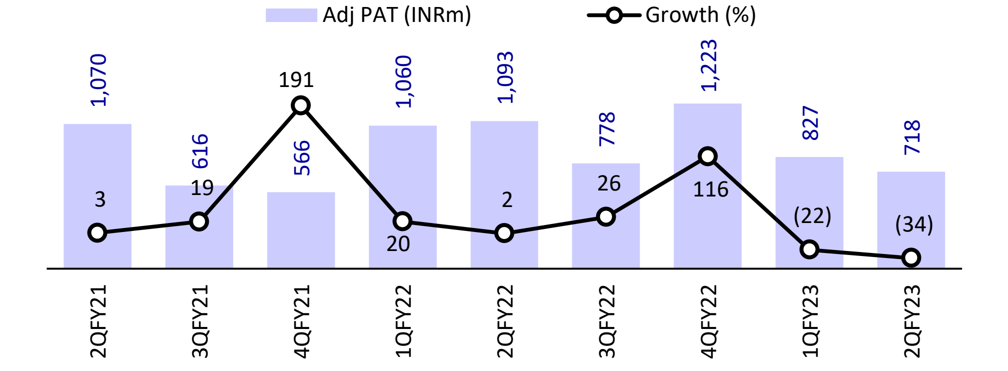
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



Source: Company, MOFSL

Exhibit 3: Consolidated adjusted PAT trend



Source: Company, MOFSL

Exhibit 4: Animal Feed business

Particulars	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Volume (MT)	2,79,906	2,92,542	2,90,683	3,16,838	3,37,609	3,58,813	3,47,430	3,52,893	3,56,933
Growth (%)	-15.8	-16.5	-1.2	18.3	20.6	22.7	19.5	11.4	5.7
Revenue (INR m)	7,623	7,833	7,995	10,013	11,341	11,099	11,049	12,459	12,203
Growth (%)	-18.8	-22.7	-9.3	33.9	48.8	41.7	38.2	24.4	7.6
EBIT (INR m)	476.4	382	568.4	637.3	576.4	516.1	601.8	244.9	492.8
Margin (%)	6.2	4.9	7.1	6.4	5.1	4.7	5.4	2.0	4.0
Growth (%)	10.6	9.1	71.0	32.5	21.0	35.1	5.9	-61.6	-14.5

Source: Company, MOFSL

Exhibit 5: Consolidated Crop Protection

Particulars	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Revenue (INR m)	3,328	2,209	2,656	3,692	2,566	2,187	3,528	3,681	3,704
Growth (%)	-2.6	1.3	6.2	15.1	-22.9	-1.0	32.8	-0.3	44.3
EBIT (INR m)	745	356	539	829	521	155	834	448	589
Margin (%)	22.4	16.1	20.3	22.4	20.3	7.1	23.6	12.2	15.9
Growth (%)	9.9	-6.5	11.6	-1.9	-30.0	-56.5	54.7	-46.0	12.9

Source: Company, MOFSL

Exhibit 6: Standalone Crop Protection

Particulars	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Revenue (INR m)	1,763	1,035	935	2,405	1,540	453	1,051	1,981	1,704
Growth (%)	-11.9	13.5	39.6	15.5	-12.6	-56.2	12.4	-17.6	10.6
EBIT (INR m)	495	228	207	640	376	-213	212	261	310
Margin (%)	28.1	22.0	22.1	26.6	24.4	-47.0	20.2	13.2	18.2
Growth (%)	-10.0	23.2	250.8	6.0	-24.0	-193.4	2.4	-59.2	-17.6

Source: Company, MOFSL

Exhibit 7: Astec Lifesciences

Particulars	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Revenue (INR m)	1,550	1,160	1,719	1,287	1,026	1,734	2,477	1,700	1,997
Growth (%)	9.2	-7.1	-4.6	15.0	-33.8	49.5	44.1	32.1	94.7
EBITDA (INR m)	314	189	397	255	220	448	723	282	373
Margin (%)	20.3	16.3	23.1	19.8	21.4	25.8	29.2	16.6	18.7
Growth (%)	83.6	-23.8	-17.1	-13.6	-29.9	137.0	82.1	10.6	69.5

Source: Company, MOFSL

Exhibit 8: Palm Oil business

Particulars	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Revenue (INR m)	2,932	1,878	717	2,888	4,014	3,853	1,892	3,852	4,047
Growth (%)	23.9	-16.6	7.9	83.5	36.9	105.2	163.8	33.3	0.8
EBIT (INR m)	414	305	53	326	781	971	330	858	656
Margin (%)	14.1	16.3	7.4	11.3	19.5	25.2	17.5	22.3	16.2
Growth (%)	44.0	-30.0	23.3	403.6	88.5	218.0	523.2	163.3	-16.0

Source: Company, MOFSL

Exhibit 9: Dairy business

Particulars	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Revenue (INR m)	2,590	2,567	2,801	2,665	2,841	2,877	3,367	3,934	3,608
Growth (%)	-15.4	-10.1	-0.3	12.7	9.7	12.1	20.2	47.6	27.0
EBITDA (INR m)	112	138	35	-31	-31	-30	46	46	46
Margin (%)	4.3	5.4	1.2	-1.2	-1.1	-1.0	1.4	1.2	1.3
Growth (%)	23.1	91.7	66.7	-130.1	-127.7	-121.7	31.4	-248.4	-248.4
EBIT (INR m)	41.2	67.6	-36.2	-104.8	-34.8	-76.9	-29.2	-101.4	-117.9
Margin (%)	1.6	2.6	-1.3	-3.9	-1.2	-2.7	-0.9	-2.6	-3.3

Source: Company, MOFSL

Exhibit 10: Poultry and Processes Foods

Particulars	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Revenue (INR m)	1,431	1,552	1,387	1,776	2,009	2,033	2,023	2,482	2,284
Growth (%)	33.0	-1.8	21.8	7.3	40.4	31.0	45.8	39.8	13.7
EBIT (INR m)	46	65	-37	-47	58	-77	118	164	-103
Margin (%)	3.2	4.2	-2.6	-2.6	2.9	-3.8	5.8	6.6	-4.5
Growth (%)	NA	NA	NA	NA	25.7	NA	NA	NA	NA

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Palm Oil Business

- Strong volume growth in the quarter was offset by lower crude oil prices resulting in flat topline during the quarter
- Average prices of crude palm oil/palm kernel oil declined by 16%/3% YoY.
- GOAGRO witnessed strong recovery in Fresh Fruit Bunches (FFB) volumes (up 15% YoY) in 2QFY23 offsetting lower volumes recorded in the previous quarter. Management expect higher than 15% growth in 3QFY23.
- Oil extraction ratio (OER) remained at higher levels during the quarter while improving marginally on YoY basis

- OER for 1HFY23 stood at 18.62% vs 17.75% in 1HFY22. Management expects it to further improve in 2HFY23 leading to better profitability in the segment.

Animal Feed

- GOAGRO witnessed volume growth of 5.7%/8.5% YoY in 2QFY23/1HFY23 primarily led by Cattle feed category (up 15%/14% YoY in 2QFY23/1HFY23) on account of market share gains.
- The segmental margins recovered sharply to INR1,381/MT in 2QFY23 from INR694/MT in 1QFY23. On YoY basis, operating performance was adversely impacted due to softer realizations and limited transmission of input cost inflation
- Management expects 3Q and 4QFY23 to be better than 2QFY23
- Company is 2nd biggest player in Animal Feed business in Bangladesh. However, the price control environment in poultry feed has impacted the business in the region severely. The profitability is recovered by Oct'22 on back of reducing prices.

Crop Protection (Standalone)

- Revenue grew on back of higher sales of in-house herbicide products.
- However, sales were constrained by reduced application opportunities of PGR and insecticide products as sowing during current Kharif season was adversely impacted due to erratic monsoon post mid-July.
- Margins in the segment was impacted due to higher raw material prices, limited transmission and unfavorable product mix
- Working capital cycle has improved on back of concerted efforts in maintaining credit hygiene
- The company has undertaken clean-up of outstanding dues from debtor and is not selling to customers who have not cleared the dues.
- Management expects better performance from the segment from 4QFY23 or at least from 1QFY24 onwards.

Astec Lifesciences:

- Revenue/ EBIDTA grew 95%/70% YoY to INR2b/INR373m in 2QFY23. The topline was driven by higher realizations in domestic as well as export market and strong volume growth in export market. Operating performance was impacted due to increase in raw material prices with limited transmission and higher fixed overheads related to herbicides plant.
- Exports (+2.4x YoY) accounted for 69% of revenues for the quarter.
- The performance in 2QFY22 was impacted by flooding in Mahad facility

Dairy business:

- Revenue grew 27% YoY to INR3.6b, led by sustained volume growth in value-added products (+27% YoY).
- Operating loss stood at INR118m in 2QFY23, v/s a loss of INR35m in 2QFY22, due to continued rise in procurement costs which could not be fully transmitted
- Cow milk prices have risen by ~18% in 1HFY23 while the company has taken price increase of only 5%. This is impacting the margins in the segment

- Value-added salience is expected to keep on increasing and management is targeting 45% salience for next year
- Company is expecting to break-even in FY24 with turnover of INR20b and salience of 45%.

Godrej Tyson Foods (GTFL):

- Revenue from Poultry and Processed Food grew 15% YoY to INR2.4b on back of robust volume growth in RGC (+69% YoY) and Yummiez (+65% YoY).
- Operating loss stood at INR141m in 2QFY23, v/s EBIT of INR1m in 2QFY22, due to lower prices and seasonally weak quarter for live bird business.
- Branded business accounts for 26% of revenue in the segment. RGC and Yummiez is expected to reflect healthy growth going ahead.

Capex:

- GOAGRO has spent ~INR700m for 400MT palm oil refinery. This refinery is expected to improve the margins from 1.5% to ~2%. The refinery is expected to be operational from April'23
- Further, company is building ~200MT solvent extraction plant which is expected to be operational by June'23.
- Also, a SIG line in milk business will be functional by Jan'23 and will increase the contribution of value added products.
- GOAGRO have commissioned a fish feed plant around three to four months ago with capacity of ~55,000MT and is expecting to ramp up the capacity utilization shortly.

Maxximilk

- GOAGRO has herd size of ~1100. ~80-85% of herd is of high quality genetics. ~500 of them are lactating. Herd gives average milk of ~24-25 litres.
- Company is constructing another farm in Nashik.
- The company gets ~2.2 lakh to 2.5 lakh by selling the animal
- The quality of milk produced by company is very high and company is able to generate healthy remuneration for the same

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 one-to-two years), b) correction in RM prices, with an improvement in Logistics operations, c) better performance in Astec Lifesciences owing to its expertise in triazole chemistry, and d) ramping up of a new Herbicide plant.
- Palm oil volume growth is expected to be healthy with higher Fresh Fruit Bunches (FFB) arrival and better OER. However, operating margin is likely to be subdued due to lower realization in the coming quarter.
- The AF business is expected to witness revenue/EBIDTA CAGR of 10%/7% over FY22-24, with product launches capturing a higher market share.
- We expect consolidated revenue/EBITDA/PAT CAGR of 9%/11%/2% over FY22-24. We largely maintain our FY23/FY24 earnings estimate and value the stock on a SoTP basis to arrive at our TP of INR580. We maintain our **Buy** rating.

Exhibit 11: Valuation

Particulars	EBITDA FY24E (INRm)	EV/ EBITDA (x)	EV (INRm)	Net Debt (INRm)	Equity Value (INRm)	GOAGRO's share (%)	Value (INRm)	Value/ share (INR)	% Share
Standalone:									
Crop Protection	1,202	15	18,028		18,028	100%	18,028	94	16%
Palm Oil	1,941	15	29,119		29,119	100%	29,119	152	26%
Animal Feed	3,248	15	49,557		49,557	100%	49,557	258	45%
Unallocated expenses	-1,394	6	-8,365		-8,365	100%	-8,365	-44	-8%
Total	**4,997**	**18**	**88,340**	**14,385**	**73,955**	**100%**	**73,955**	**385**	**66%**
Subsidiaries:									
Astec (mcap with 20% holdco disc)					25,390	57%	14,587	76	13%
Creamline Dairy	409.2	15	6,138	-95.942	6,234	52%	3,236	17	3%
Godrej Tyson Foods Limited & Others	786.7	18	14,161		14,161	51%	7,222	38	6%
JV/ Associate:									
ACI Godrej Agrovet Private Limited	1,535	16	24,567		24,567	50%	12,284	64	11%
Total	**7,728**	**17**	**1,33,207**		**1,44,308**			**580**	

Source: MOFSL

Exhibit 12: Revisions to our estimates

Earnings Change	Old		New		Change	
(INR m)	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Revenue	92,915	98,561	95,179	99,580	2%	1%
EBITDA	7,031	8,044	6,715	8,127	-4%	1%
Adj. PAT	3,767	4,263	3,476	4,288	-8%	1%

Source: MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Total Income from Operations	**37,550**	**49,264**	**52,059**	**59,177**	**68,294**	**62,667**	**83,061**	**95,179**	**99,580**
Change (%)	13.4	31.2	5.7	13.7	15.4	-8.2	32.5	14.6	4.6
Raw Materials	29,451	37,905	39,536	45,736	53,194	46,078	63,048	73,208	75,375
Employees Cost	1,557	2,328	2,763	2,944	3,541	3,764	4,393	4,828	5,278
Other Expenses	3,577	4,651	5,329	5,939	7,454	7,187	8,966	10,428	10,801
Total Expenditure	**34,585**	**44,884**	**47,629**	**54,619**	**64,189**	**57,029**	**76,407**	**88,464**	**91,453**
% of Sales	92.1	91.1	91.5	92.3	94.0	91.0	92.0	92.9	91.8
EBITDA	**2,965**	**4,380**	**4,430**	**4,558**	**4,104**	**5,638**	**6,654**	**6,715**	**8,127**
Margin (%)	7.9	8.9	8.5	7.7	6.0	9.0	8.0	7.1	8.2
Depreciation	524	747	859	982	1,481	1,540	1,733	1,890	2,099
EBIT	**2,441**	**3,633**	**3,571**	**3,577**	**2,624**	**4,098**	**4,921**	**4,825**	**6,028**
Int. and Finance Charges	977	863	453	339	416	465	631	903	1,096
Other Income	627	590	318	531	468	396	797	384	398
PBT bef. EO Exp.	**2,091**	**3,360**	**3,436**	**3,769**	**2,675**	**4,029**	**5,086**	**4,307**	**5,330**
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**	**4,914**	**4,307**	**5,330**
Total Tax	754	1,018	1,207	1,280	481	1,055	1,224	1,103	1,341
Tax Rate (%)	24.8	28.6	33.9	27.5	14.3	26.20	24.91	25.6	25.2
Profit from Associate & MI	-356	55	57	82	-185	-164	-337	-272	-299
Reported PAT	**2,639**	**2,487**	**2,292**	**3,290**	**3,062**	**3,137**	**4,026**	**3,476**	**4,288**
Adjusted PAT	**1,693**	**2,287**	**2,172**	**2,407**	**2,510**	**3,137**	**4,154**	**3,476**	**4,288**
Change (%)	-2.5	35.1	-5.1	10.9	4.3	25.0	32.4	-16.3	23.3
Margin (%)	4.5	4.6	4.2	4.1	3.7	5.0	5.0	3.7	4.3

Consolidated - Balance Sheet

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	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	20,763	22,319	24,590
Net Worth	**7,832**	**10,088**	**14,114**	**16,490**	**18,381**	**20,511**	**22,684**	**24,240**	**26,511**
Minority Interest	2,323	2,541	2,693	4,010	3,825	4,103	4,203	4,386	4,587
Total Loans	13,757	6,641	4,098	3,950	6,185	9,428	15,660	15,660	15,660
Deferred Tax Liabilities	1,458	1,663	1,730	2,086	1,751	1,713	1,559	1,559	1,559
Capital Employed	**25,369**	**20,933**	**22,635**	**26,536**	**30,142**	**35,755**	**44,105**	**45,844**	**48,316**
Gross Block	12,139	14,109	15,185	21,246	23,812	26,551	29,372	32,594	36,238
Less: Accum. Deprn.	564	1,329	2,214	3,196	4,677	6,217	7,950	9,840	11,939
Net Fixed Assets	**11,575**	**12,779**	**12,971**	**18,050**	**19,136**	**20,334**	**21,422**	**22,754**	**24,299**
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	902	2,680	2,036
Total Investments	**2,140**	**1,755**	**1,952**	**1,165**	**1,292**	**1,237**	**1,597**	**1,597**	**1,597**
Curr. Assets, Loans&Adv.	**14,930**	**15,157**	**16,749**	**19,542**	**22,392**	**22,355**	**29,271**	**31,033**	**32,679**
Inventory	6,665	7,381	7,629	9,517	9,436	10,419	14,288	15,027	15,534
Account Receivables	4,545	5,219	6,315	7,349	8,539	8,226	9,514	10,952	11,458
Cash and Bank Balance	420	538	299	299	508	509	347	295	707
Loans and Advances	3,299	2,019	2,507	2,378	3,910	3,200	5,123	4,759	4,979
Curr. Liability & Prov.	**5,862**	**11,212**	**12,890**	**15,807**	**16,859**	**12,235**	**11,735**	**14,869**	**14,943**
Account Payables	3,349	8,408	9,550	12,394	12,885	7,326	6,948	8,968	8,769
Other Current Liabilities	2,312	2,496	2,955	2,934	3,467	4,206	3,384	3,998	4,182
Provisions	202	308	385	478	507	703	1,403	1,904	1,992
Net Current Assets	**9,067**	**3,946**	**3,859**	**3,736**	**5,533**	**10,120**	**17,536**	**16,164**	**17,736**
Appl. of Funds	**25,369**	**20,933**	**22,635**	**26,536**	**30,142**	**35,755**	**44,105**	**45,844**	**48,316**

Financials and valuations

Ratios									
Y/E March	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Basic (INR)									
EPS	**8.8**	**11.9**	**11.3**	**12.5**	**13.1**	**16.3**	**21.6**	**18.1**	**22.3**
Cash EPS	11.5	15.8	15.8	17.6	20.8	24.4	30.7	27.9	33.3
BV/Share	40.8	52.5	73.5	85.9	95.7	106.8	118.1	126.2	138.1
DPS	2.1	4.5	4.5	4.5	5.5	8.0	9.5	10.0	10.5
Payout (%)	18.8	41.9	45.6	31.6	41.5	49.0	45.3	55.2	47.0
Valuation (x)									
P/E	56.2	41.6	43.8	39.5	37.9	30.3	22.9	27.4	22.2
Cash P/E	42.9	31.3	31.4	28.1	23.8	20.3	16.2	17.7	14.9
P/BV	12.1	9.4	6.7	5.8	5.2	4.6	4.2	3.9	3.6
EV/Sales	2.9	2.1	2.0	1.7	1.5	1.7	1.4	1.2	1.2
EV/EBITDA	37.2	23.7	22.9	22.5	25.5	19.2	17.2	17.1	14.1
Dividend Yield (%)	0.4	0.9	0.9	0.9	1.1	1.6	1.9	2.0	2.1
FCF per share	2.4	36.6	5.7	9.0	-1.2	-13.1	-20.2	11.0	14.7
Return Ratios (%)									
RoE	23.8	25.5	17.9	15.7	14.4	16.1	19.2	14.8	16.9
RoCE	13.2	15.7	14.7	15.4	11.8	12.2	12.6	9.9	11.7
RoIC	11.3	12.9	12.9	12.2	8.8	10.2	10.0	8.7	10.6
Working Capital Ratios									
Fixed Asset Turnover (x)	3.1	3.5	3.4	2.8	2.9	2.4	2.8	2.9	2.7
Asset Turnover (x)	1.5	2.4	2.3	2.2	2.3	1.8	1.9	2.1	2.1
Inventory (Days)	65	55	53	59	50	61	63	58	57
Debtor (Days)	44	39	44	45	46	48	42	42	42
Creditor (Days)	33	62	67	76	69	43	31	34	32
Leverage Ratio (x)									
Current Ratio	2.5	1.4	1.3	1.2	1.3	1.8	2.5	2.1	2.2
Interest Cover Ratio	2.5	4.2	7.9	10.6	6.3	8.8	7.8	5.3	5.5
Net Debt/Equity	1.6	0.6	0.3	0.2	0.3	0.4	0.7	0.6	0.6

Consolidated - Cash Flow Statement									(INR m)
Y/E March	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
OP/(Loss) before Tax	3,364	3,727	3,717	4,773	3,486	4,531	5,416	4,307	5,330
Depreciation	524	747	859	982	1,481	1,540	1,733	1,890	2,099
Interest & Finance Charges	885	715	453	339	416	465	631	518	698
Direct Taxes Paid	-456	-800	-837	-1,097	-969	-1,123	-1,533	-1,103	-1,341
(Inc)/Dec in WC	-1,024	5,145	-471	633	-2,204	-5,413	-7,085	1,503	-958
CF from Operations	**3,293**	**9,534**	**3,721**	**5,629**	**2,210**	**0**	**-838**	**7,115**	**5,827**
Others	-1,610	-561	-183	-1,152	188	-104	-362	0	0
CF from Operating incl EO	**1,683**	**8,973**	**3,538**	**4,477**	**2,398**	**-104**	**-1,201**	**7,115**	**5,827**
(Inc)/Dec in FA	-1,223	-1,949	-2,448	-2,759	-2,634	-2,406	-2,680	-5,000	-3,000
Free Cash Flow	**460**	**7,024**	**1,091**	**1,719**	**-236**	**-2,510**	**-3,880**	**2,115**	**2,827**
(Pur)/Sale of Investments	581	610	-131	0	0	-9	-166	0	0
Others	-3,581	366	51	386	82	627	765	839	899
CF from Investments	**-4,223**	**-974**	**-2,528**	**-2,372**	**-2,552**	**-1,787**	**-2,081**	**-4,161**	**-2,101**
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	3,579	5,778	0	0
Interest Paid	-972	-861	-455	-354	-390	-430	-602	-903	-1,096
Dividend Paid	-452	0	-1,045	-1,076	-1,076	-1,122	-1,591	-1,920	-2,016
Others	0	0	2,818	4	-481	-136	-478	-183	-201
CF from Fin. Activity	**2,784**	**-7,881**	**-1,250**	**-2,105**	**364**	**1,891**	**3,108**	**-3,006**	**-3,314**
Inc/Dec of Cash	**244**	**119**	**-240**	**0**	**210**	**-1**	**-173**	**-52**	**412**
Opening Balance	175	419	538	299	299	510	509	347	295
Closing Balance	**419**	**538**	**299**	**299**	**508**	**509**	**347**	**295**	**707**

NOTES

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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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