

# Godrej Agrovet

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR515 TP: INR615 (+19%) Buy**

## Robust performance; sustenance will be key

### In line performance

- GOAGRO's strong 4QFY21 performance was aided by all segments and low base of 4QFY20. EBITDA margin expanded 440bp YoY due to lower raw material costs (-340bp YoY), which led to an EBITDA growth of 133%. All segments reported a margin expansion, led by Animal Feed and standalone Crop Protection.
- We have maintained the same for FY22E/FY23E as its 4QFY21 performance was in line with our estimates. We value the stock on a SoTP basis to arrive at our TP of INR615. Maintain **Buy**.

### All round performance across businesses

- Consolidated revenue declined 2% YoY to INR14.6b (v/s our estimate of INR15.2b). EBITDA margin expanded 440bp YoY to 7.7% (v/s our expectation of 7.2%). EBITDA stood at INR1,122m, up 2.3x YoY (v/s our estimate of INR1,086m). Adjusted PAT increased 191% YoY to INR566m (v/s our expectation of INR560m).
- In FY21, revenue declined 8% YoY, whereas EBITDA/adjusted PAT grew 37%/25%. In FY21, CFO was a negative INR18m v/s INR2,398m last year due to increase in inventory and decrease in payables.
- **Animal Feed business:** Revenue fell 9% YoY in 4QFY21 (to INR8b) owing to a 10% decline in realization, which was offset by a 1% improvement in volumes. Consumption of milk, chicken, and egg was subdued due to lower demand from the HoReCa segment and lower out-of-home consumption. This impacted demand for cattle, broiler, and layer feed. EBIT margin grew 330bp to 7.1% due to favorable input prices and realization of R&D benefits. EBIT grew 71% to INR568m. EBIT/kg grew 70% YoY (+47% QoQ) to INR1.9/kg.
- Revenue/EBIT for the **Palm Oil business** grew 8%/23% to INR717m/INR53m. Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) prices were high in 4QFY21, which aided performance.
- The **Crop Protection business** grew 6% YoY (to INR2.7b), with EBIT margin expanding 100bp (to 20.3%). **Sales/EBIT in the standalone business** grew 40%/251% YoY. **Astec Lifesciences:** Revenue/EBITDA declined 5%/19% YoY due to lower export prices and higher base in FY20. However, domestic sales have grown during 4QFY21, supported by higher prices.
- **Dairy business** revenue stood flat YoY at INR2.8b, with EBITDA margin expanding 60bp to 1.3%. While out-of-home consumption and institutional demand picked up sequentially in 4QFY21, it was still lower than pre-COVID levels, which has impacted volumes and revenue. EBITDA margin benefited from lower procurement prices.
- Revenue for **Godrej Tyson Foods** grew 22% YoY (to INR1.4b), with an EBITDA margin of 0.6% (v/s -29.4% last year).

Bloomberg	GOAGRO IN
Equity Shares (m)	316
M.Cap.(INRb)/(USDb)	99.1 / 1.4
52-Week Range (INR)	569 / 349
1, 6, 12 Rel. Per (%)	0/-9/-27
12M Avg Val (INR M)	100

### Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	62.7	73.9	82.8
EBITDA	5.6	6.4	7.1
PAT	3.1	3.7	4.3
EBITDA (%)	9.0	8.7	8.6
EPS (INR)	16.3	19.3	22.4
EPS Gr. (%)	25.0	18.0	15.9
BV/Sh. (INR)	107	118	131

### Ratios

Net D/E	0.4	0.4	0.3
RoE (%)	16.1	17.2	18.0
RoCE (%)	12.2	12.7	13.7
Payout (%)	49.0	44.1	40.3

### Valuations

P/E (x)	31.6	26.8	23.1
EV/EBITDA (x)	19.9	17.5	15.6
Div Yield (%)	1.6	1.6	1.7
FCF Yield (%)	(2.7)	2.0	2.5

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	70.7	70.3	70.1
DII	1.7	2.2	2.2
FII	2.8	3.1	3.5
Others	24.8	24.4	24.3

Note: FII includes depository receipts

**Highlights from the management commentary**

- **Standalone Crop Protection:** Six new products are in the pipeline, of which four are in-licensed and two are own products. The management plans to launch 1-2 products annually.
- The company is targeting 14-16% annual growth in the standalone Crop Protection business, half of which will be from organic growth and the balance from launching of new products, with an EBIT margin of 25-26%.
- **Capex and investment:** Capex in Astec Lifesciences is expected to be INR1.8b. Another INR800-900m will be utilized for setting-up a new Fish Feed plant in Barabanki, UP, the construction of which has already started. Total capex spend is expected to be INR3b in FY22.

**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) better performance in Astec Lifesciences owing to its expertise in triazole chemistry, and c) commencement of a new Herbicide plant.
- The Animal Feed segment is seeing lower demand from Restaurants/Hotels due to the second wave and is still operating at lower capacity utilization than pre-COVID levels. This has impacted demand for milk, chicken, and eggs. While the recovery in the segment is slightly postponed, it is expected to deliver a better performance v/s FY21 on a low base.
- Volume growth in the Palm Oil segment is likely to return in FY22E on higher arrival of FFBs (due to higher acreages) and better yields from the new plant with improved technology. Higher Palm Oil prices (nearly doubled in the last 13-14 months) to aid margin expansion.
- We have maintained the same for FY22E/FY23E as its 4QFY21 performance was in line with our estimates. We value the stock on a SoTP basis to arrive at our TP of INR615. Maintain **Buy**.

**Consolidated – Quarterly Perf.****(INR M)**

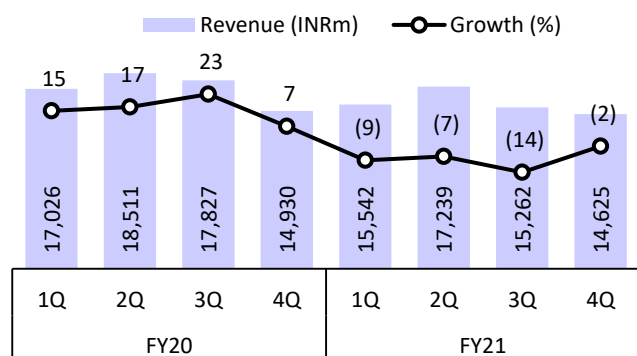
Y/E March	FY20				FY21				FY20	FY21	FY21	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
<b>Gross Sales</b>	<b>17,026</b>	<b>18,511</b>	<b>17,827</b>	<b>14,930</b>	<b>15,542</b>	<b>17,239</b>	<b>15,262</b>	<b>14,625</b>	<b>68,294</b>	<b>62,667</b>	<b>15,183</b>	<b>-4</b>
YoY Change (%)	14.7	16.5	22.6	7.3	-8.7	-6.9	-14.4	-2.0	15.4	-8.2	1.7	
Total Expenditure	15,607	17,314	16,821	14,448	13,882	15,508	14,137	13,502	64,189	57,029	14,098	
<b>EBITDA</b>	<b>1,419</b>	<b>1,197</b>	<b>1,006</b>	<b>482</b>	<b>1,659</b>	<b>1,732</b>	<b>1,124</b>	<b>1,122</b>	<b>4,104</b>	<b>5,638</b>	<b>1,086</b>	<b>3</b>
Margins (%)	8.3	6.5	5.6	3.2	10.7	10.0	7.4	7.7	6.0	9.0	7.2	
Depreciation	351	375	371	384	366	391	390	393	1,481	1,540	405	
Interest	102	125	108	82	128	96	63	178	416	465	60	
Other Income	102	113	93	159	83	83	131	99	468	396	128	
<b>PBT before EO expense</b>	<b>1,068</b>	<b>811</b>	<b>621</b>	<b>175</b>	<b>1,248</b>	<b>1,328</b>	<b>802</b>	<b>651</b>	<b>2,675</b>	<b>4,029</b>	<b>748</b>	
Extra-Ord expense	0	0	0	-682	0	0	0	0	-682	0	0	
<b>PBT</b>	<b>1,068</b>	<b>811</b>	<b>621</b>	<b>857</b>	<b>1,248</b>	<b>1,328</b>	<b>802</b>	<b>651</b>	<b>3,357</b>	<b>4,029</b>	<b>748</b>	
Tax	356	-213	168	169	338	345	220	152	480	1,055	188	
Rate (%)	33.3	-26.2	27.1	19.7	27.1	26.0	27.4	23.3	14.3	26.2	25.2	
MI & P/L of Asso. Cos.	-48	-16	-63	-58	25	-88	-34	-67	-185	-164	0	
<b>Reported PAT</b>	<b>760</b>	<b>1,040</b>	<b>516</b>	<b>746</b>	<b>885</b>	<b>1,070</b>	<b>616</b>	<b>566</b>	<b>3,062</b>	<b>3,137</b>	<b>560</b>	
<b>Adj PAT</b>	<b>760</b>	<b>1,040</b>	<b>516</b>	<b>194</b>	<b>885</b>	<b>1,070</b>	<b>616</b>	<b>566</b>	<b>2,510</b>	<b>3,137</b>	<b>560</b>	<b>1</b>
YoY Change (%)	-5.3	10.4	26.1	-23.5	16.5	2.9	19.4	191.4	4.3	25.0	145.5	
Margins (%)	4.5	5.6	2.9	1.3	5.7	6.2	4.0	3.9	3.7	5.0	3.7	

## Key Performance Indicators

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Segment Revenue Gr. (%)										
Animal Feed (AF)	20.0	31.9	32.3	-0.1	-15.5	-18.8	-22.7	-9.3	20.1	(16.8)
Palm Oil	-13.6	-11.2	24.2	4.9	8.2	23.9	-16.6	7.9	(0.9)	5.4
Crop Protection	11.6	7.0	-5.4	38.1	11.9	-2.6	1.3	6.2	11.0	4.0
Dairy	2.4	2.2	2.7	5.0	-26.2	-15.4	-10.1	-0.3	3.0	(13.5)
Segment EBIT Margin (%)										
Animal Feed	4.8	4.6	3.5	3.8	6.4	6.2	4.9	7.1	4.1	5.2
Palm Oil	8.7	12.2	19.4	6.5	4.1	14.1	16.3	7.4	13.3	11.7
Crop Protection	26.8	19.8	17.5	19.3	26.3	22.4	16.1	20.3	21.1	20.9
Dairy	2.1	-0.1	-0.2	-2.1	1.4	1.6	2.6	-1.3	(0.0)	(0.3)
AF Volumes (000'MT)	324	332	350	294	268	280	293	296	1,301	1,136
AF Realization (INR/kg)	27.3	28.2	28.9	29.9	27.9	27.2	26.8	27.0	28.6	27.2
Cost Break-up										
RM Cost (% of sales)	76.2	78.3	79.5	77.4	72.8	73.2	74.2	74.0	77.9	73.5
Staff Cost (% of sales)	5.2	5.1	5.2	5.2	5.9	5.7	6.5	5.9	5.2	6.0
Other Cost (% of sales)	10.3	10.1	9.6	14.2	10.6	11.0	12.0	12.5	10.9	11.5
Gross Margins (%)	23.8	21.7	20.5	22.6	27.2	26.8	25.8	26.0	22.1	26.5
EBITDA Margins (%)	8.3	6.5	5.6	3.2	10.7	10.0	7.4	7.7	6.0	9.0
EBIT Margins (%)	6.3	4.4	3.6	0.7	8.3	7.8	4.8	5.0	3.8	6.5

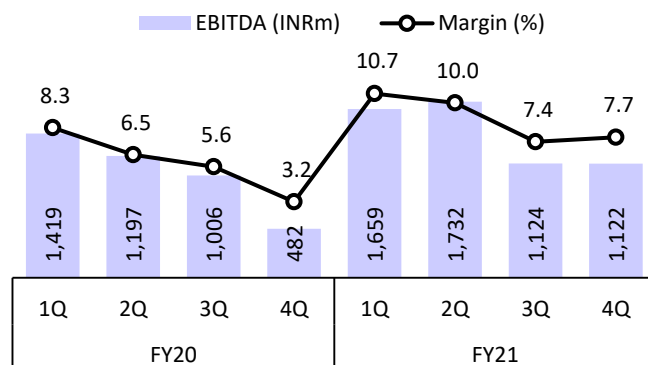
## Key exhibits

Exhibit 1: Consolidated revenue trend



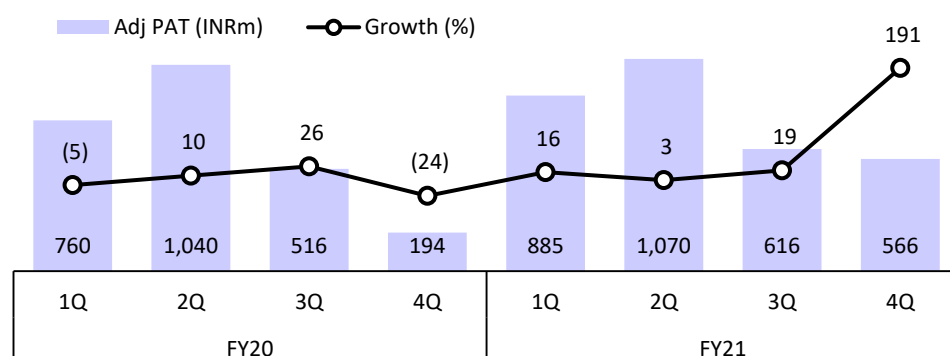
Source: Company, MOFSL

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	FY20	FY21
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	13,00,841	11,36,310
Growth (%)	6.5	9.2	8.0	(11.3)	(17.4)	(15.8)	(16.5)	0.6	2.9	(12.6)
Revenue (INRm)	8,850	9,387	10,130	8,811	7,480	7,623	7,833	7,995	37,177	30,932
Growth (%)	20.0	31.9	32.3	(0.1)	(15.5)	(18.8)	(22.7)	(9.3)	20.1	(16.8)
EBIT (INRm)	424	431	350	332	481	476	382	568	1,537	1,908
Margin (%)	4.8	4.6	3.5	3.8	6.4	6.2	4.9	7.1	4.1	6.2
Growth (%)	17.2	91.1	47.5	(27.9)	13.5	10.6	9.1	71.0	19.6	24.1

**Exhibit 5: Consolidated Crop Protection**

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	FY20	FY21
Revenue (INRm)	2,866	3,416	2,180	2,501	3,208	3,328	2,209	2,656	10,964	11,401
Growth (%)	11.6	7.0	(5.4)	38.1	11.9	(2.6)	1.3	6.2	11.0	4.0
EBIT (INRm)	768	678	381	483	844	745	356	539	2,309	2,485
Margin (%)	26.8	19.8	17.5	19.3	26.3	22.4	16.1	20.3	21.1	21.8
Growth (%)	0.8	(16.1)	(7.5)	46.1	10.0	9.9	(6.5)	11.6	(0.1)	7.6

**Exhibit 6: Standalone Crop Protection**

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	FY20	FY21
Revenue (INRm)	2,093	2,002	912	670	2,082	1,763	1,035	935	5,677	5,815
Growth (%)	9.4	(2.2)	(15.7)	48.2	(0.5)	(11.9)	13.5	39.6	3.3	2.4
EBIT (INRm)	744	550	185	59	604	495	228	207	1,538	1,534
Margin (%)	35.5	27.5	20.3	8.8	29.0	28.1	22.0	22.1	125	12,491
Growth (%)	6.0	(7.1)	(15.1)	(33.7)	(18.8)	(10.0)	23.2	250.8	(3.9)	(0.3)

**Exhibit 7: Astec Lifesciences**

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	FY20	FY21
Revenue (INRm)	770	1,420	1,248	1,805	1,119	1,550	1,160	1,719	5,243	5,548
Growth (%)	18.5	23.9	(31.1)	34.9	45.3	9.2	(7.1)	(4.8)	6.0	5.8
EBITDA (INRm)	73	171	248	479	295	314	189	397	971	1,195
Margin (%)	9.5	12.0	19.9	26.5	26.4	20.3	16.3	23.1	18.5	21.5
Growth (%)	(20.7)	(32.4)	(22.3)	66.3	304.1	83.6	(23.8)	(17.1)	2.0	23.1

**Exhibit 8: Palm Oil business**

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	FY20	FY21
Revenue (INRm)	1,454	2,366	2,250	665	1,574	2,932	1,878	717	6,735	7,100
Growth (%)	(13.6)	(11.2)	24.2	4.9	8.2	23.9	(16.6)	7.9	(0.9)	5.4
EBIT (INRm)	127	288	436	43	65	414	305	53	893	837
Margin (%)	8.7	12.2	19.4	6.5	4.1	14.1	16.3	7.4	13.3	11.8
Growth (%)	(64.6)	(37.2)	36.7	(4,009.1)	(48.9)	44.0	(30.0)	23.3	(21.2)	(6.3)

**Exhibit 9: Dairy business**

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	FY20	FY21
Revenue (INRm)	3,204	3,063	2,855	2,808	2,365	2,590	2,567	2,801	11,930	10,322
Growth (%)	2.4	2.2	2.7	5.0	(26.2)	(15.4)	(10.1)	(0.3)	3.0	(13.5)
EBITDA (INRm)	138	91	72	21	103	112	112	112	322	439
Margin (%)	4.3	3.0	2.5	0.7	4.4	4.3	4.4	4.0	2.7	4.3
Growth (%)	122.6	54.2	(59.8)	(83.5)	(25.4)	23.1	55.6	433.3	(24.6)	36.3
EBIT (INRm)	66	-2	-7	-58	33	41	68	-36	0	106
Margin (%)	2.1	(0.1)	(0.2)	(2.1)	1.4	1.6	2.6	(1.3)	0.0	1.0
Growth (%)	3,220.0	(52.6)	(106.0)	(254.0)	(50.2)	NA	NA	NA	NA	NA

Source: Company, MOFSL



## Highlights from the management commentary

### Animal Feed

- Consumption of milk, chicken, and egg was subdued due to lower demand from the HoReCa segment and lower out-of-home consumption. This has impacted demand for cattle, broiler, and layer feed, which led to a 13% YoY decline in FY21 volumes, despite flattish volumes on a YoY basis in 4Q.
- The segment saw strong (71%/24% in 4QFY21/FY21) growth supported by favorable input price and realization of R&D benefits.
- GOAGRO successfully launched a new cattle feed product 'Samruddhi' in the western market. The management aims to increase market share through new product launches and higher penetration across geographies.
- Consumption of Animal Feed dropped significantly and did not recover completely after the lifting of lockdown restrictions in CY20 and the bird flu outbreak. However, it expects a huge shortage in animal protein in the medium to near term (3-5 months) as small businesses and companies are exiting the business. GOAGRO is best placed to benefit from consolidation in the industry.
- Shrinking of the market led to lower demand for milk, chicken, and eggs, leading to lower volumes (but higher profitability due to improvement in feed cost). Market share is expected to increase in the Animal Feed business in FY22. The company has stopped bill discounting as the spread between bill discounting and short-term loans increased to 2.5% from 1%. GOAGRO is now availing short-term loans to purchase goods in the market, which helps it gain a cash discount.
- In Apr'21, the business returned to 90% of Jan'20 levels in animal protein production. In May-Jul'21, 70-85% of volumes are expected to be recovered (on a base of Apr'21). Post lifting of lockdown restrictions, prices of eggs and chicken are expected to increase sharply.
- Volume growth in 4QFY21 in cattle feed: 5%, broiler feed: 8.5%, layer feed fell 17%, and aqua feed grew 35%.
- In the last 15 days, the company has hiked prices by 6-7%. Another 6-7% price hike will be taken in the next few weeks.

### Crop Protection

- Increase in sales of in-house products during 4QFY21, resulted in strong growth in segment revenue/results.
- GOAGRO focused on efficient working capital management and cash collections in FY21. Cash collection rose to INR6.3b in FY21 v/s INR4.95b in FY20.
- Due to the lockdown, the Jammu factory was shut for a month, which resulted in a revenue loss of INR450-500m in FY21. At present, the company is facing no disruption across all its plant locations (Maharashtra, Gujarat, and Jammu). With an average rainfall predicted, this segment is expected to perform well.

### Oil Palm business

- CPO and PKO prices were high YoY in 4QFY21, which benefitted segment revenue/results. The fourth quarter is a non-seasonal quarter for the Oil Palm business.
- The white-fly attack impacted palm oil plantation in FY21. Therefore, the arrival of fresh fruit bunches and the oil content in the fruit were lower in FY21. Despite higher CPO and PKO prices, segment results declined YoY.

- The Department of Horticulture, Telangana, has allotted an area in the Mahabubabad district to GOAGRO for Oil Palm cultivation/expansion. The area has a Palm Oil development potential of 28,164ha.
- Around 80% of the price of Palm Oil is the price of the fruit. Fixed expenses are not proportional to the price, hence an increase in oil prices leads to higher margins.
- **Prices:** There is a huge demand for bio-fuels (e.g. bio-diesel and bio-ethanol). Bio-ethanol is produced from corn, sugarcane, oilseeds, etc. As a result prices of oilseeds and other RMs have risen significantly. The same is expected to remain high in the medium term.
- Payment is made to farmers based on weight, and farmers are not responsible for lower/higher OER (oil extraction ratio).
- In 4QFY21, FFB arrival was 32,000MT (v/s 39,000MT in 4QFY20), whereas OER was over 19% in 4QFY21.

### Dairy

- While out-of-home consumption and institutional demand picked up sequentially in 4QFY21, it was still lower than pre-COVID levels. This has impacted volumes and revenue in 4Q/FY21.
- EBITDA improved on lower procurement prices in 4Q/FY21. However, procurement prices have started increasing from Jan'21 onwards.
- Relaunched the 'Godrej Jersey Ghee' during FY21, which has seen an excellent market response. In FY21, the company launched dairy sweet 'Mysore Pak' and relaunched its entire product portfolio under the new 'Godrej Jersey' logo.

### Astec Lifesciences

- Lower export prices and higher base in FY20 impacted revenue in 4QFY21. However, domestic sales have grown during 4QFY21 supported by higher prices
- Revenue grew at 6% in FY21, supported by better pricing in the domestic market. While export volumes have grown, lower pricing compared to FY20 led to a decline in value terms. Segment-wise, growth is supported by enterprise sales.
- The Herbicide plant will begin operations in 1Q and will contribute to FY22 revenue. A new contract manufacturing product was also launched in FY21.

### Godrej Tyson Foods

- In 4QFY21, the Yummiez segment continued to witness strong growth in sales and profitability. However, performance in the 'Live Bird' segment was impacted by the bird-flu outbreak in Jan'21.
- The company posted strong growth in revenue and profitability in FY21. The live bird and the Yummiez segments were key growth contributors. Higher volumes and prices, coupled with favorable raw material prices, supported performance.

### Other highlights

- About 60-65% of GOAGRO's Crop Protection sales comes from the Kharif season. A good rainfall forecast and opening of the market is expected to support growth.



- **Godrej Tyson Foods:** Revenue growth stood at 22% YoY, despite the bird flu in Jan-Feb'21.
- **Capex and investment:** Capex in Astec Lifesciences is expected to be INR1.8b. Another INR800-900m will be utilized for setting-up a new Fish Feed plant in Barabanki, UP, the construction of which has already started. Total capex spend is expected to be INR3b in FY22.

#### 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) better performance in Astec Lifesciences owing to its expertise in triazole chemistry, and c) commencement of a new Herbicide plant.
- The Animal Feed segment is seeing lower demand from Restaurants/Hotels due to the second wave and is still operating at lower capacity utilization than pre-COVID levels. This has impacted demand for milk, chicken, and eggs. While the recovery in the segment is slightly postponed, it is expected to deliver a better performance v/s FY21 on a low base.
- Volume growth in the Palm Oil segment is likely to return in FY22E on higher arrival of FFBs (due to higher acreages) and better yields from the new plant with improved technology. Higher Palm Oil prices (nearly doubled in the last 13-14 months) to aid margin expansion.
- We have maintained the same for FY22E/FY23E as its 4QFY21 performance was in line with our estimates. We value the stock on a SoTP basis to arrive at our TP of INR615. Maintain **Buy**.

#### Exhibit 10: Valuation

Particulars	EBITDA FY23E (INRm)	EV/ EBITDA (x)	EV (INRm)	Net Debt (INRm)	Equity Value (INRm)	GOAGRO's share (%)	Value (INRm)	Value/ share (INR)	% Share
<b>Standalone:</b>									
Crop Protection	2,026	17	34,443		34,443	100%	34,443	179	29
Palm Oil	1,811	17	30,781		30,781	100%	30,781	160	26
Animal Feed	2,630	17	44,884		44,884	100%	44,884	234	38
Unallocated expenses	(1,491)	10	(14,909)		(14,909)	100%	(14,909)	(78)	-13
<b>Total</b>	<b>4,976</b>	<b>19</b>	<b>95,198</b>	<b>6,623</b>	<b>88,575</b>	<b>100%</b>	<b>88,575</b>	<b>461</b>	<b>75</b>
<b>Subsidiaries:</b>									
Astec (mcap with 20% holdco disc)					18,264	57%	10,493	55	9
Creamline Dairy	534	15	8,006	4	8,002	52%	4,154	22	4
Godrej Tyson Foods Limited & Others	779	15	11,679		11,679	51%	5,956	31	5
<b>JV/ Associate:</b>									
ACI Godrej Agrovet Private Limited	1,115	16	17,840		17,840	50%	8,920	46	8
<b>Total</b>	<b>7,403</b>	<b>18</b>	<b>1,32,723</b>		<b>1,44,360</b>			<b>615</b>	<b>100</b>

Source: MOFSL

#### Exhibit 11: Change in estimates

Earnings Change (INR m)	Old		New		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	74,218	84,386	73,920	82,829	0	-2
EBITDA	6,469	7,399	6,405	7,136	-1	-4
Adj. PAT	3,841	4,526	3,703	4,293	-4	-5

Source: MOFSL

## Financials and valuations

### Consolidated - Income Statement

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Total Income from Operations</b>	<b>37,550</b>	<b>49,264</b>	<b>52,059</b>	<b>59,177</b>	<b>68,294</b>	<b>62,667</b>	<b>73,920</b>	<b>82,829</b>
Change (%)	13.4	31.2	5.7	13.7	15.4	-8.2	18.0	12.1
<b>Total Expenditure</b>	<b>34,585</b>	<b>44,884</b>	<b>47,629</b>	<b>54,619</b>	<b>64,189</b>	<b>57,029</b>	<b>67,515</b>	<b>75,692</b>
% of Sales	92.1	91.1	91.5	92.3	94.0	91.0	91.3	91.4
<b>EBITDA</b>	<b>2,965</b>	<b>4,380</b>	<b>4,430</b>	<b>4,558</b>	<b>4,104</b>	<b>5,638</b>	<b>6,405</b>	<b>7,136</b>
Margin (%)	7.9	8.9	8.5	7.7	6.0	9.0	8.7	8.6
Depreciation	524	747	859	982	1,481	1,540	1,672	1,831
<b>EBIT</b>	<b>2,441</b>	<b>3,633</b>	<b>3,571</b>	<b>3,577</b>	<b>2,624</b>	<b>4,098</b>	<b>4,733</b>	<b>5,305</b>
Int. and Finance Charges	977	863	453	339	416	465	566	521
Other Income	627	590	318	531	468	396	517	663
<b>PBT bef. EO Exp.</b>	<b>2,091</b>	<b>3,360</b>	<b>3,436</b>	<b>3,769</b>	<b>2,675</b>	<b>4,029</b>	<b>4,685</b>	<b>5,447</b>
EO Items	946	200	121	883	682	0	0	0
<b>PBT after EO Exp.</b>	<b>3,037</b>	<b>3,560</b>	<b>3,557</b>	<b>4,652</b>	<b>3,357</b>	<b>4,029</b>	<b>4,685</b>	<b>5,447</b>
Total Tax	754	1,018	1,207	1,280	481	1,055	1,179	1,371
Tax Rate (%)	24.8	28.6	33.9	27.5	14.3	26.20	25.2	25.2
Profit from Associate & MI	-356	55	57	82	-185	-164	-197	-217
<b>Reported PAT</b>	<b>2,639</b>	<b>2,487</b>	<b>2,292</b>	<b>3,290</b>	<b>3,062</b>	<b>3,137</b>	<b>3,703</b>	<b>4,293</b>
<b>Adjusted PAT</b>	<b>1,693</b>	<b>2,287</b>	<b>2,172</b>	<b>2,407</b>	<b>2,510</b>	<b>3,137</b>	<b>3,703</b>	<b>4,293</b>
Change (%)	-2.5	35.1	-5.1	10.9	4.3	25.0	18.0	15.9
Margin (%)	4.5	4.6	4.2	4.1	3.7	5.0	5.0	5.2

### 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	20,661	23,225
<b>Net Worth</b>	<b>7,832</b>	<b>10,088</b>	<b>14,114</b>	<b>16,490</b>	<b>18,381</b>	<b>20,511</b>	<b>22,582</b>	<b>25,146</b>
Minority Interest	2,323	2,541	2,693	4,010	3,825	4,103	4,498	4,934
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
<b>Capital Employed</b>	<b>25,369</b>	<b>20,933</b>	<b>22,635</b>	<b>26,536</b>	<b>30,142</b>	<b>35,755</b>	<b>38,221</b>	<b>39,721</b>
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	7,889	9,720
<b>Net Fixed Assets</b>	<b>11,575</b>	<b>12,779</b>	<b>12,971</b>	<b>18,050</b>	<b>19,136</b>	<b>20,334</b>	<b>21,294</b>	<b>22,139</b>
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
<b>Total Investments</b>	<b>2,140</b>	<b>1,755</b>	<b>1,952</b>	<b>1,165</b>	<b>1,292</b>	<b>1,237</b>	<b>1,237</b>	<b>1,237</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>14,930</b>	<b>15,157</b>	<b>16,749</b>	<b>19,542</b>	<b>22,392</b>	<b>22,355</b>	<b>26,413</b>	<b>29,077</b>
Inventory	6,665	7,381	7,629	9,517	9,436	10,419	12,023	13,479
Account Receivables	4,545	5,219	6,315	7,349	8,539	8,226	9,721	10,893
Cash and Bank Balance	420	538	299	299	508	509	973	563
Loans and Advances	3,299	2,019	2,507	2,378	3,910	3,200	3,696	4,141
<b>Curr. Liability &amp; Prov.</b>	<b>5,862</b>	<b>11,212</b>	<b>12,890</b>	<b>15,807</b>	<b>16,859</b>	<b>12,235</b>	<b>15,155</b>	<b>16,987</b>
Account Payables	3,349	8,408	9,550	12,394	12,885	7,326	10,173	11,406
Other Current Liabilities	2,312	2,496	2,955	2,934	3,467	4,206	4,435	4,970
Provisions	202	308	385	478	507	703	546	612
<b>Net Current Assets</b>	<b>9,067</b>	<b>3,946</b>	<b>3,859</b>	<b>3,736</b>	<b>5,533</b>	<b>10,120</b>	<b>11,258</b>	<b>12,089</b>
<b>Appl. of Funds</b>	<b>25,369</b>	<b>20,933</b>	<b>22,635</b>	<b>26,536</b>	<b>30,142</b>	<b>35,755</b>	<b>38,221</b>	<b>39,721</b>



## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>8.8</b>	<b>11.9</b>	<b>11.3</b>	<b>12.5</b>	<b>13.1</b>	<b>16.3</b>	<b>19.3</b>	<b>22.4</b>
Cash EPS	11.5	15.8	15.8	17.6	20.8	24.4	28.0	31.9
BV/Share	40.8	52.5	73.5	85.9	95.7	106.8	117.6	130.9
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	44.1	40.3
<b>Valuation (x)</b>								
P/E		43.3	45.6	41.2	39.5	31.6	26.8	23.1
Cash P/E		32.7	32.7	29.2	24.8	21.2	18.4	16.2
P/BV		9.8	7.0	6.0	5.4	4.8	4.4	3.9
EV/Sales		2.2	2.0	1.8	1.6	1.8	1.5	1.3
EV/EBITDA		24.6	23.8	23.4	26.5	19.9	17.5	15.6
Dividend Yield (%)		0.9	0.9	0.9	1.1	1.6	1.6	1.7
FCF per share		36.6	5.7	9.0	-1.2	-13.7	10.1	12.8
<b>Return Ratios (%)</b>								
RoE	23.8	25.5	17.9	15.7	14.4	16.1	17.2	18.0
RoCE	13.2	15.7	14.7	15.4	11.8	12.2	12.7	13.7
RoIC	11.3	12.9	12.9	12.2	8.8	10.2	10.6	11.3
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.1	3.5	3.4	2.8	2.9	2.4	2.5	2.6
Asset Turnover (x)	1.5	2.4	2.3	2.2	2.3	1.8	1.9	2.1
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
<b>Leverage Ratio (x)</b>								
Current Ratio	2.5	1.4	1.3	1.2	1.3	1.8	1.7	1.7
Interest Cover Ratio	2.5	4.2	7.9	10.6	6.3	8.8	8.4	10.2
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	4,685	5,447
Depreciation	524	747	859	982	1,481	1,540	1,672	1,831
Interest & Finance Charges	885	715	453	339	416	69	48	-142
Direct Taxes Paid	-456	-800	-837	-1,097	-969	-1,055	-1,179	-1,371
(Inc)/Dec in WC	-1,024	5,145	-471	633	-2,204	-4,601	-279	-805
<b>CF from Operations</b>	<b>3,293</b>	<b>9,534</b>	<b>3,721</b>	<b>5,629</b>	<b>2,210</b>	<b>-18</b>	<b>4,947</b>	<b>4,960</b>
Others	-1,610	-561	-183	-1,152	188	0	0	0
<b>CF from Operating incl EO</b>	<b>1,683</b>	<b>8,973</b>	<b>3,538</b>	<b>4,477</b>	<b>2,398</b>	<b>-18</b>	<b>4,947</b>	<b>4,960</b>
(Inc)/Dec in FA	-1,223	-1,949	-2,448	-2,759	-2,634	-2,621	-3,000	-2,500
<b>Free Cash Flow</b>	<b>460</b>	<b>7,024</b>	<b>1,091</b>	<b>1,719</b>	<b>-236</b>	<b>-2,639</b>	<b>1,947</b>	<b>2,460</b>
(Pur)/Sale of Investments	581	610	-131	0	0	55	0	0
Others	-3,581	366	51	386	82	693	1,110	1,315
<b>CF from Investments</b>	<b>-4,223</b>	<b>-974</b>	<b>-2,528</b>	<b>-2,372</b>	<b>-2,552</b>	<b>-1,873</b>	<b>-1,890</b>	<b>-1,185</b>
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	-566	-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	-396	-435
<b>CF from Fin. Activity</b>	<b>2,784</b>	<b>-7,881</b>	<b>-1,250</b>	<b>-2,105</b>	<b>364</b>	<b>1,893</b>	<b>-2,594</b>	<b>-4,184</b>
<b>Inc/Dec of Cash</b>	<b>244</b>	<b>119</b>	<b>-240</b>	<b>0</b>	<b>210</b>	<b>1</b>	<b>463</b>	<b>-410</b>
Opening Balance	175	419	538	299	299	508	509	973
<b>Closing Balance</b>	<b>419</b>	<b>538</b>	<b>299</b>	<b>299</b>	<b>508</b>	<b>509</b>	<b>973</b>	<b>563</b>

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
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