

BSE SENSEX
 52,386

 S&P CNX
 15,690

CMP: INR1,959 TP: INR2,170 (+11%)
Buy


Motilal Oswal values your support in the Asia money Brokers Poll 2020 for India Research, Sales and Trading team. We [request your ballot](#).



Stock Info

Bloomberg	VO IN
Equity Shares (m)	103
M.Cap.(INRb)/(USDb)	201.3 / 2.7
52-Week Range (INR)	2130 / 947
1, 6, 12 Rel. Per (%)	9/41/50
12M Avg Val (INR M)	238
Free float (%)	25.9

Financials Snapshot (INR m)

Y/E March	FY21	FY22E	FY23E
Sales	9,543	14,850	19,904
EBITDA	3,525	5,337	6,955
PAT	2,693	3,945	5,190
EPS (INR)	26.2	38.4	50.5
EPS Gr. (%)	(19.3)	46.5	31.6
BV/Sh.(INR)	150.2	180.9	221.3

Ratios

Net D:E	(0.0)	(0.1)	(0.2)
RoE (%)	19.1	23.2	25.1
RoCE (%)	18.1	22.2	24.2
Payout (%)	22.9	20.0	20.0

Valuations

P/E (x)	74.6	50.9	38.7
P/BV (x)	13.0	10.8	8.8
EV/EBITDA (x)	57.0	37.2	28.2
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	0.8	1.7	1.8

At the threshold of next-level growth

We recently initiated coverage on the Specialty Chemicals space ([report link](#)). Our top pick is Deepak Nitrite (DN), while we recommend Buy on NOCIL, Vinati Organics (VO), and Galaxy Surfactants (GALSURF). Key insights from VO's FY21 Annual Report are highlighted below:

- VO's gross profit declined 6% in FY21 v/s FY20. This was largely due to muted sales from ATBS – the company's largest product. Although, gross margins improved 110bps on lower raw material costs.
- Despite GM expansion, COVID-led disruptions resulted in VO seeing higher operating costs and in turn posting 330bps decline in EBITDAM. VO's PAT also de-grew, contracting ~19% v/s FY20.
- Despite the challenges, which resulted in lower margins and profitability in FY21, the company is confident of delivering growth, along with stronger synergies. We maintain a BUY rating on the stock, with Target Price of INR2,170.

IBB, Butyl phenol, and other products continue strong run in FY21

- IBB recorded its highest sales ever in FY21 and the management expects further growth in FY22 on consistent demand from its end product – Ibuprofen. VO continued to maintain its market share in IBB globally at ~65%.
- IBB plant is currently operating at 60–65% utilization. It recorded growth in FY21 on higher demand from Pharma – this is likely to continue for a couple of quarters. Debottlenecking could result in capacity expansion to 50ktpa (from 40ktpa currently).
- VO last year commissioned a new Butyl Phenol unit (which is used in fragrance and anti-oxidants) in India, making it the sole producer. It expects incremental annual revenue of ~INR5b in FY24 – Veeral Additives (VAL) would use 50% of this as captive consumption; thus incremental revenue would be INR2–2.5b – with a ramp-up in the utilization rate to 70–75% in FY22 and full capacity in FY23.
- Other products consisting of HPMTBE, PTBBA/PTBMB, Isobutylene, etc. contributed about 25% to overall sales in FY21. They continue to see growth with capex lined up and expected growth in the domestic and export markets.

ATBS sees muted FY21 due to global slowdown

- Sales of ATBS – used in the Construction, Water Treatment, Textiles, Paints, and Paper Coating industries – were impacted in FY21 due to the pandemic and general global slowdown during the year. The base was smaller as one of its large customers saw operational closures.
- Although it posted muted sales in the first half of the year, demand for the product picked up in the latter half. The company is seeing a strong uptake for the product across geographies and applications in FY22.
- VO is the largest producer of ATBS in the world, with global market share of ~65%. It recently expanded its capacity to 40ktpa from 26ktpa. The management expects the plant to reach optimal capacity over the next three years, with revenue potential of INR2.5–3b.

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

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

- ATBS' growth guidance for FY22 stands at 80–85% of FY21 levels (30–35% growth on FY20). Globally, the ATBS market is growing at 20–25% YoY, and VO is well-placed to capture the major share of this potential growth.

VO's growth strategy aligned with VAL merger

- The company is in the process of amalgamating VAL with VO, well in line with its growth strategy. This would result in the forward integration of Butyl Phenol to anti-oxidants (AOs), creating synergies and generating incremental revenue of INR3b by FY24E.
- This would enable better synergies, making VO the largest and only backward/forward integrated manufacturer of AOs. AO demand in India and globally stands at 12ktpa and 300ktpa, respectively (VO's capacity would be ~24ktpa).
- AOs are currently imported into the country, and the domestic market is seeing huge demand from PP, LLDPE, etc. (which is expected to grow at 8% YoY). Import substitution and export opportunities would aid VO in this niche category.

Valuation and view

- Disruption in various industries has led to demand concerns in ATBS, with a slower-than-expected ramp-up post the lifting of COVID-related lockdowns/restrictions. We expect demand for ATBS to grow at 80–85% of FY21 levels in FY22 (30–35% on FY20 levels) – in line with the management guidance.
- The gradual ramp-up of expanded capacity over the next three years would drive huge growth for VO, with further development on product molecules currently under R&D. With new products such as AOs and Butyl Phenol resulting in import substitution, we expect the export mix to moderate to ~70% over FY23–24E (from 76% in FY21).
- We expect revenue to grow 2.6x by FY24E (v/s FY21), with ~56% YoY growth in FY22E (in line with the management guidance). The company is confident of being among the top five global players for Butyl Phenol and AOs over the next 4–5 years.
- The stock is trading at 36x FY23E EPS of INR50.5 and 26x FY23E EV/EBITDA, with attractive return ratios of ~25% (+600bps v/s FY21). It has a fixed asset turnover of 1.3x, which is likely to double over the next three years. We expect a 34% EBITDA CAGR over FY21–24E and value the company at 43x FY23E EPS to arrive at TP of INR2,170. We maintain a BUY rating on the stock.

Exhibit 1: AO application chart – global demand for AOs at ~300,000tpa (India demand at ~12,000tpa)

Product Selection Guide

✓ = Recommended

□ = Suitable

		ABS	PC / ABS	PC	PU Fibers	Polyamide	Polyesters	Polyethylene	Polypropylene	Polystyrene	Polyurethane	PVC	Elastomers	Acrylics	Polyacetal	TPU
PHOSPHITE ANTIOXIDANTS	Veenox 168	□	□	✓	✓	✓	✓	✓	✓					✓	✓	✓
	Veenox 1010				✓		✓	✓			□					
PHENOLIC ANTIOXIDANTS	Veenox 1076	✓	□	✓			✓		✓	✓	□	✓	✓			

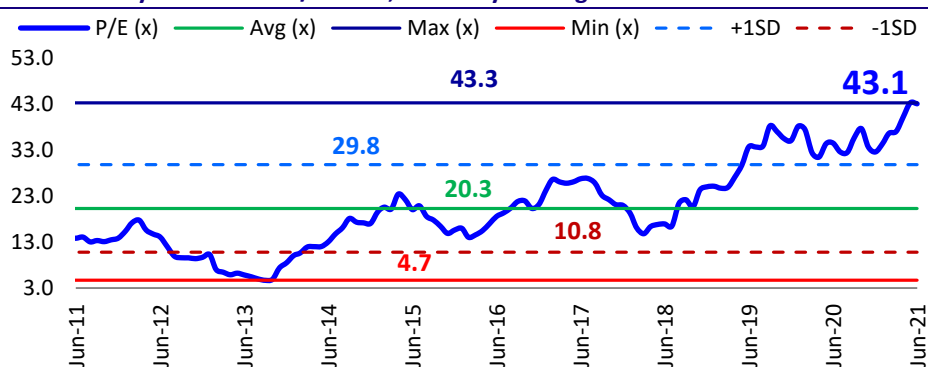
Source: Company, MOFSL

Exhibit 2: Capacity expansion for VO across products

Capacity (mtpa)	FY16	FY17	FY18	FY19	FY20	FY21	Remarks
ATBS	26,000	26,000	26,000	26,000	26,000	40,000	Optimal capacity to be reached by FY24
IBB	16,000	16,000	16,000	25,000	25,000	25,000	May be raised to 50ktpa through debottlenecking
IB	12,000	15,000	15,000	15,000	15,000	15,000	
Others (TBA)	21,500	21,500	21,500	21,500	21,500	21,500	
Total capacity	75,500	78,500	78,500	87,500	87,500	1,01,500	

Source: Company, MOFSL

Exhibit 3: One-year forward P/E chart, currently trading at 43x



Source: MOFSL

Global Chemicals industry – the year gone by

- The COVID outbreak has significantly impacted the Chemicals industry, leading to revenue decline in the major chemical companies of the world.
- The crisis has accelerated some developments (such as digitization, flexible work arrangements, and geopolitical tensions); however, this cannot change the overall strategic context in which the Chemicals industry operates.
- A decline is seen in the demand growth rate for chemical products due to accelerating de-globalization and regulations to curb climate change.

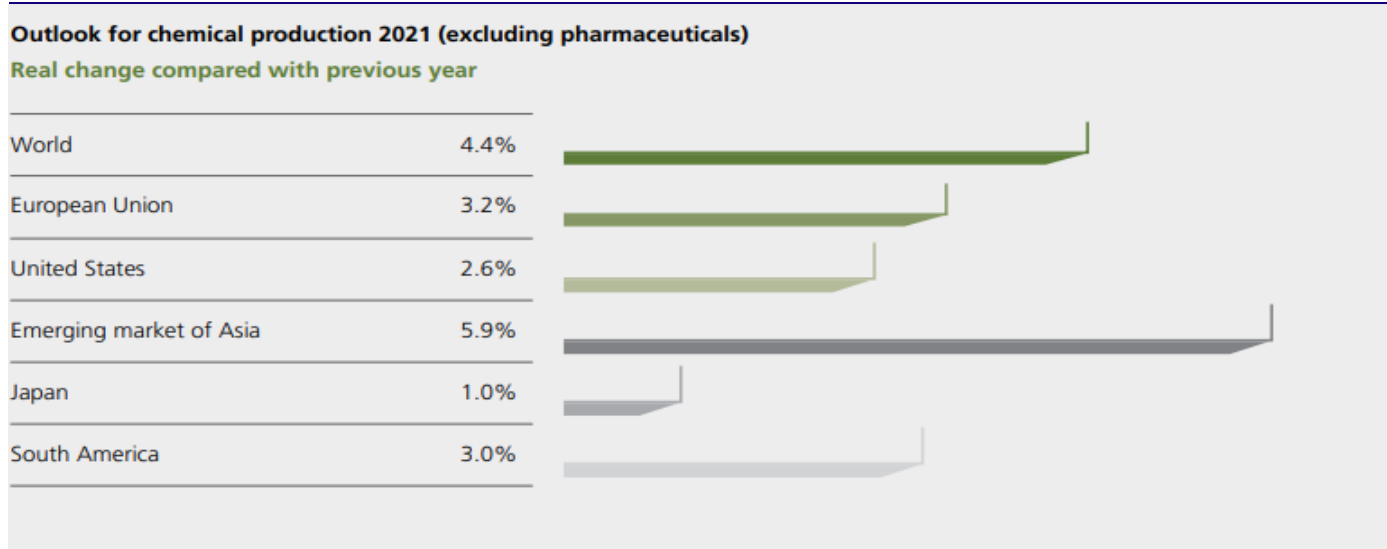
Outlook

- Amid the prevailing environmental issues in China, US and European companies are being pressured by institutional investors and significant lenders to re-base their supply chains away from their Chinese operations. This presents an

opportunity for Southeast Asian countries, India in particular, to capture the market share being relinquished by its neighbor.

- Global chemical production (excluding pharmaceuticals) is expected to grow 4.4% in 2021 (v/s -0.4% in 2020), above average for the years before the COVID pandemic.
- This growth is to be seen predominantly in the emerging markets (EMs; 5.4% in 2021 and 1.8% in 2020), while above-average growth is expected in the advanced economies (2.5% in 2021 v/s 4.2% in 2020).

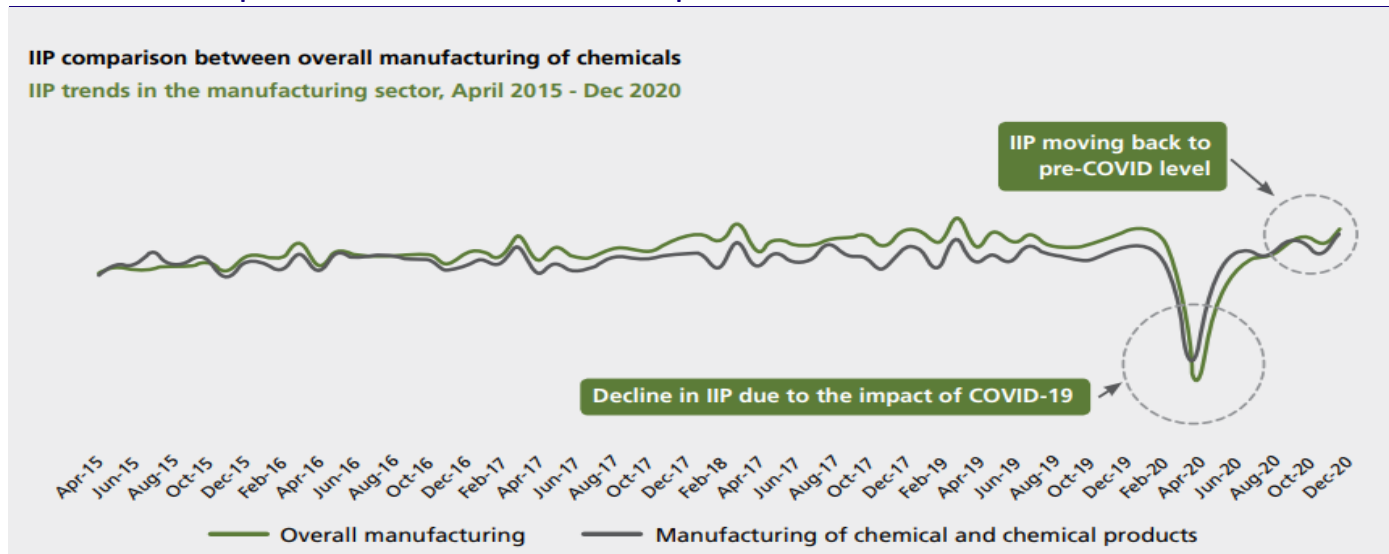
Exhibit 4: EMs of Asia to grow at much faster rate v/s RoW; above-average growth expected in advanced economies



Source: Company, MOFSL

Opportunities for India's Chemicals Industry

- The sudden shift in the supply dynamic would enable India's Chemicals industry to potentially capture a sizeable market share. Many Indian companies had been unable to compete with China in the last decade as they had focused their efforts on building environment-compliant plants, which China neglected to do until 2016. Therefore, this rendered prices unsustainable vis-à-vis Chinese competitors.
- Various factors present tremendous opportunity for India to prosper in the Chemicals space, such as (a) R&D investments by companies to create new and innovative products, (b) PLI schemes, and (c) upgrades in Petroleum, Chemicals, and Petrochemicals Investment Regions (PCPIRs) and the Make in India campaign.
- Indian companies are aligning themselves with sustainable models that incorporate global best practices through regulations and incentives. This presents an opportunity for the Indian industry to level up in the global competitive space.

Exhibit 5: IIP back at pre-COVID levels since all-time low in Apr'20

Source: Ministry of Statistics and Programme Implementation, Company, MOFSL

India's Specialty Chemicals industry – an overview

- India's Specialty Chemicals industry is the fastest growing in the world; it constitutes ~22% of the total Chemicals and Petrochemicals markets in India. Companies in the Specialty Chemicals industry seek to play on import substitutions, while exploring export opportunities to accelerate the business.
- While the industry was adversely impacted in 1QFY21 due to the COVID-led lockdown, it has shown recovery since 2QFY21 – as demand from segments such as Pharma, FMCG, Agro Chemicals, Personal Care, and Foods improved.
- Key growth drivers for India's Specialty Chemicals industry are as follows:
 - 100% FDI via the automatic route in the Chemicals sector would enable companies to incrementally invest in brownfield and greenfield projects.
 - Higher disposable incomes have created demand for end user products; online shopping is still a growing trend in India.
 - A rise is witnessed in domestic demand; ~80% of households would be in the middle-income group by 2030.

VO recognized
for its efforts in
different areas
in FY21

VOL has been awarded the **NATIONAL AWARD FOR SUCCESSFUL COMMERCIALIZATION OF INDIGENOUS TECHNOLOGY** by the Technology Development Board (TDB)* for the year 2019-20. This was awarded to us for working with CSIR-IICT and developing the technology for making PTBT and PTBBA



*A statutory body of Government of India functioning under the Department of Science & Technology

Ms. Vinati Saraf Mutreja was featured in **FORBES ASIA'S POWER BUSINESSWOMEN 2020** list

In the Financial Express CFO of the Year Awards 2020, VOL was adjudged **WINNER IN THE LARGE ENTERPRISES – Manufacturing Category**

Less than 0.5% of the listed entities in India have 4 or more women in their Board of Directors and **VINATI ORGANICS** is one of them

Source: nseinfobase.com

Related-party transactions

- VO entered into related-party transactions with Veeral Alkalis Ltd and Veeral Additives Pvt Ltd; all of the transactions were done at arm's length. The company entered into transactions only with these two parties.
- The largest related-party transaction pertained to a loan offered by VO to one of its associate companies. The company extended a loan of INR1,319m to Veeral Additives Pvt Ltd.
- VO also sold products worth INR109m to Veeral Additives Pvt Ltd. The remaining transactions were of a much smaller quantum. These transactions undertaken were as per the ordinary course of the business.
- The company is yet to record receivables impairment pertaining to the amounts owed by the related parties (FY20: nil).

Exhibit 6: Related-party transactions by VO in FY21

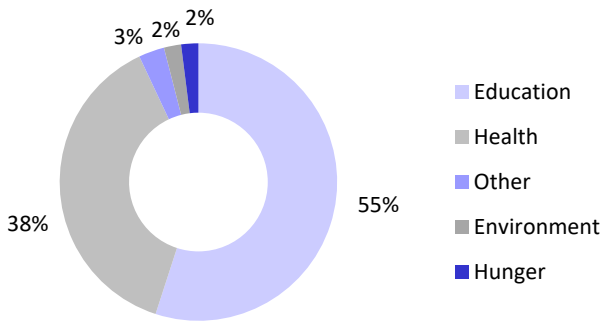
Particulars	Related Party	Amount (INR m)
Loan given to	Veeral Additives Pvt Ltd	1,319
Sales	Veeral Additives Pvt Ltd	109
Purchase	Viral Alkalis Ltd	68
Purchase	Veeral Additives Pvt Ltd	10
Interest Income	Veeral Additives Pvt Ltd	8
Rent of Immovable Property	Viral Alkalis Ltd	1
Rent of Immovable Property	Veeral Additives Pvt Ltd	0
Sales	Viral Alkalis Ltd	0

Source: Company, MOFSL

Corporate Social Responsibility

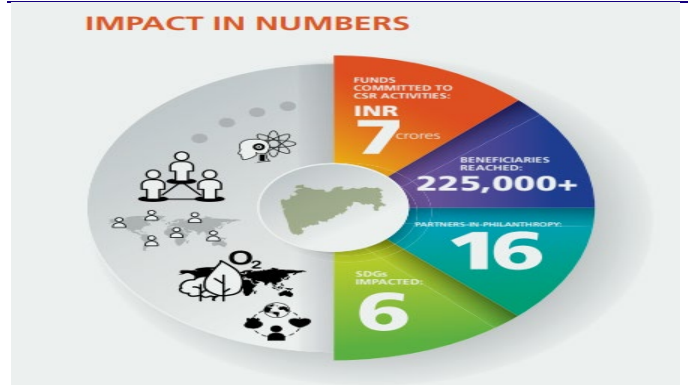
- The VO management's CSR focus is on encouraging education, rural development, skilling, entrepreneurship, and employment.
- In this regard, it aims to empower rural communities around its manufacturing sites.
- In FY21, VO spent ~1% of its PAT on various CSR activities, such as:
 - Donating ventilators worth INR2.5m, x-ray machines, and COVID-protective equipment to 7,000+ families
 - Providing food during the pandemic to 1,850+ families
 - Contributing INR10m to the PM Cares Fund
- CSR spends stood at INR28m (v/s INR37m in FY20) – less than required under the provision (prescribed CSR for the year was INR70m) – 2% of the average net profit (INR3,511m) over the past three years.

Exhibit 7: CSR spends on different SDGs in FY21...



Source: Company, MOFSL

Exhibit 8: ...while quantifying CSR spends during the year

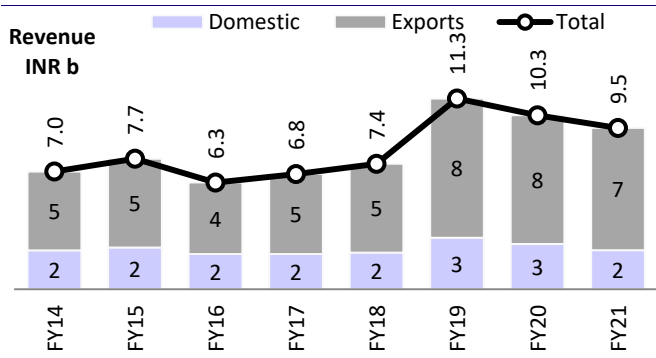


Source: Company, MOFSL

R&D expenditure

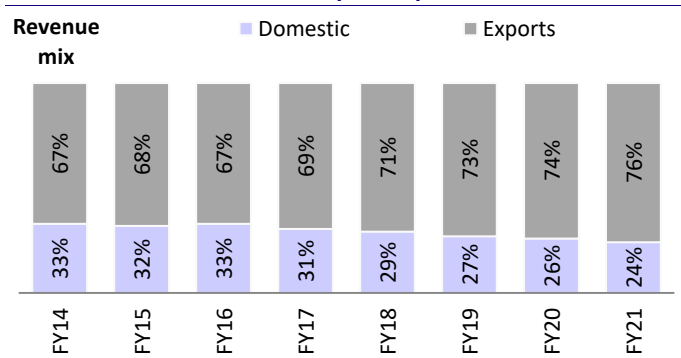
- VO has developed strategic partnerships with renowned institutes. This has enabled the company to build a robust and talented R&D team for the development of eco-friendly products for its global customers.
- The company has commercialized 10 new products in the past five years through continued investments in R&D, and would continue to assign a high priority to such investments.
- VO would continue to invest in R&D to develop alternate products and processes to improve performance and attain better production efficiencies. This would also help the company be more environment-friendly to meet customer requirements.

Exhibit 9: Revenues down 7% in FY21...



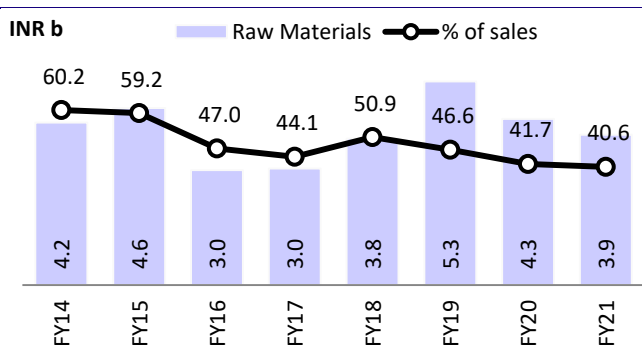
Source: Company, MOFSL

Exhibit 10: ...while share of exports up to 76% in FY21



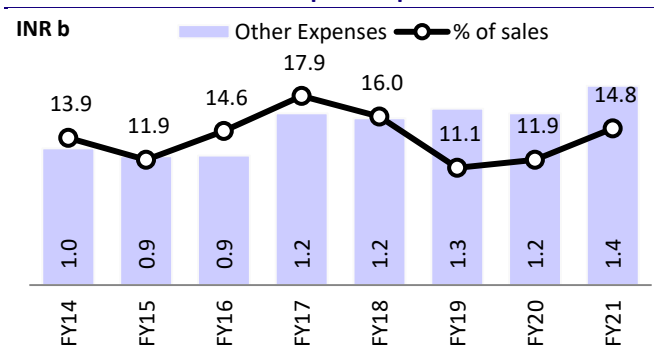
Source: Company, MOFSL

Exhibit 11: RM cost as % sales down in FY21...



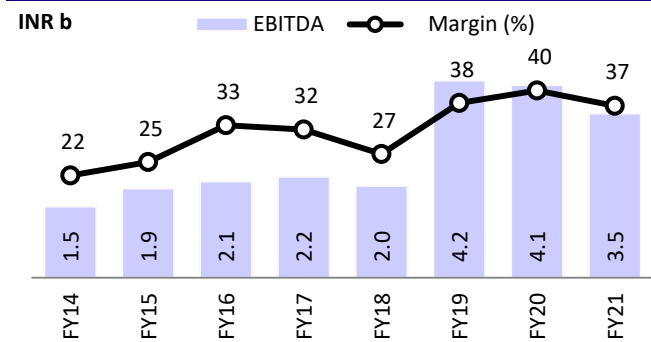
Source: Company, MOFSL

Exhibit 12: ...while other expense up 16% YoY in FY21



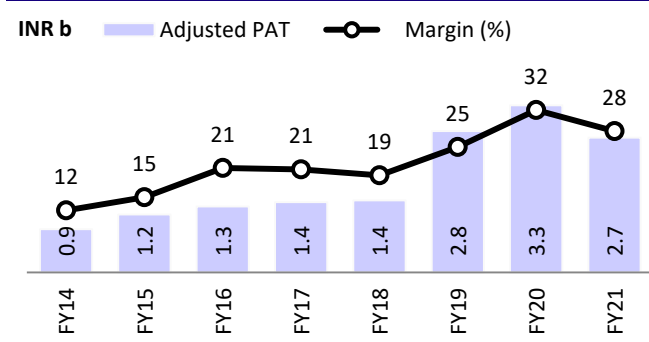
Source: Company, MOFSL

Exhibit 13: EBITDAM down 330bps during the year...



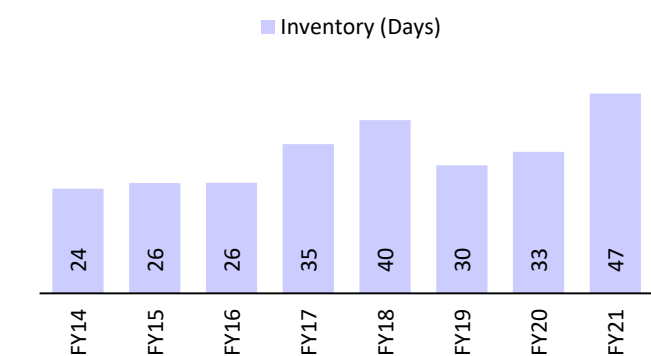
Source: Company, MOFSL

Exhibit 14: ...and adj PAT down 19% in FY21



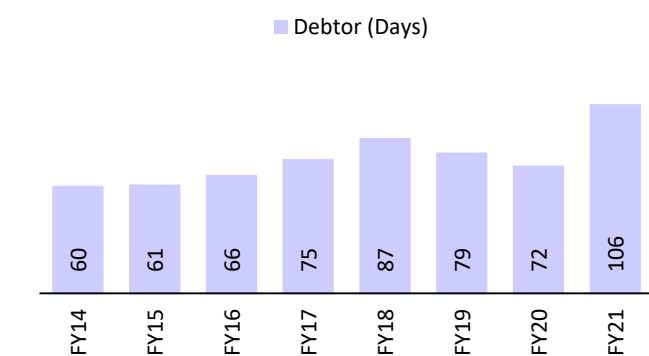
Source: Company, MOFSL

Exhibit 15: Inventory days up to 47 days...



Source: Company, MOFSL

Exhibit 16: ...and debtor days surge to 106 days



Source: Company, MOFSL

Exhibit 17: On year-end basis, WC days at 127 days in FY21 on higher inventory / debtor days

Cash conversion cycle (year-end basis)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Days										
Inventory	35	36	24	26	26	35	40	30	33	47
Debtor	70	75	60	61	66	75	87	79	72	106
Creditor	7	10	7	10	13	18	31	17	20	25
Cash conversion cycle	98	100	77	77	79	93	96	92	85	127

Source: Company, MOFSL

- VO paid a dividend of INR6/share in FY21 vis-à-vis INR5.5/share in FY20. The payout stood at ~23% (v/s ~32% in FY20).
- EPS for FY21 came in at INR26/share, implying decline of 19% v/s FY20; the P/E multiple stood at 75x.
- The current dividend yield is 0.3%, with RoE at 19%.
- Asset turnover stood at 0.6x for FY21; debtor days surged to 106 days in FY21 from 72 days in FY20.

Exhibit 18: Payout ratio down to 23% in FY21...

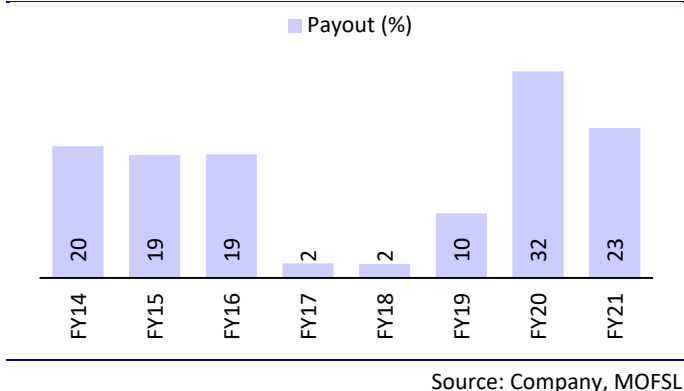


Exhibit 19: ...whereas return ratios moderate

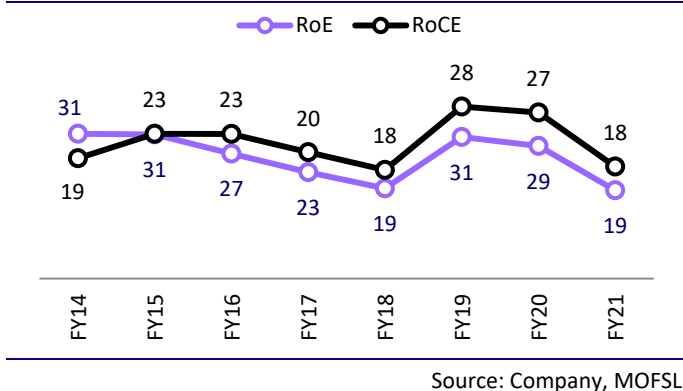


Exhibit 20: EPS down to INR26 in FY21...

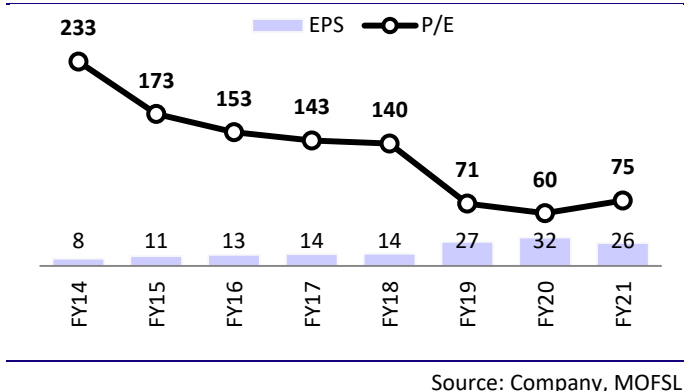
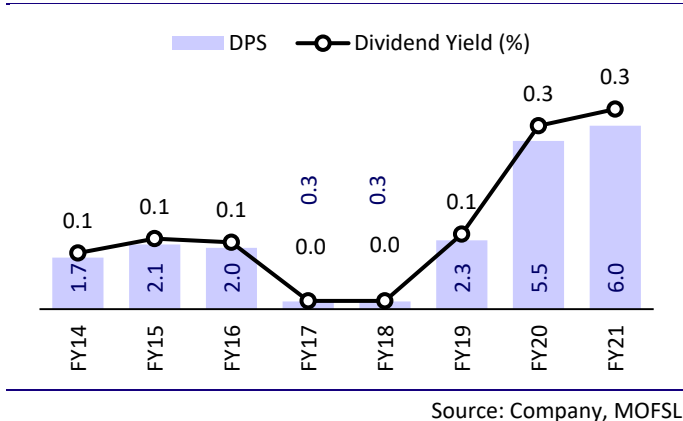


Exhibit 21: ...while DPS of INR6 declared in FY21



- Cash Flow from Operations (CFO) decreased 47% YoY to INR2,190m in FY21 (from INR4,159m in FY20).
- Free Cash Flow (FCF) rose 60% YoY to INR1,700m in FY21.

Exhibit 22: CFO down 47% to INR2.2b in FY21...

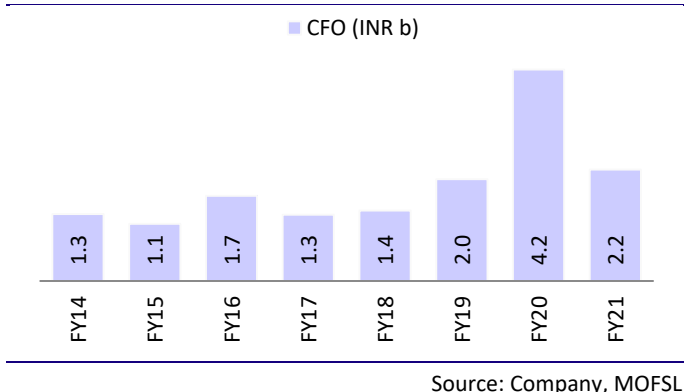
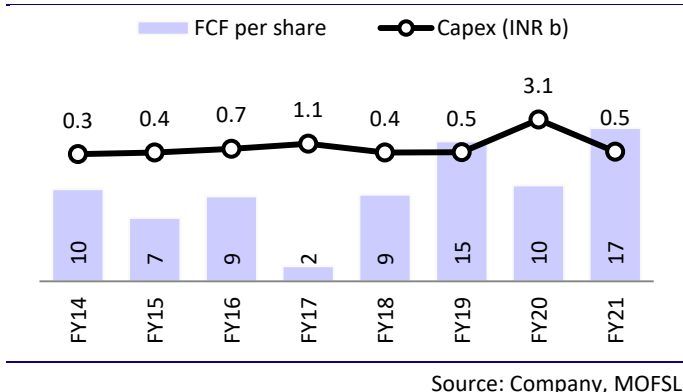


Exhibit 23: ...while lower capex leads to increase in FCF



- Foreign exchange earned stood at INR7,049m in FY21 (v/s INR7,825m in FY20), while the outgo was INR850m (v/s INR1,488m in FY20).
- The median remuneration of employees saw a percentage increase of 8.7% in FY21 v/s FY20. The company has 953 permanent employees on the payroll as of 31st Mar'21.
- The remuneration of VO's MD & CEO – Ms. Vinati Saraf Mutreja stood at ~INR13m for the year (v/s INR11m in FY20; +10% YoY)

Exhibit 24: Remunerations of directors and key management personnel in FY21

Name of Director/KMP	Designation	Total Remuneration (INR m)	% of revenue	% of PBT
Mr. Vinod Saraf	Chairman	17	0.2%	0.5%
Ms. Vinati Saraf Mutreja	MD & CEO	13	0.1%	0.4%
Ms. Viral Saraf Mittal	Director- CSR	7	0.1%	0.2%
Mr. Jayesh Ashar	Director- Operations	10	0.1%	0.3%
Mr. N K Goyal	CFO	8	0.1%	0.2%
Mr. Milind Wagh	Company Secretary	3	0.0%	0.1%

Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total Income from Operations	6,309	6,813	7,422	11,279	10,289	9,543	14,850	19,904	24,980
Change (%)	-18.2	8.0	8.9	52.0	-8.8	-7.3	55.6	34.0	25.5
Gross Margins (%)	53.0	55.9	49.1	53.4	58.3	59.4	57.6	56.8	56.4
EBITDA	2,068	2,170	1,973	4,234	4,139	3,525	5,337	6,955	8,479
Margin (%)	32.8	31.8	26.6	37.5	40.2	36.9	35.9	34.9	33.9
Depreciation	185	216	234	274	332	429	466	514	563
EBIT	1,883	1,953	1,739	3,960	3,808	3,096	4,872	6,441	7,916
Int. and Finance Charges	79	19	12	9	11	2	2	2	2
Other Income	62	125	307	302	450	259	402	498	550
PBT bef. EO Exp.	1,866	2,060	2,034	4,252	4,247	3,353	5,272	6,936	8,463
PBT after EO Exp.	1,866	2,060	2,034	4,252	4,247	3,353	5,272	6,936	8,463
Total Tax	550	657	595	1,428	908	659	1,327	1,746	2,130
Tax Rate (%)	29.5	31.9	29.3	33.6	21.4	19.7	25.2	25.2	25.2
Reported PAT	1,316	1,403	1,439	2,825	3,338	2,693	3,945	5,190	6,333
Adjusted PAT	1,316	1,403	1,439	2,825	3,338	2,693	3,945	5,190	6,333
Change (%)	13.6	6.6	2.6	96.3	18.2	-19.3	46.5	31.6	22.0
Margin (%)	20.9	20.6	19.4	25.0	32.4	28.2	26.6	26.1	25.4

Standalone - Balance Sheet

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	103	103	103	103	103	103	103	103	103
Total Reserves	5,305	6,697	7,864	10,410	12,691	15,331	18,487	22,640	27,706
Net Worth	5,408	6,800	7,967	10,513	12,794	15,434	18,590	22,742	27,809
Total Loans	421	23	152	37	3	20	20	20	20
Deferred Tax Liabilities	492	696	809	846	705	779	779	779	779
Capital Employed	6,321	7,519	8,927	11,395	13,502	16,234	19,390	23,542	28,608
Gross Block	4,851	4,892	5,023	5,473	8,551	9,045	10,045	11,045	12,045
Less: Accum. Deprn.	1,032	216	454	728	1,060	1,489	1,954	2,469	3,032
Net Fixed Assets	3,819	4,676	4,569	4,745	7,491	7,557	8,091	8,577	9,013
Capital WIP	248	74	349	1,912	310	547	547	547	547
Total Investments	27	618	1,317	965	2,274	2,887	4,303	4,303	4,303
Curr. Assets, Loans&Adv.	2,775	2,843	3,565	4,654	4,355	6,345	7,787	11,909	16,996
Inventory	447	651	822	924	932	1,219	1,345	1,802	2,262
Account Receivables	1,148	1,405	1,771	2,440	2,018	2,772	2,912	3,903	4,899
Cash and Bank Balance	722	48	52	38	537	68	2,276	4,523	7,726
Cash and liquid investments	35	621	1,318	492	1,586	1,762	2,276	4,523	7,726
Bank Balance	733	45	52	38	0	0	0	0	0
Loans and Advances	458	740	919	1,252	869	2,285	1,254	1,680	2,109
Curr. Liability & Prov.	549	693	872	881	927	1,102	1,339	1,794	2,252
Account Payables	223	327	635	531	557	664	803	1,077	1,351
Other Current Liabilities	209	338	174	211	213	391	308	413	518
Provisions	117	27	64	139	157	47	227	305	382
Net Current Assets	2,226	2,151	2,693	3,774	3,428	5,243	6,449	10,115	14,744
Appl. of Funds	6,321	7,519	8,927	11,395	13,502	16,234	19,390	23,542	28,608

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Basic (INR)									
EPS	12.8	13.6	14.0	27.5	32.5	26.2	38.4	50.5	61.6
EPS Growth (%)	13.6	6.6	2.6	96.3	18.2	-19.3	46.5	31.6	22.0
Cash EPS	14.6	15.7	16.3	30.1	35.7	30.4	42.9	55.5	67.1
BV/Share	52.6	66.2	77.5	102.3	124.5	150.2	180.9	221.3	270.6
DPS	2.0	0.3	0.3	2.3	5.5	6.0	7.7	10.1	12.3
Payout (%)	18.9	2.2	2.2	9.9	31.6	22.9	20.0	20.0	20.0
Valuation (x)									
P/E	152.7	143.2	139.6	71.1	60.2	74.6	50.9	38.7	31.7
Cash P/E	133.8	124.1	120.1	64.8	54.7	64.3	45.5	35.2	29.1
P/BV	37.1	29.5	25.2	19.1	15.7	13.0	10.8	8.8	7.2
EV/Sales	31.8	29.5	27.1	17.8	19.5	21.0	13.4	9.9	7.7
EV/EBITDA	97.0	92.6	101.9	47.4	48.4	57.0	37.2	28.2	22.8
Dividend Yield (%)	0.1	0.0	0.0	0.1	0.3	0.3	0.4	0.5	0.6
FCF per share	9.2	1.6	9.4	15.1	10.4	16.5	32.9	36.1	47.7
Return Ratios (%)									
RoE	27.0	23.0	19.5	30.6	28.6	19.1	23.2	25.1	25.1
RoCE	23.4	20.5	17.6	27.9	26.9	18.1	22.2	24.2	24.3
RoIC	26.0	22.0	17.6	33.5	31.7	21.5	29.2	36.5	39.2
Working Capital Ratios									
Fixed Asset Turnover (x)	1.8	1.6	1.6	2.4	1.7	1.3	1.9	2.4	2.8
Asset Turnover (x)	1.0	0.9	0.8	1.0	0.8	0.6	0.8	0.8	0.9
Inventory (Days)	26	35	40	30	33	47	33	33	33
Debtor (Days)	66	75	87	79	72	106	72	72	72
Creditor (Days)	13	18	31	17	20	25	20	20	20
Leverage Ratio (x)									
Current Ratio	5.1	4.1	4.1	5.3	4.7	5.8	5.8	6.6	7.5
Interest Cover Ratio	24.0	104.9	143.6	419.5	348.6	1,461.1	2,299.1	3,039.4	3,735.5
Net Debt/Equity	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.3

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
OP/(Loss) before Tax	1,866	2,060	2,034	4,252	4,247	3,353	5,272	6,936	8,463
Depreciation	185	216	254	274	332	429	466	514	563
Direct Taxes Paid	-447	-535	-491	-1,262	-1,005	-607	-1,327	-1,746	-2,130
(Inc)/Dec in WC	73	-380	-316	-1,138	811	-874	-29	-993	-998
CF from Operations	1,674	1,304	1,384	2,003	4,159	2,190	4,384	4,713	5,901
(Inc)/Dec in FA	-732	-1,136	-422	-450	-3,094	-490	-1,000	-1,000	-1,000
Free Cash Flow	942	168	962	1,553	1,065	1,700	3,384	3,713	4,901
Change in Investments	0	695	1	-442	-674	127	0	0	0
Others	10	173	33	-1,534	1,793	-1,619	-385	-427	-429
CF from Investments	-722	-268	-388	-2,427	-1,975	-1,982	-1,385	-1,427	-1,429
Issue of Shares	0	0	-240	0	0	0	0	0	0
Inc/(Dec) in Debt	-231	-396	0	0	0	0	0	0	0
Interest Paid	-33	-16	-11	-9	-11	-2	-2	-2	-2
Dividend Paid	-217	-35	-32	-278	-1,046	-55	-789	-1,038	-1,267
CF from Fin. Activity	-503	-451	-298	-403	-1,090	-31	-2,484	-1,040	-1,269
Inc/Dec of Cash	450	585	697	-826	1,094	176	515	2,247	3,203
Opening Balance	271	35	621	1,318	492	1,586	1,762	2,277	4,523
Closing Balance	721	621	1,318	491	1,585	1,762	2,277	4,523	7,727

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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