

Estimate change



TP change



Rating change



Bloomberg	GRASIM IN
Equity Shares (m)	657
M.Cap.(INRb)/(USDb)	1110.9 / 13.5
52-Week Range (INR)	1839 / 1273
1, 6, 12 Rel. Per (%)	-4/-3/7
12M Avg Val (INR M)	1224

Financial Snapshot (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	268.4	265.6	303.7
EBITDA	31.8	27.6	30.9
Adj. PAT	20.9	14.9	13.0
EBITDA Margin (%)	11.8	10.4	10.2
S/A Adj. EPS (INR)	31.8	22.7	19.8
S/A EPS Gr. (%)	-6.2	-28.7	-12.7
Consol EPS (INR)	99.0	90.2	91.5
BV/Sh. (INR)	713.1	729.8	743.1

Ratios

Net D:E	0.0	0.1	0.2
RoE (%)	8.7	4.7	3.3
RoCE (%)	10.8	6.8	5.7

Valuations

P/E (x)	53.1	74.5	85.3
EV/EBITDA (x)	1.5	3.5	3.2
Div. Yield (%)	0.6	0.4	0.4
FCF Yield (%)	-1.6	-4.8	-1.6

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	42.8	42.8	42.8
DII	16.8	16.5	14.4
FII	16.6	16.8	12.9
Others	23.8	24.0	29.9

FII Includes depository receipts

CMP: INR1,687
TP: INR1,940 (+15%)
BUY

Weak performance; gradual recovery expected

VSF's capacity utilization increased to 93% in 4Q v/s 74% in 3Q

- Grasim's 4Q result significantly missed our estimates due to weak operating performances of the VSF and Chemical segments. EBITDA stood at INR4.3b v/s estimated INR7b and OPM stood at 6.4% v/s estimated 11.5%. Adjusted PAT (for tax adjustments) stood at INR935m (est. INR3.2b).
- Capacity utilization of VSF improved to ~93% v/s 74% in 3QFY23 and is expected to remain at 90%+ going forward; however, profitability will take time to normalize due to a volatile global macro environment. Average quarterly spot prices (CFR SEA) for caustic soda declined 25% QoQ to USD518/t, which affected the profitability of the chemical segment.
- We cut our EBITDA estimates by 23%/13% for FY24/FY25 given significant margin pressure in both key businesses. Margin in the VSF segment is likely to recover but normalization to the long-term average will take time. We believe that the increased HoldCo discount in the last few months factors in concerns of lower profitability in the standalone business. We maintain BUY on Grasim with a TP of INR1,940 (Exhibit: 9), though, in the current scenario, direct exposure to the cement business (UltraTech) would be preferable.

Margin pressure persists in both VSF and Chemicals segments

- Grasim's standalone revenue/EBITDA/adj. PAT stood at INR66.5b/INR4.3b/INR935m (+4%/-43%/-73% YoY and +6%/-41%/-71% v/s our estimate).
- VSF segment (including VFY) volume grew 6% YoY (+8% v/s our est.) and realization declined 6% YoY. EBITDA was down 43% YoY, with a 3pp YoY drop in OPM to 3.8%. In FY23, VSF revenue grew 24% YoY, driven by volume/realization growth of 17%/6%. EBITDA declined 40% YoY to INR10.3b and OPM contracted by 7.3pp YoY to 6.8% due to higher input and energy costs.
- Chemical segment volume increased 4% YoY, while realization declined 7.6% YoY in 4QFY23. EBITDA declined 26% YoY with a 4.7pp decline in OPM to 15.3%. In FY23, Chemical segment revenue grew 32% YoY led by 10%/11% growth in volume/realization. EBITDA grew by 48% YoY to INR22.7b.
- In FY23, standalone revenue grew 29% YoY, while EBITDA declined 1% YoY. OPM fell 3.6pp YoY to 11.8%. Adj. PAT declined 6% YoY to INR21b.

Highlights from the management commentary

- Grasim expects the VSF business to operate at over 90% capacity utilization. However, margin recovery at previous levels (EBITDA/kg of INR25) is not likely to happen in the near term.
- Major capex in the VSF business was completed with Vilayat expansion in FY22. Now the pending capex for de-bottlenecking of fiber capacity will be completed in 1HFY24. It may plan to increase Lyocell fiber capacity.
- Total capex stood at INR43.07b in FY23, largely for chemical and paints (INR20b) businesses. FY24 will see high capex for future growth plans. To fund capex, Grasim has entered into long-term loan agreements worth INR50b.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Mudit Agarwal - Research analyst (Mudit.Agarwal@MotilalOswal.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.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

View and valuation

- VSF price in China declined by ~9% in 2QFY23-4QFY23, which affected global prices. VSF prices have improved recently (exit price up 2% v/s 4QFY23 average) and at the same time, a decline in caustic soda and pulp prices would result in margin improvement from current levels.
- As expected, margin of the caustic soda segment declined from its peak of 29.5% in 1QFY23 to 15.3% in 4QFY23. Caustic Soda prices are under pressure globally and capacity additions in domestic markets are expected to keep prices in check for the near term.
- We have assumed VSF profitability to be at INR8.5/INR15 per kg in FY24/25. FY23 average profit was at ~INR9/kg (at a decadal low with almost nil profits in 2H) v/s an average of INR22/kg over FY13-22.
- We maintain our BUY rating on the stock with a revised TP of INR1,940 as we value: 1) its holding in subsidiary companies by assigning a higher HoldCo discount of 40%; 2) standalone business at 6.5x FY25E EV/EBITDA, and 3) investments into the Paints business at 1x of investments.

Standalone quarterly performance

Y/E March	FY22				FY23				FY22	FY23	FY23	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	37.6	49.3	57.8	63.8	72.5	67.5	62.0	66.5	208.6	268.4	62.5	6
YoY Change (%)	181.7	66.7	56.5	45.1	92.8	36.7	7.1	4.2	68.4	28.7	-2.0	
EBITDA	7.4	8.0	9.2	7.5	13.2	9.6	4.8	4.3	32.2	31.8	7.2	(41)
Margin (%)	19.7	16.2	15.9	11.8	18.2	14.2	7.7	6.4	15.4	11.8	11.5	(508)
Depreciation	2.0	2.1	2.2	2.8	2.6	2.7	2.8	3.0	9.1	11.0	2.8	9
Interest	0.6	0.6	0.5	0.8	0.9	0.9	0.9	1.1	2.5	3.7	0.9	14
Other Income	0.6	7.0	0.4	0.9	0.4	7.6	1.0	1.2	9.0	10.2	1.0	21
PBT before EO Items	5.5	12.4	6.9	4.8	10.2	13.6	2.2	1.4	29.5	27.3	4.4	(70)
Extraordinary Inc./ (Exp.)	0.0	0.0	0.0	-0.7	0.0	-0.9	0.0	0.0	-0.7	-0.9	0.0	
PBT after EO Items	5.5	12.4	6.9	4.1	10.2	12.7	2.2	1.4	28.8	26.5	4.4	(70)
Tax	1.0	2.9	2.0	-4.1	2.1	3.1	-0.4	0.4	1.9	5.2	1.2	
Rate (%)	18.2	23.7	28.9	-99.7	20.9	24.2	-19.7	30.9	6.4	19.7	27.8	
Reported PAT	4.5	9.5	4.9	8.1	8.1	9.6	2.6	0.9	27.0	21.2	3.2	(71)
Prior period tax/DTL reversal	0.0	0.0	0.0	-5.2	0.0	0.0	-1.0	0.0	-5.2	-1.0	0.0	
Adj. PAT	4.5	9.5	4.9	3.5	8.1	10.3	1.6	0.9	22.3	20.9	3.2	(71)
Margin (%)	11.9	19.2	8.5	5.5	11.1	15.3	2.6	1.4	10.7	7.8	5.1	
YoY Change (%)	-275.7	188.6	47.8	-28.3	81.3	8.8	-67.1	-73.2	150.2	-6.2	-8.1	

Segmental performance

Y/E March	FY22				FY23				FY22	FY23	FY23	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
VSF segment												
Sales Volume (KT)	120	166	170	191	207	182	164	203	647	756	187	8
YoY Change (%)	172.0	22.1	11.8	20.8	73.2	9.5	-3.8	6.4	31.9	16.9	(1.8)	
Net Sales (INR b)	21.0	30.1	33.4	37.7	43.0	39.0	31.8	37.6	122.1	151.5	38.2	(1)
YoY Change (%)	276.9	79.0	55.5	45.8	104.5	29.9	-4.6	-0.1	75.3	24.1	1.4	
EBITDA (INR b)	4.9	5.8	4.0	2.5	5.0	3.2	0.6	1.4	17.2	10.3	1.7	(16)
EBITDA (%)	23.2	19.3	12.0	6.7	11.6	8.3	2.0	3.8	14.1	6.8	4.5	(67)
Chemical segment												
Sales Volume (KT)												(1)
YoY Change (%)	239	254	279	274	278	296	284	286	1,044	1,144	288	
Net Sales (INR b)	73.2	7.6	8.1	2.6	16.3	16.5	1.8	4.4	16.0	9.6	5.1	9
YoY Change (%)	14.4	16.3	23.4	24.9	27.3	27.1	25.8	24.0	78.9	104.2	21.9	
EBITDA (INR b)	104.0	44.5	82.5	68.9	90.3	66.5	10.5	-3.6	72.2	32.1	(11.8)	(10)
EBITDA (%)	2.8	2.3	5.3	5.0	8.1	6.1	4.9	3.7	15.3	22.7	4.1	(340)



Highlights from the management commentary

VSF segment

- The viscose industry witnessed a recovery on the sequential basis with the reopening of the China markets, which led to a pick-up in demand. VSF segment utilization improved to 93% in 4QFY23 v/s 74% in 3QFY23. It expects the VSF business to operate at over 90% in the near term. VSF reported EBITDA in 4QFY23 as compared to an operating loss in an exceptionally weak 3QFY23.
- VSF business profitability will take time to reach the normal level given the current macro environment – higher energy and RM prices, global demand slowdown due to higher inflation and supply chain disruption. Further, there is no anti-dumping duty on VSF in India now. Imports also increased with normalization of shipping rates. Cotton prices have also come down from the peak in May'22, which impacted VSF prices too. These multiple factors have impacted pricing as well as margin in the VSF business.
- Margins are expected to increase going forward but are not likely to reach at EBITDA/kg of INR25 in the near term. Cotton prices will gradually get back to the normal level, which will also pull up fiber prices.
- Representation made to the government for the resumption of anti-dumping duty on imports from Indonesia and China was not accepted by the Finance Minister. However, the Ministry of Textile has introduced a quality certificate for VSF imports, which has reduced VSF imports in India for the time being.
- Grey VSF's Mar'23 exit price at USD1.68 per kg was down 6% YoY but up 2% compared to 4QFY23 average price. Specialty fiber share stood at 19% in FY23 v/s 25% in FY22 due to lower demand across markets.
- Major Capex in the VSF business was completed with Vilayat expansion in FY22. Now the pending capex for de-bottlenecking of fiber capacity will be completed in 1HFY24. The company is planning to increase Lyocell fiber capacity but it is at the planning stage.

Caustic Soda and advance material business

- Caustic soda price has declined due to oversupply (both international and domestic markets) in Chlor-Alkali, coupled with flat demand. Average quarterly spot prices (CFR SEA) for caustic were lower by 25% QoQ to USD518/t, which affected profitability. Chlorine realizations remained negative due to subdued demand from major consuming industries.
- Chlorine Integration increased to 60% from 58% in FY22 (at 58% in 4Q v/s 60% in 3QFY23). Chlorine Integration should reach 72% after the commissioning of ongoing projects and increasing contribution from specialty chemical segment.
- Many downstream chlorine industries are dependent on textile, agrochem and aluminum refining. These industries are facing slowdown, which is resulting in increased negative realization of chlorine.
- However, profit of the specialty chemical businesses, mainly epoxy resins, doubled in the last four quarters.

Paints business

- Plant construction is progressing as per schedule at all six sites and all requisite approvals are in place. A state-of-art R&D laboratory and a pilot plant are fully operational. A commercial launch should start in 4QFY24 in phases.

- Total capex for the Paint business stood at INR25.9b as of Mar'23 (~26% of the planned outlay for paints business) and there is no change in total guided capex for the paint business. Most of the Paint business capex will happen in FY24/25.
- Grasim intends to become a strong player in the building materials markets. The building material sector is the second largest sector (USD300b) and constitutes about 9% the country's GDP. Paints market size is about USD9b. The building material industry doubles in about seven to eight years and paint is growing at almost 1.6x of building material industry. It wants to fill the gap in the market by being a strong national player, which can simultaneously supply materials in urban and rural markets through its pan-India presence.

B2B E-commerce

- It started a pilot-scale operation in 4QFY23, which has shown satisfactory results and a full-scale platform launch is on track (likely in 2QFY24).
- Active development across various technology works (i.e. facilitating commerce transactions, enabling credit and order fulfillment) is underway. It is conducting closed user group sessions across buyers and sellers to validate the product's market fit.
- Strategic partners and service providers for customer support, logistics, lending etc. have been finalized.
- A go-to-market strategy and an outreach plan have been finalized. It is building teams across sales, marketing, category and operations for the initial launch in the states of Maharashtra and Madhya Pradesh.

Capex and debt position

- Total capex stood at INR43.07b in FY23, largely for chemical and paints (INR20b) businesses. Capex will be higher in FY24. To fund capex, the company has already entered into long-term loan agreements of INR50b. The detailed capex plan of FY24 will be shared once it is finalized and approved by the board.
- The existing operational businesses continue to generate free cash.
- Standalone net debt (excluding investment in new business- Paints and B2B E-commerce) stood at INR17.8b v/s a net cash of INR5.53b in FY22. Net debt to EBITDA stood at 0.5x.

Sustainability and Other highlights

- The share of renewable energy in power consumption increased to 8% in FY23 from 5% in FY22. Renewable energy capacity increased to 744MW from 551MW in FY22 and the target is to increase it by 17% YoY to ~2GW in FY24.
- Fresh water consumption intensity was reduced by 15% as compared to FY22 and GHG emission also reduced by 6% compared to baseline of FY19.
- The company continues to provide differentiated sustainable solutions and developing MMCF (man-made cellulosic fiber) from textile waste. It has achieved commercial production of fiber, which was made using up to 31% of textile waste raw material.

Exhibit 1: Capex of INR17.3b/INR43.1b in 4QFY23/ FY23; detailed capex plan of FY24E will be shared after finalization and approved by the board.

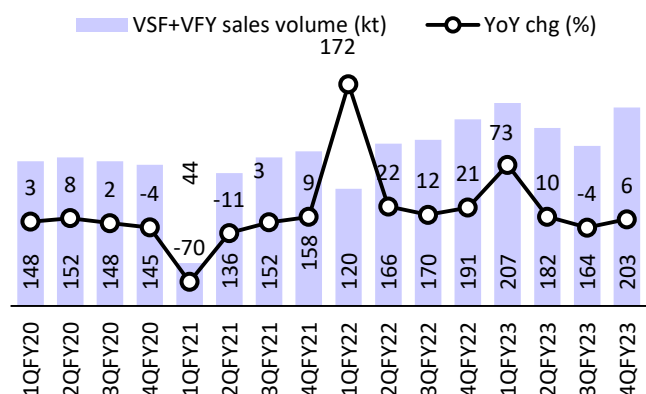
Particulars (₹ Cr.)	Capex Spent Q4FY23	Capex Spent FY23
Viscose Business	309	951
Capacity Expansion (including debottlenecking)	88	313
Modernisation and Maintenance Capex	221	638
Chemicals Business (A+B+C)	607	1,215
(A) Capacity Expansion - Chlor-Alkali & Chlorine Derivatives	327	500
Caustic Soda: (1,311 KTPA → 1,530 KTPA)	39	169
Chlorine Derivatives: (891 KTPA → 1,164 KTPA)	288	331
(B) Capacity Expansion - Speciality Chemicals	86	191
Epoxy Polymers & Curing Agents: (123 KTPA → 246 KTPA)		
(C) Modernisation and Maintenance Capex	195	524
New High Growth Businesses	781	1,985
Decorative Paints ^A	776	1,979
B2B Ecommerce	6	6
Other Businesses	37	156
Textiles, Insulators & Others		
Total	1,734	4,307

^ACumulative Capex for Paints business stood at ₹2,592 Cr. till 31st March 2023

Source: Company, MOFSL

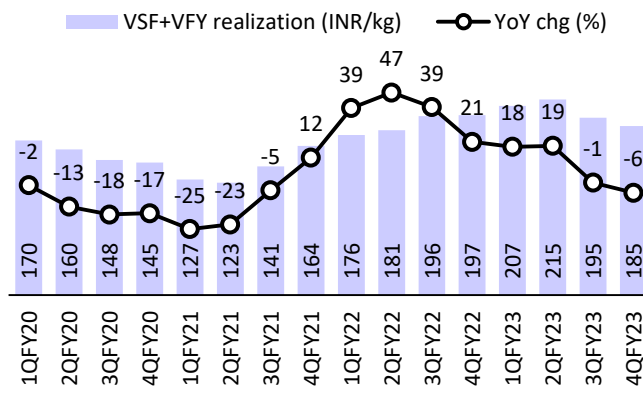
Story in charts

Exhibit 2: VSF segment volume up 6% YoY



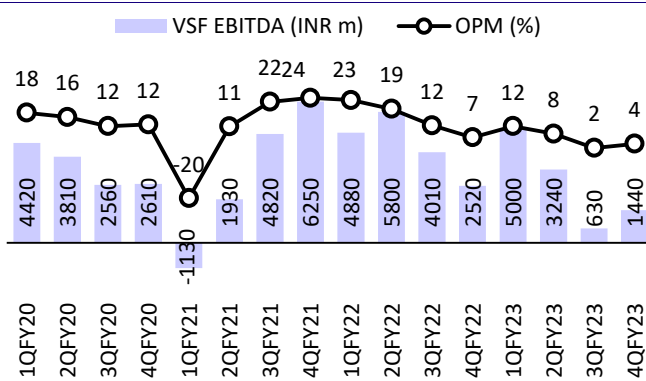
Source: Company, MOFSL

Exhibit 3: Blended realization of VSF segment down 6% YoY



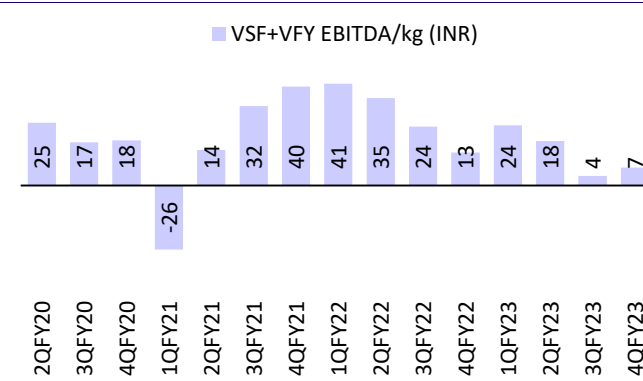
Source: Company, MOFSL

Exhibit 4: VSF segment OPM declined 3pp YoY



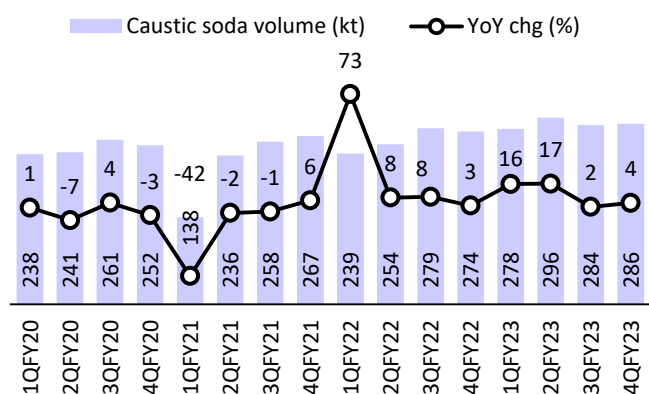
Source: Company, MOFSL

Exhibit 5: Profitability impacted by elevated costs



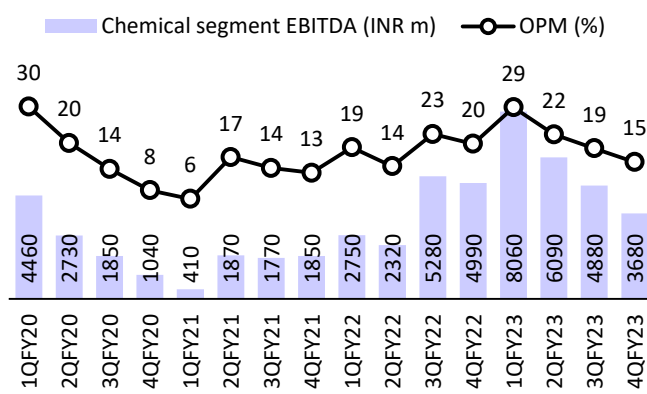
Source: Company, MOFSL

Exhibit 6: Caustic soda volumes up 4% YoY



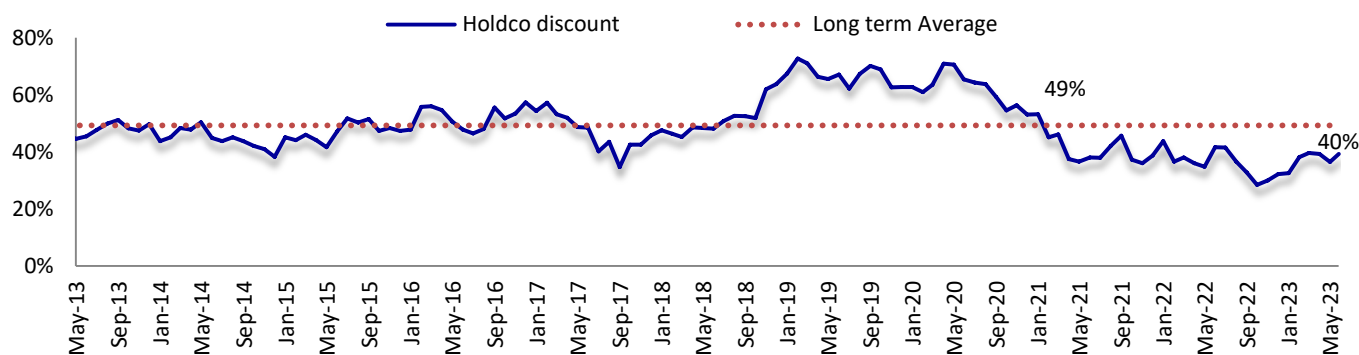
Source: Company, MOFSL

Exhibit 7: Chemical segment OPM down 4.7pp YoY



Source: Company, MOFSL

Exhibit 8: Holding company discount at 40% v/s its long-term average of 49%



Source: Company, MOFSL

Exhibit 9: SoTP valuation

Particulars	Valuation method	Unit	FY25E	INR/share
UTCEM's m-cap based on TP		INR b	2,482	
Holding company discount		%	40	
GRASIM's stake		%	57	
Value of its cement stake		INR b	853	
Value/share	A 40% holding company to our TP	INR		1,297
Value of standalone business (excluding-Paint)		INR b	256	
Value/share	6.5x for the standalone business			390
Value of listed investments		INR b	61	
Holding company discount		%	40	
The value of listed investments after levying a holding company discount		INR b	36	
Value/share	A 40% holding company discount on the CMP	INR		55
VSF and Fiber JV		INR b	7.8	
Value/share	1x P/BV	INR		10
Standalone net debt		INR b	(92)	
Value/share		INR		(140)
ABCAP		INR b	400	
Holding company discount		%	40	
GRASIM's stake		%	54	
Value of ABCAP's stake in GRASIM		INR b	130	
Value/share	A 40% holding company discount on the CMP	INR		198
Paint Business		INR b	86.4	
Value/share	1x of invested capital	INR		130
SoTP-based TP		INR		1,940

Source: MOFSL, Company

Financials and valuations

Standalone Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Sales	1,57,885	2,05,504	1,86,094	1,23,864	2,08,568	2,68,397	2,65,647	3,03,747
Change (%)	52.6	30.2	-9.4	-33.4	68.4	28.7	-1.0	14.3
Total Expenditure	1,27,083	1,64,793	1,62,989	1,08,220	1,76,407	2,36,598	2,38,062	2,72,825
EBITDA	30,802	40,712	23,105	15,643	32,162	31,799	27,585	30,922
Change (%)	42.9	32.2	-43.2	-32.3	105.6	-1.1	-13.3	12.1
Margin (%)	19.5	19.8	12.4	12.6	15.4	11.8	10.4	10.2
Depreciation	6,277	7,604	8,468	8,282	9,140	10,973	12,323	15,950
EBIT	24,525	33,108	14,638	7,362	23,022	20,826	15,262	14,972
Int. and Finance Charges	1,281	1,991	3,039	2,360	2,472	3,677	4,594	6,963
Other Income - Rec.	4,614	5,680	5,255	5,137	8,953	10,183	9,413	9,529
PBT and EO Items	27,858	36,797	16,854	10,139	29,503	27,333	20,081	17,538
Change (%)	31.1	32.1	-54.2	-39.8	191.0	-7.4	-26.5	-12.7
Extra-ordinary Income	2,726	23,680	2,941	810	691	880	0	0
PBT but after EO Items	25,131	13,117	13,913	9,329	28,812	26,452	20,081	17,538
Tax	7,445	7,964	1,214	1,224	1,857	5,215	5,161	4,507
Tax Rate (%)	26.7	21.6	7.2	12.1	6.3	19.1	25.7	25.7
Reported PAT	17,687	5,153	12,700	8,105	26,955	21,237	14,920	13,031
PAT Adj. for EO items	19,684	23,708	15,640	8,817	22,306	20,933	14,920	13,031
Change (%)	26.2	20.4	-34.0	-43.6	153.0	-6.2	-28.7	-12.7
Margin (%)	12.5	11.5	8.4	7.1	10.7	7.8	5.6	4.3

Standalone Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	1,315	1,315	1,316	1,316	1,317	1,317	1,317	1,317
ESOPs			527	567	708	708	708	708
Reserves	4,46,584	4,18,277	3,74,898	4,27,595	4,84,133	4,67,524	4,78,494	4,87,245
Net Worth	4,47,898	4,19,592	3,76,740	4,29,479	4,86,158	4,69,549	4,80,519	4,89,270
Loans	29,690	33,108	50,681	41,634	41,208	52,542	1,02,542	1,24,542
Deferred liabilities	18,350	18,789	14,025	17,339	18,414	15,348	15,348	15,348
Capital Employed	4,95,938	4,71,488	4,41,447	4,88,452	5,45,779	5,37,440	5,98,409	6,29,160
Gross Block	1,27,290	1,38,489	1,54,142	1,48,940	1,95,985	2,20,577	2,72,334	3,65,667
Less: Accum. Deprn.	19,125	26,166	33,310	39,302	47,435	58,408	70,731	86,681
Net Fixed Assets	1,08,166	1,12,322	1,20,832	1,09,637	1,48,549	1,62,169	2,01,603	2,78,986
Capital WIP	7,451	15,672	27,919	40,334	17,428	29,257	53,000	4,000
Non-Current Investments	3,35,867	2,81,616	2,56,621	3,05,230	3,39,418	3,08,412	3,08,412	3,08,412
Current - Financial	20,790	29,931	20,504	41,553	47,490	30,556	30,556	30,556
Curr. Assets	65,015	78,398	69,070	46,827	73,477	91,378	90,689	97,018
Inventory	25,917	29,317	26,262	21,790	39,408	44,928	46,820	48,359
Account Receivables	26,093	34,916	29,053	13,120	16,904	15,973	18,289	19,500
Cash and Bank Balance	419	425	789	1,327	2,253	4,744	1,672	1,821
Others	12,586	13,741	12,965	10,590	14,912	25,734	23,908	27,337
Curr. Liability and Prov.	41,351	46,452	53,499	55,130	80,583	84,332	85,850	89,812
Account Payables	21,705	23,757	26,648	27,069	46,507	47,112	51,210	54,599
Provisions	5,087	4,604	5,514	3,250	3,419	3,866	3,985	4,556
Other Liabilities	14,559	18,091	21,337	24,811	30,656	33,353	30,656	30,656
Net Current Assets	23,664	31,947	15,571	-8,303	-7,105	7,046	4,839	7,206
Appl. of Funds	4,95,938	4,71,488	4,41,447	4,88,452	5,45,779	5,37,440	5,98,409	6,29,160

Financials and valuations

Standalone Ratios							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share price								
EPS	29.9	36.0	23.8	13.4	33.9	31.8	22.7	19.8
Cash EPS	39.5	47.6	36.6	26.0	47.8	48.5	41.4	44.0
BV/Share	681.3	638.0	572.7	652.6	738.4	713.1	729.8	743.1
DPS	6.2	6.2	7.0	9.0	10.0	10.0	6.0	6.5
Valuation								
P/E	56.3	46.8	71.0	125.9	49.8	53.1	74.5	85.3
Cash P/E	42.7	35.4	46.0	64.9	35.3	34.8	40.8	38.3
P/BV	2.5	2.6	2.9	2.6	2.3	2.4	2.3	2.3
EV/Sales*	0.3	0.2	0.4	0.3	0.1	0.2	0.4	0.4
EV/EBITDA*	1.4	0.9	2.8	2.2	0.7	1.5	3.5	3.2
Dividend Yield (%)	0.4	0.4	0.4	0.5	0.6	0.6	0.4	0.4
Return Ratios (%)								
RoE	17.4	17.1	10.3	4.9	11.5	8.7	4.7	3.3
RoCE	20.5	20.8	9.4	5.3	12.9	10.8	6.8	5.7
Working Capital Ratios								
Debtor (Days)	73	70	54	31	37	24	25	25
Asset Turnover (x)	0.3	0.4	0.4	0.3	0.4	0.5	0.4	0.5
Leverage Ratio								
Debt/Equity ratio	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3

Standalone Cash Flow Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	27,858	36,797	12,916	9,329	28,812	26,452	20,081	17,538
Depreciation	6,277	7,604	8,135	8,282	9,140	10,973	12,323	15,950
Interest and Finance Charges	-1,540	-1,435	-249	-421	-4,552	-4,184	-2,450	-158
Direct Taxes Paid	-5,233	-5,123	-2,183	-1,786	-6,502	-4,071	-5,161	-4,507
(Inc.)/Dec. in WC	-2,797	-10,735	12,611	9,350	132	-5,426	-865	-2,218
CF from Operations	24,564	27,108	31,231	24,754	27,029	23,744	23,928	26,605
Others	-1,009	-1,553	1,919	-780	-467	-556	0	0
CF from Operations incl. EO	23,555	25,555	33,150	23,974	26,562	23,188	23,928	26,605
(Inc.)/Dec. in FA	-10,689	-20,440	-26,823	-11,932	-25,382	-40,225	-75,500	-44,333
Free Cash Flow	12,867	5,115	6,328	12,041	1,181	-17,036	-51,572	-17,728
(Pur.)/Sale of Investments	167	56	127	102	66	111	0	0
Others	-8,726	-2,247	-17,904	-10,249	-9,541	18,211	7,044	7,121
CF from Investments	-19,247	-22,631	-44,600	-22,079	-34,857	-21,902	-68,456	-37,212
Issue of Shares	23	86	90	126	-425	-902	0	0
Inc./Dec. in Debt	942	3,504	17,127	-9,384	-583	11,306	50,000	22,000
Interest Paid	-1,417	-2,050	-2,130	-3,241	-843	-5,478	-4,594	-6,963
Dividend Paid	-4,060	-4,530	-5,155	-2,622	-5,915	-6,574	-3,951	-4,280
Others	0	0	0	0	0	0	0	0
CF from Fin. Activity	-4,512	-2,990	9,932	-15,120	-7,766	-1,648	41,455	10,757
Inc./Dec. in Cash	-204	-65	-1,517	-13,226	-16,061	-362	-3,072	150
Opening Balance	346	261	195	510	692	527	4,744	1,672
Add: Cash on Amalgamation	119	0	1,832	13,408	15,895	0	0	0
Closing Balance	261	196	510	692	527	165	1,672	1,821

*calculated for standalone business assuming 40% HoldCo discount

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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 be 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, Depository participant services & distribution of various financial products. 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 at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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.
- 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.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp grievances@motilaloswal.com.