

Estimate change



TP change



Rating change



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Bloomberg	GOAGRO IN
Equity Shares (m)	192
M.Cap.(INRb)/(USDb)	97.7 / 1.2
52-Week Range (INR)	747 / 441
1, 6, 12 Rel. Per (%)	-7/-6/-32
12M Avg Val (INR M)	153

#### Financials & Valuations (INR b)

Y/E MARCH	2022	2023E	2024E
Sales	83.1	95.5	102
EBITDA	6.7	7.8	9.1
Adj. PAT	4.2	4.4	5.7
EBITDA Margin (%)	8	8.2	9.0
Cons. Adj. EPS (INR)	21.6	22.8	29.6
EPS Gr. (%)	32.4	5.6	29.5
BV/Sh. (INR)	118	131	150
<b>Ratios</b>			
Net D:E	0.7	0.6	0.5
RoE (%)	19.2	18.3	21.1
RoCE (%)	12.6	11.9	14.2
Payout (%)	45.3	43.8	35.5
<b>Valuations</b>			
P/E (x)	23.5	22.3	17.2
EV/EBITDA (x)	17.6	14.9	12.7
Div. Yield (%)	1.9	2.0	2.1
FCF Yield (%)	(4.0)	2.4	3.1

#### Shareholding pattern (%)

	Jun-22	Mar-22	Jun-21
Promoter	73.7	71.6	71.7
DII	2.9	1.6	1.3
FII	1.5	2.4	2.8
Others	21.9	24.3	24.2

Note: FII includes depository receipts

**CMP: INR509**
**TP: INR670 (+32%)**
**Buy**

## Lower margin in AF and CP business hurts earnings

### Earnings lower than expected

- GOAGRO reported a subdued operating performance, with EBIT declining 62%/46% YoY in the Animal Feed (AF)/Crop Protection (CP) business. EBIT margin saw an expansion in Palm oil and GTFL.
- Revenue growth of 26% YoY was seen across businesses, except the standalone CP business (down 18% YoY), which was impacted due to deferred application opportunities for Agrochemicals, led by a delayed southwest monsoon in Jun'22.
- Factoring in its 1Q performance, we cut our FY23 earnings estimate by 12%, led by subdued operating performance in 1Q, coupled with volatile raw material prices. We largely maintain our FY24 earnings estimate. We value the stock on a SoTP basis to arrive at our TP of INR670. We maintain our **Buy** rating.

### Volatile raw material prices impacts performance

- Consolidated revenue grew 26% YoY to INR25.1b (est. INR23.2b). EBITDA margin contracted by 210bp YoY to 6.4% (est. 10%). EBITDA/adjusted PAT declined by 5%/22% YoY to INR1.6b/INR827m (est. INR2.3b/INR1.5b).
- Animal Feed business:** Revenue grew 24% YoY to INR12.5b on robust volume growth (11%), which was led by market share gains and the development of new products. EBIT margin contracted by 440bp YoY to 2% in 1QFY23 due to high-cost inventories of key inputs and limited transmission. EBIT declined by 62% YoY to INR245m. EBIT/kg fell 66% YoY and 60% QoQ to INR0.69.
- Palm Oil business:** Revenue grew 33% YoY to INR3.9b. EBIT margin expanded by 1,100bp YoY to 22.3%. EBIT rose by 2.6x YoY to INR858m. Improving oil extraction ratio (OER) and continued rise in oil prices led to a strong performance in 1QFY23. Volumes fell 8% QoQ on account of a shift in the harvesting season in Andhra Pradesh. Prices of Crude Palm Oil/Palm Kernel Oil rose 24%/41% YoY in 1QFY23.
- Crop Protection business:** Consolidated revenue remained flat YoY at INR3.7b. EBIT fell 46% YoY to INR448m due to lower sales of in-house products in the standalone business and deferment of sales in Astec Lifesciences and the standalone business. EBIT margin contracted by 1,020bp YoY to 12.2%. In Astec Lifesciences, revenue/EBITDA grew 43%/10.6% YoY to INR1.8b/INR282m in 1QFY23, led by higher realization from exports and a rise in CMO volumes, while margin was impacted by deferment of sales and increased cost structure on account of the Herbicides plant.
- Dairy business:** Revenue grew 48% YoY to INR3.9b, led by a 69% growth in value-added products. Operating loss stood at INR24m in 1QFY23, v/s a loss of INR31m in 1QFY22, due to a sustained rise in procurement and packaging costs.

- **Godrej Tyson Foods (GTFL):** Revenue from Poultry and Processed Food rose 40% YoY to INR2.5b. EBIDTA stood at INR209m in 1QFY23, v/s an operating loss of INR3m in 1QFY22, led by higher live bird prices and robust volume growth in the Real Good Chicken (RGC) category.

#### Highlights from the management commentary

- **Palm Oil business:** Under NMEO-OP, GOAGRO is aiming at over 10,000 hectares over the next three-to-four years in the northeast. At present, it has a nursery capacity of ~5,000 hectares. The same will increase to 8,000-9,000 hectares p.a. from FY24. OER/productivity is 20%/15-20% higher in NE regions v/s other areas, the benefits of which will accrue over the next four-to-five years.
- **Guidance:** In the AF business, management has guided at a volume growth of ~10% in FY23, with an EBIT margin of 5-6%. EBIT margin in the standalone CP business is expected to be in line/slightly higher than earlier levels. We expect Astec Lifesciences to register double-digit growth in margin.
- **Capex:** GOAGRO has envisioned a capex of INR5b in FY23, of which 60% is for Astec Lifesciences (~INR3b), INR800m for the Palm Oil business, and INR300m in the Dairy business for one more line in the VAP business due to exhaustion of capacity.

#### Valuation and view

- The deferment of sales in the Palm Oil and CP business, coupled with the high cost of inventories in the AF business in 1QFY23, adversely impacted its operating performance. With the spillover of sales from 1Q to 2Q, softening of raw material prices, and liquidation of most high-cost inventory in 1Q, we expect 2QFY23 to witness an improvement.
- The CP business is likely to do well going forward, due to: a) product launches in the standalone business (over the next one-to-two years), b) correction in RM prices, with an improvement in Logistics operations, c) better performance in Astec Lifesciences, owing to its expertise in triazole chemistry, and d) commencement of a new Herbicide plant.
- The AF business is expected to witness revenue/EBIDTA CAGR of 9%/14% over FY22-24, with product launches capturing a higher market share.
- We expect revenue/EBITDA/PAT CAGR of 11%/17%/17% over FY22-24.
- Factoring in its performance in 1Q, we cut our FY23 earnings estimate by 12%, led by subdued operating performance in 1Q, coupled with volatile raw material prices. We largely maintain our FY24 earnings estimate. We value the stock on a SoTP basis to arrive at our TP of INR670. We maintain our **Buy** rating.

## Consolidated - Quarterly Earning Model

(INRm)

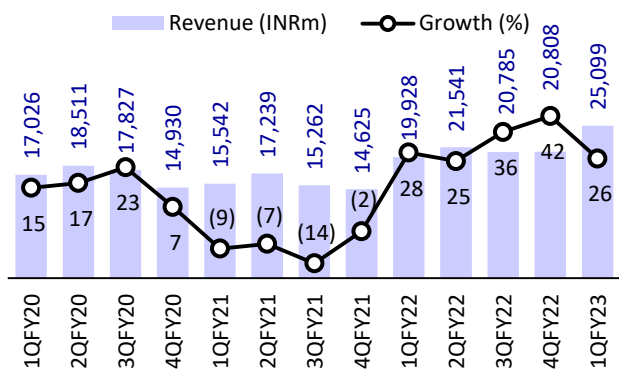
Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		(%)
<b>Gross Sales</b>	<b>19,928</b>	<b>21,541</b>	<b>20,785</b>	<b>20,808</b>	<b>25,099</b>	<b>25,017</b>	<b>22,780</b>	<b>22,619</b>	<b>83,061</b>	<b>95,516</b>	<b>23,208</b>	<b>8</b>
YoY Change (%)	28.2	25.0	36.2	42.3	25.9	16.1	9.6	8.7	32.5	15.0	58.7	
Total Expenditure	18,232	19,636	19,423	19,115	23,483	22,624	21,098	20,468	76,407	87,673	20,884	
<b>EBITDA</b>	<b>1,695</b>	<b>1,904</b>	<b>1,362</b>	<b>1,693</b>	<b>1,616</b>	<b>2,393</b>	<b>1,683</b>	<b>2,151</b>	<b>6,654</b>	<b>7,843</b>	<b>2,324</b>	<b>-30</b>
Margins (%)	8.5	8.8	6.6	8.1	6.4	9.6	7.4	9.5	8.0	8.2	10.0	
Depreciation	408	424	445	457	449	455	485	495	1,733	1,884	460	
Interest	130	156	165	180	216	200	205	220	631	841	195	
Other Income	104	56	104	532	77	59	110	110	797	355	110	
<b>PBT before EO expense</b>	<b>1,262</b>	<b>1,381</b>	<b>857</b>	<b>1,587</b>	<b>1,028</b>	<b>1,797</b>	<b>1,102</b>	<b>1,546</b>	<b>5,086</b>	<b>5,474</b>	<b>1,779</b>	
Extra-Ord expense	0	0	173	0	0	0	0	0	173	0	0	
<b>PBT</b>	<b>1,262</b>	<b>1,381</b>	<b>684</b>	<b>1,587</b>	<b>1,028</b>	<b>1,797</b>	<b>1,102</b>	<b>1,546</b>	<b>4,914</b>	<b>5,474</b>	<b>1,779</b>	<b>-42</b>
Tax	327	376	175	346	279	452	277	389	1,224	1,398	448	
Rate (%)	26.0	27.2	25.6	21.8	27.1	25.2	25.2	25.2	24.9	25.5	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-126	-87	-142	18	-77	-96	-156	20	-337	-309	-138	
<b>Reported PAT</b>	<b>1,060</b>	<b>1,093</b>	<b>651</b>	<b>1,223</b>	<b>827</b>	<b>1,441</b>	<b>981</b>	<b>1,137</b>	<b>4,026</b>	<b>4,386</b>	<b>1,469</b>	
<b>Adj PAT</b>	<b>1,060</b>	<b>1,093</b>	<b>778</b>	<b>1,223</b>	<b>827</b>	<b>1,441</b>	<b>981</b>	<b>1,137</b>	<b>4,199</b>	<b>4,386</b>	<b>1,469</b>	<b>-44</b>
YoY Change (%)	19.7	2.1	26.4	116.1	-22.0	31.8	26.0	-7.0	33.8	4.5	159.6	
Margins (%)	5.3	5.1	3.7	5.9	3.3	5.8	4.3	5.0	5.1	4.6	6.3	

## Key Performance Indicators

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Segment Revenue Gr. (%)</b>										
Animal Feed (AF)	33.9	48.8	41.7	38.2	24.4	8.4	14.1	11.3	40.6	14.3
Palm Oil	83.5	36.9	105.2	163.8	33.3	10.0	-20.0	-25.0	78.1	1.0
Crop Protection	15.1	-22.9	-1.0	32.8	-0.3	50.8	18.1	17.0	5.0	19.1
Dairy	12.7	9.7	12.1	20.2	47.6	25.0	24.0	12.0	13.8	26.2
<b>Segment EBIT Margin (%)</b>										
Animal Feed	6.4	5.1	4.7	5.4	2.0	5.3	4.9	5.7	5.4	4.5
Palm Oil	11.3	19.5	25.2	17.5	22.3	15.4	14.5	12.7	19.0	17.0
Crop Protection	22.4	20.3	7.1	23.6	12.2	18.6	20.2	21.3	19.5	18.0
Dairy	-3.9	-1.2	-2.7	-0.9	-2.6	-0.5	0.4	0.5	(2.1)	(0.6)
<b>AF Volumes (000'MT)</b>	<b>317</b>	<b>338</b>	<b>359</b>	<b>347</b>	<b>353</b>	<b>378</b>	<b>398</b>	<b>389</b>	<b>863</b>	<b>900</b>
<b>AF Realization (INR/kg)</b>	<b>31.6</b>	<b>33.6</b>	<b>30.9</b>	<b>31.8</b>	<b>35.3</b>	<b>32.5</b>	<b>31.8</b>	<b>31.6</b>	<b>32.0</b>	<b>32.7</b>
<b>Cost Break-up</b>										
RM Cost (% of sales)	75.8	75.5	76.5	75.7	79.2	75.0	75.0	75.0	75.9	76.1
Staff Cost (% of sales)	5.1	4.9	5.2	6.0	4.8	5.4	5.9	6.0	5.3	5.5
Other Cost (% of sales)	10.5	10.8	11.7	10.2	9.6	10.0	11.7	9.5	10.8	10.2
Gross Margins (%)	24.2	24.5	23.5	24.3	20.8	25.0	25.0	25.0	24.1	23.9
EBITDA Margins (%)	8.5	8.8	6.6	8.1	6.4	9.6	7.4	9.5	8.0	8.2
EBIT Margins (%)	6.5	6.9	4.4	5.9	4.7	7.7	5.3	7.3	5.9	6.2

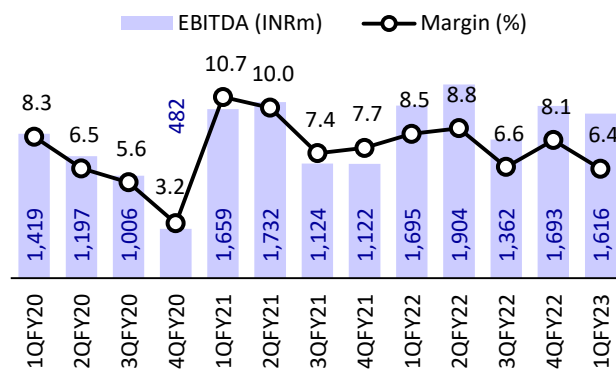
## Key exhibits

**Exhibit 1: Consolidated revenue trend**



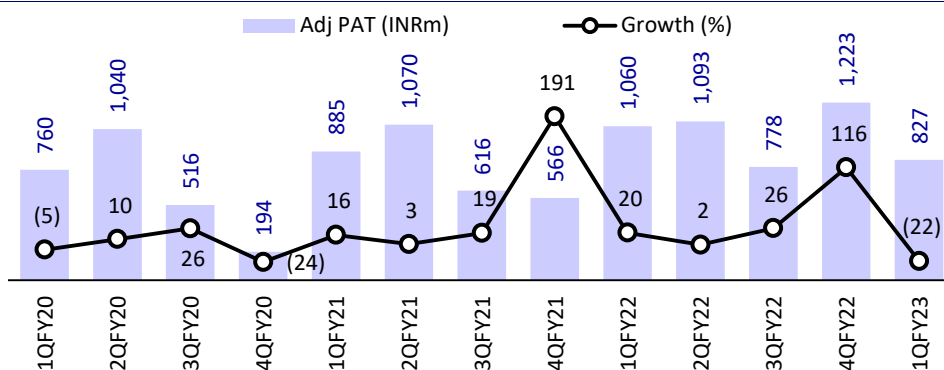
Source: Company, MOFSL

**Exhibit 2: Consolidated EBITDA trend**



Source: Company, MOFSL

**Exhibit 3: Consolidated adjusted PAT trend**



Source: Company, MOFSL

**Exhibit 4: Animal Feed business**

Particulars	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Volume (MT)	3,50,290	2,94,215	2,67,749	2,79,906	2,92,542	2,90,683	3,16,838	3,37,609	3,58,813	3,47,430	3,52,893
Growth (%)	8.0	-11.3	-17.4	-15.8	-16.5	-1.2	18.3	20.6	22.7	19.5	11.4
Revenue (INR m)	10,130	8,811	7,480	7,623	7,833	7,995	10,013	11,341	11,099	11,049	12,459
Growth (%)	32.3	-0.1	-15.5	-18.8	-22.7	-9.3	33.9	48.8	41.7	38.2	24.4
EBIT (INR m)	350.2	332.4	480.8	476.4	382	568.4	637.3	576.4	516.1	601.8	244.9
Margin (%)	3.5	3.8	6.4	6.2	4.9	7.1	6.4	5.1	4.7	5.4	2.0
Growth (%)	47.5	-27.9	13.5	10.6	9.1	71.0	32.5	21.0	35.1	5.9	-61.6

Source: Company, MOFSL

**Exhibit 5: Consolidated Crop Protection**

Particulars	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenue (INR m)	2,180	2,501	3,208	3,328	2,209	2,656	3,692	2,566	2,187	3,528	3,681
Growth (%)	-5.4	38.1	11.9	-2.6	1.3	6.2	15.1	-22.9	-1.0	32.8	-0.3
EBIT (INR m)	381	483	844	745	356	539	829	521	155	834	448
Margin (%)	17.5	19.3	26.3	22.4	16.1	20.3	22.4	20.3	7.1	23.6	12.2
Growth (%)	-7.5	46.1	10.0	9.9	-6.5	11.6	-1.9	-30.0	-56.5	54.7	-46.0

Source: Company, MOFSL

**Exhibit 6: Standalone Crop Protection**

Particulars	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenue (INR m)	912	670	2,082	1,763	1,035	935	2,405	1,540	453	1,051	1,981
Growth (%)	-15.7	48.2	-0.5	-11.9	13.5	39.6	15.5	-12.6	-56.2	12.4	-17.6
EBIT (INR m)	185	59	604	495	228	207	640	376	-213	212	261
Margin (%)	20.3	8.8	29.0	28.1	22.0	22.1	26.6	24.4	-47.0	20.2	13.2
Growth (%)	-15.1	-33.7	-18.8	-10.0	23.2	250.8	6.0	-24.0	-193.4	2.4	-59.2

Source: Company, MOFSL

**Exhibit 7: Astec Lifesciences**

Particulars	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenue (INR m)	1,248	1,802	1,119	1,550	1,160	1,719	1,287	1,026	1,734	2,477	1,700
Growth (%)	-31.1	34.7	45.4	9.2	-7.1	-4.6	15.0	-33.8	49.5	44.1	32.1
EBITDA (INR m)	248	479	295	314	189	397	255	220	448	723	282
Margin (%)	19.9	26.6	26.4	20.3	16.3	23.1	19.8	21.4	25.8	29.2	16.6
Growth (%)	-22.3	66.3	304.1	83.6	-23.8	-17.1	-13.6	-29.9	137.0	82.1	10.6

Source: Company, MOFSL

**Exhibit 8: Palm Oil business**

Particulars	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenue (INR m)	2,250	665	1,574	2,932	1,878	717	2,888	4,014	3,853	1,892	3,852
Growth (%)	24.2	4.9	8.2	23.9	-16.6	7.9	83.5	36.9	105.2	163.8	33.3
EBIT (INR m)	436	43	65	414	305	53	326	781	971	330	858
Margin (%)	19.4	6.5	4.1	14.1	16.3	7.4	11.3	19.5	25.2	17.5	22.3
Growth (%)	36.7	-4009.1	-48.9	44.0	-30.0	23.3	403.6	88.5	218.0	523.2	163.3

Source: Company, MOFSL

**Exhibit 9: Dairy business**

Particulars	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenue (INR m)	2,855	2,808	2,365	2,590	2,567	2,801	2,665	2,841	2,877	3,367	3,934
Growth (%)	2.7	5.0	-26.2	-15.4	-10.1	-0.3	12.7	9.7	12.1	20.2	47.6
EBITDA (INR m)	72	21	103	112	138	35	-31	-31	-30	46	46
Margin (%)	2.5	0.7	4.4	4.3	5.4	1.2	-1.2	-1.1	-1.0	1.4	1.2
Growth (%)	-59.8	-83.5	-25.4	23.1	91.7	66.7	-130.1	-127.7	-121.7	31.4	-248.4
EBIT (INR m)	-6.7	-58.2	33.1	41.2	67.6	-36.2	-104.8	-34.8	-76.9	-29.2	-101.4
Margin (%)	-0.2	-2.1	1.4	1.6	2.6	-1.3	-3.9	-1.2	-2.7	-0.9	-2.6
Growth (%)	-106.0	-254.0	-50.2	NA	NA	NA	NA	NA	NA	NA	NA

Source: Company, MOFSL

**Highlights from the management commentary****Palm Oil Business**

- FFB volumes declined 8% YoY in 1QFY23 mainly on account of shift in harvesting season in Andhra Pradesh.
- During the quarter, the company signed MOUs with Governments of Assam and Manipur for oil palm cultivation under the National Mission on Edible Oils-Oil Palm (NMEO-OP) scheme. OER/productivity is 20%/15-20% more than other areas which would yield benefits in next four to five years.
- Under the NMEO-OP, in the North east regions it is commercially possible to do ~12,000 to 14,000 hectares and of that the company is planning to do over 10,000 hectare in next three to four years. Currently, the company's nursery capacity is ~5,000 hectares and it will increase to ~8,000-9,000 hectares p.a. from next year onwards.

- CPO volumes came in at ~22,174MT v/s 21,411MT in 1QFY22 with realizations at INR139,000/MT. The contribution margins have increased from 15% in the last year to 25% in the current.
- OER has improved to 19% in 1QFY23 v/s 17% in 1QFY22.
- Price for palm oil is expected to remain in the range of INR110,000 prices a ton as government would not want to reduce prices because it would hurt the farmers (prices in range of +/-5%).

### Dairy

- Dairy business recorded strong growth in volumes (+69% YoY – VAP and +20% YoY – Milk) and top-line in Q1 FY23, primarily led by market share gains in value-added products.
- Profitability was impaired due sustained rise in procurement and packaging costs, which the company aims to abate in the coming quarters.
- The company aims to improve prices v/s procurement rate (especially under Buffalo milk) and increasing VAP product which has driven contributions from 28% to 39% during the quarter.
- GOAGRO is confident about seeing a better flush 5% higher than last year and it has already taken two price hikes. The management has guided for a profitable 3QFY23 as the company is building a VAP line under milk to compensate for the excess demand.

### Animal Feed

- Company saw volume growth of 11.4% YoY in Q1 FY23 which was driven by market share gains. Volume growth was recorded across key categories i.e. Cattle/Broiler/Layer by 12%/20%/8% YoY.
- However, EBIT margins were impacted by high cost inventories of key raw materials and unforeseen government interventions which led to sudden decline in raw material prices. The business has been able to liquidate high priced inventory and would see a better 2QFY23 overall.
- Soymeal prices declined sharply in May'22 as government of India allowed import of GM soymeal to the tune of 0.55MMT.
- Last year the animal feed business saw realizations of INR1,700 per ton; the business is expected to grow by 10% to 12% in volume terms which would help yield similar or slightly lower realizations in the current year.
- **Guidance:** EBIT margins in 2QFY23 is expected to be in range of 4-5% while for FY23 it is expected to be ~5-6%. Volumes for FY23 to grow by ~10%.
- In the shrimp feed business, the company has 3-5% market share and has witnessed a massive flux with delayed monsoon and flooding across certain regions in the quarter which would lead to 40% to 50% restocking hereon. The segment is expected to grow by 10% with margins improving overall.

### Crop Protection (Standalone)

- Crop Protection segment reported 18% YoY decline in revenues, it was impacted by delayed monsoon and deferred application of agrochemicals. Strict focus on channel credit hygiene also led to lower sales as compared to the last year.
- The company expects recovery in crop protection business in 2QFY23 as recoveries have improved.



- Company saw rapid growth from key product Gracia this quarter compared to last year and is expected to yield 4x to 5x along with a robust portfolio of in-licensed products launching next year.
- **Guidance:** Margins are expected to be in line or higher than earlier levels with monsoons being delayed and in-house product returning to healthy levels.

### Astec LifeSciences

- Astec registered revenue growth of 43% YoY on the back of higher export realizations and CMO volumes, constrained by deferment of sales to the tune of ~20% of Q1 revenues.
- Astec witnessed decline in margin profile in 1QFY23 owing to margin compression in one of the key products, deferment of sales and increased cost structure on account of the herbicide plant which was commissioned in 3QFY22, would yield better realizations by 3QFY23.
- The plant ran at 60% utilization levels and would take three more years to be fully utilized. The company has two CMO products from the herbicide plant and one other CMO product which has contributed to margins.
- **Guidance:** Margins are expected to grow in double digits as Astec is putting capex in a new plant and a R&D center which would be capitalized to the extent of INR1.2b.

### Godrej Tyson Foods Limited

- GTFL achieved 40% growth in revenues in 1QFY23 led by Real Good Chicken (RGC) and Live Bird categories. RGC volumes increased by 82% while realizations in the live bird business improved by 43% in 1QFY23 v/s 1QFY22.
- GTFL reported significant improvement in EBITDA margins as live bird prices were considerably higher than the previous year and remained well above the feed costs.

### Other Highlights

- ACI Godrej Agrovet Private Limited, Bangladesh: The Company posted a robust revenue growth of 42% YoY driven by combination of higher realizations and increase in volumes by 14% during the quarter.
- **Capex:** GOAGRO has envisioned an INR5b capex for FY23 with 60% being for Astec business, INR800m for the palm oil business and INR300m on the dairy business for one more line in VAP business due to exhaustion of capacity.

### Valuation and view

- The deferment of sales in the Palm Oil and CP business, coupled with the high cost of inventories in the AF business in 1QFY23, adversely impacted its operating performance. With the spillover of sales from 1Q to 2Q, softening of raw material prices, and liquidation of most high-cost inventory in 1Q, we expect 2QFY23 to witness an improvement.
- The CP business is likely to do well going forward, due to: a) product launches in the standalone business (over the next one-to-two years), b) correction in RM prices, with an improvement in Logistics operations, c) better performance in Astec Lifesciences, owing to its expertise in triazole chemistry, and d) commencement of a new Herbicide plant.

- The AF business is expected to witness revenue/EBIDTA CAGR of 9%/14% over FY22-24, with product launches capturing a higher market share.
- We expect revenue/EBITDA/PAT CAGR of 11%/17%/17% over FY22-24.
- Factoring in its performance in 1Q, we cut our FY23 earnings estimate by 12%, led by subdued operating performance in 1Q, coupled with volatile raw material prices. We largely maintain our FY24 earnings estimate. We value the stock on a SoTP basis to arrive at our TP of INR670. We maintain our **Buy** rating.

**Exhibit 10: Valuation**

Particulars	EBITDA FY24E (INRm)	EV/ EBITDA (x)	EV (INRm)	Net Debt (INRm)	Equity Value (INRm)	GOAGRO's share (%)	Value (INRm)	Value/ share (INR)	% Share
<b>Standalone:</b>									
Crop Protection	1,477	15	21,856		21,856	100%	21,856	114	17%
Palm Oil	2,019	15	30,076		30,076	100%	30,076	157	23%
Animal Feed	3,688	16	58,276		58,276	100%	58,276	303	45%
Unallocated expenses	-1,429	6	-8,571		-8,571	100%	-8,571	-45	-7%
<b>Total</b>	<b>5,755</b>	<b>18</b>	<b>1,01,636</b>	<b>13,056</b>	<b>88,580</b>	<b>100%</b>	<b>88,580</b>	<b>461</b>	<b>69%</b>
<b>Subsidiaries:</b>									
Astec (mcap with 20% holdco disc)					25,390	57%	14,587	76	11%
Creamline Dairy	652.24324	15	10,045	-95.942	10,140	52%	5,264	27	4%
Godrej Tyson Foods Limited & Others	857.361293	18	15,433		15,433	51%	7,871	41	6%
<b>JV/ Associate:</b>									
ACI Godrej Agrovet Private Limited	1,535	16	24,567		24,567	50%	12,284	64	10%
<b>Total</b>	<b>8,800</b>	<b>17</b>	<b>1,51,681</b>		<b>1,64,110</b>			<b>670</b>	<b>100%</b>

Source: MOFSL

**Exhibit 11: Revisions to our estimates**

Earnings Change (INR m)	Old		New		Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Revenue	92,917	99,183	95,516	1,02,037	3%	3%
EBITDA	8,450	8,881	7,843	9,136	-7%	3%
Adj. PAT	4,971	5,662	4,386	5,680	-12%	0%

Source: MOFSL



## Financials and valuations

### Consolidated - Income Statement

	(INR m)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<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>83,061</b>	<b>95,516</b>	<b>1,02,037</b>
Change (%)	13.4	31.2	5.7	13.7	15.4	-8.2	32.5	15.0	6.8
Raw Materials	29,451	37,905	39,536	45,736	53,194	46,078	63,048	72,700	76,527
Employees Cost	1,557	2,328	2,763	2,944	3,541	3,764	4,393	5,266	5,306
Other Expenses	3,577	4,651	5,329	5,939	7,454	7,187	8,966	9,707	11,067
<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>76,407</b>	<b>87,673</b>	<b>92,900</b>
% of Sales	92.1	91.1	91.5	92.3	94.0	91.0	92.0	91.8	91.0
<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>6,654</b>	<b>7,843</b>	<b>9,136</b>
Margin (%)	7.9	8.9	8.5	7.7	6.0	9.0	8.0	8.2	9.0
Depreciation	524	747	859	982	1,481	1,540	1,733	1,884	2,099
<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>4,921</b>	<b>5,959</b>	<b>7,037</b>
Int. and Finance Charges	977	863	453	339	416	465	631	841	820
Other Income	627	590	318	531	468	396	797	355	918
<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>5,086</b>	<b>5,474</b>	<b>7,135</b>
EO Items	946	200	121	883	682	0	-173	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>4,914</b>	<b>5,474</b>	<b>7,135</b>
Total Tax	754	1,018	1,207	1,280	481	1,055	1,224	1,398	1,796
Tax Rate (%)	24.8	28.6	33.9	27.5	14.3	26.20	24.91	25.5	25.2
Profit from Associate & MI	-356	55	57	82	-185	-164	-337	-309	-340
<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>4,026</b>	<b>4,386</b>	<b>5,680</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>4,154</b>	<b>4,386</b>	<b>5,680</b>
Change (%)	-2.5	35.1	-5.1	10.9	4.3	25.0	32.4	5.6	29.5
Margin (%)	4.5	4.6	4.2	4.1	3.7	5.0	5.0	4.6	5.6

### Consolidated - Balance Sheet

	(INR m)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	926	1,851	1,920	1,920	1,920	1,921	1,921	1,921	1,921
Total Reserves	6,906	8,237	12,193	14,570	16,461	18,590	20,763	23,228	26,892
<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>22,684</b>	<b>25,150</b>	<b>28,813</b>
Minority Interest	2,323	2,541	2,693	4,010	3,825	4,103	4,203	4,448	4,718
Total Loans	13,757	6,641	4,098	3,950	6,185	9,428	15,660	15,660	14,160
Deferred Tax Liabilities	1,458	1,663	1,730	2,086	1,751	1,713	1,559	1,559	1,559
<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>44,105</b>	<b>46,816</b>	<b>49,249</b>
Gross Block	12,139	14,109	15,185	21,246	23,812	26,551	29,372	32,594	36,238
Less: Accum. Deprn.	564	1,329	2,214	3,196	4,677	6,217	7,950	9,833	11,933
<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>21,422</b>	<b>22,760</b>	<b>24,305</b>
Goodwill on Consolidation	1,949	1,949	1,949	2,649	2,649	2,649	2,649	2,649	2,649
Capital WIP	638	504	1,904	936	1,532	1,414	902	2,680	2,036
<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>1,597</b>	<b>1,597</b>	<b>1,597</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>29,271</b>	<b>31,699</b>	<b>33,643</b>
Inventory	6,665	7,381	7,629	9,517	9,436	10,419	14,288	15,613	16,544
Account Receivables	4,545	5,219	6,315	7,349	8,539	8,226	9,514	10,729	11,462
Cash and Bank Balance	420	538	299	299	508	509	347	581	535
Loans and Advances	3,299	2,019	2,507	2,378	3,910	3,200	5,123	4,776	5,102
<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>11,735</b>	<b>14,569</b>	<b>14,980</b>
Account Payables	3,349	8,408	9,550	12,394	12,885	7,326	6,948	8,647	8,654
Other Current Liabilities	2,312	2,496	2,955	2,934	3,467	4,206	3,384	4,012	4,286
Provisions	202	308	385	478	507	703	1,403	1,910	2,041
<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>17,536</b>	<b>17,130</b>	<b>18,663</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>44,105</b>	<b>46,816</b>	<b>49,249</b>

## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<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>21.6</b>	<b>22.8</b>	<b>29.6</b>
Cash EPS	11.5	15.8	15.8	17.6	20.8	24.4	30.7	32.6	40.5
BV/Share	40.8	52.5	73.5	85.9	95.7	106.8	118.1	131.0	150.0
DPS	2.1	4.5	4.5	4.5	5.5	8.0	9.5	10.0	10.5
Payout (%)	18.8	41.9	45.6	31.6	41.5	49.0	45.3	43.8	35.5
<b>Valuation (x)</b>									
P/E	57.7	42.7	45.0	40.6	38.9	31.1	23.5	22.3	17.2
Cash P/E	44.1	32.2	32.2	28.8	24.5	20.9	16.6	15.6	12.6
P/BV	12.5	9.7	6.9	5.9	5.3	4.8	4.3	3.9	3.4
EV/Sales	3.0	2.2	2.0	1.8	1.6	1.8	1.4	1.2	1.1
EV/EBITDA	38.0	24.3	23.5	23.1	26.1	19.6	17.6	14.9	12.7
Dividend Yield (%)	0.4	0.9	0.9	0.9	1.1	1.6	1.9	2.0	2.1
FCF per share	2.4	36.6	5.7	9.0	-1.2	-13.1	-20.2	12.1	15.8
<b>Return Ratios (%)</b>									
RoE	23.8	25.5	17.9	15.7	14.4	16.1	19.2	18.3	21.1
RoCE	13.2	15.7	14.7	15.4	11.8	12.2	12.6	11.9	14.2
RoIC	11.3	12.9	12.9	12.2	8.8	10.2	10.0	10.7	12.1
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	3.1	3.5	3.4	2.8	2.9	2.4	2.8	2.9	2.8
Asset Turnover (x)	1.5	2.4	2.3	2.2	2.3	1.8	1.9	2.0	2.1
Inventory (Days)	65	55	53	59	50	61	63	60	59
Debtor (Days)	44	39	44	45	46	48	42	41	41
Creditor (Days)	33	62	67	76	69	43	31	33	31
<b>Leverage Ratio (x)</b>									
Current Ratio	2.5	1.4	1.3	1.2	1.3	1.8	2.5	2.2	2.2
Interest Cover Ratio	2.5	4.2	7.9	10.6	6.3	8.8	7.8	7.1	8.6
Net Debt/Equity	1.6	0.6	0.3	0.2	0.3	0.4	0.7	0.6	0.5

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	3,364	3,727	3,717	4,773	3,486	4,531	5,416	5,474	7,135
Depreciation	524	747	859	982	1,481	1,540	1,733	1,884	2,099
Interest & Finance Charges	885	715	453	339	416	465	631	485	-98
Direct Taxes Paid	-456	-800	-837	-1,097	-969	-1,123	-1,533	-1,398	-1,796
(Inc)/Dec in WC	-1,024	5,145	-471	633	-2,204	-5,413	-7,085	886	-1,309
<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>0</b>	<b>-838</b>	<b>7,331</b>	<b>6,032</b>
Others	-1,610	-561	-183	-1,152	188	-104	-362	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>-104</b>	<b>-1,201</b>	<b>7,331</b>	<b>6,032</b>
(Inc)/Dec in FA	-1,223	-1,949	-2,448	-2,759	-2,634	-2,406	-2,680	-5,000	-3,000
<b>Free Cash Flow</b>	<b>460</b>	<b>7,024</b>	<b>1,091</b>	<b>1,719</b>	<b>-236</b>	<b>-2,510</b>	<b>-3,880</b>	<b>2,331</b>	<b>3,032</b>
(Pur)/Sale of Investments	581	610	-131	0	0	-9	-166	0	0
Others	-3,581	366	51	386	82	627	765	910	1,529
<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>-1,787</b>	<b>-2,081</b>	<b>-4,090</b>	<b>-1,471</b>
Issue of Shares	39	8	2	0	0	0	0	0	0
Inc/(Dec) in Debt	4,168	-7,027	-2,571	-680	2,311	3,579	5,778	0	-1,500
Interest Paid	-972	-861	-455	-354	-390	-430	-602	-841	-820
Dividend Paid	-452	0	-1,045	-1,076	-1,076	-1,122	-1,591	-1,920	-2,016
Others	0	0	2,818	4	-481	-136	-478	-245	-270
<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>1,891</b>	<b>3,108</b>	<b>-3,006</b>	<b>-4,606</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>-173</b>	<b>235</b>	<b>-46</b>
Opening Balance	175	419	538	299	299	510	509	347	581
<b>Closing Balance</b>	<b>419</b>	<b>538</b>	<b>299</b>	<b>299</b>	<b>508</b>	<b>509</b>	<b>347</b>	<b>581</b>	<b>535</b>

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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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