Dodla Dairy Ltd

ICICI direct Research

Price Band ₹ 421-428

UNRATED

June 16, 2021

Dodla Dairy (DDL) is an integrated dairy company based in south India primarily deriving revenue from sale of milk & dairy based value added products (VAPs). The company is third highest in terms of milk procurement with average procurement of 1.03 million litre of raw milk per day among private dairy players with a significant presence in southern India. Apart from a presence in south India, it also has overseas operations based in Uganda, Kenya. DDL processes & sells milk and produces dairy based value added products like curd, ultra-high temperature processed milk, ghee, butter, flavoured milk & ice cream among others. It also manufactures and sells cattle feed to farmers through their procurement network.

Integrated business with procurement, distribution capabilities

Dodla has an integrated business model consisting of procurement, processing, distribution & marketing operations. Its procurement operations are spread across Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra with average procurement of 1.03 million litre per day (MLPD) from ~1.09 lakh farmers through 6,771 village level collection centres (VLCCs) and third party suppliers. The processing operations are spread across 13 processing plants in south India with aggregate installed capacity of 1.70 MLPD. It also runs two skimmed milk powder (SMP) plants in Nellore and Vedasandur that have an aggregate installed capacity of 15,000 and 10,000 kg per day, respectively. DDL sell products under the "Dodla" and "Dodla Dairy" brand in India. Its distribution network consists of 40 sales offices, 3,285 distribution agents, 861 milk distributors and 544 milk product distributors. Its products are also available through 393 "Dodla Retail Parlours" that are operated on a franchise model in abovementioned states.

Focused engagement & long-term relationship with farmers

The company's farmer friendly policies and continuous engagement with welfare programmes have strengthened its relationships with farmers. This, in turn, has strengthened the raw milk procurement process. The company pays the farmers once every 10-15 days by transferring money directly to the bank accounts of 77% of farmers. Dodla also works with regional banks and facilitates sanctioning of loans to farmers for investment in their cattle. DDL has also diversified into an ingredient input providing business by supplying upfront cattle feed under the "Orga" brand, manufactured by its subsidiary Orgafeed Pvt Ltd.

Key risks and concerns

- Inability to procure adequate milk at competitive prices
- Supply & transportation disruptions
- High competition from large dairy cooperatives
- Inability to expand & change as per consumer preferences

Particulars

Issue Details	
Issue Opens	16th June 2021
Issue Closes	18th June 2021
Issue Size*	₹ 520 crore
Fresh Issue	₹ 50 crore
Price Band	₹ 421-428
No. of shares on offer (in crore)	1.21
QIB (%)	50
Retail (%)	35
Minimum lot size (no of shares)	35

*based on upper price band of ₹ 428 per share

Shareholding Pattern (%)

	Pre-Issue	Post-Issue
Promoter Group	68.5	64.2
Public	31.5	35.8

Objects of issue

Objects of the Issue	₹ crore
Repayment of borrowings, meeting capex requirements, general corporate purposes	32.3
Capex Requirements	7.2
General corporate purposes	-
Fresh Issue	**50.0**
Offer for sale	**470.0**

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IPO Review

ICICI Securities – Retail Equity Research

Key Financial Summary

₹ crore	FY18	FY19	FY20	CAGR FY18-20 (%)
Total Revenues	1590.5	1691.7	2139.4	16.0
EBITDA	112.7	134.2	140.9	11.8
EBITDA Margins (%)	7.1	7.9	6.6	
PAT	56.9	62.8	49.9	-6.3
EPS (₹)	173.9	11.3	9.0	
EV / Sales	1.7	1.6	1.2	
P/E (x)	44.8	40.6	51.1	
RoE (%)	16.7	15.4	11.5	
RoCE (%)	18.5	17.8	17.6	

Source: ICICI Direct Research, RHP

Company background

Dodla Dairy (DDL) is an integrated dairy company based in south India primarily deriving revenue from the sale of milk and dairy based VAPs in the branded consumer market. Among private dairy players with a significant presence in south India, it is the third highest in terms of milk procurement per day with an average procurement of 1.03 million litre of raw milk per day (March 31, 2021). Its operations in India are primarily across the five states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra. Also, overseas operations are based in Uganda and Kenya. The company processes and sells milk (full cream, standardised, toned and double toned) and produces dairy based value added products such as curd, ultra-high temperature processed milk, ghee, butter, flavoured milk and ice cream among others. It also manufactures and sells cattle feed to farmers through their procurement network. Their Indian operations are under brands "Dodla Dairy", "Dodla" and "KC+". Their overseas operations are under brands like "Dodla Dairy", "Dairy Top" and "Dodla +".

The company's revenue from sale of milk and dairy based VAPs constituted 72.8% and 27.2% in FY20 and 75.32% and 24.68%, respectively, in 9MFY21. The revenue from operations for FY20 amounted to ₹ 2139.3 crore while revenue from operations for 9MFY21 accounts for ₹ 1413.5 crore.

The company's integrated business model in India consists of procurement, processing, distribution and marketing operations. Their procurement operations are spread across Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra, which consists of an average procurement of 1.03 MLPD as of March 31, 2021 from ~1.09 lakh farmers through 6,771 village level collection centres, 232 dairy farms (farmers rearing multiple cattle for supplying raw milk in bulk quantities) and third party suppliers.

Exhibit 1: Dodla Dairy Product Line

Source: RHP, ICICI Direct Research

Industry background

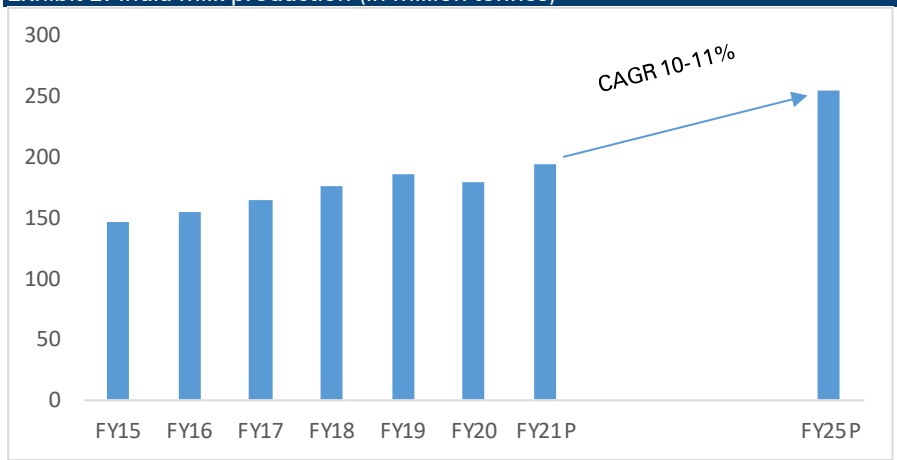
The Indian dairy market industry has grown at ~10% CAGR in 2015 and 2020 to reach ₹ 6.7 lakh crore in FY20. This growth has come on the back of a 6-7% increase in volumes and 3-4% increase in price realisations. The dairy industry includes milk, traditional value added products (include butter, ghee, paneer, khoa, curd & skimmed milk powder) and embedded value products (flavoured milk, ice cream, yoghurt, cheese and whey). Over the last five years, the growth in the industry has been driven by value-added products (~35% of the industry in value terms) that have witnessed growth of 12-14% between FY15 and FY20. Among value added products, emerging value added products has grown at a faster rate of ~18% (owing to ~12% increase in volumes and 6% increase in prices) compared to 12-13% for traditional value added products. The fastest-growing products during this five-year period were ice cream at ~21%, followed by paneer (19%) and cheese (14%).

Milk was classified as an essential item. Hence, the industry was not severely impacted despite supply and demand-side challenges due to Covid-19. In the initial months of lockdown, however, the dairy industry faced challenges in last-mile customer reach, availability of labour at plants, logistical issues such as availability of vehicles for transportation, and adhering to Covid-19 safety protocols for all employees.

Overall, dairy industry revenues are projected to grow at a much slower 1-2% in FY21. Sales volumes are expected to decline ~1-2% while pricing is expected to see a 2-3% increase.

With economic growth expected to gradually pick up and demand from the hotels, restaurants and cafes (HoReCa) segment also expected to return, the industry is likely to grow at a CAGR of 10-11% in FY21-25. Within this, embedded value products (that includes flavoured milk, ice cream, yoghurt, cheese and whey) is expected to outpace other segment and grow faster at ~14-16% in FY21-25. Traditional value added products and milk is expected to grow 10-12% and 6-8% in the same time period.

Exhibit 2: India milk production (in million tonnes)



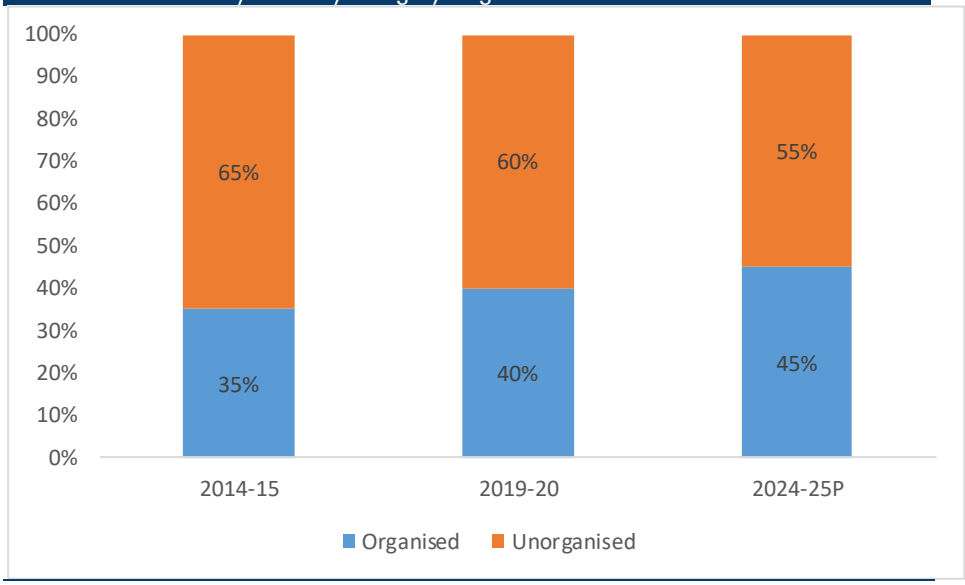
Source: RHP, ICICI Direct Research

Indian dairy sector; highly fragmented and unorganised

As of FY20, the unorganised segment dominated the Indian dairy industry with ~59-60% market share while the organised sector accounted for the rest, at the retail level sales of dairy products. In FY21, outbreak of Covid-19 pandemic accelerated the shift towards organised players on account of supply chain disruptions and increased focus on hygiene and health. Going forward, the organised segment is expected to grow at a faster pace of 12-13%, while the unorganised segment is expected to grow at 8-10%, thus enhancing the share of organised players in the near future. Rising consumerism, growing urbanisation and preference for branded packaged

foods will primarily drive this trend. In addition, rising capital investments from private players will give them a strong foothold to eat into the market share of unorganised players.

Exhibit 3: Indian dairy industry is highly fragmented

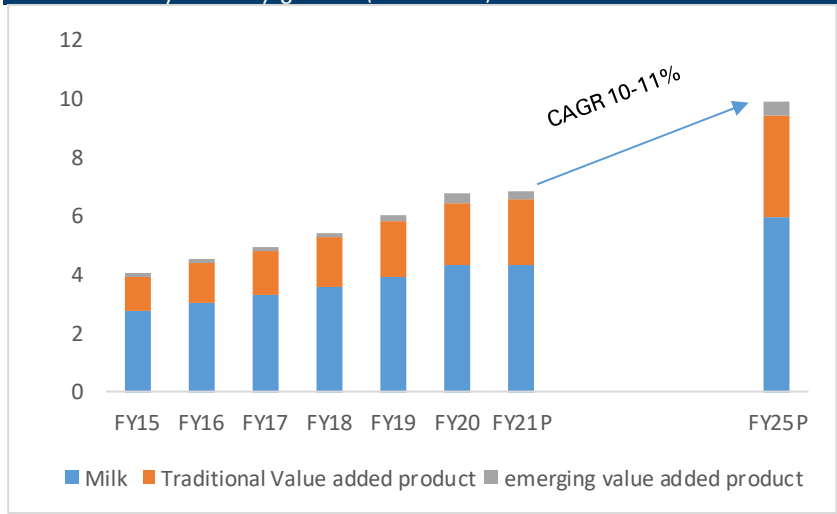


Source: RHP, ICICI Direct Research

Emerging VAPs adversely impacted by Covid-19

Products like cheese, yoghurt, flavoured milk and ice-cream are not staple for the Indian household and are mostly consumed out-of-home. With closure of HoReCa, such consumption was completely cut off in April and May 2020 and reopened gradually in H2FY21. Even after opening of hotels and restaurants, store footfalls remained subdued whereas an uptick in consumption was visible from order-in for the QSR. Although yoghurt is largely consumed in households, low penetration and high ticket size would have few takers for it as muted income growth discouraged higher spending in FY21. Ice-cream was worst hit as a nation-wide lockdown and closure of HoReCa during the peak season (summer season) which accounts for over 40% of annual demand is expected to weigh down consumption. However, from FY22 (after second wave) onwards, with a rebound in economic growth and containment of the virus, demand is expected to pick up and long term growth drivers like a steady increase in population, rising income levels and changing food habits are expected to drive growth over the next five years.

Exhibit 4: Dairy industry growth (in ₹ billion)



Source: RHP, ICICI Direct Research

Higher growth in value added products

The share of fluid milk (packaged + unprocessed) as a percentage of the overall domestic dairy industry has historically remained above 65% but is gradually reducing. With changing trends in consumption patterns, VADPs, which are generally more profitable, are expected to grow at a much faster rate than fluid milk, thus estimated to bring down the share of fluid milk from ~67% in FY15 to ~58-60% by FY25.

Exhibit 5: Milk & value added product growth & operating margins

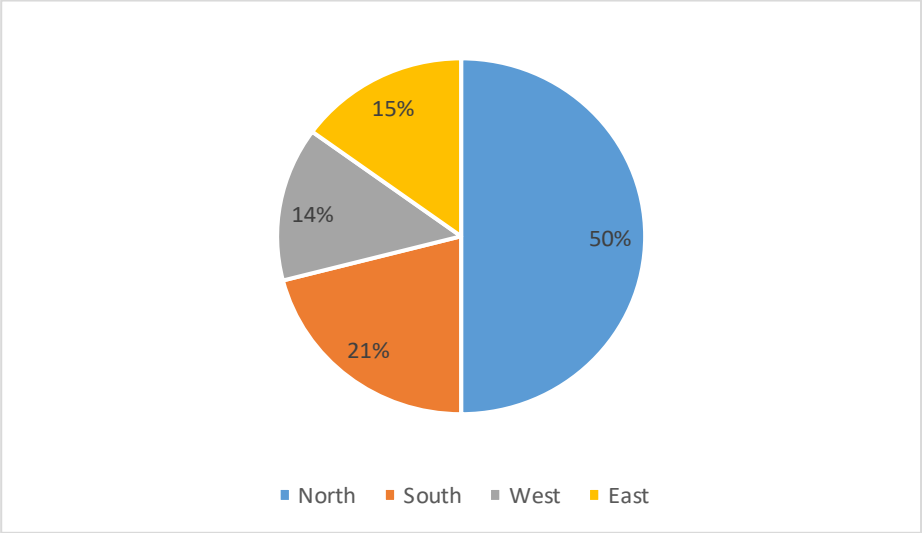
(₹ billion)	EBITDA Margin (%)	FY15	FY20	FY21E	FY25P	CAGR FY15-20	CAGR FY21-25P
Fluid milk	4-6%	2783	4311	4359	6000	9%	6-8%
Ghee	20-22%	590	1049	1101	1773	12%	13-14%
Paneer	19-21%	209	443	494	894	16%	15-17%
Butter	17-19%	130	228	238	380	12%	12-13%
Curd	19-21%	120	187	180	308	9%	13-15%
Ice cream	37-39%	43	113	83	170	21%	19-21%
SMP	6-8%	60	90	90	136	9%	9-10%
Yogurt	24-26%	19	51	55	110	22%	20-21%
Khoa	14-16%	47	75	61	93	9%	11-12%
Cheese	29-31%	36	72	69	120	14%	14-16%
Whey	27-29%	8	17	14	22	16%	13-14%
Buttermilk & Lassi	10-12%	5	7	8	12	8%	10-11%

Source: RHP, ICICI Direct Research

Southern region accounts for 21% of India's milk production

Southern India maintained a share of 21% in FY20. Over FY15-20, milk production in the southern region logged a healthy CAGR of 7.0%. Majority of the milk production in south India is concentrated in Andhra Pradesh (38% of total milk production in South India) followed by Tamil Nadu (21%), Karnataka (20%) and Telangana (13%). Among these states, production increased the fastest in Andhra Pradesh in FY15-20.

Exhibit 6: Southern states account for 21% of India's milk procurement

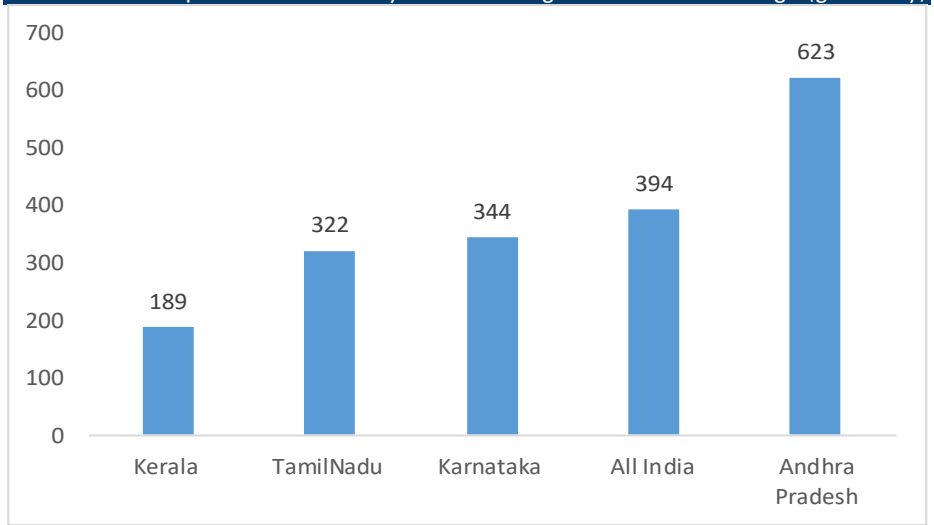


Source: RHP, ICICI Direct Research

Per capita milk availability in southern states

In 2018-19, Andhra Pradesh had the highest per capita availability of milk (623 gm/day) among all southern states, well above the national average of 394 gm/day. Cow milk production is dominant in the state. Hence, availability of milk is almost throughout the year. Further, increasing use of cross breeds has boosted milk production in Andhra Pradesh compared to other states. Per capita availability of milk in other key southern states like Tamil Nadu and Karnataka was slightly below the national average and in the range of 320-345 gm/day.

Exhibit 7: Per capita milk availability in Andhra higher than India average (gram/day)



Source: RHP, ICICI Direct Research

Fluid milk to grow albeit at tepid pace in FY21

Even before a nationwide lockdown was announced on March 24, 2020, many urban cities had ordered a closure of restaurants and public eateries to contain the spread of Covid-19. This created supply chain disruption temporarily up to June 2020. Household demand returned to pre-Covid levels from July 2020. However, offtake of milk from hotels, restaurants and cafes (accounting for ~17% of total consumption) was wiped out as most of them remained closed while a few restaurants operated at minimal capacity. In Q2FY21, despite many 'unlock' measures taken by the government, fear of contamination kept food consumption from restaurants at bay, thereby affecting milk demand from the HoReCa segment. Going forward, FY22 onwards, milk demand is expected to pick up on a lower base and grow 9-10% till FY25. Long term growth drivers like rising population and per capita consumption is expected to aid growth.

Fear of contamination leads consumers towards packaged milk

Over the past few years, the milk market has seen a gradual shift from loose milk to packaged milk. This shift is expected to be faster in FY21 as fear of contamination has led many consumers to switch from loose to packaged milk. However, this shift is expected to be temporary. In FY22, consumers are expected to partially switch back, as freshness is most preferred. In the long run, the gradual shift from loose milk to packaged milk is expected to continue. Among packaged milk, pouch milk is most preferred as consumers perceive it to be fresh and is more economical than tetra packs and PET bottles. In the packaged milk segment, currently 80-85% of packaged milk is sold in pouches, 10-15% in tetra packs and a mere 1-2% in PET bottles.

Investment Rationale

Integrated business with procurement, distribution capabilities

The company has an integrated business model consisting of procurement, processing, distribution and marketing operations. Its procurement operations are spread across Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra with average procurement of 1.03 million litre per day (MLPD) from ~1.09 lakh farmers through 6,771 village level collection centres, 232 dairy farms and third party suppliers. The raw milk collected and transported to its chilling centres further connected to processing plants. The company's chilling centres are strategically placed in close proximity to raw milk procurement locations in order to maintain the freshness of the raw milk. The processing operations are spread across 13 processing plants (12 of which are owned and one is leased) in South India with an aggregate installed capacity of 1.70 MLPD. In addition to this, the company runs two skimmed milk powder (SMP) plants in Nellore and Vedasandur, which have an aggregate installed capacity of 15,000 and 10,000 kg per day, respectively. DDL sell products under the "Dodla" and "Dodla Dairy" brand in India. Its distribution network consists of 40 sales offices, 3,285 distribution agents, 861 milk distributors and 544 milk product distributors. The company's products are also available through 393 "Dodla Retail Parlours" that are operated on a franchise model and spread across Andhra Pradesh, Telangana, Tamil Nadu and Karnataka.

Focused engagement & long-term relationship with farmers

The company's farmer friendly policies and continuous engagement with welfare programmes have strengthened its relationships with farmers. In turn, this has strengthened the raw milk procurement process. As part of diversified procurement network, DDL relies on third party suppliers and farmers. In order to ensure transparency, testing of quality and quantity of collected raw milk is checked with electronic milk analysers. Its VLCCs are equipped with GPRS enabled milk analysers and weigh scales that provide a transparent acknowledgement for quantity and quality components for the milk supplied by the farmers. The company pays farmers once every 10 to 15 days by transferring money directly to the bank accounts of 77% of farmers. DDL has consistently improved direct procurement from farmers from 0.50 MLPD in 2018 to 1.03 MLPD in March 2021. The company also works with regional banks and facilitate sanctioning of loans to farmers for the investment in their cattle. DDL has also diversified into an ingredient input providing business by supplying upfront cattle feed under the "Orga" brand, manufactured by its subsidiary Orgafeed Pvt Ltd. The feed is provided through its procurement network and money is adjusted against the value of the raw milk supplied by such farmers. The company believes in continuous engagement with farmers and its knowledge in the dairy industry combined with welfare programmes for farmers have enabled DDL to have a strong procurement network in regions. Thus, it has helped contain the cost of raw milk and ensure sustainable supply of quality raw milk.

Expanded operations through organic and inorganic growth

The company intends to continue to grow domestically and internationally by way of organic and inorganic growth in order to increase its presence. In India, the company has grown in the past organically by setting up its own processing plants and inorganically by either acquiring processing plants or business units. In 2016, DDL acquired a plant in Dharmapuri (TN), which provided access to central and south Tamil Nadu. In 2013, it acquired a processing plant in Kurnool. In 2019, DDL commenced operations at a new processing plant in Rajahmundry, Andhra Pradesh, which provided access to the markets of coastal Andhra Pradesh. The company entered into a business transfer agreement with KC Dairy Products Pvt Ltd on February 2019 to acquire two new processing plants at Vedasandur and Batlagundu in Tamil Nadu and one SMP plant at Vedasandur in Tamil Nadu. In 2019, it acquired a cattle feed and mixing plant in Andhra Pradesh for the purpose of manufacturing and selling cattle feed. In overseas operations, the

company entered the markets of Uganda in 2015 with the acquisition of operations of Hillside Dairy and Agriculture Ltd. The entry in the Ugandan market aided it to expand reach to the East African markets. Its ability to integrate organic and inorganic assets with existing operations has led to substantial growth. To complement this growth strategy of setting up processing plants and acquiring processing plants and businesses with appropriate opportunities, DDL is continuously evaluates expansion through acquisitions in new underpenetrated markets in India and internationally.

Exhibit 8: Plant wise capacity & utilisation

	FY19		FY20		FY21	
Processing Plant	MLPD	Utilisation (%)	MLPD	Utilisation (%)	MLPD	Utilisation (%)
Badvel, Andhra Pradesh	0.05	100%	0.05	100%	0.05	105%
Kurnool, Andhra Pradesh	0.04	82%	0.04	94%	0.05	101%
Palamaner, Andhra Pradesh	0.26	70%	0.27	73%	0.19	49%
Penumur, Andhra Pradesh	0.06	131%	0.06	138%	0.04	85%
Nellore, Andhra Pradesh	0.23	114%	0.25	122%	0.17	82%
Rajahmundry, Andhra Pradesh	0.02	15%	0.03	22%	0.04	24%
Sattenapalle, Andhra Pradesh	0.02	54%	0.02	63%	0.03	70%
Indragi, Karnataka	0.13	69%	0.15	75%	0.14	68%
Tumkur, Karnataka	0.04	123%	0.03	112%	0.03	97%
Batlagundu, Tamil Nadu	0.04	49%	0.05	54%	0.08	82%
Dharmapuri, Tamil Nadu	0.12	127%	0.12	122%	0.09	93%
Vedasandur, Tamil Nadu	0.05	101%	0.05	103%	0.005	9%
Hyderabad, Telangana	0.15	54%	0.15	55%	0.13	47%
Uganda	0.05	50%	0.08	80%	0.05	18%
Total	**1.26**		**1.35**		**1.1**	

Source: RHP, ICICI Direct Research

Increase revenues from dairy based VAPs

The company's revenue from processed milk grew at a CAGR of 16.4% in FY18-20 whereas revenues from VAPs grew at a CAGR of 13.4% in the same period. Historically, sales of processed milk have been primary revenue driver. In order to grow further and also increase margins, over the last few years DDL has focused on dairy based VAPs. It intends to supplement revenue by increasing the sales of VAPs and strike a balance between processed milk and VAPs to optimise product portfolio. While current product portfolio includes curd, the company intend to introduce new variants of cheese and other products at price points as low as ₹ 10, to expand its product portfolio and reach a wider consumer base. The existing product portfolio is capable of being altered with the changing dairy consumption habits and preferences. In the last three years, DDL has introduced products such as ice creams, UHT milk and flavoured milk in PET bottles. It also currently sells buttermilk, lassi, doodhpeda, milk and curd at low price points, which helps cater to a large number of consumers. Key drivers of dairy based VAPs are curd, UHT milk, ghee, butter, flavoured milk, paneer, and ice creams for Indian operations and liquid milk yogurt, ghee, paneer, cheese and UHT milk for overseas operations.

Enhance brand visibility & expanding reach

DDL's brands are recognised by consumers given its large presence across the south Indian markets for over 23 years and robust quality of processed milk. The company has a presence in southern states of Andhra Pradesh, Karnataka and parts of Tamil Nadu and Telangana. It has the third largest procurement network among such private dairy players in south India and second highest in terms of market presence amongst private dairies. Further, presence across multiple VAPs such as curd, flavoured milk, ice cream, butter milk, ghee and butter has also enabled it to strengthen brand visibility. It plans to leverage the brand to launch new value -added products. Going forward, the company intends to increase brand visibility of VAPs by undertaking aggressive advertisement campaign. Recently, DDL has revamped milk packaging to ensure better brand visibility. As part of product outreach programme, it intends to actively increase distribution network and actively engage with hyper markets, super markets and retailers to increase accessibility for consumers. The company intends to convert multi-brand dealer network into exclusive suppliers in a phased manner to have better control over brand. DDL also intends to increase the number of Dodla retail parlours in Andhra Pradesh, Telangana, Karnataka and Tamil Nadu based on the existing franchise model. In Africa, DDL recently introduced some of the products such as full cream milk under the brand "Dodla+".

Key risks & concerns

Inability to procure adequate milk at competitive prices

The company does not have any formal arrangements with farmers. Therefore, farmers are not obligated to supply their milk to the company and may choose to sell their milk to competitors. Interruption of, or a shortage in the supply of raw milk may result in inability to operate production facilities at optimal capacities, which can lead to a decline in production and sales. Also, the amount of raw milk procured and the price at which it is procured, may fluctuate from time to time in the absence of a formal supply contract. The availability and price of raw milk is subject to a number of factors beyond control, including seasonal factors, environmental factors, general health of cattle in the regions.

High competition from large dairy cooperatives

In addition to large multinational and regional companies, DDL also competes with large dairy cooperatives that also procure milk from farmers in the regions where company procures its milk. Any grants, financial assistance or other incentives by the GoI or state governments to such dairy cooperatives would benefit such entities and could adversely affect the company's direct milk procurement model. While the company endeavours to increase its direct procurement of raw-milk from farmers and constantly engage with the farmers, it cannot assure that it will be able to compete successfully in the future against existing or potential dairy cooperatives

Inability to expand & change as per consumer preferences

The dairy industry in India is evolving and consumers may be tempted to shift their choices and preferences when new products are launched or various marketing and pricing campaigns of different brands are introduced. DDL's future growth depends on its ability to continue to increase revenue and margins from dairy based VAPs. The change in customer preferences & demand may adversely affect the business

Transportation disruption may adversely affect operations

The company relies on third party logistic providers to transport raw milk to chilling centres, processing plants and finished products to customers, distributors and a large number of retail outlets. Transportation of raw milk and finished products require specially insulated and refrigerated vehicles. The company does not have a long-term arrangement with third party logistic providers. It can be affected by transport disruptions. There are a limited number of such specialised transportation providers. An inability to ensure adequate and appropriate transportation facilities in a timely manner could adversely affect business operations.

Financial Summary

Exhibit 9: Profit & loss statement (₹ crore)

Revenue (₹ crore)	FY18	FY19	FY20	9mFY21
Revenue from operations	1,590	1,692	2,139	1,414
Other income	7	8	6	4
Total revenue	**1,597**	**1,699**	**2,146**	**1,417**
Cost of materials consumed	1,274	1,243	1,583	996
Changes in Inventory (RM,SIT,WIP)	-43	14	58	-41
Employee expense	65	77	91	67
Other expenses	181	224	267	185
Total Expenses	1,478	1,558	1,998	1,207
EBITDA	**113**	**134**	**141**	**207**
Finance costs	11	12	16	10
Depreciation and amortisation expense	28	37	49	38
Profit before tax and exceptional items	**80**	**93**	**82**	**162**
Profit before tax	**80**	**93**	**82**	**162**
Current tax	19	24	21	44
Defered tax	5	7	11	1
Total Tax	24	31	32	46
Profit after tax	57	63	50	116

Source: RHP, ICICI Direct Research

Exhibit 10: Balance Sheet (₹ crore)

Balance Sheet (₹ crore)	FY18	FY19	FY20	9mFY21
Shareholders' funds	**339.5**	**406.4**	**433.5**	**549.7**
Share capital	3.3	55.7	55.7	55.7
Reserves and surplus	336.2	350.7	377.8	494.0
Non-current liabilities	**59.1**	**153.3**	**142.6**	**118.1**
Long-term borrowings	22.3	110.2	86.7	58.5
lease liability	5.7	7.7	7.1	8.4
Deferred tax liabilities (net)	20.7	25.8	36.5	37.9
Government Grants	3.5	3.1	2.8	2.6
Provisions	6.9	6.5	9.5	10.7
Current liabilities	**210.4**	**192.3**	**224.2**	**195.9**
Short-term borrowings	94.3	31.4	40.0	0.0
Trade payables	62.5	75.7	78.2	76.6
lease liability	0.9	1.4	2.6	1.5
Other financial liability	31.8	56.9	61.1	74.2
Government Grants	0.3	0.3	0.3	0.3
Provisions	2.3	2.8	2.8	4.3
Other current liability	5.0	6.0	5.3	4.9
Current tax liability (net)	13.3	17.8	33.8	34.1
Equity & Liabilities Total	**609.0**	**751.9**	**800.3**	**863.7**
Non-current Assets				
Property, Plant & Equipment	326.2	451.2	482.3	471.1
Goodwill on consolidation	0.0	35.9	44.2	44.2
Capital work in progress	16.0	11.2	11.2	21.7
Intangible assets	0.7	13.4	9.9	7.4
Biological Assets other than bearer plants	2.8	2.7	2.5	2.3
Financial Assets	21.9	16.4	9.7	9.4
Other Tax assets	4.6	3.6	8.8	1.8
Other Non-current assets	8.6	11.2	8.8	10.4
Deferred tax assets (net)	1.9	0.3	0.0	0.1
Total non-current assets	**382.7**	**545.9**	**577.4**	**568.4**
Current assets				
Inventories	134.1	124.9	120.2	112.7
Investments	59.8	18.1	11.5	5.3
Trade receivables	3.6	7.3	7.2	3.4
Cash and bank balances	14.0	21.5	68.7	162.4
Loans	6.7	15.7	3.8	3.5
Other Financial assets	0.2	0.2	0.6	1.1
Other current assets	7.9	18.3	10.9	6.9
Total current assets	**226.3**	**206.0**	**222.9**	**295.3**
Assets Total	**609.0**	**751.9**	**800.3**	**863.7**

Source: RHP, ICICI Direct Research

Exhibit 11: Cash flow statement (₹ crore)

Particulars				
Cash Flow (₹ crore)	**FY18**	**FY19**	**FY20**	**9mFY21**
PBT	80.4	93.3	81.9	162.1
Depreciation	27.9	37.1	49.2	38.2
Change in FV of biological assets	-1.0	-0.4	-0.2	-0.5
Loss on sale/retirement of plant,property,e	0.6	0.6	1.0	0.1
Loss on sale/discard of biological assets (ı	0.4	0.2	0.1	0.4
Interest Income	-0.3	-0.5	-0.7	-1.4
Finance costs	10.9	11.6	16.1	9.7
Others	-4.1	-2.2	-2.9	-0.2
Operating profit before working capital cha	114.8	139.6	144.6	208.4
Changes in working capital	-10.4	14.5	32.5	20.2
Income tax paid	-17.0	-18.5	-11.5	-33.2
CF from operating activities	**87.5**	**135.6**	**165.6**	**195.4**
(Purchase)/Sale of Fixed Assets	-71.3	-97.0	-95.0	-36.3
Proceeds from sale of Biiological assets	0.2	0.3	0.2	0.3
(Purchase)/Sale of Mutual Funds	4.7	44.7	17.5	6.8
Purchase of assets & liabilities in slump sa	0.0	-96.1	0.0	0.0
Inter-corporate deposit (given)/matured	0.0	0.0	0.0	0.0
Interest Received	0.3	0.4	0.3	1.1
Dividends received	0.4	0.0	0.0	0.0
Deposits (placed)/redeemed	0.0	0.0	0.0	-103.1
CF from investing activities	**-65.7**	**-147.7**	**-77.0**	**-131.2**
Long term borrowing receipts from bank	0.0	50.0	0.0	0.0
Receipt from Issue of debentures	0.0	55.0	0.0	0.0
Repayment of bank borrowings (long term)	-7.3	-10.0	-16.4	-14.2
(Repayment)/receipt of bank borrowings (s	-25.0	-22.5	25.0	-40.0
Government grant received	2.6	0.0	0.0	0.0
Dividend paid	0.0	0.0	-18.2	-10.7
Finance costs paid	-10.4	-10.5	-14.1	-7.5
Non controlling interest in subsidiary (capi	0.0	0.0	0.0	0.0
Payment of lease liability	-1.4	-1.9	-1.9	-1.9
CF from financing activities	**-41.4**	**60.0**	**-25.7**	**-74.3**
Net Cash Flow	-19.7	47.8	62.9	-10.1
Opening Cash	-23.2	-42.9	5.1	68.7
Effect of exchange rate fluctuations on cas	0.0	0.1	0.7	-0.3
Closing Cash Flow	**-42.9**	**5.1**	**68.7**	**58.2**

Source: RHP, ICICI Direct Research

Exhibit 12: Key Ratios

Ratio Sheet	FY18	FY19	FY20	9mFY21
Per share data (₹)				
Diluted EPS	173.9	11.3	9.0	20.9
Cash EPS	259.3	17.9	17.8	27.8
BV per share	1,038.1	73.0	77.8	98.7
Cash Per Share	42.8	3.9	12.3	29.2
Operating Ratios (%)				
Gross Profit Margins	22.6	25.7	23.3	32.4
EBITDA Margins	7.1	7.9	6.6	14.6
PAT Margins	3.6	3.7	2.3	8.2
Inventory days	30.8	26.9	20.5	29.1
Debtor days	0.8	1.6	1.2	0.9
Creditor days	14.3	16.3	13.3	19.8
Return Ratios (%)				
RoE	16.7	15.4	11.5	21.2
RoCE	18.5	17.8	17.6	23.9
Valuation Ratios (x)				
EV / Sales	1.7	1.6	1.2	
EV/EBITDA	23.7	19.9	18.9	
Market Cap / Sales	1.6	1.5	1.2	
P/E	44.8	40.6	51.1	
Price to Book Value	7.5	6.3	5.9	
Solvency Ratios				
Debt / EBITDA	1.0	1.1	0.9	
Debt / Equity	0.3	0.3	0.3	
Net Debt/ Equity	0.3	0.3	0.1	
Current Ratio	1.1	1.1	1.0	
Quick Ratio	0.4	0.4	0.5	
Asset Turnover	4.2	3.1	3.8	

Source: RHP, ICICI Direct Research

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