

# Coromandel International

 BSE SENSEX  
31,561

 S&P CNX  
9,239


## Stock Info

Bloomberg	CRIN IN
Equity Shares (m)	292
M.Cap.(INRb)/(USDb)	181.4 / 2.4
52-Week Range (INR)	644 / 337
1, 6, 12 Rel. Per (%)	16/52/66
12M Avg Val (INR M)	108
Free float (%)	38.3

## Financials Snapshot (INR b)

Y/E Mar	2020E	2021E	2022E
Sales	128.7	138.2	150.0
EBITDA	16.7	18.2	19.8
PAT	10.2	11.2	12.7
EBITDA (%)	13.0	13.2	13.2
EPS (INR)	34.8	38.2	43.4
EPS Gr. (%)	36.9	9.8	13.5
BV/Sh. (INR)	141	171	206

## Ratios

Net D/E	0.5	0.3	0.2
RoE (%)	27.2	24.5	23.0
RoCE (%)	19.2	19.0	19.0
Payout (%)	24.1	22.0	19.4

## Valuations

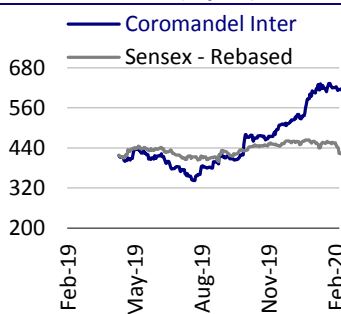
P/E (x)	17.8	16.2	14.3
EV/EBITDA (x)	4.4	3.6	3.0
Div Yield (%)	1.1	1.1	1.1
FCF Yield (%)	7.5	3.7	5.2

## Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	61.7	61.7	61.8
DII	18.5	18.6	13.6
FII	3.5	3.4	3.6
Others	16.3	16.3	21.1

FII Includes depository receipts

## Stock Performance (1-year)


**CMP: INR619**
**TP: INR738 (+19%)**
**Buy**

## Fertilizer demand for kharif crop to remain stable

### EBITDA/MT for FY21 holds the key

### Fertilizer demand expected to be healthy in FY21

- Coromandel International (CRIN)'s key markets are Andhra Pradesh (AP), Telangana, Maharashtra, Karnataka, West Bengal, and Odisha. These six states account for 94% of CRIN's NPK/DAP volumes and 84% of its overall volumes.
- Key crops grown in the regions mentioned above include paddy, pulses, cotton, soybean, and maize. Thus, the acreage movement in the above crops would have a bearing on CRIN's performance.
- Prices of paddy (down 9% YoY) and soybean (flat YoY) have remained firm (relatively); thus, the sowing of these crops is likely to continue at similar levels in the upcoming kharif season, particularly in the southern region.
- However, cotton prices (20% down YoY) have plummeted due to the current crisis; hence, farmers may shift to alternate crops such as groundnuts (up 7% YoY) and soybean. The key reason for the shift from cotton to this crop could also be attributable to lower yield in the previous season due to a pink bollworm infestation and excess rainfall.
- Price of maize plunged 20% to INR1,577/quintal. We believe farmers in the southwestern region may shift from maize to soybean and groundnut.
- We do not foresee any major labor issue in paddy sowing in CRIN's addressable market. The migrant labor situation may pose an issue in Punjab and Haryana, where paddy is a key kharif crop.
- As paddy sowing is labor intensive, states such as Punjab and Haryana may use the direct seeded rice (DSR) method of plantation for rice sowing in some areas in their fields, against the conventional method of transplanting. DSR is gaining popularity owing to certain advantages: it saves labor, it requires less water, and crops reach maturity faster.
- We believe better pre-season rainfall and water storage (exhibit 1) as well as a favorable crop pattern in CRIN's addressable market would drive overall demand for fertilizer for the company. Pre-season rainfall across pan-India is 22% higher than normal (exhibit 2).
- CRIN's overall manufacturing fertilizer sales in April'20 grew by 3x to 274kMT. Higher fertilizer consumption in the rabi season resulting in lower inventory at the dealer level and the expectation of better demand in the kharif season are the key factors driving higher sales in Apr'20 (refer to exhibit 3).

### Manufacturing EBITDA/MT to remain at same level for FY21

- Although overall volume declined 8% YoY in FY20 (according to the Ministry of Chemicals and Fertilizers), manufacturing volume came in higher (9% YoY), whereas trading volume declined (48% YoY). An increase in rabi acreage contributed to fertilizer volume growth in FY20 (22% manufacturing volume growth in H2, whereas continued flat volumes in H1).

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

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- In the manufacturing of fertilizers, di-ammonium phosphate (DAP) volumes grew 35% YoY in FY20 owing to lower price of phos acid.
- Manufacturing volumes came in higher, leading to EBITDA growth of 16% in FY20; this was despite revenue de-growth of 3%.
- EBITDA/MT for the Manufacturing segment improved 24% YoY to INR3,500/MT, owing to decline in phos acid and ammonia prices; moreover, CRIN commenced operations at its own phos acid plant, resulting in cost savings (for 2HFY20).
- Phos acid accounts for 38–40% of CRIN's total raw material cost. Average price of phos acid in FY20 stood at USD650/MT (down 14% YoY) and is trading at USD590/MT since Jan'20 (9% lower v/s FY20 average price).
- Additionally, average price of ammonia (from the Middle East, comprising 12–13% of raw material cost) declined 21% to USD240/MT in FY20. The current ammonia price stands at USD160/MT, 37% lower than the average price in FY20.
- Thus, decline in key RM cost, a higher manufacturing volume mix, and a better product mix aided in achieving higher EBITDA/MT in FY20. This is likely to be maintained at current levels given the buoyant demand on account of the expectation of better rainfall.
- CRIN's five-year avg. net forex expenditure as a percentage of sales / total RM cost accounted for 56%/77%, respectively. In FY21, the benefit of decline in RM cost would be majorly offset by currency depreciation (INR depreciation of 6% YTD v/s FY20).
- Additionally, the recently operational phos acid plant would continue production for the full part of FY21, which was not the case in FY20 (starting Oct'19).

#### **Manufacturing sales volume up 9% in FY20 on better demand for NPK and DAP**

- The manufacturing of DAP fertilizers increased 35% YoY to 455kMT in FY20, whereas trading plummeted 73% YoY to 74kMT in FY20 on decline in phos acid prices.
- Overall, the NPK segment grew 8% to 2.6MMT in FY20, primarily driven by demand for the 20-20-0-13 grade of NPK.
- In the NPK segment, 20-20-0-13 volumes (46% of NPK volumes in FY20) grew 18% YoY, whereas 14-35-14 volumes (accounting for 12%) grew 7% YoY in FY20. Separately, volumes of 10-26-26 and 28-28-0 (which formed 11% and 20%, respectively, of NPK volumes in FY20) declined 4% and 1% YoY, respectively.

#### **Valuation and view**

- CRIN is likely to close FY20 with PAT growth of 37%, on account of EBITDA growth of 16% (EBITDA margins are likely to expand 210bp); the robust performance is attributed to higher manufacturing volume growth (driven by 22% volume growth in rabi/H2FY20) and lower RM prices.
- The government has fixed the subsidy rate for nitrogen (N) at INR18.9/kg (flat YoY), phosphorous (P) at INR14.9/kg (-2% YoY), potash (K) at INR10.1/kg (-9% YoY), and sulfur (S) at INR2.4/kg (-12% YoY). We believe the new subsidy rate would not have a major impact on CRIN's overall performance.

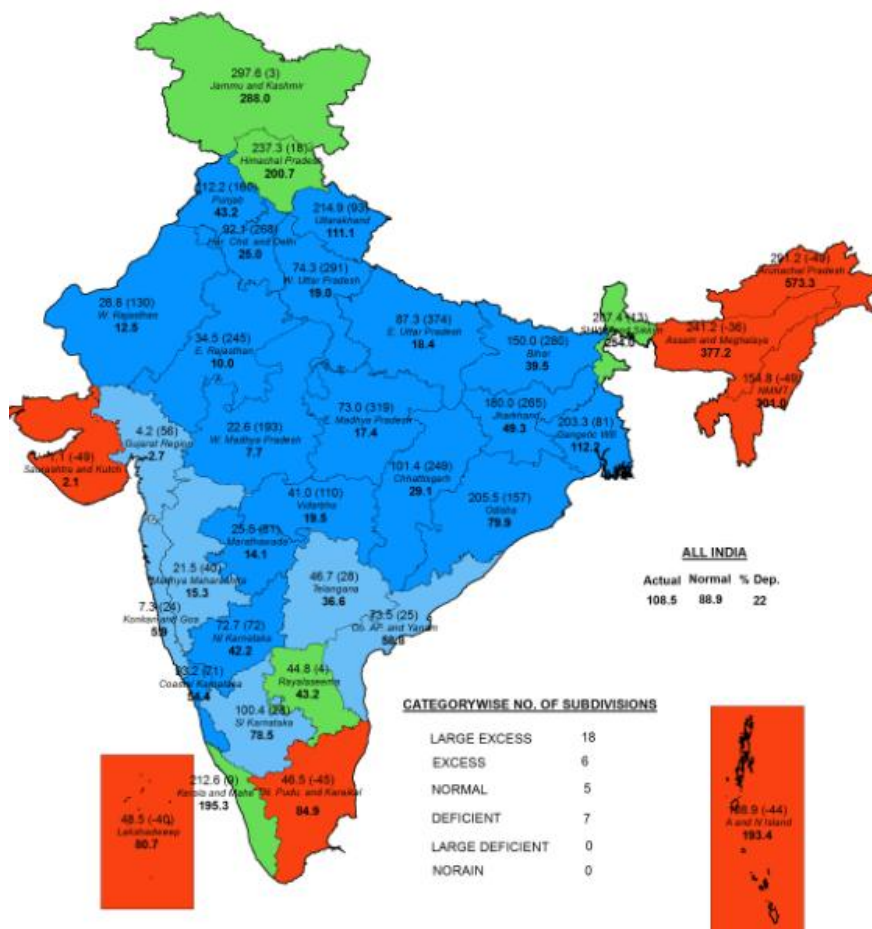
- Moreover, the India Meteorological Department (IMD) has announced that it expects Southwest monsoon rainfall (June–September) to be normal this year. This bodes well for the consumption of fertilizers and agrochemicals.
- In FY21, we expect manufacturing volumes to grow 6% (given the expectation of normal rainfall) and manufacturing EBITDA/MT of INR3,500/MT, flat YoY (due to the current RM price scenario). Also, the newly commenced operations at the phos acid plant (in Oct'19) would provide cost savings. All this, in turn, would aid in maintaining EBITDA/MT.
- We estimate 12% EPS CAGR over FY20–22.
- We have ascribed a 17x PE multiple (in-line with the five-year average multiple) and arrived at TP of INR738. Maintain **Buy**.

Exhibit 1: Status of storage as of 30<sup>th</sup> Apr'20

State	No. of reservoirs monitored	Live Capacity at FRL (BCM)	Live Storage (BCM)			Storage as a % of Live Capacity at FRL			% departure from 10-yr avg
			Current Year	Last Year	Last 10-year avg	Current Year	Last Year	Last 10-year avg	
Andhra Pradesh	2	2.5	1.4	0.5	0.8	56	21	30	88
Telangana	4	4.2	1.1	0.3	0.7	26	7	17	49
Maharashtra	25	17.3	8.0	3.1	4.5	46	18	26	75
Karnataka	16	24.6	7.1	5.0	4.5	29	20	18	59
West Bengal	2	1.4	0.6	0.4	0.3	39	28	23	68

Source: MOFSL, Agricoop

Exhibit 2: Sub-division rainfall (01-03-2020 to 11-05-2020)



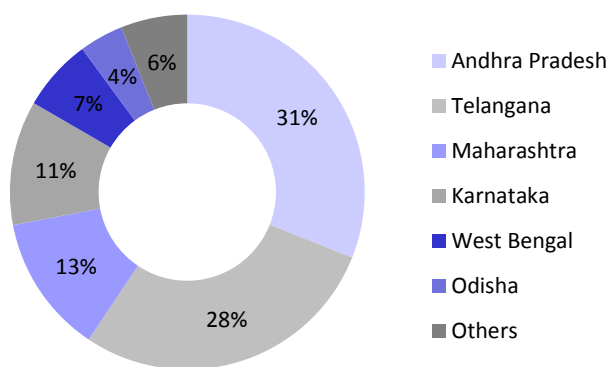
Source: MOFSL, IMD

**Exhibit 3: CRIN reported strong volume growth in April**

Volume (MT)	Apr'19	Apr'20	Change % YoY
<b>Manufactured</b>			
NPK	32,865	1,65,695	404.2%
DAP	16,379	53,009	223.6%
SSP	14,800	27,308	84.5%
<b>Total - Manufacturing</b>	<b>64,044</b>	<b>2,46,012</b>	<b>284.1%</b>
<b>Traded</b>			
MOP	4,434	13,325	200.5%
DAP Traded	1,348	14,137	948.7%
NPK Traded	-	-	-
Urea	20,915	788	-96.2%
<b>Total - Trading</b>	<b>26,697</b>	<b>28,250</b>	<b>5.8%</b>
<b>Total - Mfg + Trading</b>	<b>90,741</b>	<b>2,74,262</b>	<b>202.2%</b>

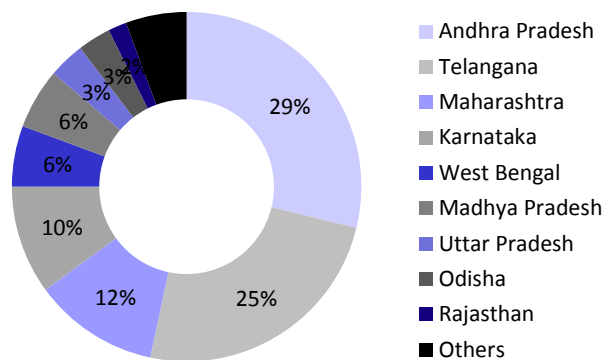
Source: MOFSL, Department of fertilizer

**Exhibit 4: Six key states contribute 94% to DAP & NPK volumes (FY20) for CRIN**



Others include: Madhya Pradesh, Chhattisgarh, Tamil Nadu, Bihar Uttar Pradesh & Puducherry Source: Dept of Fertilizer, MOFSL

**Exhibit 5: CRIN's state-wise fertilizer volume mix (FY20)**



Others include: Tamil Nadu, Chhattisgarh, Bihar, Gujarat, Punjab, Haryana, Uttarakhand and Puducherry Source: Dept of Fertilizer, MOFSL

**Exhibit 6: CRIN's fertilizer volume trends**

Quarterly volume trend (MT)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	FY19	FY20
<b>Manufactured</b>										
NPK	4,20,000	10,20,000	4,96,425	4,70,000	3,50,000	10,40,000	6,30,000	5,69,193	24,06,425	25,89,193
Growth %	11.4%	30.4%	0.1%	-6.2%	-16.7%	2.0%	26.0%	21.1%		7.6%
DAP	1,40,000	90,000	18,741	90,000	90,000	1,60,000	1,10,000	95,645	3,38,741	4,55,645
Growth %	-25.9%	-41.6%	-82.6%	-6.3%	-35.7%	77.8%	450.0%	6.3%		34.5%
SSP	1,10,000	1,70,000	1,54,174	1,30,000	1,20,000	1,90,000	1,50,000	1,06,369	5,64,174	5,66,369
Growth %	31.0%	40.5%	4.1%	-13.3%	9.1%	11.8%	0.0%	-18.2%		0.4%
<b>Total Mfg</b>	<b>6,70,000</b>	<b>12,80,000</b>	<b>6,69,339</b>	<b>6,90,000</b>	<b>5,60,000</b>	<b>13,90,000</b>	<b>8,90,000</b>	<b>7,71,207</b>	<b>33,09,339</b>	<b>36,11,207</b>
<b>Growth %</b>	<b>3.1%</b>	<b>21.1%</b>	<b>-11.7%</b>	<b>-7.6%</b>	<b>-16.4%</b>	<b>8.6%</b>	<b>32.8%</b>	<b>11.8%</b>		<b>9.1%</b>
<b>Traded</b>										
MOP	20,000	40,000	39,227	30,000	20,000	70,000	40,000	45,810	1,29,227	1,75,810
Growth %	-39.4%	-28.6%	33.3%	-43.4%	0.0%	75.0%	0.0%	52.7%		36.0%
DAP Traded	40,000	1,30,000	71,309	30,000	30,000	20,000	10,000	14,369	2,71,309	74,369
Growth %	4384.3%	261.1%	1701.3%	2818.3%	-25.0%	-84.6%	-85.7%	-52.1%		-72.6%
Urea	70,000	4,00,000	2,62,150	2,40,000	70,000	1,50,000	1,50,000	99,114	9,72,150	4,69,114
Growth %	-60.7%	66.7%	-35.9%	79.1%	0.0%	-62.5%	-40.0%	-58.7%		-51.7%
<b>Total Trading</b>	<b>1,30,000</b>	<b>5,70,000</b>	<b>3,72,685</b>	<b>3,00,000</b>	<b>1,20,000</b>	<b>2,40,000</b>	<b>2,00,000</b>	<b>1,59,293</b>	<b>13,72,685</b>	<b>7,19,293</b>
<b>Growth %</b>	<b>-38.6%</b>	<b>71.7%</b>	<b>-15.1%</b>	<b>59.6%</b>	<b>-7.7%</b>	<b>-57.9%</b>	<b>-44.4%</b>	<b>-46.9%</b>		<b>-47.6%</b>
<b>Total</b>	<b>8,00,000</b>	<b>18,50,000</b>	<b>10,42,025</b>	<b>9,90,000</b>	<b>6,80,000</b>	<b>16,30,000</b>	<b>10,90,000</b>	<b>9,30,500</b>	<b>46,82,025</b>	<b>43,30,500</b>
<b>Growth %</b>	<b>-7.2%</b>	<b>33.2%</b>	<b>-12.9%</b>	<b>5.9%</b>	<b>-15.0%</b>	<b>-11.9%</b>	<b>5.8%</b>	<b>-6.0%</b>		<b>-7.5%</b>

Source: MOFSL, Department of Fertilizer

**Exhibit 7: Crop price trend**

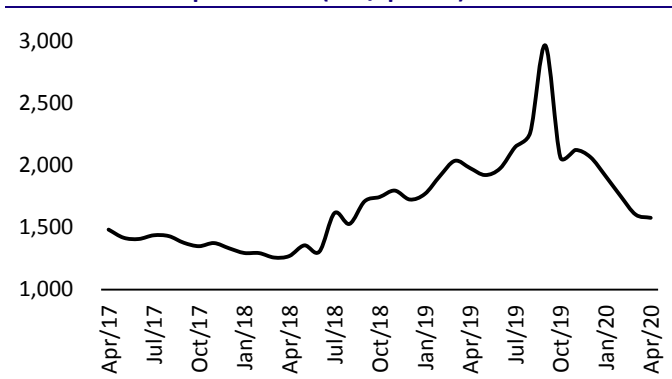
INR/quintal	Apr-19	Mar-20	Apr-20	MoM (%)	YoY (%)
Ragi (Finger Millet)	2,727	2,595	2,383	-8.2%	-12.6%
Groundnut	4,983	5,226	5,326	1.9%	6.9%
Sunflower	3,557	3,450	3,531	2.3%	-0.7%
Safflower	3,872	3,434	3,607	5.1%	-6.8%
Jute	3,951	4,341	4,090	-5.8%	3.5%
Rapeseed and Mustard	3,799	4,127	4,505	9.2%	18.6%
Sesamum (Sesame, Gingelly, Til)	10,017	9,020	10,177	12.8%	1.6%
Gram Raw	1,705	2,052	2,201	7.3%	29.0%
Jowar (Sorghum)	2,228	2,374	2,606	9.8%	17.0%
Arhar (Tur)	5,140	5,297	5,311	0.3%	3.3%
Bajra (Pearl millet)	2,005	1,762	1,810	2.7%	-9.7%
Maize	1,977	1,603	1,577	-1.6%	-20.2%
Green Gram Dal(Moong)	6,237	8,753	10,659	21.8%	70.9%
Black Gram Urd beans	5,328	6,419	6,642	3.5%	24.7%
Cotton	5,913	4,981	4,729	-5.1%	-20.0%
Paddy (Dhan)	2,030	2,259	1,849	-18.1%	-8.9%
Wheat	2,015	2,006	1,976	-1.5%	-1.9%
Soybean	3,710	3,629	3,722	2.6%	0.3%

Source: MOFSL, Agmarknet

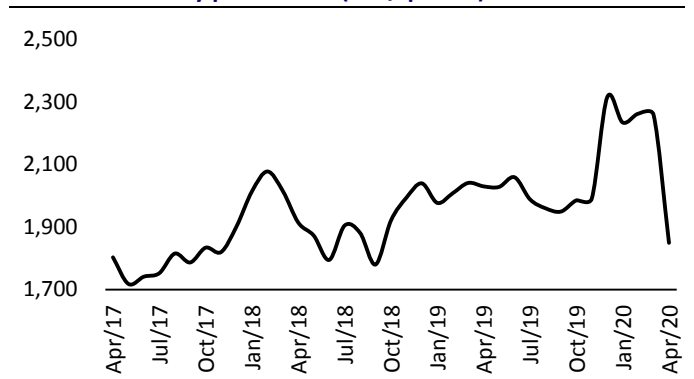
**Exhibit 8: Key fruits and vegetables price trend**

INR/quintal	Apr-19	Mar-20	Apr-20	MoM (%)	YoY (%)
Onion	1,379	2,064	1,566	-24.1%	13.6%
Potato	1,211	1,479	1,784	20.7%	47.4%
Tomato	2,112	1,208	1,292	7.0%	-38.8%
Banana	2,204	2,262	2,131	-5.8%	-3.3%
Grapes	4,275	4,864	4,745	-2.5%	11.0%
Mango	5,769	5,681	5,302	-6.7%	-8.1%
Papaya	1,504	2,076	2,003	-3.5%	33.2%

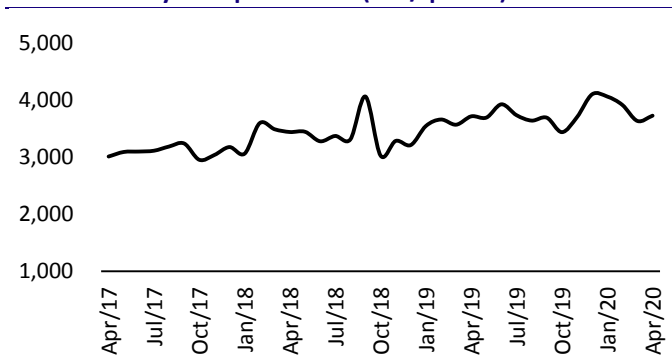
Source: MOFSL, Agmarknet

**Exhibit 9: Maize price trend (INR/quintal)**

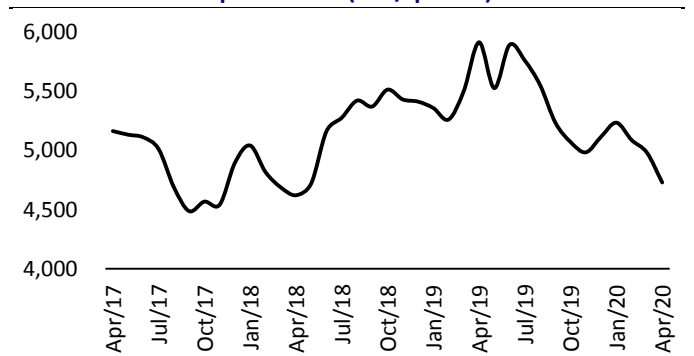
Source: AgMarknet, MOFSL

**Exhibit 10: Paddy price trend (INR/quintal)**

Source: AgMarknet, MOFSL

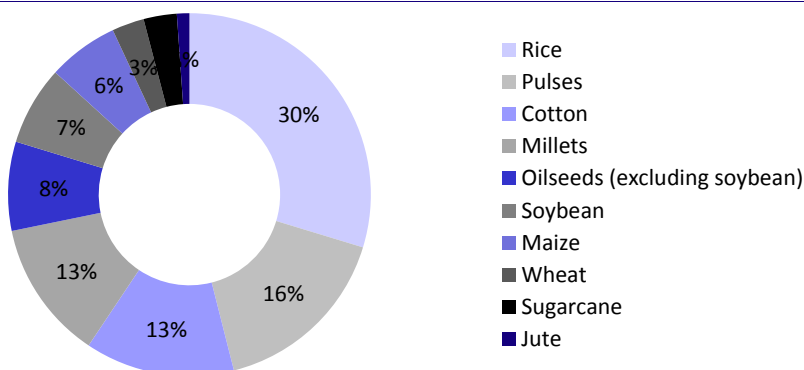
**Exhibit 11: Soybean price trend (INR/quintal)**

Source: AgMarknet, MOFSL

**Exhibit 12: Cotton price trend (INR/quintal)**

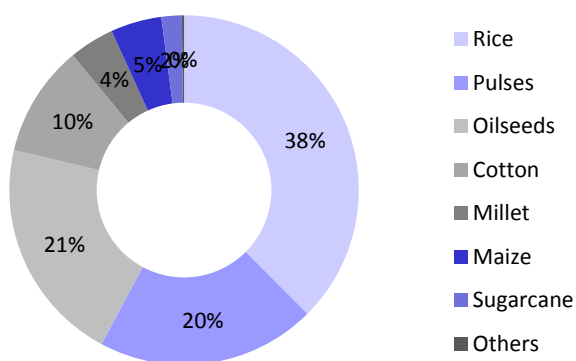
Source: AgMarknet, MOFSL

**Exhibit 13: Normal sowing area, CRIN's key markets (AP, Telangana, Odisha, Maharashtra, West Bengal, Karnataka): 545 lakh hectare**



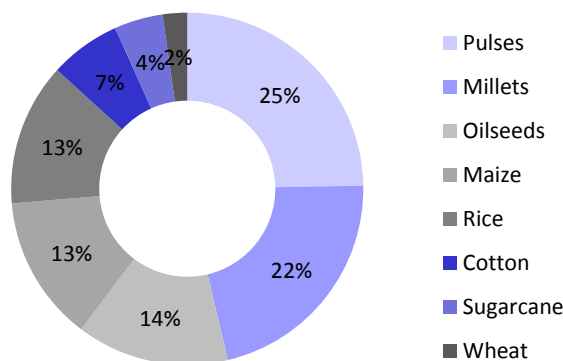
Source: MOFSL, Department of Agriculture

**Exhibit 14: Normal sowing area, Andhra Pradesh: 62 lakh hectare**



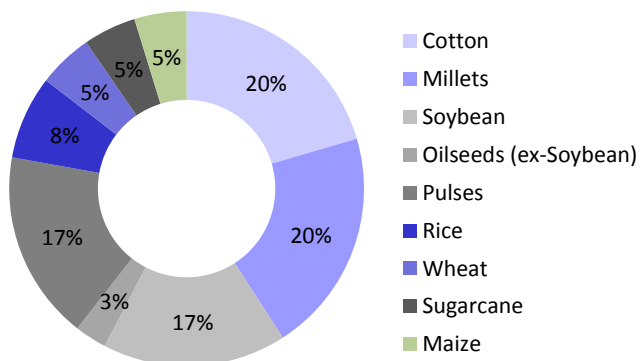
Source: Dept of Agriculture, MOFSL

**Exhibit 15: Normal sowing area, Karnataka: 99 lakh hectare**



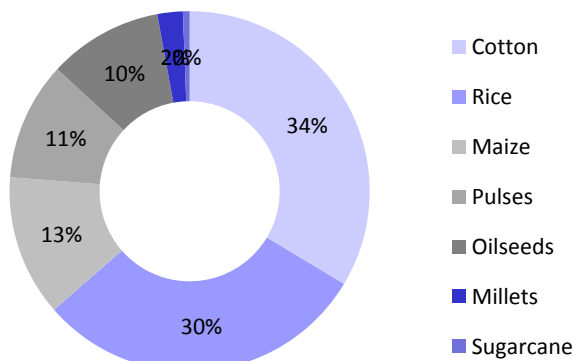
Source: Dept of Agriculture, MOFSL

**Exhibit 16: Normal sowing area, Maharashtra: 204 lakh hectare**



Source: Dept of Agriculture, MOFSL

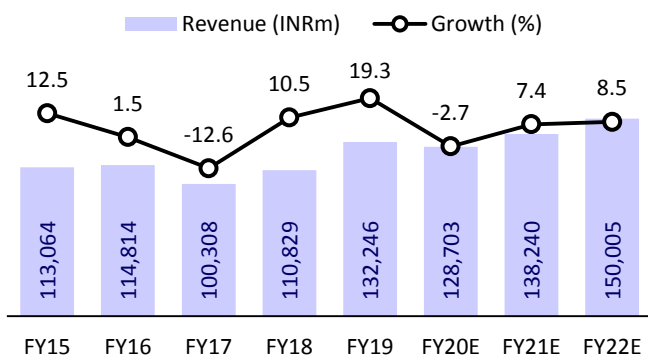
**Exhibit 17: Normal sowing area, Telangana: 50 lakh hectare**



Source: Dept of Agriculture, MOFSL

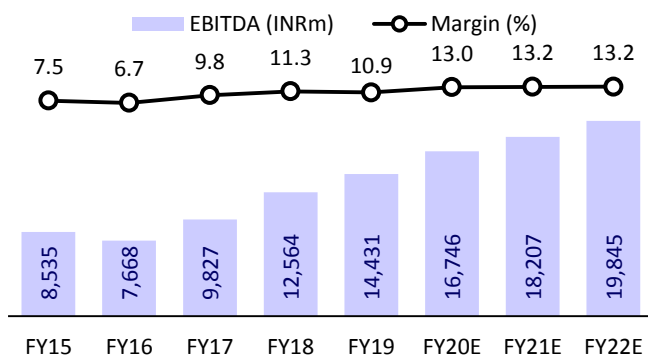
## Story in charts

**Exhibit 18: Expect revenue CAGR of 8% over FY20–22**



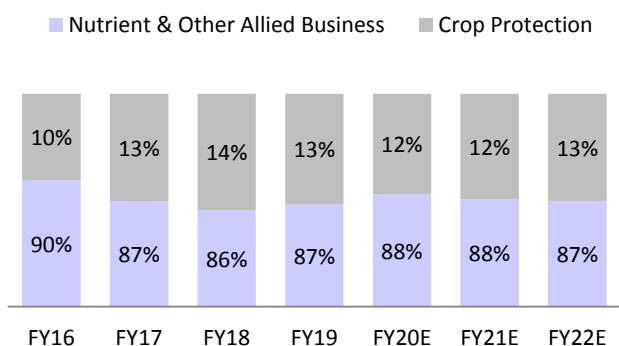
Source: Company, MOFSL

**Exhibit 19: Margins to remain flat over FY20–22**



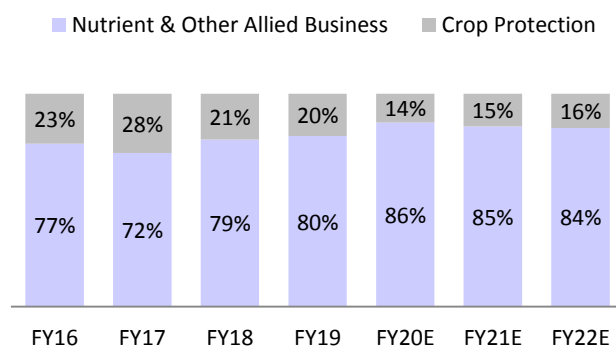
Source: Company, MOFSL

**Exhibit 20: Segment-wise revenue mix**



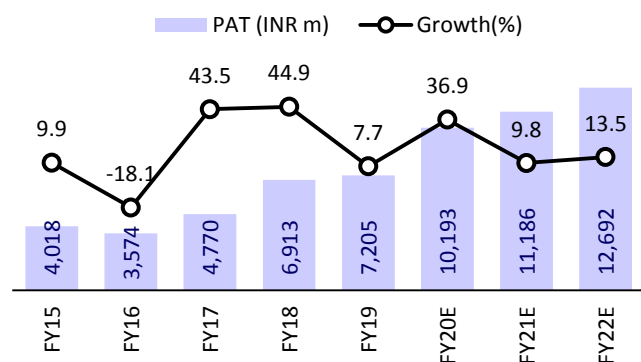
Source: Company, MOFSL

**Exhibit 21: Segment-wise EBITDA mix**



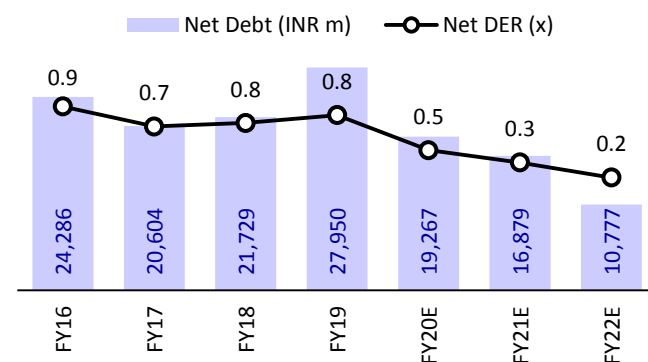
Source: Company, MOFSL

**Exhibit 22: Expect adj. PAT CAGR of 12% over FY20–22**



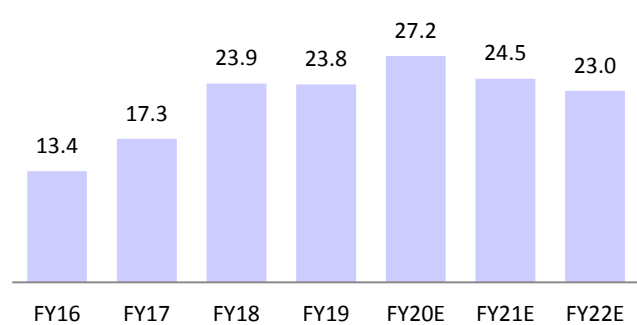
Source: Company, MOFSL

**Exhibit 23: Net DE (INR m)**



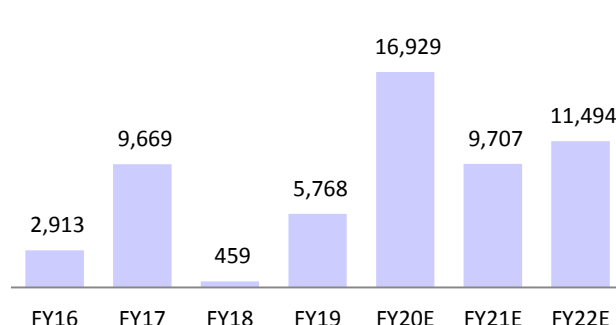
Source: Company, MOFSL

**Exhibit 24: RoE (%) trend**



Source: Company, MOFSL

**Exhibit 25: Operating cash flow to remain strong (INR m)**



Source: Company, MOFSL

## Financials and valuations

Consolidated income statement						(INR m)		
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
<b>Total Income from Operations</b>	<b>1,13,064</b>	<b>1,14,814</b>	<b>1,00,308</b>	<b>1,10,829</b>	<b>1,32,246</b>	<b>1,28,703</b>	<b>1,38,240</b>	<b>1,50,005</b>
Change (%)	12.5	1.5	(12.6)	10.5	19.3	(2.7)	7.4	8.5
<b>EBITDA</b>	<b>8,535</b>	<b>7,668</b>	<b>9,827</b>	<b>12,564</b>	<b>14,431</b>	<b>16,746</b>	<b>18,207</b>	<b>19,845</b>
Margin (%)	7.5	6.7	9.8	11.3	10.9	13.0	13.2	13.2
Depreciation	1,046	1,061	1,007	991	1,138	1,580	1,822	1,960
<b>EBIT</b>	<b>7,489</b>	<b>6,607</b>	<b>8,820</b>	<b>11,573</b>	<b>13,292</b>	<b>15,167</b>	<b>16,385</b>	<b>17,885</b>
Int. and Finance Charges	2,096	2,209	2,238	1,783	2,507	2,419	1,857	1,382
Other Income	566	665	548	597	371	378	416	457
<b>PBT bef. EO Exp.</b>	<b>5,959</b>	<b>5,062</b>	<b>7,130</b>	<b>10,387</b>	<b>11,156</b>	<b>13,126</b>	<b>14,944</b>	<b>16,961</b>
EO Expense/(Income)	-39	250	0	0	-239	0	0	0
<b>PBT after EO Exp.</b>	<b>5,920</b>	<b>5,312</b>	<b>7,130</b>	<b>10,387</b>	<b>10,917</b>	<b>13,126</b>	<b>14,944</b>	<b>16,961</b>
Current Tax	1,879	1,878	2,432	3,539	3,874	2,937	3,761	4,269
Deferred Tax	23	-161	-78	-71	-153	0	0	0
Total Tax	1,902	1,716	2,353	3,468	3,721	2,937	3,761	4,269
Tax Rate (%)	32.1	32.3	33.0	33.4	34.1	22.4	25.2	25.2
Less: MI/Sh of profit/loss of JV & Ass.	0	22	7	6	-8	-4	-4	0
<b>Reported PAT</b>	<b>4,018</b>	<b>3,574</b>	<b>4,770</b>	<b>6,913</b>	<b>7,205</b>	<b>10,193</b>	<b>11,186</b>	<b>12,692</b>
<b>Adjusted PAT</b>	<b>4,057</b>	<b>3,324</b>	<b>4,770</b>	<b>6,913</b>	<b>7,443</b>	<b>10,193</b>	<b>11,186</b>	<b>12,692</b>
Change (%)	9.9	-18.1	43.5	44.9	7.7	36.9	9.8	13.5
Margin (%)	3.6	2.9	4.8	6.2	5.6	7.9	8.1	8.5

Consolidated balance sheet						(INR m)		
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Equity Share Capital	291	291	292	292	293	293	293	293
Total Reserves	23,099	26,048	28,616	28,670	33,291	41,027	49,756	59,991
<b>Net Worth</b>	<b>23,390</b>	<b>26,340</b>	<b>28,908</b>	<b>28,963</b>	<b>33,584</b>	<b>41,319</b>	<b>50,049</b>	<b>60,283</b>
Deferred Liabilities	1,899	1,679	1,495	1,254	1,123	1,123	1,123	1,123
Total Loans	21,220	26,267	22,284	27,284	29,545	21,545	19,545	14,545
<b>Capital Employed</b>	<b>46,509</b>	<b>54,286</b>	<b>52,686</b>	<b>57,501</b>	<b>64,252</b>	<b>63,987</b>	<b>70,716</b>	<b>75,951</b>
Gross Block	22,604	23,550	24,612	25,625	26,631	31,631	34,631	36,631
Less: Accum. Deprn.	9,189	10,250	11,257	12,248	13,387	14,966	16,788	18,748
<b>Net Fixed Assets</b>	<b>13,415</b>	<b>13,300</b>	<b>13,355</b>	<b>13,376</b>	<b>13,244</b>	<b>16,664</b>	<b>17,842</b>	<b>17,883</b>
Capital WIP	386	309	137	375	1,756	129	138	150
<b>Total Investments</b>	<b>4,497</b>	<b>4,772</b>	<b>3,885</b>	<b>2,214</b>	<b>2,008</b>	<b>2,008</b>	<b>2,008</b>	<b>2,008</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>65,196</b>	<b>73,433</b>	<b>69,071</b>	<b>82,515</b>	<b>88,728</b>	<b>90,077</b>	<b>98,864</b>	<b>1,08,153</b>
Inventory	22,522	23,458	17,246	22,625	32,414	31,382	33,708	36,577
Account Receivables	13,034	16,419	16,217	15,777	18,244	19,394	20,831	22,604
Govt Subsidies Receivable	17,894	23,671	25,570	26,269	23,935	22,920	26,512	28,768
Cash and Bank Balance	3,099	1,978	1,678	5,554	1,593	2,277	2,665	3,766
Loans and Advances	8,648	7,908	8,359	12,291	12,542	14,104	15,150	16,439
<b>Curr. Liability &amp; Prov.</b>	<b>36,989</b>	<b>37,531</b>	<b>33,764</b>	<b>40,983</b>	<b>41,488</b>	<b>44,895</b>	<b>48,140</b>	<b>52,246</b>
Account Payables	29,632	32,329	29,345	33,786	37,625	36,692	39,454	42,967
Other Current Liabilities	7,123	4,945	4,129	6,952	3,542	5,289	5,681	6,165
Provisions	235	257	289	244	321	2,913	3,005	3,114
<b>Net Current Assets</b>	<b>28,207</b>	<b>35,902</b>	<b>35,307</b>	<b>41,532</b>	<b>47,240</b>	<b>45,182</b>	<b>50,724</b>	<b>55,907</b>
<b>Appl. of Funds</b>	<b>46,509</b>	<b>54,286</b>	<b>52,686</b>	<b>57,501</b>	<b>64,252</b>	<b>63,987</b>	<b>70,716</b>	<b>75,951</b>



## Financials and valuations

### Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>13.9</b>	<b>11.4</b>	<b>16.4</b>	<b>23.6</b>	<b>25.4</b>	<b>34.8</b>	<b>38.2</b>	<b>43.4</b>
Cash EPS	17.5	15.1	19.8	27.0	29.3	40.2	44.5	50.1
BV/Share	80.3	90.4	99.1	99.1	114.8	141.3	171.1	206.1
DPS	4.5	2.5	4.0	6.5	6.5	7.0	7.0	7.0
Payout (%)	39.2	24.5	29.4	33.0	31.7	24.1	22.0	19.4
<b>Valuation (x)</b>								
P/E	44.4	54.2	37.9	26.2	24.3	17.8	16.2	14.3
Cash P/E	35.3	41.1	31.3	22.9	21.1	15.4	13.9	12.4
P/BV	7.7	6.8	6.2	6.2	5.4	4.4	3.6	3.0
EV/Sales	1.8	1.8	2.0	1.8	1.6	1.6	1.4	1.3
EV/EBITDA	23.2	26.7	20.5	16.1	14.5	12.0	10.9	9.7
Dividend Yield (%)	0.7	0.4	0.6	1.1	1.1	1.1	1.1	1.1
FCF per share	-0.2	7.0	30.1	4.8	8.7	46.3	22.9	32.4
<b>Return Ratios (%)</b>								
RoE	17.6	13.4	17.3	23.9	23.8	27.2	24.5	23.0
RoCE	13.0	10.1	12.1	15.1	15.1	19.2	19.0	19.0
RoIC	14.3	10.4	12.5	16.0	16.2	19.9	19.5	19.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	5	5	4	4	5	4	4	4
Asset Turnover (x)	2.4	2.1	1.9	1.9	2.1	2.0	2.0	2.0
Inventory (Days)	73	75	63	75	89	89	89	89
Debtor (Days)	42	52	59	52	50	55	55	55
Creditor (Days)	125	135	150	162	147	150	150	150
Others (Days)								
Working Capital Turnover (Days)	81	108	122	118	126	122	127	127
<b>Leverage Ratio (x)</b>								
Current Ratio	1.8	2.0	2.0	2.0	2.1	2.0	2.1	2.1
Interest Cover Ratio	4	3	4	6	5	6	9	13
Debt/Equity	0.9	1.0	0.8	0.9	0.9	0.5	0.4	0.2

### Consolidated cash flow statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
NP/(Loss) Before Tax and EO Items	5,920	5,062	7,130	10,387	11,156	13,126	14,944	16,961
Depreciation	1,046	1,061	1,007	991	1,138	1,580	1,822	1,960
Interest & Finance Charges	1,605	1,545	1,690	119	1,783	2,419	1,857	924
Direct Taxes Paid	-1,425	-1,716	-2,353	-3,498	-3,709	-2,937	-3,761	-4,269
(Inc)/Dec in WC	-7,456	-3,039	2,195	-7,540	-4,601	2,741	-5,154	-4,081
<b>CF from Operations</b>	<b>-310</b>	<b>2,913</b>	<b>9,669</b>	<b>459</b>	<b>5,768</b>	<b>16,929</b>	<b>9,707</b>	<b>11,494</b>
Others	1,173	0	0	2,174	-504	0	0	0
<b>CF from Operating incl EO</b>	<b>863</b>	<b>2,913</b>	<b>9,669</b>	<b>2,633</b>	<b>5,264</b>	<b>16,929</b>	<b>9,707</b>	<b>11,494</b>
(inc)/dec in FA	-921	-869	-890	-1,230	-2,731	-3,373	-3,010	-2,012
<b>Free Cash Flow</b>	<b>-59</b>	<b>2,044</b>	<b>8,779</b>	<b>1,402</b>	<b>2,534</b>	<b>13,556</b>	<b>6,698</b>	<b>9,483</b>
(Pur)/Sale of Investments	-19	-275	887	0	0	0	0	0
Others	-827	665	548	2,483	-4,053	2	3	457
<b>CF from Investments</b>	<b>-1,767</b>	<b>-479</b>	<b>546</b>	<b>1,253</b>	<b>-6,784</b>	<b>-3,371</b>	<b>-3,007</b>	<b>-1,554</b>
Issue of Shares	33	0	0	167	45	0	0	0
Inc/(Dec) in Debt	3,693	5,047	-3,983	4,437	2,316	-8,000	-2,000	-5,000
Interest Paid	-2,159	-2,209	-2,238	-1,801	-2,511	-2,419	-1,857	-1,382
Dividend Paid	-2,208	-876	-1,403	-2,813	-2,292	-2,457	-2,457	-2,457
Others	-77	-5,517	-2,890	0	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-719</b>	<b>-3,556</b>	<b>-10,513</b>	<b>-10</b>	<b>-2,441</b>	<b>-12,876</b>	<b>-6,314</b>	<b>-8,839</b>
<b>Inc/Dec of Cash</b>	<b>-1,623</b>	<b>-1,121</b>	<b>-299</b>	<b>3,876</b>	<b>-3,961</b>	<b>682</b>	<b>387</b>	<b>1,101</b>
Add: Beginning Balance	4,722	3,099	1,977	1,678	5,554	1,593	2,276	2,663
<b>Closing Balance</b>	<b>3,099</b>	<b>1,977</b>	<b>1,678</b>	<b>5,554</b>	<b>1,593</b>	<b>2,276</b>	<b>2,663</b>	<b>3,764</b>

NOTES

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

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