

Coromandel International

Refer to important disclosures at the end of this report

Annual Report Analysis: Accelerated R&D spends sets stage for new launches

CMP: Rs 757
as of (July 16, 2020)TP: Rs 910 (■)
12 months

Rating: BUY (■)

Upside: 20.3 %

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25% increase in R&D spends

- CRIN has increased its R&D spends by 25% in FY20. CRIN's R&D spending is mainly for new product development in the crop protection (CP) segment. Since FY19, CRIN has been accelerating R&D spends. R&D spends increased 62%/25% in FY19/20.
- R&D spends now account for 1.2% of CRIN's CP revenues in FY20 vs. 0.6%/0.9% in FY18/19. We believe that accelerated investments augur well for CRIN in the medium term and accelerate the pace of new product launches. CRIN aims to launch 4-5 new products in the CP segment every year which indicates the company's robust pipeline.
- CRIN's exports declined in FY20 due to the shutdown of the Sarigam plant and realization pressure on its key export molecules. CRIN realigned its export strategy and took two major decisions in FY20: 1) enter into high-value, low-volume niche products; and 2) transition from B2B to B2C and implement backward integration in key molecules to maintain competitiveness.
- We remain positive on CRIN due to: 1) the robust demand environment; 2) structural change in fertilizer segment ROCE; 3) lower exchange rate risk; 4) aggressive new launches in the CP segment; and 5) favorable base for the crop protection business going ahead. We maintain Buy on CRIN with a TP of Rs910, based on 19x Jun-22E EPS.

Favorable base for crop protection segment going into FY21: CRIN's CP business has faced headwinds from realization pressure in exports and firm raw material prices. We believe that realization pressure in exports is now already in the base and raw material prices have started to correct. In addition, CRIN has introduced new products in the domestic market, which should help improve revenue growth and EBIT margins.

Backward integration reduces exchange rate risk by 65%: CRIN's P&L has been sensitive to USD/INR fluctuations due to the import of raw materials for both nutrient and crop protection businesses. However, with the backward integration of Phos Acid at Vizag and mancozeb in the crop protection business, CRIN's forex sensitivity has reduced by 65%.

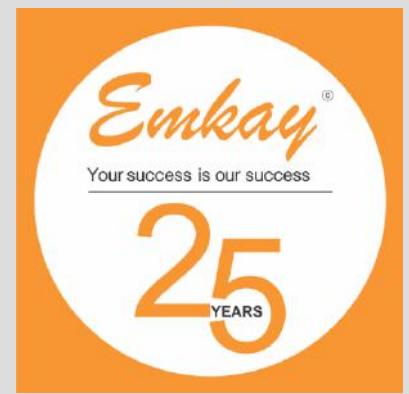
Outlook: We maintain Buy rating on CRIN with a TP of Rs910, based on 19x Jun-22E EPS. CRIN's focus on ROCE and cash flows have strengthened its balance sheet over the last five years with its nutrient segment ROCE doubling over the same period. With the focus on R&D, new launches and favorable base, the CP segment should see a turnaround in FY21. We remain UW on CRIN in sector EAP due to the recent run-up in the stock price but are confident of its long-term prospects.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Agri Input & Chemicals \(Page 14\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	132,246	131,367	137,437	147,608	157,285
EBITDA	14,431	17,310	20,104	21,335	22,727
EBITDA Margin (%)	10.9	13.2	14.6	14.5	14.4
APAT	7,443	10,643	12,893	13,762	14,854
EPS (Rs)	25.4	36.3	44.0	47.0	50.7
EPS (% chg)	7.6	42.7	21.1	6.7	7.9
ROE (%)	23.8	27.7	26.9	23.9	21.7
P/E (x)	29.7	20.8	17.2	16.1	14.9
EV/EBITDA (x)	17.3	13.7	11.8	10.9	10.0
P/BV (x)	6.6	5.1	4.2	3.5	3.0

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	-/-
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	44.0	47.0
Consensus	39.5	44.1
Mean Consensus TP (12M)	Rs 822	

Stock Details

Bloomberg Code	CRIN IN
Face Value (Rs)	1
Shares outstanding (mn)	293
52 Week H/L	783 / 337
M Cap (Rs bn/USD bn)	222 / 2.95
Daily Avg Volume (nos.)	719,552
Daily Avg Turnover (US\$ mn)	6.3

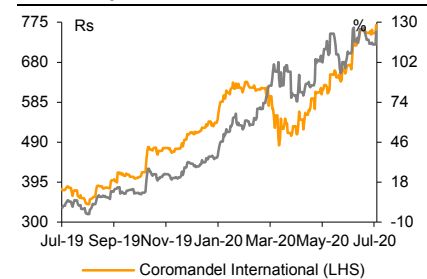
Shareholding Pattern Mar '20

Promoters	61.6%
FIIIs	3.5%
DIIIs	19.7%
Public and Others	15.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	14	43	32	92
Rel. to Nifty	5	20	54	109

Relative price chart



Source: Bloomberg

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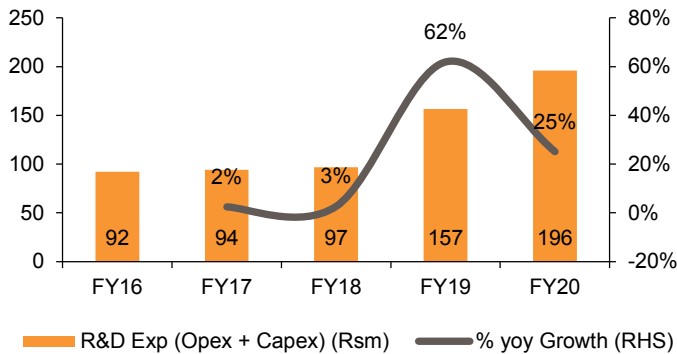
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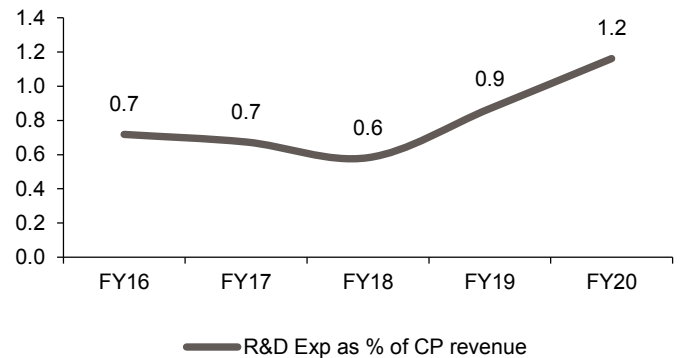
Story in Charts

Exhibit 1: R&D spends (opex + capex) accelerate FY19 onward



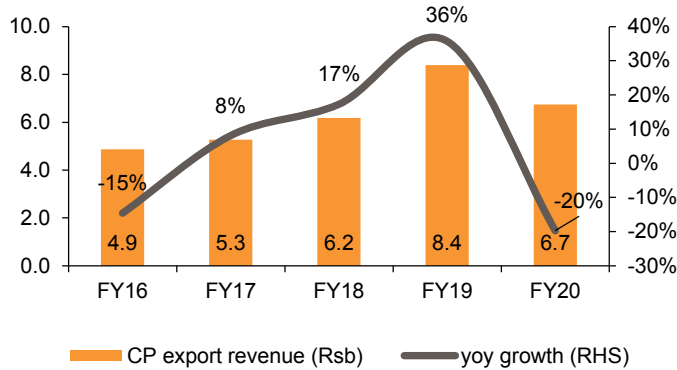
Source: Company, Emkay Research

Exhibit 2: R&D spends as % of CP revenue double over last 2 yrs



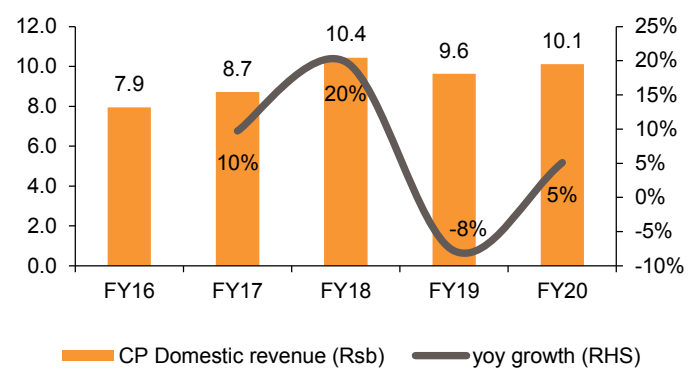
Source: Company, Emkay Research

Exhibit 3: 20% decline in exports in FY20



Source: Annual report, Emkay Research Estimates

Exhibit 4: 5% growth in domestic CP revenue in FY20



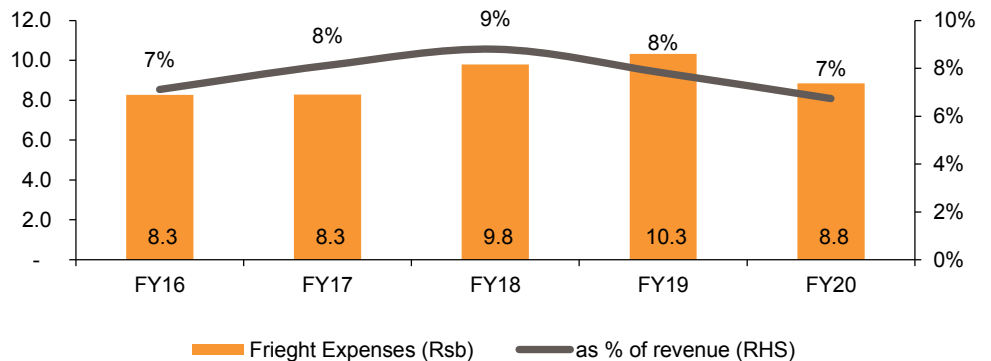
Source: Emkay Research Estimates

Exhibit 5: 65% reduction in forex sensitivity reduces earnings volatility

Rs mn	FY16	FY17	FY18	FY19	FY20
Impact of Re1 strengthening	732	794	879	884	311
Impact of Re1 weakening	-871	-807	-999	-884	-311

Source: Company annual reports, Emkay Research

Exhibit 6: 108bps decline in freight expenses in FY20 due to lower Urea volumes

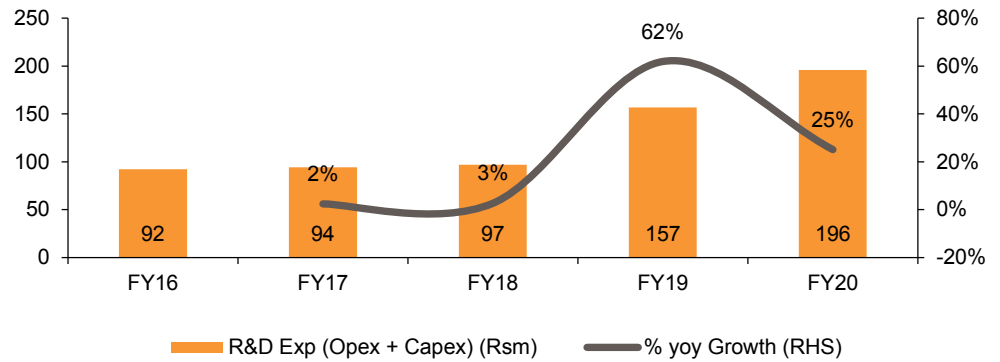


Source: Company, Emkay Research

R&D spends to set stage for rapid expansion of portfolio for crop protection segment

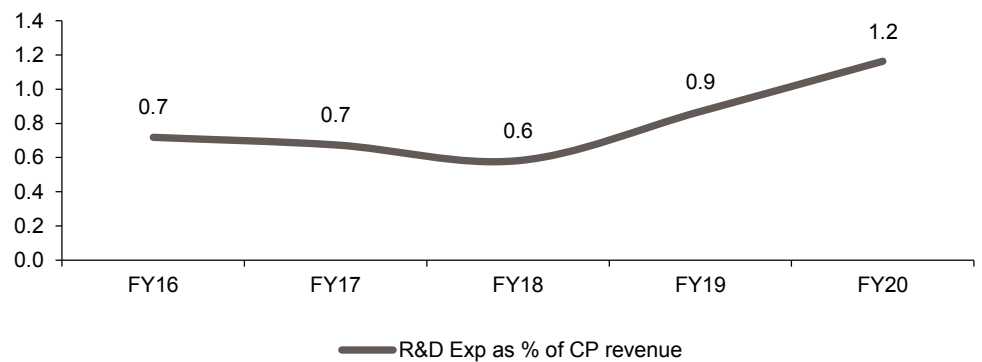
CRIN's R&D spends increased 25% in FY20 after a 65% increase in FY19. CRIN's R&D expenditure is mainly focused on introducing new chemistries in the crop protection segment. R&D expenditure as % of CP revenue has doubled to 1.2% in FY20 from 0.6% in FY18.

Exhibit 7: R&D spends (opex + capex) accelerate FY19 onward



Source: Company, Emkay Research

Exhibit 8: R&D spends as % of CP revenue double over last two years

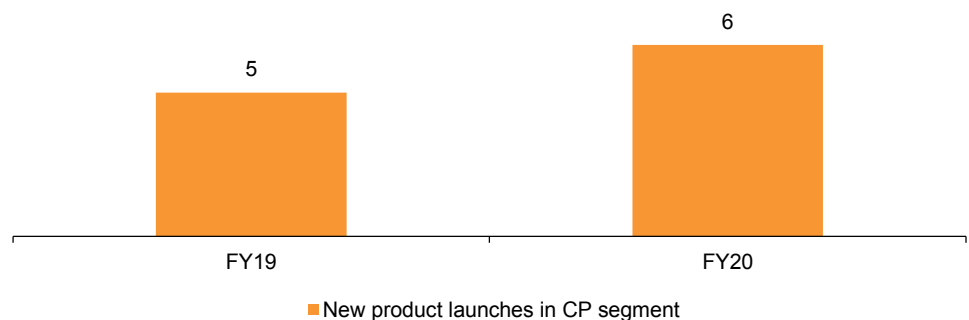


Source: Company, Emkay Research

New product launches to accelerate growth in CP segment over FY21-24E

CRIN aims to launch 4-5 new products every year in the crop protection segment. We believe that this seems achievable as CRIN's R&D has gained momentum with the absolute increase in R&D spending. CRIN introduced six new products in the CP segment in FY20 vs. five new products in FY19. CRIN's aggressive new product launches augur well for FY21-24E as the products launched in FY19-20 getting ramped up.

Exhibit 9: New product launches in CP segment



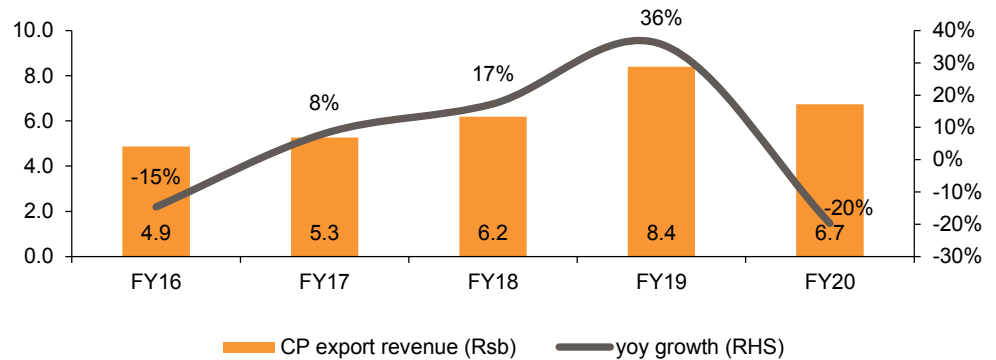
Source: Company, Emkay Research

Crop protection: change in strategy to deliver growth from FY21

Adjusted for the shutdown, exports struggled in FY20

CRIN's Sarigam plant was shut between Jan-19 to Jun-19 on account of a fire incident. Hence, CRIN lost most of Q1FY20 exports from this plant and exports declined 20% yoy in FY20. However, our back-of-the-envelope calculations suggest that even after adjusting for Q1FY20 exports loss, exports would have declined by >10% yoy.

Exhibit 10: 20% decline in exports in FY20



Source: Annual report, Emkay Research Estimates

Emkay view: competitive pressures persuade CRIN to change export strategy

CRIN is mainly present in the B2B segment in exports. CRIN's competition (UPL, Indofill) in key molecules (Mancozeb) have become aggressive in pricing, which has kept realization under check. Hence, CRIN has now realigned its export strategy and has taken two major decisions: 1) enter into high-value, low-volume niche products; and 2) transition from B2B to B2C and implement backward integration in key molecules to maintain competitiveness.

CRIN is trying to expand into B2C or B2C lite from B2B to have higher realization. At the same time, CRIN completed the backward integration in FY20 for some of its key export molecules, which should help offer competitive pricing while also recovering margins to the FY18 levels.

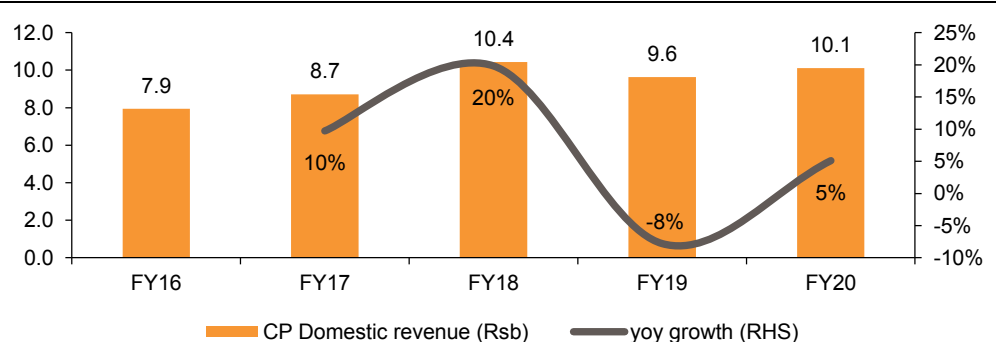
Coromandel management on changes in export strategy in Q4FY20 earnings call:

"We are fastly growing some of these what is called "High Value, Low Volume products" which are very beneficial for the farmers. And this is for our domestic markets and the same thing will apply for our export market where we are looking to convert our B2B business into certain countries into B2C model where we can also capture the front end value." – Mr. Sameer Goel, Managing Director and Chief Executive Officer.

Domestic CP sales increase on the back of new launches

CRIN's domestic CP sales increased 5% yoy on the back of new launches which compensated for the B2B sales loss from the Sarigam plant. With six new launches (export and domestic) in the crop protection segment, we believe that the domestic B2B business should pick up significantly over the next two years.

Exhibit 11: 5% growth in domestic CP revenue in FY20



Source: Emkay Research Estimates

Key messages from letter to shareholders

Key excerpts from Chairman's message

Digital adoption in Agriculture:

"The pandemic has accelerated digital penetration and adoption of Agri technology in rural India. The Agri value chain is getting more formalised with digitisation in the areas of land records, soil health, input purchases, Agri services and output marketing. I expect this trend to support farm income by driving productivity gains and ensuring better price realisation."

Direct Benefit transfer

"The Direct Benefit Transfer (DBT) in fertilisers has stabilized and presently, the Government is piloting a project to provide nutrient recommendations by linking the soil health data with the individual farm records. Going forward, it is expected that the subsidy will be aligned with soil health, and be directly delivered to the farmer's account"

Key excerpts from Managing Directors' message

Expects government to come out with policy to encourage manufacturing for NPK

"Under the 'Make in India' initiative, India is likely to achieve self-sufficiency in the Urea sector as 7-8 million tons of additional capacities are likely to come up in the next 2-3 years. We expect the Government to come out with similar policy reforms to enable investments in the Phosphatics sector like custom duty reduction and infrastructure development. We also expect timely settlement of subsidy to help the cash flow of the companies."

Customer engagement

"We have strengthened our agronomist structure and introduced Nutri clinics to provide customised farm advisory to the farmers. Further, we will build on technology-driven initiatives to improve our customer reach, engagement and solutions delivery."

State Government initiatives

"There has been good progress in the irrigation infrastructure, especially in our key markets of Telangana and Andhra, leading to better productivity and improved farmer incomes. The Income support scheme launched by Centre and State Governments is also helping the farmers in buying quality inputs."

Opportunities for the company

"We are already seeing e-commerce adoption in agri-input and farm output purchases. The trend is expected to scale up as more users' s experience benefit from its efficiency. Low farm sizes, capital constraints, and labour challenges are likely to drive shared models of farm mechanizations and farmer producer organization will get strengthen."

Key takeaways from Management Discussion and Analysis

Global fertilizer segment

- Global fertilizer industry is expected to grow at 2.6% to 195MT in 2019-20.
- By 2023-24, global demand is expected to reach 204MT led by K (Potassium), followed by P (Phosphorus) and N (Nitrogen)
- Demand growth is expected to be backed by strong growth in Africa, Eastern Europe and Central Asia (EECA), South Asia and West Asia regions and a rebound in the North American market that was hit by unfavorable weather in 2018-19.

Indian fertilizer segment

- Urea accounts for about 60-65% of the overall fertilizer consumption and enjoys a dominant share in the country's fertilizer production. The government plans to achieve self-sufficiency in Urea production by 2022.
- In 2019-20, India produced 41.9 million tons of fertilizers (Urea, DAP/NPK and SSP) vs. 40.9 million tons in 2018-19. The phosphatic segment's sales grew 8% to reach 20.0 million MT. Aided by good Kharif and Rabi sowing seasons, DAP and NPK sales increased by 8% and 7%, respectively, during the year. Point of sales (POS) consumption for phosphatic fertilizer went up by 12%.
- The fertilizer industry continues to be impacted by a high subsidy backlog of ~Rs360bn (as of March 31, 2020).

Comments on the fertilizer segment

- Coromandel accounts for ~22% of the domestic production capacity in India.
- In line with the company's overarching strategy of moving from 'grade to brand', the company intensified its brand promotions and farmer engagement activities, leading to enhanced brand salience.
- Coromandel continued its focus on improving the quality consciousness of the farmers by effectively utilizing Quick Test Kits.
- The market share moderated marginally to 15.7% in FY20 from 16.3% in FY19.
- The Single Super Phosphate (SSP) business maintained its leading position in the market with a market share of 14%.
- PoS, which is a measure for actual consumption, recorded 12% growth.
- The company relaunched grade 24-24-0-8 under the brand name 'GroSmart' which has been well-received by the farmers.

Comments on the Crop Protection segment

- The CPC business took progressive steps toward upgrading its portfolio from old generics to patented combinations or recently off-patented molecules.
- The business strengthened its ties with several global innovators in the segment, resulting in the addition of several specialty molecules. It became the first company in India to be granted 'Pymetrozine' (technical) and 'Picoxystrobin' (technical) registrations for indigenous manufacturing.
- To further enhance its manufacturing capability and improve its positioning in the crop protection segment, the business added three new plants - Mancozeb WDG at Dahej, Pymetrozine at Ankleshwar and Pyrazosulfuron at Sarigam.
- The company received 62 new registrations in the international markets, taking the overall count to more than 1,000 registrations.

Comments on the retail segment

- The business operates ~750 retail stores which are supported by a ~2,000-member strong team.
- Over the years, Coromandel Retail Centres have evolved as a 'Complete Farming Solution Multi-Brand Platform' offering a range of agri-input products and services to around 3 million farmers.
- The retail business has tested out new delivery models such as direct deliveries, e-kiosks and mobile bookings. The concept of stationing a scientist at the store to engage and advise the farmers has worked well in spreading awareness on sustainable farming.
- The company has been strengthening its real-time crop diagnostics to highlight stressed regions that require intervention.
- The retail business continued to pilot drone-based crop monitoring and spraying services and the initial results have been encouraging. Its partnership with Andhra Pradesh government for providing farm mechanization services through Custom Hiring and Service Centers (CHSC) has been progressing well.

Comments on specialty nutrients segment

- In FY20, the business continued to perform well through its focused product approach. The company introduced 'Fitsol Pomegranate' a crop-specific product and two manufactured products 'Novozin' and 'Bosmax' based on in-house R&D technology during FY20.
- The business has collaborated with multiple stakeholders such as Farmer Producer Organizations (FPOs), Cooperatives, Seed companies and Agri universities to improve its customer-connect initiatives.

Other comments

- **SSP integration:** It has successfully integrated the Single Super Phosphate business with fertilizer, bio and crop protection business, which would result in operational synergies and increased marketing footprint.
- **Safety:** The business divisions were engaged with external agencies for carrying out Safety Survey (DuPont, UK-HSL) and Quantitative risk assessment (ioMosaic, Llyods) across major fertilizer and crop protection plants.

Other noteworthy takeaways from annual report

Backward integration reduces exchange rate risk by 65% in FY20

CRIN's P&L has been sensitive to USD/INR fluctuations due to the import of raw materials for both its nutrient and crop protection businesses. However, with the backward integration of Phos Acid at Vizag and mancozeb in the crop protection business, CRIN's forex sensitivity has reduced by 65%. This should lower the volatility in earnings in case of any major currency movement.

Exhibit 12: 65% reduction in forex sensitivity reduces earnings volatility

Rs mn	FY16	FY17	FY18	FY19	FY20
Impact of Re1 strengthening	732	794	879	884	311
Impact of Re1 weakening	-871	-807	-999	-884	-311

Source: Company annual reports, Emkay Research

Expenses in line with historical trend

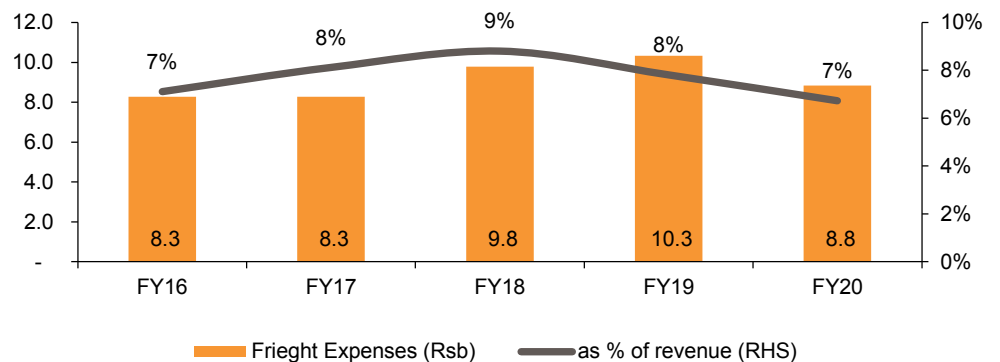
Most expenses remained at historical levels in FY20 except freight expenses. Freight expenses declined 108bps yoy on the back of lower urea volumes and lower fuel costs.

Exhibit 13: Freight expenses aid the decline in other expenses

Expenses as % of revenue	FY16	FY17	FY18	FY19	FY20
Power & Fuel	1.8	2.0	2.1	1.9	2.1
Stores and spares	0.5	0.7	0.8	0.8	0.7
Exchange difference	1.8	1.0	0.4	1.1	0.9
Rent	0.3	0.4	0.8	0.5	0.1
Repairs and Maintenance	0.4	0.5	0.5	0.5	0.5
Freight and distribution	7.1	8.1	8.8	7.8	6.7
Misc. Expenses	2.2	2.7	2.9	2.5	3.0
Overall other expenses	14.6	15.9	16.7	15.4	14.4

Source: Company, Emkay Research

Exhibit 14: 108bps decline in freight expenses in FY20 due to lower Urea volumes



Source: Company, Emkay Research

Corporate Governance Analysis

Independent directors have equal representation in the board while promoter group has 20% board seats

Exhibit 15: 50% independent directors on board

No. of Directors	FY16	FY17	FY18	FY19	FY20
Promoter Director	2	2	2	2	2
Non-Executive Director	1	1	1	2	2
Independent Directors	4	4	4	5	5
Executive Directors	1	1	1	1	1
Total	8	8	8	10	10
% of Promoter Directors	25%	25%	25%	20%	20%
% of Independent Directors	50%	50%	50%	50%	50%

Source: Company, Emkay Research

Exhibit 16: Profile of independent directors

	Qualification	Appointment date	Directorship in any other public companies	FY20 Remuneration (Rsm)	as % of FY20 PBT
Mr. Prasad Chandran	Bachelors in Chemical, MBA	18-Apr-14	HDFC Life Insurance	1.5	0.01%
Mr. Sumit Bose	Masters in Social Policy & Planning, Masters of Arts	21-Mar-16	HDFC Life Insurance, BSE Ltd.	1.6	0.01%
Ms. Aruna B. Advani	Science Graduate (Hons)	30-Aug-18	NIL	1.4	0.01%
Dr. R. Nagarajan	Btech, Ph.d	10-Jan-18	NIL	1.3	0.01%
Mr. K V Parameshwar	CA, MBA	10-Jan-18	NIL	1.5	0.01%

Source: Company, Emkay Research

Promoter director's compensation flat over the years

Exhibit 17: Promoter director compensation flat over the year

Rsm	FY16	FY17	FY18	FY19	FY20
Mr. M M Murugappan			3	20	22
Mr. M M Venkatachalam	1	1	1	1	3
A Vellayan	20	20	17		
Total	21	21	21	21	25
% of PBT	0.4%	0.3%	0.2%	0.2%	0.2%

Source: Company, Emkay Research

Management team has higher compensation than promoters

Exhibit 18: Remuneration of other key personnel

Rs mn	FY16	FY17	FY18	FY19	FY20
Mr. Sameer Goel MD & CEO)	13	32	40	47	46
Ms. Jayashree Satagopan (CFO)			7	18	22
Mr. S Sankarasubramanian (CFO)	9	11	14		
Total	22	43	61	65	68
% of PBT	0.4%	0.6%	0.6%	0.6%	0.5%

Source: Company, Emkay Research

Other income is just 3% of PBT and comprises mainly interest income

Exhibit 19: Other income is 3% of overall PBT and comprises mainly interest income

Other income (Rs mn)	FY16	FY17	FY18	FY19	FY20
Interest income	475	475	542	370	377
Dividend	2	3	25	1	3
Others	188	70	30	0	20
Other income as % of PBT	13%	8%	6%	3%	3%

Source: Company, Emkay Research

Provision for receivables and advances coming down since FY18

Exhibit 20: Doubtful receivables provision coming down over the last 3 years

Allowances/Write-offs (Rs mn)	FY16	FY17	FY18	FY19	FY20
Allowances for doubtful debts and advances (net)	361	225	-	-	-
Impairment allowance recognized for doubtful trade & other receivables	12	98	46	62	85
Trade and other receivables written off	-	-	-	3	-
Total allowances/write offs	373	323	46	65	85
as % of revenue	0.3%	0.3%	0.0%	0.0%	0.1%
as % of PBT	7.4%	4.5%	0.4%	0.6%	0.6%

Source: Company, Emkay Research

No change in useful life of fixed assets

Exhibit 21: Consistent depreciation and amortization policy

Useful lives (in yrs)	FY16	FY17	FY18	FY19	FY20
Plant and equipment	5 – 25	5 – 25	5 – 25	5 – 25	5 – 25
Vehicles	5 – 7	5 – 7	5 – 7	5 – 7	5 – 7
Office equipment, furniture and fixtures	3 – 5	3 – 5	3 – 5	3 – 5	3 – 5

Source: Company, Emkay Research

Contingent liability is less than 3% of net worth and flat yoy

Exhibit 22: No major change in contingent liability

Particulars (Rs mn)	FY16	FY17	FY18	FY19	FY20
Excise duty	182	63	60	45	39
Customs duty	37	40	39	85	85
Sales tax	140	154	152	145	155
Income tax	76	208	180	213	210
Service tax	22	21	25	25	25
Goods and Services Tax	-	-	3	1	1
Others	138	196	194	601	566
Total	596	682	653	1,114	1,079
% of net worth	2.3%	2.4%	2.3%	3.3%	2.5%

Source: Company, Emkay Research

Exhibit 23: Auditor's remuneration

	FY16	FY17	FY18	FY19	FY20
Name of Statutory Auditor	Deloitte Haskins & Sells				
Compensation (Rs mn)	16.4	17.4	18.5	18.6	22.4
% of PBT	0.3%	0.2%	0.2%	0.2%	0.2%

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	132,246	131,367	137,437	147,608	157,285
Expenditure	117,815	114,057	117,333	126,273	134,558
EBITDA	14,431	17,310	20,104	21,335	22,727
Depreciation	1,138	1,580	1,810	2,021	2,233
EBIT	13,292	15,730	18,294	19,314	20,495
Other Income	371	400	420	450	480
Interest expenses	2,507	2,353	1,485	1,373	1,125
PBT	11,156	13,777	17,229	18,391	19,850
Tax	3,721	3,135	4,337	4,629	4,996
Extraordinary Items	238	(8)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	7,205	10,650	12,893	13,762	14,854
Adjusted PAT	7,443	10,643	12,893	13,762	14,854

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	293	293	293	293	293
Reserves & surplus	33,291	42,884	52,261	62,507	73,844
Net worth	33,584	43,177	52,554	62,800	74,137
Minority Interest	0	0	0	0	0
Loan Funds	29,545	16,251	16,751	13,751	11,251
Net deferred tax liability	1,502	1,005	1,024	1,057	1,089
Total Liabilities	64,630	60,433	70,329	77,608	86,477
Net block	13,095	20,322	22,512	24,991	27,258
Investment	2,008	2,114	2,114	2,114	2,114
Current Assets	88,723	78,393	87,438	95,369	104,949
Cash & bank balance	1,593	784	912	1,962	5,419
Other Current Assets	8,257	5,849	6,600	7,089	7,554
Current liabilities & Provision	41,104	41,051	42,389	45,520	48,499
Net current assets	47,619	37,343	45,049	49,849	56,450
Misc. exp	0	0	0	0	0
Total Assets	64,630	60,433	70,329	77,608	86,477

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	10,785	13,377	16,809	17,941	19,370
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(9,799)	8,969	(7,558)	(3,717)	(3,114)
Operating Cashflow	5,264	18,619	8,629	13,439	15,097
Capital expenditure	(1,997)	(7,553)	(4,000)	(4,500)	(4,500)
Free Cash Flow	3,268	11,066	4,629	8,939	10,597
Investments	206	(106)	0	0	0
Other Investing Cash Flow	(4,551)	5,039	(420)	(450)	(480)
Investing Cashflow	(5,971)	(2,219)	(4,000)	(4,500)	(4,500)
Equity Capital Raised	0	1	0	0	0
Loans Taken / (Repaid)	2,260	(13,294)	500	(3,000)	(2,500)
Dividend paid (incl tax)	(2,813)	(2,292)	(1,234)	(3,516)	(3,516)
Other Financing Cash Flow	623	706	(2,282)	0	0
Financing Cashflow	(2,437)	(17,231)	(4,501)	(7,889)	(7,141)
Net chg in cash	(3,144)	(832)	128	1,050	3,456
Opening cash position	4,465	1,338	506	634	1,684
Closing cash position	1,593	784	912	1,962	5,419

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	10.9	13.2	14.6	14.5	14.4
EBIT Margin	10.1	12.0	13.3	13.1	13.0
Effective Tax Rate	33.4	22.8	25.2	25.2	25.2
Net Margin	5.6	8.1	9.4	9.3	9.4
ROCE	22.3	25.8	28.6	26.7	25.6
ROE	23.8	27.7	26.9	23.9	21.7
RoIC	24.5	27.1	29.6	27.7	27.1

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	25.4	36.3	44.0	47.0	50.7
CEPS	29.3	41.7	50.2	53.9	58.3
BVPS	114.8	147.4	179.4	214.3	253.0
DPS	6.5	12.0	12.0	12.0	12.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	29.7	20.8	17.2	16.1	14.9
P/CEPS	25.8	18.1	15.1	14.0	13.0
P/BV	6.6	5.1	4.2	3.5	3.0
EV / Sales	1.9	1.8	1.7	1.6	1.4
EV / EBITDA	17.3	13.7	11.8	10.9	10.0
Dividend Yield (%)	0.9	1.6	1.6	1.6	1.6

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	0.8	0.4	0.3	0.2	0.1
Net Debt/EBIDTA	1.9	0.9	0.8	0.6	0.3
Working Cap Cycle (days)	127.0	101.6	117.2	118.4	118.4

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	19.3	(0.7)	4.6	7.4	6.6
EBITDA	14.9	20.0	16.1	6.1	6.5
EBIT	14.9	18.3	16.3	5.6	6.1
PAT	4.2	47.8	21.1	6.7	7.9

Quarterly (Rs mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Revenue	26,383	21,307	48,580	32,787	28,537
EBITDA	2,590	1,953	7,130	4,320	3,880
EBITDA Margin (%)	9.8	9.2	14.7	13.2	13.6
PAT	1,178	624	5,039	2,645	2,309
EPS (Rs)	4.2	2.2	18.0	9.5	8.3

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoters	61.8	61.7	61.7	61.7	61.6
FIIIs	4.1	4.3	3.4	3.5	3.5
DIIIs	13.8	14.0	18.6	18.5	19.7
Public and Others	20.3	20.0	16.3	16.3	15.2

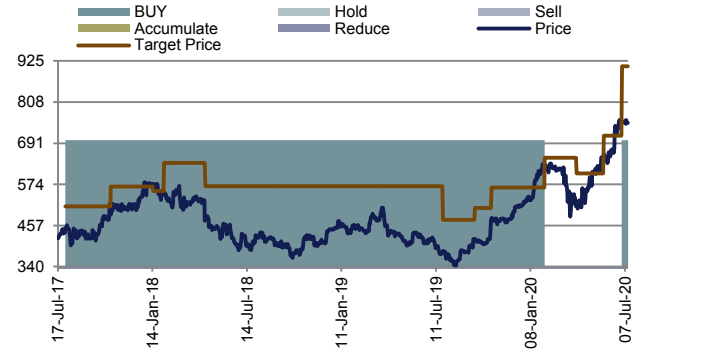
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
01-Jul-20	752	910	12m	Buy	Varshit Shah
27-May-20	661	712	12m	Hold	Varshit Shah
19-May-20	606	605	12m	Hold	Varshit Shah
17-May-20	626	605	12m	Hold	Varshit Shah
13-Apr-20	509	605	12m	Hold	Varshit Shah
05-Apr-20	512	605	12m	Hold	Varshit Shah
04-Feb-20	620	650	12m	Hold	Varshit Shah
25-Oct-19	479	565	12m	Buy	Varshit Shah
23-Sep-19	414	507	12m	Buy	Varshit Shah
24-Jul-19	385	473	12m	Buy	Varshit Shah
25-Apr-19	434	569	12m	Buy	Amar Mourya
23-Jan-19	434	569	12m	Buy	Amar Mourya
29-Oct-18	396	569	12m	Buy	Amar Mourya
21-Sep-18	400	569	12m	Buy	Amar Mourya
01-Aug-18	428	569	12m	Buy	Pratik Tholiya
25-Apr-18	482	569	12m	Buy	Pratik Tholiya
02-Apr-18	535	635	12m	Buy	Pratik Tholiya
07-Mar-18	539	635	12m	Buy	Pratik Tholiya
05-Feb-18	552	635	12m	Buy	Pratik Tholiya
15-Jan-18	575	555	12m	Buy	Pratik Tholiya
26-Oct-17	488	568	12m	Buy	Pratik Tholiya
31-Jul-17	450	511	12m	Buy	Pratik Tholiya

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Agri Input & Chemicals



Analyst: Varshit Shah

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Sector

Agro-Chemicals and Fertilizers

Analyst bio

Varshit Shah is a Chartered Accountant and a commerce graduate from Narsee Monjee College of Commerce and Economics, Mumbai. He comes with total eight years of experience across sectors such as Chemicals, Education, Telecom, IT and Midcaps. His team currently covers 12 stocks in Agro Chemicals, Fertilizers and Midcaps.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Agri Input & Chemicals	0.90	0.90	0%	0	100.00
Bayer CropScience*	0.14	0.14	0%	0	15.18
Chambal Fertilisers*	0.00	0.00	NA	0	0.00
Coromandel International	0.15	0.13	-14%	-2	14.14
DCM Shriram*	0.00	0.00	NA	0	0.00
Deepak Fertilisers*	0.00	0.00	NA	0	0.00
Dhanuka Agritech	0.00	0.00	NA	0	0.00
GSFC*	0.00	0.00	NA	0	0.00
Insecticides India*	0.00	0.00	NA	0	0.00
PI Industries	0.20	0.20	0%	0	21.88
Rallis India	0.00	0.01	NA	1	1.53
Sharda Cropchem*	0.00	0.00	NA	0	0.00
UPL	0.42	0.43	1%	1	47.27
Cash	0.00	0.00	NA	0	0.0

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

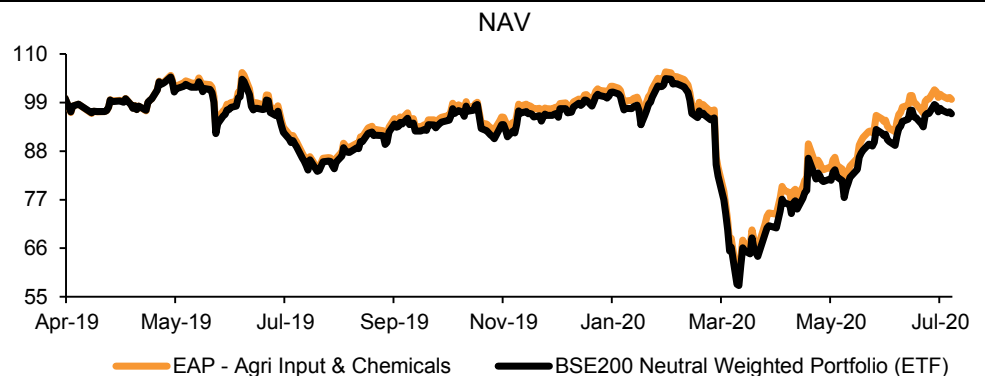
Sector portfolio NAV

	Base					Latest
	1-Apr-19	14-Oct-19	15-Jan-20	15-Apr-20	15-Jun-20	15-Jul-20
EAP - Agri Input & Chemicals	100.0	95.1	101.8	77.4	92.4	99.7
BSE200 Neutral Weighted Portfolio (ETF)	100.0	93.9	100.4	74.4	89.3	96.5

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 16 Jul 2020 14:34:13 (SGT)

Dissemination Date: 16 Jul 2020 14:35:13 (SGT)

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