

# Coromandel International

Estimate change	↔
TP change	↔
Rating change	↔

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Bloomberg	CRIN IN
Equity Shares (m)	292
M.Cap.(INRb)/(USDb)	260 / 3.5
52-Week Range (INR)	956 / 682
1, 6, 12 Rel. Per (%)	-4/-3/-26
12M Avg Val (INR M)	467

## Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	142.1	182.6	172.7
EBITDA	20.2	22.3	24.5
PAT	13.3	15.5	17.0
EBITDA (%)	14.2	12.2	14.2
EPS (INR)	45.3	52.7	57.8
EPS Gr. (%)	24.6	16.3	9.7
BV/Sh. (INR)	176	214	256
<b>Ratios</b>			
Net D/E	(0.1)	(0.0)	(0.1)
RoE (%)	28.1	27.0	24.6
RoCE (%)	25.3	27.8	25.2
Payout (%)	26.5	26.6	27.7
<b>Valuations</b>			
P/E (x)	19.6	16.8	15.3
EV/EBITDA (x)	12.5	11.6	10.3
Div Yield (%)	1.4	1.6	1.8
FCF Yield (%)	15.2	(0.7)	4.3

## Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	57.6	57.6	59.6
DII	21.7	20.6	21.3
FII	7.3	7.7	4.3
Others	13.5	14.1	14.9

**CMP: INR886 TP: INR1,050 (+18%) Buy**

## Strong showing despite higher RM price concerns

### Sustainability of GM – key to watch out for

- CRIN reported a strong operating performance in 1QFY22 on the back of gross margin expansion, due to diversified sourcing, backward integration, cost efficiency, and inventory gain. Sustainability of gross margin and volume growth remains a key monitorable going forward.
- Factoring better-than-expected earnings, we have increased our FY22E/FY23E PAT estimate by 5%/1%. We maintain our **Buy** rating.

### EBITDA/PAT above our estimate

- CRIN reported an overall revenue of INR36.6b (est. INR39.4b) in 1QFY22, up 14% YoY. Fertilizer volumes fell 2% YoY on the back of a 53% decline in trading volume, whereas manufacturing grew 6% in 1QFY22.
- The Crop Protection segment grew 50% YoY to INR6.3b. The Nutrient and Other Allied business segment grew 9% YoY to INR30.7b. The EBIT margin in Nutrient and Other Allied business contracted by 20bp YoY to 13%, but expanded 10bp to 13% in the Crop Protection business.
- EBITDA margin expanded by 30bp YoY to 13.2% (est. 10.1%). EBITDA rose 17% YoY to INR4.8b (est. INR4b). Adjusted PAT grew 35% YoY to INR3.4b (est. INR2.7b).
- CRIN has contracted phosphoric acid at USD1,160/mt in 2Q (v/s USD998/mt in 1QFY22).
- As per our calculations, EBITDA/mt for manufacturing Fertilizers (assuming EBITDA/mt of INR420 for traded Fertilizers) stood at INR4,029/mt (+3% YoY; +72% QoQ). The share of unique grade stood at 30% in 1QFY22 (26% in 1QFY21).

### Highlights from the management commentary

- Subsidy outstanding stood at INR11.5b as on Jun'21 (v/s INR25.9b in Jun'20). It includes INR3.6b relating to channel stock pending post acknowledgement.
- In 1QFY22, subsidy received from the government stood at INR4.9b (v/s INR5.1b in 1QFY21).
- CRIN is currently incurring a capex for: i) 10th evaporator in Visakhapatnam, ii) a liquid Fertilizer plant, and iii) de-bottlenecking capex. It is currently evaluating capex projects, which includes: i) backward integration, ii) purchase of land for capacity expansion, iii) setting up of an MPP, and iv) an inorganic acquisition.
- For FY22, CRIN has guided at an EBITDA/MT of INR4,000-4,200 in the Fertilizers segment.

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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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**Valuation and view**

- The key levers that would drive growth going forward include: i) CRIN's focus on increasing penetration in existing markets, ii) debottlenecking to increase capacity, iii) efforts to lower the cost of raw material – while maintaining the same level of quality – and establish an alternative sourcing destination (which would aid in cost savings), iv) launch of 3-4 molecules in the Crop Protection segment, v) inorganic growth, and vi) focus on profitable growth in the Retail business by reorganizing stores depending on consumption patterns.
- The structural story remains intact with regard to increasing awareness among farmers about having balanced nutrients in crops. This is likely to aid the shift to complex Fertilizers from urea, of which CRIN would be a key beneficiary.
- **Key things to watch for:** i) normalized working capital cycle in FY22E, ii) capex plan, iii) impact on volume growth due to a rise in MRP of NPK.
- We expect revenue/EBITDA/PAT CAGR of 10%/10%/13% over FY21-23E. We value CRIN at 18x FY23E EPS to arrive at our TP of INR1,050. We maintain our **Buy** rating.

**Quarterly performance (INR b)**

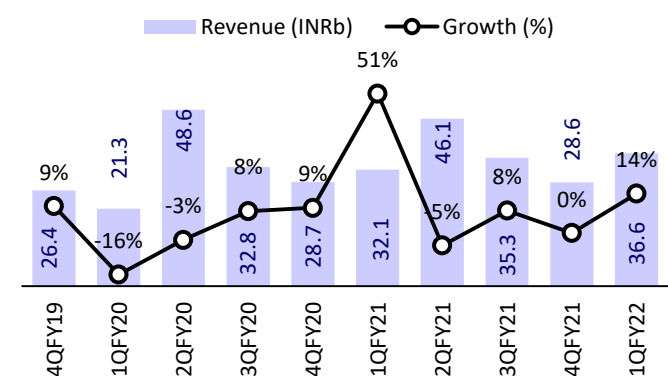
Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
Consolidated	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Net Sales</b>	<b>32.1</b>	<b>46.1</b>	<b>35.3</b>	<b>28.6</b>	<b>36.6</b>	<b>58.6</b>	<b>47.6</b>	<b>39.7</b>	<b>142.1</b>	<b>182.6</b>	<b>39.4</b>	<b>-7</b>
YoY Change (%)	50.8	-5.1	7.8	-0.5	14.0	27.1	34.8	39.2	8.2	28.5	22.7	
Total Expenditure	28.0	37.7	30.3	26.0	31.8	49.9	42.4	36.4	122.0	160.4	35.5	
<b>EBITDA</b>	<b>4.1</b>	<b>8.4</b>	<b>5.0</b>	<b>2.6</b>	<b>4.8</b>	<b>8.8</b>	<b>5.3</b>	<b>3.4</b>	<b>20.2</b>	<b>22.3</b>	<b>4.0</b>	<b>22</b>
Margin (%)	12.8	18.3	14.1	9.1	13.2	15.0	11.1	8.5	14.2	12.2	10.1	
Depreciation	0.4	0.4	0.4	0.5	0.4	0.5	0.5	0.5	1.7	1.9	0.5	
Interest	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	1.1	0.7	0.0	
Other Income	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.4	0.9	0.2	
<b>PBT before EO expense</b>	<b>3.4</b>	<b>7.8</b>	<b>4.5</b>	<b>2.1</b>	<b>4.5</b>	<b>8.3</b>	<b>4.8</b>	<b>2.9</b>	<b>17.8</b>	<b>20.6</b>	<b>3.7</b>	
Extra-Ord. expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>PBT</b>	<b>3.4</b>	<b>7.8</b>	<b>4.5</b>	<b>2.1</b>	<b>4.5</b>	<b>8.3</b>	<b>4.8</b>	<b>2.9</b>	<b>17.8</b>	<b>20.6</b>	<b>3.7</b>	
Tax	0.9	2.0	1.1	0.6	1.1	2.1	1.2	0.7	4.6	5.2	921.8	
Rate (%)	26.5	25.1	25.4	26.9	24.8	25.2	25.2	25.2	25.7	25.1	25.2	
Minority Interest and P/L of Asso. Cos.	-0.03	-0.02	-0.02	0.00	-0.03	-0.02	-0.02	0.00	-0.05	-0.06	0.00	
<b>Reported PAT</b>	<b>2.5</b>	<b>5.9</b>	<b>3.3</b>	<b>1.6</b>	<b>3.4</b>	<b>6.3</b>	<b>3.6</b>	<b>2.2</b>	<b>13.3</b>	<b>15.5</b>	<b>2.7</b>	<b>23</b>
<b>Adj. PAT</b>	<b>2.5</b>	<b>5.9</b>	<b>3.3</b>	<b>1.6</b>	<b>3.4</b>	<b>6.3</b>	<b>3.6</b>	<b>2.2</b>	<b>13.3</b>	<b>15.5</b>	<b>2.7</b>	<b>23</b>
YoY Change (%)	301.4	16.9	26.2	-33.5	34.8	6.2	8.7	41.3	24.8	16.3	9.4	
Margin (%)	7.8	12.8	9.4	5.5	9.2	10.7	7.6	5.5	9.4	8.5	6.9	

**Key performance indicators**

Y/E March	FY21				FY22				FY21	FY22E
Consolidated	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume Growth (%)	54.4	-2.1	19.1	-6.3	-2.3	3.3	3.8	11.5	11.1	3.7
Manufacturing (%)	60.7	-17.3	-2.9	-12.4	5.9	14.4	12.0	19.4	-0.7	12.7
Trading (%)	25.0	88.8	118.0	22.2	-51.3	-26.0	-12.7	-14.7	70.6	-22.5
Mfg. EBITDA/MT (INR)	3,929	5,018	3,923	2,338	4,029	4,900	3,800	2,800	3,631	3,645
Crop Protection Revenue Gr. (%)	55.1	24.9	10.6	16.6	50.3	13.5	13.5	10.0	23.6	20.0
<b>Cost Break-up</b>										
RM Cost (% of sales)	71.0	66.5	67.3	68.7	69.3	70.2	71.3	70.0	68.2	70.3
Staff Cost (% of sales)	3.8	3.0	4.1	4.8	3.9	2.7	3.3	3.8	3.8	3.3
Freight Cost (% of sales)	6.0	6.3	6.4	6.4	6.7	6.4	6.5	6.5	6.3	6.5
Other Cost (% of sales)	6.3	6.0	8.1	11.0	6.9	5.8	7.8	11.1	7.6	7.7
Gross Margin (%)	29.0	33.5	32.7	31.3	30.7	29.8	28.7	30.0	31.8	29.7
EBITDA Margin (%)	12.8	18.3	14.1	9.1	13.2	15.0	11.1	8.5	14.2	12.2
EBIT Margin (%)	11.5	17.4	12.9	7.5	12.0	14.2	10.1	7.3	13.0	11.2

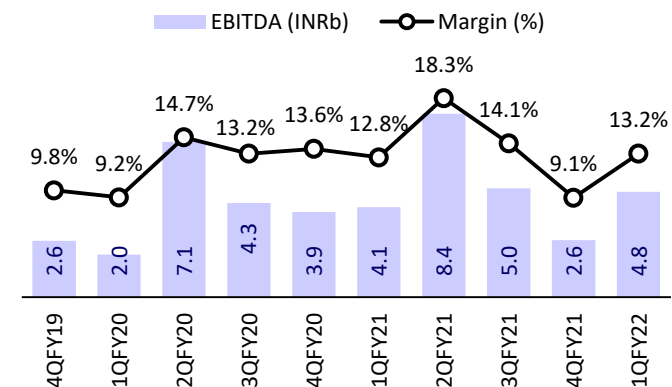
## Key exhibits

**Exhibit 1: Revenue trend**



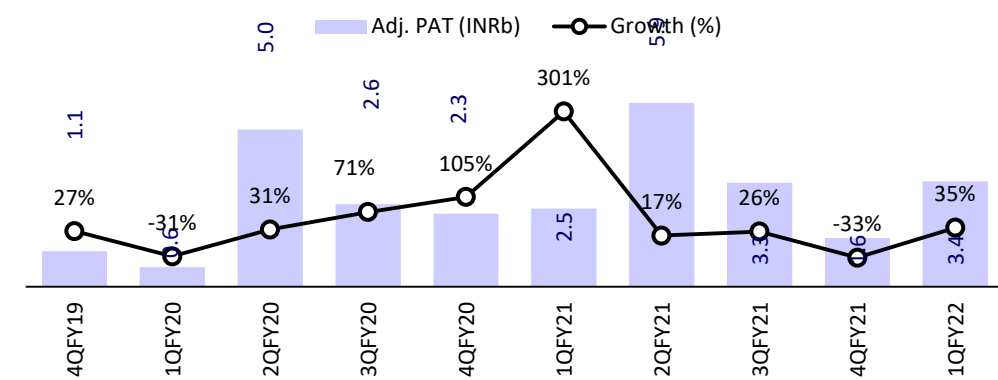
Source: Company, MOFSL

**Exhibit 2: EBITDA trend**



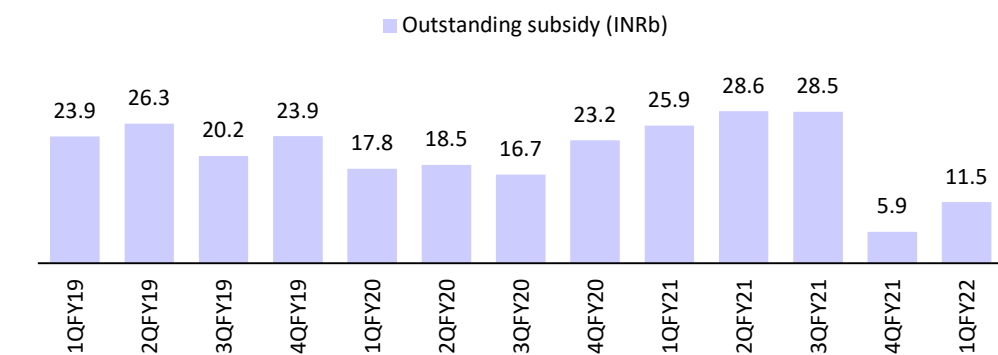
Source: Company, MOFSL

**Exhibit 3: Adjusted PAT trend**



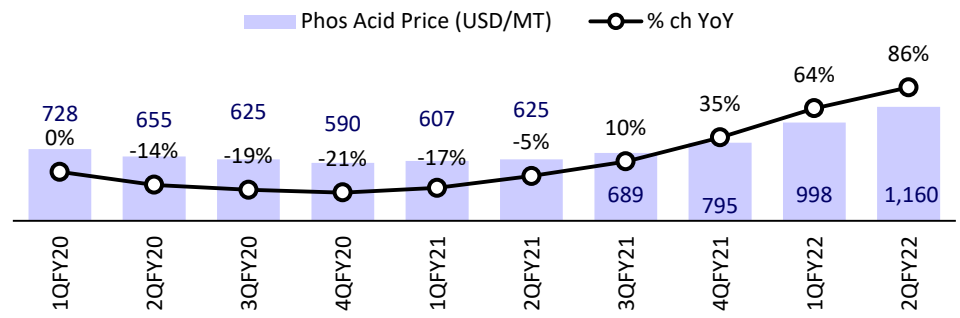
Source: Company, MOFSL

**Exhibit 4: Subsidy outstanding trend**



Source: Company, MOFSL

Exhibit 5: Price trend in phosphoric acid



Source: Company, MOFSL

Exhibit 6: Segmental revenue and EBIT trend

INR m	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
<b>Segment Revenue</b>									
Nutrient and Other Allied	18,816	43,914	28,408	24,362	28,072	40,142	30,453	23,652	30,705
YoY Growth (%)	-12%	-2%	8%	7%	49%	-9%	7%	-3%	9%
Crop Protection	2,710	5,099	4,625	4,420	4,202	6,371	5,114	5,152	6,315
YoY Growth (%)	-36%	-11%	4%	22%	55%	25%	11%	17%	50%
Less: Inter-segment	218	433	247	89	142	400	236	245	380
<b>Total</b>	<b>21,307</b>	<b>48,580</b>	<b>32,787</b>	<b>28,693</b>	<b>32,132</b>	<b>46,113</b>	<b>35,330</b>	<b>28,560</b>	<b>36,639</b>
<b>Segment EBIT</b>									
Nutrient and Other Allied	2,020	6,282	3,649	3,119	3,695	7,064	4,087	2,006	3,987
Margin (%)	10.7%	14.3%	12.8%	12.8%	13.2%	17.6%	13.4%	8.5%	13.0%
Crop Protection	59	834	713	598	542	1,385	894	646	823
Margin (%)	2.2%	16.3%	15.4%	13.5%	12.9%	21.7%	17.5%	12.5%	13.0%
Unallocable expense	430	403	451	260	534	438	412	509	402
<b>Total</b>	<b>1,648</b>	<b>6,713</b>	<b>3,912</b>	<b>3,457</b>	<b>3,704</b>	<b>8,011</b>	<b>4,570</b>	<b>2,142</b>	<b>4,408</b>

Source: Company, MOFSL

Exhibit 7: Volume trend

Quarterly volume trend ('000 MT)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
<b>Manufactured</b>									
NPK	350	1,042	640	580	630	937	666	511	676
Growth (%)	-17%	2%	29%	23%	80%	-10%	4%	-12%	7%
DAP	90	160	110	100	140	16	48	2	94
Growth (%)	-36%	78%	487%	0%	56%	-90%	-56%	-98%	-33%
SSP	120	194	150	110	130	202	160	180	186
Growth (%)	9%	14%	-3%	-15%	8%	4%	7%	64%	43%
<b>Total Mfg.</b>	<b>560</b>	<b>1,396</b>	<b>900</b>	<b>790</b>	<b>900</b>	<b>1,155</b>	<b>874</b>	<b>692</b>	<b>956</b>
Growth (%)	-16%	9%	34%	13%	61%	-17%	-3%	-12%	6%
<b>Traded</b>									
MOP	20	66	40	50	30	81	50	40	15
Growth (%)	0%	65%	2%	67%	50%	23%	25%	-20%	-50%
DAP Traded	30	18	10	10	60	165	62	60	0
Growth (%)	-25%	-86%	-86%	-67%	100%	817%	520%	501%	-100%
NPK Traded	0	0	0	0	0	0	44	14	7
Urea	70	148	150	110	60	192	280	94	48
Growth (%)	0%	-63%	-43%	-54%	-14%	30%	87%	-15%	-20%
<b>Total Trading</b>	<b>120</b>	<b>232</b>	<b>200</b>	<b>170</b>	<b>150</b>	<b>438</b>	<b>436</b>	<b>208</b>	<b>70</b>
Growth (%)	-8%	-59%	-46%	-43%	25%	89%	118%	22%	-53%
<b>Total Trading + Mfg.</b>	<b>680</b>	<b>1,628</b>	<b>1,100</b>	<b>960</b>	<b>1,050</b>	<b>1,593</b>	<b>1,310</b>	<b>900</b>	<b>1,026</b>
Growth (%)	-15%	-12%	6%	-4%	54%	-2%	19%	-6%	-2%
<b>Total NPK (mfg. + trading)</b>	<b>350</b>	<b>1,042</b>	<b>640</b>	<b>580</b>	<b>630</b>	<b>937</b>	<b>710</b>	<b>525</b>	<b>683</b>
Growth (%)	-17%	2%	29%	23%	80%	-10%	11%	-10%	8%
<b>Total DAP (mfg. + trading)</b>	<b>120</b>	<b>178</b>	<b>120</b>	<b>110</b>	<b>200</b>	<b>181</b>	<b>110</b>	<b>62</b>	<b>94</b>
Growth (%)	-33%	-19%	33%	-15%	67%	2%	-8%	-44%	-53%
<b>Total Phosphatic Fertilizer</b>	<b>470</b>	<b>1,220</b>	<b>760</b>	<b>690</b>	<b>830</b>	<b>1,118</b>	<b>820</b>	<b>586</b>	<b>777</b>
Growth (%)	-22%	-2%	30%	15%	77%	-8%	8%	-15%	-6%

Source: Company, MOFSL



## Highlights from the management commentary

### Industry

- Global food prices have continued to remain high on the back of strong demand from cereals and vegetable oil, lower inventory, and stockpiling by China
- Indian Agri exports in 1QFY22 grew 40% to USD8.9b.
- Reservoir level in South and West India is above its long term average, which bodes well for acreages.
- Crop sowing is down 9% YoY, but is likely to catch up going forward.
- DAP and complex industry primary sales were down 14% YoY to 4.4MMT.
- Major RM prices have firmed up on the back of strong demand.
- Channel inventory is low currently, and so demand for Fertilizers is expected to remain strong.

### Fertilizer segment

- CRIN's market share has moved up to 18.1% in 1QFY22 v/s 16.4% in 1QFY21.
- Capacity utilization for the DAP and NPK plant stood at 73% in 1QFY22 due to RM constraints.
- Phosphoric acid production for CRIN has touched a new high in 1QFY22.
- CRIN has raised MRP in NPK grade, taking into account higher RM cost. It has also factored in the benefit of backward integration and increase in subsidy.
- The company has contracted phosphoric acid at USD1,160/mt in 2Q (v/s USD998/mt in 1QFY22).
- For FY22, CRIN has guided at an EBITDA/MT of INR4,000-4,200.

### Crop Protection

- Six new molecules were launched in 1QFY22 (four insecticides, one fungicide, and one herbicide). Three products are combination molecules and one product has 9(3) registration.
- Exports grew 60% YoY in 1QFY22, driven by sales of Mancozeb. B2B sales drove sales in the domestic Crop Protection business on the back of mancozeb (+50% YoY) and acephate. The lion's share of growth is driven by volume growth.
- The company expects double-digit revenue growth in the Crop Protection business over the next couple of years.

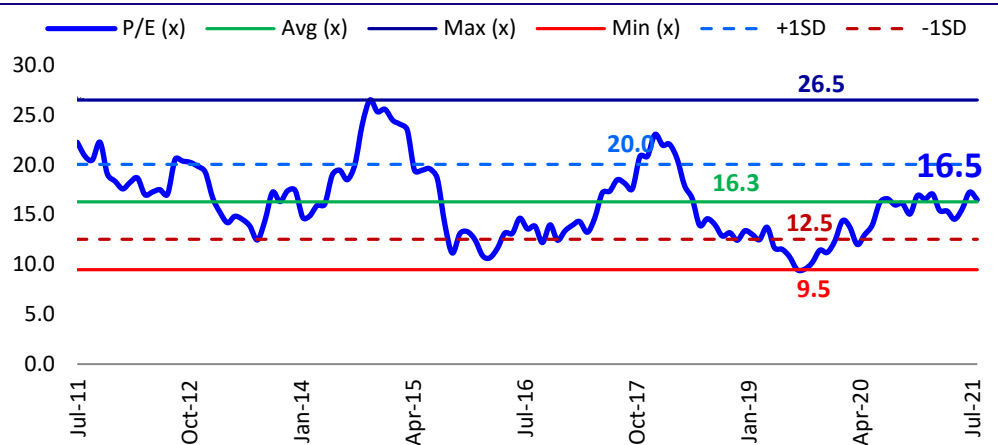
### Financials

- CRIN is currently incurring a capex for: i) 10th evaporator in Visakhapatnam, ii) a liquid Fertilizer plant, and iii) de-bottlenecking capex. It is currently evaluating capex projects, which includes: i) backward integration, ii) purchase of land for capacity expansion, iii) setting up of an MPP, and iv) an inorganic acquisition.
- Subsidy/non-subsidy revenue share stood at 76%/24% in 1QFY22 (v/s 80%/20% in 1QFY21). Subsidy/non-subsidy EBITDA share stood at 74%/26% in 1QFY22 (v/s 79%/21% in 1QFY21).
- Subsidy outstanding stood at INR11.5b as on Jun'21 (v/s INR25.9b in Jun'20). It includes INR3.6b relating to channel stock pending post acknowledgement.
- In 1QFY22, subsidy received from the government stood at INR4.9b (v/s INR5.1b in 1QFY21).
- Gross margin expanded in 1QFY22 on the back of diversified sourcing, backward integration, cost efficiency, and inventory gain.
- Shifting to the digital medium v/s the physical medium for spends has led to some cost savings.
- After the Kharif season, the company expects RM prices to soften.

### Valuation and view

- The key levers that would drive growth going forward include: i) CRIN's focus on increasing penetration in existing markets, ii) debottlenecking to increase capacity, iii) efforts to lower the cost of raw material – while maintaining the same level of quality – and establish an alternative sourcing destination (which would aid in cost savings), iv) launch of 3-4 molecules in the Crop Protection segment, v) inorganic growth, and vi) focus on profitable growth in the Retail business by reorganizing stores depending on consumption patterns.
- The structural story remains intact with regard to increasing awareness among farmers about having balanced nutrients in crops. This is likely to aid the shift to complex Fertilizers from urea, of which CRIN would be a key beneficiary.
- **Key things to watch for:** i) normalized working capital cycle in FY22E, ii) capex plan, iii) impact on volume growth due to a rise in MRP of NPK.
- We expect revenue/EBITDA/PAT CAGR of 10%/10%/13% over FY21-23E. We value CRIN at 18x FY23E EPS to arrive at our TP of INR1,050. We maintain our **Buy** rating.

**Exhibit 8: One-year forward P/E (x)**



Source: MOFSL

**Exhibit 9: Changes to our estimates**

Earnings change (INR m)	Old estimate		New estimate		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	1,82,851	1,69,967	1,82,646	1,72,727	0%	2%
EBITDA	20,883	23,749	22,254	24,505	7%	3%
Adjusted PAT	14,789	16,791	15,463	16,961	5%	1%

Source: MOFSL

## Financials and valuations

### Consolidated Income Statement

	(INR m)							
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Total Income from Operations</b>	<b>1,14,814</b>	<b>1,00,308</b>	<b>1,10,829</b>	<b>1,32,246</b>	<b>1,31,367</b>	<b>1,42,135</b>	<b>1,82,646</b>	<b>1,72,727</b>
Change (%)	1.5	(12.6)	10.5	19.3	(0.7)	8.2	28.5	(5.4)
<b>EBITDA</b>	<b>7,668</b>	<b>9,827</b>	<b>12,564</b>	<b>14,431</b>	<b>17,310</b>	<b>20,158</b>	<b>22,254</b>	<b>24,505</b>
Margin (%)	6.7	9.8	11.3	10.9	13.2	14.2	12.2	14.2
Depreciation	1,061	1,007	991	1,138	1,580	1,731	1,867	2,225
<b>EBIT</b>	<b>6,607</b>	<b>8,820</b>	<b>11,573</b>	<b>13,292</b>	<b>15,730</b>	<b>18,427</b>	<b>20,388</b>	<b>22,280</b>
Int. and Finance Charges	2,209	2,238	1,783	2,507	2,353	1,057	681	681
Other Income	665	548	597	371	400	435	858	986
<b>PBT bef. EO Exp.</b>	<b>5,062</b>	<b>7,130</b>	<b>10,387</b>	<b>11,156</b>	<b>13,777</b>	<b>17,806</b>	<b>20,565</b>	<b>22,585</b>
EO Expense/(Income)	250	0	0	-239	0	0	0	0
<b>PBT after EO Exp.</b>	<b>5,312</b>	<b>7,130</b>	<b>10,387</b>	<b>10,917</b>	<b>13,777</b>	<b>17,806</b>	<b>20,565</b>	<b>22,585</b>
Current Tax	1,878	2,432	3,539	3,874	3,686	4,599	5,159	5,685
Deferred Tax	-161	-78	-71	-153	-551	-31	0	0
Total Tax	1,716	2,353	3,468	3,721	3,135	4,568	5,159	5,685
Tax Rate (%)	32.3	33.0	33.4	34.1	22.8	25.7	25.1	25.2
Less: MI/Sh. of profit/loss of JV and Ass.	22	7	6	-8	-8	-54	-57	-60
<b>Reported PAT</b>	<b>3,574</b>	<b>4,770</b>	<b>6,913</b>	<b>7,205</b>	<b>10,650</b>	<b>13,292</b>	<b>15,463</b>	<b>16,961</b>
<b>Adjusted PAT</b>	<b>3,324</b>	<b>4,770</b>	<b>6,913</b>	<b>7,443</b>	<b>10,650</b>	<b>13,292</b>	<b>15,463</b>	<b>16,961</b>
Change (%)	-18.1	43.5	44.9	7.7	43.1	24.8	16.3	9.7
Margin (%)	2.9	4.8	6.2	5.6	8.1	9.4	8.5	9.8

### Consolidated Balance Sheet

	(INR m)							
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	291	292	292	293	293	293	293	293
Total Reserves	26,048	28,616	28,670	33,291	42,884	51,213	62,568	74,834
<b>Net Worth</b>	<b>26,340</b>	<b>28,908</b>	<b>28,963</b>	<b>33,584</b>	<b>43,177</b>	<b>51,506</b>	<b>62,861</b>	<b>75,127</b>
Deferred Liabilities	1,679	1,495	1,254	1,123	578	576	576	576
Total Loans	26,267	22,284	27,284	29,545	16,251	16	16	16
<b>Capital Employed</b>	<b>54,286</b>	<b>52,686</b>	<b>57,501</b>	<b>64,252</b>	<b>60,007</b>	<b>52,098</b>	<b>63,453</b>	<b>75,719</b>
Gross Block	23,550	24,612	25,625	26,631	31,166	32,948	37,948	42,948
Less: Accum. Deprn.	10,250	11,257	12,248	13,387	14,967	16,698	18,564	20,789
<b>Net Fixed Assets</b>	<b>13,300</b>	<b>13,355</b>	<b>13,376</b>	<b>13,244</b>	<b>16,200</b>	<b>16,250</b>	<b>19,383</b>	<b>22,159</b>
Goodwill on Consolidation	3	3	3	3	3	3	3	3
Capital WIP	309	137	375	1,756	654	898	1,096	1,036
Current Investments	3	1	1	1	0	0	0	0
<b>Total Investments</b>	<b>4,772</b>	<b>3,885</b>	<b>2,214</b>	<b>2,008</b>	<b>2,113</b>	<b>2,138</b>	<b>2,138</b>	<b>2,138</b>
<b>Curr. Assets, Loans and Adv.</b>	<b>73,433</b>	<b>69,071</b>	<b>82,515</b>	<b>88,728</b>	<b>82,517</b>	<b>69,668</b>	<b>1,00,063</b>	<b>1,06,363</b>
Inventory	23,458	17,246	22,625	32,414	26,971	26,009	36,029	34,072
Account Receivables	16,419	16,217	15,777	18,244	17,341	5,544	20,016	21,295
Govt. Subsidies Receivable	23,671	25,570	26,269	23,935	23,162	5,897	20,016	18,929
Cash and Bank Balance	1,978	1,678	5,554	1,593	783	7,221	1,484	8,405
Loans and Advances	7,908	8,359	12,291	12,542	14,259	24,997	22,518	23,661
<b>Curr. Liability and Prov.</b>	<b>37,531</b>	<b>33,764</b>	<b>40,983</b>	<b>41,488</b>	<b>41,481</b>	<b>36,859</b>	<b>59,231</b>	<b>55,980</b>
Account Payables	32,329	29,345	33,786	37,625	33,481	29,222	43,958	41,033
Other Current Liabilities	4,945	4,129	6,952	3,542	7,643	7,283	10,508	9,464
Provisions	257	289	244	321	357	354	4,765	5,483
<b>Net Current Assets</b>	<b>35,902</b>	<b>35,307</b>	<b>41,532</b>	<b>47,240</b>	<b>41,036</b>	<b>32,809</b>	<b>40,832</b>	<b>50,383</b>
<b>Appl. of Funds</b>	<b>54,286</b>	<b>52,686</b>	<b>57,501</b>	<b>64,252</b>	<b>60,007</b>	<b>52,098</b>	<b>63,453</b>	<b>75,719</b>

## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>11.4</b>	<b>16.4</b>	<b>23.6</b>	<b>25.4</b>	<b>36.3</b>	<b>45.3</b>	<b>52.7</b>	<b>57.8</b>
Cash EPS	15.1	19.8	27.0	29.3	41.7	51.2	59.1	65.4
BV/Share	90.4	99.1	99.1	114.8	147.4	175.5	214.3	256.1
DPS	2.5	4.0	6.5	6.5	12.0	12.0	14.0	16.0
Payout (%)	24.5	29.4	33.0	31.7	39.6	26.5	26.6	27.7
<b>Valuation (x)</b>								
P/E				34.8	24.4	19.6	16.8	15.3
Cash P/E				30.2	21.2	17.3	15.0	13.5
P/BV				7.7	6.0	5.0	4.1	3.5
EV/Sales				2.2	2.1	1.8	1.4	1.5
EV/EBITDA				19.9	15.9	12.5	11.6	10.3
Dividend Yield (%)				0.7	1.4	1.4	1.6	1.8
FCF per share				8.7	51.8	134.5	-6.3	38.3
<b>Return Ratios (%)</b>								
RoE	13.4	17.3	23.9	23.8	27.7	28.1	27.0	24.6
RoCE	10.1	12.1	15.1	15.1	20.3	25.3	27.8	25.2
RoIC	10.4	12.5	16.0	16.2	21.1	27.9	30.4	27.1
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	5	4	4	5	4	4	5	4
Asset Turnover (x)	2.1	1.9	1.9	2.1	2.2	2.7	2.9	2.3
Inventory (Days)	75	63	75	89	75	67	72	72
Debtor (Days)	52	59	52	50	48	14	40	45
Govt. Subs. Receivable (days)	75	93	87	66	64	15	40	40
Creditor (Days)	135	150	162	147	135	110	125	125
Others (Days)								
Working Capital Turnover (Days)	108	122	118	126	112	66	79	89
<b>Leverage Ratio (x)</b>								
Current Ratio	2.0	2.0	2.0	2.1	2.0	1.9	1.7	1.9
Interest Coverage Ratio	3	4	6	5	7	17	30	33
Debt/Equity	1.0	0.8	0.9	0.9	0.4	0.0	0.0	0.0

### Consolidated Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
NP/(Loss) Before Tax and EO Items	5,062	7,130	10,387	11,156	13,777	17,806	20,565	22,585
Depreciation	1,061	1,007	991	1,138	1,580	1,731	1,867	2,225
Interest and Finance Charges	1,545	1,690	119	1,783	2,353	1,057	-177	-305
Direct Taxes Paid	-1,716	-2,353	-3,498	-3,709	-3,135	-4,674	-5,159	-5,685
(Inc.)/Dec. in WC	-3,039	2,195	-7,540	-4,601	4,044	26,948	-13,760	-2,629
<b>CF from Operations</b>	<b>2,913</b>	<b>9,669</b>	<b>459</b>	<b>5,768</b>	<b>18,620</b>	<b>42,867</b>	<b>3,335</b>	<b>16,191</b>
Others	0	0	2,174	-504	0	-1,366	0	0
<b>CF from Operations incl. EO</b>	<b>2,913</b>	<b>9,669</b>	<b>2,633</b>	<b>5,264</b>	<b>18,620</b>	<b>41,502</b>	<b>3,335</b>	<b>16,191</b>
(inc.)/dec. in FA	-869	-890	-1,230	-2,731	-3,434	-2,025	-5,198	-4,940
<b>Free Cash Flow</b>	<b>2,044</b>	<b>8,779</b>	<b>1,402</b>	<b>2,534</b>	<b>15,186</b>	<b>39,477</b>	<b>-1,863</b>	<b>11,250</b>
(Pur.)/Sale of Investments	-275	887	0	0	-105	-25	0	0
Others	665	548	2,483	-4,053	1,320	-10,523	858	986
<b>CF from Investments</b>	<b>-479</b>	<b>546</b>	<b>1,253</b>	<b>-6,784</b>	<b>-2,219</b>	<b>-12,572</b>	<b>-4,341</b>	<b>-3,954</b>
Issue of Shares	0	0	167	45	1	0	0	0
Inc./(Dec.) in Debt	5,047	-3,983	4,437	2,316	-13,294	-16,235	0	0
Interest Paid	-2,209	-2,238	-1,801	-2,511	-2,353	-1,057	-681	-681
Dividend Paid	-876	-1,403	-2,813	-2,292	-4,219	-3,521	-4,108	-4,694
Others	-5,517	-2,890	0	0	2,654	-1,679	57	60
<b>CF from Fin. Activity</b>	<b>-3,556</b>	<b>-10,513</b>	<b>-10</b>	<b>-2,441</b>	<b>-17,211</b>	<b>-22,491</b>	<b>-4,731</b>	<b>-5,315</b>
<b>Inc./Dec. in Cash</b>	<b>-1,121</b>	<b>-299</b>	<b>3,876</b>	<b>-3,961</b>	<b>-810</b>	<b>6,438</b>	<b>-5,737</b>	<b>6,921</b>
Add: Beginning Balance	3,099	1,977	1,678	5,554	1,593	783	7,221	1,484
<b>Closing Balance</b>	<b>1,977</b>	<b>1,678</b>	<b>5,554</b>	<b>1,593</b>	<b>783</b>	<b>7,221</b>	<b>1,484</b>	<b>8,405</b>



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