

Coromandel International

BSE SENSEX
49,746

S&P CNX
14,874

CMP: INR758

TP: INR1,030 (+36%)

Buy



Stock Info

	CRIN IN
Bloomberg	292
Equity Shares (m)	222.5 / 3
M.Cap.(INRb)/(USD b)	880 / 497
52-Week Range (INR)	-1/-20/-18
1, 6, 12 Rel. Per (%)	466
12M Avg Val (INR M)	42.4
Free float (%)	

Financials Snapshot (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	139.8	153.2	162.8
EBITDA	21.0	23.6	25.4
PAT	14.0	16.4	17.8
EBITDA (%)	15.0	15.4	15.6
EPS (INR)	47.7	55.9	60.6
EPS Gr. (%)	31.3	17.2	8.3
BV/Sh. (INR)	178	215	254

Ratios

Net D/E	(0.4)	(0.2)	(0.3)
RoE (%)	29.3	28.4	25.8
RoCE (%)	25.1	26.6	24.7
Payout (%)	35.2	34.3	35.7

Valuations

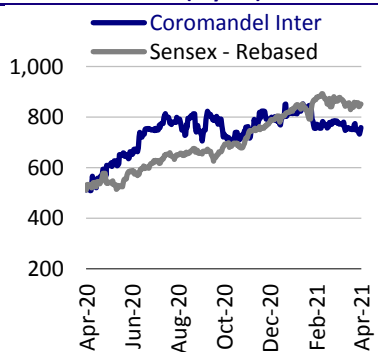
P/E (x)	15.9	13.5	12.5
P/B (x)	4.2	3.5	3.0
Div Yield (%)	1.8	2.1	2.4
FCF Yield (%)	18.0	0.1	5.9

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	57.6	59.6	61.7
DII	19.2	19.7	18.5
FII	7.0	5.9	3.5
Others	16.2	14.9	16.3

FII Includes depository receipts

Stock Performance (1-year)



Release of subsidies to aid CFO generation

In this note, we have analyzed volume growth for Coromandel International (CRIN) and the Fertilizer industry in FY21. Moreover, we have looked at the market share trend, the release of subsidies, price hikes for DAP/NPKS, and volume performance in 4QFY21. Here are the key insights:

CRIN's FY21 volume growth stays ahead of industry

- Overall Fertilizer industry volumes grew 8% YoY in FY21 on the back of 19% volume growth in MOP; NPKS and SSP volumes grew 17% each for FY21. Urea, which accounted for 53% of the Fertilizer industry's volumes, was up by 5% YoY in FY21 (refer to Exhibit 1).
- CRIN's overall fertilizer volumes grew 11% YoY in FY21 on the back of 35%/20%/16% volume growth in urea/MOP/SSP. NPKS volumes were up 8%, while DAP volumes came in flat.
- CRIN leads the market in the NPKS Fertilizer segment and commands market share of 23.1% (FY21). For CRIN, NPKS formed 58% of overall volumes in FY21 – NPKS grew 8% v/s industry sales volume growth of 17%. Thus, CRIN lost 191bp market share in FY21.
- The top six states, which cumulatively account for 97% of CRIN's NPKS volumes, are Andhra Pradesh (33%), Telangana (29%), Karnataka (12%), Maharashtra (11%), West Bengal (8%), and Odisha (4%). Maharashtra –the largest consumer of NPKS in India – accounts for 23% of India's NPKS consumption. NPKS industry volumes in Maharashtra were up 35%, whereas CRIN's sales in the state were largely in-line (-2%). Thus, strong NPKS volume growth in states wherein CRIN does not have a significant presence has impacted the company's overall market share.
- Other key states where CRIN has underperformed the industry include Karnataka (industry growth: 20% v/s CRIN: 7%), Telangana (16% v/s 7%), and Odisha (-15% v/s -20%). In Andhra Pradesh, CRIN has outperformed the NPKS industry (up 13%) with 16% growth.
- Additionally, inventory for the industry/CRIN as of Mar'21 stood 45%/48% lower vis-à-vis the last five years. This should bode well in terms of volumes in the upcoming kharif season (refer to Exhibits 4 & 5).

NPKS/DAP/Urea drags volume growth in 4QFY21

- CRIN's overall volumes in 3QFY21 grew 19% YoY, driven by 118% YoY growth in trading volumes. On the other hand, manufacturing volumes de-grew 3% YoY. Total phosphatic fertilizer volumes were up 8% YoY; growth was seen despite a strong increase of 29% in the base quarter.
- However, as per data from the Ministry of Fertilizers, CRIN's overall volumes de-grew 7% in 4QFY21. Total phosphatic fertilizer volumes de-grew 14% YoY (NPKS de-grew 8% YoY), whereas urea/MOP declined 32%/22%. Only SSP witnessed volume growth of 68% during the quarter. CRIN's manufacturing volumes declined 10% YoY, whereas trading volumes grew 9% YoY in 4Q.

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Phos acid, which is a key RM for the industry/CRIN, has been increasing since 4QFY20 – when it stood at USD590/mt – and was contracted at USD795/mt in 4QFY21 (+35% YoY and +15% QoQ). Middle East Ammonia price in 4QFY21 stood at USD330/mt (+29% YoY / +22% QoQ).
- **Our channel checks suggest that due to an increase in RM cost, fertilizer companies have announced price hikes of 30–40% in DAP/NPKS fertilizer. However, these are likely to be implemented from May.**
- As per our channel checks, CRIN has taken adequate price hikes for DAP/NPKS in certain states and would take hikes in the remaining states in the current or coming months.

Release of subsidies to improve WC cycle

- In Nov'20, the government announced an additional fertilizer subsidy of INR626b over and above the budgeted amount of INR713b. The additional allocation was put toward clearing the old dues of the fertilizer companies, thereby reducing their working capital requirements.
- In 10MFY21, the Fertilizer industry received a subsidy of INR1,016b (of which 74% was put toward urea and the balance toward P&K). In Jan'21, the industry received a subsidy of INR256b (of which 67% was put toward urea and the balance toward P&K) – this accounts for 25% of the total subsidy received by the industry over 10MFY21.
- CRIN's subsidy outstanding as of Dec'20 stood at INR28.5b (v/s INR16.7b YoY). **The company received a record-high subsidy of INR13.5b in Jan'21; thus, 47% of the outstanding subsidy as of Dec'20 had already been paid by Jan'21.**
- In 9MFY21, the subsidy received stood at INR20.9b (v/s INR33.2b in 9MFY20); in Jan'21, CRIN received a subsidy of INR13.5b – this forms 65% of the subsidy received by CRIN in 9MFY21.
- We estimate CRIN's subsidy receivables as of FY21 to reduce substantially to INR8b v/s INR23.2b last year. Thus, CRIN is likely to generate CFO/FCF of INR41.3b/39.9b in FY21.

Valuation and view

- We believe key levers would drive growth for CRIN going forward, including: (i) focusing on increasing penetration in existing markets, (ii) debottlenecking to increase capacity, (iii) undertaking efforts to lower RM cost (rock), while maintaining the same level of quality, and establish an alternative sourcing destination (which would aid in cost savings), (iv) launching 3–4 molecules in the Crop Protection segment, (v) exploring inorganic growth opportunities, and (vi) focusing on profitable growth in the Retail business by reorganizing retail stores depending on the consumption pattern.
- The structural story remains intact with regard to increasing farmers' awareness about having balanced nutrients in crops. This is likely to aid the shift from urea to complex fertilizers; thus, CRIN stands to be a key beneficiary.
- Additionally, the company is likely to generate CFO of INR41.3b in FY21, aided by the release of subsidies by the government. Thus, the company's capex plan would be a key monitorable, in our view.
- We expect a revenue/EBITDA/PAT CAGR of 8%/10%/13% over FY21–23E. We value CRIN at 17x FY23E EPS to arrive at TP of INR1,030. Maintain **Buy**.

Exhibit 1: CRIN's market share in overall Fertilizer industry up 23bp; in NPKS segment, market share down 191bp in FY21

Type	Fertilizer Industry Volume FY20	Fertilizer Industry Volume FY21	% Growth YoY	CRIN Volume FY20	CRIN Volume FY21	% Growth YoY	CRIN MS (FY20)	CRIN MS (FY21)	Ch bp
NPKS	1,04,26,399	1,21,82,738	17%	26,05,054	28,11,053	8%	25.0%	23.1%	-191
DAP	1,02,78,282	1,04,96,484	2%	5,36,528	5,43,963	1%	5.2%	5.2%	-4
MOP	28,91,370	34,42,059	19%	1,65,999	1,98,731	20%	5.7%	5.8%	3
SSP	42,08,666	49,44,981	17%	5,76,509	6,67,899	16%	13.7%	13.5%	-19
Urea	3,35,71,008	3,50,97,579	5%	4,62,153	6,21,633	35%	1.4%	1.8%	39
Compost	2,15,726	2,59,196	20%	23,899	24,527	3%	11.1%	9.5%	-162
Total	6,15,91,451	6,64,23,036	8%	43,70,143	48,67,805	11%	7.1%	7.3%	23

Source: MOFSL, Department of fertilizer

Exhibit 2: CRIN's overall volumes up 8% YoY in FY21; urea/MOP/SSP lead volume growth with 35%/20%/16% YoY rise

Fertilizer Type	FY20 Volume	FY20 Volume Mix	FY21 Volume	FY21 Volume Mix	% Change YoY
NPKS	26,05,054	60%	28,11,053	58%	8%
DAP	5,36,528	12%	5,43,963	11%	1%
MOP	1,65,999	4%	1,98,731	4%	20%
SSP	5,76,509	13%	6,67,899	14%	16%
Urea	4,62,153	11%	6,21,633	13%	35%
Compost	23,899	1%	24,527	1%	3%
Total	43,70,143	100%	48,67,805	100%	11%

Source: MOFSL, Department of fertilizer

Exhibit 3: CRIN's state-wise NPKS volume growth v/s industry

State	FY20	% Mix FY20	FY21	% Mix FY21	Volume Gr for CRIN in FY21	Total NPKS Volume Gr in State in FY21
Andhra Pradesh	7,98,159	31%	9,22,894	33%	16%	13%
Telangana	7,56,262	29%	8,11,095	29%	7%	16%
Karnataka	3,10,996	12%	3,32,230	12%	7%	20%
Maharashtra	3,08,787	12%	3,03,683	11%	-2%	35%
West Bengal	1,99,383	8%	2,33,388	8%	17%	11%
Odisha	1,25,011	5%	1,00,509	4%	-20%	-15%
Tamil Nadu	44,391	2%	54,933	2%	24%	14%
Chhattisgarh	19,236	1%	23,951	1%	25%	48%
Madhya Pradesh	26,311	1%	18,279	1%	-31%	26%
Bihar	9,043	0%	8,338	0%	-8%	7%
Uttar Pradesh	6,911	0%	1,037	0%	-85%	4%
Puducherry	566	0%	716	0%	27%	16%
Total	26,05,054	100%	28,11,053	100%	8%	17%

Source: MOFSL, Department of fertilizer

Exhibit 4: Fertilizer industry's inventory – significantly lower v/s last year and 5-year avg inventory

Type of Fertilizer	FY17	FY18	FY19	FY20	FY21	Avg % high/lower (FY17-20)	% high/lower vs avg	% high/lower vs last year
Urea	13,00,169	9,84,772	5,89,372	6,14,029	3,40,889	7,65,846	-55%	-44%
NPKS	5,98,907	7,17,900	13,09,023	10,88,453	6,16,105	8,66,077	-29%	-43%
DAP	5,57,334	1,82,197	8,34,577	7,99,285	1,31,106	5,00,900	-74%	-84%
MOP	68,542	83,288	2,65,950	2,32,625	96,962	1,49,474	-35%	-58%
SSP	2,17,469	1,57,000	1,28,013	1,30,695	1,51,583	1,56,952	-3%	16%
Compost	-183	-3,373	10,668	10,806	9,508	5,485	73%	-12%
Total	27,42,238	21,21,784	31,37,603	28,75,894	13,46,152	24,44,734	-45%	-53%

Source: MOFSL, Department of fertilizer

Exhibit 5: CRIN's inventory – significantly lower v/s last year and 5-year avg inventory

Type of Fertilizer	FY17	FY18	FY19	FY20	FY21	Avg % high/lower (FY17-20)	% high/lower vs avg	% high/lower vs last year
NPKS	1,79,264	3,12,037	5,03,692	2,96,268	1,58,968	2,90,046	-45%	-46%
DAP	43,698	30,334	74,548	89,295	25,968	52,769	-51%	-71%
SSP	40,569	41,498	34,602	30,545	24,843	34,411	-28%	-19%
MOP	5,867	12,339	29,568	21,463	7,620	15,371	-50%	-64%
Urea	2,16,833	77,376	29,682	18,098	16,079	71,613	-78%	-11%
Compost	22	-3,305	10,651	10,034	8,801	5,240	68%	-12%
Total	4,86,253	4,70,278	6,82,742	4,65,702	2,42,279	4,69,451	-48%	-48%

Source: MOFSL, Department of fertilizer

Exhibit 6: CRIN's manufacturing volumes down 10% YoY, trading up 9% YoY in 4Q

Volume (MT)	FY20				FY21				Change YoY (%)				
	Jan'20	Feb'20	Mar'20	3M	Jan'21	Feb'21	Mar'21	3M	Jan	Feb	Mar	2M	3M
Manufactured													
NPKS	2,62,545	1,97,196	1,09,452	5,69,192	3,04,676	1,72,815	36,257	5,13,748	16.0%	-12.4%	-60.0%	3.9%	-9.7%
DAP	35,512	35,863	24,270	95,645	225	217	1,071	1,512	-99.4%	-99.4%	-95.6%	-99.4%	-98.4%
SSP	48,709	33,714	23,921	1,06,344	60,828	56,284	61,203	1,78,315	24.9%	66.9%	155.9%	42.1%	67.7%
Total - Manufacturing	3,46,766	2,66,773	1,57,642	7,71,181	3,65,729	2,29,316	98,530	6,93,574	5.5%	-14.0%	-37.5%	-3.0%	-10.1%
Traded													
MOP	16,012	20,490	9,308	45,810	17,881	14,376	3,647	35,904	11.7%	-29.8%	-40.0%	-11.6%	-21.6%
DAP Traded	3,271	2,346	8,752	14,369	47,887	9,320	591	57,798	1464.1%	397.3%	-93.3%	918.6%	302.2%
NPKS Traded	-	-	-	-	5,172	5,979	1,762	12,913					
Urea	59,627	34,786	4,701	99,114	39,546	24,085	4,080	67,711	-33.7%	-30.8%	-13.2%	-32.6%	-31.7%
Total - Trading	78,910	57,622	22,761	1,59,293	1,10,486	53,760	10,080	1,74,326	40.0%	-6.7%	-55.7%	20.3%	9.4%
Total phosphatic fertilizer	3,01,328	2,35,405	1,42,474	6,79,206	3,57,959	1,88,330	39,680	5,85,970	18.8%	-20.0%	-72.1%	1.8%	-13.7%
Total NPK (mfg + trading)	2,62,545	1,97,196	1,09,452	5,69,192	3,09,848	1,78,793	38,019	5,26,660	18.0%	-9.3%	-65.3%	6.3%	-7.5%
Total DAP (mfg + trading)	38,783	38,209	33,022	1,10,014	48,111	9,537	1,661	59,310	24.1%	-75.0%	-95.0%	-25.1%	-46.1%
Total - Mfg + Trading	4,25,675	3,24,395	1,80,403	9,30,474	4,76,215	2,83,075	1,08,610	8,67,901	11.9%	-12.7%	-39.8%	1.2%	-6.7%

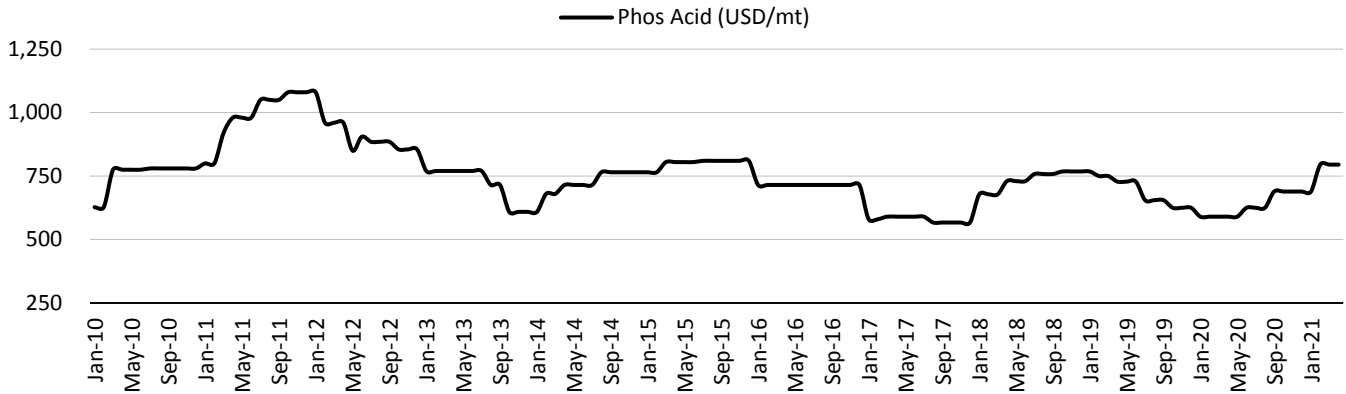
Source: MOFSL, Department of fertilizer

Exhibit 7: Fertilizer volume trends in CRIN

Quarterly volume trend (MT)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Manufactured								
NPK	3,50,000	10,42,000	6,40,000	5,80,000	6,30,000	9,37,000	6,66,000	5,13,748
Growth %	-16.7%	2.2%	28.0%	23.4%	80.0%	-10.1%	4.1%	-11.4%
DAP	90,000	1,60,000	1,10,000	1,00,000	1,40,000	16,000	48,000	1,512
Growth %	-35.7%	77.8%	450.0%	0.0%	55.6%	-90.0%	-56.4%	-98.5%
SSP	1,20,000	1,94,000	1,50,000	1,10,000	1,30,000	2,02,000	1,60,000	1,78,315
Growth %	9.1%	14.1%	0.0%	-15.4%	8.3%	4.1%	6.7%	62.1%
Total Mfg	5,60,000	13,96,000	9,00,000	7,90,000	9,00,000	11,55,000	8,74,000	6,93,574
Growth %	-16.4%	9.1%	34.3%	12.9%	60.7%	-17.3%	-2.9%	-12.2%
Traded								
MOP	20,000	66,000	40,000	50,000	30,000	81,000	50,000	35,904
Growth %	0.0%	65.0%	0.0%	66.7%	50.0%	22.7%	25.0%	-28.2%
DAP Traded	30,000	18,000	10,000	10,000	60,000	1,65,000	62,000	57,798
Growth %	-25.0%	-86.2%	-85.7%	-66.7%	100.0%	816.7%	520.0%	478.0%
Urea	70,000	1,48,000	1,50,000	1,10,000	60,000	1,92,000	2,80,000	67,711
Growth %	0.0%	-63.0%	-40.0%	-54.2%	-14.3%	29.7%	86.7%	-38.4%
Total Trading	1,20,000	2,32,000	2,00,000	1,70,000	1,50,000	4,38,000	3,92,000	1,61,414
Growth %	-7.7%	-59.3%	-44.4%	-43.3%	25.0%	88.8%	118.0%	2.5%
Total	6,80,000	16,28,000	11,00,000	9,60,000	10,50,000	15,93,000	13,10,000	8,67,901
Growth %	-15.0%	-12.0%	6.8%	-4.0%	54.4%	-2.1%	19.1%	-9.6%

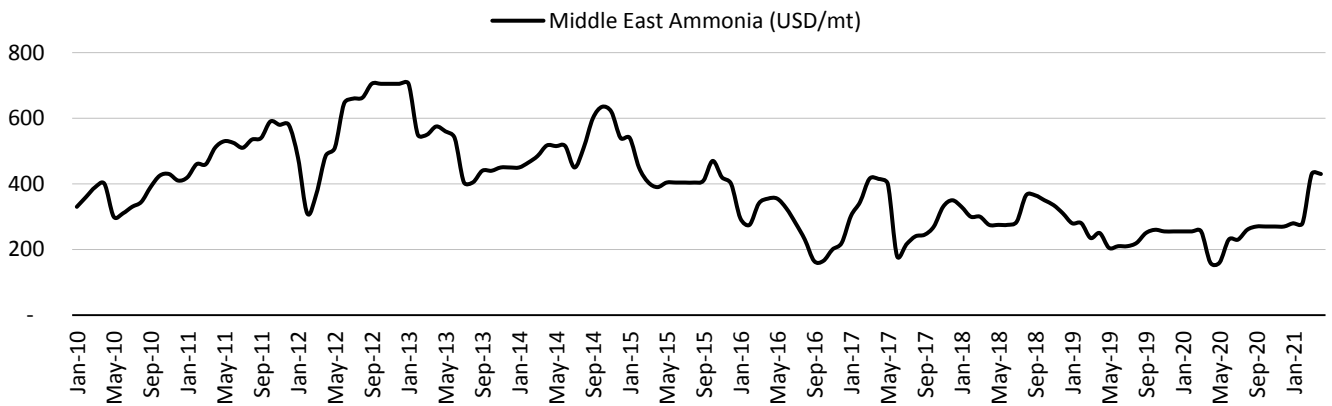
Source: MOFSL, Department of Fertilizer

Exhibit 8: Phos acid price trends



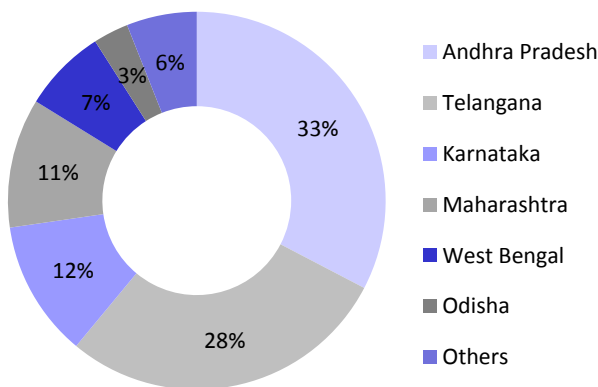
Source: MOFSL, Bloomberg

Exhibit 9: Middle East Ammonia price trends



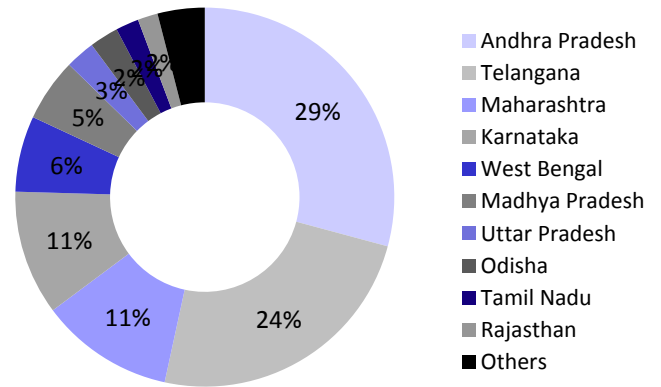
Source: MOFSL, Bloomberg

Exhibit 10: Six key states contribute 94% to DAP & NPKS volumes (FY21) for CRIN



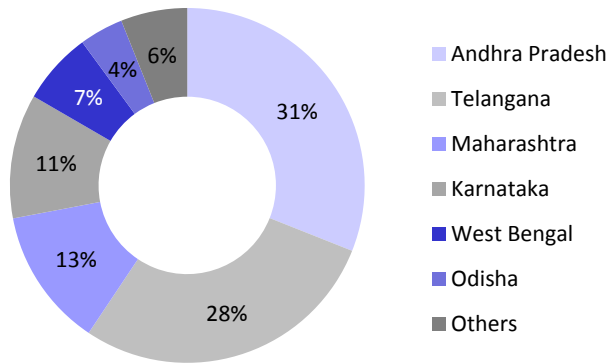
Others include: Madhya Pradesh, Chhattisgarh, Tamil Nadu, Bihar Uttar Pradesh & Puducherry Source: Dept of Fertilizer, MOFSL

Exhibit 11: CRIN's state-wise fertilizer volume mix (FY21)



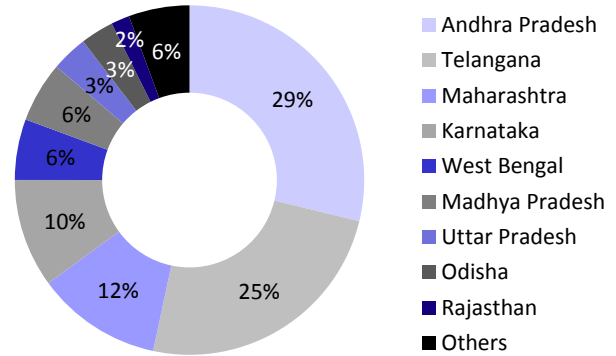
Others include: Tamil Nadu, Chhattisgarh, Bihar, Gujarat, Punjab, Haryana, Uttarakhand and Puducherry Source: Dept of Fertilizer, MOFSL

Exhibit 12: Six key states contribute 94% to DAP & NPKS volumes (FY20) for CRIN



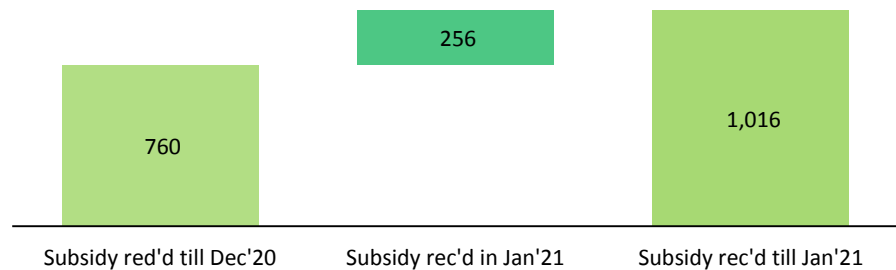
Others include: Madhya Pradesh, Chhattisgarh, Tamil Nadu, Bihar Uttar Pradesh & Puducherry Source: Dept of Fertilizer, MOFSL

Exhibit 13: CRIN's state-wise fertilizer volume mix (FY20)



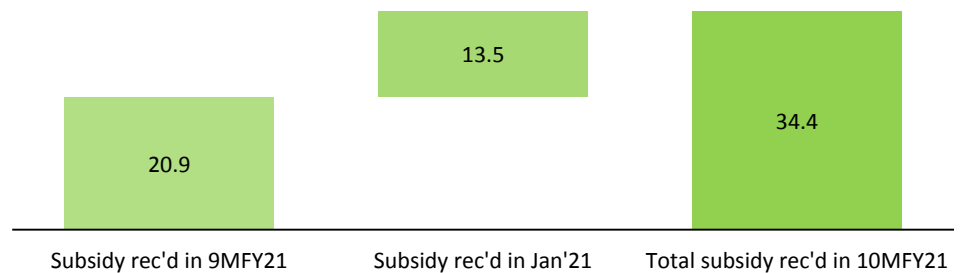
Others include: Tamil Nadu, Chhattisgarh, Bihar, Gujarat, Punjab, Haryana, Uttarakhnad and Puducherry Source: Dept of Fertilizer, MOFSL

Exhibit 14: Fertilizer industry receives substantial subsidy in Jan'21 (INR b)



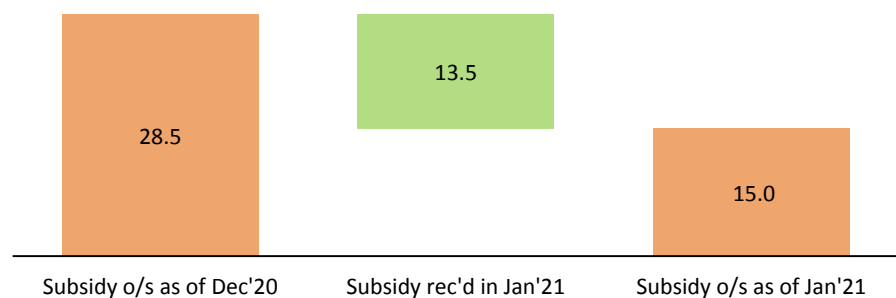
Source: Ministry of Fertilizer, MOFSL

Exhibit 15: CRIN receives higher subsidy payment from government in Jan'21 (INR b)



Source: Ministry of Fertilizer, MOFSL

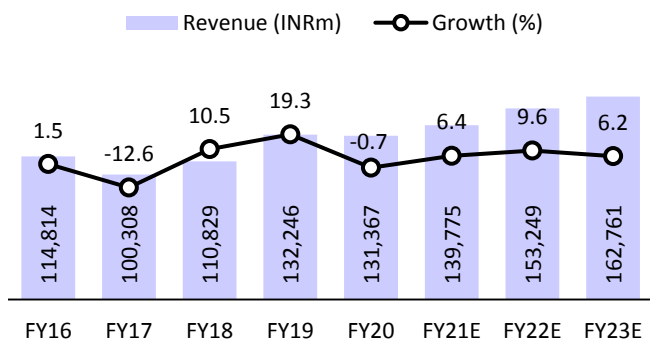
Exhibit 16: Subsidy o/s down substantially for CRIN in Jan'21 (INR b)



Source: Ministry of Fertilizer, MOFSL

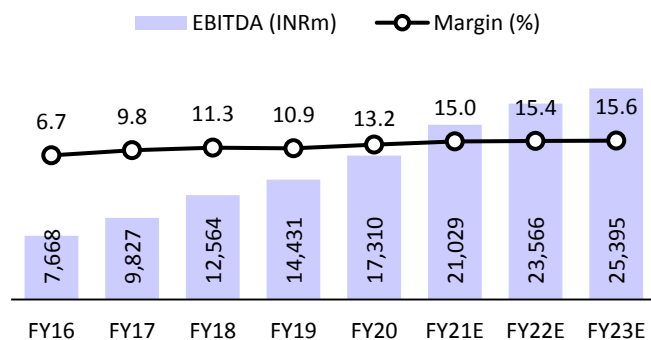
Story in charts

Exhibit 17: Expect revenue CAGR of 8% over FY21–23



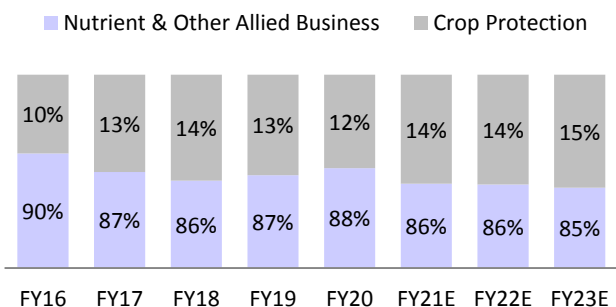
Source: Company, MOFSL

Exhibit 18: Margins to expand 60bp over FY21–23



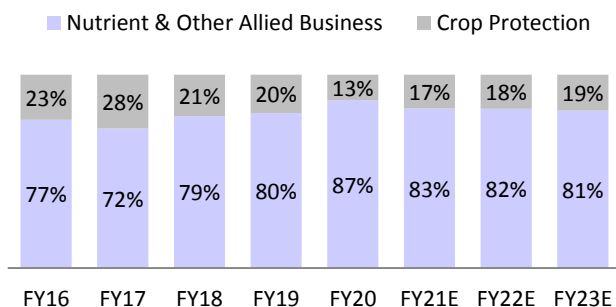
Source: Company, MOFSL

Exhibit 19: Segment-wise revenue mix



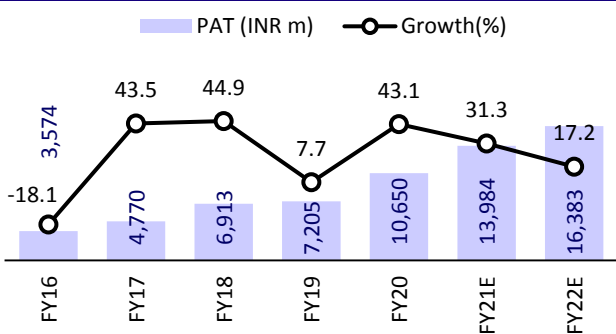
Source: Company, MOFSL

Exhibit 20: Segment-wise EBITDA mix



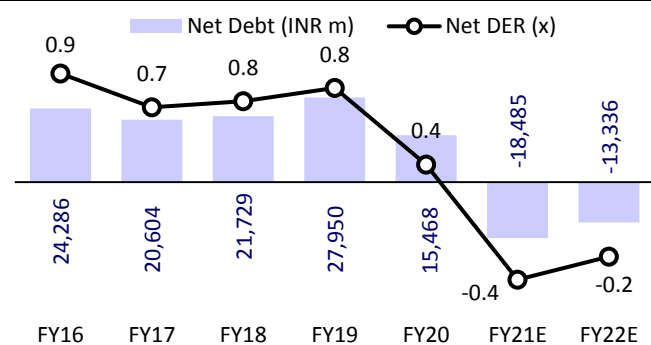
Source: Company, MOFSL

Exhibit 21: Expect adj. PAT CAGR of 13% over FY20–22



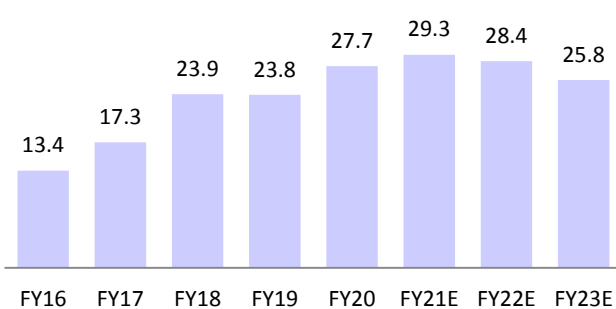
Source: Company, MOFSL

Exhibit 22: Net DE (INR m)



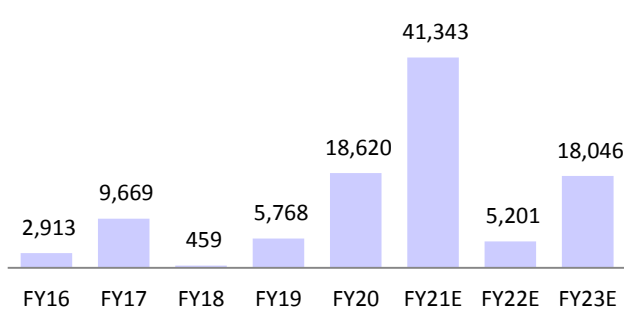
Source: Company, MOFSL

Exhibit 23: RoE (%) trend



Source: Company, MOFSL

Exhibit 24: Operating cash flow to remain strong (INR m)



Source: Company, MOFSL

Financials and valuations

Consolidated – Income Statement								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Total Income from Operations	1,14,814	1,00,308	1,10,829	1,32,246	1,31,367	1,39,775	1,53,249	1,62,761
Change (%)	1.5	(12.6)	10.5	19.3	(0.7)	6.4	9.6	6.2
EBITDA	7,668	9,827	12,564	14,431	17,310	21,029	23,566	25,395
Margin (%)	6.7	9.8	11.3	10.9	13.2	15.0	15.4	15.6
Depreciation	1,061	1,007	991	1,138	1,580	1,723	1,962	2,237
EBIT	6,607	8,820	11,573	13,292	15,730	19,306	21,605	23,158
Int. and Finance Charges	2,209	2,238	1,783	2,507	2,353	1,043	404	234
Other Income	665	548	597	371	400	408	693	797
PBT bef. EO Exp.	5,062	7,130	10,387	11,156	13,777	18,671	21,894	23,721
EO Expense/(Income)	250	0	0	-239	0	0	0	0
PBT after EO Exp.	5,312	7,130	10,387	10,917	13,777	18,671	21,894	23,721
Current Tax	1,878	2,432	3,539	3,874	3,686	4,748	5,511	5,971
Deferred Tax	-161	-78	-71	-153	-551	0	0	0
Total Tax	1,716	2,353	3,468	3,721	3,135	4,748	5,511	5,971
Tax Rate (%)	32.3	33.0	33.4	34.1	22.8	25.4	25.2	25.2
Less: MI/Sh of profit/loss of JV & Ass.	22	7	6	-8	-8	-61	0	0
Reported PAT	3,574	4,770	6,913	7,205	10,650	13,984	16,383	17,751
Adjusted PAT	3,324	4,770	6,913	7,443	10,650	13,984	16,383	17,751
Change (%)	-18.1	43.5	44.9	7.7	43.1	31.3	17.2	8.3
Margin (%)	2.9	4.8	6.2	5.6	8.1	10.0	10.7	10.9

Consolidated – Balance Sheet								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	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	51,945	62,703	74,125
Net Worth	26,340	28,908	28,963	33,584	43,177	52,238	62,996	74,418
Deferred Liabilities	1,679	1,495	1,254	1,123	578	578	578	578
Total Loans	26,267	22,284	27,284	29,545	16,251	5,251	4,751	2,751
Capital Employed	54,286	52,686	57,501	64,252	60,007	58,068	68,325	77,747
Gross Block	23,550	24,612	25,625	26,631	31,166	33,166	38,166	43,166
Less: Accum. Deprn.	10,250	11,257	12,248	13,387	14,967	16,690	18,652	20,888
Net Fixed Assets	13,300	13,355	13,376	13,244	16,200	16,476	19,514	22,278
Goodwill on Consolidation	3	3	3	3	3	3	3	3
Capital WIP	309	137	375	1,756	654	140	153	163
Current Investments	3	1	1	1	0	0	0	0
Total Investments	4,772	3,885	2,214	2,008	2,113	2,113	2,113	2,113
Curr. Assets, Loans&Adv.	73,433	69,071	82,515	88,728	82,517	90,369	1,03,319	1,13,880
Inventory	23,458	17,246	22,625	32,414	26,971	26,806	31,490	33,444
Account Receivables	16,419	16,217	15,777	18,244	17,341	18,381	20,153	21,404
Govt Subsidies Receivable	23,671	25,570	26,269	23,935	23,162	8,042	18,894	20,066
Cash and Bank Balance	1,978	1,678	5,554	1,593	783	23,737	18,087	23,358
Loans and Advances	7,908	8,359	12,291	12,542	14,259	13,403	14,695	15,607
Curr. Liability & Prov.	37,531	33,764	40,983	41,488	41,481	51,034	56,778	60,690
Account Payables	32,329	29,345	33,786	37,625	33,481	37,522	41,678	44,654
Other Current Liabilities	4,945	4,129	6,952	3,542	7,643	8,042	8,817	8,918
Provisions	257	289	244	321	357	5,470	6,283	7,117
Net Current Assets	35,902	35,307	41,532	47,240	41,036	39,335	46,541	53,190
Appl. of Funds	54,286	52,686	57,501	64,252	60,007	58,068	68,325	77,747

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Basic (INR)								
EPS	11.4	16.4	23.6	25.4	36.3	47.7	55.9	60.6
Cash EPS	15.1	19.8	27.0	29.3	41.7	53.6	62.6	68.2
BV/Share	90.4	99.1	99.1	114.8	147.4	178.3	215.0	254.0
DPS	2.5	4.0	6.5	6.5	12.0	14.0	16.0	18.0
Payout (%)	24.5	29.4	33.0	31.7	39.6	35.2	34.3	35.7
Valuation (x)								
P/E				29.7	20.8	15.9	13.5	12.5
Cash P/E				25.8	18.1	14.1	12.1	11.1
P/BV				6.6	5.1	4.2	3.5	3.0
EV/Sales				1.9	1.8	1.5	1.4	1.2
EV/EBITDA				17.3	13.7	9.7	8.8	7.9
Dividend Yield (%)				0.9	1.6	1.8	2.1	2.4
FCF per share				8.7	51.8	136.0	0.6	44.5
Return Ratios (%)								
RoE	13.4	17.3	23.9	23.8	27.7	29.3	28.4	25.8
RoCE	10.1	12.1	15.1	15.1	20.3	25.1	26.6	24.7
RoIC	10.4	12.5	16.0	16.2	21.1	32.5	40.4	34.6
Working Capital Ratios								
Fixed Asset Turnover (x)	5	4	4	5	4	4	4	4
Asset Turnover (x)	2.1	1.9	1.9	2.1	2.2	2.4	2.2	2.1
Inventory (Days)	75	63	75	89	75	70	75	75
Debtor (Days)	52	59	52	50	48	48	48	48
Govt Subs Receivable (days)	75	93	87	66	64	21	45	45
Creditor (Days)	135	150	162	147	135	145	145	145
Others (Days)								
Working Capital Turnover (Days)	108	122	118	126	112	41	68	67
Leverage Ratio (x)								
Current Ratio	2.0	2.0	2.0	2.1	2.0	1.8	1.8	1.9
Interest Cover Ratio	3	4	6	5	7	19	53	99
Debt/Equity	1.0	0.8	0.9	0.9	0.4	0.1	0.1	0.0

Consolidated – Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
NP/(Loss) Before Tax and EO Items	5,062	7,130	10,387	11,156	13,777	18,671	21,894	23,721
Depreciation	1,061	1,007	991	1,138	1,580	1,723	1,962	2,237
Interest & Finance Charges	1,545	1,690	119	1,783	2,353	1,043	-289	-563
Direct Taxes Paid	-1,716	-2,353	-3,498	-3,709	-3,135	-4,748	-5,511	-5,971
(Inc)/Dec in WC	-3,039	2,195	-7,540	-4,601	4,044	24,654	-12,855	-1,378
CF from Operations	2,913	9,669	459	5,768	18,620	41,343	5,201	18,046
Others	0	0	2,174	-504	0	0	0	0
CF from Operating incl EO	2,913	9,669	2,633	5,264	18,620	41,343	5,201	18,046
(inc)/dec in FA	-869	-890	-1,230	-2,731	-3,434	-1,485	-5,013	-5,010
Free Cash Flow	2,044	8,779	1,402	2,534	15,186	39,858	187	13,036
(Pur)/Sale of Investments	-275	887	0	0	-105	0	0	0
Others	665	548	2,483	-4,053	1,320	14	693	797
CF from Investments	-479	546	1,253	-6,784	-2,219	-1,471	-4,320	-4,212
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	-11,000	-500	-2,000
Interest Paid	-2,209	-2,238	-1,801	-2,511	-2,353	-1,043	-404	-234
Dividend Paid	-876	-1,403	-2,813	-2,292	-4,219	-4,922	-5,626	-6,329
Others	-5,517	-2,890	0	0	2,654	47	0	0
CF from Fin. Activity	-3,556	-10,513	-10	-2,441	-17,211	-16,918	-6,529	-8,563
Inc/Dec of Cash	-1,121	-299	3,876	-3,961	-810	22,954	-5,649	5,271
Add: Beginning Balance	3,099	1,977	1,678	5,554	1,593	783	23,737	18,087
Closing Balance	1,977	1,678	5,554	1,593	783	23,737	18,087	23,358

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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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