Coromandel International

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CRIN IN
Equity Shares (m)	292
M.Cap.(INRb)/(USDb)	288.1 / 3.5
52-Week Range (INR)	1094 / 839
1, 6, 12 Rel. Per (%)	1/3/-23
12M Avg Val (INR M)	466

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	296.3	262.4	276.0
EBITDA	29.3	29.3	31.5
PAT	20.1	20.1	21.8
EBITDA (%)	9.9	11.2	11.4
EPS (INR)	68.5	68.4	74.3
EPS Gr. (%)	31.5	-0.1	8.7
BV/Sh. (INR)	269.0	323.3	381.7
Ratios			
Net D/E	-0.2	-0.3	-0.3
RoE (%)	28.2	23.1	21.1
RoCE (%)	30.5	24.6	22.2
Payout (%)	17.5	20.5	21.5
Valuations			
P/E (x)	14.3	14.3	13.2
EV/EBITDA (x)	9.4	8.9	8.1
Div Yield (%)	1.2	1.4	1.6
FCF Yield (%)	0.1	5.8	3.5

Shareholding pattern (%)

	Jun-23	Mar-23	Jun-22
Promoter	57.4	57.4	57.5
DII	20.6	18.9	20.1
FII	7.6	9.4	8.0
Others	14.4	14.3	14.4

CMP: INR980 TP: INR1,185 (+21%) Buy

Strong volume and stable margin support earnings

Operating performance better than expected

- Coromandel International (CRIN) posted 3% YoY EBIT growth in 1QFY24, led by a healthy 11.5% EBIT growth in the Nutrients & Allied business (EBIT contribution: 88%), while the Crop Protection business (EBIT contribution: 12%) registered a ~37% YoY decline in EBIT.
- Factoring in its 1QFY24 performance, we retain our earnings for FY24E/ FY25E – despite raising our fertilizer EBITDA by 5%/6% – as crop protection EBITDA is cut by 13%/11%. **Reiterate BUY.**

Margins sustain YoY due to healthy fertilizer business

- CRIN reported a revenue of INR56.9b (est. INR50.9b) in 1QFY24, down 1% YoY, owing to lower subsidy realization in the fertilizer business. Total phosphate fertilizer manufacturing volumes (including SSP) rose 11% YoY to 937KMT, while total manufacturing DAP and NPK volumes grew 10% YoY to 758KMT during the quarter.
- Nutrients & Other allied business/Crop Protection segments' revenue came in at INR52b/INR5.5b (up 2%/down 17% YoY) in 1QFY24. Crop protection performance was hit by industry headwinds and sub-normal rainfall in its key market.
- EBITDA grew 3% YoY to INR7.1b (est. INR6.6b). As per our calculations, manufacturing EBITDA/MT (including SSP) stood at INR6,754 (up 1% YoY/ 61% QoQ). The same for phosphate fertilizers (DAP and NPK) stood at INR8,113 (up 4% YoY/61% QoQ).
- EBIT margin of the Crop Protection segment contracted 310bp YoY to 10% during the quarter.
- Adjusted PAT declined 1% YoY to INR4.9b (est. INR4.7b) in 1QFY24.

Highlights from the management commentary

- **Indian Agri Scenario:** SW monsoon picked up in the last one month, currently 7% above its LPA. Crop sowing improved majorly in paddy and maize. Reservoir levels at ~111% of LPA. Management expects a positive outlook for Indian agriculture.
- **Subsidy** outstanding as of Jun'23 stood at INR28.2b v/s INR27.3b in 1QFY23. Subsidy received from the government stood at INR20.69b.
- **Nano DAP:** The company did the soft launch of Nano DAP in 1QFY24 and is expected to introduce the product in 2HFY24. CRIN will start with an initial capacity of ~20m bottles p.a. from its new Kakinada plant.

Sumant Kumar - Research Analyst (Sumant.Kumar@MotilalOswal.com)
Research Analyst: Meet Jain (Meet.Jain@MotilalOswal.com) / **Omkar Shintre** (Omkar.Shintre@MotilalOswal.com)

Valuation and view

- Operating performance of the Fertilizer business will be largely driven by volumes as EBITDA/MT is currently at the peak level and will have limited upside from hereon. Crop Protection's operating performance will be under pressure in FY24, while, recovery is expected in FY25.
- Factoring in its 1QFY24 performance, we retain our earnings for FY24E/ FY25E – despite raising our fertilizer EBITDA by 5%/6% – as crop protection EBITDA is cut by 13%/11%.
- We value the stock at 16x FY25E EPS to arrive at our TP of INR1,185. **Reiterate BUY**.

Quarterly Performance (INR m)

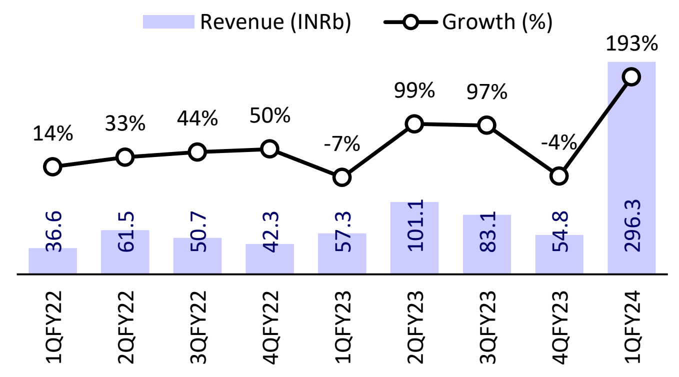
Y/E March	FY23				FY24				FY23	FY24E	FY24	Var
Consolidated	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Net Sales	**57,291**	**1,01,134**	**83,096**	**54,758**	**56,934**	**81,639**	**71,907**	**51,942**	**2,96,279**	**2,62,421**	**50,921**	**12**
YoY Change (%)	56.4	64.5	63.8	29.5	-0.6	-19.3	-13.5	-5.1	55.0	-11.4	-11.1	
Total Expenditure	50,437	90,564	75,290	50,726	49,842	71,494	64,407	47,417	2,67,017	2,33,159	44,355	
EBITDA	**6,854**	**10,570**	**7,806**	**4,032**	**7,092**	**10,145**	**7,500**	**4,525**	**29,262**	**29,262**	**6,566**	**8**
Margins (%)	12.0	10.5	9.4	7.4	12.5	12.4	10.4	8.7	9.9	11.2	12.9	
Depreciation	446	457	471	446	481	510	525	500	1,820	2,016	490	
Interest	266	542	568	524	405	350	320	280	1,900	1,355	220	
Other Income	536	311	396	469	445	249	317	375	1,711	1,385	429	
PBT before EO expense	**6,678**	**9,881**	**7,163**	**3,531**	**6,651**	**9,534**	**6,972**	**4,120**	**27,253**	**27,277**	**6,284**	
PBT	**6,678**	**9,881**	**7,163**	**3,531**	**6,651**	**9,534**	**6,972**	**4,120**	**27,253**	**27,277**	**6,284**	
Tax	1,703	2,481	1,794	901	1,674	2,400	1,755	1,037	6,879	6,866	1,582	
Rate (%)	25.5	25.1	25.0	25.5	25.2	25.2	25.2	25.2	25.2	25.2	25.2	
MI & P/L of Asso. Cos.	-15	-6	100	166	36	-6	105	174	245	309	-16	
Reported PAT	**4,991**	**7,406**	**5,269**	**2,464**	**4,940**	**7,140**	**5,112**	**2,909**	**20,129**	**20,102**	**4,719**	
Adj PAT	**4,991**	**7,406**	**5,269**	**2,464**	**4,940**	**7,140**	**5,112**	**2,909**	**20,129**	**20,102**	**4,719**	**5**
YoY Change (%)	47.8	42.6	38.1	-15.0	-1.0	-3.6	-3.0	18.0	31.7	(0.1)	(5.5)	
Margins (%)	8.7	7.3	6.3	4.5	8.7	8.7	7.1	5.6	6.8	7.7	9.3	

Key Performance Indicators

Y/E March	FY23				FY24E				FY23	FY24E
Consolidated	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume Growth (%)	**2.7**	**20.2**	**45.9**	**38.6**	**20.3**	**4.5**	**4.2**	**2.2**	**26.4**	**20.3**
Manufacturing (%)	**-11.1**	**17.0**	**20.3**	**3.7**	**10.6**	**6.0**	**6.1**	**6.1**	**8.2**	**10.6**
Trading (%)	**183.3**	**29.1**	**163.7**	**126.6**	**59.9**	**0.7**	**0.1**	**-2.2**	**97.4**	**59.9**
Mfg EBITDA/MT (INR)	**6,715**	**6,323**	**5,320**	**4,196**	**6,754**	**5,800**	**4,900**	**4,000**	**0**	**0**
Crop Protection Revenue Gr (%)	4.6	0.8	5.0	10.7	-17.1	7.2	11.2	5.7	0.0	0.0
Cost Break-up										
RM Cost (% of sales)	75.3	81.4	80.5	77.4	74.1	77.6	76.9	74.3	**79.2**	**74.1**
Staff Cost (% of sales)	2.7	1.7	2.0	3.0	2.9	2.3	2.5	3.4	**2.2**	**2.9**
Freight Cost (% of sales)	4.3	3.0	4.0	4.6	5.3	3.8	4.8	5.2	**3.8**	**5.3**
Other Cost (% of sales)	5.7	3.5	4.1	7.7	5.2	3.9	5.3	8.4	**4.8**	**5.2**
Gross Margins (%)	24.7	18.6	19.5	22.6	25.9	22.4	23.1	25.7	**20.8**	**25.9**
EBITDA Margins (%)	12.0	10.5	9.4	7.4	12.5	12.4	10.4	8.7	**9.9**	**12.5**
EBIT Margins (%)	11.2	10.0	8.8	6.5	11.6	11.8	9.7	7.7	**9.3**	**10.4**

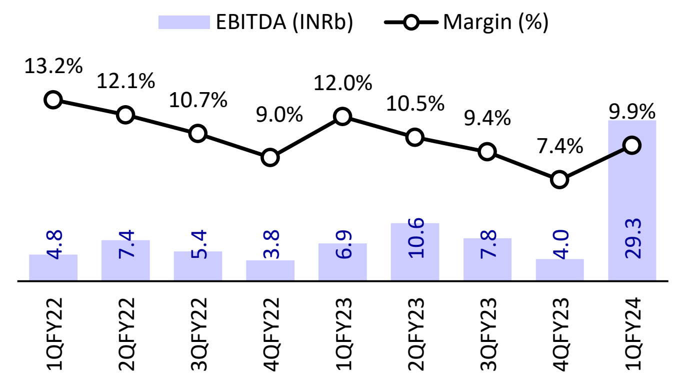
Key exhibits

Exhibit 1: Revenue trend



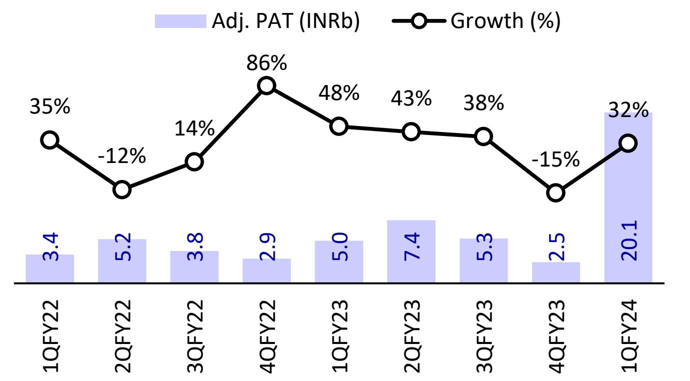
Source: Company, MOFSL

Exhibit 2: EBITDA trend



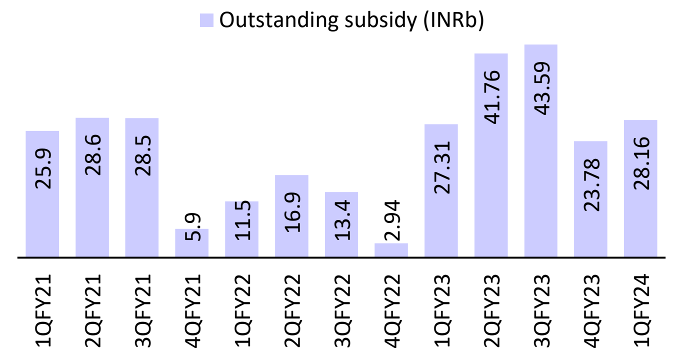
Source: Company, MOFSL

Exhibit 3: Adjusted PAT trend



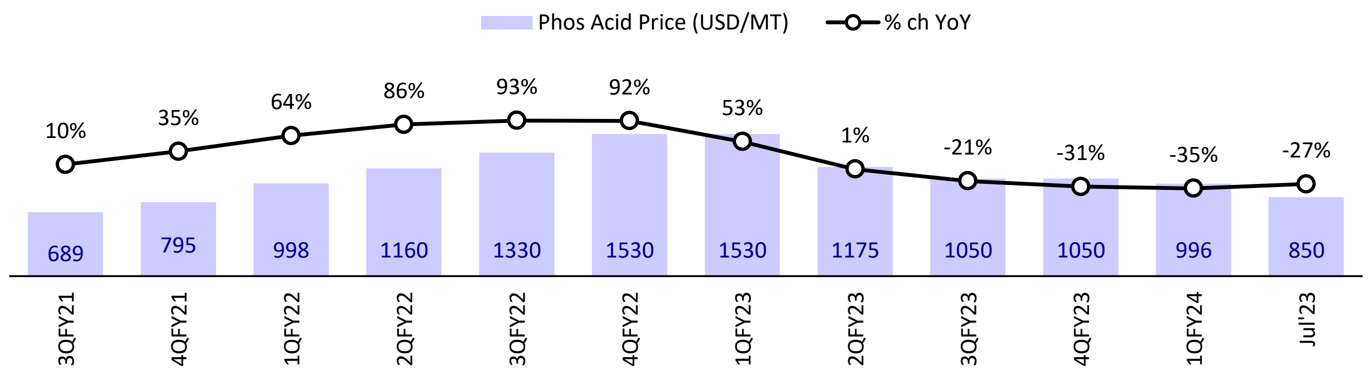
Source: Company, MOFSL

Exhibit 4: Trend in outstanding subsidy



Source: Company, MOFSL

Exhibit 5: Price trend in phosphoric acid



Source: Company, Bloomberg, MOFSL

Exhibit 6: Segmental revenue and EBIT trends

INR m	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Segment revenue									
Nutrient and Other Allied	30,705	54,784	44,836	36,828	51,105	94,612	77,098	48,806	2,71,622
YoY growth (%)	*9%*	*36%*	*47%*	*56%*	*66%*	*73%*	*72%*	*33%*	*63%*
Crop Protection	6,315	7,015	6,216	5,561	6,607	7,068	6,526	6,155	26,356
YoY growth (%)	*50%*	*10%*	*22%*	*8%*	*5%*	*1%*	*5%*	*11%*	*5%*
Less: Inter-segment	380	323	316	120	422	547	528	203	1,699
Total	**36,639**	**61,475**	**50,736**	**42,268**	**57,291**	**1,01,134**	**83,096**	**54,758**	**2,96,279**
Segment EBIT									
Nutrient and Other Allied	3,987	6,121	4,373	3,248	6,022	9,553	6,972	3,390	25,937
Margin (%)	*13.0%*	*11.2%*	*9.8%*	*8.8%*	*11.8%*	*10.1%*	*9.0%*	*6.9%*	*0.0%*
Crop Protection	823	1,198	928	735	867	1,053	810	928	3,658
Margin (%)	*13.0%*	*17.1%*	*14.9%*	*13.2%*	*13.1%*	*14.9%*	*12.4%*	*15.1%*	*0.0%*
Unallocable expense	402	307	291	640	481	493	447	731	2,153
Total	**4,408**	**7,011**	**5,010**	**3,343**	**6,408**	**10,112**	**7,335**	**3,587**	**27,442**

Source: Company, MOFSL

Exhibit 7: Volume trend

Quarterly volume trend ('000MT)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Manufactured									
NPK	675	902	680	513	629	1,072	886	531	714
Growth (%)	*7%*	*-4%*	*2%*	*0%*	*-30%*	*58%*	*73%*	*-16%*	*14%*
DAP	92	25	74	30	59	34	28	7	44
Growth (%)	*-34%*	*58%*	*72%*	*1884%*	*133%*	*-54%*	*-7%*	*-88%*	*-25%*
SSP	186	226	185	159	159	243	216	190	179
Growth (%)	*43%*	*12%*	*17%*	*-12%*	*-30%*	*31%*	*36%*	*19%*	*13%*
Total Manufacturing	**953**	**1,153**	**939**	**702**	**847**	**1,349**	**1,130**	**728**	**937**
Growth (%)	*6%*	*0%*	*8%*	*1%*	*-27%*	*44%*	*61%*	*-14%*	*11%*
Traded									
MOP	15	11	0	0	4	20	2	1	11
Growth (%)	*-50%*	*-67%*	*-100%*	*-100%*	*-64%*	*NA*	*NA*	*NA*	*175%*
DAP Traded	2	157	55	53	39	137	136	87	97
Growth (%)	*-96%*	*-5%*	*-11%*	*-12%*	*-75%*	*149%*	*157%*	*123%*	*149%*
NPK Traded	8	8	8	8	0	0	0	0	0
Urea	48	203	132	225	164	371	400	542	223
Growth (%)	*-20%*	*244%*	*-52%*	*140%*	*-19%*	*181%*	*78%*	*230%*	*36%*
Total Trading	**73**	**378**	**195**	**286**	**207**	**528**	**538**	**630**	**331**
Growth (%)	*-51%*	*47%*	*-55%*	*38%*	*-45%*	*171%*	*88%*	*204%*	*60%*
Total Trading + Mfg.	**1,026**	**1,531**	**1,134**	**988**	**1,054**	**1,877**	**1,668**	**1,358**	**1,268**
Growth (%)	*-2%*	*8%*	*-13%*	*10%*	*-31%*	*66%*	*69%*	*29%*	*20%*
Total NPK (mfg. + trading)	**683**	**909**	**688**	**521**	**629**	**1,072**	**886**	**531**	**714**
Growth (%)	*8%*	*-3%*	*-3%*	*-1%*	*-31%*	*56%*	*70%*	*-16%*	*14%*
Total DAP (mfg. + trading)	**94**	**182**	**129**	**83**	**98**	**171**	**164**	**94**	**141**
Growth (%)	*-53%*	*1%*	*23%*	*35%*	*-46%*	*33%*	*98%*	*-4%*	*44%*
Total phosphatic fertilizer	**777**	**1,091**	**817**	**604**	**727**	**1,243**	**1,050**	**625**	**855**
Growth (%)	*-6%*	*-2%*	*0%*	*3%*	*-33%*	*52%*	*74%*	*-14%*	*18%*

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Agri scenario

- SW monsoon picked up in the last one month, currently 7% above its LPA.
- Witnessing improved crop sowing majorly in paddy and maize
- Reservoir levels are constantly improving and at ~111% of LPA as of 28th Jul'23.
- The company is expecting healthy Indian agriculture scenario going forward.

Company-specific

- The company maintains it EBITDA/MT guidance for FY24 at ~INR5,500-INR6,000/MT for manufacturing fertilizers (NPK and DAP).
- Global supplies of key commodities dropped from 2022 peak but are not stable
- Decline in revenue by 1% YoY was due to a dip in raw material prices along with lower subsidy rate this quarter v/s 1QFY23.
- Revenue mix of Subsidy and Non-subsidy stood at 86:14 v/s 83:17% in 1QFY23
- EBITDA subsidy share in 1QFY24 was 84% v/s 77% in 1QFY23
- The company received subsidy of INR20.7b in 1QFY24 v/s INR1.36b in 1QFY23
- Outstanding subsidy as of Jun'23 is INR28.2b v/s INR27.3b in 1QFY23
- The company earned Net Interest Income of INR110m v/s INR220m in 1QFY23.
- Significant moderation has happened in the subsidies rate, while MRP has remained the same that resulted in a fall in raw material prices.
- Benefit of the decline in raw material prices will reflect in the next quarter but will be partly offset by decline in Subsidy rates.
- **For SSP,** there has been a good traction from the government for incentivizing the product. Major raw materials of SSP are rock phosphate and sulphuric acid.
  - The rock phosphate prices are holding closer to last year prices while sulphuric acid prices have fallen. However, Rock phosphate's prices are trending down slowly but not at the same pace of other raw materials. This can have an impact on the SSP margin.
  - Generally, SSP margin hovers around INR2,000-2,500/MT but this time it will be ~INR2,000/MT.
- The company is expecting the MRP of fertilizers to drop this year. However, MRP in Jul'23 is similar to 1QFY24 levels.

Nano Urea and DAP

- Government is supporting Nano DAP and Urea and it is focusing on drone application
- During the quarter, the company conducted soft launch of 'Nano DAP', a cutting-edge nanotechnology-based fertilizer, developed at its R&D center.
- The product is expected to be introduced in 2HFY24 and can provide impetus to sustainable farming practices by providing site-specific nutrition and improving nutrient's use efficiency.
- Raw materials for Nano DAP and Urea are indigenously available
- The company is setting up a plant in Kakinada that will be operational by Oct'23.
- CRIN will be initially targeting products with high vegetation such as tomato.
- Initial capacity for Nano DAP and Urea will be ~20m bottle p.a. to be produced from its Kakinada plant.

- Pricing of Nano DAP and Urea will be based on market condition and considering farmers interest as well.
- The company is seeing a potential to replace ~50% of the traditional DAP and urea with the Nano version, but this will take some time.

Drone

- In addition to strengthening its core business activities, the company is focusing on new opportunities in adjacent and step out areas.
- As part of this approach, CRIN acquired a majority shareholding in Dhaksha Unmanned Systems Pvt. Ltd (Dhaksha), a Chennai-based differentiated drone start-up.
- Dhaksha is a leading player in drone space in India, providing complete range of Unmanned Aerial Systems (UAS) technology solutions across Agriculture, Defense, Surveillance and Enterprise applications.
- Dhaksha received an order for 400 drones from ISCO for emergency area.
- Dhaksha can also supply drones to defense sector but this will happen in the later stage of the company's evolution.
- This investment made by CRIN in Dhaksha is very future oriented
- The company will use drone for CRIN's liquid fertilizer, specialty nutrient, crop protection business.
- CRIN's role is to support them to reach a scale in the next one to two years.

CDMO

- The company has received enquiries from the Japanese and European clients
- Some of them have done due diligence too.
- The company can do the CDMO business in either of their existing plant or at the new plant in Dahej
- Management's initial focus will be on Agchem only
- The company will first start with contract manufacturing of primary active ingredients and then move up the value chain towards research and development with innovator

Other key highlights

- Major capital expenditure projects like Sulphuric acid and desalination plant are progressing as per schedule and are expected to be commissioned in Aug'23
- Phos Acid price contracted for 2QFY24 at ~USD850
- Export business performed well with 17% YoY growth during the quarter – majorly coming from LATEM
- The Bioproducts business is expanding its non-Azadirachtin portfolio and CRIN is working on its alternate plant extract-based product. Pilot trials have been successful, and business expects to commercialize the product during the year.
- CRIN's complex fertilizers (NPK and DAP) market share in 1QFY24 stood at 13.7% v/s 11.9% in 1QFY23.

Valuation and view

- Operating performance of the Fertilizer business will be largely driven by volumes as EBITDA/MT is currently at the peak level and will have limited upside from hereon. Crop Protection's operating performance will be under pressure in FY24, while, recovery is expected in FY25.
- Going forward, the key growth levers include: i) management's focus on increasing penetration in its existing markets, ii) debottlenecking to raise capacity and strengthen its back-end supply chain, iii) efforts to lower the cost of raw materials, while maintaining the same level of quality, and establish an alternative sourcing destination (which will aid cost savings), iv) inorganic growth, and v) further capacity expansion plans in crop protection (INR10b) for CDMO, specialty, and industrial chemicals.
- Factoring in its 1QFY24 performance, we retain our earnings for FY24E/ FY25E – despite raising our fertilizer EBITDA by 5%/6% – as crop protection EBITDA is cut by 13%/11%.
- We value the stock at 16x FY25E EPS to arrive at our TP of INR1,185. **Reiterate BUY**.

Exhibit 8: Revisions to our estimates

Earnings Change	Old		New		Change	
(INR m)	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	2,57,961	2,71,565	2,62,421	2,76,031	2%	2%
EBITDA	28,582	30,512	29,262	31,519	2%	3%
Adj. PAT	19,877	21,395	20,102	21,846	1%	2%

Source: MOFSL

Financials and valuations

Consolidated - Income Statement (INRm)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	**1,00,308**	**1,10,829**	**1,32,246**	**1,31,367**	**1,41,820**	**1,91,109**	**2,96,279**	**2,62,421**	**2,76,031**
Change (%)	(12.6)	10.5	19.3	(0.7)	8.0	34.8	55.0	(11.4)	5.2
Raw Material Cost	71,210	76,094	93,396	90,556	96,879	1,42,165	2,34,725	1,99,446	2,08,351
Personnel Expenses	3,108	3,619	4,111	4,611	5,386	5,872	6,566	7,126	7,729
Freight and Distribution Expenses	8,278	9,792	10,327	8,844	8,923	10,334	11,384	12,288	12,697
Other Expenses	7,885	8,761	9,981	10,046	10,789	11,239	14,343	14,298	15,734
Total Expenditure	**90,481**	**98,265**	**1,17,815**	**1,14,057**	**1,21,977**	**1,69,610**	**2,67,017**	**2,33,159**	**2,44,511**
EBITDA	**9,827**	**12,564**	**14,431**	**17,310**	**19,843**	**21,499**	**29,262**	**29,262**	**31,519**
Margin (%)	9.8	11.3	10.9	13.2	14.0	11.2	9.9	11.2	11.4
Depreciation	1,007	991	1,138	1,580	1,731	1,727	1,820	2,016	2,315
EBIT	**8,820**	**11,573**	**13,292**	**15,730**	**18,112**	**19,772**	**27,442**	**27,246**	**29,204**
Int. and Finance Charges	2,238	1,783	2,507	2,353	1,057	755	1,900	1,355	1,100
Other Income	548	597	371	400	751	1,443	1,711	1,385	1,524
PBT bef. EO Exp.	**7,130**	**10,387**	**11,156**	**13,777**	**17,806**	**20,460**	**27,253**	**27,277**	**29,629**
EO Expense/(Income)	0	0	-239	0	0	0	0	0	0
PBT after EO Exp.	**7,130**	**10,387**	**10,917**	**13,777**	**17,806**	**20,460**	**27,253**	**27,277**	**29,629**
Current Tax	2,432	3,539	3,874	3,686	4,599	5,187	6,919	6,891	7,457
Deferred Tax	-78	-71	-153	-551	-31	26	-40	-26	0
Total Tax	2,353	3,468	3,721	3,135	4,568	5,213	6,879	6,866	7,457
Tax Rate (%)	33.0	33.4	34.1	22.8	25.7	25.5	25.2	25.2	25.2
Less: MI/Sh of profit/loss of JV & Ass.	7	6	-8	-8	-54	-37	245	309	325
Reported PAT	**4,770**	**6,913**	**7,205**	**10,650**	**13,292**	**15,285**	**20,129**	**20,102**	**21,846**
Adjusted PAT	**4,770**	**6,913**	**7,443**	**10,650**	**13,292**	**15,285**	**20,129**	**20,102**	**21,846**
Change (%)	43.5	44.9	7.7	43.1	24.8	15.0	31.7	-0.1	8.7
Margin (%)	4.8	6.2	5.6	8.1	9.4	8.0	6.8	7.7	7.9
No of fully diluted shares (m)	291.7	292.4	292.5	293.0	293.4	293.5	294.0	294.0	294.0
Adj EPS	**16.4**	**23.6**	**25.4**	**36.3**	**45.3**	**52.1**	**68.5**	**68.4**	**74.3**

Consolidated - Balance Sheet (INRm)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	292	292	293	293	293	294	294	294	294
Total Reserves	28,616	28,670	33,291	42,884	51,213	63,289	78,784	94,769	1,11,912
Net Worth	**28,908**	**28,963**	**33,584**	**43,177**	**51,506**	**63,583**	**79,078**	**95,063**	**1,12,206**
Deferred Liabilities	1,495	1,254	1,123	578	576	660	591	591	591
Total Loans	22,284	27,284	29,545	16,251	16	0	46	46	46
Capital Employed	**52,686**	**57,501**	**64,252**	**60,007**	**52,098**	**64,243**	**79,715**	**95,700**	**1,12,843**
Gross Block	24,612	25,625	26,631	31,166	36,849	39,337	42,245	48,638	54,238
Less: Accum. Deprn.	11,257	12,248	13,387	14,967	16,698	18,424	20,244	22,259	24,574
Net Fixed Assets	**13,355**	**13,376**	**13,244**	**16,200**	**20,151**	**20,913**	**22,001**	**26,378**	**29,664**
Goodwill on Consolidation	3	3	3	3	3	3	3	3	3
Capital WIP	137	375	1,756	654	898	1,412	3,993	5,600	12,000
Current Investments	1	1	1	0	0	0	0	0	0
Total Investments	**3,885**	**2,214**	**2,008**	**2,113**	**2,138**	**2,435**	**2,867**	**2,867**	**2,867**
Curr. Assets, Loans&Adv.	**69,071**	**82,515**	**88,728**	**82,517**	**65,765**	**88,085**	**1,13,484**	**1,15,729**	**1,25,744**
Inventory	17,246	22,625	32,414	26,971	26,009	36,632	44,165	39,543	41,594
Account Receivables	16,217	15,777	18,244	17,341	5,544	2,649	5,893	5,752	6,050
Govt Subsidies Receivable	25,570	26,269	23,935	23,162	5,897	2,941	23,779	17,974	18,906
Cash and Bank Balance	1,678	5,554	1,593	783	7,221	17,533	14,178	26,578	31,969
Loans and Advances	8,359	12,291	12,542	14,259	21,094	28,330	25,470	25,883	27,225
Curr. Liability & Prov.	**33,764**	**40,983**	**41,488**	**41,481**	**36,857**	**48,605**	**62,633**	**54,877**	**57,434**
Account Payables	29,345	33,786	37,625	33,481	29,222	39,135	53,138	45,353	47,379
Other Current Liabilities	4,129	6,952	3,542	7,643	7,281	9,132	9,057	8,628	9,075
Provisions	289	244	321	357	354	337	439	896	981
Net Current Assets	**35,307**	**41,532**	**47,240**	**41,036**	**28,908**	**39,481**	**50,851**	**60,852**	**68,309**
Appl. of Funds	**52,686**	**57,501**	**64,252**	**60,007**	**52,098**	**64,243**	**79,715**	**95,700**	**1,12,843**

Financials and valuations

Ratios									
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Basic (INR)									
EPS	**16.4**	**23.6**	**25.4**	**36.3**	**45.3**	**52.1**	**68.5**	**68.4**	**74.3**
Cash EPS	19.8	27.0	29.3	41.7	51.2	58.0	74.7	75.2	82.2
BV/Share	99.1	99.1	114.8	147.4	175.5	216.6	269.0	323.3	381.7
DPS	4.0	6.5	6.5	12.0	12.0	12.0	12.0	14.0	16.0
Payout (%)	29.4	33.0	31.7	39.6	26.5	23.0	17.5	20.5	21.5
Valuation (x)									
P/E	59.9	41.4	38.5	27.0	21.6	18.8	14.3	14.3	13.2
Cash P/E	49.5	36.2	33.4	23.5	19.1	16.9	13.1	13.0	11.9
P/BV	9.9	9.9	8.5	6.6	5.6	4.5	3.6	3.0	2.6
EV/Sales	3.1	2.8	2.4	2.3	2.0	1.4	0.9	1.0	0.9
EV/EBITDA	31.2	24.5	21.8	17.5	14.1	12.6	9.4	8.9	8.1
Dividend Yield (%)	0.4	0.7	0.7	1.2	1.2	1.2	1.2	1.4	1.6
FCF per share	30.1	4.8	8.7	51.8	121.3	60.6	1.4	57.1	34.0
Return Ratios (%)									
RoE	17.3	23.9	23.8	27.7	28.1	26.6	28.2	23.1	21.1
RoCE	12.1	15.1	15.1	20.3	25.3	27.5	30.5	24.6	22.2
RoIC	12.5	16.0	16.2	21.1	27.4	34.8	40.4	34.2	34.5
Working Capital Ratios									
Fixed Asset Turnover (x)	4	4	5	4	4	5	7	5	5
Asset Turnover (x)	1.9	1.9	2.1	2.2	2.7	3.0	3.7	2.7	2.4
Inventory (Days)	63	75	89	75	67	70	54	55	55
Debtor (Days)	59	52	50	48	14	5	7	8	8
Govt Subs Receivable (days)	93	87	66	64	15	6	29	25	25
Creditor (Days)	150	162	147	135	110	100	83	83	83
Others (Days)									
Working Capital Turnover (Days)	122	118	126	112	56	42	45	48	48
Leverage Ratio (x)									
Current Ratio	2.0	2.0	2.1	2.0	1.8	1.8	1.8	2.1	2.2
Interest Cover Ratio	4	6	5	7	17	26	14	20	27
Debt/Equity	0.8	0.9	0.9	0.4	0.0	0.0	0.0	0.0	0.0

Consolidated - Cash Flow Statement									(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
NP/(Loss) Before Tax and EO Items	7,130	10,387	11,156	13,777	17,806	20,460	27,253	27,277	29,629
Depreciation	1,007	991	1,138	1,580	1,731	1,727	1,820	2,016	2,315
Interest & Finance Charges	1,690	119	1,783	2,353	1,057	755	189	-30	-424
Direct Taxes Paid	-2,353	-3,498	-3,709	-3,135	-4,568	-4,834	-7,038	-6,866	-7,457
(Inc)/Dec in WC	2,195	-7,540	-4,601	4,044	25,476	3,716	-16,520	2,399	-2,066
CF from Operations	**9,669**	**459**	**5,768**	**18,620**	**41,502**	**21,824**	**5,703**	**24,795**	**21,995**
Others	0	2,174	-504	0	0	-1,044	207	0	0
CF from Operating incl EO	**9,669**	**2,633**	**5,264**	**18,620**	**41,502**	**20,781**	**5,910**	**24,795**	**21,995**
(inc)/dec in FA	-890	-1,230	-2,731	-3,434	-5,926	-3,002	-5,489	-8,000	-12,000
Free Cash Flow	**8,779**	**1,402**	**2,534**	**15,186**	**35,576**	**17,779**	**421**	**16,795**	**9,995**
(Pur)/Sale of Investments	887	0	0	-105	-25	-297	-432	0	0
Others	548	2,483	-4,053	1,320	-6,622	-12,921	12,312	1,385	1,524
CF from Investments	**546**	**1,253**	**-6,784**	**-2,219**	**-12,572**	**-16,220**	**6,390**	**-6,615**	**-10,476**
Issue of Shares	0	167	45	1	0	0	1	0	0
Inc/(Dec) in Debt	-3,983	4,437	2,316	-13,294	-16,235	-16	46	0	0
Interest Paid	-2,238	-1,801	-2,511	-2,353	-1,057	-755	-1,900	-1,355	-1,100
Dividend Paid	-1,403	-2,813	-2,292	-4,219	-3,521	-3,522	-3,528	-4,116	-4,704
Others	-2,890	0	0	2,654	-1,679	10,044	-10,273	-309	-325
CF from Fin. Activity	**-10,513**	**-10**	**-2,441**	**-17,211**	**-22,491**	**5,751**	**-15,655**	**-5,781**	**-6,129**
Inc/Dec of Cash	**-299**	**3,876**	**-3,961**	**-810**	**6,438**	**10,312**	**-3,355**	**12,400**	**5,391**
Add: Beginning Balance	1,977	1,678	5,554	1,593	783	7,221	17,533	14,178	26,578
Closing Balance	**1,678**	**5,554**	**1,593**	**783**	**7,221**	**17,533**	**14,178**	**26,578**	**31,969**

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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Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.
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