

# PI Industries

10 September 2020

Reuters: PIL.BO; Bloomberg: PI IN

## Dip in RoE offsets business and earnings growth outlook

PI Industries offers visible growth in topline and earnings from three new units started over 4QFY20 and 1HFY21 as per the Indian agrochem CSM leader's FY20 annual report. The management has also discussed initiatives to beef up R&D capabilities (i) to increase the pace of commercialization of molecules to at least 10 every year and (ii) new chemistry, including the latest in flourination process. New product launches and Isagro Asia acquisition are added growth catalysts that will likely support healthy growth in PI's CSM segment. This is based on innovators looking to Indian companies as alternative sources for critical chemical intermediates in agrochem and other chemical segments, especially in pharma CSM, which the company sees as a new growth engine. PI is already engaged with global and India pharma companies in testing intermediates for a COVID-19 drug, the approval for which is expected in 2HFY21. The QIP proceeds are proposed to be invested in acquiring a block of assets in CSM, including pharma, strengthen the R&D platform and set up production units outside India to reduce the risk of geographic concentration. The interview with the management reveals that PI is looking at finalizing its inorganic investments over the next three quarters. We believe that some more clarity on the use of QIP funds and perhaps limiting the target investments to one or at the most two would have put investors at ease given the likely pressure on PI's RoE in the interim. Rich valuation at PE of 33.3x on Sept 22E EPS is other cause for concern. We maintain our Accumulate rating post marginal increase in our earnings and TP from Rs1,970 to Rs1,995 based on 33.2x PE (5% premium to 3-year average) on pro-forma Sept 22E EPS, assuming M&A upside from QIP proceeds (please refer 1QFY21 result note for details).

**Rolled over base case estimates to FY23E:** We have introduced FY23E, while marginally raising FY21E/FY22E post update of our model based on the FY20 annual report.

**Earnings revision:** We have marginally raised earnings for FY21E/FY22E by 1.3%/2.5%.

**Our TP is based on 33.2x PE on pro-forma Sept 22E EPS of Rs60.1.** The pro-forma EPS is based on the likely addition to PI's revenue and PAT from the new assets likely to be acquired using the QIP funds. Our base case EPS assumes growth from existing assets and the interest income on the QIP money pending its investment in business. We have back-tested our TP with our DCF model, which implies a valuation of Rs1,971.

**Key catalysts:** Launch of new molecules, approval of Covid-19 drug under trial, growth from new units (9, 10 and 11) and the integration of Isagro. Any new contracts, especially in pharma CSM and the closure of new business acquisitions are likely to be added positive catalysts, although further valuation multiple expansion looks unlikely.

**RoE likely to be under pressure over FY20-23E:** We estimate EPS CAGR of 21.1% over FY20-23E based on revenue CAGR OF 21.2% and EBIDTA margin expansion from 21.3% to 22.4%. We see ROIC rising from 18.4% to 19.7% and RoE dipping from 18.6% to 14.2% over FY20-23E.

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenues</b>	<b>28,409</b>	<b>33,665</b>	<b>46,264</b>	<b>55,001</b>	<b>59,934</b>
EBITDA	5,764	7,178	10,198	12,284	13,426
Consol. Net Profit Adjusted*	4,102	4,566	6,700	8,259	8,908
<b>EPS (Rs)</b>	<b>29.72</b>	<b>33.09</b>	<b>44.19</b>	<b>54.48</b>	<b>58.75</b>
EPS gr (%)	11.6	11.3	33.6	23.3	7.8
<b>EBITDA Margin (%)</b>	<b>20.3</b>	<b>21.3</b>	<b>22.0</b>	<b>22.3</b>	<b>22.4</b>
P/E	63.4	57.0	42.7	34.6	32.1
EV/EBITDA	41.9	34.5	24.9	20.7	18.9
FCF yield	0.2	-1.2	0.0	1.0	1.3
Divident Yield	0.2	0.2	0.3	0.4	0.5
Net Debt/Equity (X)	-0.07	0.09	-0.33	-0.34	-0.35
Pre-tax RoCE (%)	24.5	22.4	20.9	18.8	17.9
<b>RoE (%)</b>	<b>19.5</b>	<b>18.6</b>	<b>17.1</b>	<b>14.9</b>	<b>14.2</b>

Source: Company, Nirmal Bang Institutional Equities Research

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## ACCUMULATE

**Sector:** Chemicals

**CMP:** Rs1,886

**Target Price:** Rs1,995

**Upside:** 6%

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### Key Data

Current Shares O/S (mn)	151.7
Mkt Cap (Rsbn/US\$bn)	286.2/3.9
52 Wk H / L (Rs)	2,160/970
Daily Vol. (3M NSE Avg.)	281,995

### Price Performance (%)

	1-M	6-M	1-Yr
PI Industries	(2.1)	24.0	52.2
Nifty Index	0.1	7.9	2.5

Source: Bloomberg

## **Bullish outlook for CSM exports and domestic CPC growth**

### **CSM exports:**

- PI management has given upbeat comments on growth prospects in CSM with orders worth US\$1.5bn.
- The company saw 70% growth in new enquiries in FY20, backed by 20% in non-agrochem, including pharma and specialty chemicals, which offer healthy growth prospects in future.
- Also, PI expects to supply a pharma intermediate for Covid-19 drug based on approvals expected in the next two quarters.
  - The company has already supplied some volume in 1Q21 (CY21 or FY21?) to Japanese and Indian pharma companies for testing and approval.
- Multipurpose Unit 11 has started in 2QFY21. This takes the total number of operating plants to 13, including (a) units 9 and 10 were already started in 4QFY20 and 2 plants at Panoli came with Isagro (Asia) Agrochemicals Pvt. Ltd. acquisition
  - Gives visibility on CSM revenue growth over the next three years (FY21-23E) from units 9 and 10 in FY21-22 and unit 11 in FY22-23. Isagro will also add to revenue and earnings (net of any additional costs on integration).

### **Domestic formulations:**

- The company is also positive on growth outlook for domestic formulations based on the well distributed and above average monsoon, healthy soil moisture and high water storage levels.
- Increase in horticulture and floriculture acreages, higher demand for herbicides due to labour shortage and rising popularity of bio-pesticides are likely to drive future growth of the Indian CPC industry.

### **Strong product portfolio backed by robust distribution network:**

- The company has a big portfolio of brands like NOMINEE GOLD, OSHEEN, BIOVITA, COSKO etc with good recall value.
- Launched two new products - AWKIRA and COSKO SC to good reviews from farmers and channels.
- Robust country-wide distribution network with 9 zonal offices, 28 depots and 1500 field force with health reach covering 10,000 dealerships and more than 1,00,000 retailers across the country.
- Effective use of digital strategy, which further optimises last mile connectivity.

**Exhibit 1: Operating Assumptions**

<b>Custom synthesis( Exports)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>F22E</b>	<b>F23E</b>
<b>Capex Rsmn</b>	<b>3677</b>	<b>6695</b>	<b>6502</b>	<b>5139</b>	<b>6296</b>
Asset Turn- (x)	0.90	0.80	0.70	0.73	0.72
Revenue/Net Block (x)	2.40	1.90	2.01	2.12	2.06
Rev growth	32.58	34.01	28.98	20.34	6.60
EBIDTA margin %	22.86	23.35	22.85	22.85	22.85
<b>Formulations( Domestic)</b>					
Revenue gr %	10.49	13.41	20.00	15.00	15.00
Gross margin %	38.92	37.23	40.00	41.00	41.00
EBIDTA margin %	13.29	12.87	19.98	20.85	20.77
<b>Company</b>					
Gross margin %	45.43	45.12	44.96	45.32	45.38
EBIDTA margin %	20.29	21.32	22.04	22.33	22.40
Revenue gr %	24.76	18.50	37.42	18.88	8.97
EBIDTA gr %	16.80	24.53	42.08	20.45	9.30
PAT gr%	11.59	11.12	46.81	23.30	7.86
Effective Tax rate %	23.74	25.64	24.00	23.50	23.00
<b>Segment revenue Rs mn</b>					
CSM	19205	25140	33196	39947	42584
Formulations	9204	7928	9468	10854	12448
Isagrow	0	597	3600	4200	4902
<b>Total</b>	<b>28409</b>	<b>33665</b>	<b>46264</b>	<b>55001</b>	<b>59934</b>
<b>Segment EBITDA Rs mn</b>					
CSM	4390	5834	7584	9126	9729
Formulations	1374	1169	2074	2444	2766
Others	0	175	540	714	931
<b>Total</b>	<b>5764</b>	<b>7178</b>	<b>10198</b>	<b>12284</b>	<b>13426</b>

Source: Company, Nirmal Bang Institutional Equities Research

**PI R &D outlook:**

PI's R&D team is working on 44 products; 13 have moved to the next stage, 5 to the final commercialisation phase and 3 products have been launched.

PI has also reported that it has withdrawn 5 products.

At least 300-strong department works with global innovators to commercialize patented products and develops technology/processes as well as new products/formulations.

The company works on in-licensing arrangement with global partners while for the domestic business it is involved in co-marketing agreements besides getting registration of its own molecules.

Sound research & product development capability backed by a team of more than 300 research scientists and 130 doctorates specialising in process research and complex chemistries coupled with partnerships with global innovators for in-licensing arrangements for patented/proprietary products for commercializing makes the company well positioned to provide integrated solutions to global customers.

### Product Evaluation & Registration

- PI has a highly competent product evaluation team equipped with the best-in-class tools for data management, product characterization and knowledge generation to help provide farm solutions for various needs through new age chemical ingredients.
- The company also has a robust team of registration professionals to register products in India as well as facilitate the registration services for innovators seeking registration in India. The team specializes in planning and coordinating studies with CRO's related to bio-efficacy, residue and toxicological studies in compliance with the applicable regulations for the purpose of quality data submission and regulatory approvals.

### PI R&D scaling up on new molecules and chemistry

The company has detailed several R&D projects under the R&D section in the FY20 annual report.

This includes the recently commissioned flow-chemistry lab, which is being utilized "to develop commercially viable products to improve productivity, reduce risk and plant footprint." Work on screening new molecules is in progress. PI expects this lab to deliver some "cost-effective alternative process" by end-CY20.

"Strengthened developmental facility in the previous year has resulted in more molecules under scale studies". Management hopes "to commercialize about 10 molecules" in FY21 compared to "5 to 6 in previous years".

The company has initiated process development of a few molecules in the recently completed facility for "fluorination chemical synthesis".

### ISAGRO (ASIA) AGROCHEMICALS PVT LTD deal:

PI has acquired Isagro (Asia) Agrochemicals Pvt. Ltd. (Isagro) from Isagro SPA for about Rs4.5bn, including goodwill of Rs820mn.

According to segment details:

#### Isagro's financials:

Implied revenue of Rs597mn and PAT of Rs135mn from Dec 27, 2019 to March 31, 2020.

Net assets of Rs280mn and non-current assets worth about Rs1.37bn (consolidated less standalone).

#### Exhibit 2: Isagro revenue mix - Rs mn

FY20	AI	Formulation	Total	1QFY21
Domestic	0	325	325	600
Exports	220	52	272	300
<b>Total</b>	<b>220</b>	<b>377</b>	<b>597</b>	<b>900</b>
<b>Share of PI consol revenue %</b>			<b>#7.1%</b>	<b>8.5%</b>

Source: Company, Nirmal Bang Institutional Equities Research,

Note: based on annual report details in standalone and consolidated statement schedules as under above headings

# on annualized basis.

This asset has CSM contracts with the former parent, supported by two plants in Panoli adjacent to PI's facility.

This also has a formulations business, which will be integrated with a separate subsidiary Jivagro Ltd. once the NCLT approves the scheme.

The Isagro Asia CSM will be merged with PI post regulatory approvals.

## Summary of business outlook from PI annual report

### Robust growth prospects for global crop protection market

Global outlook for crop protection chemicals looks healthy, according to the data presented by the company. "Crop protection chemicals (CPC) play a vital role in reducing crop losses from a range of insects, herbs, fungus, nematodes, rodents etc. They play a significant role in improving yields and farm income."

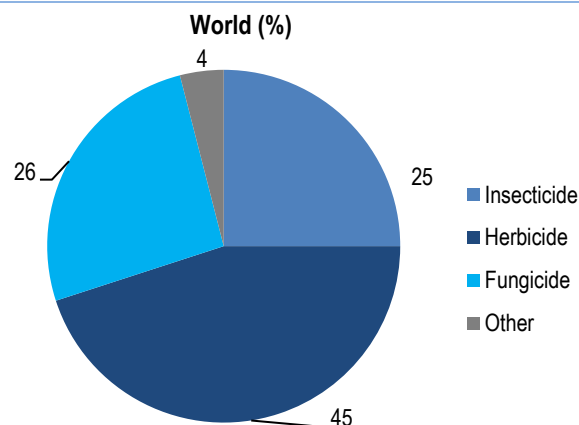
PI management has pointed out that the industry dominated by synthetic products for many decades is **seeing a shift towards bio-pesticides, based on data provided by consultant Frost & Sullivan Research & Analysis:**

- Global CPC market to grow from US\$62bn to US\$86bn between CY19 and- CY24, implying a CAGR of 6.6%
- Bio-pesticides to grow from US\$7.5bn to US\$15.5bn over CY19 to CY24, implying a CAGR of 16%.

**Global CPC market across regions:** Dominated by APAC with a share of 41.8% followed by Europe/North America with a share of 22.1%/15.1%.

**Global CPC Categories:** Herbicides dominate the Global CPC market with 55% share followed by pesticides at 23% and insecticides at 22%. This is different from the figures reported by UPL, which sees Herbicides share at 45%.

### Exhibit 3: Global CPC market share across categories as per UPL annual report

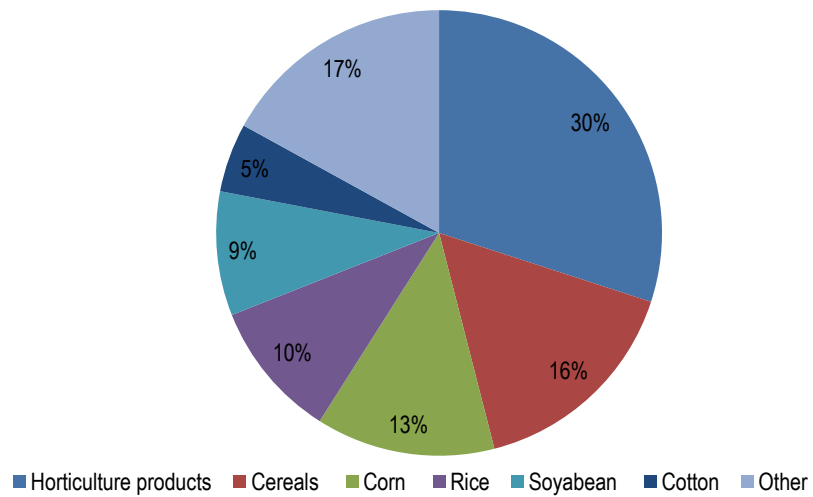


Source: UPL , Nirmal Bang Institutional Equities Research

**Patented vs Generics:** Patented products/generic products/proprietary off-patent products constitute 30%/28%/42% of the global CPC market.

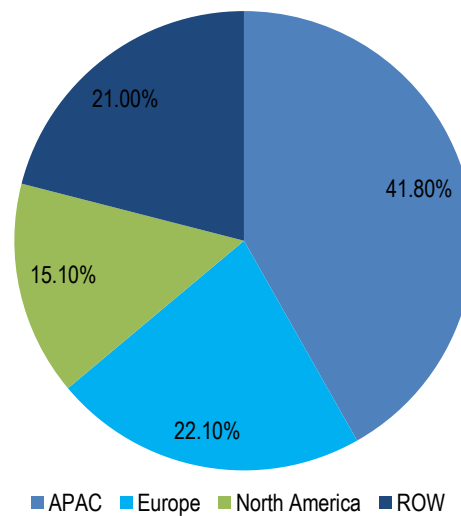
**CPC demand across crops:** Horticulture has the highest share of CPC consumption at 30% followed by cereals, corn, rice, soyabeans, cotton and others.

**Exhibit 4: Global crop protection market by crop percentage**



Source: PI Industries, NBIE

**Exhibit 5: Global crop protection market by region (%)**

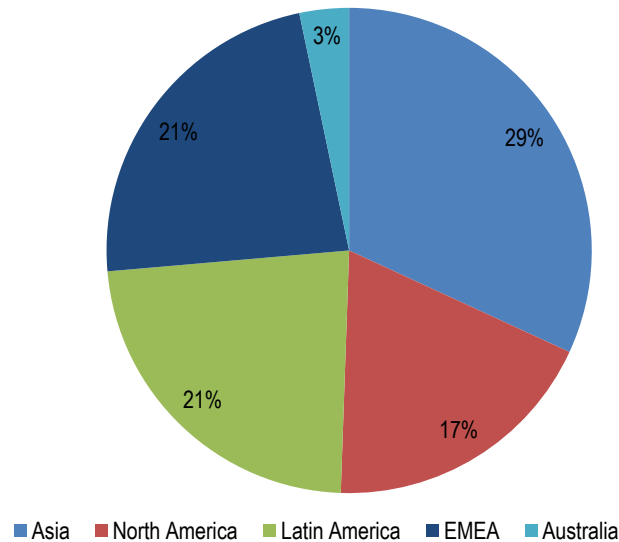


Source: Company, Nirmal Bang Institutional Equities Research

**Indian CPC industry:**

India's CPC industry had revenue worth US\$4.2bn in FY19, equally split between exports and local sales. The Indian exports share will likely increase to 54.4% from 50% to reach US\$3.1bn by FY24 (CAGR~8.1%), while the domestic market will grow from US\$2.1bn to US\$2.6bn by FY24 (CAGR~4.3%).

**Exhibit 6: Export market by regions**



Source: Company, FICCI, NBIE

**Growth drivers:**

- Government initiatives to double farm income would lead to farmers investing in high quality crop protection chemicals to reduce crop losses.
- Increase in horticulture and floriculture acreages would lead to growth in demand for CPC products.
- Continuing and intensifying labour shortage would encourage demand for specific herbicides.
- Increase in popularity of bio-pesticides to accelerate demand growth.

**Global CPC industry in consolidation**

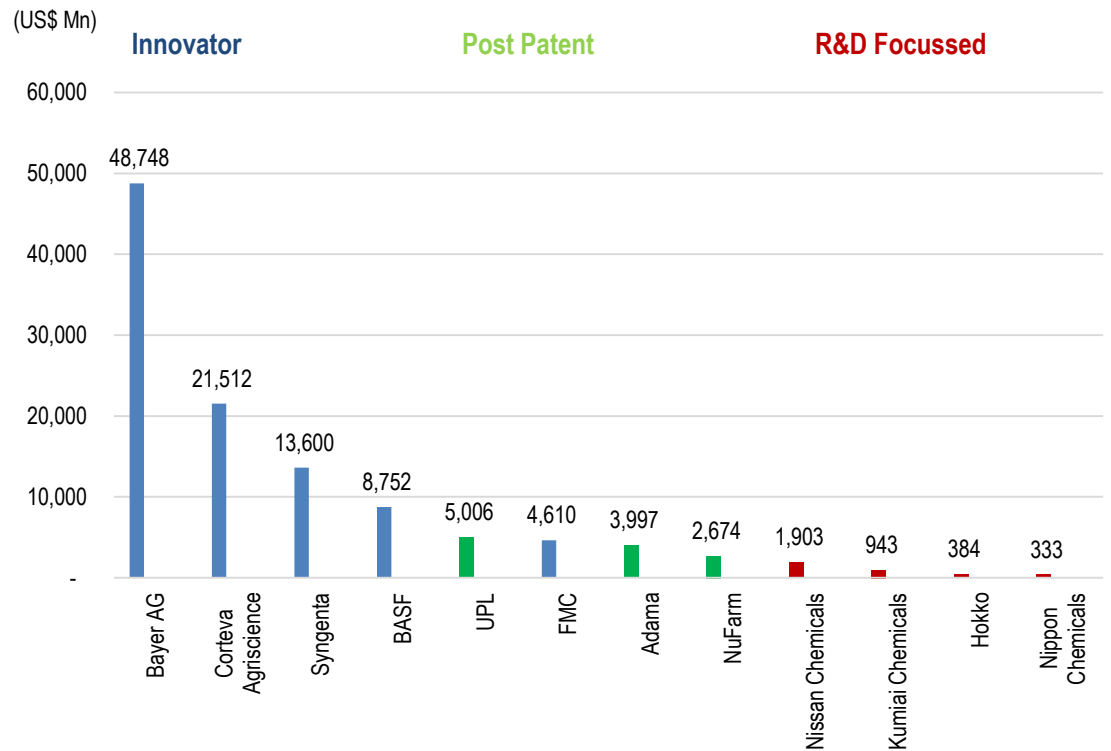
The global CPC industry has seen a major consolidation, with Bayer dislodging Syngenta and emerging as the industry leader post the former’s merger with US CPC major Monsanto. UPL completed the merger with Arysta Lifescience and ranks fifth in the global CPC industry.

Other key beneficiaries, including firms which acquired divested portfolios are BASF, FMC, ADAMA and Nufarm. Overall, most global companies performed largely in line with the industry if we exclude the inorganic component. The gains in Latin America were offset by decline in other markets.

The global innovators coming out of consolidation mode and investing in new products could be positive for PI as 90% of its CSM orders are from patented products. Global CPC majors may look at India as an alternative source of chemical supplies to China, which has suffered supply chain disruptions and proved to be unreliable.

PI is in a pole position to monetize this likely move by CPC MNCs to shift their supply sourcing to India. This is based on PI’s existing relationship with global CPC companies as well as good trackrecord as a reliable vendor of specialty chemicals over many years in the past.

**Exhibit 7: Global CPC company ranking (revenue US\$m)**



Source: Bloomberg, Nirmal Bang Institutional Equities Research; \*UPL includes Arysta; Bayer includes Monsanto, BASF is just agribusiness revenue

### Indian crop protection market

India's domestic agrochemical industry is estimated to have grown by close to 5% and touched an estimated market size of Rs216bn (US\$3.05bn) in FY20. As a net exporter of crop protection products, India exported an estimated US\$3.6bn worth of agrochemical products in FY20. Specialty products contributed 20-25% to India's domestic agrochemical sales.

#### Indian agrochemicals exports

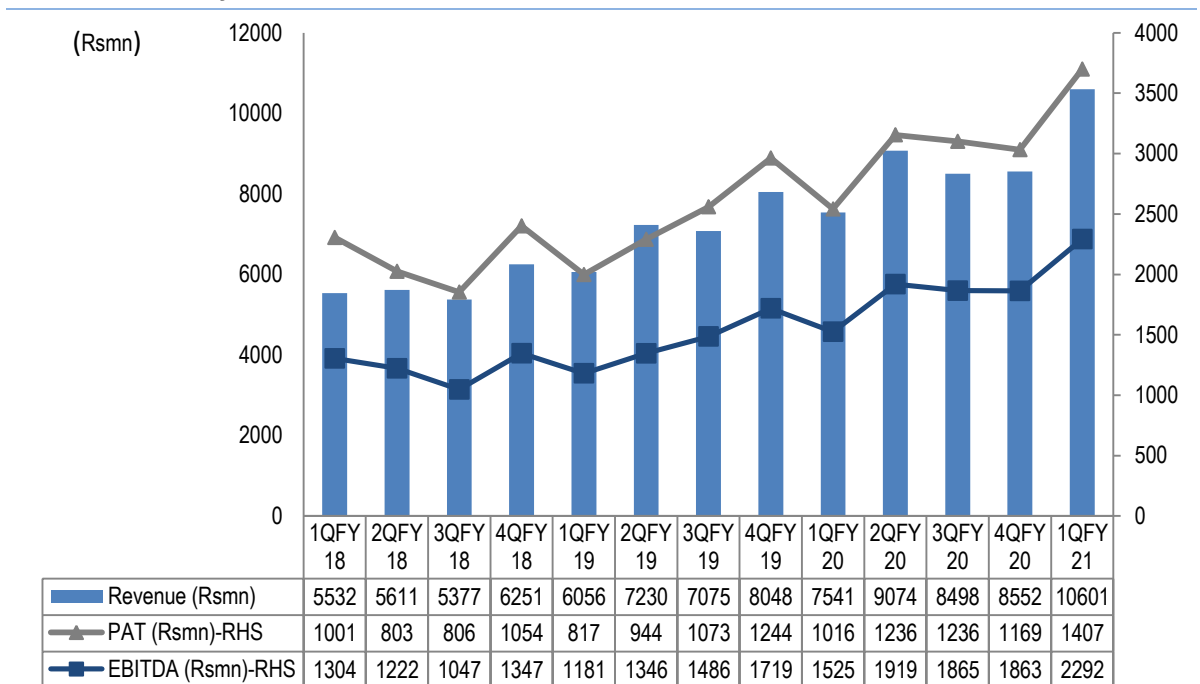
Indian agrochemical exports (~55% of India's aggregate sales in FY20) were estimated to have grown by a strong 16% in FY20 and are projected to log ~8% CAGR over the next three financial years from an estimated US\$3.7bn in FY20 to US\$4.6bn in FY23.

*(This section is extracted from our recent update on UPL annual report)*



## PI financials in pictures

**Exhibit 8: Quarterly revenue and EBITDA trend**



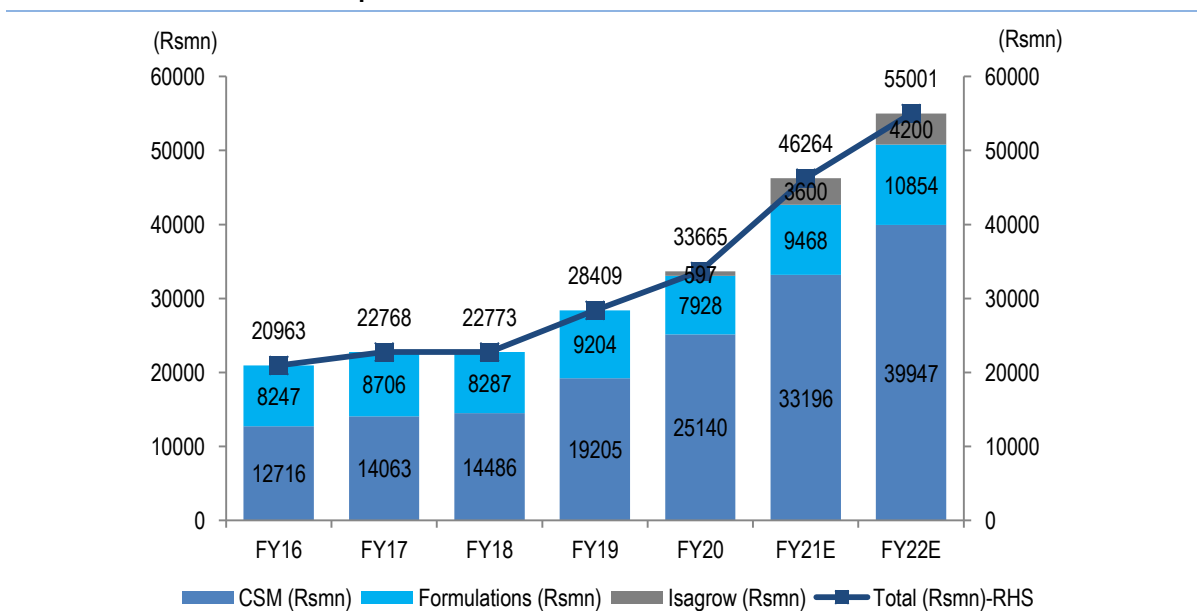
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 9: Trend in EPS growth and returns**

Y/E March	FY18	FY19	FY20	FY21E	FY22E	3 yr. avg. (FY18-20)
EPS growth (%)	-20.5	11.6	11.3	33.6	23.3	0.8
Pre-tax RoCE (%)	24.5	24.5	22.4	20.9	18.8	23.8
ROIC %	20.5	20.1	18.4	20.1	20.3	19.7
RoE (%)	20.7	19.5	18.6	17.1	14.9	19.6

Source: Company, Nirmal Bang Institutional Equities Research, includes full year impact of Isagro in FY21 vs that of one quarter in FY20

**Exhibit 10: PI annual revenue pie**



Source: Company, Nirmal Bang Institutional Equities Research

**Financials and cash flows**
**Exhibit 11: Capex details across assets**

Geographic split	Rs mn	Rs mn	Share in %	Share in %
Asset split (standalone)	FY19	FY20	FY19	FY20
India	14118	19725	99.98%	99.97%
Asia (other than India)	1	1	0.01%	0.00%
Europe	2	5	0.02%	0.02%
<b>Total</b>	<b>14121</b>	<b>19731</b>	<b>100%</b>	<b>100%</b>
Asset split (consolidated)				
India	11260	20854	99.95%	99.95%
Asia (other than India)	3	6	0.03%	0.03%
Europe	3	5	0.03%	0.02%
<b>Total</b>	<b>11266</b>	<b>20865</b>	<b>100%</b>	<b>100%</b>

Source: Nirmal Bang Institutional Equities Research; Note: Non-current assets excludes financial instruments and deferred tax assets

**Exhibit 12: One year forward P/E Chart**


Source: Nirmal Bang Institutional Equities Research

## Consolidated Financials

### Exhibit 13: Income statement

Y/E March (Rsmn): Consolidated	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Revenue</b>	<b>28,409</b>	<b>33,665</b>	<b>46,264</b>	<b>55,001</b>	<b>59,934</b>
y/y	24.76	18.50	37.42	18.88	8.97
Raw Material Expenses	15,502	18,474	25,464	30,077	32,737
RM/Sales %	54.6	54.9	55.0	54.7	54.6
Employee cost	2,647	3,209	4,273	5,083	5,543
Power and fuel cost	912	1,094	1,529	1,817	1,987
Selling, General & Admin Expense	3,178	3,396	4,621	5,529	5,996
<b>EBITDA</b>	<b>6,170</b>	<b>7,492</b>	<b>10,378</b>	<b>12,494</b>	<b>13,672</b>
y/y	17.39	21.43	38.52	20.39	9.42
Depreciation	930	1,367	2,162	2,614	2,982
EBIT	5,240	6,125	8,216	9,880	10,690
Interest Expense	50	170	310	163	166
Other Income	595	489	1,079	1,279	1,279
<b>PBT (adjusted)</b>	<b>5,785</b>	<b>6,444</b>	<b>8,985</b>	<b>10,996</b>	<b>11,803</b>
- Income Tax Expense	1,277	1,572	2,113	2,535	2,658
Share of associates Profit/(loss)	-	8	8	8	8
Less Minority Interests	-	-	-	-	-
<b>Consolidated PAT (adjusted)</b>	<b>4,508</b>	<b>4,880</b>	<b>6,880</b>	<b>8,469</b>	<b>9,153</b>
Consolidated PAT reported	4,102	4,566	6,700	8,259	8,908
Diluted EPS (adjusted)	<b>29.72</b>	<b>33.09</b>	<b>44.19</b>	<b>54.48</b>	<b>58.75</b>
y/y	11.59	11.31	33.56	23.28	7.85

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 15: Balance sheet-

Y/E March (Rsmn): Consolidated	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	138	138	152	152	152
Reserves and Surplus	22,716	26,053	51,829	59,027	66,419
Networth	22,854	26,191	51,981	59,179	66,570
Non controlling interest	0	0	0	0	0
Long Term Borrowings	99	3,994	1,740	1,740	1,740
Deferred Tax Assets / Liabilities	0	102	102	102	102
Other Long Term Liabilities+Provisions	480	956	956	956	956
Trade Payables	5,130	5,909	7,605	9,041	9,852
Other Current and financial Liabilities	2,854	3,545	3,545	3,545	3,545
Short Term Borrowings	0	1,083	0	0	0
Income tax liabilities	5	44	44	44	44
Short Term Provisions	126	424	335	445	485
<b>Total Capital And Liabilities</b>	<b>31,548</b>	<b>42,248</b>	<b>66,308</b>	<b>75,052</b>	<b>83,294</b>
Net Block	11,857	17,747	23,029	25,946	29,099
Goodwill on consolidation	0	828	828	828	828
CWIP plus IUD	1,828	2,707	1,764	1,373	1,535
Other Investments	172	179	179	179	179
Other Non Current Assets	782	554	554	554	554
Currents Investments	1,119	1,325	1,325	1,325	1,325
Inventories	5,357	7,989	8,746	10,287	11,210
Sundry Debtors	6,618	6,465	8,999	10,964	11,947
Cash and other cash balances	892	1,342	17,771	20,484	23,506
Other Financial assets	254	313	313	313	313
Other current assets	2,669	2,799	2,799	2,799	2,799
<b>Total Assets</b>	<b>31,548</b>	<b>42,248</b>	<b>66,308</b>	<b>75,052</b>	<b>83,294</b>

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 14: Cash flow

Y/E March (Rsmn): Consolidated	FY19	FY20	FY21E	FY22E	FY23E
PBT	5,379	6,138	8,805	10,786	11,558
Add depreciation	930	1,367	2,162	2,614	2,982
Other adjustments	285	269	-761	-1,108	-1,105
Change in W/C	1,503	-255	1,684	1,960	1,055
Income tax	1,183	1,048	2,113	2,535	2,658
<b>Cashflow from Operations (A)</b>	<b>3,908</b>	<b>6,981</b>	<b>6,409</b>	<b>7,798</b>	<b>9,721</b>
Capex	-3,677	-6,695	-6,502	-5,139	-6,296
*Other Non Current Assets	-160	-4,345	-	-	-
Other income	194	175	-	-	-
<b>Free cashflow</b>	<b>71</b>	<b>-4,059</b>	<b>-93</b>	<b>2,658</b>	<b>3,425</b>
<b>Cashflow from Investing (B)</b>	<b>-3,643</b>	<b>-10,865</b>	<b>-6,502</b>	<b>-5,139</b>	<b>-6,296</b>
Ch in Borrowing	-399	4,562	-3,337	-	-
Dividends paid including dividend tax	-831	-748	-910	-1,061	-1,516
Interest exp	-50	-179	-310	-163	-166
#Others	456	879	21,079	1,279	1,279
<b>Cashflow from Financing (C)</b>	<b>-824</b>	<b>4,514</b>	<b>16,522</b>	<b>54</b>	<b>-403</b>
<b>Ch in Cash and Cash equiv</b>	<b>-559</b>	<b>630</b>	<b>16,429</b>	<b>2,713</b>	<b>3,022</b>
Opening cash	1,173	614	1,244	17,673	20,386
<b>Closing cash</b>	<b>614</b>	<b>1,244</b>	<b>17,673</b>	<b>20,386</b>	<b>23,408</b>

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 16: Key ratios

Y/E March: Consolidated	FY19	FY20	FY21E	FY22E	FY23E
<b>Profitability &amp; return ratios</b>					
EBITDA margin (%)	20.3	21.3	22.0	22.3	22.4
EBIT margin (%)	17.0	17.3	17.4	17.6	17.4
Adj Net profit margin (%)	14.4	13.6	14.5	15.0	14.9
RoE (%)	19.5	18.6	17.1	14.9	14.2
Pre-tax RoCE (%)	24.5	22.4	20.9	18.8	17.9
RoIC (%)	20.1	18.4	20.1	20.3	19.7
Revenue/Net block	2.4	1.9	2.0	2.1	2.1
<b>Working capital ratios</b>					
Receivables (days)	76	71	71	73	73
Inventory (days)	63	72	69	68	68
Payables (days)	57	60	60	60	60
Cash conversion cycle	83	83	80	81	81
<b>Leverage ratios</b>					
Net debt (Rsmn)	-1,519	2,410	-17,356	-20,069	-23,091
Net Debt (cash)/Equity (X)	-0.07	0.09	-0.33	-0.34	-0.35
Net Debt/EBITDA	-0.25	0.32	-1.67	-1.61	-1.69
<b>Valuation ratios</b>					
EV/sales (x)	9.11	7.69	5.59	4.70	4.32
EV/EBITDA (x)	41.94	34.54	24.93	20.71	18.93
EV/FCF	519.6	-85.0	-2785.6	97.3	75.6
P/E (x)	63.45	57.00	42.68	34.62	32.10
P/BV (x)	11.39	9.94	5.50	4.83	4.30
FCF Yield (%)	0.19	-1.18	-0.04	1.03	1.32
Dividend Yield (%)	0.21	0.21	0.32	0.37	0.53
<b>Per share ratios</b>					
EPS	29.72	33.09	44.19	54.48	58.75
Cash EPS	36.46	42.99	58.45	71.72	78.42
BVPS	165.61	189.79	342.87	390.35	439.09

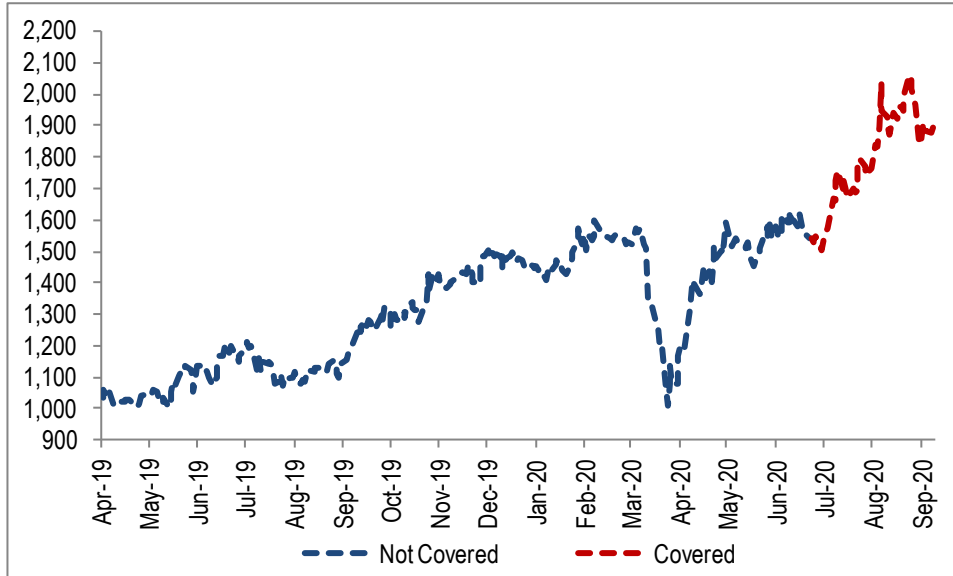
Source: Company, Nirmal Bang Institutional Equities Research

\*FY20 cashoutflow includes payment for Isagro Asia buyout; #others~ QIP funds in FY21

**Rating track**

Date	Rating	Market price (Rs)	Target price (Rs)
23 June 2020	Accumulate	1,539	1,668
8 August 2020	Accumulate	2,035	1,972
10 September 2020	Accumulate	1,886	1,995

**Rating track graph**



**DISCLOSURES**

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### Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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