

RETAIL EQUITY RESEARCH

Paradeep Phosphates Ltd.

Fertilizers

SENSEX: 52,794

NIFTY: 15,782

SUBSCRIBE

Price Range Rs. 39 - Rs. 42

A private player in phosphatic fertilizer segment....

Paradeep Phosphates Limited (PPL) is the 2nd largest private sector manufacturer of non-urea fertilizers in India and the 2nd largest private sector manufacturer in terms of Di-Ammonium Phosphate (DAP) in 9MFY22 volume sales. Incorporated in 1981, PPL is a joint venture of Zuari Agro Chemicals Limited (ZACL) and OCP Group S.A. (OCP), which currently holds 80.45% of the equity share capital of the Company, with the balance being held by the Government of India. They are primarily engaged in manufacturing, trading, distribution and sales of fertilizers such as DAP, three grades of Nitrogen-Phosphorus-Potassium (NPK), Zypmite, Phospho-gypsum etc. with a strong presence in the eastern part of India. Their fertilizers are marketed across 14 states under the brand names ‘Jai Kisaan – Navratna’ and ‘Navratna’. PPL’s manufacturing facility is located in Paradeep, Odisha.

- The domestic demand for fertilizers is expected to reach 66 million tonnes by FY26, growing at a CAGR of 2.9%-3.1% and the Phosphatic fertilizers segment is expected to grow at a CAGR of 4.2%-4.4% between FY22 to FY26.
- PPL’s revenue from operations and PAT for 9MFY22, was ₹5,960cr and ₹362.8cr, which grew 9% and 18% CAGR in FY19-21 respectively. Avg. EBITDA margin is at ~10% and PAT margin at 5% during the same period.
- As of March 31, 2022, PPL’s outstanding borrowing is ₹ 2,957cr with a D/E ratio of 1.1. The Company proposes to utilise ₹ 300cr from the net proceeds towards repayment.
- PPL has entered into a business transfer agreement with ZACL for the purchase of its fertilizer plant in Goa, which will provide PPL access to the additional product mix especially in Urea segment, resulting in a more diversified product portfolio. PPL will also gain access to ‘Jai Kisaan’, one of the key fertilizer brands in India.
- PPL is currently in the process of increasing the production capacity to 1.8 million MT from 1.2 million MT which is expected to be completed by May 2022 and to reach 3 million MT after acquiring Goa facility.
- At the upper price band of Rs.42, PPL is available at P/E of 7.1x (FY22 annualized) which is attractive on a short to medium term basis. PPL is well-positioned to capture favourable Indian fertilizer industry dynamics supported by conducive government regulations, driving raw material efficiency through backward integration of facilities and effective sourcing and established brand name backed by an extensive sales and distribution network. Considering PPL’s expansion plans, deepening the presence in western and southern regions of India, we assign a ‘Subscribe’ rating for the issue on a short to medium basis.

Purpose of IPO

The offer comprises of fresh Issue (₹1,004cr) and an offer for sale (₹498cr) by the selling shareholders (GoI selling its entire stake). The objects of the offer are to 1)Part financing of the acquisition of the Goa facility (₹520cr)2. Repayment/ prepayment of certain of the borrowings (₹300cr) 3. General corporate purposes.

Key Risks

- PPL intends to acquire the Goa Facility, which has incurred a loss after tax in each of the past three financial years.
- Historically derived a significant portion of the revenues from a limited number of states, namely Maharashtra, Uttar Pradesh and Odisha(~50%).

Peer Valuation

Company	MCap(₹ cr)	Sales (₹ cr)	EBITDA(%)	PAT (%)	EPS(₹)	RoE (%)	P/E(x)	CMP(₹)
Paradeep Phosphates	3,421	5,165.0	10.5	4.3	2.7	12.2	15.3	42
Coromandel International	25,967	14,213.5	14.2	9.4	45.3	28.1	19.3	873
Chambal Fertilizers	17,083	12,719.0	19.4	13.0	39.8	37.7	10.4	414
Deepak Fertilizers	6,641	5,808.0	16.4	6.9	39.0	16.4	14.1	549

Source: Geojit Research, Bloomberg; Valuations of PPL are based on upper end of the price band (post issue), Financials as per FY21 Consolidated.

Issue Details	
Date of opening	May 17, 2022
Date of closing	May 19, 2022
Total No. of shares offered (Cr.)	35.76
Post Issue No. of shares (cr)	81.45
Price Band	₹39- ₹42
Face Value	₹ 10
Bid Lot	350 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,700
Maximum application for retail (upper price band for 13 lot)	₹ 1,91,100
Listing	BSE,NSE
Lead Managers	Axis Capital, ICICI Securities Ltd, JM Financial, SBI Capital Markets Ltd.

Registrar	Link Intime India Pvt. Ltd.
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Issue size (upper price)	Rs.Cr
Fresh Issue	1,004.0
OFS	497.7
Total Issue	1,501.7

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group	100.0	56.1
Public	0.0	43.9
Total	100	100

Issue structure	Allocation %	Size Rs.cr
Retail	35	525.6
Non-Institutional	15	225.3
QIB	50	750.9
Employee Reservation	-	-
Total	100	1,501.7

Y.E March (Rs cr) Consol.	FY20	FY21	9MFY22
Sales	4,192.9	5,164.7	5,960.0
Growth (%)	-3.8	23.2	-
EBITDA	459.7	542.2	578.7
Margin%	11.0	10.5	9.7
PAT Adj.	193.2	223.3	362.8
Growth (%)	21.4	15.6	-
EPS	2.4	2.7	4.5
P/E (x)	17.7	15.3	7.1*
EV/EBITDA	12.6	8.8	10.0
RoE (%)	12.0	12.2	15.2*

*Annualised.



About the company

Paradeep Phosphates (PPL) is the second largest private sector manufacturer of non-urea fertilizers in India and the second largest private sector manufacturer in terms of Di-Ammonium Phosphate (**DAP**) in terms of volume sales for the nine months ended December 31, 2021. They are primarily engaged in manufacturing, trading, distribution and sales of a variety of complex fertilizers such as DAP, three grades of Nitrogen-Phosphorus-Potassium (**NPK**) (namely NPK-10, NPK-12 and NP-20), Zypmite, Phospho-gypsum and Hydroflorosilicic Acid (**HFSA**). They are also engaged in the trading, distribution and sales of Muriate of Potash (**MOP**), Ammonia, Speciality Plant Nutrients (**SPN**) and City compost. PPL’s fertilizers are marketed under ‘Jai Kisaan – Navratna’ and ‘Navratna’.

The Company was incorporated in 1981. Zuari Maroc Phosphates Private Limited (**ZMPPL**), a joint venture of Zuari Agro Chemicals Limited (**ZACL**) and OCP Group S.A. (**OCP**), currently holds 80.45% of the equity share capital of the Company, with the balance being held by the Government of India. The manufacturing facility is located in Paradeep, Odisha which includes a DAP and NPK production facility, a Sulphuric acid production plant and a Phosphoric acid production plant. They utilize Sulphuric and Phosphoric acids for manufacturing DAP and NPK.

The manufacturing facility is strategically located close to the Paradeep port and they have a closed conveyor belt which is 3.4 km long connecting the Paradeep port to the manufacturing facility. At the Paradeep port, they have a captive berth with 14 meters draft with facilities to unload solid and liquid cargo. In addition, they own a railway siding and a cross country pipeline. This enables them to transport raw material directly to the facility. They have backward integrated the manufacturing process by producing the two other key raw materials by value, Phosphoric acid and Sulphuric acid. They manufacture Phosphoric acid and Sulphuric acid at the production plants. The following table sets forth the plant wise capacity and utilization for the facility and the Goa Facility for FY22 and 21 as well as the potential total plant wise capacity and utilization data, upon completion of the Goa Transaction:

Plant	Annual granulation capacity (in million MT)	Financial Year 2022			For the Financial Year 2021		
		Production capacity	Actual Production	Capacity utilization	Production capacity	Actual Production	Capacity utilization
		(in million MT)	(in million MT)	(%)	(in million MT)	(in million MT)	(%)
DAP and NPK	2.21	2.21	1.42	64	2.21	1.55	70
Urea	0.4	0.4	0.43	108	0.4	0.47	117
Ammonia	0.23	0.23	0.27	117	0.23	0.29	125
Sulphuric acid	1.3	1.3	1.17	90	1.3	1.39	76
Phosphoric acid	0.3	0.3	0.3	100	0.3	0.3	97
Total upon completion of the Goa Transaction ^{1,2}	4.44	4.44	3.59	81	4.44	4	90

Source: Geojit Research, RHP

As of March 31, 2022, they also own large parcels of land aggregating to approximately 2,282.42 acres in Paradeep, Odisha. The existing manufacturing facility is constructed on approximately 33% of such land parcel. Accordingly, they have the ability to further significantly expand the facilities on the remaining portion of the land parcel. The captive berth with 14 meters draft at Paradeep port also has capacity to process additional unloading as the operations further grow.

Well-positioned to capture favourable Indian fertilizer industry dynamics supported by conducive government Regulations

Due to certain factors such as increase in crop intensity, increase in per capita food consumption and dietary changes, per capita rise in income and ease of credit availability and high subsidy support from the Government, PPL expects to continue witnessing growth in the Indian fertilizer industry. The demand for fertilizers in India is expected to reach approximately 66 million tonnes by FY26 growing at a CAGR of 2.9%-3.1% from FY22 to FY26. Further, PPL expects to benefit from the government policies that support the fertilizer industry.

Second largest manufacturer of Phosphatic fertilizers in India

Among private sector entities with a focus on the non-urea segment, they are the second largest in terms of phosphatic fertilizer (DAP and NPK complexes) capacity, as of March 31, 2022.As of March 31, 2022, (i)The total annual granulation capacity of DAP and NPK production plant was approximately 1.50 million MT; (ii)The total annual installed capacity of Sulphuric acid production plant was approximately 1.30 million MT; and (iii)The total annual installed capacity of Phosphoric acid production plant was 0.30 million MT, in addition, the plant has three operational concentrators to concentrate weak Phosphoric acid into strong Phosphoric acid. For the Financial Year 2022, they were the second largest backward integrated manufacturer in the private sector with Phosphoric acid capacity in India. Further, they have a diverse product portfolio and are primarily engaged in manufacturing, distribution, trading and sales of a variety of complex fertilizers such as DAP, three grades of NPK (NPK-10, NPK-12 and NP-20), MOP, Zypmite, and the by-product, Phospho-gypsum. They also distribute Ammonia and Sulphuric acid for industrial consumption in and around Odisha. They believe that the continued engagement with the dealers and wide reach to the farmers has helped them to understand the specified product requirements of end consumers.

Strong parentage, experienced management team and prominent shareholders

The promoters, ZACL and OCP have contributed to the growth of the business and operations since financial year 2002. ZACL is an Indian manufacturer of fertilizers and specialty fertilizers, which has been manufacturing and selling fertilizers for the past five decades. They source the Phosphate Rock from OCP, a global leading producer of Phosphate Rock that operates largely in the Morocco and Western Sahara region which has approximately 70% of the global Phosphate rock reserves, according to CRISIL Research, and are able to benefit from cost synergies. They invest considerable resources in training the employees and the strong focus on employee development has enabled them to maintain high levels of employee retention over the years.



Driving raw material efficiency through backward integration of facilities and effective sourcing

The primary raw materials include Phosphate Rock, Phosphoric acid, Ammonia, Sulphur and MOP. PPL produces some of the Phosphoric acid and Sulphuric acid requirements, with the other raw materials being sourced from suppliers. PPL sources the raw materials from a number of suppliers based locally and in countries such as Morocco, Jordan, Qatar and Saudi Arabia, among others. In the nine months ended December 31, 2021 and FY21, they had procured raw materials totaling to approximately ₹ 4,917cr and ₹ 3,448cr, respectively, from approximately six suppliers and all of them have been supplying raw materials to them for more than 10 years.

PPL believes that the integrated business model brings them significant advantages over the competitors, such as: reduction of raw material costs and logistics costs as they produce Phosphoric acid; in addition, they are able to minimize the utility costs due to the power being supplied by the two captive power units; ability to fully utilize the by-products and waste products generated from the manufacturing process; for example, PPL markets and sell the by-product Phospho-gypsum, which is used for soil conditioning in alkaline soils and as a supplement for sulphur deficient soils; in addition, they also have two captive power units of 16 MW each, designed to run on excess steam generated by the Sulphuric acid production plant, and a 23 MW power plant; ability to sell excess Ammonia and Sulphuric acid to maximize efficiency of the production plants and enhance the revenue and profitability; reduction of reliance on external suppliers for Phosphoric acid, thereby helping to maintain a steady production of DAP and NPK, and limiting the exposure to price volatility; further, they are taking a number of measures to further reduce the reliance on external suppliers for Phosphoric acid, such as retrofitting a new Phosphoric acid plant and installing a new evaporator to increase production of strong Phosphoric acid; and ability to manufacture more products, including different products with weak Phosphoric acid and strong Phosphoric acid across the production chain; they are able to monitor and efficiently manage production volumes and product mix as well as optimize the efficiency of the overall production process; they have flexibility at the manufacturing facility as they have four trains of equal capacity, enabling them to improve and maintain the manufacturing facility without halting the production.

Strategies

Improve the leadership position by enhancing the production capabilities and having a more diversified product portfolio

The acquisition of the Goa Facility provides them the ability to manufacture and sell Urea as well as certain grades of NPK. PPL will then have the ability to manufacture, distribute and sell a variety of complex fertilizers such as DAP, several grades of NPK such as Samarth (10:26:26), Sampurna (19:19:19), Sampatti (12:32:16), Uramphos (28:28:0) and Saubhagya (14:35:14), MOP, Zypmite, Urea, and the by-product, Phospho-gypsum. They will have an optimal mix of Urea and Phosphatic fertilizers. PPL will have two more trains of similar annual capacity of 400,000 MT each to produce NPK, which will be capable to produce different grades of fertilizers thereby offering more flexibility in the manufacturing process. PPL will be well positioned to capitalize on economies of scale due to the size of the combined operation, which allows them to accelerate the growth momentum.

Continue to improve cost efficiency and productivity

PPL is currently in the process of increasing the annual granulation capacity of the DAP and NPK plant to 1.8 million MT per annum and this expansion is expected to be completed by May 2022. They also intend to retrofit a new Phosphoric acid production plant to increase the annual production by 120,000 MT and also intend to install a new evaporator to increase production of strong Phosphoric acid by 116,000 MT. These measures are expected to (i) increase the production of DAP and NPK fertilizers as well as Phosphoric acid; and (ii) reduce the reliance on external suppliers of Phosphoric acid. This will help them increase the profitability and the operational efficiency as well as reduce the raw material cost and logistics cost.

Further, upon acquisition of the Goa Facility, PPL will gain access to its Ammonia production plant, Urea production plant and combined NPK production plant. They will also gain access to its robust outbound facilities, captive power plants, storage for raw material and finished goods as well as a bagging plant. This is expected to allow them to scale the operations and increase the manufacturing capabilities. Further, they will be able to achieve higher efficiency by reducing product changeovers by making product trains exclusive to one or two variants. Given that ZACL has entered into long-term contracts for sourcing key raw materials required by the Goa Facility, the ability to benefit from increasing economies of scale with stronger purchasing power for other raw materials will be enhanced, thereby helping them maintain a competitive cost structure. Lastly, the long-term Phosphate Rock supply contract with OCP, the promoter and globally leading producer of such raw material and which operates largely in the Morocco and Western Sahara region which has approximately 70% of the global Phosphate Rock reserves according to CRISIL Research, provides them the ability to source cost-effective and increasing amounts of Phosphate Rock as the operations grow.

Increase geographical reach in Eastern and Western India and expand distribution channels

Deepening the presence in the states of Odisha, West Bengal, Chattisgarh, central and eastern parts of Uttar Pradesh, Andhra Pradesh, Telangana, and Madhya Pradesh, where PPL believes there remains attractive growth opportunities, and expanding the reach in new markets. To improve the distribution execution and productivity in the existing cities, they have initiated programmes such as *Jai Kisaan* Sambandh, a retailer loyalty program to reward the top retailers selling 50 tonnes and more of DAP and complex fertilizers. In addition, the Goa Facility is strategically located and well-connected to a number of high fertilizer demand states such as Maharashtra, Karnataka, Madhya Pradesh and Chattisgarh. The extensive pan-India sales and distribution network will enable them to become a player in the key agricultural states of Maharashtra, Karnataka, West Bengal, Bihar, Andhra Pradesh and Telangana and reduce the dependence on any particular state.

Improve market leadership through investment in brand building and other campaigns

The brands '*Jai Kisaan Navratna*' and '*Navratna*' have gained wide recognition and popularity in the Indian fertilizers industry as a result of the successful marketing and promotional strategies. Pursuant to completion of the Goa Transaction, PPL will also gain access to '*Jai Kisaan*', one of the key fertilizer brands in India.



Industry Outlook

Fertilisers are composed of the following basic nutrients: the primary nutrients are nitrogen, phosphorous and potassium, which are required in large quantities and are normally supplied through chemical fertilizers; secondary nutrients and micronutrients. In addition, operations in the fertilizer industry are capital intensive due to high costs of land acquisition, construction of manufacturing facilities and high costs of equipment and machinery. Due to certain factors such as increase in crop intensity, increase in per capita food consumption and dietary changes, per capita rise in income and ease of credit availability and high subsidy support from the Government. Over the long term, demand for non-urea fertilizer is expected to have a CAGR of 4-5% between the Financial Years 2022 and 2026. The introduction of NBS in 2010 led to a steep drop in non-urea fertilizer consumption until the Financial Year 2014. However, after the Financial Year 2014, consumption grew at a healthy pace, driven by growth in the DAP and NPK complexes. Going forward, DAP and NPK will continue to grow at a faster pace of 5% CAGR each over the next five years. SSP and MOP are expected to register 2% and 3.5% CAGR, respectively.

Trend in import and production of non-urea fertilisers

(in million tonnes)	DAP		NPKS		MOP	SSP
	Production	Imports	Production	Imports	Imports	Production
FY17	4.4	4.2	8.5	0.4	2.8	3.9
FY18	4.6	4.3	8.8	0.5	3.5	3.9
FY19	3.9	6.9	9.5	0.7	3.0	4.1
FY20	4.5	5.4	9.3	0.9	2.9	4.3
FY21	3.7	5.8	10.0	1.7	3.5	4.9

Source: Geojit Research, RHP

Overview of product-category-wise production of key players

Name of the player	FY16			FY21			9MFY22		
	Urea	DAP	Complex	Urea	DAP	Complex	Urea	DAP	Complex
Chambal Fertilisers and Chemicals Ltd (CFCL)	2,126	-	-	3,347	-	-	2,525	-	-
Coromandel International Ltd (CIL)	-	288	2,110	-	183	2,654	-	151	2,088
Gujarat State Fertilizers & Chemicals Ltd (GSFC)	361	370	710	371	566	965	266	254	591
Indian Farmers Fertilisers Co-Operative Ltd (IFFCO)	4,668	1,673	2,294	4,675	1,924	2,348	3,417	1,891	1,509
Mangalore Chemicals & Fertilizers Ltd (MCFL)	379	110	95	354	116	142	335	43	157
National Fertilizers Ltd (NFL)	3,798	-	-	3,799	-	-	2,610	-	-
Rashtriya Chemicals and Fertilizers Ltd (RCFL)	2,550	-	-	2,251	-	539	1,599	-	425
Paradeep Phosphates Pvt Ltd (PPL)	0	562	758	-	639	384	-	568	403
Indorama India Pvt Ltd (IIPL)	0	57	414	-	223	447	-	-	453
Zuari Agro Chemicals Ltd (ZACL)	400	136	508	466	-	353	312	-	156

Source: Geojit Research, RHP

Promoter and promoter group

Zuari Maroc Phosphates Pvt Ltd (ZMPPL), Zuari Agro Chemicals Ltd (ZACL), OCP, S.A. (OCP) and Government of India (GoI) are the promoters of the company. Currently, ZMPPL holds 462,961,000 equity shares (including equity shares held by ZMPPL Joint Holders) and GoI holds 112,489,000 equity shares (including equity shares held by GoI nominees), constituting 80.45% and 19.55%, respectively, of the pre-Offer issued, subscribed and paid-up equity share capital of the company.

Brief Biographies of directors

- Saroj Kumar Poddar** is the Chairman of the company; he is the chairman of the Adventz Group. He was also on the Advisory Council of N M Rothschild (India) Ltd.
- Narayanan Suresh Krishnan** is the Executive Director and the Managing Director of the company. He has been part of the Adventz Group and related companies for over 2 decades.
- Ujjwal Kumar** is the Non-executive Director of the company. At present, he is serving as the Deputy Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, GoI.
- Soual Mohamed** is the Non-executive Director of the company. He currently holds a full time position as the Adviser to the CEO and Chief Economist of OCP, Morocco.
- Karim Lotfi Senhadji** is the Non-executive Director of the company. He currently holds a full time position as the chief financial officer OCP, Morocco.
- Kiran Dhingra, Marco Philippus Ardeshir Wadia, Satyananda Mishra and Dipankar Chatterji** are the Independent Director of the company.
- Subhtrakant Panda** is the Additional Director (Independent Director) of the company. At present, he is serving as the managing director of Indian Metals and Ferro Alloys Ltd and as the vice-president and director of FICCI.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY20	FY21	9MFY22
Sales	4,192.9	5,164.7	5,960.0
% change	-3.8	23.2	-
EBITDA	459.7	542.2	578.7
% change	4	18	-
Depreciation	72.5	83.3	67.1
EBIT	387.3	458.9	511.6
Interest	191.8	111.4	43.1
Other Income	34.9	19.2	13.7
Exceptional Items	0.8	-0.2	0.6
PBT	229.6	366.5	482.9
% change	-9	59.7	-
Tax	36.3	143.2	120.1
Tax Rate (%)	16	39	25
Reported PAT	193.2	223.3	362.8
Adj	-	-	-
Adj. PAT	193.2	223.3	362.8
% change	21.4	15.6	-
Post issue No. of shares (cr)	81.45	81.45	81.45
Adj EPS (Rs)	2.4	2.7	4.5
% change	21.4	15.6	62.5

BALANCE SHEET

Y.E March (Rs cr)	FY20	FY21	9MFY22
Cash	5.8	93.2	82.9
Accounts Receivable	2,148.9	1,155.6	1,851.3
Inventories	1,078.5	899.1	1,463.8
Other Cur. Assets	228.1	472.4	836.8
Investments	146.8	320.7	959.5
Deff. Tax Assets	-	-	-
Net Fixed Assets	1,212.7	1,225.1	1,267.8
CWIP	149.0	220.1	283.7
Intangible Assets	1.4	1.1	0.9
Other Assets	38.9	35.7	439.3
Total Assets	5,010	4,423	7,186
Current Liabilities	909.3	1,065.9	2,398.6
Provisions	124.6	195.8	193.8
Debt Funds	2,358.9	1,333.6	2,345.7
Other Fin. Liabilities	0.2	0.1	0.1
Deferred Tax liability	13.8	0.2	59.3
Equity Capital	575.5	575.5	575.5
Reserves & Surplus	1,028.1	1,252.1	1,613.3
Shareholder's Fund	1,603.3	1,827.6	2,188.8
Total Liabilities	5,010	4,423	7,186
BVPS (Rs)	20	22	27

CASH FLOW

Y.E March (Rs cr)	FY20	FY21	9MFY22
PBT Adj.	229.6	366.5	482.9
Non-operating & non cash adj.	291.0	219.0	137.9
Changes in W.C	749.1	915.4	-485.4
C.F.Operating	1,269.7	1,501.1	135.4
Capital expenditure	-139.0	-168.7	-568.4
Change in investment	-3.57	-760.0	-2,884.86
Sale of investment	-2.1	638.9	2,298.9
Other invest.CF	1.45	0.59	0.56
C.F - investing	-143.2	-289.3	-1,153.7
Issue of equity	-	-	-
Issue/repay debt	-863.1	-1006.2	994.7
Dividends paid	-69	-	-
Other finance.CF	-208.8	-118.1	-42.7
C.F - Financing	-1141.2	-1124.4	952.0
Change. in cash	-14.7	87	-66
Closing cash	4	92	25

RATIOS

Y.E March	FY20	FY21	9MFY22
Profitab. & Return			
EBITDA margin (%)	11.0	10.5	9.7
EBIT margin (%)	9.2	8.9	8.6
Net profit mgn.(%)	4.6	4.3	6.1
ROE (%)	12.0	12.2	16.6
ROCE (%)	4.1	4.1	5.1
W.C & Liquidity			
Receivables (days)	195	117	85
Inventory (days)	155	93	85
Payables (days)	70	66	103
Current ratio (x)	3.5	2.3	2.0
Quick ratio (x)	2.4	1.2	0.8
Turnover &Levg.			
Net asset T.O (x)	3.8	4.5	4.8
Total asset T.O (x)	0.8	1.0	1.1
Int. covge. ratio (x)	2.0	4.1	11.9
Adj. debt/equity (x)	1.5	0.7	1.1
Valuation ratios			
EV/Sales (x)	1.4	0.9	1.0
EV/EBITDA (x)	12.6	8.8	10.0
P/E (x)	17.7	15.3	7.1*
P/BV (x)	2.1	1.9	1.6

*Annualised.

General Disclosures and Disclaimers

CERTIFICATION

I, Mithun T Joseph, author(s) of this Report, hereby certify that all the views expressed in this research report reflect my personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Financial Services Limited, hereinafter referred to as Geojit.

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