

## United Phosphorus

### Performance Highlights

Y/E March (₹ cr)	3QFY2017	2QFY2017	% chg (qoq)	3QFY2016	% chg (yoy)
<b>Net sales</b>	<b>3,855</b>	<b>3510</b>	<b>9.8</b>	<b>3259</b>	<b>18.3</b>
Other income	164	8	1,945.4	198	(17.6)
Gross profit	2052	1483	38.4	1763	16.4
Operating profit	685	699	(1.9)	479	43.0
<b>Adj. net profit</b>	<b>457</b>	<b>430</b>	<b>6.2</b>	<b>300</b>	<b>52.4</b>

Source: Company, Angel Research, 2QFY2017 and 2QFY2016 numbers include Advanta seed numbers

UPL posted robust numbers for 3QFY2017. In sales, the company posted gross revenues of ₹3,987cr v/s ₹3,377cr in 3QFY2016, growth of 18% yoy. The growth was driven by volume (18% yoy), while price dip was around 3% and exchange gains added 3% to the top-line rise. On EBITDA front, the company posted an EBITDA of 17.8% v/s 14.7% in 3QFY2016. Along with this, dip of 15% and 2% in the depreciation & finance cost respectively aided the PBT to grow by 68% yoy. Consequently, PAT came in at ₹457cr v/s ₹300cr in 3QFY2016, growth of 52.4% yoy. The management has maintained guidance of 12-15% revenue growth (owing to presence in fast-growing countries) and 60-100bps improvement in EBITDA margin.

**We maintain our neutral rating on the stock.**

**Quarterly highlights:** In sales, the company posted gross revenues of ₹3,987cr v/s ₹3,377cr in 3QFY2016, growth of 18.0% yoy. The growth was driven by volume (18% yoy), while price dip was around 3% and exchange gains added 3% to the top-line rise. In terms of geography – Latin America (₹1,736cr, rose by 37% yoy), India (₹626, rose by 20%), ROW (₹636cr, yoy rise of 2%), Europe (₹329, posted a yoy growth of 8%). However, US (₹660cr) sales were flat during the quarter. On EBITDA front, the company posted an EBITDA of 17.8% v/s 14.7% in 3QFY2016. Along with this, dip of 15% and 2% in the depreciation & finance cost respectively aided the PBT to grow by 68% yoy. Consequently, PAT, came in at ₹457cr v/s ₹300cr in 3QFY2016, growth of 52.4% yoy.

**Outlook and Valuation:** We expect UPL to post a CAGR of 25.9% and 17.7% in its sales and PAT respectively over FY2016-18E. **At the current market price, we recommend a Neutral rating on the stock.**

### Key financials (Consolidated)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Total revenue</b>	<b>11,911</b>	<b>13,083</b>	<b>16,516</b>	<b>20,722</b>
% chg	12.6	9.8	26.2	25.5
<b>Adj. profit</b>	<b>1,147</b>	<b>1,352</b>	<b>1,800</b>	<b>2,215</b>
% chg	10.2	17.9	33.2	23.1
EBITDA (%)	18.3	18.5	17.5	17.5
<b>EPS (₹)</b>	<b>26.7</b>	<b>31.5</b>	<b>32.4</b>	<b>43.7</b>
P/E (x)	26.0	22.1	21.5	15.9
P/BV (x)	5.1	4.4	4.3	3.5
RoE (%)	20.6	21.4	21.9	24.1
RoCE (%)	19.9	20.8	21.3	23.7
EV/Sales (x)	3.0	2.8	2.2	1.7
EV/EBITDA (x)	16.7	15.3	12.6	9.9

Source: Company, Angel Research; Note: CMP as of January 25, 2017, Includes Advanta sales

## NEUTRAL

CMP ₹740  
 Target Price -

Investment Period -

### Stock Info

Sector	Agrichemical
Market Cap (₹ cr)	37,506
Net Debt (₹ cr)	1,113
Beta	1.0
52 Week High / Low	755/342
Avg. Daily Volume	124,988
Face Value (₹)	2
BSE Sensex	27,708
Nifty	8,603
Reuters Code	UNPO.BO
Bloomberg Code	UNTP@IN

### Shareholding Pattern (%)

Promoters	27.7
MF / Banks / Indian Fls	12.5
FII / NRIs / OCBs	53.0
Indian Public / Others	6.8

Abs. (%)	3m	1yr	3yr
Sensex	(1.4)	13.2	31.1
UPL	4.0	84.5	261.8

### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 3QFY2016 Performance (Consolidated)**

Y/E March (₹ cr)	3QFY2017	2QFY2017	% chg (qoq)	3QFY2016	% chg (yoy)	9MFY2017	9MFY2016	% chg
<b>Net sales</b>	<b>3,855</b>	<b>3,510</b>	<b>9.8</b>	<b>3,259</b>	<b>18.3</b>	<b>10,784</b>	<b>9,413</b>	<b>14.6</b>
Other income	164	8	1,945.4	198	(17.6)	335	454	(26.3)
<b>Total income</b>	<b>4,018</b>	<b>3,518</b>	<b>14.2</b>	<b>3,457</b>	<b>16.2</b>	<b>11,119</b>	<b>9,868</b>	<b>12.7</b>
Gross profit	2052	1483	38.4	1763	16.4	5717	4901	16.7
<b>Gross margin (%)</b>	<b>53.2</b>	<b>42.3</b>		<b>54.1</b>		<b>53.0</b>	<b>52.1</b>	
Operating profit	685	699	(1.9)	479	43.0	1806	1411	28.0
<b>Operating margin (%)</b>	<b>17.8</b>	<b>19.9</b>		<b>14.7</b>		<b>16.7</b>	<b>15.0</b>	
Financial cost	176	106	66.3	209	(15.5)	499	508	
Depreciation	162	169	(4.2)	166	(2.2)	485	477	1.7
PBT	511	432	18.3	304	68.3	1156	880	31.4
Provision for taxation	46	2	(23)	-	133	86	53.9	
<b>PAT Before Exc. And MI</b>	<b>464</b>	<b>430</b>	<b>8.0</b>	<b>326</b>	<b>42.3</b>	<b>1024</b>	<b>794</b>	<b>28.9</b>
Minority Income/ (Exp.)	3	2	8	6	4			
Income from Associate/ (Exp)	(3)	2	(37)	(32)	(44)			
Extra ordinary Income/(Exp.)	2	(28)	(19)	(82)	(46)			
<b>Reported PAT</b>	<b>459</b>	<b>402</b>	<b>14.2</b>	<b>281</b>	<b>63.3</b>	<b>986</b>	<b>746</b>	<b>32.2</b>
<b>Adjusted PAT</b>	<b>457</b>	<b>430</b>	<b>6.2</b>	<b>300</b>	<b>52.4</b>	<b>1068</b>	<b>792</b>	<b>34.9</b>
<b>EPS (₹)</b>	<b>9.0</b>	<b>8.5</b>		<b>7.0</b>		<b>24.9</b>	<b>18.5</b>	

Source: Company, Angel Research, 2QFY2017 and 1QFY2017 results include Advanta numbers, rest are excluding the same

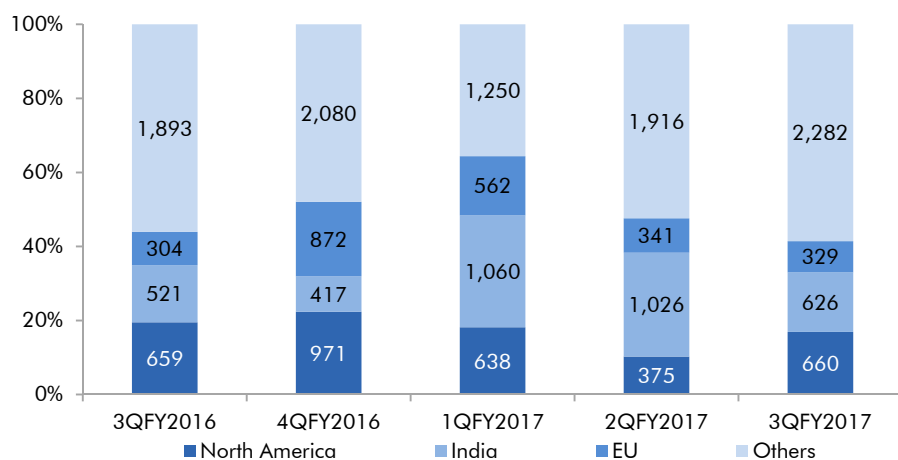
### Top-line growth mainly led by Latin America and India

In sales, the company posted gross revenues of ₹3,987cr v/s ₹3,377cr in 3QFY2016, growth of 18% yoy. The growth was driven by volume (18% yoy), while price dip was around 3% and exchange gains added 3% rise to the top-line. In terms of geography – Latin America (₹1,736cr, rose by 37% yoy), India (₹626, rose by 20%), ROW (₹636cr, yoy rise of 2%), Europe (₹329, yoy growth of 8%). However, US (₹660cr) sales were flat during the quarter.

India witnessed good rainfall except for the states of Karnataka, Tamil Nadu and Gujarat. However, there was a decline in seeds sales compared to last year. In Latin America, Brazil witnessed a favorable season this year with expansion in area and yield improvements. Hence, UPL benefited from its well positioned fungicide portfolio to manage Asian Rust disease. UPL continued to grow across Latin America in spite of currency headwinds. Due to lower margins and poor payment terms, operations in Argentina are being consciously curtailed and focus is shifted to high margin products. Advanta seeds continued to see improved acceptance in Brazil.

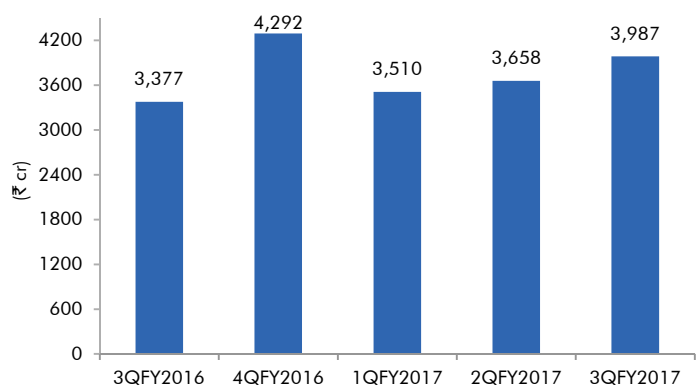
In Europe, the company witnessed good herbicides season for Sugar beet, where UPL has good product portfolio. Good rains in Southern Europe supported fungicide sales, mainly on Horticulture Crops (Potato and Vines); though cereals fungicides sale was lower. Medium term outlook is static in Europe, with moderate growth in CIS

**Exhibit 2: Sales Break-up (Marketwise)**



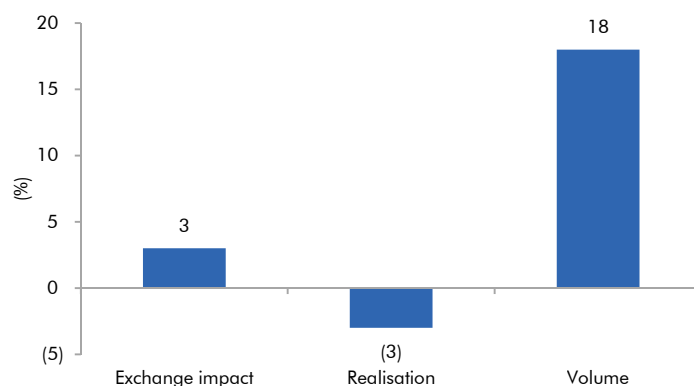
Source: Company

**Exhibit 3: Sales performance (including export incentives)**



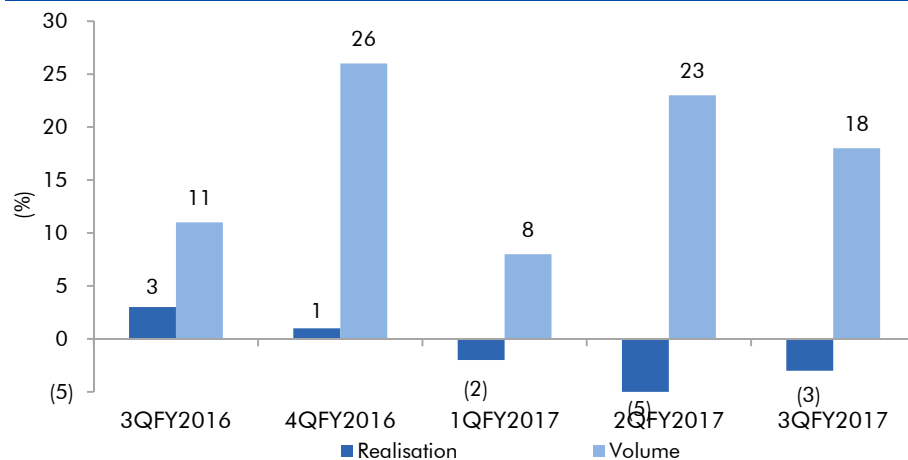
Source: Company, Angel Research

**Exhibit 4: Growth break-up**



Source: Company, Angel Research

**Exhibit 5: Volume and realization break-up (yoy)**

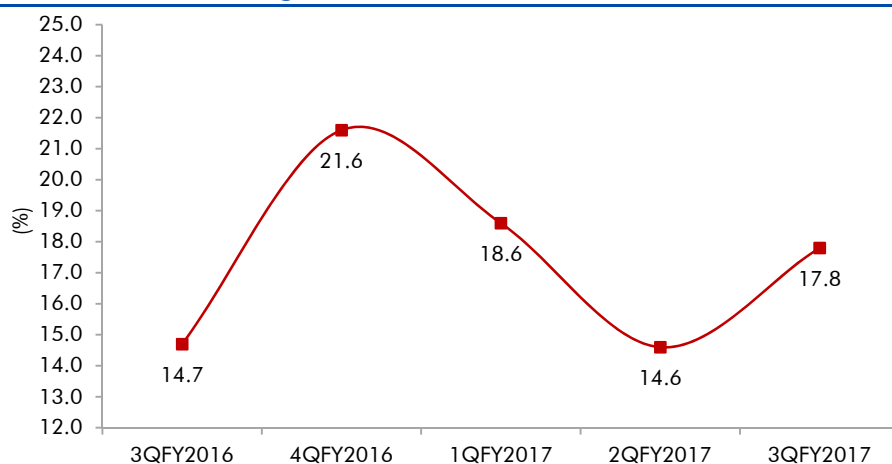


Source: Company, Angel Research

### EBITDA margin expands

On the operating front, the gross margin came in at 53.2% (v/s 54.1% in 3QFY2016), which aided the OPM for the quarter to come in at 17.8% (v/s 14.7% in 3QFY2016). The expansion in OPM was more than the gross margin expansion, on the back of other expenses, which rose only by 1.1% yoy.

#### Exhibit 6: EBITDA margin trend

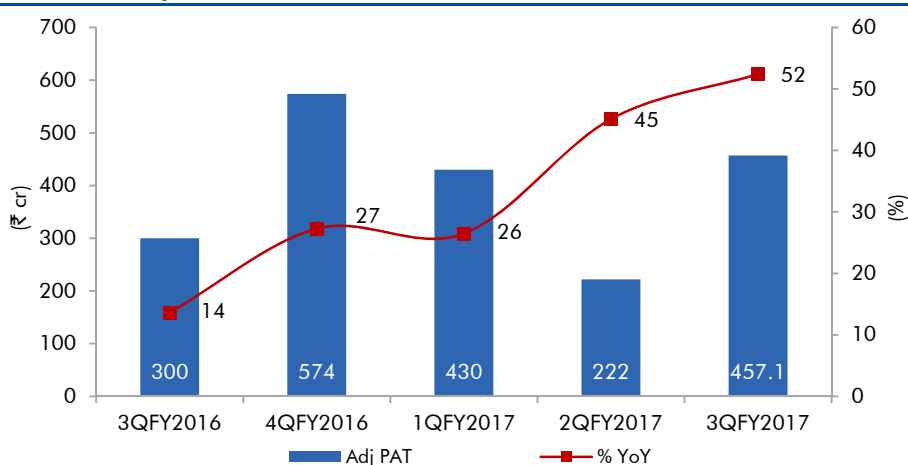


Source: Company, Angel Research

### Adjusted Net Profit grew 52.4% yoy

The company posted a 52.4% yoy growth in its Adjusted PAT, excluding the extraordinary and profits from associates and subsidiaries.

#### Exhibit 7: Adjusted PAT trend



Source: Company, Angel Research

## Investment arguments

### **Innovators dominant in the off-patent space; Generic firms in a sweet spot**

The global agrichemical industry, valued at US\$56bn (CY2015), is dominated by the top six innovators, viz. Bayer, Syngenta, Monsanto, BASF, DuPont and Dow, which enjoy a large market share of the patented (23%) and off-patent (54%) market. The top six innovators enjoy a large share of the off-patent market due to high entry barriers for pure generic players. Thus, of the total pie worth US\$30bn, which is controlled by the top six innovators through proprietary off-patent products, provides a high-growth opportunity for larger integrated generic players like UPL.

### **Generic segment's market share to increase**

The industry registered a CAGR of 3% over 1998-2006, while generic players outpaced the industry with a CAGR of 6%. Going ahead, given the opportunities and a drop in the rate of new molecule introduction by innovators, we expect generic players to continue to outpace the industry's growth rate and augment their market share in the overall pie. Historically, global agrichem players have been logging in-line growth with global GDP. Going ahead, over CY2016-17, the global economy is expected to grow by 3-4%. Assuming this trend plays out in terms of growth for the agrichemical industry and the same rate of genericization occurs, then the agrichemical generic industry could log in 6-8% yoy growth during the period and garner a higher market share.

### **A global generic play**

UPL is the third largest global generic agrichemical player with presence across major markets including the US, EU, Latin America, and India. Given the high entry barriers by way of high investments, entry of new players is restricted. Thus, amidst this scenario and on account of having a low-cost base, we believe UPL enjoys an edge over competition and is placed in a sweet spot to leverage the upcoming opportunities in the global generic space.

### **Advanta – An Entry into seeds business**

During FY2016, UPL announced a merger of Advanta with itself. With this, the company has made its foray into the seed business, thus, widening its business offerings in the Agri-business. The company had sales of around US\$204mn in 2015, with OPM of around 15-16%. It is the 11<sup>th</sup> largest seed company globally, with world leadership in Sorghum. Along with this, it also completes the company's business portfolio, in-line with the other major Agri-businesses, who have around 5-20% (Monsanto and DuPont have around 65% of their sales mix through seeds) of their sales mix through seeds business. While the acquisition improves the presence of the company in the low capital intensive industry coupled with the propriety products, which will yield long term profitability; the near term challenges include high R&D cost coupled with long legislation period for the product commercialization.

According to the industry numbers, the international seed sector is growing at 6% per annum. In value terms, the Indian hybrid seed sector, estimated to be worth

₹12,000cr comprises some 14 states seed corporations and two national-level corporations, 20 large players including multinationals and around 500 small regional players. About 10 domestic and multinational companies control over 80% of the market. The market has been growing at 15-20% annually over the past several years, and is projected to reach around ₹18,000cr by 2018. Though, we have included the Advanta numbers in our projections, we have been conservative on the same.

## Outlook and valuation

Over the last few years, the global agriculture sector has been reviving on the back of rising food prices. Food security is also a top priority for most governments, and reducing food loss is one of the easiest ways to boost food inventory. Hence, we believe agrichemical companies would continue to do well in the wake of heightened food security risks, and strong demand is likely to be witnessed across the world. Overall, we expect the global agrichemical industry to perform well from here on. Generics are expected to register a healthy growth due to – (a) increasing penetration and wresting market share from innovators, and b) patent expiries worth US\$3bn–4bn during the next five years.

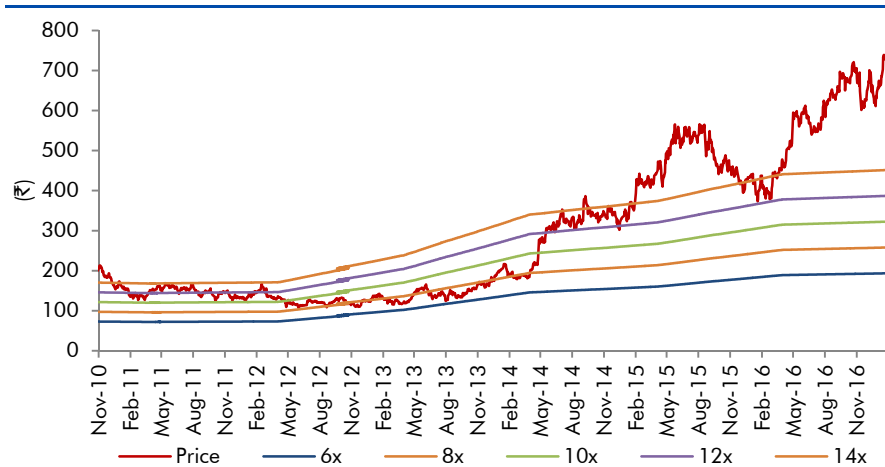
We estimate UPL to post a 25.9% and 17.7% CAGR in sales and PAT respectively over FY2016-18E. The stock is trading at 15.9x FY2018E EPS, which we believe provides very little room for appreciation. Hence, we recommend a Neutral rating on the stock.

### Exhibit 8: Key assumption

	FY2017E	FY2018E
Sales growth	26.2	25.5
EBITDA margin	17.5	17.5
Tax rate	20.0	20.0

Source: Company, Angel Research

### Exhibit 9: P/E band



Source: Company, Angel Research

**Exhibit 10: Peer valuation**

Company	Reco	Mcap (₹ cr)	CMP (₹)	TP (₹)	Upside (%)	P/E (x)		EV/Sales (x)		EV/EBITDA (x)		RoE (%)		CAGR (%)	
						FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	Sales	PAT
Rallis	Neutral	4,424	228	-	-	22.4	17.5	2.1	1.8	14.7	12.8	16.5	18.0	15.0	22.3
UPL	Neutral	37,505	740	-	-	21.5	15.9	2.2	1.7	12.6	9.9	21.4	24.1	25.9	17.7

Source: Company, Angel Research, Bloomberg, All numbers in FY17 and FY18 are expected numbers

### Company background

United Phosphorus (UPL) is a global generic crop protection, chemicals and seeds company. The company is fully backward and forward integrated by taking advantage of the consolidation opportunities within the agrochemical industry. UPL is the largest Indian agrochemical company and had revenue of about ₹11,911cr for the year ended March 2015. During FY2016, UPL announced its merger with Advanta. With this, the company has made its foray into the seed business, thus, widening its business offerings in the Agri-business.

**Profit & Loss Statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Net Sales</b>	<b>9,010</b>	<b>10,580</b>	<b>11,911</b>	<b>13,083</b>	<b>16,516</b>	<b>20,722</b>
Other operating income	184	191	45	219	219	219
<b>Total operating income</b>	<b>9,195</b>	<b>10,771</b>	<b>11,956</b>	<b>13,302</b>	<b>16,735</b>	<b>20,941</b>
% chg	19.9	17.1	11.0	11.3	25.8	25.1
Total Expenditure	7,568	8,751	9,736	10,663	13,619	17,088
Net Raw Materials	4,687	5,441	6,016	6,411	8,094	10,155
Other Mfg costs	741	942	866	1,164	1,470	1,844
Personnel	853	946	1,043	1,224	1,545	1,939
Other	1,287	1,422	1,810	1,864	2,510	3,150
<b>EBITDA</b>	<b>1,442</b>	<b>1,829</b>	<b>2,175</b>	<b>2,419</b>	<b>2,897</b>	<b>3,634</b>
% chg	19.6	26.8	19.0	11.2	26.2	25.5
(% of Net Sales)	16.0	17.3	18.3	18.5	17.5	17.5
Dep. & Amortisation	354	407	425	502	573	629
<b>EBIT</b>	<b>1,273</b>	<b>1,613</b>	<b>1,796</b>	<b>2,137</b>	<b>2,542</b>	<b>3,224</b>
% chg	21.1	26.7	11.4	19.0	26.4	26.8
(% of Net Sales)	13.8	15.0	15.0	16.1	16.1	15.4
Interest & other Charges	429	487	517	622	502	502
Other Income	73	131	131	112	112	112
(% of PBT)	8	10	9	7	5	4
<b>Recurring PBT</b>	<b>917</b>	<b>1,257</b>	<b>1,410</b>	<b>1,626</b>	<b>2,152</b>	<b>2,834</b>
% chg	25.0	37.1	12.2	15.3	42.0	31.7
Extraordinary Exp./ (Inc.)	27	85	(2)	(53)	-	-
<b>PBT (reported)</b>	<b>944</b>	<b>1,172</b>	<b>1,413</b>	<b>1,679</b>	<b>2,152</b>	<b>2,834</b>
Tax	203	222	244	283	462	567
(% of PBT)	21.5	18.9	17.3	16.9	20.0	20.0
<b>PAT (reported)</b>	<b>741</b>	<b>950</b>	<b>1,169</b>	<b>1,396</b>	<b>1,690</b>	<b>2,267</b>
Add: Share of earnings of asso.	32	30	21	(31)	(35)	(39)
Less: Minority interest (MI)	(2)	7	43	13	13	13
Prior period items	-	24	-	-	-	-
<b>PAT after MI (reported)</b>	<b>775</b>	<b>950</b>	<b>1,144</b>	<b>1,299</b>	<b>1,642</b>	<b>2,215</b>
<b>ADJ. PAT</b>	<b>754</b>	<b>1,040</b>	<b>1,147</b>	<b>1,352</b>	<b>1,642</b>	<b>2,215</b>
% chg	34.3	38.0	10.2	17.9	33.2	34.9
(% of Net Sales)	8.4	9.8	9.6	10.3	10.9	10.7
<b>Basic EPS (₹)</b>	<b>17.0</b>	<b>24.3</b>	<b>26.7</b>	<b>31.5</b>	<b>32.4</b>	<b>43.7</b>
<b>Fully Diluted EPS (₹)</b>	<b>17.0</b>	<b>24.3</b>	<b>26.7</b>	<b>31.5</b>	<b>32.4</b>	<b>43.7</b>
% chg	40.1	42.5	10.2	17.9	2.7	34.9



**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	89	86	86	86	101	101
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	4,557	5,162	5,775	6,705	8,094	10,055
<b>Shareholders' Funds</b>	<b>4,645</b>	<b>5,247</b>	<b>5,860</b>	<b>6,791</b>	<b>8,195</b>	<b>10,156</b>
<b>Minority Interest</b>	<b>234</b>	<b>172</b>	<b>44</b>	<b>42</b>	<b>55</b>	<b>68</b>
Total Loans	4,203	2,873	2,781	3,860	3,860	3,860
Other Long term liab.	395	311	594	464	464	464
Long Term Provisions	51	53	53	53	53	53
Deferred Tax Liability	(13)	57	45	(5)	(5)	(5)
<b>Total Liabilities</b>	<b>9,516</b>	<b>8,714</b>	<b>9,378</b>	<b>11,205</b>	<b>12,622</b>	<b>14,597</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	5,386	6,039	6,792	7,791	8,591	9,391
Less: Acc. Depreciation	3,173	3,580	4,005	4,507	5,080	5,709
<b>Net Block</b>	<b>2,213</b>	<b>2,459</b>	<b>2,787</b>	<b>3,285</b>	<b>3,511</b>	<b>3,682</b>
Capital Work-in-Progress	378	378	378	378	378	378
Goodwill / Intangibles	1,277	1,212	1,449	1,463	1,463	1,463
<b>Investments</b>	<b>1,025</b>	<b>737</b>	<b>764</b>	<b>1,066</b>	<b>1,066</b>	<b>1,066</b>
<b>Long Term Loan &amp; Adv.</b>	<b>277</b>	<b>389</b>	<b>418</b>	<b>537</b>	<b>579</b>	<b>727</b>
Current Assets	7,154	7,572	8,372	10,069	12,265	15,613
Cash	1,548	1,023	1,010	1,068	1,489	2,243
Loans & Advances	852	771	586	840	1,380	1,581
Other	4,754	5,779	6,776	8,162	9,396	11,789
Current liabilities	2,807	4,033	4,789	5,593	6,641	8,332
<b>Net Current Assets</b>	<b>4,346</b>	<b>3,539</b>	<b>3,582</b>	<b>4,476</b>	<b>5,624</b>	<b>7,281</b>
Others	-	-	-	-	-	-
<b>Total Assets</b>	<b>9,516</b>	<b>8,714</b>	<b>9,378</b>	<b>11,205</b>	<b>12,622</b>	<b>14,597</b>

**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	944	1,172	1,413	1,679	2,310	2,834
Depreciation	354	407	425	502	573	629
Change in Working Capital	(806)	171	(86)	(955)	(950)	(1,247)
Less: Other income	-	-	-	-	-	-
Direct taxes paid	(203)	(222)	(244)	(283)	(462)	(567)
<b>Cash Flow from Operations</b>	<b>288</b>	<b>1,528</b>	<b>1,508</b>	<b>942</b>	<b>1,471</b>	<b>1,649</b>
(Inc.)/ Dec. in Fixed Assets	(771)	(653)	(753)	(1,000)	(800)	(800)
(Inc.)/ Dec. in Investments	(231)	-	-	-	-	-
Inc./ (Dec.) in loans and adv.	-	-	-	-	-	-
Other income	-	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(1,002)</b>	<b>(653)</b>	<b>(753)</b>	<b>(1,000)</b>	<b>(800)</b>	<b>(800)</b>
Issue of Equity	-	(3)	-	-	16	-
Inc./ (Dec.) in loans	(908)	1,413	(192)	(949)	0	0
Dividend Paid (Incl. Tax)	(129)	(201)	(214)	(214)	(253)	(253)
Others	1,733	(2,612)	(362)	1,278	4	158
<b>Cash Flow from Financing</b>	<b>696</b>	<b>(1,403)</b>	<b>(768)</b>	<b>115</b>	<b>(234)</b>	<b>(95)</b>
Inc./ (Dec.) in Cash	(18)	(525)	(13)	58	421	754
<b>Opening Cash balances</b>	<b>1,566</b>	<b>1,548</b>	<b>1,023</b>	<b>1,010</b>	<b>1,068</b>	<b>1,489</b>
<b>Closing Cash balances</b>	<b>1,548</b>	<b>1,023</b>	<b>1,010</b>	<b>1,068</b>	<b>1,489</b>	<b>2,243</b>

### Key Ratios

Y/E March	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	40.8	28.7	26.0	22.1	21.5	15.9
P/CEPS	27.8	20.6	19.0	16.1	15.9	12.4
P/BV	6.6	5.7	5.1	4.4	4.3	3.5
Dividend yield (%)	0.4	0.4	0.4	0.4	0.4	0.4
EV/Sales	4.1	3.4	3.0	2.8	2.2	1.7
EV/EBITDA	25.6	19.9	16.7	15.3	12.6	9.9
EV / Total Assets	3.9	4.2	3.9	3.3	2.9	2.5
<b>Per Share Data (₹)</b>						
EPS (Basic)	17.0	24.3	26.7	31.5	32.4	43.7
EPS (fully diluted)	17.0	24.3	26.7	31.5	32.4	43.7
Cash EPS	25.0	33.8	36.7	43.2	43.7	56.1
DPS	2.5	2.5	2.5	2.5	2.5	2.5
Book Value	105.0	122.4	136.7	158.4	161.7	200.4
<b>DuPont Analysis</b>						
EBIT margin	13.8	15.0	15.0	16.1	16.1	15.4
Tax retention ratio	78.5	81.1	82.7	83.1	80.0	80.0
Asset turnover (x)	1.4	1.5	1.6	1.6	1.7	1.9
ROIC (Post-tax)	15.4	18.5	20.3	21.0	22.3	23.9
Cost of Debt (Post Tax)	8.9	11.2	15.1	15.6	10.4	10.4
Leverage (x)	0.5	0.5	0.3	0.4	0.4	0.2
Operating ROE	18.6	21.9	22.0	22.9	26.4	26.9
<b>Returns (%)</b>						
ROCE (Pre-tax)	14.4	17.7	19.9	20.8	21.2	23.2
Angel ROIC (Pre-tax)	20.0	23.2	24.7	25.6	26.6	30.2
ROE	17.1	21.0	20.6	21.4	21.9	24.1
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.8	1.9	1.9	1.8	2.0	2.3
Inventory / Sales (days)	78	83	86	86	81	81
Receivables (days)	102	83	86	86	81	81
Payables (days)	108	69	72	73	68	68
WCycle (ex-cash) (days)	96	92	78	83	85	86
<b>Solvency ratios (x)</b>						
Net debt to equity	0.4	0.6	0.4	0.3	0.4	0.3
Net debt to EBITDA	1.5	1.8	1.0	0.8	1.2	0.8
Interest Coverage (EBIT / Int.)	3.0	3.3	3.5	3.4	5.4	6.4

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	UPL
1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)