Angel Broking™ Service Truly Personalized

December 22, 2014

Nagarjuna Agrichem

Initiating Coverage

Nagarjuna Agrichem Ltd (NACL) is one of the largest pesticide agrichemical companies in the country with a market share of ~4% and belongs to the Nagarjuna Group of Hyderabad. NACL manufactures a comprehensive range of pesticide technicals, formulations and custom manufactured fine chemicals through its three plants situated at Srikakulam, Ethakota and Shadnagar in Andhra Pradesh. Pesticides account for more than 95% of the company's total revenues. Historically, the domestic business has been contributing by around 70% to the company's overall revenues, while exports have been accounting for the balance. However, in the recent past, the contribution of exports has come down, ie to ~20% in FY2014.

Profitability to improve: NACL's performance since FY2011-14 has been impacted on account of a slew of industry and company specific issues. Raw material constraints and raw material price hikes have diluted the gross margin of the company, which has now stabilized at around ~30% from a high of ~39% (Avg. FY2000-10). Also, in FY2013, exports were significantly impacted due to the closure of the Srikakulam Plant for about five months and the incapacitation of Block 5 which was affected by a fire. Block 5 is one of the largest blocks in the plant and accounting for around 40% of the total capacity of the plant (FY2013); its closure impacted the operating profitability of the company. These factors led the company to post an EBIDTA profit of a mere ₹4cr in FY2014. However, with the block operational again and raw material prices stabilizing, the company is poised to be back on the path of recovery. Hence, we expect the company to post a 16.1% CAGR in its top-line over FY2014-16E to ₹849cr and EBDITA margins bouncing back to around 10.3% levels (in FY2016).

Outlook & Valuation: With the Srikakulam plant's Block 5 back into operation, the company is expected to witness improved profitability, going forward. Thus, we expect the company to post a sales CAGR of 16.1% over FY2014-16E and a net profit of ₹39cr in FY2016E V/s a loss of ₹12.6cr in FY2013. At the CMP, the stock trades at a P/E of 5.0x FY2016E EPS, which we believe is attractive in comparison to its peers. **Thus we recommend a Buy on the stock with a target price of ₹18.**

BUY

CMP	₹12
Target Price	₹18
Investment Period	12 Months

Stock Info	
Sector	Agrochemical
Market Cap (₹ cr)	193
Net debt (₹ cr)	202
Beta	0.8
52 Week High / Low	17 / 4
Avg. Daily Volume	83,067
Face Value (₹)	1
BSE Sensex	27,372
Nifty	8,225
Reuters Code	NAGA.BO
Bloomberg Code	CGI@IN

Shareholding Pattern (%)	
Promoters	74.8
MF / Banks / Indian FIs	4.9
FII / NRIs / OCBs	0.3
Indian Public / Others	20.0

Abs. (%)	3m	1yr	3yr
Sensex	1.1	29.6	72.9
Nag. Agrichem	(18.3)	219.2	90.0

Key financials (Consolidated)

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015E	FY2016E
Net sales	**626**	**596**	**630**	**739**	**849**
% chg	12.9	(4.9)	5.7	17.4	14.9
Adj. net profit	**7**	**(13)**	**(18)**	**10**	**39**
% chg	61.5	-	40.3	-	298.3
EBITDA Margin (%)	8.6	2.1	0.7	5.8	10.3
EPS (₹)	**0.5**	**(0.8)**	**(1.1)**	**0.6**	**2.5**
P/E (x)	25.1	(14.6)	(10.9)	20.0	5.0
P/BV (x)	0.9	0.9	1.1	1.1	0.9
RoE (%)	3.6	(6.3)	(9.6)	5.4	19.3
RoCE (%)	9.6	2.1	1.8	9.3	16.2
EV/Sales (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x)	7.1	26.9	92.9	10.3	5.5

Source: Company, Angel Research; Note: CMP as of December 19, 2014

Sarabjit kour Nangra
+91-22-3935 7800 Ext: 6806
sarabjit@angelbroking.com

Investment arguments

Pick up in exports to drive growth momentum

Revival in exports to drive future top-line growth

Over the last one decade (FY2000-2010) NACL has emerged as one of the fastest growing agrochemical companies, posting a sales CAGR of 29.2%. The sales growth during the period was mainly driven by exports which posted a CAGR of 54.8%, albeit on a lower base, to end the period at ₹225cr (FY2010). The domestic markets segment posted a CAGR of around 24.5% (FY2010) during the period, leading the company to emerge among the top 10 players in the domestic market. However, since FY2011, the company's performance has moderated, with it posting sales CAGR of only 4.3% over the FY2011-14 period. The main cause for the same has been gyration in exports and institutional sales. Revenues from these segments were impacted due to lower demand in export markets and owing to other operational reasons.

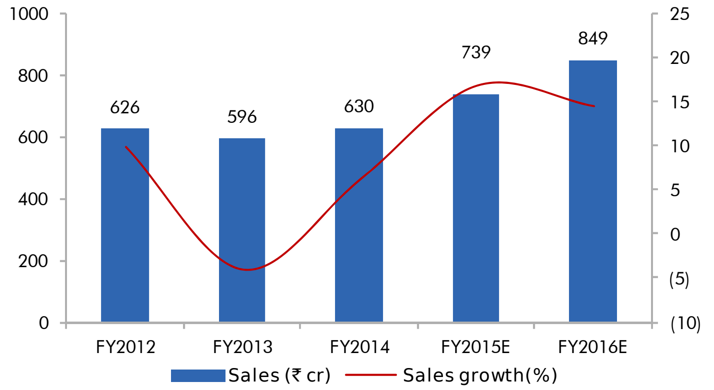
Also, in FY2013, exports were significantly impacted due to the closure of Srikakulam plant for about five months and due to the incapacitation of Block 5 which was affected by a fire. Block 5 is one of the largest blocks in the plant and accounted for around 40% of the total capacity of the plant (FY2013). Export sales accordingly decreased to ₹120cr in FY2013 V/s ₹197cr in FY2012. Rough calculations put the overall sales attributable to the plant at ~₹200cr. The incapacitation of the plant has also severely impacted export sales of the company in FY2014, which dipped by 23.3% to end the period at ₹92cr. As a result, the contribution of exports to total revenue dipped to around 20% in FY2014 from 35% in FY2010.

However, the company has finished its rebuilding work of the fire affected Block-5 and it was re-commissioned in March 2014; the first output of the plant was received on 30th March, 2014. As a part of risk mitigation and in order to prevent any such untoward event in future, the company has taken various initiatives and additional safety measures.

Thus the export and institutional sales of the company have resumed and the same are reflected in the company's net sales growth of 19.2% for 1HFY2015. During FY2015, the company expects to clock export sales of ₹200cr and should reach its earlier export sales levels of around ₹250cr by FY2016.

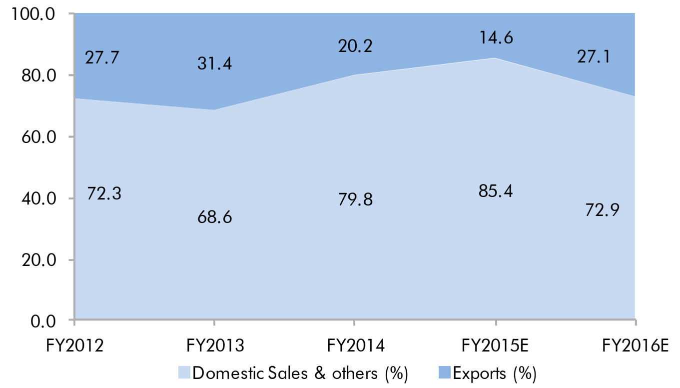
On the domestic markets front, the company has been growing at a rate higher than the industry. Going forward, with domestic markets expected to grow at a CAGR of 12%, on a conservative basis, we easily expect the company to post a CAGR of 13% over FY2014-16E, while exports are expected to post a CAGR of 61.5% during the same period. This would enable the company to post a CAGR of 16.1% in sales over FY2014-16E to ₹849cr.

Exhibit 1: Sales growth to rebound



Source: Company, Angel Research

Exhibit 2: Exports to regain prominence



Source: Company, Angel Research

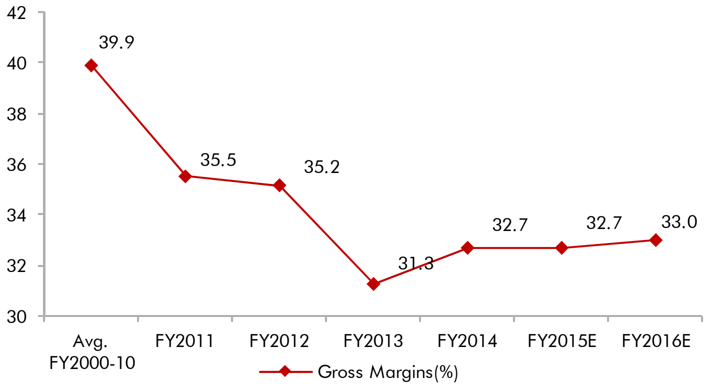
EBIDTA margin to witness an uptrend

Stability in key raw material prices and higher exports to aid margin expansion

On the operating profitability front, the company's gross margins have averaged a healthy 39.0% during FY2000-10 with EBITDA margin at 16.6%. However after FY2010, the gross margins along with operating margins came under pressure. During FY2011-14, the gross margins and operating margins averaged around 34.4% and 6.0%, respectively. While the company is backward integrated and uses almost 65% of its raw material manufactured indigenously, capacity constraints internally along with rising input costs and raw material supply constraints have impacted its gross margins. Along with this, the erratic and irregular power supply from the electricity board, manpower shortage issues etc. continue to be causes of concerns for the company. However, the major drain on the operating margins has been the lower capacity utilization of the Srikakulam plant due to fire at Block 5. Block 5 is one of the largest blocks in the plant; the block accounted for around 40% of the total capacity of the plant (FY2013). Thus, both external and internal factors have constrained the overall profitability of the company, with the company posting EBITDA margins of a meager 0.7% in FY2014.

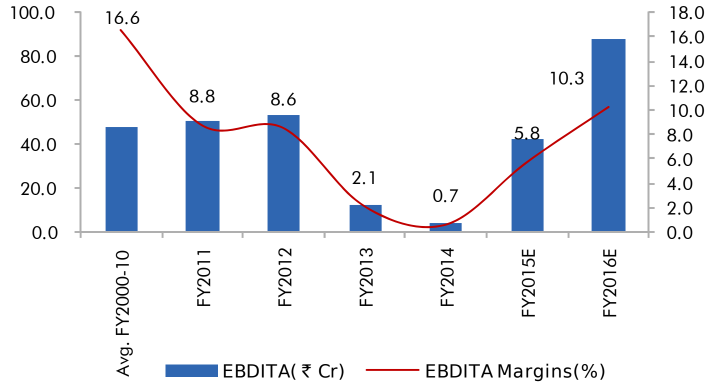
With the company now having resolved its problem at the Srikakulam plant, the operating margins of the company have moved up to 5.2% in 1HFY2015 V/s 2.1% in 1HFY2014. The gross margins have stabilized at around 30.6% in 1HFY2015 V/s 25.9% in 1HFY2014.

Exhibit 3: Gross Margins to stabilise



Source: Company, Angel Research

Exhibit 4: EBIDTA margins to inch higher

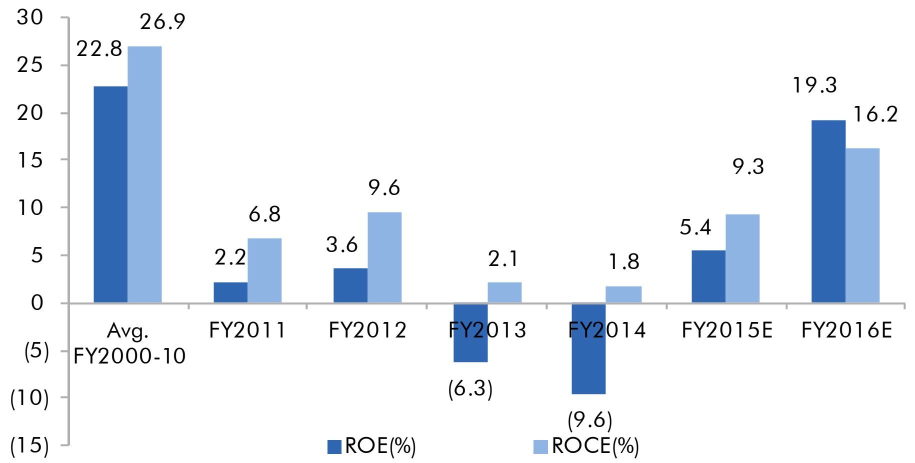


Source: Company, Angel Research

Return ratios to improve

With the company having resolved its problem at the Srikakulam capacity, the overall capacity utilization levels are expected to improve. This will lead to higher sales, resulting in improved operational profitability and higher ROCE and ROE. The ROCE is expected to turn positive to 16.2% in FY2016E, while the ROE is expected to be 19.3% in FY2016E, broadly in line with the industry averages.

Exhibit 5: Return ratios to see recovery



Source: Company, Angel Research

Industry Outlook

Agrochemical Industry- Drivers for growth in place

Domestic Market— Under-penetration to drive growth

The Indian agrochemical sector, with a market size of around ~₹13,200cr (FY2014), has been growing by ~8-10% annually, in comparison to the 3-4% growth rate globally. India is one of the largest consumers of agrochemicals. The usage of pesticides in India is less than 2% of the global consumption and is confined to one-fourth of the total arable land of about 180mn hectares. Overall, India's consumption of pesticides at around 0.6Kg/ha is lower compared to US (7Kg/ha) and Japan (12Kg/ha), thus leaving a huge scope for the organized players to grow.

The crop protection market in India is largely dominated by insecticides which account for 65% of the total crop protection chemicals market. Herbicides are the largest growing segment and currently account for 16% of the total and rest is attributed to fungicides. Paddy and cotton are the major consumers of crop protection chemicals, accounting for 28% and 20% of overall consumption respectively. In terms of states, the top three - Andhra Pradesh, Maharashtra and Punjab - account for ~50% of the total pesticide consumption in India.

Challenges in the domestic market include seasonality and higher dependence on monsoon. As much as 60% to 70% of demand is in the Kharif (June to November) season and companies have to stock inventories well before. The business is long on credit and agrochemicals are the last thing farmers buy, well after seeds and fertilizers and offtake depends on a lot of things, including the weather going right. Also around 64% of Indian cultivated land is monsoon dependent. In terms of competition, the industry is highly fragmented at both levels, with around 125 technical producers and more than 800 formulators, serving millions of farmers through thousands of dealers / distributors. The top five players cumulatively capture only 57% of the total market and no single player among these has over 20% share.

These factors would continue to keep the profitability, especially of the medium and small players, in check. Hence, companies with large market shares and the ones being backward integrated will be able to make most of the opportunity.

Overall, the growing populations, shrinking farmland and scarcity of water would continue to increase pressure on improving farm productivity. In this respect, pesticides play an important role in trying to minimise the loss due to insects, weeds and diseases, given that about 35% to 45% of crop production is lost on this account. This will continue to drive growth of the Indian agrochemical industry. The apex industry body Assocham said that the agrochemicals sector in India is likely to cross the ₹17,600cr mark by 2017, with it currently growing at a CAGR of about 12%.

Exports- Generic along with Contract Manufacturing lucrative

Exports on the other hand, standing at ₹16,800cr (FY2014), are expected to post a CAGR of 10% over the next three years, mainly driven by generics. The global agrichem industry, valued at ~US$53bn (CY2014E), is dominated by the top six innovators, viz Bayer, Syngenta, Monsanto, BASF, DuPont and Dow, which enjoy a large market share of the patented (28%) and off-patent (32%) market. The top six innovators enjoy a large share of the off-patent market due to high entry barriers for pure generic players. Thus, one-third of the total pie worth ~US$18bn, which is controlled by the top six innovators through proprietary off-patent products, provides a high-growth opportunity for larger integrated generic players.

The market share of generic players increased from 32% levels in 1998 to 40% levels by 2006-end. The industry registered a CAGR of 3% over 1998-2014, while generic players outpaced the industry, posting 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 and increase their market share in the overall pie. Historically, global agrichem players have been logging in-line growth with global GDP. Going ahead, over

CY2014-15, the global economy is expected to grow by 3-4%. Assuming this trend plays out in terms of growth for the agrichem industry and given that the same rate of genericisation occurs, the agrichemical generic industry could log in 6-8% yoy growth during the period and garner a market share of 50--55%.

Apart from this, toll manufacturing is also an important segment, mainly in technicals. Many leading MNCs are getting their technicals manufactured in countries like India on toll basis in view of the cost advantage that it offers. Tolling as a business is expected to grow as products come out of the patent protection periods. India, which is the fourth largest producer of agro-chemicals in the world after the United States, Japan and China can easily make its mark in the international generic markets, given its low cost of production.

Financials

Top-line to grow at a CAGR of 16.1% over FY2014-16E

We expect the company's net sales to grow at a CAGR of 16.1% over FY2014-16E, from ₹630cr to ₹849cr, mainly driven by a bounce back in exports. The company's net domestic sale is expected to increase from ₹477cr in FY2014 to ₹609cr by FY2016E, while its exports are expected to increase from ₹92cr to ₹240cr, during the same period. The company's exports growth during the period would be driven by the full operation of its Srikakulam plant. Growth in the domestic markets however would be restricted owing to capacity constraints.

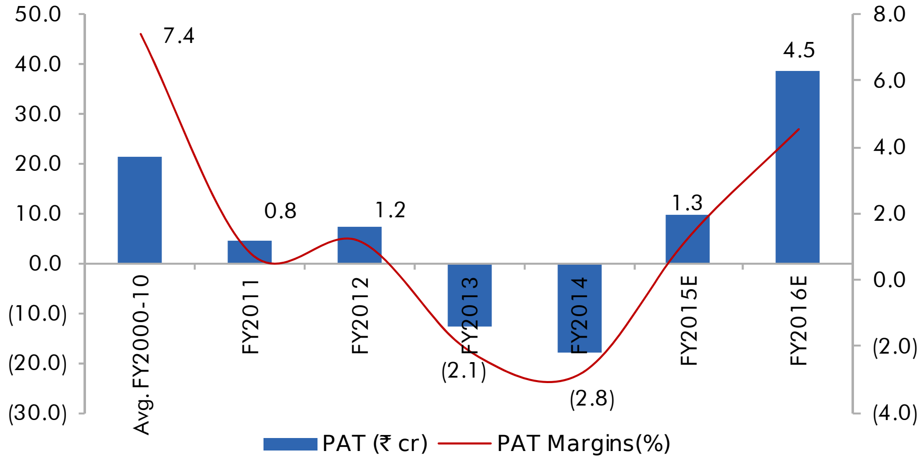
EBIDTA and EBIDTA margins to improve

The EBIDTA and the EBIDTA margins of the company have been under pressure on back of high input costs and closure of one of the main blocks of its Srikakulam plant, which constitutes around 40% of its capacity. With the block resuming its production, the EBDITA margins have bounced back to ~5% levels in 1HFY2015. With stable raw material cost and capacity utilization improving, the company's EBIDTA is expected to grow at a CAGR of 359.1% to ₹87cr by FY2016E. As a result, EBIDTA margins are expected to improve from 0.7% in FY2014 to 10.3% in FY2016E.

PAT to witness a significant improvement over FY2014-16E

With improvement in EBIDTA margins specifically in FY2016E, the PAT is expected to come in at ₹39cr in FY2016E from a loss of ₹18cr in FY2014. As a result, the PAT margins are expected to improve from 0.8% in FY2011 to 4.5% in FY2016E.

Exhibit 6: PAT and PAT margins to improve

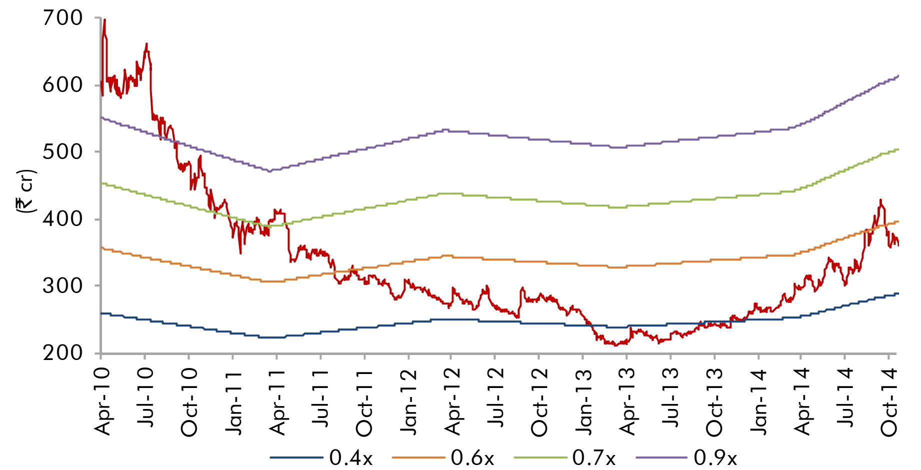


Source: Company, Angel Research

Outlook and valuation

We expect net sales and EBIDTA to register a CAGR of 16.1% and 359.1% to ₹849cr and ₹87cr, respectively, over FY2014-16E. As a result, the net profit is expected to come in at ₹39cr in FY2014-16E. At the current market price the stock is trading at a P/E of 5.0x its FY2016E earnings. On account of expected revival in profitability of the company, we initiate coverage on the stock with a Buy rating and target price of ₹18, valuing the stock at ~7x its FY2016E earnings.

Exhibit 7: EV/Sales band



Source: Company, Angel Research

Relative valuation

The leading players in the industry are United Phosphorus, Rallis India, and Insecticides. NACL is trading at cheap valuations of 5.0x P/E and 0.9x P/BV on FY2016E as compared to its peers which are trading at relatively higher valuations.

Exhibit 8: Comparative analysis

Company	Year end	Mcap	Sales	OPM	PAT	EPS	RoE	P/E	P/BV	EV/ Sales	EV/ EBIDTA
Nagarajuna Agri.	FY2015E	187	739	5.8	10	0.6	5.4	20.0	1.1	0.6	10.3
	FY2016E	187	849	10.3	39	2.5	19.3	5.0	0.9	0.6	5.5
UPL	FY2015E	13,788	11,850	17.3	1,282	29.9	22.2	10.8	2.0	1.3	7.4
	FY2016E	13,788	13,627	17.3	1,515	35.3	21.7	9.1	1.7	1.1	6.1
Rallis	FY2015E	4,062	2,020	13.9	176	9.0	22.6	23.3	4.9	2.0	14.7
	FY2016E	4,062	2,365	13.9	204	10.5	22.3	19.9	4.1	1.7	12.4

Source: Company, Angel Research,

Key concerns

Growth challenge in exports: In FY2010, NACL derived 35% of its revenues from exports, which came down to 27% in FY2011, also on back of the lower demand from its toll manufacturing business. These exports primarily constitute the contract manufacturing job that the company does for the MNC players. Hence any drop in demand of final products of these MNCs will negatively impact the company's performance.

Vagaries of monsoon: Most of the agricultural production in India is rain fed and hence highly dependent on monsoons. Hence, vagaries in monsoon could affect the demand for agrichemicals and in turn impact the company.

Company Background

NACL is one of the largest pesticide agrichemical companies in the country with a market share of ~4% and belongs to the Nagarjuna Group of Hyderabad. The company also has a credible presence in the international market. NACL manufactures a comprehensive range of pesticide technicals, formulations and custom manufactured fine chemicals. Pesticides account for 95% of the company's total revenues. Historically, the domestic business has been contributing around 70% of the company's overall revenues, while exports accounted for the balance. However, in the recent past, decline in exports has lead to its contribution coming down to 20% in FY2014. NACL has three plants situated at Srikakulam, Ethakota and Shadnagar in Andhra Pradesh.

Profit and Loss

Y/E March (₹ Cr)	FY11	FY12	FY13	FY14E	FY15E	FY16E
Net Sales	**554**	**626**	**596**	**630**	**739**	**849**
Other operating income	16	17	22	25	25	25
Total operating income	**570**	**643**	**617**	**655**	**764**	**874**
% chg	*(11.9)*	*12.8*	*(4.0)*	*6.1*	*16.7*	*14.4*
Total Expenditure	517	572	583	625	696	762
Net Raw Materials	368	406	409	424	497	569
Other Mfg costs	45	52	53	57	61	51
Personnel	40	35	40	43	35	40
Other	64	80	80	101	103	102
EBITDA	**38**	**54**	**13**	**4**	**43**	**87**
% chg	*(68.8)*	*43.2*	*(76.2)*	*(67.6)*	*931.8*	*104.2*
(% of Net Sales)	*6.8*	*8.6*	*2.1*	*0.7*	*5.8*	*10.3*
Depreciation& Amortisation	23	27	25	22	26	30
EBIT	**30**	**44**	**9**	**8**	**42**	**83**
% chg	*(70.0)*	*45.0*	*(79.1)*	*(17.3)*	*451.8*	*98.7*
(% of Net Sales)	*5.3*	*6.8*	*1.5*	*1.2*	*5.5*	*9.5*
Interest & other Charges	26	33	31	28	31	36
Other Income	5	4	2	1	1	1
(% of PBT)	*56*	*27*	*(8)*	*(3)*	*5*	*1*
Recurring PBT	**9**	**14**	**(20)**	**(20)**	**11**	**47**
% chg	*(90.0)*	*51.5*	*-*	*-*	*-*	*324.5*
Extraordinary (Expense)/Inc.	(3)	(0)	(0)	(3)	-	-
PBT (reported)	**6**	**14**	**(20)**	**(23)**	**11**	**47**
Tax	3	7	-	-	2	9
(% of PBT)	*52.1*	*48.7*	*36.5*	*9.3*	*20.0*	*20.0*
PAT (reported)	**3**	**7**	**(13)**	**(21)**	**9**	**38**
Add: Share of earnings of asso.	-	-	-	1	1	1
Less: Minority interest (MI)	-	-	-	-	-	-
Prior period items	-	-	-	-	-	-
PAT after MI (reported)	**3**	**7**	**(13)**	**(21)**	**10**	**39**
ADJ. PAT	**5**	**7**	**(13)**	**(18)**	**10**	**39**
% chg	*(92.0)*	*61.5*				*298.3*
(% of Net Sales)	*0.8*	*1.2*	*(2.1)*	*(2.8)*	*1.3*	*4.5*
Basic EPS (₹)	**0.3**	**0.5**	**(0.8)**	**(1.1)**	**0.6**	**2.5**
Fully Diluted EPS (₹)	**0.3**	**0.5**	**(0.8)**	**(1.1)**	**0.6**	**2.5**
% chg	*(92.0)*	*61.5*				*298.3*

Balance Sheet

Y/E March (₹ Cr)	FY11	FY12	FY13	FY14E	FY15E	FY16E
SOURCES OF FUNDS						
Equity Share Capital	15	15	15	16	16	16
Preference Capital	-	-	-	-	-	-
Reserves& Surplus	188	192	180	159	166	202
Shareholders Funds	**203**	**207**	**195**	**174**	**182**	**218**
Minority Interest	-	-	-	-	-	-
Total Loans	204	220	177	219	260	300
Other Long term liabilities	11	11	10	12	12	12
Long Term Provisions	0	1	1	1	1	1
Deferred Tax Liability	25	29	22	19	19	19
Total Liabilities	**443**	**467**	**405**	**426**	**474**	**550**
APPLICATION OF FUNDS						
Gross Block	324	334	325	353	403	453
Less: Acc. Depreciation	117	144	154	172	198	228
Net Block	**207**	**190**	**171**	**181**	**205**	**225**
Capital Work-in-Progress	7	16	11	18	18	18
Goodwill / Intangilbles	1	1	1	1	1	1
Investments	**0**	**4**	**4**	**9**	**9**	**9**
Long Term Loan & Adv.	12	17	14	12	17	19
Current Assets	325	403	400	399	452	540
Cash	23	25	22	17	4	6
Loans & Advances	19	19	41	46	54	80
Other	283	359	337	336	395	454
Current liabilities	109	164	195	195	229	263
Net Current Assets	**216**	**239**	**204**	**204**	**224**	**277**
Others	-	-	-	-	-	-
Total Assets	**443**	**467**	**405**	**426**	**474**	**550**

Cash flow statement

Y/E March (₹ Cr)	FY11	FY12	FY13	FY14E	FY15E	FY16E
Profit before tax	6	14	(20)	(23)	11	47
Depreciation	23	27	25	22	26	30
Change in Working Capital	20	(26)	35	(4)	(37)	(54)
Less: Other income	(5)	(4)	(2)	(1)	(1)	(1)
Direct taxes paid	(3)	(7)	7	2	(2)	(9)
Cash Flow from Operations	**41**	**4**	**46**	**(4)**	**(2)**	**13**
(Inc.)/ Dec. in Fixed Assets	(54)	11	15	(35)	(50)	(50)
(Inc.)/ Dec. in Investments	-	(4)	-	-	-	-
Inc./ (Dec.) in loans and adv.	-	-	-	-	-	-
Other income	(5)	(4)	(2)	(1)	(1)	(1)
Cash Flow from Investing	**(49)**	**12**	**16**	**(34)**	**(49)**	**(49)**
Issue of Equity	-	-	-	1	-	-
Inc./(Dec.) in loans	30	24	43	(44)	(41)	(40)
Dividend Paid (Incl. Tax)	(7)	(2)	-	-	(2)	(2)
Others	(14)	(26)	(106)	76	82	81
Cash Flow from Financing	**9**	**(4)**	**(63)**	**33**	**39**	**39**
Inc./(Dec.) in Cash	1	12	(3)	(5)	(13)	2
Opening Cash balances	**22**	**13**	**25**	**22**	**17**	**4**
Closing Cash balances	**23**	**25**	**22**	**17**	**4**	**6**

Key Ratios

Y/E March	FY11	FY12	FY13	FY14E	FY15E	FY16E
Valuation Ratio (x)						
P/E (on FDEPS)	40.6	25.1	-	-	20.0	5.0
P/CEPS	3.6	3.0	4.9	7.4	3.1	2.0
P/BV	0.9	0.9	0.9	1.1	1.1	0.9
Dividend yield (%)	3.6	1.1	-	-	1.2	1.2
EV/Sales	0.7	0.6	0.6	0.6	0.6	0.6
EV/EBITDA	9.9	7.1	26.9	92.9	10.3	5.5
EV / Total Assets	0.8	0.8	0.8	0.9	0.9	0.9
Per Share Data (₹)						
EPS (Basic)	0.3	0.5	(0.8)	(1.1)	0.6	2.5
EPS (fully diluted)	0.3	0.5	(0.8)	(1.1)	0.6	2.5
Cash EPS	3.4	4.1	2.5	1.7	4.0	6.3
DPS	0.4	0.1	-	-	0.1	0.1
Book Value	13.6	13.9	13.1	11.2	11.7	14.0
Dupont Analysis						
EBIT margin	5.3	6.8	1.5	1.2	5.5	9.5
Tax retention ratio	47.9	51.3	63.5	90.7	80.0	80.0
Asset turnover (x)	0.3	1.4	1.5	1.6	1.7	1.7
ROIC (Post-tax)	0.8	5.0	1.4	1.7	7.5	12.9
Cost of Debt (Post Tax)	0.9	8.1	9.8	12.8	10.4	10.4
Leverage (x)	0.9	0.9	0.9	1.0	1.3	1.4
Operating ROE	0.7	2.2	(6.0)	(9.2)	3.8	16.4
Returns (%)						
ROCE (Pre-tax)	6.8	9.6	2.1	1.8	9.3	16.2
Angel ROIC (Pre-tax)	7.2	10.2	2.2	1.9	9.7	16.6
ROE	2.2	3.6	(6.3)	(9.6)	5.4	19.3
Turnover ratios (x)						
Asset Turnover (Gross Block)	1.8	2.0	1.9	1.9	2.0	2.0
Inventory / Sales (days)	93	88	100	97	90	91
Receivables (days)	88	94	106	90	83	85
Payables (days)	76	86	98	89	86	92
WC cycle (ex-cash) (days)	127	125	121	107	100	105
Solvency ratios (x)						
Net debt to equity	0.9	0.9	0.9	1.0	1.3	1.4
Net debt to EBITDA	4.8	4.2	7.9	30.4	27.4	4.7
Interest Coverage (EBIT / Int.)	1.2	1.3	0.3	0.3	1.3	2.3

Research Team Tel: 022 - 39357800 E-mail: research@angelbroking.com Website: www.angelbroking.com

DISCLAIMER

Disclosure of Interest Statement	Nagarjuna Agrichem
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors.

Ratings (Returns):			
Ratings (Returns):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
	Reduce (-5% to 15%)	*Sell (< -15%)*	

6th Floor, Ackruti Star, Central Road, MIDC, Andheri (E), Mumbai- 400 093. Tel: (022) 39357800

Research Team

Fundamental:

Sarabjit Kour Nangra	VP-Research, Pharmaceutical	sarabjit@angelbroking.com
Vaibhav Agrawal	VP-Research (Banking)	vaibhav.agrawal@angelbroking.com
Amarjeet Maurya	Analyst (FMCG, Media, Mid-Cap)	amarjeet.maurya@angelbroking.com
Bharat Gianani	Analyst (Automobile)	bharat.gianani@angelbroking.com
Shrenik Gujrathi	Analyst (Cap Goods, Cement)	shrenik.gujrathi@angelbroking.com
Umesh Matkar	Analyst (Banking)	umesh.matkar@angelbroking.com
Twinkle Gosar	Analyst (Mid-Cap)	gosar.twinkle@angelbroking.com
Tejas Vahalia	Research Editor	tejas.vahalia@angelbroking.com

Technicals and Derivatives:

Siddarth Bhamre	Head – Technical & Derivatives	siddarth.bhamre@angelbroking.com
Sameet Chavan	Technical Analyst	sameet.chavan@angelbroking.com
Sneha Seth	Associate (Derivatives)	sneha.seth@angelbroking.com

Institutional Sales Team:

Mayuresh Joshi	VP - Institutional Sales	mayuresh.joshi@angelbroking.com
Meenakshi Chavan	Dealer	meenakshis.chavan@angelbroking.com
Gaurang Tisani	Assistant Manager	gaurangp.tisani@angelbroking.com

Production Team:

Dilip Patel	Production Incharge	dilipm.patel@angelbroking.com

CSO & Registered Office: G-1, Ackruti Trade Centre, Road No. 7, MIDC, Andheri (E), Mumbai - 93. Tel: (022) 3083 7700. Angel Broking Pvt. Ltd: BSE Cash: INB010996539 / BSE F&O: INF010996539, CDSL Regn. No.: IN - DP - CDSL - 234 – 2004, PMS Regn. Code: PM/INP000001546, NSE Cash: INB231279838 / NSE F&O: INF231279838 / NSE Currency: INE231279838, MCX Stock Exchange Ltd: INE261279838 / Member ID: 10500. Angel Commodities Broking (P) Ltd.: MCX Member ID: 12685 / FMC Regn. No.: MCX / TCM / CORP / 0037 NCDEX: Member ID 00220 / FMC Regn. No.: NCDEX / TCM / CORP / 0302.