



About Indian Potash Limited Unlisted Shares

(i) The story of Indian Potash Limited began with the vision and hard work of a few dedicated people in the early 50s. Before to 1950, the use of potash was sporadic, almost insignificant, and demographically confined to a few southern states. Potash was unknown to Indian farmers but through dedicated field work, potash became accepted across India and its success story is considered one of the most remarkable stories in the history of the Indian fertilizer industry.



(ii) In view of this, Indian Potash Limited was incorporated under the Indian Companies Act to promote balanced utilization of potash. Indian Potash is the largest potash importer in India with warehouses in all major ports in India. The company has a dealer network across India and distributes potash to farmers. The company started as a potash trading company and has now expanded into dairy, animal feed, sugar, rural warehousing etc.

(iii) Our Products:
Fertilizers:



Feed: Indian Potash produces and sells cattle feed in North and South India. The company has two plants at Sikandrabad (Uttar Pradesh) and Renugunta (Andhra Pradesh) to cater to the needs of North and South states of India. Cow feed increases milk production and contributes to healthier calving.

Dairy: Equipped with state-of-the-art facilities, Indian Potash processes 700,000 litres of milk daily. Indian Potash supplies milk and dairy products to Mother Dairy and also sells under its own brand.

Sugar: To expand its product range, Indian Potash acquired five very old sugar mills with a total capacity of around 9,700 TCD from the Uttar Pradesh Government in 2010. Indian Potash also produces pharmaceutical sugar and supplies to global pharmaceutical companies such as GSK and Abbot. It also supplied sugar to the food and beverage industry, serving clients like Coca-Cola, Pepsi, Cadbury and Nestle.

Precious Metals: Indian Potash operates a jewellery showroom, IPL Swarnalaya, in New Delhi in partnership with state-run trading house MMTC. The showroom sells jewellery, lockets and silver jewellery brand Sanchi of MMTC, a subsidiary of Indian Potash Limited.

Name of the company	% of holding
Goldline Milkfood and Allied Industries Limited	100%
IPL Gujarat Port Limited	100%
IPL Sugar and Allied Industries Limited	100%
Srikrishna Fertilizers Limited	100%



SN Capital Review 2019-20:

1. The company has grown at a moderate rate, with an average annual sales growth of 8% over the past four years.
2. The company has grown at an average annual sales growth rate of 1% over the past four years, which is a low growth rate.
3. Debt-to-equity ratio has declined from 2.16x in 2016 to 0.98x in 2020. A reduction in debt is a positive sign for any company a positive sign
4. Receivables maturity has improved from 150 days to 136 days in the past four years - a positive sign
5. Second-tier liquidity on the balance sheet is quite manageable. Hence, we can infer that the balance sheet is healthy.
6. Cash is paramount in this business. As analysts we are more interested in free cash than PAT and Indian Potash has generated ~3,300 Cr free cash over the past 4 years - Excellent
7. Indian Potash's average ROCE over the past 4 years is ~25% - Excellent

Valuation:

- (i) Current Unquoted Market Price (24 July 2023) = 1500
- (ii) Mcap = ~4200 Cr. The company's sales are 33,000 Cr. This means Indian Potash is available at Mcap/Sales 0.12 (less than 2 is undervalued).
- (iii) EPS (2021) = 675 (iv) P/E = 2 (Majorly Undervalued) Based on market-related parameters we can conclude that Indian Potash is a fairly undervalued stock. h. P/E and Mcap/Sales are significant.

Fundamentals

Fundamentals			
Indian Potash	3,180 Per Equity Share	Market Cap (in cr.)	9291.75
Unlisted Shares Price		P/E Ratio	4.96
Lot Size	25 Shares	P/B Ratio	1.13
52 Week High	3600	Debt to Equity	0.48
52 Week Low	1450	ROE (%)	22.74
Depository	NSDL & CDSL	Book Value	2881.98
PAN Number	AAACI0888H	Face Value	10
ISIN Number	INE863S01015		
CIN Number	U14210TN955PLC000961		
RTA	N/A		



Financials (Figures in cr)

P&L Statement				
P&L Statement	2021	2022	2023	2024
Revenue	16304	8504	33323	20946
Cost of Material Consumed	13270	9037	27744	17810
Gross Margins	18.61	-2.88	16.74	14.97
Change in Inventory	-66	-3418	2052	231
Employee Benefit Expenses	91	97	114	130
Other Expenses	2322	2010	2331	2374
EBITDA	687	778	1082	401
OPM	4.21	4.2	3.25	1.91
Other Income	622	1419	2369	2257
Finance Cost	151	118	696	384
D&A	51	46	48	61
EBIT	636	732	1034	340
EBIT Margins	3.9	3.96	3.1	1.62
PBT	1107	2033	2707	2213
PBT Margins	6.79	10.99	8.12	10.57
Tax	254	415	833	955
PAT	853	1618	1874	1258
NPM	5.23	8.74	5.62	6.01
EPS	298.36	565.93	655.47	439.86
Financial Ratios	2021	2022	2023	2024
Operating Profit Margin	4.21	4.2	3.25	1.91
Net Profit Margin	5.23	8.74	5.62	6.01
Earning Per Share (Diluted)	298.36	565.93	655.47	439.86

Balance Sheet				
Assets	2021	2022	2023	2024
Fixed Assets	872	882	1221	1213
CWIP	93	157	24	217
Investments	1868	6185	4906	5784
Trade Receivables	3067	1900	5454	3670
Inventory	2632	6067	4013	3792
Other Assets	1854	6187	3447	2945
Total Assets	10386	21378	19055	17621
Liabilities	2021	2022	2023	2024
Share Capital	28.59	28.59	28.59	28.6
FV	10	10	10	10
Reserves	4478	6098	8211	9488
Borrowings	2777	5544	3964	4575
Trade Payables	2420	8626	5364	2087
Other Liabilities	682.41	1081.41	1497.41	1442.4
Total Liabilities	10386	21378	19055	17621



Cash-Flow Statement				
Cash- Flow Statement	2021	2022	2023	2024
PBT	1106	2032	2707	2213
OPBWC	913	903	1050	625
Change in Receivables	2375	1207	-3489	1734
Change in Inventories	-58	-3435	2054	221
Change in Payables	-978	6221	-3266	-3257
Other Changes	78	-516	-1233	-477
Working Capital Change	1417	3477	-5934	-1779
Cash Generated From Operations	2330	4380	-4884	-1154
Tax	-192	-181	-230	-321
Cash Flow From Operations	2138	4199	-5114	-1475
Purchase of PPE	-116	-92	-244	-256
Sale of PPE	0	2	2	0
Cash Flow From Investment	-273	-3130	3710	681
Borrowing	-1075	2833	-1592	601
Divided	-7	-11	-17	-20
Equity	0	0	0	0
Others From Financing	-169	-121	-701	-389
Cash Flow from Financing	-1251	2701	-2310	192
Net Cash Generated	614	3770	-3714	-602
Cash at the Start	542	1157	4927	1213
Cash at the End	1156	4927	1213	611

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