

# Rallis India

Refer to important disclosures at the end of this report

## Cost pressures weigh on Q4; Q1 to remain challenging

- Rallis posted overall revenue growth of 7.7% YoY in Q4, largely driven by pricing growth. The crop care business grew by 8.2% YoY, driven by strong performance in domestic crop care (up 25.1% YoY), which was offset by a 7.6% YoY drop in international crop care. Domestic crop care growth was driven equally by pricing and volume growth, while the international business was hit by sales loss due to an extreme shortage of a key RM and the phase-out of an order from a customer (revenue impact of ~Rs500mn).
- The robust performance in domestic crop care was driven by calibrated price hikes and volume growth. However, significant RM cost inflation, higher freight/logistics costs, shortage of a key RM, inventory write-down, and poor performance of the international segment led to a significant margin contraction in Q4, leading to an EBITDA loss of Rs28mn. This further trickled down to the bottom-line with a loss of Rs142mn in Q4.
- Management indicated that the headwinds are expected to continue in Q1 and that it would focus on driving volume and mix-led growth while taking judicious price increases to offset RM volatility. RM inflation is expected to lead to higher top-line growth; however, volumes are expected to be under pressure due to high costs. We have lowered our EBITDA/PAT estimates amid inflationary RM trends and cost pressures.
- We cut FY23/FY24 EPS estimates by 11.7%/11.6%, considering RM/cost inflation. Although we believe ongoing investments will drive revenue growth, margin pressure is expected to continue in the short-to-medium term. We maintain a Hold rating with a Mar'23E TP of Rs275, based on DCF. Key DCF assumptions: 1) 11.0% CoE, 2) 10% PAT CAGR in FY25E-FY35E, and 3) terminal growth rate of 6% post FY35E.

**What we liked?** 1) Volume-led growth in domestic crop care, 2) continued progress in product launches, 3) capex plans on track

**What we did not like?** 1) Seeds business still facing challenges, 2) limited ability to pass on RM/cost inflation through price hikes, 3) dependency on China for sourcing few key RMs

**Investment momentum to continue; healthy product pipeline:** Management has guided for a capex of ~Rs2.5bn in FY23 (FY22 – Rs1.9bn). Rallis launched 13 new products in FY22, including 6 crop nutrition products, and plans to launch at least two 9(3) products every year to sustain growth in the domestic crop protection market, as per management. Additional capacities and new product registrations should aid growth in the international business.

**H1 to remain challenging:** A normal monsoon and higher product pricing may aid top-line growth. However, we anticipate RM price volatility and sourcing issues to persist at least in H1, keeping EBITDA margins under pressure. The company's currently commissioned projects and ongoing investments are expected to boost its international business, which could throw a positive surprise in FY23.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Agri Input & Chemicals \(Page 10\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	24,294	26,039	29,825	32,312	36,274
EBITDA	3,229	1,583	3,603	4,350	5,392
EBITDA Margin (%)	13.3	6.1	12.1	13.5	14.9
APAT	2,191	484	2,140	2,600	3,307
EPS (Rs)	11.3	2.5	11.0	13.4	17.0
EPS (% chg)	26.4	(77.9)	342.1	21.5	27.2
ROE (%)	14.6	2.9	12.2	13.8	16.3
P/E (x)	25.0	113.1	25.6	21.0	16.6
EV/EBITDA (x)	16.0	33.2	14.7	12.1	9.7
P/BV (x)	3.4	3.2	3.0	2.8	2.6

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 254</b> as of (April 22, 2022)	<b>Rs 275 (▲)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>HOLD (■)</b>	<b>8 %</b>

### Change in Estimates

EPS Chg FY23E/FY24E (%)	-11.7%/11.6%
Target Price change (%)	3.8
Target Period (Months)	12
Previous Reco	HOLD

### Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	11.0	13.4
Consensus	12.7	15.0
Mean Consensus TP (12M)	Rs 300	

### Stock Details

Bloomberg Code	RALI IN
Face Value (Rs)	1
Shares outstanding (mn)	194
52 Week H/L	363 / 227
M Cap (Rs bn/USD bn)	55 / 0.72
Daily Avg Volume (nos.)	457,467
Daily Avg Turnover (US\$ mn)	1.5

### Shareholding Pattern Dec '21

Promoters	50.1%
FIIIs	6.0%
DIIIs	16.4%
Public and Others	27.5%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	12	5	2	4
<b>Rel. to Nifty</b>	11	6	6	(15)

### Relative price chart



Source: Bloomberg

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## **Q4FY22 Concall Highlights: Cost inflation pass-through to continue; focus on increasing absolute EBITDA; positive demand environment; seeds to still face challenge from HT cotton**

### **Financial performance/business developments: Partial pass-through of input cost inflation in Q4**

- Crop care ITI FY22 – 11% (12%)
- FY22 Exports – 35% (FY25E – 40%)
- China sourcing – ~50%, developing new local sources, started sourcing locally for a RM
- 15% cost inflation in Q4
- Retailers 55,000 and distributors 4,100
- Trying to expand retail footprint

### **New product launches – Continue to launch at least two 9(3) products p.a.**

- Efforts on strengthening product portfolio
- Product introductions in crop care – 6 in FY20, 4 in FY21, and 7 in FY22
- Crop nutrition product launches in FY22 – 6 products, 4 own and 2 co-marketing
- Expects to launch at least two 9(3) products annually

### **Crop Care business – Q4 Growth primarily driven by both pricing and volumes**

- Q4 Revenue growth – 8% YoY overall
- Q4 Domestic growth of 25% YoY, international business down 8% YoY
- Average price increase of ~5% YoY for FY22, 13% YoY up in Q4
- Crop nutrition segment maintains strong double-digit growth
- EBITDA impacted by an international business opportunity loss of Rs100mn
- FY22 – Domestic herbicide up 20% YoY, insecticide and fungicide up 5% YoY

### **International business – Challenges to subside in coming quarters**

- Q4 Impact due one KSM unavailability from China and phasing issue with an international customer – revenue ~Rs500mn, EBITDA impact of Rs100mn
- To still face pressure on KSM issue for Pendimethalin coming from China
- Challenges in Metribuzin in Q4 – Due to high inventories in the US market
- Expects Metribuzin to run at capacity from Q3 – Building order book, expect inventory overhang to subside
- Focusing on increasing formulations in the international business – introduced Acephate formulation in Brazil in Q3, expects to start business in H1
- FY22 revenues – Rs7.80bn, Q4 Rs2.15-2.20bn

### **Seeds – To face challenge from HT cotton in coming season too**

- Q4 Revenue – Flat YoY
- EBITDA – loss of Rs250mn vs. loss of Rs160mn YoY, impacted by inventory write-off of Rs70mn
- Focus on optimal placements for upcoming Kharif season
- Availability in HT cotton higher than last year

**Capex – Rs2.50bn for FY23E**

- Formulation Plant – Formulation line commissioned and commercial production started, Difenconazole to be introduced in FY23 through registrations in key markets
- Pilot Plant at Dahej – fully operational, new AI pilot trials initiated
- MPP at Dahej – Good progress on Civil and structure
- Capex FY22 – Rs1.40-1.50bn
- Capex FY23E – Rs2.50bn

**Outlook – Q1 challenging, focus on increasing absolute profitability**

- Contract manufacturing – Confirmed 2 new contracts in Q3, not material
- Q1FY23 – market volatility to continue in RM, expected to be soft on margins
- Expects volume growth, although margins in percentage terms expected to remain under pressure due to increase in pricing caused by RM price inflation, to focus on increase in absolute EBITDA

## Summary of Quarterly results

### Exhibit 1: Quarterly Snapshot

Rs. Mn	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY%	QoQ%
<b>Sales</b>	<b>4,174</b>	<b>3,397</b>	<b>6,232</b>	<b>7,487</b>	<b>5,336</b>	<b>3,463</b>	<b>6,627</b>	<b>7,250</b>	<b>5,705</b>	<b>4,713</b>	<b>7,405</b>	<b>7,278</b>	<b>6,281</b>	<b>5,075</b>	<b>7.7</b>	<b>(19.2)</b>
Cost of Raw Material	2,526	1,930	3,901	4,785	3,302	1,956	3,996	4,488	3,507	2,761	4,529	4,641	3,755	3,311	19.9	(11.8)
as % of sales	60.52	56.82	62.60	63.91	61.89	56.48	60.29	61.91	61.48	58.59	61.16	63.77	59.78	65.23		
Employee expenses	444	481	488	506	504	503	492	544	538	587	598	618	623	552	(5.9)	(11.4)
as % of sales	10.64	14.16	7.84	6.75	9.45	14.52	7.42	7.50	9.44	12.45	8.08	8.50	9.92	10.88		
Other Expenses	927	918	895	1,010	972	1,102	857	1,051	1,058	1,188	1,063	1,139	1,229	1,241	4.5	1.0
as % of sales	22.21	27.02	14.36	13.48	18.22	31.83	12.93	14.49	18.55	25.20	14.35	15.64	19.57	24.46		
<b>Total Expenditure</b>	<b>3,897</b>	<b>3,329</b>	<b>5,285</b>	<b>6,300</b>	<b>4,779</b>	<b>3,561</b>	<b>5,344</b>	<b>6,083</b>	<b>5,104</b>	<b>4,535</b>	<b>6,190</b>	<b>6,398</b>	<b>5,607</b>	<b>5,104</b>	<b>12.5</b>	<b>(9.0)</b>
<b>EBITDA</b>	<b>276</b>	<b>68</b>	<b>948</b>	<b>1,187</b>	<b>557</b>	<b>(98)</b>	<b>1,283</b>	<b>1,168</b>	<b>601</b>	<b>177</b>	<b>1,215</b>	<b>880</b>	<b>674</b>	<b>(28)</b>	<b>(116.0)</b>	<b>(104.2)</b>
Depreciation	121	105	143	186	160	127	179	203	110	148	185	177	184	197		
<b>EBIT</b>	<b>156</b>	<b>(37)</b>	<b>805</b>	<b>1,000</b>	<b>398</b>	<b>(225)</b>	<b>1,104</b>	<b>965</b>	<b>491</b>	<b>29</b>	<b>1,030</b>	<b>702</b>	<b>490</b>	<b>(225)</b>	<b>(870.5)</b>	<b>(145.9)</b>
Other Income	59	110	80	68	101	95	118	131	76	80	70	75	55	75		
Interest cost	18	17	16	19	16	11	20	14	8	11	9	12	14	12	17.1	(12.1)
<b>PBT</b>	<b>196</b>	<b>56</b>	<b>869</b>	<b>1,049</b>	<b>483</b>	<b>(141)</b>	<b>1,202</b>	<b>1,081</b>	<b>559</b>	<b>99</b>	<b>1,091</b>	<b>765</b>	<b>531</b>	<b>(162)</b>	<b>(264.4)</b>	<b>(130.6)</b>
Total Tax	59	42	267	203	103	(33)	283	268	164	34	268	201	135	(21)	(160.8)	(115.5)
<b>PAT before Minority Interest</b>	<b>138</b>	<b>14</b>	<b>602</b>	<b>846</b>	<b>380</b>	<b>(107)</b>	<b>919</b>	<b>813</b>	<b>395</b>	<b>64</b>	<b>823</b>	<b>564</b>	<b>396</b>	<b>(142)</b>	<b>(319.7)</b>	<b>(135.8)</b>
<b>PAT before extra</b>	<b>138</b>	<b>14</b>	<b>602</b>	<b>846</b>	<b>380</b>	<b>(107)</b>	<b>919</b>	<b>813</b>	<b>395</b>	<b>64</b>	<b>823</b>	<b>564</b>	<b>396</b>	<b>(142)</b>	<b>(319.7)</b>	<b>(135.8)</b>
Exceptional Items	-	-	-	-	-	20	-	(17)	(61)	(17)	-	-	-	-		
<b>Reported PAT</b>	<b>138</b>	<b>14</b>	<b>602</b>	<b>846</b>	<b>380</b>	<b>(128)</b>	<b>919</b>	<b>830</b>	<b>456</b>	<b>81</b>	<b>823</b>	<b>564</b>	<b>396</b>	<b>(142)</b>	<b>(274.3)</b>	<b>(135.8)</b>
Minority Interest	(1)	(2)	(2)	(9)	(1)	0	-	-	-	-	-	(0)	-	-		
Share of Profit/(loss) from asso.	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Reported Consolidated PAT</b>	<b>139</b>	<b>15</b>	<b>604</b>	<b>855</b>	<b>381</b>	<b>(128)</b>	<b>919</b>	<b>830</b>	<b>456</b>	<b>81</b>	<b>823</b>	<b>565</b>	<b>396</b>	<b>(142)</b>	<b>(274.3)</b>	<b>(135.8)</b>
<b>Adj. Consolidated PAT</b>	<b>139</b>	<b>15</b>	<b>604</b>	<b>855</b>	<b>381</b>	<b>(108)</b>	<b>919</b>	<b>813</b>	<b>395</b>	<b>64</b>	<b>823</b>	<b>565</b>	<b>396</b>	<b>(142)</b>	<b>(319.7)</b>	<b>(135.8)</b>

Margins (%)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY%	QoQ%
EBIDTA	6.6	2.0	15.2	15.8	10.4	-2.8	19.4	16.1	10.5	3.8	16.4	12.1	10.7	-0.6	(432)	(1,129)
EBIT	3.7	-1.1	12.9	13.4	7.5	-6.5	16.7	13.3	8.6	0.6	13.9	9.7	7.8	-4.4	(505)	(1,223)
PBT	4.7	1.6	13.9	14.0	9.1	-4.1	18.1	14.9	9.8	2.1	14.7	10.5	8.4	-3.2	(530)	(1,165)
PAT	3.3	0.4	9.7	11.3	7.1	-3.1	13.9	11.2	6.9	1.4	11.1	7.8	6.3	-2.8	(415)	(909)
Effective Tax rate	29.9	75.8	30.7	19.4	21.4	23.7	23.5	24.8	29.3	34.8	24.5	26.2	25.5	12.9	(2,195)	(1,259)

Source: Company, Emkay Research

**Exhibit 2: Quarterly Result Summary**

Rs. Mn	Q4FY22	Q4FY21	YoY%	Q3FY22	QoQ%	FY22	FY21	Ch%
<b>Sales</b>	<b>5,075</b>	<b>4,713</b>	<b>7.7</b>	<b>6,281</b>	<b>(19.2)</b>	<b>26,039</b>	<b>24,294</b>	<b>7.2</b>
Cost of Raw Material	3,311	2,761	19.9	3,755	(11.8)	16,236	14,752	10.1
as % of sales	65.23	58.59		59.78	-	62.35	60.72	
Employee expenses	552	587	(5.9)	623	(11.4)	2,391	2,160	10.7
as % of sales	10.88	12.45		9.92	-	9.18	8.89	
Other Expenses	1,241	1,188	4.5	1,229	1.0	4,672	4,153	12.5
as % of sales	24.46	25.20		19.57	-	17.94	17.10	
<b>Total Expenditure</b>	<b>5,104</b>	<b>4,535</b>	<b>12.5</b>	<b>5,607</b>	<b>(9.0)</b>	<b>23,299</b>	<b>21,066</b>	<b>10.6</b>
<b>EBITDA</b>	<b>(28)</b>	<b>177</b>	<b>(116.0)</b>	<b>674</b>	<b>(104.2)</b>	<b>2,741</b>	<b>3,229</b>	<b>(15.1)</b>
Depreciation	197	148		184	-	743	641	
<b>EBIT</b>	<b>(225)</b>	<b>29</b>	<b>(870.5)</b>	<b>490</b>	<b>(145.9)</b>	<b>1,998</b>	<b>2,588</b>	<b>(22.8)</b>
Other Income	75	80		55	-	275	405	
Interest cost	12	11	17.1	14	(12.1)	48	52	(8.1)
<b>PBT</b>	<b>(162)</b>	<b>99</b>	<b>(264.4)</b>	<b>531</b>	<b>(130.6)</b>	<b>2,224</b>	<b>2,941</b>	<b>(24.4)</b>
Total Tax	(21)	34	(160.8)	135	(115.5)	582	749	(22.3)
<b>PAT before Minority Interest</b>	<b>(142)</b>	<b>64</b>	<b>(319.7)</b>	<b>396</b>	<b>(135.8)</b>	<b>1,642</b>	<b>2,191</b>	<b>(25.1)</b>
Minority Interest	-	-		-		-	-	
P&L from associate/JV	-	-		-		-	-	
<b>PAT before extra</b>	<b>(142)</b>	<b>64</b>	<b>(319.7)</b>	<b>396</b>	<b>(135.8)</b>	<b>1,642</b>	<b>2,191</b>	<b>(25.1)</b>
Exceptional Items	-	(17)		-	-	-	(95)	
<b>Reported PAT</b>	<b>(142)</b>	<b>81</b>	<b>(274.3)</b>	<b>396</b>	<b>(135.8)</b>	<b>1,642</b>	<b>2,286</b>	<b>(28.2)</b>
Minority Interest	-	-	-	-	-	(0)	-	-
Share of Profit/(loss) from asso.	-	-	-	-	-	-	-	-
<b>Reported Consolidated PAT</b>	<b>(142)</b>	<b>81</b>	<b>(274.3)</b>	<b>396</b>	<b>(135.8)</b>	<b>1,642</b>	<b>2,286</b>	<b>(28.1)</b>
<b>Adj. Consolidated PAT</b>	<b>(142)</b>	<b>64</b>	<b>(319.7)</b>	<b>396</b>	<b>(135.8)</b>	<b>1,642</b>	<b>2,191</b>	<b>(25.0)</b>

Margins (%)	Q4FY22	Q4FY21	bps	Q3FY22	bps	FY22	FY21	bps
EBIDTA	-0.6	3.8	(432)	10.7	(1,129)	10.5	13.3	(277)
EBIT	-4.4	0.6	(505)	7.8	(1,223)	7.7	10.7	(298)
PBT	-3.2	2.1	(530)	8.4	(1,165)	8.5	12.1	(356)
PAT	-2.8	1.4	(415)	6.3	(909)	6.3	9.0	(271)
Effective Tax rate	12.9	34.8	(2,195)	25.5	(1,259)	26.2	25.5	69

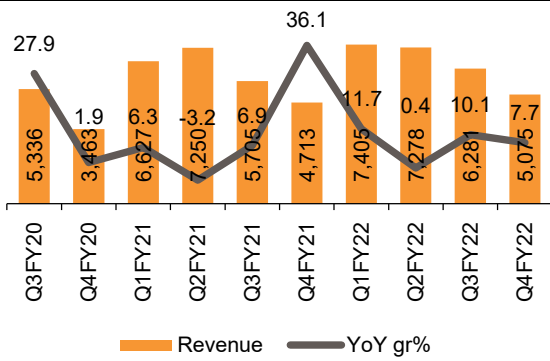
Source: Company, Emkay Research

**Exhibit 3: Changes in estimates**

Rs mn	FY23E			FY24E			FY25E
	Old	New	%chg	Old	New	%chg	New
Revenue	29,091	29,825	2.5	32,564	32,312	-0.8	36,274
EBITDA	3,983	3,603	-9.5	4,809	4,350	-9.5	5,392
Adj. PAT	2,423	2,140	-11.7	2,940	2,600	-11.6	3,307
EPS	12.5	11.0	-11.7	15.1	13.4	-11.6	17.0

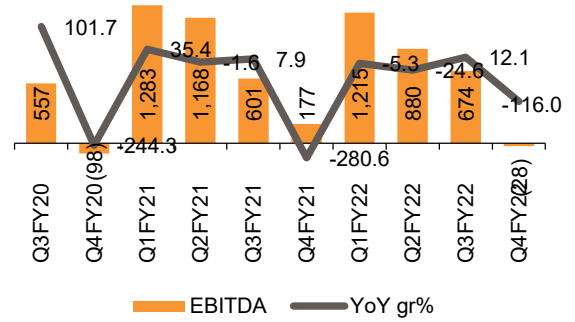
Source: Emkay Research, Company

**Exhibit 4: Revenue growth at 8% YoY in Q4FY22**



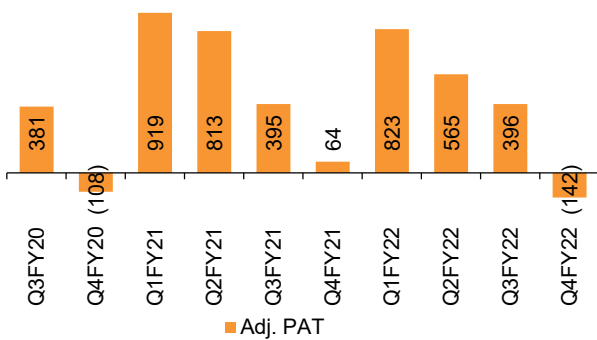
Source: Emkay Research, Company

**Exhibit 5: EBITDA impacted due to loss of business in International crop care**



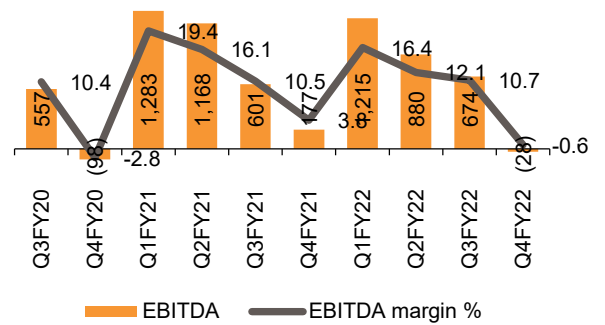
Source: Emkay Research, Company

**Exhibit 6: Earnings under pressure**



Source: Emkay Research, Company

**Exhibit 7: Margins subdued due to RM inflation**



Source: Emkay Research, Company

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Net Sales</b>	<b>24,294</b>	<b>26,039</b>	<b>29,825</b>	<b>32,312</b>	<b>36,274</b>
<b>Expenditure</b>	<b>21,066</b>	<b>24,457</b>	<b>26,222</b>	<b>27,962</b>	<b>30,882</b>
<b>EBITDA</b>	<b>3,229</b>	<b>1,583</b>	<b>3,603</b>	<b>4,350</b>	<b>5,392</b>
Depreciation	641	743	929	1,064	1,185
<b>EBIT</b>	<b>2,588</b>	<b>839</b>	<b>2,673</b>	<b>3,287</b>	<b>4,207</b>
Other Income	405	275	234	236	260
Interest expenses	52	48	46	46	46
<b>PBT</b>	<b>2,941</b>	<b>1,066</b>	<b>2,861</b>	<b>3,476</b>	<b>4,421</b>
Tax	749	582	721	876	1,114
Extraordinary Items	(94)	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>2,286</b>	<b>484</b>	<b>2,140</b>	<b>2,600</b>	<b>3,307</b>
<b>Adjusted PAT</b>	<b>2,191</b>	<b>484</b>	<b>2,140</b>	<b>2,600</b>	<b>3,307</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	194	194	194	194	194
Reserves & surplus	15,714	16,772	17,949	19,249	20,903
<b>Net worth</b>	<b>15,908</b>	<b>16,967</b>	<b>18,144</b>	<b>19,444</b>	<b>21,097</b>
<b>Minority Interest</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>378</b>	<b>580</b>	<b>580</b>	<b>580</b>	<b>580</b>
Net deferred tax liability	264	213	213	213	213
<b>Total Liabilities</b>	<b>16,557</b>	<b>17,759</b>	<b>18,936</b>	<b>20,237</b>	<b>21,890</b>
<b>Net block</b>	<b>6,309</b>	<b>7,706</b>	<b>8,852</b>	<b>9,363</b>	<b>9,753</b>
<b>Investment</b>	<b>2,836</b>	<b>2,120</b>	<b>2,120</b>	<b>2,120</b>	<b>2,120</b>
<b>Current Assets</b>	<b>15,097</b>	<b>17,454</b>	<b>18,218</b>	<b>19,509</b>	<b>21,717</b>
Cash & bank balance	551	632	404	662	1,066
Other Current Assets	1,505	1,381	1,381	1,381	1,381
<b>Current liabilities &amp; Provision</b>	<b>9,329</b>	<b>10,821</b>	<b>11,554</b>	<b>12,056</b>	<b>13,001</b>
<b>Net current assets</b>	<b>5,768</b>	<b>6,633</b>	<b>6,664</b>	<b>7,453</b>	<b>8,716</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>16,557</b>	<b>17,759</b>	<b>18,936</b>	<b>20,237</b>	<b>21,890</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>2,536</b>	<b>792</b>	<b>2,627</b>	<b>3,240</b>	<b>4,161</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(428)	(835)	(259)	(531)	(859)
<b>Operating Cashflow</b>	<b>2,168</b>	<b>1,658</b>	<b>2,622</b>	<b>2,944</b>	<b>3,419</b>
Capital expenditure	(1,658)	(1,796)	(2,075)	(1,575)	(1,575)
<b>Free Cash Flow</b>	<b>510</b>	<b>(138)</b>	<b>547</b>	<b>1,369</b>	<b>1,844</b>
Investments	190	716	0	0	0
Other Investing Cash Flow	(742)	(952)	0	0	0
<b>Investing Cashflow</b>	<b>(1,615)</b>	<b>(1,042)</b>	<b>(1,841)</b>	<b>(1,339)</b>	<b>(1,315)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(242)	201	0	0	0
Dividend paid (incl tax)	(486)	(583)	(963)	(1,300)	(1,653)
Other Financing Cash Flow	106	(184)	0	0	0
<b>Financing Cashflow</b>	<b>(674)</b>	<b>(614)</b>	<b>(1,009)</b>	<b>(1,347)</b>	<b>(1,700)</b>
<b>Net chg in cash</b>	<b>(122)</b>	<b>2</b>	<b>(228)</b>	<b>258</b>	<b>404</b>
Opening cash position	224	103	107	404	662
<b>Closing cash position</b>	<b>551</b>	<b>632</b>	<b>404</b>	<b>662</b>	<b>1,066</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	13.3	6.1	12.1	13.5	14.9
EBIT Margin	10.7	3.2	9.0	10.2	11.6
Effective Tax Rate	25.5	54.6	25.2	25.2	25.2
Net Margin	9.0	1.9	7.2	8.0	9.1
ROCE	19.0	6.5	15.8	18.0	21.2
ROE	14.6	2.9	12.2	13.8	16.3
RoIC	23.3	6.7	18.6	21.0	25.1

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	11.3	2.5	11.0	13.4	17.0
CEPS	14.6	6.3	15.8	18.8	23.1
BVPS	81.8	87.2	93.3	100.0	108.5
DPS	2.5	3.0	5.0	6.7	8.5

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	25.0	113.1	25.6	21.0	16.6
P/CEPS	17.4	40.1	16.0	13.4	11.0
P/BV	3.4	3.2	3.0	2.8	2.6
EV / Sales	2.1	2.0	1.8	1.6	1.4
EV / EBITDA	16.0	33.2	14.7	12.1	9.7
Dividend Yield (%)	0.9	1.1	1.8	2.4	3.0

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Net Debt/EBIDTA	(0.9)	(1.4)	(0.5)	(0.5)	(0.5)
Working Cap Cycle (days)	78.4	84.1	76.6	76.7	77.0

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	7.9	7.2	14.5	8.3	12.3
EBITDA	24.5	(51.0)	127.7	20.7	23.9
EBIT	30.8	(67.6)	218.5	22.9	28.0
PAT	23.7	(78.8)	342.1	21.5	27.2

<b>Quarterly (Rs mn)</b>	<b>Q4FY21</b>	<b>Q1FY22</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>
Revenue	4,713	7,405	7,278	6,281	5,075
EBITDA	177	1,215	880	674	(28)
<b>EBITDA Margin (%)</b>	<b>3.8</b>	<b>16.4</b>	<b>12.1</b>	<b>10.7</b>	<b>(0.6)</b>
PAT	81	823	565	396	(142)
<b>EPS (Rs)</b>	<b>0.4</b>	<b>4.2</b>	<b>2.9</b>	<b>2.0</b>	<b>(0.7)</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-20</b>	<b>Mar-21</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>
Promoters	50.1	50.1	50.1	50.1	50.1
FII's	8.2	7.6	7.1	6.6	6.0
DII's	16.0	15.9	17.3	16.2	16.4
Public and Others	25.7	26.4	25.5	27.2	27.5

Source: Capitaline

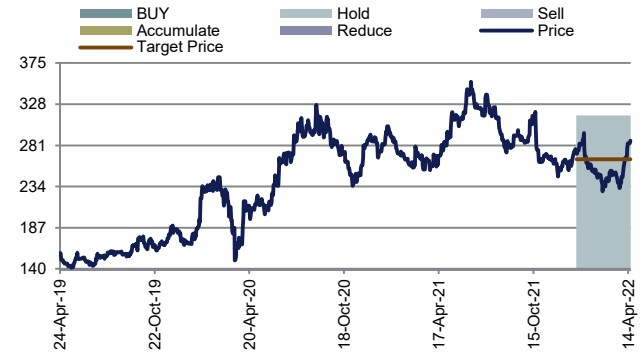


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
21-Jan-22	268	265	12m	Hold	Rohit Nagraj
05-Jan-22	271	265	12m	Hold	Rohit Nagraj

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Agri Input & Chemicals



### Analyst: Rohit Nagraj

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#### Sector

Agri Input & Agrochemicals and  
Speciality Chemicals

#### Analyst bio

Rohit holds MMS in Finance and B. Tech. in Chemical Engineering. He has more than 20 years of experience with 15 years in equity research.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
<b>Agri Input &amp; Chemicals</b>	<b>0.83</b>	<b>0.82</b>	<b>-1%</b>	<b>-1</b>	<b>100.00</b>	
Bayer CropScience*	0.06	0.04	-41%	-3	4.38	0
Coromandel International*	0.10	0.03	-66%	-7	4.02	0
Dhanuka Agritech	0.00	0.07	NA	7	8.76	0
PI Industries	0.22	0.18	-21%	-5	21.50	0
Rallis India	0.00	0.04	NA	4	4.68	0
UPL	0.44	0.46	4%	2	55.71	0
<b>Cash</b>	<b>0.00</b>	<b>0.01</b>	<b>NA</b>	<b>1</b>	<b>0.94</b>	<b>0</b>

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base						Latest
	1-Apr-19	20-Apr-21	21-Oct-21	21-Jan-22	21-Mar-22	21-Apr-22	
EAP - Agri Input & Chemicals	100.0	127.4	151.4	150.5	150.7	158.9	
BSE200 Neutral Weighted Portfolio (ETF)	100.0	122.8	146.8	144.6	147.0	153.7	

\*Performance measurement base date 1<sup>st</sup> April 2019

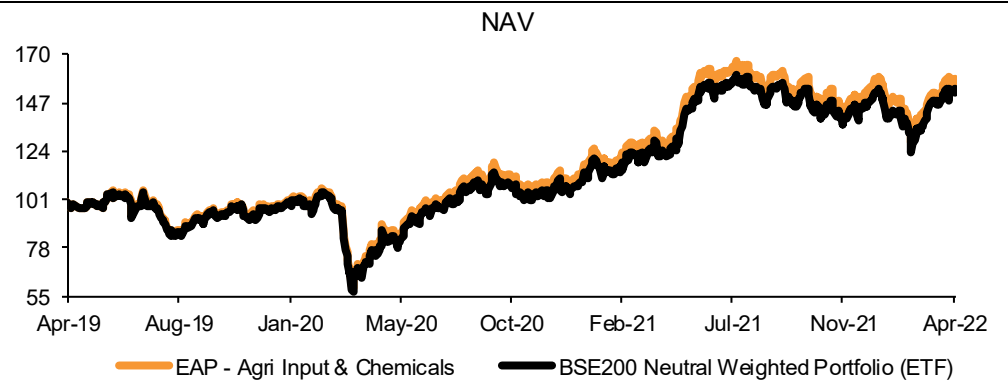
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Agri Input & Chemicals	5.4%	5.6%	4.9%	24.7%
BSE200 Neutral Weighted Portfolio (ETF)	4.6%	6.3%	4.8%	25.2%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 23 Apr 2022 12:13:20 (SGT)

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