

January 25, 2023

Q3FY23 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

| | Current | | Previous | |
|----------------|---------|--------|----------|--------|
| | FY24E | FY25E | FY24E | FY25E |
| Rating | BUY | | BUY | |
| Target Price | 660 | | 660 | |
| Sales (Rs. m) | 48,220 | 53,042 | 48,905 | 53,795 |
| % Chng. | (1.4) | (1.4) | | |
| EBITDA (Rs. m) | 8,860 | 10,046 | 8,991 | 10,194 |
| % Chng. | (1.5) | (1.4) | | |
| EPS (Rs.) | 43.7 | 47.2 | 43.2 | 46.9 |
| % Chng. | 1.1 | 0.7 | | |

Key Financials - Standalone

| Y/e Mar | FY22 | FY23E | FY24E | FY25E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 35,798 | 42,204 | 48,220 | 53,042 |
| EBITDA (Rs. m) | 6,994 | 7,381 | 8,860 | 10,046 |
| Margin (%) | 19.5 | 17.5 | 18.4 | 18.9 |
| PAT (Rs. m) | 3,493 | 3,286 | 3,939 | 4,260 |
| EPS (Rs.) | 38.7 | 36.4 | 43.7 | 47.2 |
| Gr. (%) | 52.4 | (5.9) | 19.9 | 8.1 |
| DPS (Rs.) | 3.0 | 4.0 | 4.0 | 5.0 |
| Yield (%) | 0.6 | 0.8 | 0.8 | 1.0 |
| RoE (%) | 19.8 | 16.0 | 16.6 | 15.6 |
| RoCE (%) | 25.0 | 21.5 | 21.6 | 20.3 |
| EV/Sales (x) | 1.2 | 1.0 | 0.9 | 0.7 |
| EV/EBITDA (x) | 6.2 | 6.0 | 4.8 | 4.0 |
| PE (x) | 13.1 | 13.9 | 11.6 | 10.7 |
| P/BV (x) | 2.4 | 2.1 | 1.8 | 1.6 |

Key Data

SHCR.BO | SHCR IN

| | |
|---------------------|------------------|
| 52-W High / Low | Rs.769 / Rs.369 |
| Sensex / Nifty | 60,205 / 17,892 |
| Market Cap | Rs.46bn/ \$ 560m |
| Shares Outstanding | 90m |
| 3M Avg. Daily Value | Rs.206.25m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 74.82 |
| Foreign | 2.41 |
| Domestic Institution | 12.61 |
| Public & Others | 10.15 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|------|--------|-------|
| Absolute | 20.4 | (10.2) | (3.6) |
| Relative | 19.7 | (16.8) | (7.3) |

Himanshu Binani

himanshubinani@plindia.com | 91-22-66322232

Sharda Cropchem (SHCR IN)

Rating: BUY | CMP: Rs507 | TP: Rs660

Adverse forex continues to dent margins..!!

Quick Pointers:

- Volume/Price growth of +9%/+7% YoY; FX remained flat.
- Maintains revenue growth guidance of 15-20% YoY in FY23E, citing healthy global demand.

We broadly retain our estimates for Sharda Cropchem (SHCR), given company's decent performance amid challenging times in 3QFY23. SHCR reported strong revenue growth of 16% YoY, led by volume/price growth of 9%/7% YoY. Gross margins (GM) contracted by 340bps YoY to 30.5%, largely led by adverse forex impact (Euro/USD depreciated by 12% YoY during 3Q). While, lower GM coupled with lower other expenses restricted EBITDA margin contraction of 290bps YoY to 19.1% (incl. IU&AD write-off of Rs22mn in 3QFY23). Citing positive growth momentum across regions coupled with price hikes in the recent past, management remains confident of achieving 15-20% YoY revenue growth in FY23E. SHCR has taken several measures to mitigate adverse forex impact in the recent past and this should aid in supporting margins, going forward. That said, we largely maintain our estimates with unchanged TP of Rs660 based on 14XFY25 EPS. Maintain 'BUY'.

- Healthy revenue growth across business segments...** SHCR posted healthy revenue growth of 16% YoY to Rs10.1bn (PLe Rs9.7bn) primarily driven by better product and price mix aided by favorable volumes. Agrochemical revenues increased 16% YoY to Rs8.4bn, while non-agrochemicals revenues grew by 12% YoY to Rs1.75bn respectively. Robust performance was primarily on the back of higher agrochemicals growth across regions (barring LATAM down 7% YoY) with Europe/ NAFTA/ ROW up 9%/26%/23%/ YoY respectively. While, non-agrochemicals segment posted decent growth (barring Europe down 56% YoY) led by 67%/11%/92% YoY growth in NAFTA/ROW/LATAM respectively.
- ...offset by lower gross margins (contracting by 340bps) :** SHCR reported strong revenue growth of 16% YoY largely led by favorable product and exchange mix. However, gross margins contracted by 340bps YoY to 30.5% largely led by adverse forex impact (Euro/USD depreciating by 12% YoY during 3Q) resulting into inflated RM cost. Management cited that they have taken several measures like a) increased revenue focus on NAFTA markets; b) sourcing in Euro currency; c) optimal hedging of currencies' and d) seeking price increase to minimize forex impact going forward. EBITDA margin declined by 290bps YoY to 19.1% (incl. IU&AD write-off of Rs22mn during 3QFY23). SHCR has written off Rs22mn against IU&AD write-offs in 3QFY23 v/s Rs70mn in 3QFY22 (Rs65mn in 9MFY23 vs Rs114mn in 9MFY22).

Other Key Highlights:

- **Revenue Breakup:**
 - **Agrochemicals revenues grew by 9%/27%/23%/-7% YoY** in Europe/NAFTA/ LATAM/ RoW in 3QFY23.
 - **Herbicide/Fungicide/Insecticides revenue grew +38%/ +26%/ -42% YoY** at Rs5.05bn/2.4bn/970mn in 3QFY23, thereby contributing 60%/28%/12% to overall revenues, as against 51%/26%/23% in the same period last year.
- **Europe/NAFTA/LATAM/RoW gross margins stood at 35.5%/28%/24%/27%** as against 36%/37%/14%/23% in the same period last year.
- **SCHR has spent Rs3.0bn of capex in 9MFY23** (Rs700mn for 3QFY23) as against Rs2.03bn (Rs500mn in 3QFY22) in the same period last year.
- **Net Working Capital stood at 86 days in 3QFY23** as against 72 days in 3QFY22.
- **Maintains guidance:** Citing a better global industry demand scenario coupled with comfortable inventory position globally, SHCR maintains its revenue growth and margin guidance for FY23E with top-line growth of 15-18% YoY for next few years with gross margins likely to be maintained at 26-30% range. Working capital is likely to be maintained at FY22 levels.

Exhibit 1: Q3FY23 Result Overview (Rs mn)

| Y/e March | Q3FY23 | Q3FY22 | YoY gr. (%) | Q2FY23 | QoQ gr. (%) | 9MFY23 | 9MFY22 | YoY gr. (%) |
|--|---------------|--------------|----------------|--------------|----------------|---------------|---------------|----------------|
| Revenue | 10,173 | 8,798 | 15.6 | 7,215 | 41.0 | 25,633 | 21,453 | 19.5 |
| Raw material costs | 7,073 | 5,814 | 21.7 | 5,244 | 34.9 | 18,469 | 14,845 | 24.4 |
| Gross profit | 3,100 | 2,984 | 3.9 | 1,971 | 57.2 | 7,165 | 6,608 | 8.4 |
| Employee costs | 126 | 108 | 16.5 | 86 | 47.8 | 296 | 314 | (5.7) |
| Other expenses | 1,028 | 936 | 9.8 | 849 | 21.1 | 2,925 | 2,294 | 27.5 |
| Total operating expenses | 1,154 | 1,045 | 10.5 | 934 | 23.5 | 3,221 | 2,609 | 23.5 |
| EBITDA | 1,945 | 1,939 | 0.3 | 1,037 | 87.6 | 3,943 | 3,999 | (1.4) |
| Depreciation | 653 | 590 | 10.6 | 604 | 8.1 | 1,805 | 1,736 | 3.9 |
| EBIT | 1,292 | 1,349 | (4.2) | 433 | 198.4 | 2,139 | 2,263 | (5.5) |
| Less: Interest Expense | 9 | 4 | 110.3 | 4 | 153.3 | 715 | 87 | 718.9 |
| Add : Other Income | 152 | 14 | 1,016.0 | (284) | NA | 332 | 262 | 26.8 |
| Profit Before Tax | 1,434 | 1,358 | 5.6 | 146 | 883.7 | 1,756 | 2,438 | (27.9) |
| Less: Provision for Tax | 350 | 336 | 4.3 | 25 | NA | 325 | 715 | (54.6) |
| Adjusted Profit | 1,084 | 1,022 | 6.1 | 121 | 794.2 | 1,432 | 1,723 | (16.9) |
| Exceptional items | 0 | 0 | NA | 0 | NA | - | - | |
| Reported Profit | 1,084 | 1,022 | 6.1 | 121 | 794.2 | 1,432 | 1,723 | (16.9) |
| Equity capital (FV Rs 10) | 902 | 902 | | 902 | | 902 | 902 | |
| No. of Diluted shares outstanding (mn) | 90 | 90 | | 90 | | 90 | 90 | |
| Adjusted Diluted EPS | 12.0 | 11.3 | 6.1 | 1.3 | 794.2 | 15.9 | 19.1 | (16.9) |
| As % of revenues | | | | | | | | |
| COGS | 69.5 | 66.1 | | 72.7 | | 72.0 | 69.2 | |
| Gross profit | 30.5 | 33.9 | | 27.3 | | 28.0 | 30.8 | |
| Employee costs | 1.2 | 1.2 | | 1.2 | | 1.2 | 1.5 | |
| Other expenses | 10.1 | 10.6 | | 11.8 | | 11.4 | 10.7 | |
| Total operating expenses | 11.3 | 11.9 | | 13.0 | | 12.6 | 12.2 | |
| EBITDA | 19.1 | 22.0 | | 14.4 | | 15.4 | 18.6 | |
| Net profit | 10.7 | 11.6 | | 1.7 | | 5.6 | 8.0 | |

Source: Company, PL

Exhibit 2: Double digit revenue growth in both the segments

| Sales Breakup | Q3FY21 | Q4FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 |
|---------------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Agrochemicals | 4,022 | 10,048 | 5,343 | 5,029 | 7,232 | 12,432 | 6,149 | 5,756 | 8,419 |
| Non - Agrochemicals | 916 | 834 | 884 | 1,399 | 1,566 | 1,913 | 2,097 | 1,459 | 1,754 |
| Total | 4,938 | 10,881 | 6,227 | 6,428 | 8,798 | 14,345 | 8,245 | 7,215 | 10,173 |
| Growth % | | | | | | | | | |
| Agrochemicals | 29.1 | 22.1 | 73.9 | 46.1 | 79.8 | 23.7 | 15.1 | 14.4 | 16.4 |
| Non - Agrochemicals | 28.7 | 56.2 | 8.2 | 73.9 | 71.0 | 129.4 | 137.2 | 4.3 | 12.0 |
| Total | 29.0 | 24.2 | 60.1 | 51.3 | 78.2 | 31.8 | 32.4 | 12.2 | 15.6 |

Source: Company, PL

Exhibit 3: NAFTA drives agrochemicals revenue growth during 3QFY23; trend to continue going forward

| | Q3FY21 | Q4FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 |
|-----------------------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Europe | 1,351 | 5,353 | 2,510 | 2,162 | 3,037 | 6,100 | 3,120 | 2,380 | 3,300 |
| NAFTA | 1,709 | 3,859 | 1,750 | 1,810 | 3,110 | 4,870 | 1,920 | 2,300 | 3,940 |
| RoW | 571 | 434 | 230 | 352 | 579 | 360 | 280 | 440 | 710 |
| Latam | 390 | 402 | 850 | 704 | 506 | 1,100 | 830 | 640 | 470 |
| Total Agrochem Sales | 4,022 | 10,048 | 5,340 | 5,029 | 7,232 | 12,430 | 6,150 | 5,760 | 8,420 |
| Growth % | | | | | | | | | |
| Europe | 34.3 | 14.4 | 60.2 | 1.0 | 124.8 | 14.0 | 24.3 | 10.1 | 8.6 |
| NAFTA | 24.1 | 34.8 | 98.5 | 126.6 | 81.9 | 26.2 | 9.7 | 27.0 | 26.7 |
| RoW | 41.0 | 5.9 | 5.5 | 76.3 | 1.3 | (17.1) | 21.7 | 25.0 | 22.7 |
| Latam | 19.3 | 46.2 | 109.6 | 132.4 | 29.8 | 173.6 | (2.4) | (9.1) | (7.2) |
| Total | 29.1 | 22.1 | 73.8 | 46.1 | 79.8 | 23.7 | 15.2 | 14.5 | 16.4 |

Source: Company, PL

Exhibit 4: NAFTA and LATAM drives the revenues in Non-agrochemicals segment

| | Q3FY21 | Q4FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 |
|-----------------|-------------|-------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Europe | 262 | 265 | 240 | 420 | 595 | 540 | 590 | 320 | 260 |
| NAFTA | 438 | 352 | 390 | 700 | 689 | 1,100 | 1,140 | 830 | 1,150 |
| RoW | 131 | 158 | 210 | 210 | 235 | 170 | 230 | 210 | 260 |
| Latam | 85 | 59 | 50 | 70 | 47 | 100 | 130 | 100 | 90 |
| Total | 916 | 834 | 890 | 1,399 | 1,566 | 1,910 | 2,090 | 1,460 | 1,760 |
| Growth % | | | | | | | | | |
| Europe | 11.5 | 35.6 | (19.7) | 67.7 | 127.2 | 103.8 | 145.8 | (23.8) | (56.3) |
| NAFTA | 63.6 | 57.4 | 14.7 | 94.9 | 57.4 | 212.5 | 192.3 | 18.7 | 66.9 |
| RoW | (12.4) | 64.4 | 41.2 | 61.0 | 79.3 | 7.6 | 9.5 | 0.1 | 10.7 |
| Latam | 42.5 | 215.7 | 70.0 | 7.3 | (44.9) | 69.5 | 160.0 | 43.0 | 91.6 |
| Total | 28.7 | 56.2 | 8.9 | 73.9 | 71.0 | 129.0 | 134.8 | 4.4 | 12.4 |

Source: Company, PL

Exhibit 5: Combination of volume and prices support growth; FX remained flat YoY

| Particulars | Q3FY21 | Q4FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Volume | 17.0 | 36.0 | 48.2 | 60.8 | 51.0 | (11.0) | (2.5) | (23.0) | 9.0 |
| Price | 5.0 | (17.0) | 8.2 | (10.6) | 26.5 | 42.0 | 38.0 | 34.0 | 6.7 |
| Exchange | 7.0 | 5.0 | 3.7 | 1.1 | 0.8 | 0.3 | (3.3) | 2.0 | 0.0 |
| Total | 29.0 | 24.0 | 60.1 | 51.3 | 78.3 | 31.3 | 32.2 | 13.0 | 15.7 |

Source: Company, PL

Exhibit 6: Continues to invest in registrations- Capex for 9MFY23 stood at Rs3.0bn

| Geography | Q3FY21 | Q4FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Europe | 1,290 | 1,326 | 1,347 | 1,370 | NA | 1,420 | 1,445 | NA | 1,490 |
| NAFTA | 225 | 236 | 237 | 252 | NA | 273 | 280 | NA | 293 |
| RoW | 240 | 237 | 238 | 238 | NA | 241 | 241 | NA | 243 |
| Latam | 740 | 744 | 748 | 750 | NA | 752 | 753 | NA | 750 |
| No. of registrations | 2,495 | 2,543 | 2,570 | 2,610 | 2,645 | 2,686 | 2,719 | 2,750 | 2,776 |

Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY22 | FY23E | FY24E | FY25E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 35,798 | 42,204 | 48,220 | 53,042 |
| YoY gr. (%) | 49.4 | 17.9 | 14.3 | 10.0 |
| Cost of Goods Sold | 24,998 | 30,049 | 33,899 | 36,970 |
| Gross Profit | 10,800 | 42,204 | 48,220 | 53,042 |
| Margin (%) | 30.2 | 100.0 | 100.0 | 100.0 |
| Employee Cost | 442 | 506 | 579 | 637 |
| Other Expenses | 3,072 | 3,967 | 4,533 | 5,039 |
| EBITDA | 6,994 | 7,381 | 8,860 | 10,046 |
| YoY gr. (%) | 67.8 | 5.5 | 20.0 | 13.4 |
| Margin (%) | 19.5 | 17.5 | 18.4 | 18.9 |
| Depreciation and Amortization | 2,453 | 2,930 | 3,742 | 4,507 |
| EBIT | 4,540 | 4,452 | 5,118 | 5,539 |
| Margin (%) | 12.7 | 10.5 | 10.6 | 10.4 |
| Net Interest | 22 | 23 | 25 | 26 |
| Other Income | 124 | (48) | 159 | 167 |
| Profit Before Tax | 4,642 | 4,381 | 5,253 | 5,680 |
| Margin (%) | 13.0 | 10.4 | 10.9 | 10.7 |
| Total Tax | 1,150 | 1,095 | 1,313 | 1,420 |
| Effective tax rate (%) | 24.8 | 25.0 | 25.0 | 25.0 |
| Profit after tax | 3,493 | 3,286 | 3,939 | 4,260 |
| Minority interest | 0 | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 3,493 | 3,286 | 3,939 | 4,260 |
| YoY gr. (%) | 52.4 | (5.9) | 19.9 | 8.1 |
| Margin (%) | 9.8 | 7.8 | 8.2 | 8.0 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 3,493 | 3,286 | 3,939 | 4,260 |
| YoY gr. (%) | 52.4 | (5.9) | 19.9 | 8.1 |
| Margin (%) | 9.8 | 7.8 | 8.2 | 8.0 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 3,493 | 3,286 | 3,939 | 4,260 |
| Equity Shares O/s (m) | 90 | 90 | 90 | 90 |
| EPS (Rs) | 38.7 | 36.4 | 43.7 | 47.2 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY22 | FY23E | FY24E | FY25E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 13,755 | 17,755 | 21,755 | 25,755 |
| Tangibles | 13,755 | 17,755 | 21,755 | 25,755 |
| Intangibles | - | - | - | - |
| Acc: Dep / Amortization | 7,981 | 10,910 | 14,652 | 19,159 |
| Tangibles | 7,981 | 10,910 | 14,652 | 19,159 |
| Intangibles | - | - | - | - |
| Net fixed assets | 5,774 | 6,845 | 7,103 | 6,596 |
| Tangibles | 5,774 | 6,845 | 7,103 | 6,596 |
| Intangibles | - | - | - | - |
| Capital Work In Progress | 2,266 | 2,266 | 2,266 | 2,266 |
| Goodwill | 0 | 0 | 0 | 0 |
| Non-Current Investments | - | - | - | - |
| Net Deferred tax assets | (1,240) | (1,240) | (1,240) | (1,240) |
| Other Non-Current Assets | - | - | - | - |
| Current Assets | | | | |
| Investments | 1,344 | 1,344 | 1,344 | 1,344 |
| Inventories | 8,928 | 9,879 | 11,145 | 12,155 |
| Trade receivables | 15,400 | 18,156 | 20,743 | 22,818 |
| Cash & Bank Balance | 1,660 | 76 | 1,828 | 4,655 |
| Other Current Assets | - | - | - | - |
| Total Assets | 36,143 | 39,336 | 45,200 | 50,604 |
| Equity | | | | |
| Equity Share Capital | 902 | 902 | 902 | 902 |
| Other Equity | 18,222 | 21,074 | 24,579 | 28,295 |
| Total Network | 19,125 | 21,976 | 25,481 | 29,197 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 380 | - | - | - |
| Provisions | 23 | 23 | 23 | 23 |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 11,776 | 14,155 | 15,968 | 17,415 |
| Other current liabilities | 4,836 | 3,179 | 3,724 | 3,965 |
| Total Equity & Liabilities | 36,143 | 39,336 | 45,200 | 50,604 |

Source: Company Data, PL Research



Cash Flow (Rs m)

| Y/e Mar | FY22 | FY23E | FY24E | FY25E |
|---------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 4,642 | 4,381 | 5,253 | 5,680 |
| Add. Depreciation | 2,453 | 2,930 | 3,742 | 4,507 |
| Add. Interest | - | - | - | - |
| Less Financial Other Income | 124 | (48) | 159 | 167 |
| Add. Other | 121 | (352) | (359) | (367) |
| Op. profit before WC changes | 7,217 | 6,958 | 8,635 | 9,820 |
| Net Changes-WC | (3,798) | (2,985) | (1,495) | (1,397) |
| Direct tax | (748) | (1,095) | (1,313) | (1,420) |
| Net cash from Op. activities | 2,671 | 2,878 | 5,827 | 7,004 |
| Capital expenditures | (2,338) | (4,000) | (4,000) | (4,000) |
| Interest / Dividend Income | - | - | - | - |
| Others | 259 | 352 | 359 | 367 |
| Net Cash from Invt. activities | (2,079) | (3,648) | (3,641) | (3,633) |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | (350) | (380) | - | - |
| Dividend paid | (541) | (435) | (435) | (543) |
| Interest paid | - | - | - | - |
| Others | (19) | - | - | - |
| Net cash from Fin. activities | (910) | (815) | (435) | (543) |
| Net change in cash | 804 | (1,584) | 1,752 | 2,827 |
| Free Cash Flow | 333 | (1,122) | 1,827 | 3,004 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 |
|-----------------------------------|---------------|--------------|--------------|---------------|
| Net Revenue | 14,345 | 8,245 | 7,215 | 10,173 |
| YoY gr. (%) | 31.8 | 32.4 | 12.2 | 15.6 |
| Raw Material Expenses | 10,153 | 6,151 | 5,244 | 7,073 |
| Gross Profit | 4,192 | 2,094 | 1,971 | 3,100 |
| Margin (%) | 29.2 | 25.4 | 27.3 | 30.5 |
| EBITDA | 2,995 | 961 | 1,037 | 1,945 |
| YoY gr. (%) | 38.5 | (6.7) | 0.8 | 0.3 |
| Margin (%) | 20.9 | 11.7 | 14.4 | 19.1 |
| Depreciation / Depletion | 717 | 547 | 604 | 653 |
| EBIT | 2,278 | 414 | 433 | 1,292 |
| Margin (%) | 15.9 | 5.0 | 6.0 | 12.7 |
| Net Interest | 7 | 8 | 4 | 9 |
| Other Income | (66) | (230) | (284) | 152 |
| Profit before Tax | 2,205 | 176 | 146 | 1,434 |
| Margin (%) | 15.4 | 2.1 | 2.0 | 14.1 |
| Total Tax | 435 | (50) | 25 | 350 |
| Effective tax rate (%) | 19.7 | (28.4) | 16.9 | 24.4 |
| Profit after Tax | 1,770 | 226 | 121 | 1,084 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 1,770 | 226 | 121 | 1,084 |
| YoY gr. (%) | 32.1 | (40.5) | (62.1) | 6.1 |
| Margin (%) | 12.3 | 2.7 | 1.7 | 10.7 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 1,770 | 226 | 121 | 1,084 |
| YoY gr. (%) | 32.1 | (40.5) | (62.1) | 6.1 |
| Margin (%) | 12.3 | 2.7 | 1.7 | 10.7 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 1,770 | 226 | 121 | 1,084 |
| Avg. Shares O/s (m) | 90 | 90 | 90 | 90 |
| EPS (Rs) | 19.6 | 2.5 | 1.3 | 12.0 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY22 | FY23E | FY24E | FY25E |
|----------------------------|-------|--------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 38.7 | 36.4 | 43.7 | 47.2 |
| CEPS | 65.9 | 68.9 | 85.1 | 97.2 |
| BVPS | 212.0 | 243.6 | 282.4 | 323.6 |
| FCF | 3.7 | (12.4) | 20.2 | 33.3 |
| DPS | 3.0 | 4.0 | 4.0 | 5.0 |
| Return Ratio(%) | | | | |
| RoCE | 25.0 | 21.5 | 21.6 | 20.3 |
| ROIC | 22.5 | 17.3 | 18.7 | 19.5 |
| RoE | 19.8 | 16.0 | 16.6 | 15.6 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.1) | (0.1) | (0.1) | (0.2) |
| Net Working Capital (Days) | 128 | 120 | 121 | 121 |
| Valuation(x) | | | | |
| PER | 13.1 | 13.9 | 11.6 | 10.7 |
| P/B | 2.4 | 2.1 | 1.8 | 1.6 |
| P/CEPS | 7.7 | 7.4 | 5.9 | 5.2 |
| EV/EBITDA | 6.2 | 6.0 | 4.8 | 4.0 |
| EV/Sales | 1.2 | 1.0 | 0.9 | 0.7 |
| Dividend Yield (%) | 0.6 | 0.8 | 0.8 | 1.0 |

Source: Company Data, PL Research

Key Operating Metrics

| Y/e Mar | FY22 | FY23E | FY24E | FY25E |
|----------|--------|--------|--------|--------|
| Revenues | 35,800 | 42,204 | 48,220 | 53,042 |
| Europe | 13,790 | 15,927 | 18,317 | 20,148 |
| NAFTA | 11,530 | 13,951 | 16,044 | 17,648 |
| LatAM | 3,150 | 3,087 | 3,550 | 3,905 |
| RoW | 1,570 | 1,884 | 2,072 | 2,280 |

Source: Company Data, PL Research



Price Chart

Recommendation History



| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1 | 05-Jan-23 | BUY | 660 | 486 |
| 2 | 21-Oct-22 | BUY | 660 | 446 |
| 3 | 04-Oct-22 | BUY | 740 | 431 |
| 4 | 25-Jul-22 | BUY | 740 | 564 |
| 5 | 04-Jul-22 | BUY | 750 | 619 |
| 6 | 13-May-22 | BUY | 750 | 646 |
| 7 | 08-Apr-22 | BUY | 630 | 664 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---------------------------------|------------|---------|------------------|
| 1 | Bayer Cropscience | Accumulate | 5,630 | 4,800 |
| 2 | Chambal Fertilizers & Chemicals | BUY | 410 | 317 |
| 3 | Coromandel International | BUY | 1,200 | 903 |
| 4 | Dhanuka Agritech | BUY | 940 | 700 |
| 5 | Godrej Agrovet | Accumulate | 570 | 472 |
| 6 | Insecticides India | Hold | 700 | 715 |
| 7 | P.I. Industries | BUY | 4,350 | 3,328 |
| 8 | Rallis India | Hold | 240 | 224 |
| 9 | Sharda Cropchem | BUY | 660 | 486 |
| 10 | Sumitomo Chemical India | BUY | 610 | 490 |
| 11 | UPL | BUY | 1,070 | 720 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Himanshu Binani- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Himanshu Binani- MBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com