

Jul-Sep'22 Earnings Preview

October 4, 2022

Exhibit 1: PL Universe

| Companies | Rating | CMP (Rs) | TP (Rs) |
|-------------------------|--------|----------|---------|
| Bayer Cropscience | Acc | 4,803 | 5,650 |
| Dhanuka Agritech | BUY | 658 | 850 |
| Godrej Agrovet | Acc | 520 | 570 |
| Insecticides India | HOLD | 701 | 920 |
| P.I. Industries | BUY | 2,956 | 3,450 |
| Rallis India | BUY | 206 | 250 |
| Sharda Cropchem | BUY | 431 | 740 |
| Sumitomo Chemical India | BUY | 511 | 510 |
| UPL | BUY | 665 | 1,020 |

Source: PL Acc=Accumulate

Top Picks

PI Industries

Excessive rains could play a spoilsport

Our interaction with industry experts and channel partners indicate that domestic industry will likely post subdued performance in 2QFY23 (expected to grow at mid-single to low double digit YoY) (PLe 14% YoY revenue growth) primarily led by 1) uneven distribution of monsoons causing miss in spraying activities, thereby resulting in lower volume growth and 2) higher carry-over inventory during the quarter. Despite industry taking price hikes to the tune of 4-5% (at portfolio level during 1QFY23) for partially offsetting higher RM cost and rupee depreciation, we believe falling RM prices from July'22 (on MoM basis) amid a high cost carry-over inventory may likely impact gross margins. We expect absolute EBITDA for our coverage universe to be up 5% YoY backed by higher revenue growth (led by price hikes), however EBITDA margins will likely be under pressure (PLe down 130 bps YoY) due to lower gross margins and higher other expenses (advertisement and promotional expenses- 1st normal year of operations post COVID-19 restrictions).

Citing above reasons, we maintain our cautious stance on the sector. Though good soil moisture and water reservoir levels augurs well of upcoming rabi season (2H contributing ~40% of the total revenues), however the dent which has been made in 1HFY23 due to uneven rainfall coupled with higher base of last year 2HFY22 is likely to pose challenges for domestic agri-input players. While, on exports front adverse weather conditions particularly in US and European markets can exert some pressure in near term. We continue to like PI Industries in the agrochemicals space.

Uneven distribution of rainfall... Cumulative rainfall till 23rd Sept-22 was up by 7% of LPA largely led by better rainfall recorded in central and southern peninsula up 20%/27% of LPA partially offset by lower than expected rainfall in North-west and Eastern India down 8%/17% of LPA.

...impacting acreages across states: Crop acreages as on 23rd Sept-22 was down 1% YoY with more than 100% of the normal area covered under current kharif season. Crop sowing has remained a mixed bag largely led by uneven distribution of monsoons. Acreages for major crops like paddy, pulses and oil seeds were down 6%/4%/1% YoY respectively; however better sowing in cotton and coarse cereals up 7%/4% YoY respectively have in-turn restricted overall acreages decline to 1% till date.

...resulting in healthy water reservoir levels: As on 23rd Sept-22, water storage levels in India's 143 reservoirs stood at 88% of the total capacity. Water storage level was up 13% YoY and 17% as compared to last 10 years' average. North, East, West, Central and South have storage capacity of 86%/ 72%/95%/85% and 92% respectively. Currently, water storage level remains high for all the regions as compared to same period last year. Further, 120 out of the 143 reservoirs in India (84%) have water levels higher than 80% of total storage capacity.

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Exporters better placed than pure play domestic players: We expect subpar performance in 2QFY23 (likely to grow at mid-single to low double digit YoY) (PLe 14% YoY growth) primarily led by, uneven distribution of monsoons leading into miss in spraying activities, resulting in lower volume growth and higher carry-over inventory during the quarter. Despite industry taking price hikes to the tune of 4-5% (at portfolio level during 1QFY23) to partially offset higher RM cost and rupee depreciation, yet falling RM prices from July'22 (on MoM basis) amid a high cost carry-over inventory will likely impact gross margins. We expect absolute EBITDA for our coverage universe to be up 5% YoY backed by higher revenue growth (led by price hikes), however EBITDA margins will likely be under pressure (PLe down 130 bps YoY), due to lower gross margins and higher other expenses (advertisement and promotional expenses- 1st normal year of operations post COVID-19 restrictions).

Exhibit 2: Q2FY23 Result Preview

| Company Name | | Q2FY23E | Q2FY22 | YoY (%) | Q1FY23 | QoQ (%) | Remark |
|--------------------|------------|---------|--------|---------|--------|---------|--|
| Bayer Cropscience | Sales | 14,845 | 13,651 | 8.7 | 16,674 | (11.0) | We expect +10%/-10%/+5% YoY growth in domestic agrochemicals/seeds/maize seeds respectively primarily led by subdued demand resulting into lower liquidation. While exports segment expected to decline by 10% YoY. Higher sales return coupled with high cost carry-over inventory is likely to exert pressure on the gross margins. |
| | EBITDA | 2,100 | 2,218 | (5.3) | 3,951 | (46.9) | |
| | Margin (%) | 14.1 | 16.2 | | 23.7 | | |
| | PBT | 1,967 | 2,195 | (10.4) | 3,823 | (48.6) | |
| | Adj. PAT | 1,475 | 1,541 | (4.3) | 3,026 | (51.3) | |
| Dhanuka Agritech | Sales | 5,047 | 4,388 | 15.0 | 3,927 | 28.5 | Assumed 15% YoY growth in revenues; largely driven by better product mix (higher contribution from new product launches) likely to witness volume growth of 10-12%. Margins likely to be under pressure led by lower GM's and higher opex. |
| | EBITDA | 805 | 822 | (2.0) | 515 | 56.4 | |
| | Margin (%) | 16.0 | 18.7 | | 13.1 | | |
| | PBT | 822 | 843 | (2.5) | 637 | 29.0 | |
| | Adj. PAT | 617 | 634 | (2.7) | 491 | 25.5 | |
| Godrej Agrovet | Sales | 23,994 | 21,541 | 11.4 | 25,099 | (4.4) | We expect 11% YoY growth in overall revenues primarily driven by 10%/12%/5%/15% YoY growth in animal feed/vegetable oil/ crop protection and dairy business. Lower realizations in vegetable oil and animal feed business likely to impact margins. |
| | EBITDA | 1,440 | 1,904 | (24.4) | 1,616 | (10.9) | |
| | Margin (%) | 6.0 | 8.8 | | 6.4 | | |
| | PBT | 846 | 1,381 | (38.8) | 1,028 | (17.8) | |
| | Adj. PAT | 729 | 1,093 | (33.3) | 827 | (11.9) | |
| Insecticides India | Sales | 4,864 | 4,439 | 9.6 | 5,607 | (13.3) | We expect B2B/B2C segments likely to post growth of 7%/12%; higher base of last year in exports is likely to restrict exports growth in 2Q'23 (assumed -7%YoY). We expect pressure on margins led by lower GM's and increased opex led by higher A&P spends. |
| | EBITDA | 596 | 642 | (7.1) | 585 | 2.0 | |
| | Margin (%) | 12.3 | 14.5 | | 10.4 | | |
| | PBT | 514 | 557 | (7.8) | 506 | 1.5 | |
| | Adj. PAT | 385 | 418 | (7.7) | 380 | 1.5 | |
| P.I. Industries | Sales | 16,663 | 13,542 | 23.0 | 15,432 | 8.0 | We expect 30%/4% YoY growth in CSM/ domestic business. While margins are likely to see an improvement led by better operating leverage and lower opex (includes several one-offs in the base quarter). |
| | EBITDA | 3,748 | 2,920 | 28.4 | 3,456 | 8.4 | |
| | Margin (%) | 22.5 | 21.6 | | 22.4 | | |
| | PBT | 3,425 | 2,671 | 28.2 | 3,101 | 10.4 | |
| | Adj. PAT | 2,843 | 2,306 | 23.3 | 2,624 | 8.3 | |
| Rallis India | Sales | 8,020 | 7,278 | 10.2 | 8,628 | (7.0) | We expect domestic/exports/seeds to post 7%/20%/5% YoY growth in 2Q'23. Exports revenue likely to be better-off led by improved demand scenario globally supported by better product and price mix. Pressure on margins likely to persist in near term for Rallis India. |
| | EBITDA | 847 | 880 | (3.7) | 1,127 | (24.8) | |
| | Margin (%) | 10.6 | 12.1 | | 13.1 | | |
| | PBT | 685 | 765 | (10.5) | 903 | (24.2) | |
| | Adj. PAT | 514 | 565 | (9.1) | 668 | (23.2) | |
| Sharda Cropchem | Sales | 6,960 | 6,428 | 8.3 | 8,245 | (15.6) | We estimate agrochemicals revenue growth of 10%/-5%/10%/3% YoY in Europe/MAFTA/ROW/LATAM in 2QFY23. Higher base of last year is likely to restrict growth of agrochemicals segment; whereas non-agro chemicals segment is likely to post a decent growth of 25% YoY. Adverse currency impact coupled with lower GM's to exert pressure on margins. |
| | EBITDA | 934 | 1,029 | (9.2) | 961 | (2.8) | |
| | Margin (%) | 13.4 | 16.0 | | 11.7 | | |
| | PBT | 213 | 415 | (48.8) | 176 | 20.5 | |
| | Adj. PAT | 159 | 320 | (50.4) | 226 | (29.8) | |

| Company Name | | Q2FY23E | Q2FY22 | YoY (%) | Q1FY23 | QoQ (%) | Remark |
|-------------------------|------------|----------|----------|---------|----------|---------|--|
| Sumitomo Chemical India | Sales | 10,632 | 9,099 | 16.9 | 9,855 | 7.9 | We expect 11%/50% YoY growth in domestic and exports segment taking it to a total revenue growth of 17% YoY for Sumitomo chemical. Higher base of last year in terms of glyphosate prices coupled with slower liquidation of inventories is likely to put pressure on margins. |
| | EBITDA | 2,374 | 2,150 | 10.4 | 1,876 | 26.6 | |
| | Margin (%) | 22.3 | 23.6 | | 19.0 | | |
| | PBT | 2,333 | 2,105 | 10.8 | 1,797 | 29.8 | |
| | Adj. PAT | 1,745 | 1,551 | 12.5 | 1,381 | 26.3 | |
| UPL | Sales | 1,21,066 | 1,05,670 | 14.6 | 1,08,210 | 11.9 | We are assuming 14%/12%/0%/12%/21% YoY growth in NAFTA/India/Europe/ROW/LATAM respectively. Gross margins are expected to come under pressure due to adverse geographical mix and currency. Higher interest cost and fix impact likely to result into PAT decline. |
| | EBITDA | 22,310 | 20,450 | 9.1 | 23,430 | (4.8) | |
| | Margin (%) | 18.4 | 19.4 | | 21.7 | | |
| | PBT | 11,189 | 10,530 | 6.3 | 11,120 | 0.6 | |
| | Adj. PAT | 7,483 | 6,668 | 12.2 | 9,410 | (20.5) | |

Source: Company, PL

Channel Checks - Key highlights

We interacted with several agrochemical dealers and industry experts to gauge demand scenario at the ground level. Below are key intercepts:

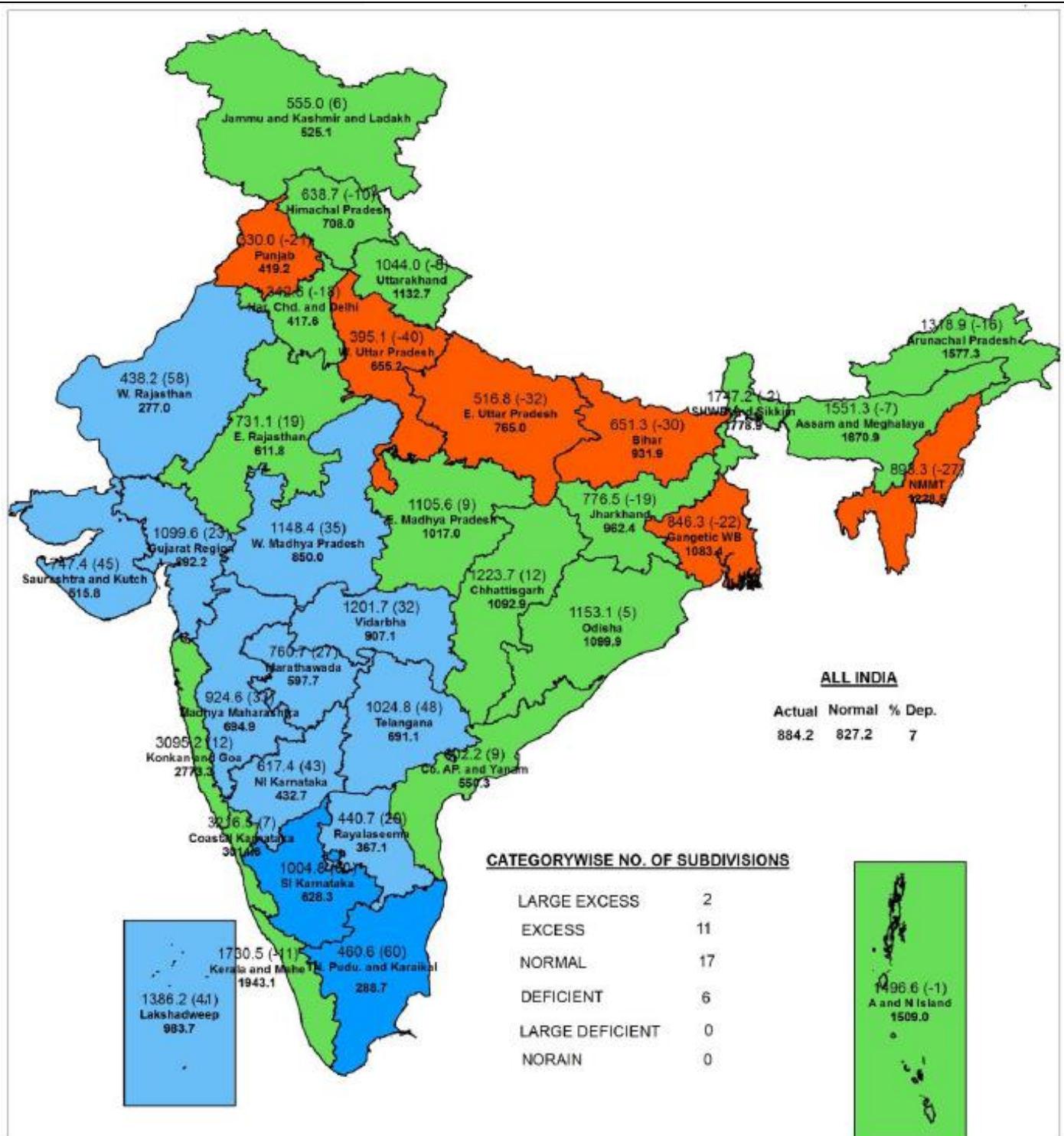
Demand & Outlook: Domestic industry will likely post subpar performance in 2QFY23 (mid-single digit to low double digit YoY growth) primarily led by (a) uneven distribution of monsoons resulting in lower pest infestations and miss in spraying activates; (b) higher placements during 4QFY22 and 1QFY23 coupled with slower on-ground activities led by uneven rainfall, resulting in lower liquidation of inventories; (c) elevated channel inventory particularly in insecticides category and d) agrochemical companies with higher exposure to herbicides to likely post 12-15% growth in 2QFY23.

Herbicides and fungicides likely to outperform with higher share of branded sales: Our interaction with channel partners suggests that herbicide and fungicide category will continue to do well in the on-going kharif season (likely to benefit players like- PI Industries and UPL). While better sales of branded generics will continue just like last year, companies more active on the ground-level will reap maximum benefits (players likely to benefit- Dhanuka Agritech, Adama, Syngenta and Bayer Crop).

Channel inventory continue to remain stretched: Channel inventory remains higher particularly for insecticides category, led by higher carryover of last year coupled with dumping of few insecticides molecules like Monocrotophos, Cypermethrin, Acephate from few large players in 4QFY22 and 1QFY23. However, uneven rainfall added to the woes, as liquidation is slower at ground level making it difficult for further inventory push into the market. With Kharif'22 season largely behind us now, we expect higher sales return (v/s last few year average) for the industry during this year.

Raw material (RM) situation in a better-off position: Though RM prices have been on declining trend since last few months, the trend continues to prevail, largely led by a) adverse weather conditions in certain key geographies like US, Europe and India - resulting in lower demand and b) better availability of RM with China opening up post COVID-19 related lockdowns.

Exhibit 3: Cumulative distribution of rainfall (01-06-2022 to 23-09-2022)- UP, Bihar and WB received deficient rainfall



Source: IMD, PL

Despite monsoons up 7% of LPA till date; however cumulative distribution has been on the lower side

Exhibit 4: Monsoons up 7% of LPA; however, distribution has been uneven...

| Period ending | % Deviation from Normal | | | | |
|---------------|-------------------------|-----------------|---------------|-----------------|------------------------|
| | Country as a whole | Northwest India | Central India | South Peninsula | Northeast & East India |
| 01-Jun-22 | (41.0) | (36.0) | (50.0) | (23.0) | (49.0) |
| 08-Jun-22 | (42.0) | (94.0) | (88.0) | (26.0) | (7.0) |
| 15-Jun-22 | (32.0) | (77.0) | (65.0) | (36.0) | 14.0 |
| 26-Jun-22 | (7.0) | (10.0) | (30.0) | (14.0) | 21.0 |
| 01-Jul-22 | (6.0) | (4.0) | (28.0) | (11.0) | 21.0 |
| 07-Jul-22 | - | (2.0) | (10.0) | 6.0 | 8.0 |
| 14-Jul-22 | 11.0 | (10.0) | 25.0 | 34.0 | (6.0) |
| 21-Jul-22 | 11.0 | (9.0) | 30.0 | 34.0 | (14.0) |
| 27-Jul-22 | 10.0 | 2.0 | 25.0 | 30.0 | (15.0) |
| 03-Aug-22 | 6.0 | 2.0 | 11.0 | 33.0 | (14.0) |
| 10-Aug-22 | 8.0 | - | 16.0 | 37.0 | (16.0) |
| 18-Aug-22 | 10.0 | 1.0 | 24.0 | 28.0 | (18.0) |
| 24-Aug-22 | 9.0 | 2.0 | 24.0 | 23.0 | (19.0) |
| 31-Aug-22 | 6.0 | (1.0) | 18.0 | 28.0 | (19.0) |
| 14-Sep-22 | 6.0 | (8.0) | 18.0 | 33.0 | (17.0) |
| 21-Sep-22 | 7.0 | (8.0) | 20.0 | 27.0 | (17.0) |

Source: IMD, PL

Exhibit 5: ...resulting into lower paddy and oilseeds acreages...

| (Lac Ha) | | Till 23rd September | | |
|----------------|---------------|---------------------|--------------|-------------|
| Crops | In 2022 | In 2021 | YoY (%) | WoW (%) |
| Rice | 401.6 | 425.0 | -5.5% | 0.6% |
| Pulses | 132.7 | 138.3 | -4.0% | 0.6% |
| Coarse Cereals | 181.4 | 174.1 | 4.2% | 0.1% |
| Oilseeds | 191.8 | 193.3 | -0.8% | 0.5% |
| Sugarcane | 55.7 | 55.2 | 0.9% | 0.1% |
| Jute & Mesta | 7.0 | 7.0 | 0.0% | 0.7% |
| Cotton | 127.4 | 118.6 | 7.4% | 0.2% |
| Total | 1097.5 | 1111.4 | -1.3% | 0.4% |

Source: Agricoop, PL(as of 23rd Sep'22)

Deficient rainfall in major paddy growing states i.e U.P, Punjab, Bihar has resulted in lower acreages

Lower than expected rainfall in key growing states of UP, MP, Odisha, Telangana and AP has restricted growth in overall acreages this kharif.

Exhibit 6: ...reflected in state-wise sowing

| In Lakh Ha | Crop | Area Sown in Kharif | | | | |
|----------------|----------------|---------------------|--------------|--------------|-------------|------------|
| | | Total Normal Area | FY23 | FY22 | % of Normal | YoY(%) |
| Uttar Pradesh | Coarse Cereals | 17.6 | 19.9 | 19.5 | 113% | 2% |
| | Oil Seeds | 4.5 | 5.7 | 5.5 | 128% | 5% |
| | Pulses | 8.8 | 11.2 | 10.9 | 127% | 2% |
| | Rice | 57.7 | 57.8 | 60.3 | 100% | -4% |
| | Sugarcane | 22.0 | 23.6 | 24.0 | 107% | -1% |
| | Total | 110.6 | 118.1 | 120.1 | 107% | -2% |
| Maharashtra | Coarse Cereals | 21.6 | 15.4 | 17.1 | 71% | -10% |
| | Cotton | 42.8 | 42.3 | 39.6 | 99% | 7% |
| | Oil Seeds | 43.0 | 51.0 | 48.6 | 119% | 5% |
| | Pulses | 21.5 | 18.9 | 22.4 | 88% | -16% |
| | Rice | 14.5 | 15.6 | 15.5 | 107% | 1% |
| | Sugarcane | 9.3 | 13.5 | 12.3 | 144% | 9% |
| | Total | 152.7 | 156.6 | 155.4 | 103% | 1% |
| Rajasthan | Coarse Cereals | 56.5 | 60.5 | 52.2 | 107% | 16% |
| | Cotton | 6.5 | 6.8 | 6.3 | 105% | 9% |
| | Oil Seeds | 21.5 | 23.6 | 22.3 | 110% | 6% |
| | Pulses | 38.9 | 34.0 | 34.7 | 87% | -2% |
| | Rice | 2.1 | 2.3 | 1.9 | 112% | 19% |
| | Total | 125.4 | 127.2 | 117.4 | 101% | 8% |
| Madhya Pradesh | Coarse Cereals | 18.7 | 22.1 | 21.3 | 118% | 4% |
| | Oil Seeds | 63.8 | 59.2 | 62.2 | 93% | -5% |
| | Pulses | 22.3 | 23.3 | 19.2 | 104% | 21% |
| | Cotton | 6.1 | 6.0 | 6.0 | 98% | 0% |
| | Rice | 21.4 | 32.2 | 38.5 | 150% | -16% |
| | Sugarcane | 1.0 | 0.9 | 1.1 | 83% | -19% |
| | Total | 133.4 | 143.6 | 148.4 | 108% | -3% |
| Karnataka | Coarse Cereals | 22.3 | 22.1 | 23.0 | 99% | -4% |
| | Cotton | 6.8 | 8.2 | 6.4 | 120% | 28% |
| | Oil Seeds | 8.7 | 10.0 | 10.0 | 116% | 0% |
| | Pulses | 19.8 | 20.1 | 20.9 | 102% | -4% |
| | Rice | 9.2 | 9.9 | 9.9 | 107% | 0% |
| | Sugarcane | 4.2 | 6.6 | 6.0 | 156% | 11% |
| | Total | 71.1 | 77.0 | 76.2 | 108% | 1% |
| Gujarat | Coarse Cereals | 8.0 | 5.0 | 5.0 | 63% | 1% |
| | Cotton | 25.2 | 25.5 | 22.5 | 101% | 13% |
| | Oil Seeds | 26.1 | 26.9 | 28.4 | 103% | -5% |
| | Pulses | 5.2 | 4.2 | 5.0 | 81% | -17% |
| | Rice | 8.2 | 8.7 | 8.1 | 106% | 7% |
| | Sugarcane | 1.8 | 2.3 | 2.3 | 131% | 0% |
| | Total | 74.3 | 72.6 | 71.3 | 98% | 2% |
| Odisha | Coarse Cereals | 1.3 | 4.5 | 4.2 | 336% | 7% |
| | Cotton | 1.6 | 2.2 | 2.0 | 138% | 10% |
| | Oil Seeds | 0.9 | 1.8 | 2.2 | 212% | -20% |
| | Pulses | 4.4 | 5.5 | 5.6 | 126% | -2% |
| | Rice | 36.2 | 35.1 | 35.3 | 97% | -1% |
| | Sugarcane | 0.1 | 0.2 | 0.2 | 317% | 12% |
| | Total | 44.4 | 49.3 | 49.5 | 111% | 0% |

| In Lakh Ha | Crop | Area Sown in Kharif | | | | |
|----------------|----------------|---------------------|-------------|-------------|-------------|------------|
| | | Total Normal Area | FY23 | FY22 | % of Normal | YoY(%) |
| Haryana | Coarse Cereals | 5.0 | 4.8 | 4.2 | 97% | 14% |
| | Cotton | 6.8 | 6.5 | 6.9 | 95% | -6% |
| | Oil Seeds | 0.1 | 0.1 | 0.2 | 126% | -44% |
| | Pulses | 0.3 | 0.6 | 1.0 | 203% | -38% |
| | Rice | 14.1 | 14.6 | 13.6 | 104% | 7% |
| | Sugarcane | 1.0 | 1.1 | 1.1 | 102% | -4% |
| | Total | 27.3 | 27.7 | 27.0 | 102% | 2% |
| Telangana | Coarse Cereals | 5.3 | 2.7 | 2.7 | 50% | -2% |
| | Cotton | 19.3 | 20.2 | 20.6 | 105% | -2% |
| | Oil Seeds | 2.3 | 1.9 | 1.7 | 81% | 10% |
| | Pulses | 4.4 | 2.6 | 4.3 | 59% | -40% |
| | Rice | 12.0 | 26.0 | 25.2 | 216% | 3% |
| | Sugarcane | 0.3 | 0.3 | 0.3 | 107% | 10% |
| | Total | 43.6 | 53.7 | 54.8 | 123% | -2% |
| Tamil Nadu | Coarse Cereals | 5.3 | 3.3 | 3.2 | 62% | 2% |
| | Cotton | 1.5 | 0.5 | 0.4 | 32% | 8% |
| | Oil Seeds | 2.3 | 2.4 | 2.4 | 105% | -2% |
| | Pulses | 2.1 | 1.4 | 1.3 | 68% | 6% |
| | Rice | 16.3 | 5.2 | 4.6 | 32% | 12% |
| | Sugarcane | 1.6 | 1.5 | 1.5 | 93% | 1% |
| | Total | 29.0 | 14.2 | 13.5 | 49% | 5% |
| Andhra Pradesh | Coarse Cereals | 2.2 | 1.6 | 1.6 | 75% | -1% |
| | Cotton | 6.0 | 6.5 | 4.9 | 108% | 31% |
| | Oil Seeds | 7.7 | 6.2 | 6.7 | 81% | -7% |
| | Pulses | 3.7 | 2.4 | 2.7 | 66% | -12% |
| | Rice | 15.2 | 13.6 | 14.4 | 90% | -5% |
| | Sugarcane | 0.9 | 0.5 | 0.8 | 53% | -44% |
| | Total | 35.6 | 30.8 | 31.2 | 87% | -1% |

Source: Agricoop, PL(as of 23rd Sep'22)

Exhibit 7: Remunerative cotton prices resulting into better sowing

| State | Total Normal Area | Area Sown in Kharif FY23 | % of Normal | Area Sown in Kharif FY22 | YoY (%) |
|----------------|-------------------|--------------------------|-------------|--------------------------|-----------|
| Maharashtra | 42.8 | 42.3 | 99% | 39.6 | 7% |
| Gujarat | 25.2 | 25.5 | 101% | 22.5 | 13% |
| Telangana | 19.3 | 20.2 | 105% | 20.6 | -2% |
| Karnataka | 6.8 | 8.2 | 120% | 6.4 | 27% |
| Rajasthan | 6.5 | 6.8 | 105% | 6.3 | 9% |
| Haryana | 6.8 | 6.5 | 95% | 6.8 | -4% |
| Andhra Pradesh | 6.0 | 6.5 | 108% | 4.9 | 31% |
| Others | 12.2 | 11.4 | 94% | 11.4 | 0% |
| Total | 125.6 | 127.4 | 101% | 118.6 | 7% |

Source: Agricoop, PL (as of 23rd Sep'22)

Cotton acreages up in most of the key growing states aided by better crop prices

Pulses down 4% YoY led by lower acreages in MH and Gujarat; partially offset by better growth in MP

Lower acreages in Bihar and Gujarat restricting maize acreages to +2% YoY

Lower Oilseed acreage in MP and Gujarat down 5% each impacting overall acreages

Exhibit 8: Lower acreages in Maharashtra and Gujarat drags Pulses acreages

| State | Total Normal Area | Area Sown in Kharif FY23 | % of Normal | Area Sown in Kharif FY22 | YoY (%) |
|----------------|-------------------|--------------------------|-------------|--------------------------|------------|
| Rajasthan | 38.9 | 34.0 | 87% | 34.7 | -2% |
| Madhya Pradesh | 22.3 | 23.3 | 104% | 19.2 | 21% |
| Karnataka | 19.8 | 20.1 | 102% | 20.9 | -4% |
| Maharashtra | 21.5 | 18.9 | 88% | 22.4 | -16% |
| Uttar Pradesh | 8.8 | 11.2 | 127% | 10.9 | 2% |
| Odisha | 4.4 | 5.5 | 126% | 5.6 | -2% |
| Gujarat | 5.2 | 4.2 | 81% | 5.0 | -17% |
| Others | 19.3 | 15.6 | 81% | 19.5 | -20% |
| Total | 140.2 | 132.8 | 95% | 138.3 | -4% |

Source: Agricoop, PL (as of 23rd Sep'22)

Exhibit 9: Maize acreages up 2% YoY led by better crop prices

| State | Total Normal Area | Area Sown in Kharif FY23 | % of Normal | Area Sown in Kharif FY22 | YoY (%) |
|----------------|-------------------|--------------------------|-------------|--------------------------|-----------|
| Madhya Pradesh | 12.6 | 16.1 | 128% | 15.1 | 7% |
| Karnataka | 12.1 | 14.3 | 118% | 14.0 | 3% |
| Rajasthan | 8.7 | 9.4 | 108% | 8.4 | 12% |
| Maharashtra | 7.4 | 8.8 | 118% | 8.7 | 1% |
| Uttar Pradesh | 6.7 | 7.5 | 113% | 7.7 | -2% |
| Bihar | 2.3 | 3.3 | 142% | 3.8 | -13% |
| Gujarat | 3.1 | 2.9 | 94% | 2.9 | -2% |
| Others | 21.7 | 20.6 | 95% | 20.6 | 0% |
| Total | 74.7 | 83.0 | 111% | 81.3 | 2% |

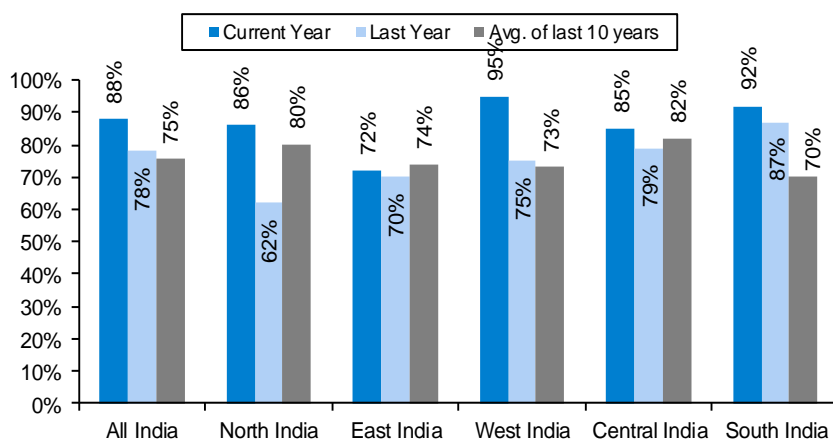
Source: Agricoop, PL (as of 23rd Sep'22)

Exhibit 10: Oilseeds down 1% YoY led by decline in MP and Gujarat

| State | Total Normal Area | Area Sown in Kharif FY23 | % of Normal | Area Sown in Kharif FY22 | YoY (%) |
|----------------|-------------------|--------------------------|-------------|--------------------------|------------|
| Madhya Pradesh | 63.8 | 59.2 | 93% | 62.2 | -5% |
| Maharashtra | 43.0 | 51.0 | 119% | 48.6 | 5% |
| Gujarat | 26.1 | 26.9 | 103% | 28.4 | -5% |
| Rajasthan | 21.5 | 23.6 | 110% | 22.3 | 6% |
| Karnataka | 8.7 | 10.0 | 116% | 10.0 | 0% |
| Andhra Pradesh | 7.7 | 6.2 | 81% | 6.7 | -7% |
| Uttar Pradesh | 4.5 | 5.7 | 128% | 5.5 | 5% |
| Others | 9.0 | 9.2 | 102% | 9.7 | -5% |
| Total | 184.1 | 191.8 | 104% | 193.3 | -1% |

Source: Agricoop, PL (as of 23rd Sep'22)

Exhibit 11: Water reservoir levels continues to be healthy; up 13% YoY



Source: CWC, PL

Exhibit 12: Region-wise storage status of 143 reservoirs- 84% of reservoirs remains above 80% of total storage

| Region-wise Storage Status | | Filling position of 143 reservoirs w.r.t. FRL | | | | | | |
|----------------------------|-----------|---|-----------|-----------|----------|----------|----------|---------------|
| Regions | 100% | 91%-99% | 81%-90% | 71%-80% | 61%-70% | 51%-60% | 41%-50% | 40% and below |
| North | 4 | 2 | 3 | 1 | - | - | - | - |
| East | 3 | 1 | 4 | 3 | 1 | 5 | 2 | 2 |
| West | 18 | 19 | 5 | 2 | - | - | - | 2 |
| Central | 6 | 9 | 1 | 2 | 2 | 2 | - | 4 |
| South | 10 | 16 | 5 | 6 | 2 | 1 | - | - |
| Total Reservoirs | 41 | 47 | 18 | 14 | 5 | 8 | 2 | 8 |

Source: CWC, PL



Exhibit 1: Valuation Summary

| Company Names | S/C Rating | CMP (Rs) | TP (Rs) | MCAp (Rs bn) | Sales (Rs mn) | | | | EBITDA (Rs mn) | | | | PAT (Rs mn) | | | | EPS (Rs) | | | | RoE (%) | | | | PE (x) | | | |
|-------------------------|------------|----------|---------|--------------|---------------|-------|-------|-------|----------------|-------|-------|-------|-------------|-------|-------|-------|----------|-------|-------|-------|---------|-------|-------|-------|--------|-------|-------|-------|
| | | | | | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E |
| Bayer Cropscience | S Acc | 4,803 | 5,650 | 215.7 | 47.3 | 53.5 | 59.9 | 67.1 | 8.1 | 9.5 | 11.4 | 13.0 | 6.0 | 7.0 | 8.5 | 9.6 | 133.3 | 155.4 | 188.5 | 213.6 | 23.6 | 25.2 | 25.6 | 24.2 | 36.0 | 30.9 | 25.5 | 22.5 |
| Dhanuka Agritech | S BUY | 658 | 850 | 30.6 | 14.8 | 16.3 | 18.4 | 20.7 | 2.6 | 2.9 | 3.4 | 3.9 | 2.1 | 2.3 | 2.6 | 3.0 | 44.8 | 49.6 | 56.8 | 64.9 | 23.8 | 21.9 | 21.1 | 20.2 | 14.7 | 13.3 | 11.6 | 10.1 |
| Godrej Agrovet | C Acc | 520 | 570 | 99.9 | 83.1 | 94.9 | 101.1 | 108.3 | 6.7 | 7.1 | 8.1 | 9.1 | 4.2 | 4.1 | 4.8 | 5.6 | 21.9 | 21.2 | 25.1 | 29.1 | 19.4 | 17.0 | 18.0 | 18.5 | 23.8 | 24.5 | 20.7 | 17.9 |
| Insecticides India | S HOLD | 701 | 920 | 13.8 | 15.0 | 17.0 | 18.7 | 20.6 | 1.7 | 1.9 | 2.2 | 2.4 | 1.1 | 1.2 | 1.4 | 1.5 | 54.2 | 60.7 | 70.4 | 78.1 | 12.7 | 13.0 | 13.3 | 13.0 | 12.9 | 11.5 | 9.9 | 9.0 |
| P.I. Industries | C BUY | 2,956 | 3,450 | 447.8 | 53.0 | 63.7 | 75.2 | 88.8 | 11.4 | 14.2 | 17.6 | 20.8 | 8.4 | 10.5 | 13.1 | 15.6 | 55.5 | 69.3 | 86.3 | 102.9 | 14.7 | 15.9 | 17.1 | 17.4 | 53.3 | 42.7 | 34.2 | 28.7 |
| Rallis India | S BUY | 206 | 250 | 40.0 | 26.0 | 29.4 | 33.5 | 37.7 | 2.7 | 3.2 | 3.9 | 4.5 | 1.6 | 1.8 | 2.3 | 2.7 | 8.4 | 9.4 | 11.9 | 13.8 | 10.0 | 10.5 | 12.4 | 13.3 | 24.4 | 21.9 | 17.3 | 15.0 |
| Sharda Cropchem | S BUY | 431 | 740 | 38.9 | 35.8 | 42.8 | 49.7 | 54.7 | 7.0 | 8.0 | 9.7 | 10.8 | 3.5 | 3.6 | 4.4 | 4.6 | 38.7 | 40.4 | 49.0 | 51.5 | 19.8 | 17.6 | 18.2 | 16.4 | 11.1 | 10.7 | 8.8 | 8.4 |
| Sumitomo Chemical India | C BUY | 511 | 510 | 255.3 | 30.6 | 35.7 | 41.9 | 48.6 | 6.0 | 7.1 | 8.8 | 10.4 | 4.2 | 5.1 | 6.4 | 7.5 | 8.5 | 10.2 | 12.8 | 15.0 | 24.4 | 23.7 | 24.2 | 23.1 | 60.3 | 50.2 | 40.0 | 34.0 |
| UPL | C BUY | 665 | 1,020 | 508.8 | 462.4 | 531.4 | 574.0 | 620.3 | 101.7 | 119.0 | 132.0 | 142.7 | 38.9 | 47.1 | 55.7 | 62.8 | 50.9 | 61.5 | 72.9 | 82.1 | 19.7 | 20.1 | 20.3 | 19.5 | 13.1 | 10.8 | 9.1 | 8.1 |

Source: Company, PL

S=Standalone / C=Consolidated / Acc=Accumulate

Exhibit 2: Change in Estimates

| | Rating | | Target Price | | | Sales | | | | | | PAT | | | | | | EPS | | | | | |
|-------------------------|--------|------|--------------|-------|---------|----------|----------|---------|----------|----------|---------|--------|--------|---------|--------|--------|---------|-------|-------|---------|-------|-------|---------|
| | | | | | | FY23E | | | FY24E | | | FY23E | | | FY24E | | | FY23E | | | FY24E | | |
| | C | P | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. |
| Bayer Cropscience | Acc | Acc | 5,650 | 5,650 | 0.0% | 53,499 | 53,499 | 0.0% | 59,919 | 59,919 | 0.0% | 6,977 | 6,977 | 0.0% | 8,463 | 8,463 | 0.0% | 155.4 | 155.4 | 0.0% | 188.5 | 188.5 | 0.0% |
| Dhanuka Agritech | BUY | BUY | 850 | 850 | 0.0% | 16,256 | 16,256 | 0.0% | 18,381 | 18,381 | 0.0% | 2,311 | 2,311 | 0.0% | 2,647 | 2,647 | 0.0% | 49.6 | 49.6 | 0.0% | 56.8 | 56.8 | 0.0% |
| Godrej Agrovet | Acc | Acc | 570 | 570 | 0.0% | 94,939 | 94,939 | 0.0% | 1,01,080 | 1,01,080 | 0.0% | 4,074 | 4,074 | 0.0% | 4,816 | 4,816 | 0.0% | 21.2 | 21.2 | 0.0% | 25.1 | 25.1 | 0.0% |
| Insecticides India | HOLD | HOLD | 920 | 920 | 0.0% | 16,995 | 16,995 | 0.0% | 18,694 | 18,694 | 0.0% | 1,197 | 1,197 | 0.0% | 1,390 | 1,390 | 0.0% | 60.7 | 60.7 | 0.0% | 70.4 | 70.4 | 0.0% |
| P.I. Industries | BUY | BUY | 3,450 | 3,450 | 0.0% | 63,653 | 63,653 | 0.0% | 75,233 | 75,233 | 0.0% | 10,496 | 10,496 | 0.0% | 13,081 | 13,081 | 0.0% | 69.3 | 69.3 | 0.0% | 86.3 | 86.3 | 0.0% |
| Rallis India | BUY | BUY | 250 | 250 | 0.0% | 29,369 | 29,369 | 0.0% | 33,461 | 33,461 | 0.0% | 1,826 | 1,826 | 0.0% | 2,314 | 2,314 | 0.0% | 9.4 | 9.4 | 0.0% | 11.9 | 11.9 | 0.0% |
| Sharda Cropchem | BUY | BUY | 740 | 740 | 0.0% | 42,796 | 42,796 | 0.0% | 49,732 | 49,732 | 0.0% | 3,648 | 3,648 | 0.0% | 4,424 | 4,424 | 0.0% | 40.4 | 40.4 | 0.0% | 49.0 | 49.0 | 0.0% |
| Sumitomo Chemical India | BUY | BUY | 510 | 510 | 0.0% | 35,708 | 35,708 | 0.0% | 41,854 | 41,854 | 0.0% | 5,081 | 5,081 | 0.0% | 6,389 | 6,389 | 0.0% | 10.2 | 10.2 | 0.0% | 12.8 | 12.8 | 0.0% |
| UPL | BUY | BUY | 1,020 | 1,020 | 0.0% | 5,31,423 | 5,31,423 | 0.0% | 5,73,953 | 5,73,953 | 0.0% | 47,059 | 47,059 | 0.0% | 55,744 | 55,744 | 0.0% | 61.5 | 61.5 | 0.0% | 72.9 | 72.9 | 0.0% |

Source: Company, PL

C=Current / P=Previous / Acc=Accumulate

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|--------------------------|------------|---------|------------------|
| 1 | Bayer Cropscience | Accumulate | 5,650 | 5,275 |
| 2 | Coromandel International | BUY | 960 | 745 |
| 3 | Dhanuka Agritech | BUY | 850 | 695 |
| 4 | Godrej Agrovet | Accumulate | 570 | 505 |
| 5 | Insecticides India | Hold | 920 | 1,008 |
| 6 | P.I. Industries | BUY | 3,450 | 3,028 |
| 7 | Rallis India | BUY | 250 | 224 |
| 8 | Sharda Cropchem | BUY | 740 | 564 |
| 9 | Sumitomo Chemical India | BUY | 510 | 475 |
| 10 | UPL | BUY | 1,020 | 767 |

PL's Recommendation Nomenclature

| | |
|--------------------------|-----------------------------------|
| 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 |

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