



VISIT NOTE

RALLIS INDIA

Chasing growth through capex; execution key

India Equity Research | Midcap Agri

Edelweiss
Ideas create, values protect

We recently interacted with Rallis' new management team—Mr. Sanjeev Lal, CEO, and Mr. R Mukundan, MD. The new team is focusing on accelerating growth through: 1) capex (INR8bn over four-five years) in brownfield & adding new molecules; 2) expanding distribution network (plans to double retail presence); and 3) expanding product basket in seeds. Though this capex-led growth is much needed (Rallis was going slow on capex over the past four-five years), we believe the environment has become much more challenging in domestic distribution as well as CRAMS. While management is confident of growth revival, we remain cautious and will keep an eye on how execution unfolds in a challenging environment. Maintain 'HOLD' with target price of INR173, valuing the stock at 15x FY20E EPS.

Losing market share across the board...

Rallis, over the past five years, has been losing market share in all its businesses—domestic branded, seeds and exports / CRAMS. In the domestic business, its market share, among key players, has dipped from 8.2% in FY13 to 6.0% in FY18. CAGR of 3% in the seed business over the past five years has also been slower than expectation. In exports / CRAMS as well Rallis has missed the bus due to intense competition. Lower-than-industry growth over the past five years was driven by management's conservative policy and muted investment in growth.

...now, eying aggressive capex-led growth

The company's new management team has lined up aggressive capex of INR8bn to compensate/regain the lost opportunity. This capex includes brownfield expansion in generic and formulations (INR3.5bn) and launch of new molecules (INR4.5bn). Despite being late in taking growth initiatives, management remains confident of gaining lost ground driven by R&D capabilities, brand Rallis and distribution heft.

Outlook and valuation: Eye on execution; maintain 'HOLD'

Though the new management team remains confident of recouping growth driven by capex, we believe the loss in market share and heightened competitive intensity in domestic and export markets will be key challenges. We will keep an eye on the company's execution plan and revisit our recommendation & estimates once we get more comfort on the same. However, at current valuation, the stock trades at 15x FY20E EPS. We maintain 'HOLD'.

Financials

(INR mn)

Year to March	FY18	FY19E	FY20E	FY21E
Net revenue	17,909	20,482	23,620	27,248
EBITDA	2,645	2,734	3,347	3,857
Adjusted diluted EPS (INR)	8.6	9.0	11.5	13.4
Adjusted Profit	1,676	1,756	2,238	2,604
Diluted P/E (x)	17.5	16.7	13.1	11.3
ROAE (%)	14.5	14.2	16.5	17.2

EDELWEISS RATINGS

Absolute Rating **HOLD**

Investment Characteristics None

MARKET DATA (R: RALL.BO, B: RALI IN)

CMP	: INR 162
Target Price	: INR 173
52-week range (INR)	: 249 / 146
Share in issue (mn)	: 194.5
M cap (INR bn/USD mn)	: 32 / 458
Avg. Daily Vol. BSE/NSE ('000)	: 297.7

SHARE HOLDING PATTERN (%)

	Current	Q2FY19	Q1FY19
Promoters *	50.1	50.1	50.1
MF's, FI's & BKs	20.2	18.5	18.7
FII's	3.8	4.0	4.0
Others	26.0	27.3	27.2
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	BSE Midcap Index	Stock	Stock over Index
1 month	(5.7)	(10.2)	(4.6)
3 months	(0.4)	(5.9)	(5.5)
12 months	(16.1)	(35.9)	(19.8)

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Aggressive new product launches to brighten prospects

Rallis India has been losing market share over the last few years despite product launches over the last few years. Taking cognizance of the fact, the new management has announced a mega scale capex of INR 8bn to be incorporated in different phases over the next 5 years. The management believes the molecules to be developed under the new phase have the potential to bring back growth.

Table 1: Rallis India Product launches over last three years

Year	Name of Product	Type	Description
FY18	Pulito	Fungicide	A leading fungicide used for specialty crops for the control of a wide spectrum of diseases as well as to increase plant/fruit health
	Cenator	Combination Product	New age ready- mix formulation of Fluxapyroxad + Epoxiconazole for Paddy Sheath Blight.
	Odis	Insecticide	Odis is a one-shot ready mix of well proven chemistry with different mode of actions for effective control of sucking pests of rice and cotton, with a significant impact on paddy crop production.
	Riceup	Herbicide	It is an innovative formulation, oil dispersion with broad spectrum systemic herbicide for the management of major weeds in both direct seeded rice and transplanted rice.
	Jashn Super	Insecticide	Introduced for the control of key lepidopteron pest, which causes significant losses to commercial crops, Jashn Super has strengthened the Company's Lepidopteron pest control solution portfolio
FY17	Epic	Fungicide	Epic is an improved and advanced WDG formulation of Hexaconazole, with lowest formulation dose of fungicide in Indian history. It was launched in the main market of paddy
	Summit	Insecticide	An advanced new generation insecticide based on Spinetoram, Summit is effective against thrips and almost all caterpillar pests.
	Neonix	Seed Treatment	Neonix is the first ever seed treatment product in India, which controls both soil insects and soil borne diseases in groundnut and wheat crops.
FY16	ZEENY	Insecticide	An insecticide, is an advanced formulation for the control of Jassids on Okra, strengthening the F&V portfolio of the Company
	MARK	Herbicide	A new generation, pre-emergent herbicide for the control of weeds in Soybean
	Panida Grande	Herbicide	A novel broad spectrum formulation of pendimethlin for the control of weeds in various crops

Source: Company, Edelweiss research

Table 2: Agrochemical Companies Market Share

Company	2013	2014	2015	2016	2017	2018
Dhanuka Agritech	5.3	6.2	6.0	5.9	5.8	5.9
Rallis India	8.2	8.7	7.8	6.3	6.3	6.0
Bayer Cropscience	14.8	17.2	17.3	17.0	16.5	15.3
Excel Crop Care	4.1	5.5	5.4	4.5	4.8	5.2
PI	5.0	5.4	6.1	5.9	5.6	5.5
UPL	16.2	18.8	20.2	19.3	19.5	19.7
BASF	8.4	8.7	6.9	4.4	4.8	5.3
Monsanto	1.4	2.0	1.7	2.0	1.8	1.1
Insecticide India	5.6	7.2	7.4	7.0	6.6	6.6

Source: Crisil, Edelweiss research

Under the first phase of the capex, the company would be carrying out a brown-field expansion to increase the existing formulation capacity as well as debottlenecking the constraints in existing product basket. Both of them together are expected to cost INR 3.5bn and are expected to be completed in next 18 months. The company as a measure to revive its market share is looking for aggressive product launches. As communicated by management, total of 11-12 products are expected to be launched till FY23 with 5 products (3 combinations, 1 technical and 1 PGR) are expected to hit the market in FY20.

Table 3: Product launches over the next 5 years

	FY20	FY21	FY22	FY23
New Product launches	3 combination 1 Technical 1 Plant Growth Regulator (PGR)	3 across business segment	NA	3 across business segment

Source: Company, Edelweiss research

Metahelix– New tie ups / inorganic opportunity to accelerate growth

The company has announced the merger of its wholly owned subsidiary 'Metahelix' into Rallis. The performance from the seed segment has remained muted despite operating on low base. As per the management, company is targeting to improve on the product basket in the seed business. With mainly concentrated towards kharif crops, the company is targeting to introduce seeds for rabi crops as a measure to diversify the product mix. Metahelix has strong portfolio of pearl and millet and want to diversify to other crops including cotton, fruits & Vegetables.

Rallis' new management is also open for new tie ups with global partners for providing germplasm and launching products in crops, where its presence is weak. The company is also open to inorganic growth opportunities if they offer access to a unique product basket.

Chart 1: Revenue Contribution by top seed players

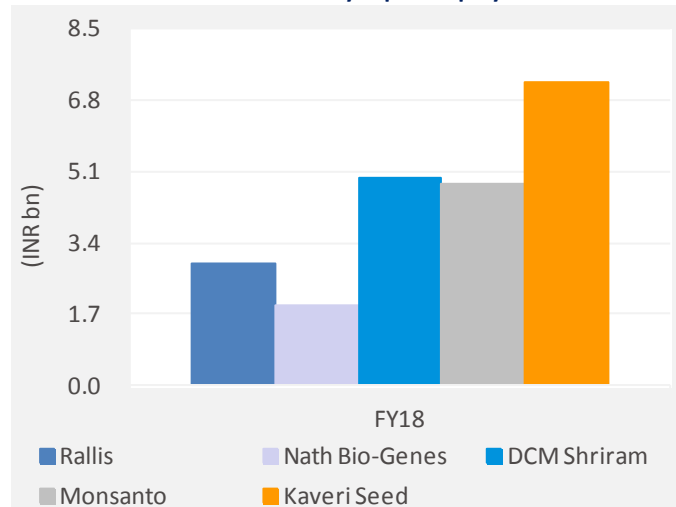
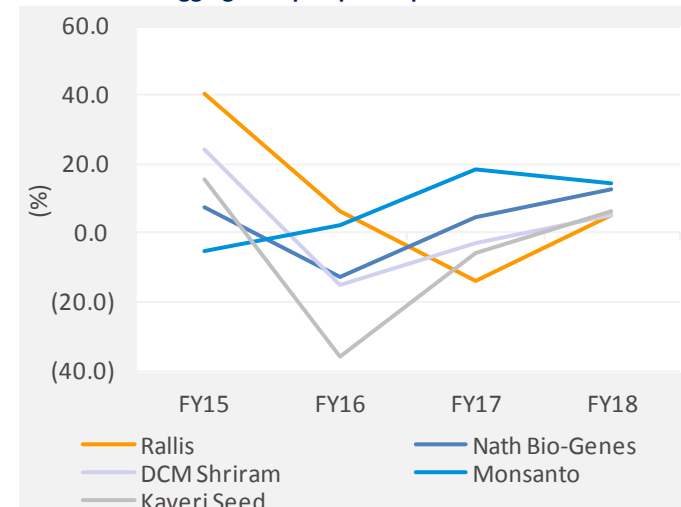


Chart 2: Rallis lagging to cope up with peers in seed business



Source: Company, Edelweiss research

Focus on expanding distribution

The company's strategy is to rationalize the existing distribution network and add more distributors / dealers across pan-India. In regard to it, the company has knocked off around 600 non-performing distributors / dealers from the pool of 3,400 dealers, while adding 750 new dealers. Rallis though in the past has remained stringent in regard to its credit policies, the new management is planning to relax the credit norms as a measure to bring new distributors on board. The company has a direct connect with 40,000 retailers across pan-India and the management remains confident of expanding its reach by adding 30,000-35,000 retailers over the course of next 3 years.

Consolidation of R&D facilities

Rallis is planning to consolidate its R&D facilities, which are currently spread in four locations. However, the company is planning to expand its existing Bengaluru-based R&D (used for Metahelix Seeds) facility to cover all the R&D work including Rallis (agrochemicals) and seeds. It is planning to spend INR700-800mn plus over the next three-four years on R&D of new products.

Exports business to remain primary growth driving factor

Rallis India's future growth story can be linked to growth in contract manufacturing space. High growth visibility on account of uptick in global agrochemical cycle looks attractive. However, increase in competitive intensity may wane the shine from the segment. Competition has increased manifolds as other players such as PI industries, Aarti Industries, SRF, etc. have already established the facilities in anticipation of uptick in global demand.

Rallis has lagged in improving its brand position in the international market. The company's exports have, over the past several years, remained stagnant. This is attributable to increased competition from domestic peers.

The new management team is planning to revive the momentum. Among its existing exports portfolio, which primarily includes Metacolozol and PEKK, it is planning to further increase capacities. Going forward, it has identified three new molecules (of the 17 molecules that will go off-patent in the next three years) and has plans to develop its global leadership in these molecules. This may require capex of ~INR3-4bn.

Table 4: Exports revenues by Indian players

	(INR Bn)							
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	CAGR (%)
Rallis	3.8	4.2	4.9	5.0	4.0	4.4	4.8	3.3
PI Industries	4.3	6.0	9.3	11.4	12.7	14.3	14.6	18.9
Aarti	3.0	4.0	5.0	5.4	5.5	5.8	6.7	12.0
SRF	1.4	2.8	4.4	6.0	7.4	6.1	5.7	22.2
Deccan Fine Chemicals	1.2	3.4	5.4	8.1	9.9	13.7	NA	49.1
Anupam Rasayan	1.3	1.6	2.4	2.9	3.1	3.1	NA	15.1

*Aarti Industries: Assumption that share of Agro Intermediates– 22.5% of revenues

*SRF: Assumption that 80% of company's revenues comes from Agrochemicals

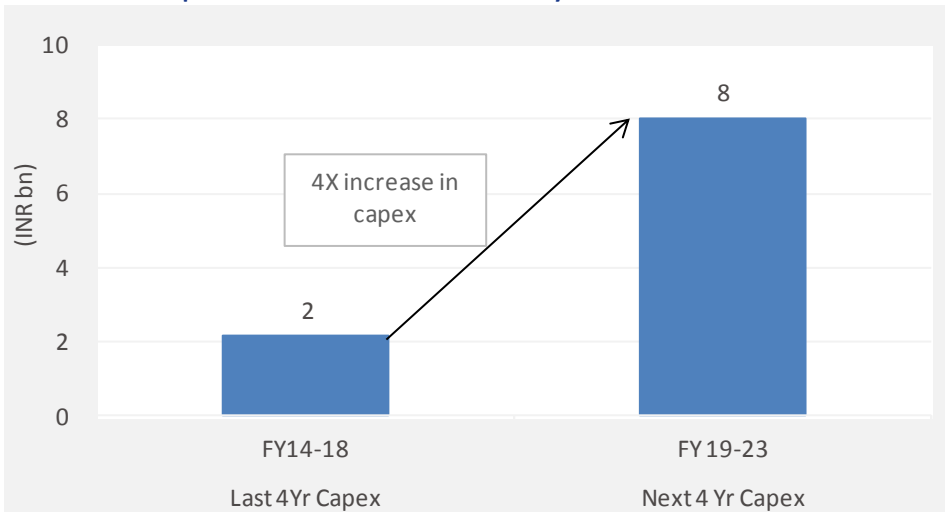
Source: Company, Edelweiss research

Details of capex over next five years

Rallis India has been a laggard in expanding its existing utilities. However, declining market share has prompted the new management to go aggressive in capex. The company has set aside a target of INR 8bn capex to be executed over next 5 years in different phases. As per Mr. R. Mukundan (Managing Director, Rallis), “ Though we have been late in putting capex, we believe given the Rallis advantage and domestic and global presence, we will be able to ramp-up and compensate the opportunity loss”. Under the first phase of the capex, the company would be carrying out a brown-field expansion to increase the existing formulation capacity and is expected to cost INR 1bn.

Next, Rallis is also focusing on ramping up the capacities of few existing products in its active ingredients (AIs) basket like Mutribuzin, Pendimethalin, etc. Management believes, led by its cost competitiveness and quality leadership in these products, there is significant scope to add capacities and plans to double capacities over the next one-two years. It is planning to invest INR1.0-1.5bn in these, which includes ~INR400mn on Mutribuzin.

Chart 3: Rallis capex to increase 4 times in next five years






Source: Company, Edelweiss research

Management change to push growth plan

Rallis India has seen a lot of transition of top management personnel over last few months. New faces of the Rallis Management include new CEO- Mr. Sanjiv Lal and Non-Executive Director Mr. R. Mukundan. Earlier, Mr. Mukundan, M.D of Tata chemicals took temporal charge of Rallis India after Mr. Shankar (Ex-MD, Rallis India) took voluntarily retirement.

Table 5: New Faces of Management

	New Management	Designation	Profile	Tenure
	Sanjeev Lal	MD & CEO	Mr. Sanjiv Lal, aged 57 years, has over 35 years of experience and is currently the Chief Operating Officer (India Chemicals Business) at Tata Chemicals. He started his career with Hindustan Lever Ltd and joined Tata Chemicals in 2003. At Tata Chemicals, he has held various line and staff roles, and was deputed to IMACID (the Tata Chemicals JV at Morocco) for two years as the Joint MD.	1st April, 2019- 31st March, 2024
	S. Nagarajan	MD & CEO, Metahelix	MR. S. Nagarajan has been the MD & CEO of Metahelix Life Science Ltd. He has over 26 years of experience working in several Tata Companies including CXO level business leadership. He began his career with Tata Motors, after which he worked with Tata Cellular and later with Tata Teleservices. He is presently a Founder Director of Federation of Seed Industry of India. He is an alumnus of the Indian Institute of Technology, Madras (B.Tech) and a Gold Medallist MBA (PGDM) from the Indian Institute of Management, Ahmedabad.	
	R. Mukundan	Non-Executive Director	Aged 52 years, Mr. Mukundan is an MBA from FMS, Delhi University, and BE-Electrical Engineering from IIT, Roorkee. He has attended the Advanced Management Programme at Harvard Business School. He joined the Tata Administrative Service in 1990. He joined Tata Chemicals Limited (TCL) in 2001 and has led various functions like strategy and business development, corporate quality, corporate planning and manufacturing before taking over as the Managing Director & CEO of TCL in 2008. He played an active role in the TCL transformation efforts and in the growth of domestic business, acquisition of new facilities in United Kingdom, Kenya and United States and divestment of Fertiliser Business. He serves as Director on the boards of certain Tata Group Companies. Mr. R. Mukundan is also Managing Director & CEO of parent company Tata Chemicals Limited.	

Source: Company, Edelweiss research

Table 6: Old Faces of Management

	Old Management	Designation	Reason for Exit	Tenure
	V.Shankar	MD & CEO	Mr. V. Shankar, Managing Director & CEO requested the board for an early retirement from the services of the company with effect from 31st March, 2019 to pursue his interest in setting up the company's proposed "Centre of Excellence for Sustainable Agriculture and Farm Excellence (C-SAFE)". C-SAFE is being set up as part of the initiatives commemorating the 150 years of the Tata Group as a significant contribution to nation-building.	April 2005- 31st March, 2019
	K.R. Venkatadri	Chief Operating Officer	Mr. K. R. Venkatadri served as the Chief Operating Officer at Rallis India Limited. Mr. Venkatadri served as an Executive Vice President of Sales & Marketing and Vice President of Domestic Sales at Rallis India Ltd. He has also served as Vice President of International Business and Vice President of Domestic Business at Rallis India Ltd. Mr. Venkatadri joined Rallis India in 2006 and has over 18 years of experience. He has served as Senior Manager of Business Strategy & Business Development of Tata Chemicals Ltd, and is a Director at Metahelix Life Sciences Limited. Mr. Venkatadri is a B.E. (Mech.) and holds a postgraduate diploma in management.	October 2006- March 2019

Source: Company, Edelweiss research

Valuation

Rallis has been trading at one-year forward PE multiple of 14.1x and one-year forward EV/EBITDA of 8.7x. Stock valuation at current level seems attractive given the historical five-years' average PE and EV/EBITDA of 19.6x and 12.5x, respectively. Though we expect the planned capex to boost growth, we will keep an eye on how execution pans out. Hence, we maintain '**HOLD**'.

Chart 4: 1 year forward PE

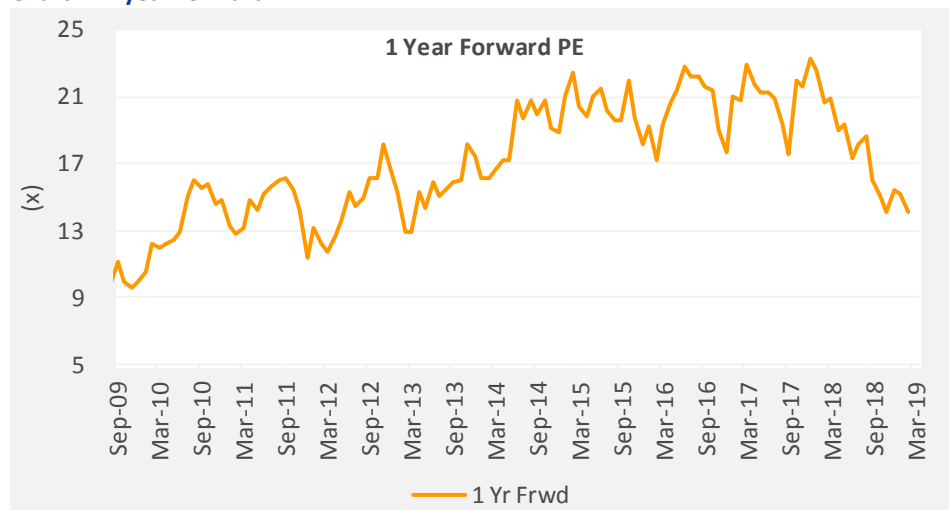
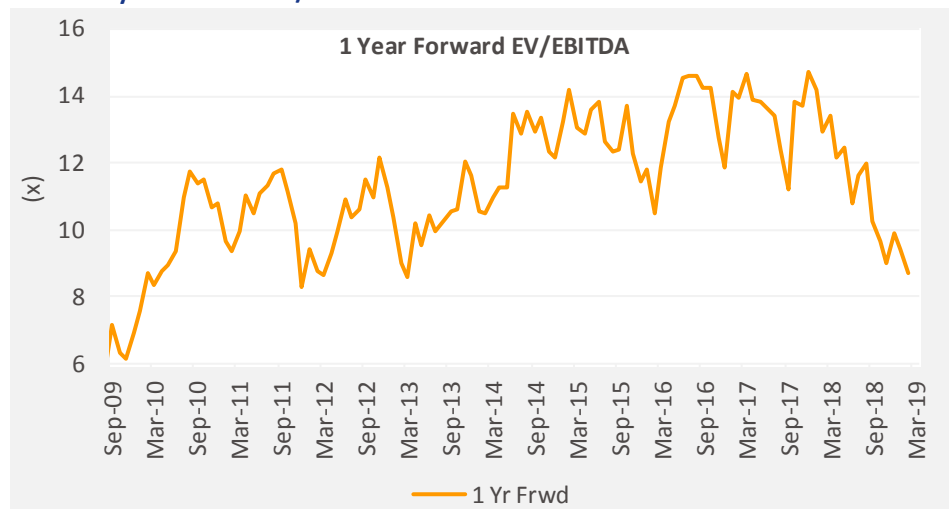


Chart 5: 1 year forward EV/EBITDA Chart



Source: Bloomberg, Edelweiss research

Company Description

Rallis is a Tata Group owned Agrochemical Company and a key player in India. Tata Chemicals holds 50.09% in Rallis India. Company has employee strength of 909 as on March 31, 2015 and have plants located at Akola, Ankaleshwar, Ratnagiri and Bharuch. Agrochemical and seed business constitute ~83% and ~17% in consolidated FY15 sales. Company acquired Bangalore based seed players Metahelix during FY11 and entered into an agreement to acquire 51% stake in 'Zero Waste Agro Organics' in April 2012. Rallis has broad and diversified product portfolio in terms of crops as well as type of pesticide. According to customer engagement survey by Gallop, Company has 7 of the top 12 brands when it comes to awareness of brands in Indian agrochemical market. Rallis has strong relationship with global majors and entered into several alliances such as Dupont, Syngenta, Bayer, among others. These tie-ups enable it to offer a bouquet of specialty products, addressing varied crop protection needs.

Investment Theme

Rallis is an established agrochemical player in India. The company, with market share of ~10% is well placed to capture emerging opportunities in the domestic agrochemical market on back of healthy distribution network, branded farm solutions and launch of new products. The newly commissioned Dahej SEZ facility is anticipated to boost export sales, consequently reducing its domestic market dependence.

The organised hybrid seed market is expected to post 12-15% CAGR in the coming years. India has a dismal ~2mha of the total 40mha under hybrid seed in rice crop, thus leaving enough room for penetrating untapped markets. Post acquisitions of Metahelix, Rallis is well equipped to ride this surge armed with the former's formidable R&D capabilities and robust product pipeline.

Key Risks

Weather: Crop protection industry faces the risks of seasonal weather factors. The weather can affect the presence of pest infestations as well as affect the demand for crop-protection products. In the domestic market, sales are highly seasonal, mainly during the monsoon. Any adverse change in the weather will have a negative effect on the sales.

GM crops: The usage of crop protection products is significantly less for GM crops. Hence, growth and acceptance of GM crops by consumers may have an adverse effect on Rallis' business.

Overseas regulation: Rallis is registering its products in the overseas market. Any negative measure by the respective countries can affect the company's growth adversely.

Financial Statements

Key Assumptions

Year to March	FY18	FY19	FY20E	FY21E
Macro				
GDP(Y-o-Y %)	7.1	7.1	7.2	7.3
Inflation (Avg)	3.7	4.0	5.9	4.5
Repo rate (exit rate)	6.3	5.8	7.5	5.8
USD/INR (Avg)	70.0	72.0	61.1	72.0
Company				
Raw Material (% net rev)	56.0	58.6	58.9	59.3
Domestic rev. growth (%)	3.0	13.0	14.0	14.0
Export rev growth (%)	8.6	23.0	15.0	15.0
Seeds revenue growth (%)	11.0	10.0	20.0	20.0
Org. manure rev grw. (%)	15.1	20.0	20.0	20.0
Other exp (% net rev)	20.1	19.3	18.4	18.2
Int (% of avg G.debt)	15.1	22.5	17.1	16.7
Employee cost (% of rev)	9.2	8.8	8.5	8.3
Capex (INR mn)	(515)	(700)	(1,300)	(1,300)
Net borrowings (INR mn)	(1,052)	(841)	(1,088)	(1,612)
Debtor days	68	75	74	76
Inventory days	176	179	161	147
Payable days	156	163	146	139
Cash conversion cycle	87	91	89	85
Dep. (% gross block)	10.2	9.2	9.4	9.5

Income statement

(INR mn)

Year to March	FY18	FY19	FY20E	FY21E
Net revenue	17,909	20,482	23,620	27,248
Materials costs	10,024	12,000	13,913	16,161
Gross profit	7,886	8,482	9,707	11,087
Employee costs	1,649	1,797	2,013	2,275
Other Expenses	3,592	3,951	4,346	4,955
Operating expenses	5,241	5,749	6,360	7,230
Total operating expenses	15,265	17,748	20,273	23,391
EBITDA	2,645	2,734	3,347	3,857
Depreciation	463	469	545	618
EBIT	2,182	2,264	2,802	3,239
Less: Interest Expense	43	45	30	25
Add: Other income	131.75	220.00	253.1	303.82
Profit Before Tax	2,270	2,439	3,025	3,518
Less: Provision for Tax	600	683	786	915
Less: Minority Interest	(6)	-	-	-
Reported Profit	1,676	1,756	2,238	2,604
Adjusted Profit	1,676	1,756	2,238	2,604
Shares o/s (mn)	195	195	195	195
Adjusted Basic EPS	8.6	9.0	11.5	13.4
Diluted shares o/s (mn)	195	195	195	195
Adjusted Diluted EPS	8.6	9.0	11.5	13.4
Adjusted Cash EPS	10.6	11.4	14.3	16.6
Dividend per share (DPS)	4.2	4.2	4.2	4.2
Dividend Payout Ratio(%)	49.1	46.7	36.6	31.5

Common size metrics

Year to March	FY18	FY19	FY20E	FY21E
Gross margin	44.0	41.4	41.1	40.7
Operating expenses	29.3	28.1	26.9	26.5
Interest Expense	0.2	0.2	0.1	0.1
EBITDA margins	14.8	13.3	14.2	14.2
EBIT margins	12.2	11.1	11.9	11.9
Net Profit margins	9.3	8.6	9.5	9.6

Growth ratios (%)

Year to March	FY18	FY19	FY20E	FY21E
Revenues	7.7	14.4	15.3	15.4
EBITDA	0.3	3.4	22.4	15.2
Adjusted Profit	20.5	4.8	27.4	16.3
EPS	20.5	4.8	27.4	16.3

Balance sheet (INR mn)				
As on 31st March	FY18	FY19	FY20E	FY21E
Share capital	195	195	195	195
Reserves & Surplus	11,711	12,648	14,067	15,851
Shareholders' funds	11,906	12,843	14,262	16,046
Minority Interest	11	-	-	-
Long term borrowings	199	200	150	150
Short term borrowings	2	-	-	-
Total Borrowings	200	200	150	150
Long Term Liabilities	219	219	219	219
Def. Tax Liability (net)	(523)	(523)	(523)	(523)
Sources of funds	11,813	12,739	14,108	15,892
Gross Block	4,751	5,451	6,151	6,851
Net Block	3,640	3,871	4,026	4,108
Capital work in progress	123	123	723	1,323
Intangible Assets	2,390	2,390	2,390	2,390
Total net fixed assets	6,154	6,385	7,139	7,822
Non current investments	94	94	94	94
Cash and Equivalents	1,252	1,041	1,238	1,762
Inventories	5,722	6,034	6,212	6,798
Sundry Debtors	3,997	4,470	5,135	6,271
Loans & Advances	94	94	94	94
Other Current Assets	1,745	1,745	1,745	1,745
Current Assets (ex cash)	11,558	12,343	13,186	14,908
Trade payable	5,306	5,430	5,680	6,592
Other Current Liab	1,938	1,693	1,870	2,102
Total Current Liab	7,244	7,124	7,550	8,694
Net Curr Assets-ex cash	4,314	5,219	5,636	6,214
Uses of funds	11,813	12,739	14,108	15,892
BVPS (INR)	61.2	66.0	73.3	82.5

Free cash flow (INR mn)				
Year to March	FY18	FY19	FY20E	FY21E
Reported Profit	1,676	1,756	2,238	2,604
Add: Depreciation	463	469	545	618
Interest (Net of Tax)	29	30	20	17
Others	(80)	(30)	(20)	(17)
Less: Changes in WC	1,751	906	417	578
Operating cash flow	337	1,320	2,367	2,643
Less: Capex	515	700	1,300	1,300
Free Cash Flow	(178)	620	1,067	1,343

Cash flow metrics				
Year to March	FY18	FY19	FY20E	FY21E
Operating cash flow	337	1,320	2,367	2,643
Financing cash flow	(1,214)	(831)	(869)	(819)
Investing cash flow	922	(700)	(1,300)	(1,300)
Net cash Flow	46	(211)	197	524
Capex	(515)	(700)	(1,300)	(1,300)
Dividend paid	(877)	(819)	(819)	(819)

Profitability and efficiency ratios				
Year to March	FY18	FY19	FY20E	FY21E
ROAE (%)	14.5	14.2	16.5	17.2
ROACE (%)	19.6	19.7	22.3	23.2
Inventory Days	176	179	161	147
ROA	14.5	14.3	16.7	17.4
Debtors Days	68	75	74	76
Payable Days	156	163	146	139
Cash Conversion Cycle	87	91	89	85
Current Ratio	1.8	1.9	1.9	1.9
Debt/EBITDA (x)	0.1	0.1	-	-
Adjusted Debt/Equity	-	-	-	-
Net Debt/Equity	(0.1)	(0.1)	(0.1)	(0.1)
Interest Coverage Ratio	50.7	-	-	-
LT debt /Cap empl. (%)	1.7	1.6	1.1	0.9
Debt / Cap employed (%)	1.7	1.6	1.1	0.9

Operating ratios				
Year to March	FY18	FY19	FY20E	FY21E
Total Asset Turnover	1.6	1.7	1.8	1.8
Fixed Asset Turnover	3.0	3.3	3.7	4.2
Equity Turnover	1.6	1.7	1.7	1.8

Valuation parameters				
Year to March	FY18	FY19	FY20E	FY21E
Adj. Diluted EPS (INR)	8.6	9.0	11.5	13.4
Y-o-Y growth (%)	20.5	4.8	27.4	16.3
Adjusted Cash EPS (INR)	10.6	11.4	14.3	16.6
Diluted P/E (x)	18.5	17.7	13.9	11.9
P/B (x)	2.6	2.4	2.2	1.9
EV / Sales (x)	1.7	1.5	1.3	1.1
EV / EBITDA (x)	11.3	11.1	9.0	7.6
Dividend Yield (%)	2.6	2.6	2.6	2.6

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Rallis India	414	16.7	13.1	10.4	8.5	14.2	16.5
Bayer Cropscience	2,078	26.2	30.2	16.8	18.6	21.8	16.3
Dhanuka Agritech	288	17.5	15.0	13.1	10.1	17.6	18.6
PI Industries	1,810	30.8	24.4	22.6	17.7	19.9	21.1
UPL	6,243	19.7	14.5	11.7	8.1	22.3	21.1
Median	-	19.7	15.0	13.1	10.1	19.9	18.6
AVERAGE	-	22.2	19.5	14.9	12.6	19.1	18.7

Source: Edelweiss research

Additional Data

Directors Data

Mr. Bhaskar Bhat	Chairman	Mr. V Shankar	Managing Director & CEO
Mr. Prakash R Rastogi	Director	Mr. Bharat Vasani	Director
Mr. R Mukundan	Director	Dr. Y. S. P.Thorat	Director
Dr. Punita Kumar Sinha	Director	Mrs. Padmini Khare Kaicker	Director
C.V. Natraj	Director		

Auditors - Deloitte Haskins & Sells

**as per last available data*

Holding Top -10

	Perc. Holding		Perc. Holding
HDFC Life Insurance Co Ltd	3.61	SBI MAGNUM	1.29
Tata Asset Management Ltd	2.53	Invesco Asset Management India Pvt	1.28
Franklin Templeton India Pte Ltd	2.15	Aditya Birla Sun Life Trustee Co P	1.2
SBI Funds Management Pvt Ltd	2.08	BlackRock Inc	1.12
Sundaram Asset Management Co Ltd	1.48	HDFC Asset Management Co Ltd	1.09

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**as per last available data*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**as per last available data*

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Aditya Narain

Head of Research

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Coverage group(s) of stocks by primary analyst(s): Midcap Agri

Bayer Cropscience, Dhanuka Agritech, Jain Irrigation, PI Industries, Rallis India, Sharda Cropchem, UPL

Recent Research

Date	Company	Title	Price (INR)	Recos
28-Feb-19	Agri Inputs	Domestic remains under weather; global bright; <i>Sector Update</i>		
12-Feb-19	PI Industries	Growth back with a bang; <i>Result Update</i>	884	Buy
12-Feb-19	Dhanuka Agritech	Lackluster performance; <i>Result Update</i>	377	Buy

Distribution of Ratings / Market Cap

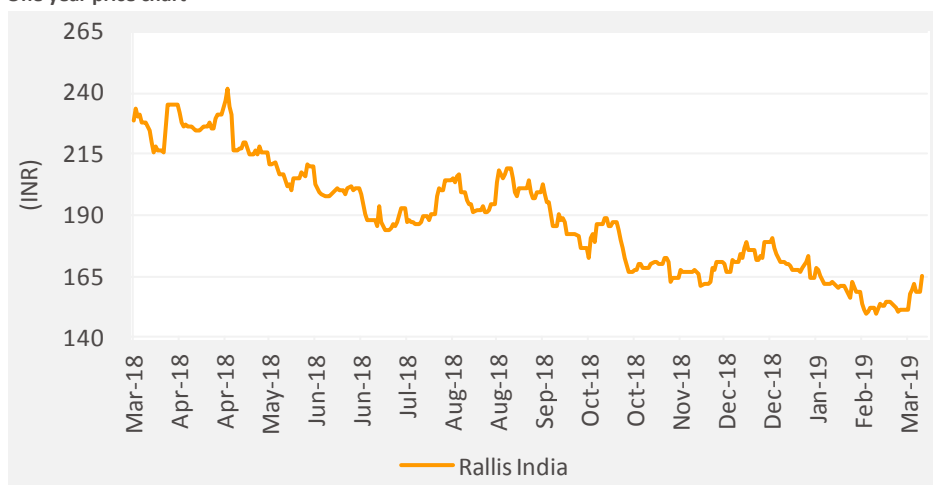
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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