

FINANCIAL MODEL

PLANT VISIT

# Rising Stars

## 2024

IMPORT  
SUBSTITUTION

ORGANISED  
V/S  
UNORGANISED

MANAGEMENT MEET

EXPORT  
OPPORTUNITY

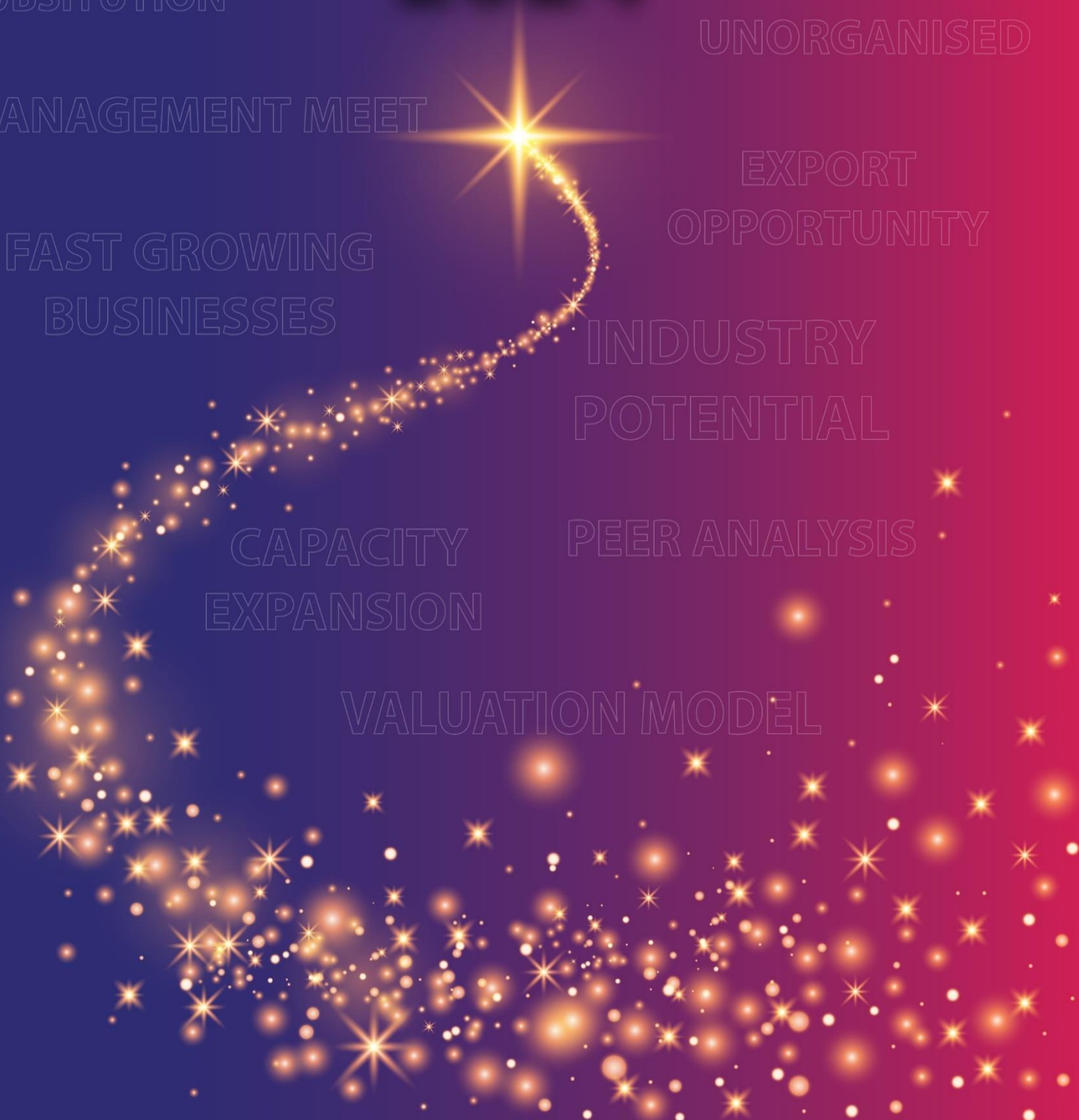
FAST GROWING  
BUSINESSES

INDUSTRY  
POTENTIAL

CAPACITY  
EXPANSION

PEER ANALYSIS

VALUATION MODEL



# Dhanuka Agritech Ltd.

<b>Current Price*</b>	<b>Rs.1,840.0</b>
<b>Target Price</b>	<b>Rs.2,223.0</b>
<b>Upside</b>	<b>21%</b>

\*Current Price is live as of as on 5<sup>th</sup> Aug 2024

## STOCK DATA

Industry Segment	Agro-Chemicals
BSE Code	507717
NSE Code	DHANUKA
Bloomberg Code	DAGRI IN
52 Week High / Low (Rs.)	1,429/661
Face Value (Rs.)	2.0
Diluted Number of Shares (Crore.)	4.6
Market Cap. (Rs Crore.)	8,691.0
Avg. Yearly NSE Volume	71,160

## Share Holding Patterns (%)

Particulars	Sep-23	Dec-23	Mar-24	Jun-24
Promoters	70.2	70.2	70.2	70.2
FII	2.2	1.3	1.5	1.5
Other Institution	18.2	18.4	18.9	19.3
Public & Others	9.4	10.1	9.4	9.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

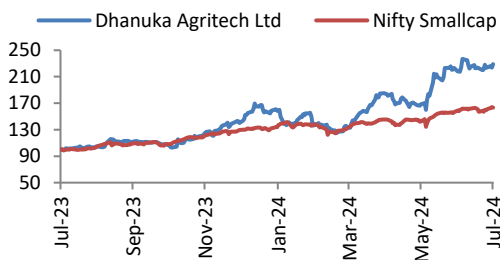
## Return Statistics (%)

Particulars	1M	3M	6M	12M
Dhanuka Agritech Ltd	2.7	23.9	44.3	129.1
Nifty Small Cap	4.5	12.5	19.4	63.5

## Valuation and return ratio

Y/E March	2022A	2023A	2024A	2025E	2026E
PE (x)	41.0	35.9	35.1	28.0	24.1
P/BV (x)	8.9	7.9	6.7	5.8	5.0
EV/EBITDA (x)	32.5	30.1	25.6	21.9	18.9
EV/Sales (x)	5.8	4.9	4.8	3.9	3.4
Mcap/Sales (x)	5.8	4.9	4.8	4.0	3.4
ROE (%)	23.8	23.1	20.6	22.2	22.4
ROCE (%)	30.0	28.9	26.7	28.7	28.9

## Price Chart (1-year)



Rajesh Gupta ([Rajesh.Gupta@sbicapsec.com](mailto:Rajesh.Gupta@sbicapsec.com))

## Key highlights of the 1QFY25 Result

### Strong rebound in performance; Upgraded the guidance for FY25

The company during the quarter witnessed strong rebound in performance as sales/EBITDA/PAT were up 33.7%/64.5%/48.4% YoY to Rs 493.6 cr / Rs 71.7 cr/ Rs 48.9 cr respectively. The EBITDA margin improved 270 bps YoY to 14.5%. The growth in sales is led by 39% growth in volume even though pricing environment is still soft. However, it is showing signs of bottoming out and have largely stabilized. The company has upgraded the sales guidance at 18-20% for FY25 versus earlier 18%.

**Strong responses to recently launched products:** The company has launched 3 new 9(3) molecules viz Lanevo (insecticide), Purge (Herbicide), Mycore Super (Fungicide) earlier and all the products have been showing strong demand traction. The total potential market size of this product is Rs 1,000 cr. In next 2 months Dhanuka will launch 2 new 9(4) and overall, over next 2 years, it has plans to launch 8 new products under 9(3) segments.

**Exploring tie-up with patented technical makers for CRAMS:** The commercial production of Dahej plant has commenced and management expects it to turn EBITDA positive once utilization picks up. It has generated sales of Rs 14 cr during the quarter and for FY25, management is targeting Rs 70 cr -100 cr sales. The company also plans to add 1 more product and is also exploring the tie-ups with patented technical makers for CRAMS.

### Maintain buy rating- Target Rs 2,223.0/-

At the current price, the stock is trading at P/E multiple of 28.0x/24.1x of its FY25E/FY26E earnings respectively. The company has announced Rs 100 cr buyback at the maximum price of Rs 2,000 per share. The promoters will also be participating in buyback process. We maintained our buy rating on the stock with upgraded price target of Rs 2,223/- thus providing an upside potential of 21%.

## Financial Summary (Rs cr)

Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales	1,477.8	1,700.2	1,758.5	2,121.4	2,465.6
<i>Growth (%)</i>	<i>6.5</i>	<i>15.1</i>	<i>3.4</i>	<i>20.6</i>	<i>16.2</i>
EBITDA	263.5	278.7	327.4	382.0	439.7
<i>Growth (%)</i>	<i>(2.1)</i>	<i>5.8</i>	<i>17.5</i>	<i>16.7</i>	<i>15.1</i>
Net Profit	208.9	233.5	239.1	299.9	348.5
<i>Growth (%)</i>	<i>(0.8)</i>	<i>11.8</i>	<i>2.4</i>	<i>25.4</i>	<i>16.2</i>
EPS (Rs)	44.8	51.2	52.4	65.8	76.4
<i>Growth (%)</i>	<i>(0.8)</i>	<i>14.2</i>	<i>2.3</i>	<i>25.4</i>	<i>16.2</i>
DPS (Rs)	3.0	3.0	3.0	3.0	3.0
Div. Yield (%)	0.7	0.1	0.7	1.1	1.3

Source: Company, SSL Research

## 1QFY25 Result

Figures in Rs. Cr.

Quarter Ended	1QFY25	4QFY24	Q-O-Q % Change	1QFY24	Y-o-Y % Change	Comments
<b>Net Sales</b>	<b>493.6</b>	<b>368.3</b>	<b>34.0</b>	<b>369.1</b>	<b>33.7</b>	Strong 39% volume growth
Other Income	7.1	15.3	(53.3)	6.6	7.4	
<b>Total Income</b>	<b>500.7</b>	<b>383.6</b>	<b>30.5</b>	<b>375.7</b>	<b>33.3</b>	
Total Operating Expenditure	421.9	288.2	46.4	325.5	29.6	
Material Cost	322.5	207.7	55.3	247.9	30.1	
As % of Sales	65.3	56.4	-	67.2	-	
Other Exp.	99.3	80.6	-	77.5	-	
As % of Sales	20.1	21.9	-	21.0	-	
<b>EBDITA ( Excl OI)</b>	<b>71.7</b>	<b>80.1</b>	<b>(10.5)</b>	<b>43.6</b>	<b>64.5</b>	Favorable product mix and stable prices
<b>EBDITA ( Incl OI)</b>	<b>78.9</b>	<b>95.4</b>	<b>(17.3)</b>	<b>50.2</b>	<b>56.9</b>	
Interest & Finance Cost	0.8	0.7	18.9	0.9	(6.4)	
PBDT	78.0	94.7	(17.6)	49.4	58.1	
Depreciation.	12.3	13.2	(6.8)	4.6	165.5	
PBT	65.7	81.5	(19.3)	44.7	47.0	
Tax	16.8	22.5	(25.1)	11.8	42.9	
<b>Net Profit</b>	<b>48.9</b>	<b>59.0</b>	<b>(17.1)</b>	<b>32.9</b>	<b>48.4</b>	Better margin and volume growth
Operating Margins (%)	14.5	21.7		11.8		
Net Profit Margins (%)	9.9	16.0		8.9		
Tax Rate (%)	25.6	27.6		26.4		
Equity (Rs Cr)	9.1	9.1		9.3		
FV (Rs)	2.0	2.0		2.0		
EPS (Rs)	10.7	12.9		7.1		
Cash EPS (Rs)	13.4	15.8		8.1		

## Estimate Revision

Particulars (Rs. Crore)	New Estimate		Old Estimate		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	2,121.4	2,465.6	2,121.36	2,465.6	-	-
EBITDA	382.0	439.7	382.0	439.7	-	-
EBITDA Margin (%)	18.0	17.8	18.0	17.8	-	-
PAT	299.9	348.5	299.9	348.5	-	-
EPS (Rs. Per share)	65.8	76.4	65.8	76.4	-	-

Source: SSL Research

## Financial Statements

## Income Statement

Figures in Cr.

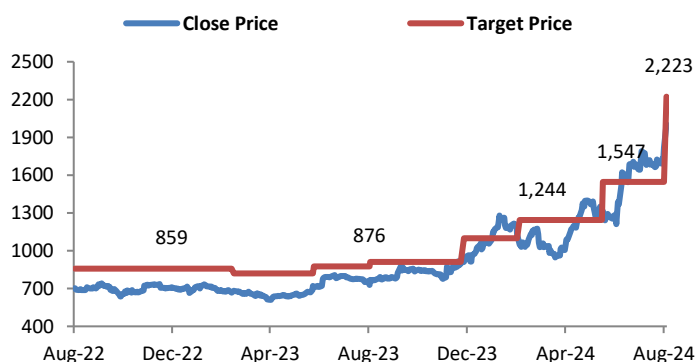
Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales	1,477.8	1,700.2	1,758.5	2,121.4	2,465.6
Other Income	33.6	44.8	35.0	53.0	61.6
<b>Total Income</b>	<b>1,511.4</b>	<b>1,745.0</b>	<b>1,793.5</b>	<b>2,174.4</b>	<b>2,527.3</b>
<b>Total Expenditure</b>	<b>1,214.3</b>	<b>1,421.5</b>	<b>1,431.1</b>	<b>1,739.3</b>	<b>2,026.0</b>
Raw Material Consumed	939.1	1,115.5	1,072.2	1,319.8	1,516.7
As % of Sales	63.5%	65.6%	61.0%	62.2%	61.5%
Other Operating Cost	275.2	306.1	358.9	419.5	509.3
As % of Sales	18.6%	18.0%	20.4%	19.8%	20.7%
<b>EBDITA ( Excl OI)</b>	<b>263.5</b>	<b>278.7</b>	<b>327.4</b>	<b>382.0</b>	<b>439.7</b>
<b>EBDITA ( Incl. OI)</b>	<b>297.1</b>	<b>323.4</b>	<b>362.4</b>	<b>435.1</b>	<b>501.3</b>
Interest	3.2	3.1	3.1	3.1	3.2
<b>PBDT</b>	<b>293.9</b>	<b>320.3</b>	<b>359.3</b>	<b>431.9</b>	<b>498.1</b>
Depreciation	16.3	17.6	40.6	32.1	33.5
<b>PBT</b>	<b>277.6</b>	<b>302.7</b>	<b>318.8</b>	<b>399.9</b>	<b>464.6</b>
Tax	68.7	69.2	79.7	100.0	116.2
<b>Net Profit</b>	<b>208.9</b>	<b>233.5</b>	<b>239.1</b>	<b>299.9</b>	<b>348.5</b>

## Cash Flow Statement

Figures in Cr.

Particulars	2022A	2023A	2024A	2025E	2026E
<b>PBT</b>	<b>277.6</b>	<b>302.7</b>	<b>318.8</b>	<b>399.9</b>	<b>464.6</b>
Depreciation	16.3	17.6	40.6	32.1	33.5
Interest (Net)	3.2	3.1	3.1	3.1	3.2
Direct Taxes Paid	(68.7)	(69.2)	(79.7)	(100.0)	(116.2)
Change in WC	(53.9)	(71.0)	(159.8)	(39.8)	(117.4)
<b>Cash flow from op. activities</b>	<b>174.5</b>	<b>183.3</b>	<b>122.9</b>	<b>295.3</b>	<b>267.8</b>
(Incr.) / Decr. Capex	(47.9)	(128.7)	(86.3)	(37.1)	(37.5)
<b>Free Cash Flow</b>	<b>126.6</b>	<b>54.6</b>	<b>36.6</b>	<b>258.2</b>	<b>230.3</b>
(Incr.) / Dec. in Investment	(57.9)	81.2	15.0	(142.1)	(76.6)
<b>Cash flow from inv. activities</b>	<b>(105.8)</b>	<b>(47.5)</b>	<b>(71.3)</b>	<b>(179.2)</b>	<b>(114.1)</b>
Change in R&S	-	(84.8)	-	-	-
Change in Debt	(7.4)	2.8	(3.3)	1.5	-
Interest Paid	(3.2)	(3.1)	(3.1)	(3.1)	(3.2)
Dividend	(78.6)	(11.0)	(77.0)	(109.9)	(131.9)
<b>Cash flow from fin. activities</b>	<b>(89.2)</b>	<b>(96.1)</b>	<b>(83.4)</b>	<b>(111.6)</b>	<b>(135.1)</b>
Other Adjustment (Net)	21.4	(37.9)	28.8	21.8	19.5
<b>Net Change in cash</b>	<b>0.9</b>	<b>1.8</b>	<b>(3.0)</b>	<b>26.3</b>	<b>38.0</b>
<b>Opening Balance</b>	<b>1.5</b>	<b>2.4</b>	<b>4.3</b>	<b>1.3</b>	<b>27.6</b>
<b>Closing Balance</b>	<b>2.4</b>	<b>4.3</b>	<b>1.3</b>	<b>27.6</b>	<b>65.6</b>

## Recommendation History



## Balance Sheet:

Figures in Cr.

Equities & Liabilities	2022A	2023A	2024A	2025E	2026E
Share capital	9.3	9.1	9.1	9.1	9.1
Reserves and surplus	951.1	1,052.2	1,246.8	1,436.7	1,653.3
<b>Total Shareholder's Fund</b>	<b>960.4</b>	<b>1,061.3</b>	<b>1,255.9</b>	<b>1,445.8</b>	<b>1,662.4</b>
<b>Non-current liabilities</b>					
Long Term Provision	0.2	2.9	1.8	4.2	4.9
Long-term borrowings	-	-	-	-	-
Other Non-Current Liabilities	47.2	43.2	43.3	52.6	61.0
<b>Current liabilities</b>	<b>304.4</b>	<b>297.9</b>	<b>278.1</b>	<b>308.4</b>	<b>358.2</b>
<b>Total Liabilities</b>	<b>1,312.2</b>	<b>1,405.3</b>	<b>1,579.1</b>	<b>1,811.1</b>	<b>2,086.4</b>
<b>Assets</b>					
<b>Net Fixed Assets</b>	<b>207.0</b>	<b>317.8</b>	<b>366.3</b>	<b>361.3</b>	<b>355.0</b>
Non-current investments	139.8	158.9	167.8	232.4	267.4
Long-term loans and advances	4.5	26.3	16.1	21.2	24.7
Other non-current assets	6.2	6.1	3.1	10.1	8.9
<b>Current Assets</b>					
Current Investment	196.1	95.8	71.8	149.4	191.0
Inventories	347.2	345.1	417.9	433.6	505.1
Trade receivables	282.5	339.0	346.8	395.2	459.4
Cash and bank balances	2.4	4.3	1.3	27.6	65.6
Short Term Loans and Advances	0.7	0.5	25.8	10.6	12.3
Other Current Assets (Incl Fin)	125.8	111.5	162.2	169.7	197.3
<b>Total Current Assets</b>	<b>954.7</b>	<b>896.1</b>	<b>1,025.8</b>	<b>1,186.1</b>	<b>1,430.6</b>
<b>Total Assets</b>	<b>1,312.2</b>	<b>1,405.3</b>	<b>1,579.1</b>	<b>1,811.1</b>	<b>2,086.4</b>

## Key Ratios

Particulars	2022A	2023A	2024A	2025E	2026E
<b>(A) Growth (%)</b>					
Net Sales	6.5	15.1	3.4	20.6	16.2
EBITDA	(2.1)	5.8	17.5	16.7	15.1
PBT	(2.6)	9.1	5.3	25.4	16.2
Net Profit	(0.8)	11.8	2.4	25.4	16.2
Cash Profit	(0.3)	11.5	11.4	18.7	15.1
<b>(B) Measures of Performance</b>					
Operating Profit Margin (%)	17.8	16.4	18.6	18.0	17.8
Gross Profit Margin (%)	36.5	34.4	39.0	37.8	38.5
Total Tax Rate (%)	24.7	22.9	25.0	25.0	25.0
Net Profit Margin (%)	14.1	13.7	13.6	14.1	14.1
<b>(C) Measures of Financial Status</b>					
Debt / Equity (x)	0.0	0.0	0.0	0.0	0.0
Net Debt / Equity (x)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Debtors Period (days)	64.9	66.7	71.2	68.0	68.0
Creditors Period (days)	42.6	44.9	41.4	40.0	40.0
Inventory Period (days)	64.9	66.7	71.2	68.0	68.0
Cash Conversion Cycle (Days)	87.1	88.5	100.9	96.0	96.0
<b>(D) Measures of Investment</b>					
EPS (Rs)	44.8	51.2	52.4	65.8	76.4
Book Value (Rs)	206.2	232.9	275.4	317.1	364.6
Dividend Yield (%)	1.1	0.2	1.1	1.6	1.9
ROA (%)	17.1	17.2	16.0	17.7	17.9
Return on Net Worth (%)	23.8	23.1	20.6	22.2	22.4
Return on Cap. Employed (%)	30.0	28.9	26.7	28.7	28.9
Interest Coverage (x)	87.7	98.1	104.3	128.0	145.7
<b>(E) Measures of Valuation</b>					
P/E (x)	41.0	35.9	35.1	28.0	24.1
M. Cap to Sales (x)	5.8	4.9	4.8	4.0	3.4
EV/Sales (x)	5.8	4.9	4.8	3.9	3.4
EV/EBDITA (x)	32.5	30.1	25.6	21.9	18.9

Source: Company, SSL Research

## Our recent rising star recommendations and price performances

Sr.No.	Company Name	NSE Symbol	Initiated Date	Initiated Price	CMP	Return (%) since initiated date	Latest rec. Date	Latest Target
1	APL Apollo Tubes Ltd.	APLAPOLLO	25-Apr-23	1,219.0	1,472.6	20.8	16-May-24	1,795.0
2	Stylam Industries Ltd.	STYLAMIND	27-Apr-23	1,150.0	1,902.8	65.5	13-Feb-24	1,886.0
3	Star Cement Ltd.	STARCEMENT	05-May-23	123.2	206.7	67.7	07-Jun-24	240.0
4	JK Lakshmi Cement	JKLAKSHMI	24-May-23	705.0	848.5	20.4	29-May-24	1,090.0
5	Dhanuka Agritech Ltd.	DHANUKA	29-May-23	711.0	1,820.7	156.1	21-May-24	1,547.0
6	Zen Technologies Ltd.	ZENTEC	12-Jul-23	520.0	1,709.1	228.7	30-Jul-24	2,041.0
7	SJS Enterprises Ltd.	SJS	05-Oct-23	680.0	991.9	45.9	23-May-24	840.0
8	KPI Green Energy Ltd.	KPIGREEN	17-Nov-23	438.1	1,007.9	130.1	02-May-24	1,109.5
9	Syrma SGS Technology	SYRMA	06-Dec-23	590.0	490.6	-16.9	14-May-24	522.0
10	Senco Gold Ltd.	SENCO	11-Dec-23	721.6	989.6	37.1	27-May-24	1,025.0
11	Satin Creditcare Network Ltd.	SATIN	10-Jan-24	259.0	213.8	-17.5	02-May-24	324.0
12	Hi-Tech Pipes Ltd.	HITECH	31-Jul-24	149.0	152.0	2.0	31-Jul-24	190.0

CMP is based on closing price as of 2<sup>nd</sup> Aug 2024

**SBICAP Securities Limited**

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Harsh Vasa	C.A.	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst - Equity Fundamentals
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Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ghanshyam Gupta	MBA (Finance)	Research Analyst- Currency Derivative
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Uday Chandgothia	B.Tech (Mech), MBA (Finance)	Research Associate - Equity Fundamentals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

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