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Techno Funda Stock

Best Agrolife Limited

BEST AGROLIFE LTD

Sector : Agri Chemical | 5/12/2022

Recommendation
BUY

Buy Price Range
₹1700-1750

Target Price
₹2200-2300

Expected Return
31-37%

Holding Period
1.5-2 Years

Market Capitalization
₹1578 Cr (Small-Cap)

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PRODUCTS

Best Agrolife Ltd. has been servicing the agrochemical industry of India and international markets, with its niche product offerings of more than 70 formulations in the following categories-

- ✦ Insecticides
- ✦ Herbicides
- ✦ Fungicides
- ✦ Plant Growth Regulator

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WHY TO INVEST?

- **Capital Expenditure (CAPEX)** of Rs. 25 Cr. to increase formulation capacity by Rs. 300 Cr.

- **Large Distribution Network** of 5,200+ dealers in India ensures adequate supply of the products across states.

- **Competitive Advantage** of newly patented products, launched in FY22 and FY23 making the company an exclusive seller.

- **Customer Benefits** of One-shot Solution; Eco-friendly effect; Cost effectiveness & Less number of spray rounds per crop cycle.

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- **Agrichem Sector Tailwinds with** 'China+1' strategy and 'Atmanirbhar Bharat' promoting & boosting domestic manufacturers.

- **New Product Launches** in FY23 across all the product categories.

- **Earnings Growth Trigger** as the company is foraying in export markets by scaling up business in 2-3 years.

- **Investment in Human Capital** by appointing professionals in the company. Pramod N Karlekar was appointed recently as the head of R&D.

- **Increased Promoter & Institutional Stake** in the company since last quarter.

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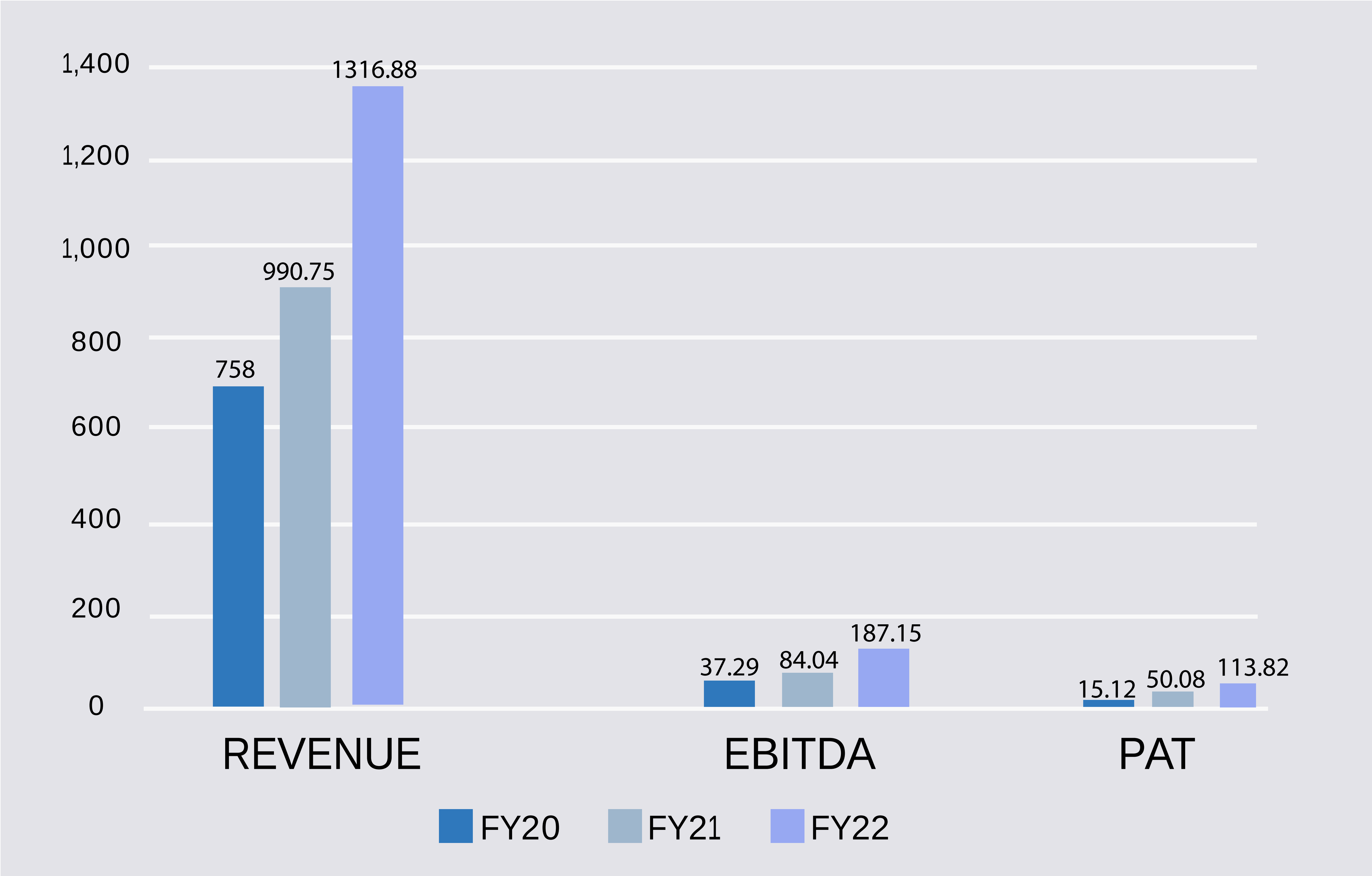
FINANCIAL HIGHLIGHTS

(All figures are in INR Cr.)



FY22 KEY FINANCIALS

- High ROCE **40.7%**
- EBITDA Margin **14.22%**
- PAT Margin **8.64%**
- Debt/Equity Ratio **0.96**
- Dividend Payout **4.51%**

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QUARTER 2-FY23 & FIRST HALF YEAR -FY23 FINANCIAL HIGHLIGHTS

	Q2FY23	Q1FY23	**Growth**	H1FY23	H1FY22	**Growth**
Revenue	700.03	464	**51%**	1164	668.9	**74%**
EBITDA	182.5	65.9	**177%**	186.5	71.2	**162%**
PAT	129.82	40.1	**224%**	165.9	51.1	**225%**

All Figures are in INR CR.

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Q2 FY23

- EBITDA Margin **21.3%**
- PAT Margin **14.6%**

TECHNICAL HIGHLIGHTS

- All-time-high and consolidation breakout with high volume support
- Upward price-cycle movement
- Price action above 13, 21 & 50 Weekly Exponential Moving Average
- Price action above 150 & 200 Daily Exponential Moving Average

RESEARCHED BY

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