

May 24, 2023

Q4FY23 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	4,720		5,390	
Sales (Rs. m)	56,023	61,625	57,547	63,301
% Chng.	(2.6)	(2.6)		
EBITDA (Rs. m)	10,252	11,586	10,416	11,711
% Chng.	(1.6)	(1.1)		
EPS (Rs.)	167.0	188.7	168.9	190.1
% Chng.	(1.1)	(0.8)		

Key Financials - Standalone

Ye Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. m)	47,344	51,397	56,023	61,625
EBITDA (Rs. m)	8,111	9,242	10,252	11,586
Margin (%)	17.1	18.0	18.3	18.8
PAT (Rs. m)	5,985	6,752	7,498	8,471
EPS (Rs.)	133.3	150.4	167.0	188.7
Gr. (%)	(2.9)	12.8	11.1	13.0
DPS (Rs.)	35.0	30.0	50.0	60.0
Yield (%)	0.8	0.7	1.2	1.5
RoE (%)	23.6	25.8	25.4	24.5
RoCE (%)	29.4	32.3	31.9	30.9
EV/Sales (x)	3.7	3.4	3.0	2.7
EV/EBITDA (x)	21.8	19.0	16.6	14.4
PE (x)	30.9	27.4	24.7	21.8
P/BV (x)	7.3	6.8	5.8	5.0

Key Data

BAYEBO | BYRCS IN

52-W High / Low	Rs.5,668 / Rs.3,920
Sensex / Nifty	61,774 / 18,285
Market Cap	Rs.185bn/ \$ 2,238m
Shares Outstanding	45m
3M Avg. Daily Value	Rs.47.49m

Shareholding Pattern (%)

Promoter's	71.44
Foreign	3.18
Domestic Institution	12.74
Public & Others	12.64
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.1	(10.2)	(13.0)
Relative	(2.6)	(9.5)	(23.9)

Himanshu Binani

himanshubinani@plindia.com | 91-22-66322232

Decent performance in challenging times..!!

Quick Pointers:

- Better liquidation in corn seeds business.
- Healthy product mix led to gross margin improvement of 50bps YoY to 51.0%

We broadly keep our FY24/25E estimates unchanged. BYRCS reported decent set of numbers with revenue growth of 2% YoY, mainly driven by strong sales in Crop Protection (CP) and consistent performance in corn hybrid seeds. We believe, strong growth in corn hybrid seeds was largely led by better acreages in rabi season (up 16% YoY), supported by remunerative corn prices (up 7% YoY to Rs2,180/quintal as on March'23). Also better product mix in-turn led to 830bps sequential improvement in gross margin, despite a deflationary RM cost scenario (provisions of high cost inventory). Better gross margins (up 50bps YoY) coupled with lower opex (-100bps YoY) partially offset by higher employee cost (+150bps YoY) ensued muted EBITDA margins (+10bps YoY) to 20.9%. Still BYRCS reported exceptional gains of Rs1.38bn in FY23 (4Q'23 at Rs31mn) towards sale of environmental science business, as against gains of Rs585mn in FY22 (4Q'22 NIL) (towards sale of part of seeds distribution business to Crystal crop protection). Additionally, net cash balance of Rs8.7bn translates into Rs193/share in FY23 as against Rs175/share in FY22.

We believe that near term weather challenges in domestic market coupled with pricing pressure in Glyphosate will likely keep stock performance under check. That said, we maintain 'Accumulate' rating on the stock with revised TP of Rs4,720 (earlier Rs5,390) based on 25x FY25 EPS (earlier 30x September 24 EPS).

- **Decent show, despite adverse climatic conditions:** BYRCS reported revenue growth of 2% YoY led by healthy performance from corn hybrid seeds and strong growth in Crop Protection (CP) portfolio. Maize acreages during Rabi'23 remained up by 16% YoY till 03rd February'23, primarily led by remunerative corn prices in domestic markets (up 7% YoY as on March'23) that augur well for the company (largest product portfolio). While, the company commented that channel inventory remains quite healthy, however they are witnessing normalization of Round-up (Glyphosate) prices and availability.
- **Gross margins up 50bps YoY; despite volatile RM cost scenario:** Gross margin were up 50bps YoY to 51.0% and is up 830bps on a QoQ basis, largely driven by better product mix- higher contribution of seeds portfolio. Decent gross margins coupled with lower other expenses down 100bps YoY, partially offset by higher employee cost up 150bps YoY has in-turn resulted to flat EBITDA margins (up 10bps YoY to 20.9%). Absolute EBITDA was up 3% YoY to Rs2.05bn (PLe Rs2.1bn). In FY23 BYRCS reported exceptional gains of Rs1.38bn (4Q'23 gains of Rs 31mn) towards sales of environmental science business as against Rs585mn of exceptional gain in FY22 (4Q'22 NIL) (towards sale of part of Company's seeds distribution business to Crystal crop protection). Adjusted PAT came at Rs 1.56bn up 2% YoY (PLe Rs1.4bn).

Exhibit 1: Q4FY23 Result Overview (Rs mn)

Y/e March	4QFY23	4QFY22	YoY gr. (%)	3QFY23	QoQ gr. (%)	FY23	FY22	YoY gr. (%)
Revenues	9,825	9,633	2.0	10,379	(5.3)	51,397	47,344	8.6
Raw material	4,813	4,772	0.9	5,950	(19.1)	28,160	26,642	5.7
Staff costs	1,320	1,153	14.5	1,475	(10.5)	5,343	4,631	15.4
Others	1,634	1,701	(3.9)	2,100	(22.2)	8,652	7,960	8.7
Total expenditure	7,767	7,626	1.8	9,525	(18.5)	42,155	39,233	7.4
EBITDA	2,058	2,007	2.5	854	141.0	9,242	8,111	13.9
Depreciation	271	214	26.6	143	89.5	795	645	23.3
EBIT	1,787	1,793	(0.3)	711	151.3	8,447	7,466	13.1
Less: Interest Expense	73	55	32.7	34	114.7	223	129	72.9
Add: Other income	207	157	31.8	152	36.2	639	546	17.0
Profit Before Tax	1,921	1,895	1.4	829	131.7	8,863	7,883	12.4
Less: Provision for Tax	361	368	(2.0)	290	24.6	2,111	1,898	11.2
Adjusted net profit	1,560	1,527	2.2	539	189.2	6,752	5,985	12.8
Exceptional items	25	0	NA	806	NA	830	468	NA
Reported Profit	1,585	1,527	3.8	1,345	17.8	7,582	6,453	17.5
No. of Diluted shares outstanding (mn)	45	45		45		45	45	
Adjusted Diluted EPS	34.7	34.0	2.2	12.0	189.2	150.4	133.3	12.8
As % of net revenues								
Raw material	49.0	49.5		57.3		54.8	56.3	
Staff expenses	13.4	12.0		14.2		10.4	9.8	
Other expenses	16.6	17.7		20.2		16.8	16.8	
EBITDA	20.9	20.8		8.2		18.0	17.1	
Net profit	15.9	15.9		5.2		13.1	12.6	

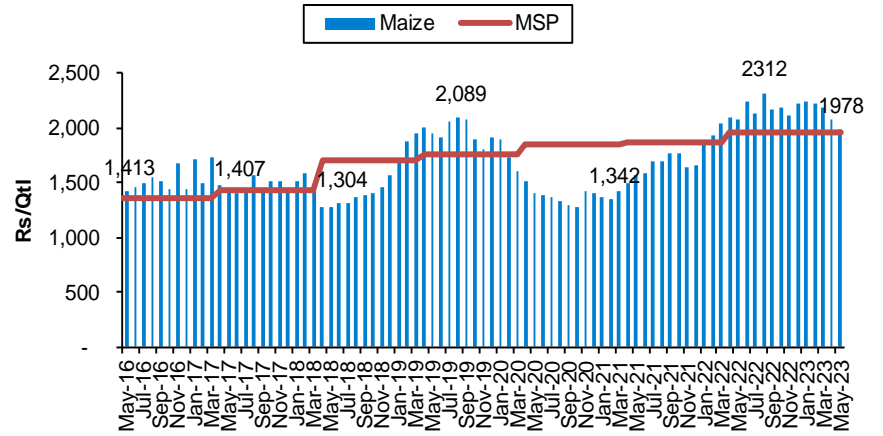
Source: Company, PL

Exhibit 2: Rabi Maize acreages up 16% YoY as on 3rd February'23

Maize Acreages (in lakh/hect)	Rabi 2022-23	Rabi 2021-22	YoY gr.
Bihar	6.5	6.0	9.6%
Maharashtra	3.9	3.2	20.4%
Telangana	2.3	1.2	89.2%
Tamil Nadu	2.0	1.9	3.3%
Andhra Pradesh	1.8	1.8	3.4%
West Bengal	1.7	1.6	6.6%
Karnataka	1.1	0.8	37.3%
Gujarat	1.1	0.9	18.5%
Chattisgarh	1.0	1.2	-19.8%
Uttar Pradesh	0.5	0.1	251.0%
Others	0.9	0.8	8.6%
Total	22.7	19.5	16.3%

Source: PL, Industry

Exhibit 3: Maize prices up 7% YoY to Rs2,180/quintal as on March'23



Source: PL, Industry

Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Net Revenues	47,344	51,397	56,023	61,625
YoY gr. (%)	11.1	8.6	9.0	10.0
Cost of Goods Sold	26,642	28,160	30,588	33,586
Gross Profit	20,702	23,237	25,434	28,039
Margin (%)	43.7	45.2	45.4	45.5
Employee Cost	4,631	5,343	5,938	6,471
Other Expenses	7,960	8,652	9,244	9,983
EBITDA	8,111	9,242	10,252	11,586
YoY gr. (%)	(0.1)	13.9	10.9	13.0
Margin (%)	17.1	18.0	18.3	18.8
Depreciation and Amortization	645	795	837	927
EBIT	7,466	8,447	9,416	10,659
Margin (%)	15.8	16.4	16.8	17.3
Net Interest	129	223	212	201
Other Income	546	639	663	689
Profit Before Tax	8,351	9,693	9,866	11,147
Margin (%)	17.6	18.9	17.6	18.1
Total Tax	1,898	2,111	2,368	2,675
Effective tax rate (%)	22.7	21.8	24.0	24.0
Profit after tax	6,453	7,582	7,498	8,471
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,985	6,752	7,498	8,471
YoY gr. (%)	(2.9)	12.8	11.1	13.0
Margin (%)	12.6	13.1	13.4	13.7
Extra Ord. Income / (Exp)	468	830	-	-
Reported PAT	6,453	7,582	7,498	8,471
YoY gr. (%)	30.9	17.5	(1.1)	13.0
Margin (%)	13.6	14.8	13.4	13.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,453	7,582	7,498	8,471
Equity Shares O/s (m)	45	45	45	45
EPS (Rs)	133.3	150.4	167.0	188.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Non-Current Assets				
Gross Block	8,481	9,443	10,443	11,443
Tangibles	7,588	8,296	9,296	10,296
Intangibles	893	1,147	1,147	1,147
Acc: Dep / Amortization	3,217	4,012	4,849	5,775
Tangibles	3,217	4,012	4,849	5,775
Intangibles	-	-	-	-
Net fixed assets	5,264	5,431	5,594	5,668
Tangibles	4,371	4,284	4,447	4,521
Intangibles	893	1,147	1,147	1,147
Capital Work In Progress	133	29	29	29
Goodwill	-	-	-	-
Non-Current Investments	261	256	256	256
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	385	411	411	411
Inventories	15,120	18,072	19,630	21,554
Trade receivables	10,047	9,756	10,634	11,697
Cash & Bank Balance	7,874	8,680	13,883	17,977
Other Current Assets	2,588	2,329	2,329	2,329
Total Assets	43,456	46,786	54,589	61,743
Equity				
Equity Share Capital	449	449	449	449
Other Equity	24,794	26,672	31,467	36,695
Total Networkth	25,243	27,121	31,916	37,144
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	1,693	1,890	1,890	1,890
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8,198	8,732	9,485	10,414
Other current liabilities	8,322	9,043	11,297	12,295
Total Equity & Liabilities	43,456	46,786	54,589	61,743

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	8,468	9,901	9,866	11,147
Add. Depreciation	645	795	837	927
Add. Interest	-	-	-	-
Less Financial Other Income	546	639	663	689
Add. Other	(254)	(799)	(663)	(689)
Op. profit before WC changes	8,859	9,897	10,040	11,384
Net Changes-WC	(4,062)	(1,409)	571	(1,060)
Direct tax	(2,642)	(2,395)	(2,368)	(2,675)
Net cash from Op. activities	2,155	6,093	8,243	7,649
Capital expenditures	(473)	(726)	(1,000)	(1,000)
Interest / Dividend Income	-	-	-	-
Others	1,115	1,559	663	689
Net Cash from Inv. activities	642	833	(338)	(311)
Issue of share cap. / premium	-	-	-	-
Debt changes	(263)	(409)	-	-
Dividend paid	(6,728)	(5,611)	(2,703)	(3,244)
Interest paid	(42)	(112)	-	-
Others	-	-	-	-
Net cash from Fin. activities	(7,033)	(6,132)	(2,703)	(3,244)
Net change in cash	(4,236)	794	5,203	4,095
Free Cash Flow	1,682	5,367	7,243	6,649

Source: Company Data, PL Research

Key Financial Metrics

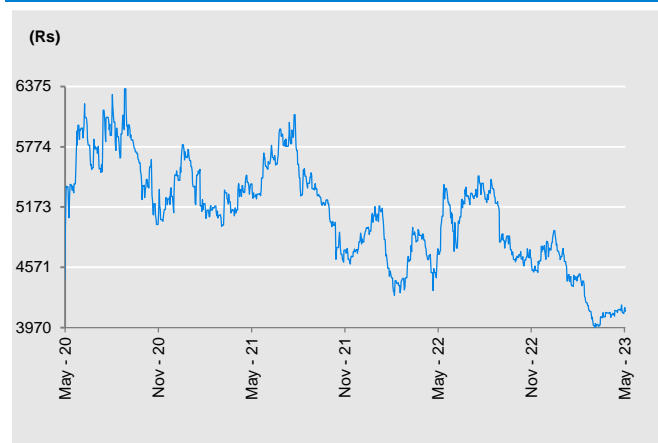
Y/e Mar	FY22	FY23	FY24E	FY25E
Per Share(Rs)				
EPS	133.3	150.4	167.0	188.7
CEPS	147.7	168.1	185.6	209.3
BVPS	562.2	604.0	710.8	827.3
FCF	37.5	119.5	161.3	148.1
DPS	35.0	30.0	50.0	60.0
Return Ratio(%)				
RoCE	29.4	32.3	31.9	30.9
ROIC	33.7	38.7	47.0	50.2
RoE	23.6	25.8	25.4	24.5
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.4)	(0.5)
Net Working Capital (Days)	131	136	135	135
Valuation(x)				
PER	30.9	27.4	24.7	21.8
P/B	7.3	6.8	5.8	5.0
P/CEPS	27.9	24.5	22.2	19.7
EV/EBITDA	21.8	19.0	16.6	14.4
EV/Sales	3.7	3.4	3.0	2.7
Dividend Yield (%)	0.8	0.7	1.2	1.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Net Revenue	16,674	14,519	10,379	9,825
YoY gr. (%)	17.8	6.4	4.8	2.0
Raw Material Expenses	8,594	8,803	5,950	4,813
Gross Profit	8,080	5,716	4,429	5,012
Margin (%)	48.5	39.4	42.7	51.0
EBITDA	3,951	2,379	854	2,058
YoY gr. (%)	22.6	7.3	28.8	2.5
Margin (%)	23.7	16.4	8.2	20.9
Depreciation / Depletion	229	152	143	271
EBIT	3,722	2,227	711	1,787
Margin (%)	22.3	15.3	6.9	18.2
Net Interest	41	75	34	73
Other Income	142	138	152	207
Profit before Tax	3,823	2,290	1,635	1,946
Margin (%)	22.9	15.6	15.7	19.6
Total Tax	797	664	290	361
Effective tax rate (%)	20.8	29.0	17.7	18.5
Profit after Tax	3,026	1,626	1,345	1,585
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	3,026	1,626	539	1,560
YoY gr. (%)	19.3	5.5	41.9	2.2
Margin (%)	18.1	11.2	5.2	15.9
Extra Ord. Income / (Exp)	-	-	806	25
Reported PAT	3,026	1,626	1,345	1,585
YoY gr. (%)	19.3	5.5	58.6	3.6
Margin (%)	18.1	11.2	13.0	16.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,026	1,626	1,345	1,585
Av g. Shares O/s (m)	45	45	45	45
EPS (Rs)	67.4	36.2	12.0	34.7

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Apr-23	Accumulate	5,630	4,125
2	08-Feb-23	Accumulate	5,630	4,493
3	05-Jan-23	Accumulate	5,630	4,800
4	10-Nov-22	Accumulate	5,630	4,755
5	04-Oct-22	Accumulate	5,650	4,803
6	05-Aug-22	Accumulate	5,650	5,275
7	04-Jul-22	Accumulate	5,640	5,076
8	03-Jun-22	Accumulate	5,640	5,360

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bayer Cropscience	Accumulate	5,630	4,125
2	Chambal Fertilizers & Chemicals	BUY	360	279
3	Coromandel International	BUY	1,310	962
4	Dhanuka Agritech	BUY	940	639
5	Godrej Agrovet	Hold	420	423
6	Insecticides India	Accumulate	700	491
7	P.I. Industries	BUY	4,560	3,274
8	Rallis India	Hold	200	191
9	Sharda Cropchem	BUY	640	497
10	Sumitomo Chemical India	BUY	550	386
11	UPL	BUY	850	715

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