

Rallis India Q2 FY2013 Result Analysis- Hold

Rallis India (Rallis), a subsidiary of Tata Chemicals engaged in the business of pesticides, seeds, agri services, contact manufacturing. It announced its Q2 FY2013 results on 17 October 2012. The top-line of the company grew by 11.76% on yoy basis due to price increase of its selected products but volume was affected. The EBITDA margin was down by 136 basis points as the 10% rupee depreciation increase 3-5% of production cost. The bottom-line growth of 5.19% can be attributed by ₹24 Mn forex gain against ₹66.8 Mn loss on yoy basis. During Q2 FY13, the short term borrowing has jumped from ₹649.8 Mn to ₹1275.7 Mn on account of the working capital requirement of Metahelix. A glimpse of the company's Q2 FY2013 results is as follows:

Particulars ₹ Mn	Q2 FY2013	Q2 FY2012	Q1 FY2013	Y-O-Y	Q-O-Q
REVENUE	4,806.20	4321.20	3383.10	11.22%	42.06%
(Increase)/Decrease in Stock in Trade	(425.60)	(34.70)	697.90	1126.51%	-160.98%
Cost of Materials	(2,275.80)	(2,257.00)	(2,182.70)	0.83%	4.27%
Purchase of Traded goods	(396.80)	(325.60)	(409.60)	21.87%	-3.13%
GROSS PROFIT	1,708.00	1,703.90	1,488.70	0.24%	14.73%
Gross Profit Margins	35.54%	39.43%	44.00%	-389bps	-847bps
Employees Cost	(207.80)	(220.10)	(268.00)	-5.59%	-22.46%
Other Expenditure	(581.70)	(511.50)	(925.70)	13.72%	-37.16%
EBITDA	918.50	972.30	295.00	-5.53%	211.36%
EBITDA Margins	19.11%	22.50%	8.72%	-339bps	1039bps
Dep & Amor	(77.00)	(72.80)	(74.00)	5.77%	4.05%
EBIT	841.50	899.50	221.00	-6.45%	280.77%
EBIT Margins	17.51%	20.82%	6.53%	-331bps	1098bps
Interest	(53.60)	(44.20)	(52.00)	21.27%	3.08%
Other Income	66.40	77.30	163.90	-14.10%	-59.49%
Profit Before Tax, Min Int & Excep Items	854.30	932.60	332.90	-8.40%	156.62%
PBT Margins	17.77%	21.58%	9.84%	-381bps	793bps
Exceptional Items	24.10	(66.80)	-		
Tax	(273.40)	(295.10)	(62.00)	-7.35%	340.97%
Net Profit	605.00	570.70	270.90	6.01%	123.33%
Margins	12.59%	13.21%	8.01%	-62bps	458bps
Minority Interest	10.60	14.50	(29.20)		
Net Profit after Min Int	615.60	585.20	241.70	5.19%	154.70%
Margins	12.81%	13.54%	7.14%	-73bps	566bps
EPS-adj	3.17	3.01	1.24	5.19%	154.70%

Source: Company data, Microsec Research

The company had additional investment in the promotional activities to position its subsidiary Metahelix products and in the new R&D centre at Bangaluru. Rallis launched B-Bandhan-dealer portal to increase its top line. The company declared interim dividend of ₹1 per share. We maintain our estimates and "Hold" recommendation about the stock.

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Shivam Chambers, 1st Floor,
53, Syed Amir Ali Avenue, Kolkata- 700 019, India
Tel.: 91 33 3051 2100, Fax: 91 33 3051 20205

Mumbai

42A & 74A, Mittal Tower,
4th & 7th floor 210, Nariman Point,
Mumbai- 400 021, India
Tel.: 91 22 2285 5544, Fax: 91 22 2285 5548

New Delhi

417, World Trade Centre, 4th Floor, Babar Road,
Connaught Place, New Delhi- 110 001, India
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www.prpsolutions.com

E-mail: info@microsec.in Website: www.microsec.in

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