

Performance Beat on All Fronts; Maintain BUY
Est. Vs. Actual for Q4FY25: Revenue: **BEAT**; EBITDA: **BEAT**; PAT: **BEAT**
Change in Estimates post Q4FY25
FY26E/FY27E: Revenue: 0%/3%; EBITDA: -2%/3%; PAT: -3%/1%

Recommendation Rationale

- Revenue Growth Along With Margin Expansion:** Dhanuka delivered impressive results this quarter, with a 20% YoY revenue growth driven by 19% volume growth and 20% value growth. Operating margins expanded significantly to 24.8%, supported by a favourable product mix, strong sales performance, and the launch of new products. The company's ongoing investment in process research is showing promising outcomes, with several new products in the pipeline. One product has recently been approved for manufacturing at an existing facility, with revenue contribution expected to begin from Q2.
- Multiple Growth Drivers for FY26:** Dhanuka acquired two fungicides from Bayer in FY25, which enhances Dhanuka's global footprint, expanding its presence to over 20 countries. The company also plans to launch one of these fungicides in India under Dhanuka's brand name. These new products are expected to add ~Rs 110 Cr to FY26 revenue. Additionally, the export business (excluding Bayer products) is projected to contribute around Rs 50 Cr, while the Dahej facility is expected to generate Rs 60 Cr in revenue. EBITDA margins for FY26 are likely to remain in line with FY25. These factors, along with organic growth driven by a favourable monsoon and the launch of new products, are expected to continue the growth momentum in FY26.

Sector Outlook: Cautiously Optimistic

Company Outlook & Guidance: The company has guided high double-digit revenue growth for FY26, including the contribution from newly acquired fungicides, supported by new product launches, and expectations of a good monsoon season. However, the management mentioned that gross margins may face a 100 bps decline due to rising raw material costs, which had moved favourably last year. Overall, the management remains confident about achieving robust growth in FY26 while maintaining similar EBITDA margins by optimising supply chain operations and continued operational efficiencies.

Current Valuation: 18x FY27E (Unchanged)

Current TP: Rs 1,800/share (Earlier TP: Rs 1,780/share)

Recommendation: We maintain our BUY rating on the stock.

Financial Performance: The company surpassed our estimates on all fronts in Q4FY25, posting revenue of Rs 442 Cr, up 20% YoY and flat QoQ, beating our estimate of Rs 405 Cr. EBITDA came in at Rs 110 Cr, up 37% YoY and 45% QoQ, beating our estimate of Rs 90 Cr. The company achieved an EBITDA margin of 24.8%, elevated YoY due to better operating performance, compared to 21.7% in Q4FY24 (17% in Q3FY25). PAT stood at Rs 76 Cr, up 28% YoY and 37% QoQ, beating our estimates by 16%.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	YoY (%)	QoQ (%)	Axis Est.	Variance
Net Sales	442	20%	-1%	405	9%
EBITDA	110	37%	45%	90	21%
EBITDA Margin	25%	308bps	786bps	22%	250bps
Net Profit	76	28%	37%	65	16%
EPS (Rs)	16.7	106bps	472bps	14.3	100bps

Source: Company, Axis Securities Research

(CMP as of 16th May, 2025)

CMP (Rs)	1,613
Upside /Downside (%)	12%
High/Low (Rs)	1,926/1,092
Market cap (Cr)	7,350
Avg. daily vol. (1m) Shrs.	83,482
No. of shares (Cr)	4.56

Shareholding (%)

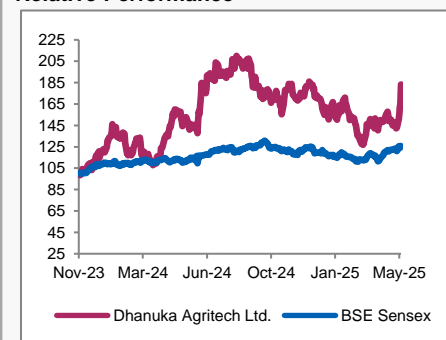
	Sep-24	Dec-24	Mar-25
Promoter	70.3	70.3	70.3
FII	2.0	2.2	2.2
DII	19.0	18.7	18.1
Retail	8.7	8.8	9.4

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	2035	2436	2917
EBITDA	417	499	642
Net Profit	297	357	457
EPS (Rs)	65.1	78.3	100.3
PER (x)	24.8	20.6	16.1
P/BV (x)	4.8	4.3	3.4
EV/EBITDA (x)	17.5	14.4	11.0
ROE (%)	21.4%	21.9%	23.5%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	3%
EBITDA	-2%	3%
PAT	-3%	1%

Relative Performance


Source: Ace Equity, Axis Securities Research

Sani Vishe

Research Analyst
sani.vishe@axissecurities.in

Shivani More

Research Associate
shivani.more@axissecurities.in

Outlook

We expect Dhanuka to achieve the guided revenue growth supported by strong domestic demand, new product launches and international expansion. Additionally, the company's Dahej plant, which currently has a negative EBITDA, is expected to support revenue and margin growth as utilisation improves over the next two years.

Valuation & Recommendation

Dhanuka's consistent performance can be attributed to its strategic focus on launching innovative, high-margin products and leveraging a strong distribution network. With a positive monsoon forecast, the company is well-placed to deliver robust revenue growth.

Accordingly, we continue to value the stock at 18x FY27E, maintaining our BUY rating, with a revised target price of Rs 1,800/share. The target price implies a 12% upside from the current market price (CMP).

Key Concall Highlights

- **Pricing and Volume Trends:** In Q4, the company reported robust growth of ~19% in volumes and 20% in value. For the full year FY25, volumes rose by ~18% and value by 15%.
- **Two fungicides from Bayer:** During the year, the company has secured global rights to the active ingredients Iprovalicarb and Triadimenol (invented by Bayer AG). This acquisition positions Dhanuka to extend its presence in over 20 countries, marking a significant step in its global market expansion strategy. The total addressable market (TAM) for both molecules is estimated at around \$100 Mn (one has generic substitutes). In FY26, the company expects these products to contribute Rs 110 Cr to revenues through Indian brand sales and international business. One molecule is limited to the Brazilian market, while the other has a wider global presence. Dhanuka received Rs 12 Cr in royalties in Q4 and expects Rs 15–20 Cr in FY26 for these products. The company also plans to launch one of these in India under Dhanuka's brand name.
- **Guidance for FY26:** Management has guided for high double-digit revenue growth for FY26. EBITDA margins are expected to remain similar to FY25. However, rising raw material prices may compress gross margins by ~100 bps. The company also anticipates that trade receivables will normalise going forward.
- **Dahej Plant:** Dhanuka has established a new chemical R&D lab and commenced operations at its Dahej chemical synthesis plant, aiming for breakthroughs in chemical synthesis. In FY25, the plant posted negative EBITDA of Rs 14 Cr on revenue of Rs 40 Cr. The FY26 revenue target is Rs 60 Cr, with EBITDA expected to remain at similar levels. The current capacity utilisation stands at 25%, with expectations to rise to 35% in the near term. Management believes that positive EBITDA margins will materialise at 70–80% utilisation. Although several new products have been developed, low commercial viability has paused additional capex for now.
- **Higher Innovation Turnover Index:** The company's Innovation Turnover Index improved to 15% in FY25 from 13% in FY24, highlighting progress in product innovation.
- **Dividend:** The Board of Directors has recommended a dividend of Rs 2 per equity share, having a face value of Rs 2 per share, which will absorb a total of Rs 9 Cr.
- **New Product Approvals and Launches:** A new product has been approved for production at an existing facility, with an expected revenue of Rs 10 Cr starting from Q2, although volumes will be modest. Ongoing investments in process research are yielding encouraging results, with more pipeline products in development.
- This month, Dhanuka is set to launch a paddy herbicide developed by Japan's Hoko Chemicals. A Japanese fungicide from Nissan Chemicals is also scheduled for launch next quarter.
- **Exports:** Exports contributed Rs 30 Cr in FY25 and are expected to increase to Rs 50 Cr in FY26, excluding revenues from Bayer-acquired products.
- **B2B vs B2C Mix:** B2B sales (including technical sales) accounted for 9% of total revenue in FY25, up from 4% in FY24. B2C or branded sales were 91%.

Revenue Mix

	Geography Wise					Segment Wise			
	Q1FY25	Q2FY25	Q3FY25	Q4FY25		Q1FY25	Q2FY25	Q3FY25	Q4FY25
North	31%	29%	22%	34%	Insecticides	25%	43%	30%	38%
East	8%	12%	11%	12%	Fungicides	10%	21%	20%	13%
West	42%	28%	28%	20%	Herbicides	50%	17%	35%	32%
South	19%	31%	39%	34%	Others	15%	19%	15%	17%

Key Risks to Our Estimates and TP

- Global recessionary environment, especially a long recession, which could affect international expansion plans.
- Any adverse developments in rainfall may affect the demand for Pls' products in the Indian market.
- Delay in Capex and commercialisation of new molecules could affect growth. Stress on ROCE in the initial phases of acquisition.

Change in Estimates

	Revised		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	2,436	2,917	2,433	2,827	0%	3%
EBITDA	499	642	508	622	-2%	3%
PAT	357	457	367	451	-3%	1%
EPS	78.3	100.3	81	99	-3%	1%

Source: Company, Axis Securities Research

Q4FY25 Result Review

Particular (Rs Cr)	Q4FY24	Q3FY25	Axis Sec Est	Q4FY25	YoY (%)	QoQ %	Axis Sec Var
Net Sales	368	445	405	442	20%	-1%	9%
Gross Profit	161	178	176	191	19%	7%	8%
Gross Margins %	43.6%	39.9%	43.5%	43.2%	-37bps	330bps	-25bps
Staff Cost	37	42	40	40	8%	-5%	0%
Other Operating Expenses	43	60	46	41	-5%	-31%	-10%
EBITDA	80	76	90	110	37%	45%	21%
EBITDA margins (%)	21.7%	17.0%	22.3%	24.8%	308bps	786bps	250bps
Depreciation	13	13	13	17	32%	34%	31%
Interest	1	1	1	2	155%	25%	52%
Other Income	15	7	7	11	-27%	59%	58%
PBT	81	68	83	102	25%	49%	22%
Tax (incl deferred)	22	13	18	26	16%	101%	46%
PAT	59	55	65	76	28%	37%	16%
PAT margins (%)	16.0%	12.4%	16.1%	17.1%	106bps	472bps	100bps
EPS	12.9	12.3	14.3	16.7	29%	37%	17%

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Net Sales	1,700	1,759	2,035	2,436	2,917
Growth (%)	15.1	3.4	15.7	19.7	19.8
Operating Expenses	-1,422	-1,431	-1,619	-1,937	-2,275
Operating Profit	279	327	417	499	642
Other Operating Income					
EBITDA	279	327	417	499	642
Growth (%)	5.8	17.5	27.2	19.9	28.5
Depreciation	-18	-41	-55	-63	-77
Other Income	45	35	36	45	47
EBIT	306	322	397	481	612
Finance Cost	-3	-3	-5	-5	-2
Exceptional & Extraordinary					
Profit Before Tax	303	319	392	476	610
Tax (Current + Deferred)	-69	-80	-95	-119	-152
P / L from Discontinuing Operations					
Profit / (Loss) For The Period	234	239	297	357	457
P / L of Associates, Min Int, PrefDiv					
Reported Profit / (Loss)	234	239	297	357	457
Adjusted Net Profit	234	239	297	357	457

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Share Capital	9	9	9	9	9
Reserves & Surplus	1,052	1,291	1,516	1,721	2,145
Shareholder's Funds	1,061	1,300	1,525	1,730	2,154
Non-Current Liabilities	46	45	49	49	49
Long-Term Borrowings	3	2	1	1	1
Other Non-Current Liabilities	43	43	47	47	47
Current Liabilities	309	287	349	339	365
ST Borrowings, Current Maturity	4	0	42	10	5
Other Current Liabilities	305	286	307	329	360
Total (Equity and Liabilities)	1,405	1,579	1,800	2,118	2,567
Non-Current Assets	509	537	636	788	961
Fixed Assets (Net Block)	318	350	498	634	807
Non-Current Investments	159	168	107	122	122
Long-Term Loans and Advances	0	0	0	0	0
Other Non-Current Assets	32	19	32	32	32
Current Assets	895	1,025	1,148	1,329	1,606
Cash & Current Investments	99	72	124	195	297
Other Current Assets	796	953	1,024	1,134	1,309
Total (Assets)	1,405	1,579	1,800	2,118	2,567
Total Debt	7	2	44	11	6
Capital Employed	1,111	1,346	1,616	1,788	2,208

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Profit Before Tax	303	319	392	476	610
Depreciation	18	41	55	63	77
Change in Working Capital	-50	-175	-47	-88	-144
Total Tax Paid	-73	-79	-94	-119	-152
Others	-42	-32	-31	-40	-45
Operating Cash Flow (a)	155	73	275	292	345
Capital Expenditure	-140	-73	-203	-200	-250
Change in Investments	81	15	9	-15	
Others	23	48	23	45	47
Investing Cash Flow (b)	-35	-10	-170	-170	-203
Free Cash Flow (a+b)	120	63	105	122	142
Equity Raised / (Repaid)	-0.1		-0.1		
Debt Raised / (Repaid)	5	-4	41	-32	-5
Dividend (incl. Tax)	70		27	30	33
Others	-176	-3	-59	-188	-68
Financing Cash Flow (c)	-101	-7	10	-190	-40
Net Chg in Cash (a+b+c)	19	55	115	-68	102

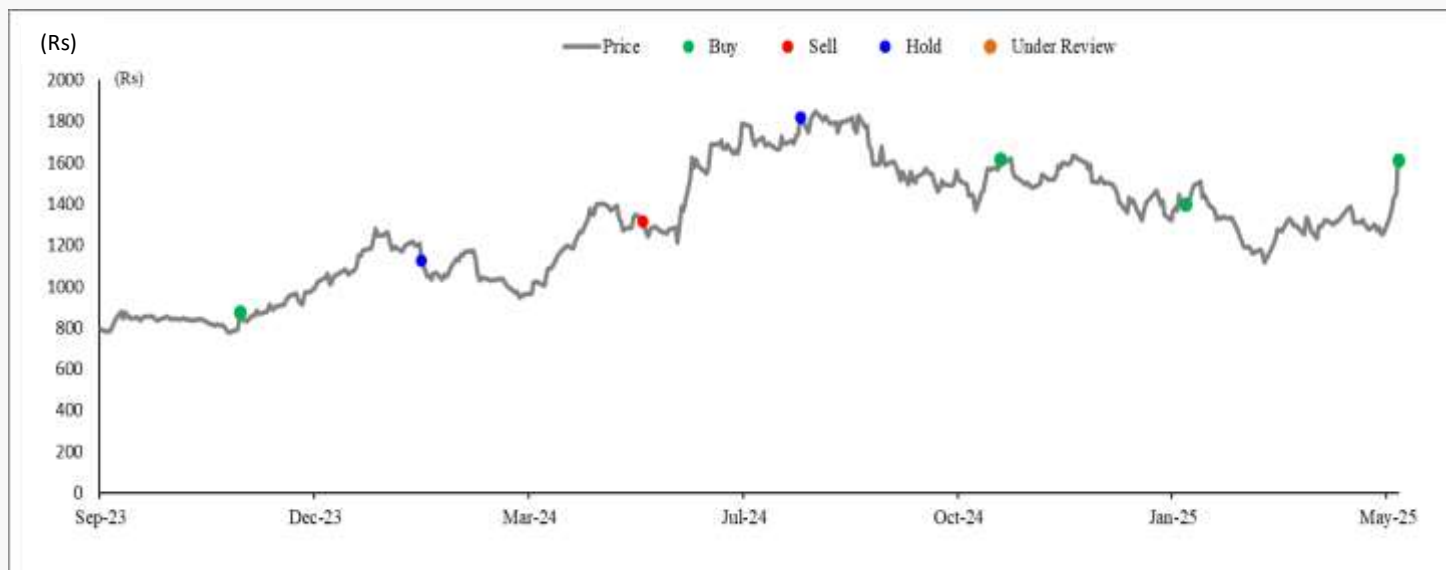
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Adjusted EPS (Rs)	50.1	52.4	65.1	78.3	100.3
<i>Growth</i>	<i>11.8</i>	<i>4.6</i>	<i>24.2</i>	<i>20.2</i>	<i>28.0</i>
Book Value / Share (Rs)	227.8	275.1	334.5	92.2	117.2
EBITDA Margin	17.8	16.4	18.6	20.5	20.5
EBIT Margin	19.0	18.0	18.3	19.5	19.8
Tax Rate	24.7	22.9	25.0	24.3	25.0
ROCE	30.5	29.3	26.7	27.2	28.3
Total Debt / Equity (x)	0.0	0.0	0.0	0.0	0.0
Net Debt / Equity (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Net Profit Margin	14.1	13.7	13.6	14.6	14.7
Asset Turnover (x)	1.2	1.3	1.2	1.2	1.2
Leverage Factor (x)	1.4	1.4	1.3	1.2	1.2
Return on Equity	24.2	23.4	20.6	21.4	21.9

Source: Company, Axis Securities Research

Dhanuka Agritech Price Chart and Recommendation History



Source: Axis Securities Research

Disclosures:

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg. No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Maneesh Mathew, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant

banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein 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/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.