

Pesticides & Agrochemicals

Industry Code (as per CMIE Prowess): 0101012020000000'

June 2022

Overall Industry Risk Score: **14/20 | Favourable**

Sample Size: 23 Companies

Median Rating Value of sample size: A+

Individual Parameters Contributing to the Score

Demand & Supply Balance  **16/20**

Moderate Demand

Due to healthy growth in agriculture and horticulture sectors along with higher area under cultivation, demand for agro chemical is likely to remain strong. As per CMIE data, the industry reported y-o-y 42% growth in sales from Rs.73.1 billion for March 2021 quarter to Rs.103 billion for March 2022 quarter. The industry is also recording strong growth in exports. In FY22, the exports value increased by 21.6% to Rs.364.9 billion (Previous Year Rs.265 billion). Pesticide manufacturers in India operate at around 65% capacity utilisation due to low penetration in Indian market. As compared to the world average of three kilograms (kgs) per hectare, the consumption in India is just 0.6 kgs per hectare. The prospects in the domestic industry will continue to grow.

Extent of Competition  **12/20**

Neutral

Slightly fragmented industry with a few large players; technology is the entry barrier. The key players include United Phosphorous Ltd., Rallis India Ltd, Syngenta India Ltd, & BASF India Ltd. & others.

Regulatory Risk



16/20

Stable Regulatory environment

The availability of credit in agriculture supports the use of the chemicals in order to safeguard crops from pests. The Government policies are supportive. The Pesticide Management Bill (PMB 2020) seeks to regulate the manufacture, distribution, import, sale, use & disposal of pesticides to ensure availability of safe pesticides and minimise the damage to humans, animals & environment.

Input Related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

The industry is largely dependent on China for the key inputs. The industry is seeking Government policy support in its attempts to mitigate its input related risks.