

Issue Details		
Issue Opens	23-06-21	
Issue Closes	25-06-21	
Issue Size (in Rs. Crs)	800	
Issue Size (Shares)	33,78,378	
Authorised Shares	15,00,00,000	
Issued, Subscribed and Paid Up Sh. Pre offer	11,17,85,130	
Offer for Sale	700	
Face Value	Rs. 1.00	
Lot Size (Sh)	50.00	
Price Band	Rs.290 - Rs.296	
Issue Type	Book Building	
Book Value (in Rs.)(FY21)	34.83	
BRLMs	Axis Capital, JM Financial.	
Registrar	KFin Technologies Pvt. Ltd.	
Listing Venue	BSE/NSE	
Finalization of Allotment	30-June -21	
Initiation of refund	01-July -21	
Credit to Demat Account	02-July -21	
Listing	05-July -21	
Issue Structure		
Categories	Allocation	
QIBs	50.00%	
Non-Institutional	15.00%	
Retail Portion	35.00%	
Total	100.00%	
Shareholding Pattern		
Categories	Pre Issue	Post Issue
Promoter & Promoter Group	82.68%	72.00%
Public	17.32%	28.00%
Total	100.00%	100.00%
Recommendation		
SUBSCRIBE		

Company Background

India Pesticides Ltd. (IPL) is an R&D driven agro-chemical manufacturer of technicals with a growing formulations business. It is one of the fastest growing agro-chemical company in terms of volume of technicals manufactured. Company has recorded 37.17% year-on-year growth in technicals manufacturing (by volume) between FY20 & FY21, attaining more than 75% plant operating rate. **IPL is the sole Indian manufacturer of five technicals and among the leading manufacturers globally for Captan, Folpet and Thiocarbamate Herbicide, in terms of production capacity.** As of March 31, 2021, its technicals are exported to over 25 countries including Australia and other countries in North and South America, Europe, Asia and Africa.

Objects of the Issue

IPL proposes to utilize the net proceeds towards funding of the following objects: a.) Funding working capital requirements of Company; b.) General corporate purposes.

Key Points

- IPL is an R&D driven agrochemical manufacturer of technicals with a growing formulations business. Technicals contributed 78.87% and formulations 21.13% to its overall revenue in FY21. Technicals are primarily exported.
- At present, IPL operates two manufacturing facilities in Uttar Pradesh, one in Lucknow and the other one in Hardoi. The two facilities have an aggregate capacity of 19,500 MT for technicals and 6,500 MT for formulations vertical.
- IPL currently has registrations and licenses for 22 agrochemical technicals and 125 formulations for sale in India, and 27 agrochemical technicals and 35 formulations for export purposes.
- Its agrochemical formulations are primarily sold to domestic crop protection manufacturers Syngenta Asia, UPL, ASCENZA AGRO, Conquest Crop Protection, Sharda Cropchem and Stotras.
- The key fungicide technicals that the company manufactures include Folpet which is used to manufacture fungicides that control fungal growth at vineyards, cereals and crops.
- Cymoxanil is used to manufacture fungicides that control downy mildews of grapes, potatoes, vegetables and several other crops. Thiocarbamate herbicides have applications in field crops such as wheat and rice, and are used globally.

Recommendation

- IPL is one of the fastest growing agrochemical companies in India with strong R&D capabilities and diversified product portfolio, long term relationship with key customers, strong sourcing capabilities, extensive distribution network and consistent track record of financial performance among its key strengths. **Hence, considering the above positive factors we recommend to subscribe the issue with medium to long term horizon.**

Particulars (Rs. Crs)	*FY21	FY20	FY19	FY18
Revenue from Operations	648.95	479.63	340.69	253.20
Other Income	6.42	10.10	5.35	2.66
Profit Before Tax (PBT)	179.95	93.37	61.10	50.18
Profit After Tax (PAT)	134.53	70.80	43.92	32.81
PATM (%)	20.73	14.76	12.89	12.96
Equity (Rs. Crs)	11.18	3.18	3.18	3.18
EPS (Rs.) (FV Rs.1)	12.03	22.24	13.80	10.31

*Consolidated

Source: Company's RHP, Ace Equity, AUM Research

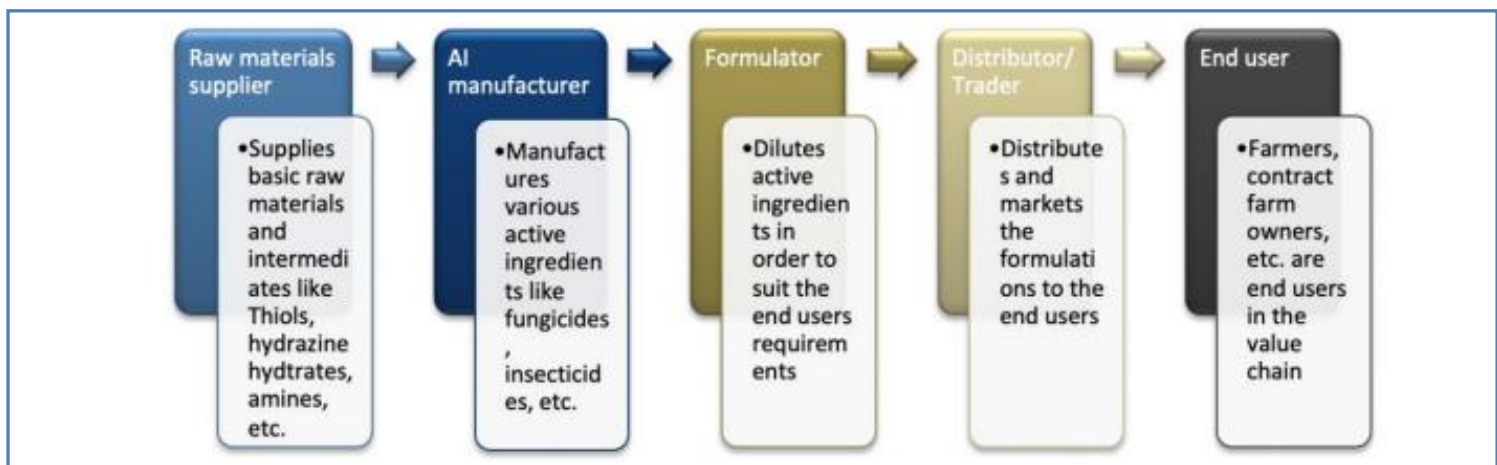
Competitive Strengths

- ✦ Strong R&D and product development capabilities places significant emphasis on identification of appropriate complex technicals that are suitable for commercialization, improving production processes and the quality and purity of IPL's present products and manufacturing new off-patent products.
- ✦ IPL has diversified portfolio of niche and quality specialized products over the years and have grown into a multi-product manufacturer of Formulations, herbicide and fungicide Technicals as well as APIs.
- ✦ The company has strong and long-term relationships with various multinational corporations that have helped in expanding its product offerings and geographic reach for technicals business.
- ✦ IPL's sheer capability of sourcing primary raw materials from various sources within and outside India and have developed relationships with multiple vendors, for its major raw materials to ensure timely delivery and adequate supply.
- ✦ The company has demonstrated consistent growth in terms of revenues and profitability over the last three fiscals.

Key Business Strategies

- ✦ IPL Continue to focus on R&D and process innovation to expand its product portfolio, grow customer base and revenue share with existing customers.
- ✦ The company intends to undertake a number of strategic initiatives including expansion of its existing manufacturing capacity that will allow it to benefit from economies of scale and improve process efficiency in the manufacturing process.
- ✦ Growth in its technicals segment will lead to a growth of its formulations products as both are complimentary to each other.
- ✦ To be able to cater to the growth in demand for the products IPL manufactures, it intends to scale up the manufacturing capacities for its existing products and has obtained approval from Ministry of Environments and Forests (MoEF) to expand its manufacturing capacity at Sandila to 30,000 MT.

Agrochemicals market value chain



Source: Company's RHP, Ace Equity, AUM Research

Financials
Financial Highlights- Standalone (Values in Rs. Crore)

Description	*FY21	FY20	FY19	FY18
Inc / Exp Performance				
Gross Sales	648.95	479.63	340.69	253.20
Total Income	655.38	489.73	346.04	250.74
Total Expenditure	465.89	386.07	275.41	192.69
PBIDT	189.49	103.66	70.63	58.05
PBIT	183.36	98.59	66.68	54.55
PBT	179.92	93.37	61.10	50.18
PAT	134.51	70.80	43.92	32.81
EPS (FV Rs.1)	12.03	22.24	13.80	10.31
Book Value (FV Rs.1)	34.83	80.69	58.76	45.21
Equity and Debt				
Equity Paid Up	11.18	3.18	3.18	3.18
Reserves and Surplus	378.30	253.66	183.84	140.73
Net Worth	389.48	256.84	187.02	143.92
Total Debt (Long Term plus Short Term)	30.30	28.04	61.06	45.92
Capital Employed	419.77	284.88	248.08	189.84
Assets and Liabilities				
Gross Block	139.51	111.85	77.38	72.5
Investments	9.11	3.04	3.06	3.30
Cash and Bank balance	43.74	8.03	2.84	3.49
Net Current Assets (Including Current Investments)	256.37	164.68	122.44	78.54
Total Current Liabilities	111.23	112.76	128.31	97.65
Total Assets	517.06	387.99	334.55	256.00
Cash Flows				
Cash Flow from Operations	83.28	75.15	-3.38	16.04
Cash Flow from Investing activities	-83.22	-31.07	-6.64	-12.79
Cash Flow from Finance activities	-4.09	-38.99	9.29	-2.18
Free Cash flow	37.13	41.61	-13.73	-0.36
Financial Ratios				
Debt to Equity(x)	0.08	0.11	0.33	0.32
Current Ratio(x)	3.30	2.46	1.95	1.80
ROCE (%)	43.68	37	30.45	28.73
RONW (%)	34.54	31.9	26.54	22.8
PBIDTM (%)	29.20	21.61	20.73	22.93
PATM (%)	20.73	14.76	12.89	12.96

*Consolidated

Source: Company's RHP, Ace Equity, AUM Research

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