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Note: Emkay Global Financial Services Limited is the Book Running Lead Manager and syndicate member to the issue; accordingly, this note, based on the RHP is for information purpose only



Heranba Industries Limited – Initial Public Offering

ISSUE DETAILS

Issue Opens on	Tuesday, February 23, 2021*	Issue Details	At the upper end of the price band	
Issue Closes on	Thursday, February 25, 2021	Issue Size	₹ 6,252.40 Mn	
Price Band	₹ 626 to ₹ 627	Number of Shares on Offer	9,971,937 Equity Shares at the upper cap	
Bid Lot	23 Equity Shares and multiples thereof			
Face Value	₹ 10 per Equity Share	Category	%age	Amount (₹ Mn)
Listing	NSE and BSE	QIB **	50.00%	3,126.20
Payment	ASBA Only	HNI	15.00%	937.86
Registrar	Bigshare Services Private Limited	Retail	35.00%	2,188.34
Nature of the Offer	Fresh Issuance + Offer for Sale	Total	100.00%	6,252.40
BRLMs	Emkay Global Financial Services Limited, Batlivala & Karani Securities India Private Limited			

* Anchor Book opens and closes for subscription, one working day prior to Issue opening date (i.e. Monday, February 22, 2021)

** of which, Anchor Book portion is ₹ 1,875.72 Mn, Balance QIB is ₹ 1,250.48 Mn

PROMOTERS

The Promoters of the Company are Mr. Sadashiv K. Shetty and Mr. Raghuram K. Shetty.

BUSINESS OVERVIEW

Heranba Industries Limited (“**Heranba**”, / “**Company**”) is a crop protection chemical manufacturer, exporter and marketing company based out of Vapi, Gujarat. Heranba manufactures Intermediates, Technicals and Formulations. It is one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permethrin, lambda cyhalothrin etc. The Company’s Pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. The Company’s business verticals include (a) *Domestic Institutional sales of Technicals*: manufacturing and selling of Technicals in bulk to domestic companies; (b) *Technicals exports*: Exports of Technicals in bulk to customers outside India; (c) *Branded Formulations*: Manufacturing and selling of Formulations under our own brands through our own distribution network in India; (d) *Formulations exports*: Export of Formulations in bulk and customer specified packaging outside India; and (e) *Public health*: Manufacturing and selling of general insect control chemicals by participating in public health tenders issued by governmental authorities and selling to pest management companies.

Strengths of the Company:

- Presence in a wide range of products across the entire value chain of synthetic pyrethroids
- Product registrations in the domestic and international markets enabling global outreach
- Strong product portfolio and wide distribution network

- Diversified and stable customer base
- Experienced Promoters and Management Team

Strategies of the Company:

- Enhancing and streamlining production capacities and operations
- Development of new products at our R&D facility at Unit III (Sarigam Unit)
- Entering the highly regulated markets of USA and Europe
- Enhancing Formulations & Technicals business in the international markets
- Branded Formulations and Public Health products segment

Key Business Verticals:

Heranba's business verticals include:

a) **Domestic Institutional Sales of Technicals:** The Company manufactures and sells Technicals to companies, both domestic and multinational, based out of India. It manufactures and supplies Technicals to leading domestic and multinational agrochemical companies operating in India which are used by them for manufacturing their own products. It supplies Technicals like cypermethrin, alphacypermethrin, deltamethrin, permitherin and lambda cyhalothrin to other agrochemical companies in India. Some of the companies to whom it supplies Technicals in India are Sumitomo Chemical India Limited, Biostadt India Limited, Sulphur Mills Limited, Crystal Crop Protection Limited, NACL Limited (*Formerly Nagajuna Agrichem Limited*), Sharda Cropchem Limited, Meghmani Organics Limited, PI Industries Limited, Agro Life Science Corporation, Krishi Rasayan Group amongst others. The total Domestic Institutional Sales of Technicals for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹2,040.20 million and ₹3,010.04 million, ₹3,314.59 million and ₹1,963.62 million representing 32.99% and 31.64%, 33.00% and 26.35%, respectively.

b) **Technicals Exports:** The Company exports Technicals in bulk to customers outside India to various agrochemical companies across the world. It manufactures one hundred and three (103) Technicals & Formulations for export purposes only and have received necessary approvals from the CIB&RC in relation to the same. It exports Technicals to certain multinational companies like Shanghai Agricare Chemical Co. Limited, China amongst others. The Company has filed applications before the CIB&RC for registration of seven (7) Technicals and Formulations for the export markets. The Company's total exports of Technicals for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹1,989.38 million ₹3,470.90 million, ₹3,965.69 million and ₹3,007.77 million representing 32.17% 36.48%, 39.48% and 40.37%, respectively.

c) **Branded Formulations:** The Company manufactures and sell various Formulations of Insecticides, Fungicide, Herbicides and Public Health under their own brand through their distribution network present across India. It has more than nine thousand four hundred (9,400) dealers having access to twenty-one (21) depots of the company across 16 states and 1 union territory in India supporting the distribution of its products. Some of the known Branded Formulations for Insecticides are "Jayam", "Progress Plus", "Param", "Cypraplus", "Dyken", "Mantra", "Astron", "Signor", "Prompt", "Cypra", "Heraban", "Sarag", "Alpha Shakti", "Henoxa", "Glory", "Chakde", "Heraquat", "Zinta", "Glory 71", "Shera", "Pendant", "Atria", "Macamba", "Sulphy", "Mask", "Silicon Plus", "Propizole", "Vintage", "Exort", "Tulip", "Mandy", "Silicon", "Shado", "Heraphon", "Temper" and "Rat Kill" among others. It's total exports of Branded Formulations for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was 1,409.95 million, ₹1,205.78 million, ₹1,458.51 million and ₹1,670.72 million representing 22.80% and 12.67%, 14.52% and 22.42%, respectively.

d) **Formulations Exports:** The Company exports Formulations in bulk and in customer specified packaging outside India. Sales of Formulations in the international markets is generally undertaken by way of tie-ups with their International Distribution Partners who import Formulations, in bulk or final packages, after a prolonged and detailed registration process in their respective country's regulatory authority. The Formulations are mostly sold by the Company's International Distribution Partners under their local brands in these markets. The name of the Company appears on the label of the package of the product as the "source" or "manufacturer" of these products meant for sale in a particular country. The Company is required to comply with the local packaging disclosure requirements for the export and sale of these Formulations. It's total exports of Formulations for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹573.50 million and ₹1,220.62 million, ₹951.98 million and ₹667.38 million representing 9.27% and 12.83%, 9.48% and 8.96%, respectively.

e) **Public Health:** The Company also manufactures and sells general insect control chemicals to governmental authorities like municipalities by participating in public health tenders issued by them and to pest management companies. It entered this business segment in the FY 2010-11. It normally supplies these products under its own brands like Alpha Shakti-5WP, Temper EC, Deltaflow or in bulk form as maybe required by them. The total exports of Public Health for the six months period ended on September 30, 2020 and for the FY 2020, FY 2019 and FY 2018 was ₹170.41 million and ₹606.40 million, ₹353.67 million and ₹141.46 million representing 2.76% and 6.37%, 3.52% and 1.90%, respectively.

OBJECTS OF THE ISSUE

The Net Proceeds are proposed to be utilised towards the following objects:

Particulars	Amount (₹ in million)
To fund working capital requirements	500
General corporate purposes	[●]
Net Proceeds of the Issue	[●]

FINANCIAL SNAPSHOT

Restated Audited Financials:

(in ₹ million, except per share data)

Particulars	For six months period ended on September 30, 2020	For six months period ended on September 30, 2019	As at and for the financial year		
			March 31, 2020	March 31, 2019	March 31, 2018
Share Capital	390.56	390.56	390.56	390.56	78.11
Net Worth ¹	3,812.58	2,760.96	3,208.49	2,281.76	1,573.18
Revenue	6,192.11	5,022.33	9,679.06	10,118.38	7,504.10
Profit after tax	663.11	532.43	977.49	754.02	468.76
Earning per share (Basic and Diluted) ²	16.98	13.63	25.03	19.31	12.00
Net asset value per Equity Share ³	97.62	70.69	82.15	58.42	40.29 ⁵
Total borrowings ⁴	380.19	639.25	430.79	498.74	759.93

Notes:

1. Net Worth is derived from the Restated Financial Statements and is computed as aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
2. Basic EPS and Diluted DPS derived from the Restated Financial Statements and is computed as Restated Net profit after tax / weighted average number of shares outstanding during the year.
3. Net asset value per equity share is computed as total assets minus total liabilities divided by total number of outstanding shares.
4. Total borrowings includes sum of non-current borrowings and current borrowings.
5. Net asset value for the FY 2017-18 is computed after considering bonus issue of Equity Shares in the FY 2018-19 to make it comparable with Net Asset Value for the FY 2018-19 and FY 2019-20

INDICATIVE TIMETABLE

Please note that the following table is only indicative

Bid/Offer Opening Date	February 23, 2021
Bid/Offer Closing Date	February 25, 2021
Finalization of Basis of Allotment with the Designated Stock Exchange	On or about March 02, 2021
Initiation of refunds/un-blocking of ASBA Accounts	On or about March 04, 2021
Credit of Equity Shares to demat accounts of Allottees	On or about March 04, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about March 05, 2021

RETAIL BIDDING DETAILS AND PAYMENT CHART

Issue Opens on	February 23, 2021
Issue Closes on	February 25, 2021
Price Band	₹ 626 to ₹ 627
Bid Lot	23 shares and in multiple of 23 shares thereafter

Number of Shares	Cap Price / Cut Off Price (₹)	Total Amount (₹)
23	627	14,421
46	627	28,842
69	627	43,263
92	627	57,684
115	627	72,105
138	627	86,526
161	627	100,947
184	627	115,368
207	627	129,789
230	627	144,210
253	627	158,631
276	627	173,052
299	627	187,473

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Product Note – Initial Public Offering

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