



## IPO DETAILS

Issue Date 23<sup>rd</sup> Feb-25<sup>th</sup> Feb 2021

Price Band Rs 626-627 per Share

Bid Lot 23 & in multiple thereof

Face Value Rs 10/Share

Listing BSE, NSE

Fresh Issue Rs 60 Cr

Offer For sale 90,15,000 Eq Shares

Pre Issue Eq Shares 390,56,530 Eq Shares

BRLM Emkay Global Financial  
Services Ltd, B&K  
Securities Ltd

Registrar Bigshare Services  
Private Limited

Heranba Ltd is into manufacturing , exporting & marketing of crop protection chemical . Company is located in Vapi, Gujarat & manufacture Intermediates, Technicals and Formulations. Company is one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permitherin, lambda cyhalothrin etc. Company's Pesticides range includes insecticides, herbicides, fungicides and public health products for pest control.

### **What we like:**

**Extensive distribution:** Company have more than nine thousand four hundred dealers having access to twenty-one depots of company across sixteen states and one union territory in India supporting the distribution of company's products.

**Presence in entire value chain :** Company is present in Intermediates, Technicals and Formulations and holds registrations for eighteen (18) Technicals for manufacture and sale in India, one hundred and three (103) Technicals & Formulations for manufacture and sale in the export markets and one hundred and sixty nine (169) Formulations registered for manufacturing and sale in India. Also, applications for registration of fourteen (14) Technicals & Formulations for manufacture & sale in India and seven (7) Technicals and Formulations to manufacture for the export markets have been filed with the CIB&RC and are in the process of evaluation.

**Strong future outlook:** Company is in process of developing two products of Fungicides, two products of Herbicides and one product of Insecticides, for which research and development tests have been initiated, for exclusive sale to the European markets after registration with the regulatory authority in EU. India has emerged as the largest pyrethroid manufacturer over the years. More than half of the global demand for Pyrethroids comes from China, after importing intermediates from India, which is used to produce pyrethroid. Yet China's adoption of the ' Blue Sky' program to realize green GDP has led to the shutdown of several chemical plants. This, in turn, is expected to result in higher volumes of Pyrethroids being exported out of India.

### **Valuation**

Company is bringing the issue at p/e multiple of approx 25x at higher end of price band of Rs 626-627/share on FY20 PAT basis.

Company being one of the leading domestic producers of synthetic pyrethroids has shown strong financial performance. With its in-house R&D team for product development and improvisation , company is in process of developing two products of Fungicides, two products of Herbicides and one product of Insecticides for exclusive sale to the European markets .

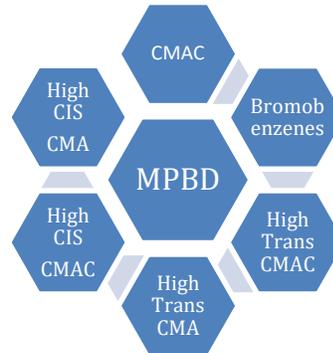
Therefore looking after all above we find that company with its current strong fundamentals has bright future prospects.

Hence we recommend investor to subscribe the issue for short & long term .



HIL over the years, has scaled up the manufacturing of Intermediates, Technicals and Formulations which form part of the entire value chain of the agrochemicals industry

**Intermediates**



Majority of current Intermediates production is utilized for captive consumption for the manufacturing of Technicals Products.

**Technicals**

Insecticides		
<b>Cypermethrin</b>	Lambda Cyhalothrin	Theta Cypermethrin
<b>Deltamethrin</b>	Pemethrin	Thiamethoxam
<b>Alpha Cypermethrin</b>	Profenophos	Imidacloprid
<b>Acephate</b>	Temephos	

Herbicides	
<b>Glyphosate</b>	Clodinofof
<b>Metribuzin</b>	

Fungicides	
<b>Tricuclozole</b>	Hexaconazole

**Formulations**

Insecticides		
<b>Jayam</b>	Mantra	Heraban
<b>Progress Plus</b>	Astron	Alpha Shakti
<b>Param</b>	Signor	Henoxa
<b>Cypraplus</b>	Prompt	
<b>Dyken</b>	Cypra	

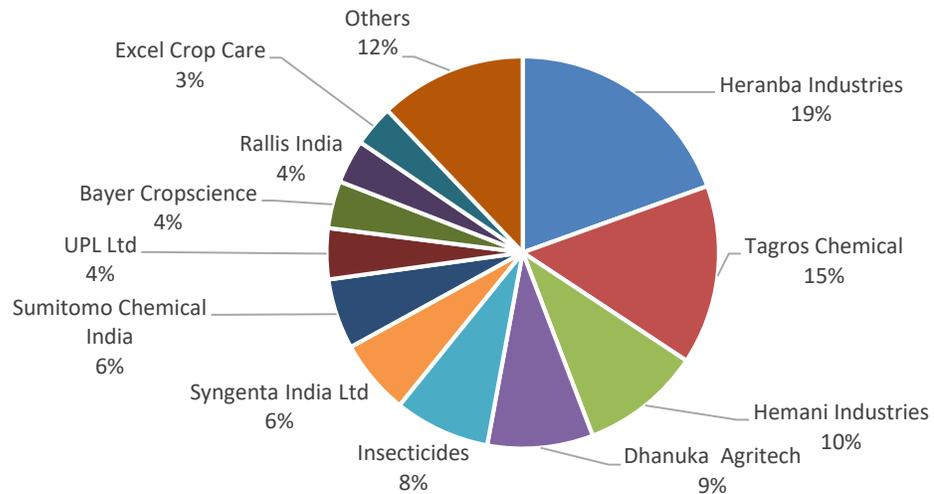
Herbicides		
<b>Glory</b>	Zinta	Pendant
<b>Chakde</b>	Glory 701	Atria
<b>Heraquat</b>	Shera	

Fungicides		
<b>Macamba</b>	Mandy	Exort
<b>Sulphy</b>	Propizole	Tulip
<b>Mask</b>	Vintage	Silicon Plus



**Major Market Share**

In 2019, Heranba Industries Limited dominated the India pyrethroids market, accounting for a share of 19.5% of the total Indian pyrethroids production values. Heranba Industries Limited was followed by Tagros Chemicals India Limited (14.8%), Hemani Industries Limited (9.9%), Dhanuka Agritech Limited (8.7%), Insecticides (India) Limited (7.9%), Syngenta India Limited (6.2%), Sumitomo Chemical India Limited (5.8%), UPL Limited (4.2%), Bayer CropScience Limited (3.9%), Rallis India Limited (3.6%), Excel Crop Care (3.4%) and Others (12.1%).



**Strong Clientele**

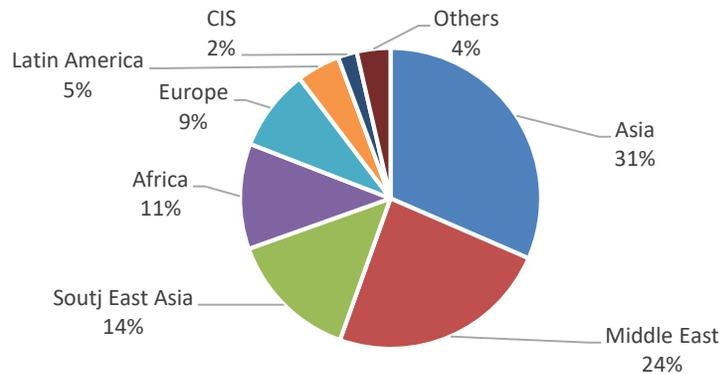
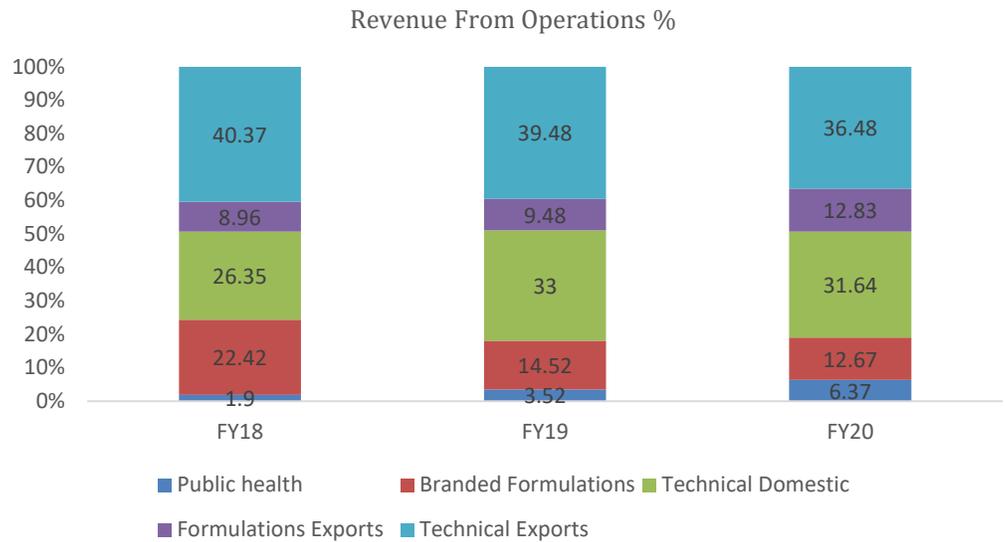
Various domestic and multinational agrochemical companies operating in and outside India are company’s customers for the Technicals manufactured by company. These include names like Sumitomo Chemical India Limited, Sulphur Mills Limited, Biostadt India Limited, Crystal Crop Protection Limited, NACL Limited (Formerly Nagajuna Agrichem Limited), Sharda Cropchem Limited, Meghmani Organics Limited, PI Industries Limited, Krishi Rasayan Group, Agro Life Science Corporation and Shanghai Agricare Chemical Co. Limited, China amongst others who use company’s products to manufacture their own Formulations and other products. Company also procure certain Technicals and Formulations from other companies depending on demand and supply and pricing dynamics. This diverse and stable base of customers provide the necessary revenue stability to company as not more than 20.85% and 18.57% of company’s aggregate sales come from company’s top ten (10) customers for FY 2020 and the period ended September 30, 2020, respectively.



PEERS DATA

Investment rationale Contd:

**Diversified customers base across geographies helps to mitigate risks and benefit from expected growth in agrochemical market**



**Peers Data**

Name of company (Rs Cr)	Sales (FY20)	PAT (FY20)	( P/E	RONW (%)	OPM %	NPM %
<b>Heranba Industries</b>	<b>951</b>	<b>98</b>	<b>25.05*</b>	<b>30.47</b>	<b>13.60</b>	<b>10.27</b>
Rallis India	2252	184	23.08	13.63	11.52	8.16
Sumitomo Chemical	2424.75	205	47.43	20.01	13.74	8.44
Bharat Rasayan	1215.05	158	26.97	32.41	18.85	12.97
Punjab Chemicals	549.56	11	24.26	11.40	7.72	1.96

Note\*: At higher side of price band of Rs 626-627 per share on FY20 eps.



**Risk Factors:**

Raw materials constitute a significant percentage of company's total expenses. Any increase in prices and any decrease in the supply would materially adversely affect company's company's business.

**Objects of Issue:**

Object of the Offer for Sale is to allow the Selling Shareholders to sell an aggregate 90,15,000 of Equity Shares

The net proceeds of the Fresh Issue are proposed to be utilised in the following manner:

1. To fund working capital requirements; and
2. To fund expenditures towards general corporate purposes.

**Financial Statement**

(Rs Cr)

Particulars	FY18	FY19	FY20	H1FY21
Total Income	745.09	1004.44	951.37	618.34
Total Exp	657.29	873.03	822.02	519.07
EBIDTA	87.80	131.41	129.35	99.28
Other Income	5.31	7.39	16.53	0.87
Depreciation	5.01	5.95	8.20	6.60
EBIT	88.10	132.85	137.68	93.54
Interest	11.80	10.73	8.84	3.46
PBT	76.30	122.12	128.84	90.08
E/O Items	0.00	0.00	0.00	0.00
PBT	76.30	122.12	128.84	90.08
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Asso	0.00	0.00	0.00	0.00
PBT	76.30	122.12	128.84	90.08
Tax	29.43	46.72	31.09	23.77
PAT	46.87	75.40	97.75	66.31
Eq Cap	7.81	39.06	39.06	39.06
Net Worth	157.31	228.18	320.85	381.26
Eq Shares	0.78	3.91	3.91	3.91
EPS	60.01	19.31	25.03	16.98
Book Value	201.42	58.42	82.15	97.62
ROE	29.79	33.05	30.47	17.39
EBIDTA Margin %	11.78	13.08	13.60	16.06
PAT Margin %	6.29	7.51	10.27	10.72

Source:RHP

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