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Issue Offer

Fresh Issue of 33,783,784 equity shares upto Rs 100Cr and OFS of 23,648,649 shares by Promoters group taking the total issue size at INR 800 cr

Issue Summary

Price Band (Rs)	292-296
Face Value (Rs)	1
Implied Market Cap (Rs Cr)	4,309
Market Lot	50
Issue Opens on	June,23, 2021
Issue Close on	June,25, 2021
No. of share pre-issue	111,790,000
No. of share post issue	145,573,784
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	50%
NIB Portion	15%
Retail Portion	35%

Book Running Lead Managers

Axis Capital
JM Financial

Registrar

KFin Technologies Pvt Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	82.7%	47.27%
Public & Others	17.3%	52.76%

Objects of the issue

- Funding the working capital requirements of the company
- General corporate purposes

India Pesticide Limited (IPL) was incorporated in 1984, India Pesticides Limited (IPL) is one of the leading agrochemicals manufacturers in India. The company operates in two business verticals; 1 Technicals and 2. Formulations. It manufactures herbicide, fungicide Technicals, and Active Pharmaceutical Ingredients (APIs). It is the sole Indian manufacturer of several Technicals i.e. Folpet, Thiocarbamate, and Herbicide. The company also manufactures 30+ formulations of insecticides, fungicides, and herbicides.

Its Technicals are majorly exported to 20+ countries including Australia, Asia, Africa, and European countries, contributed 62% of technical segment revenues in Fiscal 2020. However, agrochemical formulations are primarily sold to domestic crop protection manufacturers i.e. Syngenta Asia Pte Ltd, UPL Ltd, ASCENZA AGRO, S.A., Conquest Crop Protection Pty Ltd, Sharda Cropchem Limited, and Stotras Pty Ltd.

Key Highlights

Strong product portfolio with Competitive advantage: The Company has 22 agro chemical Technicals & 125 Formulations for sale in India ,It also has 27 agro chemical Technicals, 2 APIs & 35 Formulations for exports segment. In FY21, agrochemical Technicals were 78.87% of revenue from sale of products and balance from formulations. Company is a sole Indian manufacturer of five Technicals and among the leading manufacturers globally for Captan, Folpet and Thiocarbamate Herbicide, in terms of production capacity. Large production capacity offers economy of scale to the company viz-a-viz peers

R&D Focus: Capabilities include two well-equipped in-house laboratories registered with the DSIR. It focuses on identification of appropriate complex Technicals that are suitable for commercialization, and improving production processes, the quality and purity of present products.

Multiple manufacturing facilities: Company has two manufacturing facilities located in Uttar Pradesh (Dewa Road, Lucknow and Sandila , Hardoi) with an aggregate installed capacity of 19,500 MT for agro chemical Technicals and 6,500 MT for formulations.

Strong Customer base: The Company has diverse customer base which includes crop protection majors like Syngenta Asia Pacific Pte. Ltd. and UPL Limited. Top 10 customers generated 56.83% of total revenue from operations as on FY21. The company has long term relationship with most of the clients.

Exports: Company exports to over 25 countries including Australia and other countries located in Europe, Africa and Asia. 56.71 % of total revenue was generated from exports.

Valuation and View: At a upper price band of INR 296 stock is trading at a P/E multiple of 24.6(x). We believe India pesticides is a good long term proven business model with strong & diversified product portfolio, strong and long term relationship with key customers, consistent track record with experienced management team supported by vast distribution network. The company's ability to source raw material at competitive prices gives an edge over peers supported by economies of scale. We are recommending "Subscribe for long term" for this issue.

Industry Overview

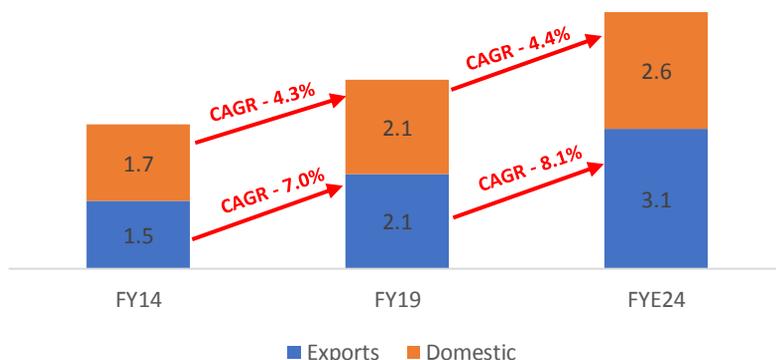
India Agro Chemical Market overview:

India has one of the lowest per capita consumption of crop protection chemicals per hectare, which suggests, there is a significant scope of growth for the crop protection chemicals in India.

Key Demand drivers:

- Government initiative to double farmer’s income
- Increase in horticulture and floriculture production
- Increasing shortage of labour
- Increasing food demand due to increasing population
- Shrinking agriculture land
- Increased usage of bio-pesticides

Indian Crop Protection Chemicals Market by Exports and Domestic Consumption (US\$ billion)



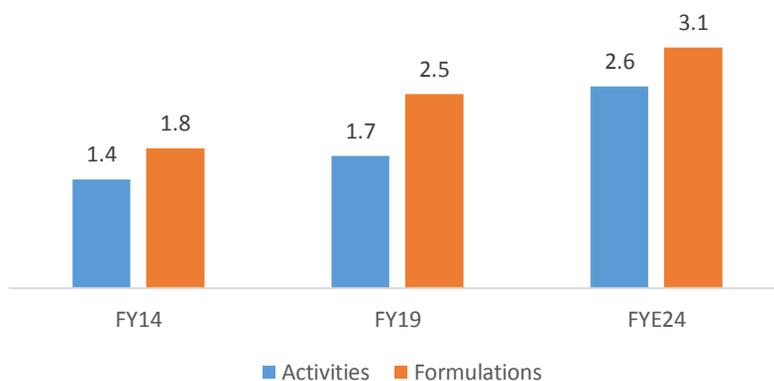
India Technical Market Overview:

Agrochemical technical manufacturing in India is strongly driven by export led demand and contract manufacturing in India

Key Demand Drivers :

- Supply chain interruptions with China on account of Covid-19 crisis
- Incentive program by the Government of india for manufacturing of actives
- Increase in export led demand
- Need for increase in crop yield and crop mix

Indian Crop Protection Chemicals Market Split by Business Segments (US\$ billion)



Key Strengths

Strong R&D and product development capabilities : Company has significant emphasis on identification of appropriate complex Technicals that are suitable for commercialization, improving production processes and the quality and purity of present products. Company also Undertakes pilot studies of new technologies, evaluate and incorporate feedback from customers to manufacture Technicals. It also conduct extensive R&D on Technical sat a laboratory scale to generate necessary analytical information R&D enables us to identify higher margin products that require specialized manufacturing and handling capabilities.

Diversified product portfolio : Product portfolio has been diversified over the years and the Company has grown into a multi-product manufacturer of Formulations, herbicides and fungicides Technicals as well as APIs Diversification across products and sectors has allowed de-risking of business operations Diversified product portfolio allows for limited dependence on individual products and helps counter seasonal trends , that are a challenge for agriculture industry in India.

Long term relation with key customers Major customers include MNCs that look to collaborate with active ingredient manufacturers in India, leveraging their cost effective manufacturing, cheap labour force and stronger R&D capabilities. Customer relationships are led by the ability to manufacture complex off patent Technical in at cost effective safe & environmentally conscious manner as well as meet stringent quality specifications.

Strong Sourcing capabilities : Vendor selection is based on pre-determined criteria ensuring all raw materials procured meet stringent regulatory and quality checks. Relationships developed with multiple vendors for major raw materials to ensure timely delivery and adequate supply. Company has ability to procure raw material domestically helps to withstand volatility in raw material prices and ensures continuous supply for operations.

Advanced Manufacturing facilities Aggregate installed capacity of 19,500 MT of Technicals and 6,500 MT of Formulations Further permissions from MoEF in place to expand Sandila facility up to 30,000 MT. Both facilities are equipped with sophisticated equipment and machinery to manufacture quality technical grade products & formulations.

Agro Chemical - Technical				Capacity Utilization as on		
Installed Capacity (MT)	FY19	FY20	FY21	FY19	FY20	FY21
Dewa Road	2,100	2,100	2,100	91%	86%	95%
Sandila	7,900	12,400	17,400	77%	74%	75%

Agro Chemical - Formulations				Capacity Utilization as on		
Installed Capacity (MT)	FY19	FY20	FY21	FY19	FY20	FY21
Dewa Road	3,000	3,000	3,000	64%	71%	89%
Sandila	3,000	3,500	3,500	54%	47%	58%

Key Strategies

Continue to focus on R&D and process innovation to expand product portfolio, grow :customer base and revenue share with existing customers: Company Continues to expand product portfolio by manufacturing complex off patented technicals-19 Technical are expected to go off-patent between 2019 and 2026 creating an opportunity of over US\$ 4.2 bn

Focus on Cost optimization : Expansion of existing manufacturing capacity that will create economies of scale and improve efficiency in manufacturing processes Further reduce dependence on import of raw materials and source raw materials indigenously Continuous portfolio evaluation to either include or eliminate products based on costs incurred, profits generated and processes involved

Grow the portfolio of formulations products: Launch new products in the formulations segment –which is supported by the opportunities to forward integrate from growth in the Technical segment Undertake brand building activities including conducting dealer training, field demonstrations and product promotion through advertisements and other publications and participation in various national and international exhibitions.

Key Risks

- Working capital intensive business
- Reduction in demand from technicals & formulation in agro chemical Industry
- Change in climatic condition
- Foreign Exchange Risk
- Dependence on few customer

Peer Comparison

Company (in Cr.)	CMP	Revenue	EBITDA	EBITDA M (%)	PAT	D/E	EPS	RoE (%)	P/E
India Pesticides Ltd [^]	296	649	183	28%	135	0.08	12.0	34.54%	24.6
PI Industries Ltd	2,853	4,577	1,012	22%	738	0.05	48.7	13.78%	58.6
Sharda Cropchem Ltd	354	2,396	417	17%	229	0.04	25.4	13.45%	13.9
UPL Ltd	808	38,694	8,352	22%	2871	1.13	36.4	13.75%	22.2

Financials are as on FY21; ^ at upper price band

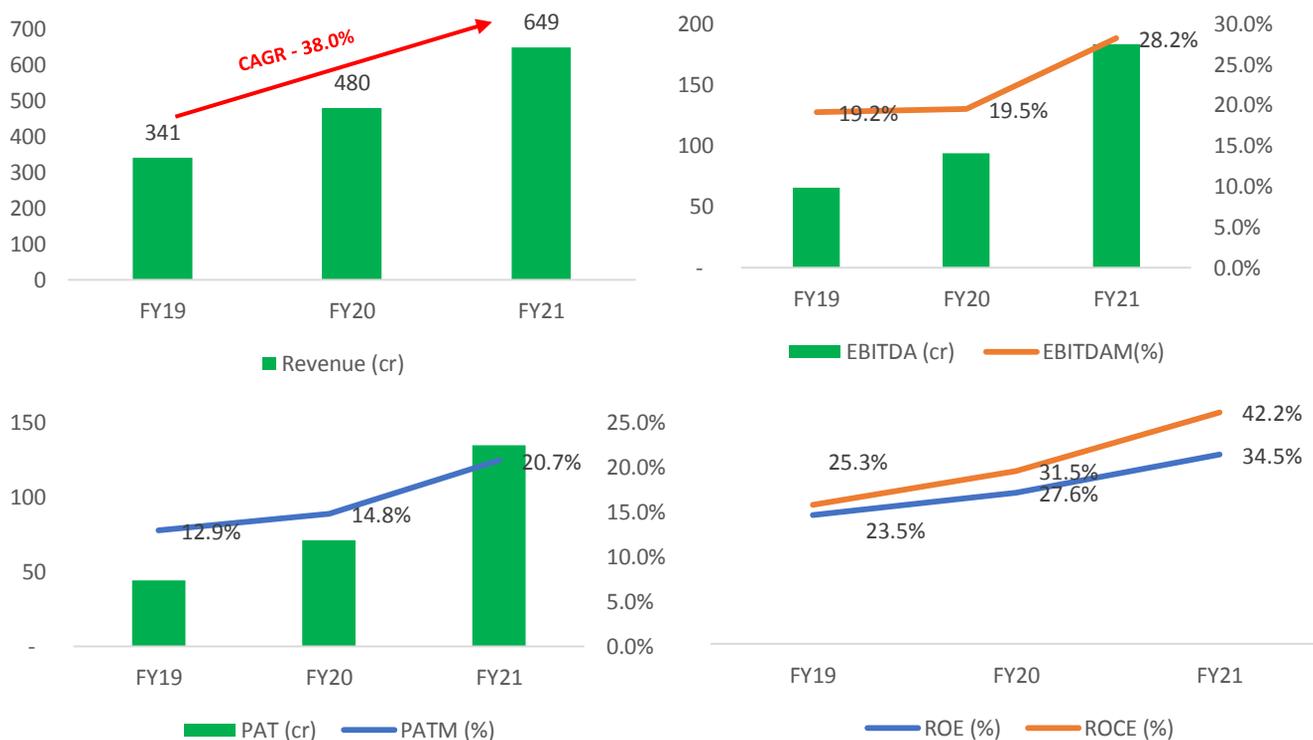
Management

Key Person	Description
Anand Swarup Agarwal	Anand Swarup Agarwal is the Chairman, Founder and non-executer of the company, holds bachelor's degree in law from the university of Lucknow, over 35 years of experience in agrochemical manufacturing.
Rajendra Singh Sharma	Rajendra Singh Sharma is the Whole-time Director of the company, holds bachelor's degree of science in agriculture from the university of meerut, associated with company since last 22 years and having extensive experience in agro-chemical manufacturing.
Dheeraj Kumar Jain	Dheeraj Kumar Jain is the CEO of the company, holds bachelor's & Master's degree in chemical engineering from Osmania University,Hyderabad India, over 25 years experince with company and responsible for product development, International business development and project engineering.
Satya Prakash Gupta	Satya Prakash Gupta is the CFO of the company, holds bachelor's degree in commerce from the university of Allahabad, Associate member of Institute of Cost Accountants of India and an associate of the Institute of Cost Accountants of India and over 25 years of experience with the company in the filed of Finance.

Financial Performance

Particulars (in cr.)	FY19	FY20	FY21
Revenue	341	480	649
EBITDA	65	94	183
EBITDAM(%)	19.2%	19.5%	28.2%
PAT	44	71	135
PATM (%)	12.9%	14.8%	20.7%
EPS (as reported)	13.8	22.2	12.0
Net Worth (Mn)	187	257	389
Total Debt	55	24	30
Total Assets	317	366	517
ROE (%)	23.5%	27.6%	34.5%
ROCE (%)	25.3%	31.5%	42.2%

Charts



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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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