

November 25, 2022

IPO Note

## IPO NOTE

### Issue Details

**Price Band: ₹ 216 to ₹ 237**

**Issue Opens on: November 28, 2022**

**Issue Closes on: November 30, 2022**

**Lot Size: 60 Shares & in Multiples thereafter**

### Issue Highlights

**Issue Size : ₹ 251.15 Cr.**

**No of Shares : 10,596,924**

**Face Value : ₹ 10**

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	216.00
Offer for Sale	35.15
<b>Total</b>	<b>251.15</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	125.58
HNI	15	37.67
Retail	35	87.90
<b>Total</b>	<b>100</b>	<b>251.15</b>

### Listing

**BSE & NSE**

### Lead Managers

- Elara Capital Private  
- Monarch Network Capital Ltd

### Registrar

**Link Intime India Pvt. Ltd.**

### ANALYST

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## COMPANY OVERVIEW

Dharmaj Crop Guard Ltd (“Dharmaj”) incorporated on January 19, 2015. Dharmaj is an agrochemical company engaged in the business of manufacturing, distributing, and marketing of a wide range of agrochemical formulations such as insecticides, fungicides, herbicides, plant growth regulator, micro fertilizers, and antibiotic to the B2C and B2B customers. They also engage in the marketing and distribution of agrochemical products under brands in-licensed by them, owned by them and through generic brands, to Indian farmers. Company’s manufacturing facility is located at Kerala, Taluka Bavla, and Ahmedabad. Currently, the aggregate installed capacity of their manufacturing facility for agrochemical formulations was 25,500 MT. As on September 30, 2022 company had followings:-

1. More than 154 Institutional products which they sold to 600+ Customers in both India & International markets.
2. Over 157 trademark registered.
3. Over 118 Branded Formulations sold to farmers.
4. Branded products sold in 17 states through network over 4,362 dealers having access to 16 stock depots in India.

Company exports their products to more than 25 countries in Latin America, East African Countries, Middle East and Far East Asia. Also sell their agrochemical products in granules, powder and liquid forms to their customers. Additionally, they also manufacture and sell general insect and pest control chemicals for Public Health and Animal Health protection.

## HIGHLIGHTS

1. Diversified product portfolio
2. Strong R&D capabilities with focus on innovation and sustainability.
3. Established distribution network
4. Strong Operational & Financial performance

## Objects of the issue

Net proceeds of the fresh issue (Rs.251.15 Cr.) towards funding the following objects:

1. Funding capital expenditure towards setting up of a manufacturing facility at Saykha, Bharuch, Gujarat: (Rs.104.97 Cr.)
2. Funding incremental working capital requirements (Rs.45.00 Cr.)
3. Repayment and/or pre-payment, in full or part, of certain borrowings by the Company (Rs.10.00 Cr.)
4. General corporate purposes.

Offer for sale of 1,483,000 Equity Shares. Company will not receive any proceeds from the Offer.

## OUR VIEW

Dharmaj is an agrochemical company engaged in the business of manufacturing, distributing, and marketing of a wide range of agro chemical formulations such as insecticides, fungicides, herbicides, plant growth regulator, micro fertilizers and antibiotic to the B2C and B2B customers.

With an aim to offer a wide product portfolio across the agri-value chain, it continue to expand product portfolio by introducing new products.

Company has shown steady growth in its topline and bottomline with CAGR growth of 41% and 63% respectively. Its EBITDA margin & ROE stood at 11.72% and 34.64 % at FY22. Net margins also have an increasing trend. Debt to Equity ratio stands at 0.5x.

At upper price band of Rs. 237, the issue is priced at P/BV of 5.78x at NAV of Rs.40.99. if we annualize FY23 earnings, then the asking price is at P/E 8x. The industry average P/E is 24.04x. The issue seems reasonably priced when compared to peers which have a trading range of 10.80x to 45.92x.

Dharmaj’s institutional business allows them economies of scale, diversifies customer base and provides with a buffer against seasonal fluctuations. As a part of its expansion plans and in order to achieve backward integration for operations, they have also acquired land in Bharuch, Gujarat to set up a new manufacturing facility.

**Stable financial performance with increasing margins in last three fiscals, and bright future prospects, investors can invest for medium to long term horizon.**

### Brief Financials

PARTICULARS	₹ in Million			
	As at Jul 31, 2022	FY '22	FY '21	FY '20
Total Income	2,211.72	3,962.88	3,035.65	1,991.65
Total Expenditure	1,966.01	3,577.57	2,753.73	1,847.03
EBITDA	268.53	461.90	320.38	185.77
Profit before Tax	245.71	385.31	281.93	144.62
Profit after Tax	183.59	286.90	209.60	107.59
E.P.S. [diluted (Rs. 10)]	7.44*	11.62	12.74	8.62
P/E (x) (Diluted)	-	23	-	-
RONW (%)	18.15*	34.64	37.33	30.55

\*Not Annualized

### PRICE CHART (@ ₹ 237)

LOT SIZE	Amount
60	14,220
120	28,440
180	42,660
240	56,880
300	71,100
360	85,320
420	99,540
480	113,760
540	127,980
600	142,200
660	156,420
720	170,640
780	184,860
840	199,080

Please go through the RHP for salient features.

([https://www.sebi.gov.in/filings/public-issues/nov-2022/dharmaj-crop-guard-limited-red-herring-prospectus\\_65339.html](https://www.sebi.gov.in/filings/public-issues/nov-2022/dharmaj-crop-guard-limited-red-herring-prospectus_65339.html))

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	05/12/2022
Initiation of refunds/unblocking ASBA Fund	06/12/2022
Credit of Equity Shares to demat accounts of Allottees	06/12/2022
Commencement of trading of the Equity Shares on the Stock Exchanges	08/12/2022

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