

Rating

SUBSCRIBE

Issue Offer

Issue Opens on	Nov 28, 2022
Issue Close on	Nov 30, 2022
Total IPO size (cr)	251.15
Fresh issue (cr)	216
Offer For Sale (cr)	35.15
Price Band (INR)	216-237
Market Lot	60
Face Value (INR)	10
Retail Allocation	35%
Listing On	NSE, BSE

Objects of the issue

- Funding Capital expenditure, incremental working capital requirement.
- Repayment/Pre-payment of borrowing.
- General corporate purposes.

Issue Break-up (%)

QIB Portion	50
NIB Portion	15
Retail Portion	35

Shareholding (No. of Shares)

Pre Issue	24,683,372
Post Issue	33,797,296

Indicative Timetable

Finalization of Basis of Allotment	05-12-2022
Refunds/Unblocking ASBA Fund	06-12-2022
Credit of equity shares to DP A/c	06-12-2022
Trading commences	08-12-2022

Incorporated in 2015, Dharmaj Crop Guard Limited is an agrochemical company. The company is engaged in the business of manufacturing, distributing, and marketing a wide range of agrochemical formulations such as insecticides, fungicides, herbicides, plant growth regulators, micro fertilizers and antibiotics to the B2C and B2B customers.

- The company's manufacturing facility is located in Ahmedabad, Gujarat, India. Dharmaj Crop Guard Limited also has a research and development ("R&D") centre at the manufacturing facility.
- The company's branded products are sold in 12 states through a network comprising over 3,700 dealers having access to 8 stock depots in India, as of November 30, 2021.
- Dharmaj Crop Guard Limited had more than 196 institutional products that they sold to more than 600 customers based in India and the international markets. As of November 30, 2021, the company exported its products to more than 60 customers across 20 countries.
- Some of its key customers are Atul Limited, Heranba Industries Limited, Innovative Agritech Private Limited, Meghmani Industries Limited, Bharat Rasayan Limited, Oasis Limited, United Insecticides Private Limited and Sadik Agrochemicals Co. Ltd. As a part of its expansion plans and in order to achieve backward integration for its operations, DCGL has also acquired around 33,489.73 sq. meters of land at Saykha Industrial Estate, Bharuch, Gujarat, India. As of September 30, 2022, it has 314 employees on its payroll and also employs contract workers as and when required.

Outlook & Valuation: The upward momentum in pesticide industry output is expected to continue going forward, backed by a growth in food consumption in the domestic market amid an expected increase in population, government support for agriculture, demand from export markets, and the horticulture and floriculture markets, among others. The penetration of pesticides and agrochemicals in India is low, and this poses an opportunity for growth for agrochemical producers. In addition to this, the government's aim to reduce dependency on China and improve self-sufficiency is expected to support industry's backward integration and thus its growth. DGCL has been able to develop strong distribution channels and a stable, diversified product portfolio. The issue is priced at 20 PE of FY22 earnings, which is lower than most of its listed peers, and the company has posted steady growth in both revenue and profit. Profit margins are also rising continuously in a tough environment, so we assign a "**Subscribe**" rating to this IPO.

KEY MANAGERIAL PERSONNEL

- Rameshbhai Ravajibhai Talavia, the Chairman and Managing Director of our Company. He holds a bachelor's degree in Science (Agriculture) from the Gujarat Agricultural University. Previously, he was working with E.I.D. Parry (India) Limited as Senior Marketing Officer and Crop Life Science Limited as Director. He has over 28 years of experience in various aspects of agro chemical industry.
- Jamankumar Hansarajbhai Talavia, is a Whole-time Director of our Company. He holds a bachelor's degree in Science (Agriculture) from the Gujarat Agricultural University. Previously, he was working with E.I.D. Parry (India) Limited, Coromandel Fertilizers Limited and Crop Life Science Limited. He heads the manufacturing and purchase processes at our manufacturing facility. He has over 22 years of experience in various aspects of agro chemical industry.
- Jagdishbhai Ravajibhai Savaliya, the Whole-time Director of our Company. He holds a bachelor's degree in Science from the Saurashtra University. Previously, he was working with Sunrise Pharmaceuticals, Crop Life Science Limited, Sabero Organics Gujarat Limited and Cratus Life Care. He heads the research and development and production process at our manufacturing facility. He has over 21 years of experience in various aspects of agro chemical industry.

COMPETITIVE STRENGTHS

- Diversified portfolio of our products and consistent focus on quality and innovation.
- Strong R&D capabilities with focus on innovation and sustainability.
- Established distribution network with strong branded products and stable relationship with our institutional customers.
- Experienced Promoters and management team.
- Track record of strong operational and financial performance.

KEY STRATEGIES

- Enhance our manufacturing capabilities through backward integration and expand our product portfolio.
- Targeting new customers, expanding existing customer business and increase our market share in domestic and international markets.
- Expanding our Public Health and Animal Health product segment.
- Strengthening up our business through effective branding, promotional and digital activities.

KEY CONCERNS

- Company does not have long term contracts with any of the customers.
- Business is subject to climatic conditions and is cyclical in nature.
- Any disruption in the supply of raw materials.
- Company face competition from both domestic as well as multinational corporations and our inability to compete effectively could result in the loss of customers.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2022)

Name of the Company	EPS (Basic)	NAV	P/E	Total Revenue(Mn)	RoNW (%)
Dharmaj Crop Guard Ltd.	7.44	40.99	20.4	2,209.4	18.15
Peer Group					
Rallis India	8.44	87.25	27.45	26,039.34	9.68
India Pesticides	13.78	55.39	18.53	7,161.43	24.76
Punjab Chemical & Crop Protection	68.07	184.00	17.51	9,334.60	36.99
Bharat Rasayan	423.52	1853.11	24.00	13,011.5	22.85
Heranba Industries	47.25	178.55	10.80	14,503.73	26.46

FINANCIALS (RESTATED CONSOLIDATED)

Particulars (Rs. In Millions)	FY 2022	FY 2021	FY 2020
Equity Share Capital	246.83	164.56	164.56
Other Equity	602.35	398.89	189.73
Net Worth	828.2	561.4	(352.2)
Total Borrowings	369.3	269.2	201.8
Revenue from Operations	3962.9	3035.6	1991.6
EBITDA (%)	11.72	10.59	9.37
Profit Before Tax	385.31	281.93	144.62
Net Profit for the year	287.39	209.15	107.34

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