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Issue Details	
Price Band (Rs)	Rs.290 - 296
Face Value (Rs)	1
Issue Size (Rs)	800Cr
Issue Type	Book Building
Minimum lot	50
Issue Opens	June 23, 2021
Issue Closes	June 25, 2021
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	June 30, 2021
Unblocking of Funds	July 01, 2021
Credit of shares to Demat Account	July 02, 2021
Listing on exchange	July 05, 2021

Other Detail	
Book Running Lead Managers	Axis Capital Limited, JM Financial Limited
Registrar	KFin Technologies Private Limited

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India Pesticides Ltd.

Company Background

India Pesticides Limited ("IPL") was incorporated on December 13, 1984. IPL is an R&D driven agro chemical manufacturer of Technicals with a growing Formulations business. IPL is the fastest growing agro-chemical companies in India in terms of volume of Technicals manufactured. IPL currently has 2 manufacturing facilities located at Lucknow and Hardoi in Uttar Pradesh. As of March 31, 2021, their aggregate installed capacity of their manufacturing facilities for agro-chemical Technicals was 19,500 MT and Formulations was 6,500 MT.

Issue Details

The offer comprises Fresh Issue of Equity shares aggregating upto Rs.100Cr and Offer for sale of Equity Shares aggregating upto Rs.700Cr.

Issue Objectives

Particulars	Amt (In.Cr)
Funding working capital requirements of the company	80
General corporate purposes	20

Source: Company RHP, ACMIIL Research

IPO share allotment pattern

Category	Allocation	Number of Shares at Rs.290	Number of Shares at Rs.296	Issue Size (Rs.Cr)
QIB	50%	1,37,93,103	1,35,13,514	400
Non-Institutional	15%	41,37,931	40,54,054	120
Retail	35%	96,55,172	94,59,459	280
Total		2,75,86,207	2,70,27,027	800

Source: Company RHP, ACMIIL Research

Outlook and Valuations

IPL is one of the fastest-growing agrochemical company with over 55% export revenue. IPL is the sole Indian manufacturer of five Technicals and among the leading manufacturers globally for Captan, Folpet and Thiocarbamate Herbicide, in terms of production capacity. The total agro-chemicals market is projected to grow from US \$62.5 billion in 2019 to US \$86 billion by the end of 2024. India has been ranked 4th globally in the production of agro-chemicals after USA, Japan and China. Also, 19 Technicals are expected to go off patent protection Between 2019 and 2026, and as a result, the demand for these Technicals globally is expected to increase, particularly in regulated markets. With a number of products coming off patent, there will be significant opportunities to develop a number of off-patent/generic active intermediates. With its superior product mix, strong distribution network, strong financials and adding capacities, we believe IPL is well placed to capitalize on domestic and global opportunities. At the upper price band of Rs.296/-, stock is valued at 25.34x of FY21 Earnings of Rs.11.68 (based on post issue diluted basis). **We recommend to subscribe the issue from a long-term prospective.**

Investment Rationale

Strong Research & Development (R&D) capabilities

IPL has substantial experience in undertaking R&D activities as part of their manufacturing operations. Their R&D places significant emphasis on identification of appropriate complex Technicals that are suitable for commercialization, improving their production processes and the quality and purity of their present products and manufacturing new off-patent products. The R&D team comprises PhDs, Masters Graduates in chemistry and

a biotechnological engineer. They have two well-equipped R&D laboratories, each of which is registered with the DSIR. IPL intends to continue to expand their product portfolio by manufacturing complex off-patented Technicals. Between 2019 and 2026, 19 Technicals are expected to go off patent protection and as a result, the demand for these Technicals globally is expected to increase, particularly in regulated markets. With a number of products coming off patent, there will be significant opportunities to develop a number of off-patent/generic active intermediates. IPL intends to continue to focus on investing in automation, modern technology and equipment to continually improve the processes to manufacture their products and address changing customer preferences.

Diversified portfolio of niche and quality specialized products

As a result of their extensive R&D efforts, they have, over the years developed a niche portfolio of agro-chemical products. They have diversified their product portfolio over the years and have grown into a multi-product manufacturer of Formulations, herbicide and fungicide Technicals as well as APIs. This diversification across products and sectors has allowed them to de-risk their business operations. IPL's product portfolio comprises primarily of products that they manufacture in-house allowing them to cater to a wide range of customers in both domestic and international markets. As of the date they have

- Obtained registrations for 22 agro-chemical Technicals and 125 Formulations for sale in India;
- Obtained registration for 27 agro-chemical Technicals and 35 Formulations for export;
- They have a license to manufacture for 49 agro-chemical Technicals and 158 Formulations.
- For APIs, they have obtained a license for manufacturing 2 drugs for sale;
- They manufactured 8 export grade Technicals, 2 APIs and over 30 Formulations.

Long-term relationship with key customers

Company's customer relationships are led primarily by their ability to manufacture complex Technicals that go off-patent in a cost effective, safe and environmentally conscious manner as well as their ability to meet stringent quality specifications. They undertake exports of their products, and either their customers get their products registered with the relevant regulatory authority or IPL register their products with the respective regulatory authority directly. Several of their customers have been associated with the company for over 10 years and certain of their key customers include crop protection majors, such as, Syngenta Asia Pacific Pte. Ltd. and UPL Ltd.

Advanced manufacturing facilities

Company's manufacturing facilities at Dewa Road, Lucknow and Sandila, Hardoi in Uttar Pradesh are equipped with sophisticated equipment and machinery that enables them to manufacture quality technical grade products and formulations and helps minimize the number of employees required to operate them, thereby reducing costs. They have dedicated teams for pollution prevention and recovery of by-products. They have also installed online monitoring system at their facilities. They are currently in the process of constructing 2 manufacturing units at their facility at Sandila that are proposed to be used for herbicide Technicals.

Consistent track record of financial performance

IPL has established a consistent track record of financial performance and growth. In the last three years (FY19-21), The company's revenue and profitability has grown at a CAGR of 38% and 75% respectively. Further, during the same period, the company's operating profit has grown at a CAGR of 68%. Moreover, company's operating margin improved by almost 900bps from 19% in FY19 to 28% in FY21. IPL has a strong balance sheet with a debt-equity ratio of 0.08x as on FY21. Further, as on FY21, company's ROE and ROCE stands at 35% and 42% respectively.

Financials Snapshot

Particulars (Rs. Million)	FY19	FY20	FY21
Equity share capital	32	32	112
Net worth	1870	2569	3895
Net asset value per share	17	23	35
Debt to Equity Ratio	0.29	0.09	0.08
Revenue from Operations	3,407	4,796	6,490
EBITDA	652	935	1832
EBITDA %	19%	19%	28%
Net Profit	438	707	1345
Diluted EPS (Rs)	3.94	6.35	12.07
ROE	23%	28%	35%
ROCE	25%	31%	42%

Source: Company RHP, ACMIIL Research

Comparison With Listed Peers

Company	Standalone/ Consolidated	Total Income (Rs.Mn)	EPS	NAV	TTM P/E	ROE (%)
India Pesticides Ltd.*	Consolidated	6,554	12.07	35	25.34^	34.54
Dhanuka Agritech Ltd.	Consolidated	11,452	29.71	149	21.1	19.45
Bharat Rasayan Ltd.	Consolidated	12,319	371.03	1,328	35.9	27.83
UPL Ltd.	Consolidated	3,58,600	23.24	252	19.5	9.95
Rallis India Ltd.	Consolidated	22,862	9.51	73	31.2	12.90
PI Industries Ltd.	Consolidated	31,154	33.08	190	57.7	15.31
Sumitomo Chemical India Ltd.	Consolidated	24,355	4.10	25	55	16.34
Atul Ltd.	Consolidated	41,711	224.69	1,064	39.9	19.26

* All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on unconsolidated basis) and is sourced from the annual reports as available of the respective company for the year ended March 31, 2020 submitted to stock exchanges. Financial information for India Pesticides Limited is derived from the Restated Consolidated Financial Information for the year ended March 31, 2021. ^P/E Ratio has been computed based on the Issue price and FY2021 earnings.

Risk and Concern

1. Agro-chemicals business is subject to climatic conditions, the overall area under cultivation and the cropping pattern adopted by the farming community. Seasonal variations and unfavorable local and global weather patterns may have an adverse effect on business, results of operations and financial condition.
2. The company is subject to significant risks and hazards when operating and maintaining manufacturing facilities, including the manufacture, usage and storage of various flammable, corrosive or hazardous substances, for which insurance coverage might not be adequate.

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RBI Monetary Policy	Techno-Funda
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Weekly Derivative Synopsis	Portfolio Review
Rollover Snapshot	Stock Basket

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