



# MSEARCH

## IPO OFFERING

INDIA PESTICIDES LTD



### About Company

### Recommendation: Subscribe for long term

India Pesticides Ltd (IPL) is a Lucknow based R&D driven agrochemical company incorporated in 1984. Its verticals include technical, formulations and APIs. It is a sole manufacturer of 5 Technicals and among the leading manufacturers globally for Captan, Folpet and Thiocarbamate Herbicide, in terms of production capacity. IPL is also diversified into manufacturing herbicide and fungicide Technicals and active pharmaceutical ingredients (APIs). It also manufactures herbicide, insecticide and fungicide Formulations. It currently has 2 manufacturing facilities located at Lucknow and Hardoi in Uttar Pradesh through which it caters to over 25 countries.

Price Band	: Rs. 290 to 296 per share
Face Value	: Rs. 1
Bid Lot size	: 50 Shares
Issue size	: Rs. 800 Cr
Issue Opens	: June 23 <sup>rd</sup> 2021, Wednesday
Issue Closes	: June 25 <sup>th</sup> 2021, Friday
Min App Amount	: Rs. 14,800 /- at upper band

**Important Note:** All retail applications compulsory in UPI mode\*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

**Msearch View & Recommendation:** We believe IPL IPO gives investors a unique opportunity to invest in fastest growing agro-chemical companies in India which has strong present in the entire product value chain of the agrochemicals industry i.e. Technicals, Formulations & APIs verticals. We are optimistic on overall agrochemicals & API manufacturing business which has high entry barriers like registrations & licenses to manufacture for domestic as well as for export business ( 20+ countries), whereas IPL stands strong and healthy catering to these segments. We believe IPL has the ability to manufacture complex Technicals in a cost effective, safe and environmentally conscious manner hence serving customers majors, such as, ASCENZA, Conquest, Stotras, Syngenta Ltd and UPL Ltd for more than a decade. Considering its competitive strength like diversified product portfolio with specialized products, domestic and strong export market presence (Contributing more than 50% of the topline), High margins, Healthy RONW(34.5% highest in the peers) and almost zero debt business, we advice investors to be invested in IPL for long term wealth creating business. On valuations parse at upper price band (Rs 296/-), the issue is asking for a market cap of Rs 3409 Cr with PE (FY21) ~25.34x which seems the issue is reasonably priced well below the average industry (47x) when compared to its listed peers and believe there is something is left on the table for new investors coming in. While P/BV stands at ~8.75x which seems the issue is reasonably priced and the only concern for us would be the OFS of Rs 700 Cr out of issue size of Rs 800 Cr but higher export potential and global business can create multiyear export opportunity for IPL justifying the premium. Hence, based on all the above rationales we advise investors to "SUBSCRIBE FOR LONG TERM" this IPO as markets always reward a player who has high visibility and growth potential.



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### BASIC FINANCIAL DETAILS

Particulars Rs (in Cr)	2019	2020	2021
Equity Share Capital	3	3	11
Reserves as stated	184	254	378
Net worth as stated	187	257	389
Revenue from Operations	341	480	649
Revenue Growth (%)	-	40.78%	35.30%
EBITDA as stated	71	104	190
Profit Before Tax	61	93	180
Net Profit for the period	44	71	135
EPS (Rs )	3.94	6.35	12.07
ROE%	23.46%	27.48%	34.63%
ROCE%	32.33%	35.82%	45.18%
NAV (₹ )	16.79	23.05	34.94

Source: Company RHP

### COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)

Companies	MCap	FV	Revenue	EPS	NAV	P/E	RoNW
India Pesticides Ltd	3,409	1	649	11.67	33.82	25.34	34.54%
Dhanuka Agritech Ltd	4,451	2	1,387	44.61	171	21.42	28%
Bharat Rasayan Ltd*	5,539	10	1,232	371.03	1518	36.12	32.9%
UPL Ltd	58,958	2	38,694	36.40	273	21.20	16.3%
Pi Industries Ltd	42,626	1	4,577	49.92	352	56.28	18.6%

Data as on 31<sup>st</sup> March 2021, \* 31<sup>st</sup> March 2020

Source: BSE