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IPO OFFERING

Dharmaj Crop Guard Limited



About Company

Recommendation: Subscribe for Listing Gains

Ahmedabad based, Dharmraj Crop Guard Ltd (DCGL)- an agrochemical company is engaged in manufacturing, distributing, and marketing a wide range of agro chemical formulations such as insecticides, fungicides, herbicides, plant growth regulator, micro fertilizers and antibiotics to the B2B and B2C segments. The company also provides crop protection solutions to the farmer to assist them to maximize productivity and profitability. It also export products to more than 25 countries in Latin America, East African Countries, the Middle East and Far East Asia. Additionally, DCGL manufactures and sells general insect and pest control chemicals for Public Health and Animal Health protection. The company's manufacturing facility is located in Ahmedabad, Gujarat, India. As a part of their expansion plans and to achieve backward integration for their operations, they have acquired land at Saykha Industrial Estate, Bharuch, Gujarat.

Price Band	: Rs 216 to 237/- per share
Bid Lot size	: 60 Shares
Issue size	: Rs 251 Cr
Face Value	: Rs 10/-
Min App Amount	: Rs 14220/- at upper band
Issue Period	: 28 th November to 30 th November 2022
Indicative credit of equity shares	: 06-12-2022
Indicative listing date	: 08-12-2022

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 that Dharmaj crop has the clear aim to offer a wide product portfolio across the Agri-value chain, and it continues to expand its product portfolio by introducing new products. We like DCGL's deep understanding of product selection, distribution and expansion in line as an when required in order to achieve backward integration for it's operations. On financial front it has been consistent performer both in top and bottom lines. On valuation parse, at upper price band of Rs 237/- the issue is asking for market cap of Rs 801 crore and seeking PE of 14x times (on annualized FY23e) which seems to be reasonably priced as compared to competitors such as Bharat Rasayan, Atul ltd etc. While on its risk it faces hurdles like licensing, climate change government restrictions, farmers demand supply utility. Hence we believe that, although there is consistency growth in margins & profitability but being in highly competitive segment and external factors affecting the small player like DCGL may struggle in the race so we give **SUBSCRIBE FOR LISTING GAIN ONLY** rating for this IPO.



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BASIC FINANCIAL DETAILS				
Particulars Rs (in Cr)	2020	2021	2022	JuL'31 2022 (04)
Equity Share Capital	16.46	16.46	24.68	24.68
Reserves as stated	18.97	39.89	60.24	78.57
Net worth as stated	35.22	56.14	82.82	101.17
Revenue from Operations	198.22	302.41	394.21	220.94
Revenue Growth (%)	-	52.56%	30.36%	-
EBITDA as stated	18.58	32.04	46.19	26.85
Profit Before Tax	14.46	28.19	38.53	24.57
Net Profit for the period	10.76	20.96	28.69	18.36
EPS (Rs)	5.20	8.49	11.62	7.44
RONW%	30.55%	37.33%	34.64%	18.15%
NAV (Rs)	17.01	22.75	33.55	40.99

Data as on 31st March 2022

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)								
Companies	Mcap (in Cr)	FV	Total Revenue FY 2022 (in Cr)	EPS	NAV	P/E	P/Bv	RoNW
Dharmaj Crop Guard Ltd	801	10	220.94	7.44	40.99	14.54	93.84	34.64%
Rallis India Ltd	4641	1	2603.93	8.44	87.25	27.45	2.74	9.68%
India Pesticides	2887	1	716.14	13.78	55.39	18.53	4.08	24.76%
Punjab Chemical & Crop Protection	1446	10	933.46	68.07	184.00	17.51	5.55	36.99%
Bharat Rasayan	4213	10	1301.16	423.52	1853.11	24.00	5.08	22.85%
Astec Lifesciences	4170	10	676.57	45.87	202.33	45.92	9.85	22.66%
Heranba Industries	2082	10	1450.37	47.25	178.55	10.80	2.58	26.46%

Data as on 31st March 2022, Mcap: Cline, P/E, P/BV calculated as on 31st March 2022



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Msearch's Recommendation (Absolute Performance) Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months Sell : < -20% within the next 12 Months

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