

ALL ABOUT



DHARMAJ[®]
CROP GUARD LIMITED

SECTOR - AGRO CHEMICALS

Issue Opens - **NOVEMBER 28 - NOVEMBER 30**

Price Band
₹216 to ₹237

Face Value
₹2

Lot Size
60 SHARES

Issue Size
₹251.15 CR

Issue Type
BOOK BUILT

RESEARCH@GANESHSTOCK.COM

Important Events

Issue Size

₹251.15 CR

Fresh Issue

9,113,924 shares , ₹216.00 Cr

Offer for Sale

1,483,000 shares ₹35.15Cr

Basis of Allotment

Dec 05, 2022

Initiation of Refunds

Dec 06, 2022

Credit of Shares to Demat

Dec 06, 2022

DCGL IPO Listing Date

Dec 08, 2022

Promoters

- **RAMESHBHAI RAVAJIBHAI TALAVIA (CHAIRMAN AND MD)**
- **JAMANKUMAR HANSARAJBHAI TALAVIA (WHOLE TIME DIRECTOR)**
- **JAGDISHBHAI RAVJIBHAI SAVALIYA (WHOLE TIME DIRECTOR)**
- **DEEPAK BACHUBHAI KANPARIA(INDEPENDENT DIRECTOR)**

Promoters collectively hold 100% of the Equity Share . (Pre-issue)

ABOUT COMPANY

- **Dharmaj Crop is engaged in the production, distribution and marketing of a wide range of agrochemical formulations such as pesticides, fungicides, herbicides, plant growth regulators, micronutrients and antibiotics for B2C and B2B customers. Through its distribution network, the Company also conducts sales by engaging in the marketing and distribution of agrochemicals under licensed, Company-owned and through generic brands. , for Indian farmers. It also provides crop protection solutions to the farmer to help him maximize his yield and profit.**
- **The company has 392 agrochemical formulations registered with CIB&RC, of which 201 agrochemical formulations are sold in India as well as for export, 191 agrochemical formulations are exclusively for export, demand for with 6 other agrochemical formulations pending at various stages and has over 150 registered trademarks, including its own branded products.**
- **Its main 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. The company exports its products to more than 20 countries in Latin America, East Africa, the Middle East and the Far East. Branded products are sold in 12 states through a network of more than 3,700 dealers with access to 8 warehouses in India.**
- **The company provides education to farmers about the benefits of using its products by conducting farmer education programs such as field demonstrations, field exhibitions, meeting farmer groups , jeep campaigns and participate in village-level programs to establish a direct relationship with the farming community. throughout India.**

PRODUCT PORTFOLIO

They classify their product portfolio under the following categories:

- **Insecticides** preventing and curating different crops from being damaged by insects.
- **Fungicides** that protect the crop from the diseases caused by pathogenic organisms.
- **Plant growth regulator:** helps in increasing the crop yield and improving its quality.
- **Micro Fertilizers:** In order to increase the production of crops and to make the soil more fertile, they manufacture micro fertilizers such as sulphur, zinc, boron and ferrous.
- **Herbicides** Herbicides effectively eliminate weeds and thus reduce mechanical and manual weeding
- **Antibiotic** Antibiotic is a major tool to treat the bacterial issues of plants and tree fruits. Antibiotic boost and develop immune system of plants

OBJECTS OF THE OFFER

THE NET PROCEEDS FROM THE ISSUE ARE PROPOSED TO BE UTILIZED BY THE COMPANY FOR THE FOLLOWING OBJECTS:

- FUNDING CAPITAL EXPENDITURE TOWARDS SETTING UP OF A MANUFACTURING FACILITY AT SAYKHA BHARUCH, GUJARAT.
- FUNDING INCREMENTAL WORKING CAPITAL REQUIREMENTS OF OUR COMPANY.
- REPAYMENT AND/OR PRE-PAYMENT, IN FULL AND/OR PART, OF CERTAIN BORROWINGS OF OUR COMPANY.
- GENERAL CORPORATE PURPOSES.

TRACK RECORD OF FINANCIAL PERFORMANCE

- **REVENUE FROM OPERATIONS FOR FISCALS 2019, 2020 AND 2021 AND SEVEN MONTHS PERIOD ENDED ON OCTOBER 31, 2021 WAS ₹ 1,393.56 MILLION, ₹ 1,982.22 MILLION, ₹ 3,024.10 MILLION AND ₹ 2,272.62 MILLION, RESPECTIVELY.**
- **EBITDA FOR FISCAL 2019, 2020 AND 2021 AND SEVEN MONTHS PERIOD ENDED ON OCTOBER 31, 2021 WAS ₹ 110.13 MILLION, ₹ 185.77 MILLION, ₹ 320.38 MILLION AND ₹ 291.77 MILLION,**
- **EBITDA MARGIN WAS 7.90%, 9.37%, 10.59% AND 12.84%, RESPECTIVELY, FOR SIMILAR PERIODS.**
- **PROFIT AFTER TAX WAS ₹ 50.22 MILLION, ₹ 107.59 MILLION, ₹ 209.60 MILLION AND ₹ 186.67 MILLION FOR FISCALS 2019, 2020 AND 2021 AND SEVEN MONTHS PERIOD ENDED ON OCTOBER 31, 2021,**
- **PROFIT AFTER TAX MARGIN WAS 3.60%, 5.43%, 6.93% AND 8.21%, RESPECTIVELY FOR SIMILAR PERIODS. FROM FISCAL 2019 TO FISCAL 2021**
- **Revenue from operations, EBITDA and profit for the year has grown at a CAGR of 47.31%, 70.56% and 104.30%, respectively.**
- **NET CASH REPORTED FOR THE YEARS -0.25 IN FY19 , -0.54 IN FY20 & 0.65 IN FY 21**
- **RETURN ON EQUITY FOR FISCALS 2019, 2020 AND 2021 AND SEVEN MONTHS PERIOD ENDED ON OCTOBER 31, 2021, WAS 48.03%, 30.55%, 37.33% AND 25.07%, RESPECTIVELY.**

STRENGTHS

- **Diversified product portfolio and consistent focus on quality and innovation.**
- **Strong R&D capability focusing on innovation and sustainability.**
- **Established distribution network with strong branded products and stable relationship with institutional customers**

RISKS

- **The functioning of the business and the manufacturing facility will be impacted by a failure to register as necessary or to maintain the statutory and regulatory permits and approvals required to operate.**
- **Loss of business with these clients may occur from failure to adhere to the quality standards, requirements, testing, and routine audits established by them.**
- **The majority of the company's clients typically don't sign long-term contracts.**
- **inability to see and comprehend shifting market trends, technology developments, consumer tastes, and the creation of new products to satisfy consumer wants.**
- **This activity is cyclical and depends on the climate. Seasonal variations and unfavourable weather, both locally and globally, can thus have a negative impact on business operations.**
- **If the company does not meet the standard standards set by local or global authorities, products may be banned or suspended or subject to significant compliance costs.**

Valuation and Outlook

THE PRICE RANGE OF THE ISSUE, IN TERMS OF VALUATION, IS INR 216 - 237 PER SHARE. THE P/E RATIO IS AROUND 27.91X BASED ON A PRICE RANGE ABOVE INR 237. THE EPS OF FY 21 REPORTED IN PROSPECTUS IS 8.49. THE AVERAGE PE OF THE LISTED PEERS IS STAND ON 24.16X

THE DHARMAJ CROP GUARD LTD. ACCORDING TO DRHP OF SOME COMPANY IS LISTED WHOSE PE MULTIPLE IS SHOWN IN THIS TABLE.

S.NO.	COMPANY	PE RATIO
1.	RALLIS INDIA	28.4
2.	INDIA PESTICIDES	18.9
3.	PUNJAB CHEMICAL & CROP PROTECTION	17.9
4.	BHARAT RASAYAN	23.7
5.	ASTEC LIFESCIENCES	44.4
6.	HERANBA INDUSTRIES	11.7

IN COMPARISON TO OTHER AREAS, THE PESTICIDES MARKET IS ANTICIPATED TO GROW IN COUNTRIES LIKE CHINA AND INDIA AT A QUICKER CAGR OF 3.4% TO 3.7% BY 2024.

IN COMPARISON WITH P/E RATIO, THE ISSUE APPEARS TO BE INADEQUATELY APPRAISED. INVESTORS MAY THINK ABOUT PURCHASING THIS STOCK ONLY FOR **LONG TERM AND** IN ADDITION TO THIS ALSO APPLY FOR THE RESPECTABLE LISTING GAINS.

AS THE ISSUE SIZE IS ONLY 250 CRORE, THERE ARE FEWER CHANCES OF ALLOCATION.