

Dhanwel Hybrid Seeds IPO

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- The company is engaged in the business of seed manufacturing and marketing.
- The company originally planned to float its IPO in June 2026, but it stood withdrawn and it not re-launched afresh with a change in its market maker and syndicate member.
- The company marked growth in its top and bottom lines for the reported periods.
- Spurred bottom lines for FY26 raise eyebrows and concern over its sustainability, as it operates in a highly competitive and fragmented segment.
- Small paid-up equity capital post-IPO, indicates longer gestation period for migration.
- Based on its recent financial data, the issue appears aggressively priced.
- The merchant banker has a poor track record.
- Simply stay away from this pricey and dicey IPO.

About the Company

Dhanwel Hybrid Seeds Ltd. (DHSL) is engaged in the business of seed manufacturing, which includes the development, multiplication, processing, and supply of seeds for a variety of field crops and vegetables. The seed production process is carried out in a structured manner across multiple stages and involves the use of improved genetic seed material procured from recognised sources. Such seed material is multiplied, processed, conditioned, and handled in accordance with prescribed agronomic and processing practices to produce seeds suitable for agricultural use, including seeds supplied to farmers for crop cultivation.

The Company procures genetic seed material, including breeder and other suitable seed material, from recognised agricultural institutions, government-supported research organizations and open market. In addition, seed production is undertaken through arrangements with identified seed-growing farmers, wherein agricultural land owned by such farmers is utilized for cultivation. Under these arrangements, the Company supplies the requisite seed material and provides technical guidelines and cultivation protocols. The farmers carry out sowing and related agricultural operations in accordance with the Company's instructions, while the Company's field staff and agronomists monitor and supervise the crop to maintain quality standards.

Although the ownership of agricultural land remains with the farmers, seed production undertaken through contractual arrangements is carried out in accordance with the Company's prescribed guidelines and supervision, and all subsequent processing, quality control, and commercial activities relating to such seeds are undertaken by the Company. Post-harvest, the cultivated seeds are

transported to the Company's processing facility, where they undergo a series of controlled operations, including mechanical cleaning to remove inert matter and impurities, precision grading to ensure uniformity, and seed treatment to enhance storability and protect against pests and diseases.

Thereafter, the processed seeds are systematically packed using appropriate packaging standards to preserve quality, viability, and genetic characteristics prior to storage and distribution. The Company's seed processing unit is located at Jashapar, Kalavad, in Jamnagar District and is equipped with modern infrastructure spread across an area of over 10,218 square feet.

The Company presently works with a limited number of contract seed-growing farmers under formal arrangements. However, the Company is not dependent exclusively on such contract farmers for seed availability. In cases of operational requirements, crop-specific demand, or supply constraints, the Company also procures seeds directly from farmers and the open market. Such procured seeds are thereafter subjected to sorting, cleaning, grading, processing, quality checks, labelling, and packing

at the Company's processing facility before being sold in the market. As of April 30, 2026, it had 18 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 2700000 equity shares of Rs. 10 each to mobilize Rs. 26.73 cr. DHSL has announced the price band of Rs. 95 – Rs. 99 per share. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The issue opens for subscription on August 19, 2026 and will close on August 21, 2026. The shares will be listed on BSE SME. The IPO constitute 29.66% of the post-IPO paid-up capital of the company. From the net proceeds of the issue, the company will utilize Rs. 7.60 cr. for repayment/prepayment of certain borrowings, Rs. 11.60 cr. for working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by Wealth Mine Networks Ltd., and Cameo Corporate Services Ltd. is the registrar to the issue. JSK Securities & Services Pvt. Ltd., is a market maker and also a syndicate member. The company changed the market maker from Aikyam Capital Pvt. Ltd. to JSK Securities & Services, and perhaps for this reason, its first try for launching IPO in June 2026 forced to be withdrawn.

After issuing initial equity capital at par value, the company issued/converted further equity shares in the price range of Rs. 87 – Rs. 90 between May 2024, and July 2025. It has also issued bonus shares in the ratio of 1 for 2 in July 2025. The average cost of acquisition of shares by the promoters is Rs. 8.45 per share.

Post-IPO, company's current paid-up equity capital of Rs. 6.40 cr. (6403320 equity shares) will stand enhanced to Rs. 9.10 cr. (9103320 equity shares). Based on the upper band of the IPO pricing, the

company is looking for a market cap of Rs. 90.12 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 35.49 cr. / Rs. 1.91 cr. (FY24), Rs. 44.13 cr. / Rs. 2.16 cr. (FY25), Rs. 74.59 cr. / Rs. 6.12 cr. (FY26). Spectacular performance for FY26 appears to be a window dressing to fetch fancy valuations of the IPO. The company may not sustain the bumper margins posted for recent fiscals, as it operates in a highly competitive and fragmented segment.

For the last three fiscals, the company has reported an average EPS of Rs. 6.56 and an average RoNW of 29.69%. The issue is priced at a P/BV of 3.22 based on its NAV of Rs. 30.70 per share as of March 31, 2026, but its post IPO NAV data is missing from the offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 14.73, and based on FY25 earnings, the P/E stands at 41.77. The issue appears aggressively priced based on its recent earnings.

The company has posted PAT Margins of 5.38% (FY24), 4.89% (FY25), 8.20% (FY26), and ROCE margins of 107.76%, 38.48%, 49.36%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends since its incorporation. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Bombay Super Hybrid, Upsurge Seeds, as its listed peers. They are trading at a P/E of 32.5 and 12.3 (as of August 14, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare appears as an eyewash.

Merchant Banker's Track Record

This is the 6th mandate from Wealth Mine in the last two fiscals (including the ongoing one). Out of the last 5 listings, all listed at discount to the offer price on listing date. The merchant banker has a very poor track record.

Conclusion / Investment Strategy

DHSL is engaged in the business of seed manufacturing and marketing. It originally planned to float its IPO in June 2026, but it stood withdrawn and it not re-launched afresh with a change in its market maker and syndicate member. The company marked growth in its top and bottom lines for the reported periods. Spurred bottom lines for FY26 raise eyebrows and concern over its sustainability, as it operates in a highly competitive and fragmented segment. Small paid-up equity capital post-IPO, indicates longer gestation period for migration. Based on its recent financial data, the issue appears aggressively priced. The merchant banker has a poor track record. Simply stay away from this pricey and dicey IPO.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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