

PRE-IPO NOTE


Indian Potash Limited

Indian Potash Limited : Overview

(A) When was the company started?

Indian Potash Limited (IPL) was established in 1955 as a key player in the fertilizer industry in India. The company has been pivotal in ensuring the availability of potash and other fertilizers to Indian farmers at affordable rates.

(B) Business Model and Revenue Model

Business Model:

IPL operates as a leading importer and distributor of fertilizers, specializing in Muriate of Potash (MOP), Di-ammonium Phosphate (DAP), and other agro-chemicals. The company primarily caters to the Indian agricultural sector by making high-quality fertilizers accessible to rural farmers.

Core Operations:

- Import and distribution of potash-based fertilizers.
- Manufacturing and marketing of organic fertilizers and crop nutrients.
- Engagement in R&D for sustainable farming practices.

Revenue Model:

IPL earns revenue through:

- Sale of fertilizers like MOP, DAP, and NPK to Indian farmers.
- Distribution network across rural India, leveraging cooperatives and agricultural societies.
- Diversified income streams through agricultural research services and related products.

(C) Who are the promoters in the business?

The company is owned and promoted by cooperatives in India. Prominent shareholders include organizations like:

- Indian Farmers Fertilizer Cooperative Limited (IFFCO)
- Krishak Bharati Cooperative Limited (KRIBHCO)
- Other state-level cooperative marketing federations.

These cooperatives act as IPL's backbone, ensuring smooth distribution and support across India's vast rural landscape.

(D) What are the risks in the business?

- **Dependency on Imports:** A significant portion of potash is imported, exposing IPL to risks like currency fluctuations and changes in international trade policies.
- **Subsidy Dependency:** IPL heavily depends on government subsidies for fertilizer pricing. Any delay or reduction in subsidies can impact profitability.
- **Competition:** The fertilizer market is highly competitive, with global players entering the Indian market and local manufacturers posing challenges.
- **Regulatory Risks:** Changes in government policies regarding fertilizer pricing, subsidies, or import/export duties can directly affect the business.

(D) IPO News

Currently, there is no plan for an IPO by the management.

Basic Parameters

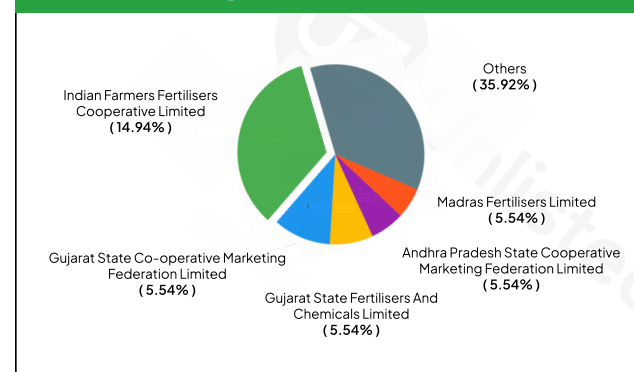
M Cap.	₹ 9080 Cr
CMP	₹ 3175
52 W H/L	₹ 3600 / ₹ 1450
Face Value	10
No. of Shares	2.85 Cr

Financials

Particulars	FY21	FY22	FY23	FY24
Revenue	16,304	18,504	33,323	20,946
EBITDA	687	778	1,082	401
PAT	853	1,618	1,874	1,258
EPS	298.36	565.93	655.47	439.86

(Fig. in Cr)

Top Shareholders



(As on FY'24)

Valuation

- Current Unlisted Market Price (23.01.2025) = **INR 3175**
- Mcap = ~**9080Cr**. The company has a revenue of **20,946 Cr**; that means the Indian Potash is available at Mcap/sales of 0.43 (anything below 2 is undervalued).
- EPS (2024) = **439.86**, P/E = **7.22** (highly undervalued) We can conclude that on the basis of market relative parameter i.e. P/E and Mcap/Sales, the Indian Potash is a quite undervalued stock.



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