

Advance Agrolife IPO

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- The company is engaged in manufacturing a wide range of agrochemical products used for crops lifecycle.
- The company reported growth in its top and bottom lines for the reported periods. However, its top and bottom line growth for FY25 has slow down.
- The company is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- Well-informed/cash surplus investors may park moderate funds for long term.

About the Company

Advance Agrolife Ltd. (AAL) is an agrochemical company engaged in manufacturing a wide range of agrochemical products that support the entire lifecycle of crops. Its products are designed for use in the cultivation of major cereals, vegetables, and horticultural crops across both agri-seasons (Kharif and Rabi) in India. As of March 31, 2025, the company has received four hundred and ten (410) generic registrations comprising of three hundred and eighty (380) Formulation Grade registration and thirty (30) Technical Grade registration for the agrochemicals.

Its major product portfolio includes insecticides, herbicides, fungicides, plant growth regulators. AAL also manufactures other agrochemical products such as micro-nutrient fertilizers and bio fertilizers. Further, as on date, it manufactures Technical Grade and Formulation Grade agrochemicals products through integrated Manufacturing Facilities. Technical Grade refer to the raw, unprocessed forms of active ingredients used in the production of agrochemical formulations such as pesticides, herbicides, fungicides, and fertilizers ("Technical/Technical Grade"). Formulations Grade are finished products that combine active ingredients, which target pests, weeds, or plant diseases, with additives that enhance performance, stability, and usability ("Formulations/Formulation Grade"). These components are carefully blended in specific proportions to achieve well-defined target characteristics, ensuring effective crop protection solutions. The company manufactures formulation grade agrochemical in various forms such as water dispersible granules ("WDG"), suspension concentrate ("SC"), emulsifiable concentrate ("EC"), capsule suspension, Wettable Powder ("WP"), etc.

Its products are primarily sold domestically through direct sales to corporate customers on B-2-B basis, across the country, particularly in nineteen (19) states and two (2) union territories. In addition to serving domestic market, its products were also exported to seven (7) countries including UAE, Bangladesh, China (including Hong Kong), Turkey, Egypt, Kenya and Nepal during the Fiscal 2025, Fiscal 2024 and Fiscal 2023.

AAL supplies its products to corporate customers who market them under their own brand names and their sales strategies. These customers utilize their distribution networks and market presence to ensure widespread availability of its agrochemical solutions. By leveraging their reach and expertise, its products effectively serve farmers and agricultural businesses across diverse regions, supporting crop protection and growth on a large scale. Some of AAL's marquee corporate customers include DCM Shriram Limited, IFFCO MC Crop Science Private Limited, Indogulf Crop Sciences Limited, Mankind Agritech Private Limited, HPM Chemicals and Fertilizers Limited, ULink AgriTech Private Limited, amongst other.

Further up to Fiscal 2023, it was also engaged in selling agrochemical products directly to end consumers. Initially, the Company was operating in B2B and B2C segment. However, in April 2024, the Company had shifted all the B2C marketing activities to HOK Agrichem Private Limited and post April 2024, the Company is operating in only B2B segment. As of July 15, 2025, it had 269 employees on its payroll and additional 543 contract workers in various departments.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 19285720 equity shares worth Rs. 192.86 cr. at the upper cap. The company has announced a price band of Rs. 95 – Rs. 100 per equity shares of Rs. 10 each. The issue opens for subscription on September 30, 2025, and will close on October 03, 2025. The minimum application to be made is for 150 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 30% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 135.00 cr. for working capital, and the rest for general corporate purposes.

The company has reserved 30000 equity shares (worth Rs. 0.30 cr. at the upper cap) for its eligible employees and offering them a discount of Rs. 5 per share, and from the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs, and not less than 35% for Retail investors.

The sole Book Running Lead Manager (BRLM) to this issue is Choice Capital Advisors Pvt. Ltd., while KFin Technologies Ltd., is the registrar to the issue. Choice Equity Broking Pvt. Ltd. is a syndicate member.

After having issued entire initial equity shares at par, the company issued bonus shares in the ratio of 6 for 1 in February 2025. The average cost of acquisition of shares by the promoters Rs. 0.47, Rs. 0.59, Rs. 1.00, and Rs. 3.50 per share.

Post-IPO, its current paid-up equity capital of Rs. 45.00 cr. will stand enhanced to Rs. 64.29 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 642.86 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 397.97 cr. / Rs. 14.87 cr. (FY23), Rs. 457.21 cr. / Rs. 24.73 cr. (FY24), and Rs.

502.88 cr. / Rs. 25.64 cr. (FY25). The company posted growth in its top and bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 5.23 and an average RoNW of 33.40%. The issue is priced at a P/BV of 4.46 based on its NAV of Rs. 22.42 as of March 31, 2025, and at a P/BV of 2.19 based on its post-IPO NAV of Rs. 45.69 per share (at the upper cap).

If we attribute FY25 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 25.06. Based on FY24 earnings, the P/E stands at 25.97. Thus, the issue appears aggressively priced.

The company has shown PAT margins of 3.74% (FY23), 5.42% (FY24), 5.10% (FY25), and RoCE margins of 34.38%, 37.62%, 27.02%, respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in March 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Dharmaj Crop, Insecticides India, Heranba Ind., PI Ind., and Sharda Cropchem, as their listed peers. They are currently trading at a P/E of 29.3, 14.4, NA, 32.7, and 17.6 (As of September 29, 2025). However, they are truly not comparable on an apple-to-apple basis.

Merchant Banker's Track Record

The BRLM associated with the offer has handled 8 public issues in the past three fiscals, out of which none closed below the offer price on the listing date.

Conclusion / Investment Strategy

AAL is engaged in manufacturing a wide range of agrochemical products used for crops lifecycle. The company reported growth in its top and bottom lines for the reported periods. However, its top and bottom line growth for FY25 has slow down. The company is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively priced. Well-informed/cash surplus investors may park moderate funds for long term.

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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