IPO REVIEW

GSP Crop Science IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 12 March 2026

- The company is a research-driven agrochemical company having vast portfolio of Formulations and Technicals.
- Following eased prices in FY24, though its top line shows decline, the volume was higher.
- H1-FY26 margins may get diluted in the second half, as the company has average performance for the said periods historically.
- The company is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term.

About the Company

GSP Crop Science Ltd. (GCSL) is a research-driven agrochemical company, specializing in the development and manufacturing of insecticides, herbicides, fungicides and plant growth regulators in India, with over 40 years of experience in the agrochemical industry. It provides customers with crop protection solutions designed to support farmers in maximizing productivity and achieving optimal agricultural output through development, manufacturing, supply and distribution of (i) formulations, which refer to products composed of ‘active ingredients’, chemical compounds in a product responsible for achieving the desired effects on the target pests, weeds, or plant diseases and ‘additives’ which improve the product’s performance, stability, and ease of use, in definite proportion obtaining well-defined target properties (“Formulations”); and (ii) Technicals, which refer to concentrated form of the ‘active ingredients’ which are processed with other ingredients to develop formulations (“Technicals”).

As of September 30, 2025 the company has received 524 registrations across Formulations and Technicals for agrochemicals manufactured by it. This has been achieved with a strong focus on product research and development. GCSL holds process and product patents across a variety of agrochemicals. As a research driven agrochemicals company, its research and development efforts over the years have led the company to being granted 102 patents as of the date of this Red Herring Prospectus. Its revenue from sale of patented products for the six months ended September 30, 2025, accounting for 17.10% as a percentage of sale of products from continuing operations for the period. Additionally, it also has 108 patent applications under process as of date of this Red Herring Prospectus.

GCSL’s Material Subsidiary, Rajdhani Petrochemicals Private Limited, was among the top 10 Indian applicants for Patent Cooperation Treaty filings (RO/IN) in Fiscal 2022 (Source: ICRA Report). It also

ranked among the top 10 Indian applicants for patents from Scientific and Research & Development Organizations in Fiscal 2017 (Source: ICRA Report). Since commencing operations in 1985, it has expanded its product portfolio to include insecticides, herbicides, fungicides and plant growth regulators.

The Company has a proven track record of introducing Formulations and Technicals to the Indian agrochemicals market. (Source: ICRA Report). It is among the first indigenous manufacturers and sellers with exclusive patents. The company is also among the first indigenous manufacturers of the Technicals, which are used in the manufacturing of its approved Formulations (Source: ICRA Report): It operates under two distinct businesses which are categorized as (i) Formulations; and (ii) Technicals. Formulations has the lion share to its top lines and the balance from Technicals. As of September 30, 2025, its portfolio consists of 395 registrations for Formulations which are marketed and distributed directly or as brands owned or licensed by the Company. As of September 30, 2025, its portfolio consists of 129 registrations for Technicals.

The company has adopted a multi-faceted approach to its business, by establishing presence in both domestic and international markets. This strategy allows it to effectively cater to diverse customer needs and capitalize on opportunities across various regions.

In International Business, the company catered to customers in 37 countries during the six months ended September 30, 2025, Fiscals 2025, 2024 and 2023, including in Latin America, Asia Pacific (excluding India), North America and other geographies. The countries primarily included Uruguay, United States of America, Vietnam, Brazil, Singapore, Bangladesh, United Arab Emirates, Taiwan, Australia and Sri Lanka. In 2023, it acquired, GSP Agroquimica Do Brasil LTDA in Brazil with an intention to expand into the Latin American market. The Company further intends to expand its operations in Uruguay, and is in the process of incorporating a subsidiary in Uruguay towards this objective, subject to necessary approvals.

The company has long-standing relations with customers for Domestic Business as well as International Business. Several of its customers have been associated with the Company for over 10 years. Its customers include agrochemical companies such as Bharat Rasayan Limited, Dharmaj Crop Guard Limited, Indogulf Cropsciences Limited, SML Limited, Willowood Chemicals Limited and Agrico Organics Limited. It has a dedicated sales team which also provides customer service, after-sales services and grievance redressal. The sales and distribution network for its B-to-C Domestic Business consisted of 5644 distributors in Fiscal 2025 and 4801 distributors in the six months ended September 30, 2025. As of September 30, 2025, it had five manufacturing facilities. As of the said date, it had 1221 employees on its payroll and additional 755 contract workers.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 12500000 equity shares of Rs. 10 each worth Rs. 400.00 cr. at the upper cap. The IPO consists of fresh equity shares

issue worth Rs. 240.00 cr. (approx. 7500000 equity shares at the upper cap), and an Offer for Sale (OFS) of 5000000 equity shares (worth Rs. 160.00 cr. at the upper cap). The company has announced a price band of Rs. 304.00 – Rs. 320.00 per equity shares of Rs. 10 each. The issue opens for subscription on March 16, 2026, and will close on March 18, 2026. The minimum application to be made is for 46 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 26.87% of the post-IPO paid-up equity capital. From the net proceeds of fresh equity issue, the company will utilize Rs. 170.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The joint Book Running Lead Managers (BRLMs) to this issue are Equirus Capital Pvt. Ltd., and Motilal Oswal Investment Advisors Ltd, while MUFG Intime India Pvt. Ltd., is the registrar to the issue. Equirus Securities Pvt. Ltd., and Motilal Oswal Financial Services Ltd. are the syndicate members.

After issuing initial equity shares at par, the company has issued further equity shares in the price range of 52.08 – 274.76 (based on Rs. 10 FV) between April 2013, and December 2014. It has also issued bonus shares in the ratio of 3 for 1 in March 1996, 10 for 1 in March 2008, 3 for 2 in March 2010, 1 for 2 in August 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.00, Rs. 0.08, Rs. 0.37, Rs. 0.67, and Rs. 1.14 per share.

Post-IPO, its current paid-up equity capital of Rs. 39.02 cr. will stand enhanced to Rs. 46.52 cr. Based on the upper cap of the IPO price band; the company is looking for a market cap of Rs. 1488.60 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 1206.05 cr. / Rs. 17.57 cr. (FY23), Rs. 1158.23 cr. / Rs. 55.54 cr. (FY24), and Rs. 1301.06 cr. / Rs. 81.42 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it earned a net profit of Rs. 81.07 cr. on a total income of Rs. 847.61 cr.

According to the management, post Pandemic, China’s dumping resulted in a lower pricing of the end products that resulted in a lower top line, but the volume was higher. As per historical trends, the first half of the company always have good numbers compared to second half. Hence, the FY26-H1 bottom line cannot be measured for full year’s basis performance, as the second half may contract a bit. However, the margins posted for recent years are maintainable going forward. The company has nearly 20% exports revenue, and the rest is distributed among B2B and B2C segments.

For the last three fiscals, the company has posted an average EPS of Rs. 15.80 (Continuing Operations) and an average RoNW of 14.99 %. The issue is priced at a P/BV of 2.36 based on its NAV of Rs. 135.80 as of September 30, 2025, and at a P/BV of 3.31 based on its post-IPO NAV of Rs. 96.74 per share (at the upper cap).

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 9.18. Based on FY25 earnings, the P/E stands at 18.29. Thus, the issue appears fully priced.

For the reported periods, the company has posted PAT margins of 1.46% (FY23), 4.80% (FY24), 6.26% (FY25), 9.56% (H1-FY26), and RoCE margins of 9.00%, 18.91%, 19.80%, 15.45% respectively, for reported periods.

Dividend Policy

The company has paid dividends of 20% (FY23), 10% (FY24) and 7.5% (FY25). It has already adopted a dividend policy in December 2024, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown PI Ind., Sumitomo Chemicals, Dhanuka Agritech, Rallis India, Bharat Rasayan, India Pesticides, Excel Ind., and Heranba Ind., as its listed peers. They are currently trading at a P/E of 32.7, 35.9, 16.5, 26.1, 15.6, 15.1, 14.6, and NA (as of March 12, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The two BRLMs associated with this issue has handled 51 issues in the last three fiscals (including the ongoing one), out of which 15 issues closed below the issue price on listing date.

Conclusion / Investment Strategy

GCSL is a research-driven agrochemical company having vast portfolio of Formulations and Technicals. Following eased prices in FY24, though its top line shows decline, the volume was higher. H1-FY26 margins may get diluted in the second half, as the company has average performance for the said periods historically. The company is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears fully priced. Well-informed investors can park funds for medium to 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.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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