IPO REVIEW

Shivchem Agro IPO

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- The company is engaged in the manufacturing and marketing agrochemical and agricultural formulations.
- It currently operates in 8 states and has 685 distributors.
- The company is operating in a highly competitive and fragmented segments.
- Based on its recent average financial data, the issue appears fully priced.
- Merchant Banker has a poor track record.
- There is no harm in skipping this small fully priced offer.
- IN VIEW OF THE LIKELY BANK STRIKE FROM 28.09.26 TO 30.09.26, THE IPOS/PRIMARY OFFERS THAT ARE FALLING BETWEEN THESE THREE DAYS, IPOS SCHEDULE TIME LINE MAY CHANGE AND THE REVISED DATES WILL GET EFFECTIVE FOR OPENING AND / OR CLOSING SCHEDULES, AS THE CASE MAY BE. INVESTORS ARE REQUESTED TO MAKE A NOTE OF THIS.

About the Company

Shivchem Agro Ltd. (SAL) is ISO 9001:2015, ISO 22000:2018 and ISO 31000:2018 certified agrochemical company operating in India, engaged in the manufacturing, stocking, exhibiting, distribution, and sale of agricultural formulations. Its product portfolio includes insecticides, fungicides, herbicides, plant growth regulators, rodenticides, and fertilizers.

It provides customers with crop protection solutions designed to support farmers in agricultural output through manufacturing, supply and distribution of formulations. These Formulations may be in the form of solids (e.g., powders) or liquids (e.g., emulsifiable concentrates). The Company is required to obtain various licenses and permissions from various authorities for manufacturing and sale of products. During the financial year 2023-24, it had licenses for manufacturing 232 agrochemical products which expanded to 258 licenses in the financial year 2024–25. With an objective to offer a wide product portfolio, SAL continuously works to expand range of agrochemical products.

As on the date of this Red Herring Prospectus, it had license under the Insecticides Act, 1968 for manufacturing 176 agrochemical products including 88 insecticides, 40 fungicides, 37 herbicides, 8 plant growth regulators and 3 rodenticides. These registrations are granted by the Central Insecticides Board and Registration Committee (CIBRC), Directorate of Plant Protection, Quarantine & Storage, under the Department of Agriculture & Farmers Welfare, Haryana. In addition, it has Letter of Authorization from the Agriculture and Farmers Welfare Department, Haryana, Panchkula, for the manufacturing of 82 fertilizers under the Fertilizer Control Order, 1985.

SAL is licensed to sell, stock, exhibit and distribute products in eight (8) states of India, namely, Andhra Pradesh, Telangana, Odisha, Assam, Bihar, West Bengal, Uttar Pradesh and Madhya Pradesh. As of March 31, 2026, it had 685 distributors selling its products across the aforementioned states. For supply and distribution to these distributors, it operates five (5) godowns in the aforementioned states. As of March 31, 2026, it had 66 employees on its payroll, and 685 distributors.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 2260000 equity shares of Rs. 5 each to mobilize Rs. 14.01 cr. at the upper cap. The company has announced a price band of Rs. 59 – Rs. 62 per share. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on September 28, 2026 and will close on September 30, 2026. The shares will be listed on BSE SME. The IPO constitute 30.00% of the post-IPO paid-up capital of the company. From the net proceeds of the issue, the company will utilize Rs. 6.90 cr. for working capital, Rs. 3.50 cr. for debt repayment, and the rest for general corporate purposes.

The IPO is solely lead managed by Shannon Advisors Pvt. Ltd., while Maashitla Securities Pvt. Ltd. is the registrar to the issue. Nikunj Stock Brokers Ltd. is a market maker. The IPO is underwritten 50% each, by Shannon Advisors and Fincos Technology Solutions Pvt. Ltd.

After issuing initial equity capital at par value, the company issued/converted further equity shares in the price range of Rs. 9.58 – Rs. 44.00 per share (based on Rs. 5 FV) between October 2024, and February 2025. It has also issued bonus shares in the ratio of 14 for 1 in September 2024. The average cost of the acquisition of shares by the promoters is Rs. 6.63 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 2.64 cr. (5272873 equity shares) will stand enhanced to Rs. 3.77 cr. (7532873 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 46.70 cr.

Financial Performance

net profit, of Rs. 10.95 cr. / Rs. 1.29 cr. (FY24), Rs. 27.50 cr. / Rs. 2.60 cr. (FY25), Rs. 33.84 cr. / Rs. 3.25 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods. Rising trade receivables year-on-year, raise alarms. For FY26, its trade receivables stood at Rs. 16.94 cr. against the revenue of Rs. 33.84 cr. and an equity capital base of Rs. 2.64 cr.

For the last three fiscals, the company has reported an average EPS of Rs. 8.50 and an average RoNW of 55.13%. The issue is priced at a P/BV of 2.53 based on its NAV of Rs. 24.50 per share as of March 31, 2026 , but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 14.39, and based on FY25 earnings, the P/E stands at 17.97. The issue appears fully priced based on its recent average earnings.

The company has posted PAT Margins of 11.82% (FY24), 9.47% (FY25), 9.61% (FY26) and RoCE margins of 37.55%, 31.99%, 30.04%, respectively for 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 June 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Super Crop, Sikko Ind., as its listed peers. They are currently trading at a P/E of 32.0, and 47.0 (as of September 25, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eye-wash.

Merchant Banker's Track Record

Surprisingly, the merchant banker has suppressed the info on its past mandates, and urged to refer its website for the details. Is this kind of disclosure allowed by SEBI???

Based on information in its recent issue of Sai Urja RHP, following information is compiled:

This is the 4 th mandate from Shannon Advisors, in the last two fiscals (including the ongoing one). Out of the last 2 listings, both opened at discount on the listing date. The merchant banker has very poor track record.

Conclusion / Investment Strategy

SAL is engaged in the manufacturing and marketing agrochemical and agricultural formulations. It currently operates in 8 states and has 685 distributors. The company is operating in a highly competitive and fragmented segments. Tiny post-IPO equity capital indicates longer gestation for migration. Based on its recent average financial data, the issue appears fully priced. Merchant Banker has a poor track record. There is no harm in skipping this small issue.

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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