Advance Agrolife Ltd.

IPO NOTE | 30th September,2025

Canara Bank Securities Ltd
canmoney.in

ABOUT THE COMPANY: Incorporated in 2002, Advance Agrolife Limited manufactures agrochemical products supporting the entire crop lifecycle, including insecticides, herbicides, fungicides, plant growth regulators, micro-nutrient and bio-fertilizers, and technical grade products. Operating through B2B sales across 19 states, 3 UTs, and exports to multiple countries, it runs three manufacturing facilities in Jaipur, Rajasthan.

KEY BUSINESS INSIGHTS: Advance Agrolife Ltd., incorporated in 2002, is a diversified agrochemical manufacturer with a portfolio spanning insecticides, fungicides, herbicides, plant growth regulators, micronutrient fertilizers, bio-fertilizers, and technical-grade products. As of March 2025, it holds 410 registrations (380 formulations, 30 technicals), catering to the entire crop lifecycle across cereals, vegetables, and horticulture. The company operates three ISO-certified manufacturing facilities in Jaipur with an installed capacity of 89,900 MTPA. Post its 2024 restructuring, Facility I focuses on technicals while Facilities II and III manage formulations, improving efficiency and supply chain control. It is further strengthening backward integration by expanding technical-grade capacity at a new Gidhani plant, enabling cost efficiency and surplus sales. Domestically, it contributes ~98% of revenue while exports to seven countries form the balance, with marquee clients including DCM Shriram, IFFCO MC Crop Science, and Mankind Agritech. Following the transfer of B2C operations to group entity HOK Agrichem in 2024, the company now plans a full acquisition to consolidate under one entity. Financially, revenue rose to ₹502.26 crore in FY25 from ₹397.80 crore in FY23, though working capital requirements remain high (₹100 crore in FY25; ₹215 crore est. by FY27), making IPO proceeds critical.

OUR VIEW: Advance Agrolife Ltd. offers a compelling agrochemical play with an integrated model, marquee client base, and capacity expansion-led growth visibility. Sectoral tailwinds such as rising crop-protection demand and low pesticide penetration in India support long-term prospects. However, risks stem from customer concentration (69% from top 10 in FY25), regulatory hurdles, climatic volatility, and elevated working capital needs. At the IPO upper band of ₹100, valuations appear attractive at P/E of 17.54x (vs sector average of 97.86x), though P/B of 4.46x is above peers (2.86x). We recommend investors to "**SUBSCRIBE** for long-term investment."

SUBSCRIBE

ISSUE DETAILS	
Price Band (in ₹ per share)	95.00-100.00
Issue size (in ₹ Crore)	192.86
Fresh Issue (in ₹ Crore)	192.86
Offer for Sale (in ₹ Crore)	NA
Issue Open Date	30-09-25
Issue Close Date	03-10-25
Tentative Date of Allotment	06-10-25
Tentative Date of Listing	08-10-25
Total Number of Shares (in lakhs)	192.88-203.03
Face Value (in ₹)	10.00
Exchanges to be Listed on	NSE and BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	42	₹14,742
Retail (Max)	13	546	₹1,91,646
S-HNI (Min)	14	588	₹2,06,388
S-HNI (Max)	67	2814	₹9,87,714
B-HNI (Min)	68	2856	₹10,12,456

BRLMs: Choice Capital Advisors Pvt.Ltd

PROMOTER: OM PRAKASH CHOUDHARY, KEDAR CHOUDHARY, GEETA CHOUDHARY, MANISHA CHOUDHARY

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	FY25	FY24	FY23
Share Capital***	45.00	4.50	4.50
Net Worth	100.87	75.26	50.60
Revenue from Operation	502.26	455.89	397.80
EBITDA	48.24	40.21	25.22
EBITDA Margin (%)	9.61	8.82	6.34
Profit/(Loss) After Tax	25.63	24.73	14.86
Adjusted EPS (in Rs.)	5.70	5.50	3.30
Net Asset Value (in Rs.)	22.42	16.73	11.24
Total borrowings	80.45	45.45	25.28
P/E#	17.54	NA	NA
P/B#	4.46	NA	NA

Restated consolidated financials; #Calculated at upper price band Bonus issue in the ratio of 9:1 i.e. 9 fully paid-up Equity shares against 1 existing fully paid-up Equity Shares held by the existing Shareholders.***

Source: RHP

OBJECTS OF THE OFFER

OBJECTS OF THE ISSUE

- Funding Working Capital requirements of their Company expected Amount Rs.135.00 (₹ in crores)
- General corporate purposes

FINANCIAL STATEMENTS

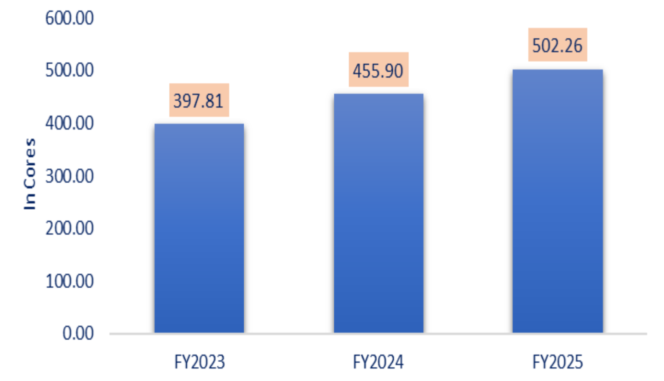
Profit & Loss Statement			
Particulars (In Crores)	FY2023	FY2024	FY2025
INCOME			
Revenue from operations	397.81	455.90	502.26
Other Income	0.17	1.31	0.62
Total Income	**397.97**	**457.21**	**502.88**
YoY Growth (%)	-	14.60%	10.17%
Cost of materials Consumed	331.06	361.61	380.63
Cost of materials Consumed-% of Revenue	83.22%	79.32%	75.78%
Change In Inventories of Finished Goods And Work-In-Progress	-5.72	-0.87	1.50
Change In Inventories of Finished Goods And Work-In-Progress-% of Reve	-1.44%	-0.19%	0.30%
Manufacturing and Operating Expenses	21.33	21.11	31.83
Employee benefit expenses	6.68	9.41	11.31
Employee Expenses-% of Revenue	1.68%	2.06%	2.25%
Other expenses	19.41	25.74	29.37
EBIDTA (Calculated)	**25.22**	**40.21**	**48.25**
EBIDTA Margin (%)	6.34%	8.82%	9.61%
Depreciation and amortisation expense	2.46	3.39	7.61
EBIT	22.76	36.83	40.63
EBIT Margin (%)	5.72%	8.08%	8.09%
Finance cost	2.64	3.54	5.43
Profit before tax	**20.12**	**33.29**	**35.20**
Tax expenses			
Current tax	5.38	8.86	9.74
Tax for earlier years	-	0.00	-
Deferred Tax	-0.13	-0.30	-0.18
Total tax expenses	**5.25**	**8.56**	**9.56**
Profit for the year	**14.87**	**24.73**	**25.64**
PAT Margin (%)	3.74%	5.42%	5.10%
Earnings per share			
Basic earnings per share (₹)	3.30	5.50	5.70

Particulars	FY2023	FY2024	FY2025
Net cash flow from / (used in) operating activities	6.23	14.84	5.71
Net cash flow from / (used in) investing activities	-8.07	-31.08	-33.87
Net cash flow from / (used in) financing activities	1.44	16.63	28.28
Net increase / (decrease) in cash and cash equivalents	**-0.40**	**0.39**	**0.12**
Cash and cash equivalents at the beginning of the year	0.47	0.07	0.46
Cash and cash equivalents at the end of the year	**0.07**	**0.46**	**0.58**

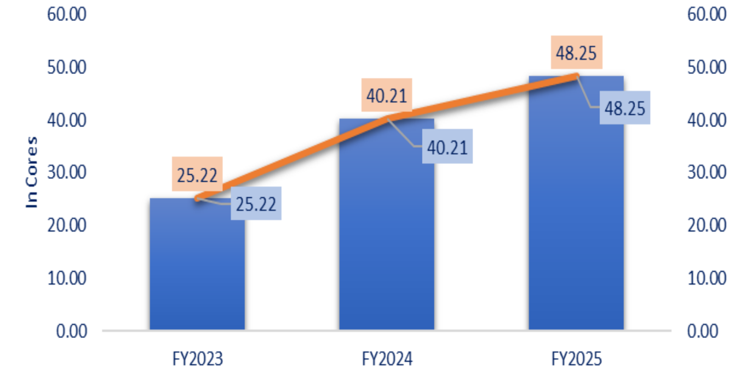
Balance Sheet			
Particulars (In Crores)	FY2023	FY2024	FY2025
ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment	22.62	40.16	64.72
(b) Capital Work-In-Progress	0.15	9.43	10.55
(c) Right-of-use Assets	0.09	0.06	1.16
(d) Other Intangible assets	-	-	0.00
(e) Intangible assets under development	-	-	0.45
(f) Financial Assets			
(i) Others	0.44	0.97	0.67
(g) Deferred Tax Assets (Net)	0.25	0.57	0.76
(h) Other Non Current Assets	-	0.62	0.70
Total Non-Current Assets	**23.55**	**51.81**	**79.01**
2. Current Assets			
(a) Inventories	38.81	48.90	87.61
(b) Financial Assets			
(i) Trade Receivables	104.48	143.15	163.07
(ii) Cash and Cash Equivalents	0.07	0.46	0.59
(iii) Bank Balances other than (ii) above	-	0.47	1.34
(iv) Others	0.07	0.08	0.16
(c) Other Current Assets	12.47	14.70	19.71
Total Current Assets	**155.90**	**207.76**	**272.48**
TOTAL ASSETS	**179.45**	**259.57**	**351.49**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	4.50	4.50	45.00
(b) Other Equity	46.10	70.76	55.87
Total Equity	**50.60**	**75.26**	**100.87**
LIABILITIES			
1. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	5.93	13.92	14.79
(ii) Lease Liabilities	0.07	0.03	0.23
(b) Provisions	0.32	0.48	0.63
Total Non-Current Liabilities	**6.32**	**14.43**	**15.65**
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19.25	31.47	64.46
(ii) Lease Liabilities	0.04	0.05	0.98
(iii) Trade Payables	93.51	127.06	158.76
(iv) Other Financial Liabilities	1.48	1.69	1.03
(b) Other Current Liabilities	3.12	2.57	0.38
(c) Provisions	0.03	0.04	0.19
(d) Current Tax Liabilities (Net)	5.10	7.00	9.17
Total Current Liabilities	**122.53**	**169.88**	**234.97**
TOTAL EQUITY AND LIABILITIES	**179.45**	**259.57**	**351.49**

PERFORMANCE THROUGH CHARTS

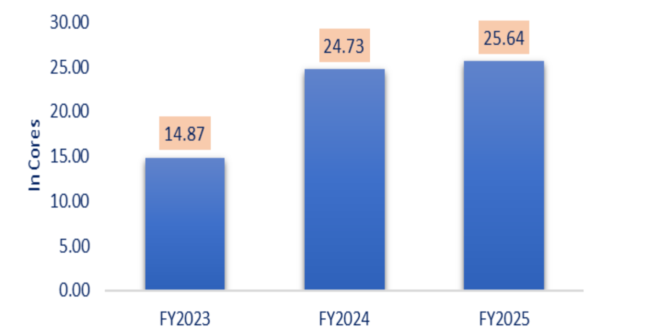
REVENUE HAS GROWN BY 12% CAGR 2 YR



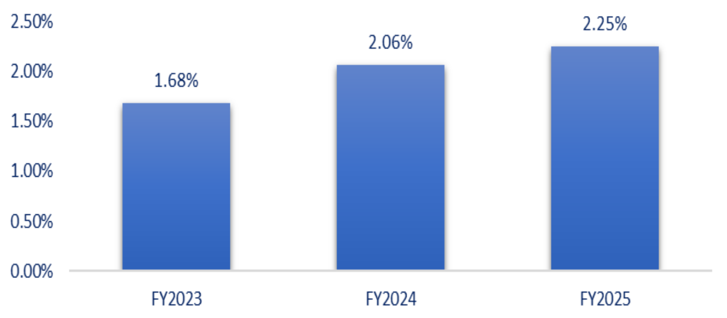
EBITDA HAS GROWN BY 38% CAGR 2 YR



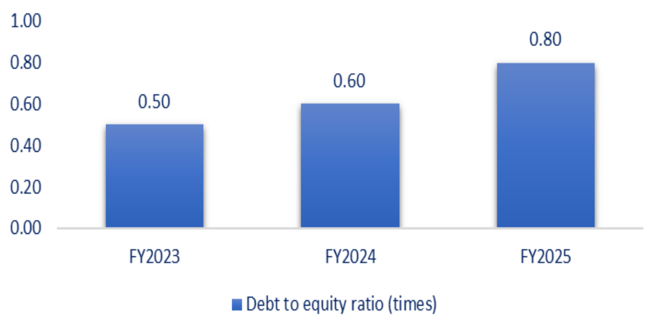
PAT HAS GROWN AT A CAGR ON 31%



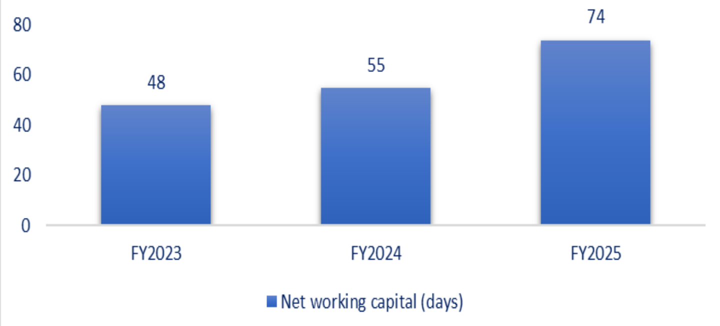
EMPLOYEE EXPENSE AS % TO REVENUE



Debt to equity ratio (times)



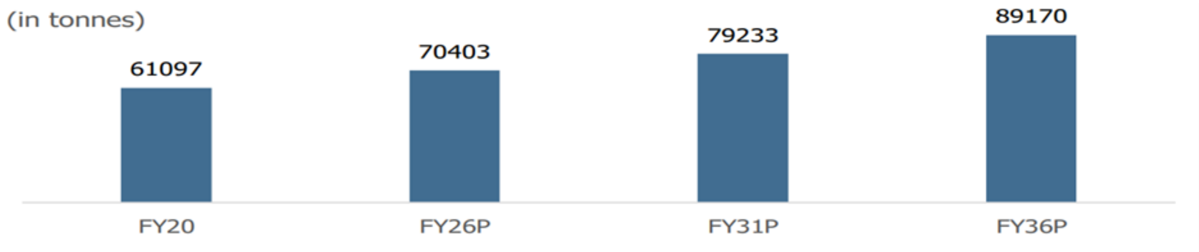
Net working capital (days)



INDUSTRY REVIEW

India crop protection demand

India, the world's fourth-largest producer of crop-protection chemicals, stands as a foundation of the global agricultural landscape, trailing only the USA, Japan, and China. Contributing to 14% of the global market share, India's crop-protection industry not only bolsters the nation's economy but also drives growth in its agricultural sector. By enhancing crop yields and minimizing losses, the sector plays a pivotal role in meeting the food demands of both domestic and international markets.



Source: NITI Aayog, CareEdge Research; P: Projected

Overview of pesticide value chain

The pesticide value chain begins with intermediates (petrochemical derivatives, natural feedstock, and chemicals), which are processed into technical grades or active ingredients. These active ingredients, responsible for pest control, are seldom used in pure form. Instead, they are combined with inert ingredients—such as solvents, adjuvants, and fillers—to enhance safety, storage, application, and effectiveness. This formulation process creates user-friendly pesticide products, which are distributed through distributors and ultimately reach farmers, ensuring practical usability and effective pest management across agricultural fields.

Overview of production capacity of pesticides in India

The pesticide production capacity in India meets the domestic and export requirements of the nation. Over the years, the production capacity in India has increased at a CAGR of 5.3%. It has increased from 325 thousand tonnes in 2017-18 to 444 thousand tonnes in 2023-24. The pesticide production capacity has grown in each of the years for the period 2018-2024 except for 2018-19, where the capacity declined by a marginal 0.3% to 324 thousand tonnes. It is important to note that the industry's capacity utilisation on average has been around 67% in the last five years.

Low per hectare pesticides consumption in India

Of the total pesticides produced in India, the average per hectare chemical pesticides consumption accounted to around 0.25 kg/hectare during the period FY19 to FY24. In FY24, the per hectare pesticide consumption in India was 0.22 kg/hectare. India's share is the smallest compared to all other nations. India's per hectare consumption is even lower than the world average of 2.6 kg per hectare and that of Asia which stood at 3.7 kg per hectare. India's per hectare consumption is lower than the world average of 2.6 kg per hectare and of Asia at 3.7 kg per hectare. The per hectare consumption of pesticides in India is minimal at 0.2 kg compared to the per hectare consumption of 13 kg and 12 kg in China and Japan, respectively. The low consumption at home has made India the net exporter of pesticides and India has emerged as the 13th largest exporter of pesticides globally which is discussed later in the report.

COMPETITIVE STRENGTHS OF THE COMPANY

Established, integrated manufacturing setup at strategic location As on date of RHP they have three Manufacturing Facilities spread across a cumulative 49,543.35 sq.m of land at Jaipur, Rajasthan, having total annual installed capacity of 89,900 MTPA. Their Manufacturing Facilities are equipped with advanced machinery and equipment that enable the production of both Technicals and Formulations while optimizing operational efficiency. The automation and technology integrated into their Manufacturing Facilities reduce manual intervention, enhance consistency, and productivity in manufacturing. This streamlined approach allows them to maintain cost efficiency, improve output quality, and scale production effectively to meet market demand.

Diversified product portfolio of agrochemical products They are a B2B agrochemical company engaged in the manufacturing of a diverse range of agrochemical products that support the entire crop lifecycle. Their products are used in the cultivation of major cereals, vegetables, and horticultural crops across both Kharif and Rabi seasons in India. They manufacture both Technical Grade and Formulation Grade agrochemical through their integrated Manufacturing Facilities. Their product portfolio includes insecticides, herbicides, fungicides, plant growth regulators and other products such as micro-nutrient fertilizers and bio fertilizers.

Established customer base and strong relationships They believe that they have established strong customer relations in the course of over 23 years of operating experience. They believe that one of the key factors differentiating them from their competitors is the quality of their products and customer centric approach of offering products meeting the customers' specifications. They believe that this approach has helped them to not only grow their business but has also nurtured and expanded their market presence in the industry in which they operate.

Strong Promoters and experienced management team They are driven by a qualified and dedicated management team, which is led by their Board of Directors. Their Promoters, namely Om Prakash Choudhary and Kedar Choudhary have been associated with the Company since the year 2005 and 2016 respectively and have played a significant role in the development of their business. Their Promoters play a pivotal role in formulating business strategies, driving innovation, integrating systems, processes and technologies, diversification and expansion of business, and commitment to customer-focused approach. Their Board of Directors comprises not only their Promoters but also accomplished professionals from diverse industries. Their expertise and experience assist their decision-making processes and drive their success. They believe this composition gives them a competitive edge as they expand into existing markets, explore new opportunities, and position ourselves for sustained growth.

RISK FACTORS

Any change in Government policies towards the agriculture sector or a reduction in subsidies and incentives provided to farmers could adversely affect their business and results of operations.

- Their business is directly influenced by the income levels and purchasing power of farmers, which are significantly affected by state and central government policies related to the agriculture sector. Any reduction in government spending on agriculture, withdrawal or modification of subsidies and incentives provided to farmers, changes in minimum support prices (MSPs), or export restrictions on crops could reduce farmers' disposable income and, consequently, their willingness or ability to invest in agrochemical products for crop protection such as those offered by them. Furthermore, volatility in commodity prices, delayed disbursement of subsidies, and reduced procurement by government agencies may also discourage farmers from increasing input spends.
- Their Company receives certain export benefits from the Government of India under the schemes of duty drawback and Remission of Duties and Taxes on Exported Products

Their manufacturing facilities, supply chains, and primary customer base are located within India, with limited exposure to international markets.

- Their manufacturing facilities, supply chains, and primary customer base are located within India, with limited exposure to international markets. As a result, their business performance is intrinsically linked to the Indian agriculture sector and domestic demand patterns for agrochemical products, which exposes them to a range of region-specific risks
- Their exports to countries such as Bangladesh, China, and Turkey may be adversely impacted due to shifting geopolitical alignments, heightened regulatory scrutiny, or the imposition of trade restrictions. Such conflicts, whether ongoing or in the future, have the potential to disrupt logistics networks, destabilize domestic markets, and trigger shifts in policy priorities, all of which can indirectly affect their business.

Inability to meet quality standards prescribed by regulatory authorities in India and export markets may adversely impact their business, reputation, and operations.

- They are subject to stringent quality standards, regulatory norms, and technical specifications prescribed by the central and state governments in India, as well as by regulatory authorities in the countries to which they export their products.
- These requirements apply to both their technical-grade and formulation-grade agrochemical products. Compliance with such standards is critical for ensuring product safety, efficacy, and regulatory acceptance. Any failure or delay in adhering to these standards whether due to lapses in production processes, inadequate quality control, supply chain disruptions, or evolving regulatory benchmarks could result in product recalls, rejection of orders or cancellation of orders, or regulatory sanctions.

Source: RHP

PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Advance Agrolife Limited	502.26	10.00	5.7	22.42	29.11	17.54	4.46
Dharmaj Crop Guard Limited	951.04	10.00	10.68	116.7	9.24	29.03	2.66
Insecticides India Limited	1999.95	10.00	48.38	372.74	13.55	15.73	2.04
Heranba Industries Limited	1409.73	10.00	0.77	210.15	0.37	388.18	1.42
PI Industries Limited	7977.80	10.00	109.44	668.22	17.58	31.87	5.22
Sharda Cropchem Limited	4319.85	10.00	33.74	277.21	12.85	24.49	2.98

*P/E & P/B ratio based on closing market price as of September 19th 2025, at the upper price and of IPO, financial details consolidated audited results as of FY25.

Canara Bank Securities Ltd.
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