

IPO Note

25th June 2025

Company Overview

Indogulf Cropsciences Ltd., established in 1993, is a leading player in India's agrochemical industry, engaged in the manufacturing and marketing of crop protection products, plant nutrients, and biologicals. The company operates under three key business verticals - crop protection, plant nutrients, and biologicals - serving both retail and institutional customers with a focus on enhancing crop yield and promoting sustainable agriculture. The company manufactures a wide range of products across multiple formulations, including water dispersible granules (WDG), suspension concentrate (SC), capsule suspension (CS), ultra-low volume (ULV), emulsion in water (EW), soluble granule (SG), flowable suspension (FS), etc, which are offered in powder, granular, and liquid forms. The company is among the few indigenous manufacturers of technical-grade molecules, such as Spiromesifen and Pyrazosulfuron-ethyl, in India. It exports to over 34 countries and is recognized as a 'Two Star Export House' by the Government of India. Indogulf's registered product portfolio includes insecticides, herbicides, fungicides, plant growth regulators, and bio-stimulants under brand names such as Farrate, Dominator, Corsa-808, Alkazar, Bound Off, Breeza, Apache, and Root-o-Max Gold. Its licensed plant nutrient products include Picaso Gold, Jagromin-99, and Zinc Super+. With four ISO-certified manufacturing facilities across Haryana and Jammu & Kashmir, the company supports production through a robust supply network and strategic sourcing of raw materials from both domestic and global partners. They also provide contract manufacturing services that are customizable to meet specific requirements and formulations requested by its clients, delivering tailored solutions. The company's longevity in the industry, spanning over three decades, is a testament to its ability to adapt to evolving industry landscapes, business environments, and customer requirements. They have built long-standing relationships with numerous customers and catered to major domestic and international brands. Its extensive marketing and distribution network spans 22 states and 3 Union Territories in India, supported by 5,772 domestic distributors, 169 institutional clients, and 129 overseas partners. The company also emphasizes R&D through its NABL-certified laboratory in Haryana, which is backed by a team of scientists and agronomists. The company's R&D efforts have resulted in the grant of three patents since FY19 and two additional patent applications are currently in the pipeline.

Objects of the issue

The net proceeds from the fresh issue will be used towards the following purposes:

- ⇒ Funding working capital requirements of company;
- ⇒ Repayment/Prepayment of a portion of certain outstanding borrowings;
- ⇒ General corporate purposes.

Investment Rationale

Diversified product portfolio and specialized products to aid financial performance

The company has diversified its product portfolio over three decades and has grown into a multi-product manufacturer of crop protection, plant nutrients, and biologicals in India. The company's product portfolio has expanded from 198 products in FY22 to 259 products in FY24, comprising products manufactured using in-house innovative processes, which enables the company to cater to a broad customer base across both domestic and international markets. The company offers a variety of formulations, including WDG, SC, CS, ULV, EW, SG, and FS, available in powder, granular, and liquid forms, along with innovative QR-code-enabled packaging that enhances transparency and product traceability. Indogulf has developed patented packaging solutions, holding three packaging patents alongside 167 trademarks, seven copyrights, and six design registrations, which collectively strengthen brand identity and enhance customer trust. The company also has a robust pipeline, with 152 products under registration and 19 under manufacturing, indicating strong future growth visibility. Its multipurpose manufacturing facilities offer operational flexibility, enabling the company to adjust its product mix according to market demand and reduce its reliance on specific products. Moreover, the agrochemical sector's high regulatory entry barriers, including extensive R&D, long lead times, and complex approvals, further strengthen the company's competitive positioning, making it well-placed to scale operations, maintain customer loyalty, and sustain long-term growth visibility.

Backward integration and flexible manufacturing infrastructure provides competitive advantage

The company possesses a well-established, backward-integrated manufacturing infrastructure, which forms a critical component of its operational efficiency and cost leadership. The company has four

Issue Details

Offer Period	26 th June, 2025 - 30 th June, 2025
Price Band	Rs. 105 to Rs. 111
Bid Lot	135
Listing	BSE, NSE
Issue Size (no. of shares in mn)	18
Issue Size (Rs. in bn)	2
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	35%
Retail	15%

BRLM	Systematix Corporate Services Ltd.
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Registrar	Bigshare Services Private Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	96.8	69.1
Public	3.2	30.9
Total	100.0	100.0

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Indogulf Cropsciences Ltd.

ISO 9001:2015 and ISO 14001:2015 certified facilities spread across approximately 20 acres in Jammu & Kashmir and Haryana. The company has integrated both formulation and technical manufacturing capabilities, along with fertilizer production, allowing it to maintain stringent control over product quality and production timelines. Indogulf's backward integration model enables the in-house manufacturing of key raw materials for select products, significantly reducing reliance on third-party suppliers and import dependencies. This not only minimizes exposure to global supply chain disruptions but also reduces procurement and logistics costs, thereby improving overall operating margins. The backward integration commenced at the Samba facility in November 2006 and later at Nathupur-II in December 2013, marking a long-standing commitment to self-reliance and cost optimization. Notably, captive consumption accounted for 29.5%, 17%, 37%, and 26% of total production in 9MFY25, FY24, FY23, and FY22, respectively, underscoring operational self-sufficiency. The company has also built strong and long-standing relationships with both domestic and international raw material vendors, further ensuring consistent supply, timely delivery, and production continuity. In addition, Indogulf's facilities are multi-purpose and designed to allow for a high level of flexibility, enabling the manufacture of a diverse range of products across all three verticals. This flexibility enables the modification and customization of product portfolios to meet the evolving needs of customers.

Valuation

Indogulf Cropsciences Limited is strategically positioned in the agrochemical sector, with a strong foundation built on a diversified product portfolio, backward-integrated manufacturing, and a robust distribution network. To capitalize on the opportunities, the company has laid out a well-defined growth strategy. This includes expanding its product portfolio and manufacturing capacities, particularly through the proposed in-house dry flowable (DF) plant at Barwasni. It also aims to strengthen its global footprint by increasing export registrations and entering new international markets. Additionally, Indogulf plans to deepen its R&D focus, streamline operations for cost efficiency, and enhance its sales and distribution network across both domestic and overseas territories. This multi-pronged strategy positions the company well for sustainable growth and value creation in the medium to long term. The agrochemical industry is also expected to benefit from structural growth factors, including rising food demand, increasing farm mechanization, and supportive government policies aimed at agricultural sustainability and food security. These trends create a favourable demand environment for Indogulf's wide range of technical, formulation, and fertilizer products. On the financial front, the company has demonstrated stable and improving performance over the past three years, driven by strong demand across both domestic and international markets. EBITDA margins have remained steady, aided by cost optimization and value-added product offerings. The company also maintains a low debt-to-equity, underscoring a strong balance sheet. Overall, Indogulf's financial outlook appears stable and growth-oriented, led by a strong growth trajectory, financial stability, and a well-articulated expansion strategy. The company's backward-integrated manufacturing setup, diversified product portfolio, and expanding global footprint provide a strong competitive advantage. The planned capacity expansion, deeper market penetration, and R&D focus are likely to enhance earnings visibility in the coming years. **The issue is valued at a P/E ratio of 21.8x on the upper price band based on FY25 earnings (annualized). We, thus, recommend a "SUBSCRIBE" rating for this issue.**

Key Risks

- ⇒ The company is subject to regular inspections and audits, and the success and wide acceptance of its products are largely dependent on quality controls and standards. Any failure to comply with quality standards may adversely affect business prospects and financial performance, including the cancellation of existing and future orders, which may expose the company to warranty claims.
- ⇒ The value of the company's brands may be diluted if there is a change in the brand name for a known product, quality concern, or adverse publicity, which could adversely affect business, financial condition and results of operations.
- ⇒ Underutilization of manufacturing capacities and an inability to effectively utilize expanded manufacturing capacities could harm business prospects and financial performance.

Indogulf Cropsciences Ltd.

Income Statement (Rs. in millions)

Particulars	FY22	FY23	FY24	9MFY25
Revenue				
Revenue from Operations	4,872	5,497	5,522	4,642
Total Revenue	4,872	5,497	5,522	4,642
Expenses				
Cost of raw materials consumed	3,063	4,184	4,027	3,180
Purchases of stock-in-trade	498	215	152	94
Changes in inventories of stock-in-trade and finished goods	45	-321	-232	127
Employee benefit expenses	298	349	389	346
Other expenses	497	580	593	459
Total Operating Expenses	4,400	5,008	4,928	4,205
EBITDA	472	489	594	436
Depreciation and Amortization expenses	86	96	103	71
Other income	30	25	36	21
EBIT	1	2	-37	13
Finance costs	117	123	102	106
Exceptional Item	60	116	129	104
PBT	356	303	360	294
Total tax	93	79	78	77
PAT	264	224	282	217
Diluted EPS	11.2	9.5	11.9	5.1

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY22	FY23	FY24	9MFY25
Cash Flow from operating activities	(70)	(570)	533	(188)
Cash flow from investing activities	(100)	(193)	(52)	(296)
Cash flow from financing activities	161	752	(489)	526
Net increase/(decrease) in cash and cash equivalents	(9)	(11)	(8)	42
Cash and cash equivalents at the beginning of the period	57	48	37	29
Cash and cash equivalents at the end of the period	48	37	29	72

Source: RHP, BP Equities Research

Indogulf Cropsciences Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY22	FY23	FY24	9MFY25
Assets				
Non-Current Assets				
Property, Plant and Equipment	505	626	390	374
Capital work -in- Progress	90	74	222	484
Investment Property	8	0	0	0
Intangible assets	14	10	44	40
Intangible assets under development	7	19	9	15
Right-of-use assets	52	53	41	34
Other financial assets	6	7	6	7
Other non-current assets	127	65	72	80
Current tax assets (net)	95	107	109	76
Total non-current Assets	904	961	893	1,110
Inventory	1,518	2,091	1,952	2,102
Trade Receivables	1,416	1,765	2,214	2,282
Cash and cash equivalents	48	37	29	72
Other Financial assets	3	6	71	102
Current Tax Assets (Net)	0	0	0	0
Other current assets	247	308	256	302
Total Current Assets	3,232	4,206	4,522	4,859
Assets Held for Sale	0	8	8	8
Total Assets	4,136	5,175	5,422	5,978
Equity				
(a) Equity Share Capital	235	235	235	488
(b) Other Equity	1,570	1,797	2,081	2,166
Total Equity	1,805	2,032	2,317	2,654
Liabilities				
Non-current liabilities				
Borrowings	138	219	186	303
Lease Liabilities	45	45	36	31
Other financial liabilities	58	64	73	84
Provisions	20	20	21	23
Deferred tax liabilities (Net)	-10	-10	-22	-20
Total Non-current Liabilities	251	337	294	422
Financial Liabilities				
Borrowings	876	1,673	1,360	1,760
Trade payables	1,011	818	1,097	834
Lease Liabilities	8	13	9	6
Others	951	768	818	581
Other financial liabilities	67	199	208	195
Provisions	8	9	9	75
Current tax liabilities	95	80	108	20
Other current liabilities	14	14	19	11
Total Current Liabilities	2,080	2,805	2,812	2,902
Total Equity and liabilities	4,136	5,175	5,422	5,978

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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