

Company Overview

Advance Agrolife Ltd. is a fully integrated agrochemical manufacturer with a comprehensive product portfolio spanning the entire crop lifecycle. Its offerings cater to major cereals, vegetables, and horticultural crops across both kharif and rabi seasons in India. As of March 31, 2025, the company obtained 410 generic registrations, comprising 380 formulation grade and 30 technical grade registrations, reflecting a strong product pipeline and regulatory presence in the agrochemical sector. The product mix includes insecticides, herbicides, fungicides, and plant growth regulators, along with complementary categories such as micro-nutrient and bio-fertilizers. The company operates integrated manufacturing facilities for both technical grade agrochemicals (active ingredient/raw form) and formulation grade agrochemicals (finished products with additives), which enhances cost efficiency and supply chain control. Formulations are manufactured in multiple forms, including water dispersible granules (WDG), suspension concentrate (SC), emulsifiable concentrate (EC), capsule suspension, and wettable powder (WP), enabling a broad application range and market adaptability. This diverse product basket, backed by strong technical and formulation capabilities, positions the company competitively within India's agrochemical industry, providing resilience across crop cycles and varied pest management requirements. The company primarily operates in the domestic market through a B2B model, supplying agrochemical products directly to corporate customers across 19 states and 2 union territories, ensuring strong geographic penetration within India. In addition to its domestic footprint, the company has established an international presence with exports to seven countries including the UAE, Bangladesh, China (including Hong Kong), Turkey, Egypt, Kenya, and Nepal. This combination of a robust domestic distribution base and measured international exposure provides both scale and diversification to its revenue profile.

Objects of the issue

The company proposes to utilize net proceeds towards funding the following objects:

- ⇒ Funding working capital requirements of the company;
- ⇒ General corporate purposes.

Investment Rationale

Integrated manufacturing setup at strategic locations provide competitive advantage

As of 31 March 2025, the company operates three manufacturing facilities located in Jaipur, Rajasthan, with a combined land area of ~49,543 sq.m. and an aggregate installed capacity of 89,900 MTPA. These facilities are equipped with advanced and automated machinery, enabling the production of both technical grade and formulation grade agrochemicals, while ensuring consistency, productivity, and cost efficiency. The company has undertaken strategic restructuring of its manufacturing footprint to enhance operational efficiency and strengthen backward integration. Facility I has been transitioned exclusively to technical grade production, while Formulation activities have been consolidated at Facility II and III. This realignment has streamlined operations, secured in-house raw material supply, and reduced reliance on external vendors. A key milestone was achieved with the commissioning of technical grade agrochemical production at facility I in September 2024. This backward integration not only improves supply chain control and mitigates price volatility risks but also supports self-reliance in sourcing raw materials for downstream formulations. By meeting part of its internal technical grade requirements and creating potential to sell excess capacity externally, the company enhances both cost competitiveness and revenue diversification. Overall, the integrated manufacturing model positions the company strongly to capture demand growth, optimize margins, and build a scalable and resilient production ecosystem. The dual capability of serving internal needs and pursuing external sales opportunities provides a sustainable competitive advantage and supports long term market positioning.

Issue Details

Offer Period	30th Sept. 2025 - 03rd Oct. 2025
Price Band	Rs. 95 to Rs. 100
Bid Lot	150
Listing	BSE & NSE
Issue Size (no. of shares in mn)	19.2
Issue Size (Rs. in bn)	1.9
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	Choice Capital Advisors Pvt.Ltd.
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Registrar	Kfin Technologies Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	99.8%	69.9%
Public	0.2%	30.1%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Advance Agrolife Ltd.

Diversified product portfolio of agrochemical products addresses the entire crop lifecycle

The company operates as a B2B agrochemical manufacturer with an integrated business model covering both technical grade and formulation grade products. Its diversified product portfolio including insecticides, herbicides, fungicides, plant growth regulators, as well as micro-nutrient and bio-fertilizers addresses the entire crop lifecycle. The products cater to a wide spectrum of crops, including cereals, vegetables, and horticultural produce, across both kharif and rabi seasons in India. This comprehensive product mix, supported by integrated manufacturing facilities, position the company as a scalable and resilient player within India's agrochemical sector. As of the RHP date, the company has secured regulatory approvals for its formulation grade agrochemical products across 13 Indian states, providing a strong platform for geographic expansion and market penetration. This regulatory footprint enhances distribution capability and supports demand generation across multiple agricultural regions. Operationally, the company has demonstrated consistent scale-up in production volumes, manufacturing 44,276.8 MT, 40,021.6 MT, and 34,343.8 MT of Formulation Grade agrochemicals in FY25, FY24, and FY23, respectively. Correspondingly, revenues from Formulation products grew to Rs. 5,019.2 million in FY25 from Rs. 4,553.4 million in FY24 and Rs. 3,970.6 million in FY23. This reflects both rising production capacity utilization and sustained demand for the company's diversified product portfolio. The combination of regulatory presence, growing volumes, and steady revenue growth underscores the company's ability to capture market opportunities while maintaining scalability in operations.

Valuation

The company is a diversified agrochemical manufacturer with a portfolio addressing the full crop lifecycle, catering to cereals, vegetables, and horticultural crops across both kharif and rabi seasons in India. As of March 31, 2025, the company holds 410 generic registrations, comprising 380 for formulation grade and 30 for technical grade products. This broad regulatory base underscores its strong product pipeline, market credibility, and ability to serve a wide spectrum of agricultural needs. The company operates on a B2B model, supplying agrochemical products to corporate customers who market them under their own brands and distribution strategies. This approach allows the company to leverage the established distribution networks, brand equity, and market presence of leading players, ensuring wide penetration across diverse agricultural regions. Through this asset-light marketing model, the company is able to scale efficiently while focusing on manufacturing excellence. The customer base includes marquee names such as DCM Shriram Ltd., IFFCO MC Crop Science Private Limited, Indogulf Crop Sciences Ltd., Mankind Agritech Pvt. Ltd., HPM Chemicals and Fertilizers Limited, and ULink AgriTech Pvt. Ltd., among others. The presence of such reputed clients highlights the company's credibility, quality standards, and long-term demand visibility. During FY23, FY24, FY25, the company served 849, 1,194, and 1,135 corporate customers, respectively. Customers with over 3 years and 5 years of association contributed Rs. 1,951.9 million and Rs. 1,226.2 million to company's revenue from operations, which represented 38.9% and 24.4% of their total revenue from operations in FY25. India, with 14% of the global crop-protection market, is a key player in boosting agricultural productivity. The demand for chemicals is projected to grow from 61,097 tonnes in FY20 to 89,170 tonnes by FY36. The industry is adopting sustainable practices and innovations, driving food security and reducing agriculture's ecological impact, solidifying India's leadership in crop protection. On the financial front, Advance Agrolife Ltd. has delivered strong performance, with revenue from operations growing at a healthy CAGR of 12% between FY23 and FY25, the second highest among its peers. While most competitors witnessed a slight decline in operating profit margins, the company showcased resilience against industry headwinds, expanding its margins from 6.3% in FY23 to 9.5% in FY25. **At the upper price band, the company is valued at a P/E of 18x based on FY25 earnings, which is cheaper compared to the industry average. We believe that the company's superior return ratios and strong margins, positions it ahead of peers, enabling it to capitalize on structural industry tailwinds and drive sustainable growth. Thus, we recommend a "SUBSCRIBE" rating to the issue from a medium to long-term investment perspective.**

Advance Agrolife Ltd.

Key Risks:

- ⇒ Any changes in the government policies towards the agriculture sector or a reduction in subsidies and incentives provided to farmers could adversely affect the business and results of operations.
- ⇒ The company is exposed to credit risk from its customers and the recovery of trade receivables are very uncertain as the company generally extends the credit period for their customers which increases the credit risk.
- ⇒ A major portion of their revenue from operations is dependent upon a limited number of customers, and the loss of any of these customers could have a material adverse effect on the company's business, financial condition, results of operations and cash flows.

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Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue:			
Revenue from operations	3978	4559	5023
Total revenue	3978	4559	5023
Expenses:			
Cost of material consumed	3311	3616	3806
Changes in inventory of finished goods and work in progress	-57	-9	15
Manufacturing an operating expenses	213	211	318
Employee Benefits	67	94	113
Other Expenses	194	257	294
Total operating expenses	3728	4170	4546
EBITDA	251	389	476
Depreciation & amortization	25	34	76
EBIT	226	355	400
Finance costs	26	35	54
Other Income	2	13	6
PBT	201	333	352
Current Tax	54	89	97
Earlier year tax	0	0	0
Deferred tax	-1	-3	-2
Total tax	53	86	96
PAT	149	247	256
Diluted EPS	3.3	5.5	5.7

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	62	148	57
Cash flow from/(used in) investing activities	-81	-311	-339
Net cash flows (used in) / from financing activities	14	166	283
Net increase/(decrease) in cash and cash equivalents	-4	4	1
Cash and cash equivalents at the beginning of the period	5	1	5
Cash and cash equivalents at the end of the period	1	5	6

Source: RHP, BP Equities Research

Advance Agrolife Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
Assets			
Non-Current Assets			
Property, plant and equipment	226	402	647
Capital Work in progress	1	94	106
Right-of-use of assets	1	1	12
Other Intangible Assets	0	0	0
Intangible assets under development	0	0	5
Financial Assets			
(i) Others	4	10	7
Deferred tax Assets (Net)	2	6	8
Other Non-Current Assets	0	6	7
Total Non Current assets	236	518	790
Current Assets			
Inventories	388	489	876
Financial Assets			
(i) Trade Receivables	1,045	1,432	1,631
(ii) Cash and cash equivalents	1	5	6
(iii) Bank balance other than cash	0	5	13
(iv) Others	1	1	2
Other current assets	125	147	197
Total Current Assets	1,559	2,078	2,725
Total Assets	1,795	2,596	3,515
Equity and Liabilities			
Equity Share Capital	45	45	450
Other Equity	461	708	559
Total Equity	506	753	1,009
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	59	139	148
(ii) Lease Liabilities	0	0	2
Provisions	3	5	6
Total Non-Current Liabilities	63	144	156
Current Liabilities			
Financial Liabilities			
(i) Borrowings	193	315	645
(ii) Trade Payables	935	1,271	1,588
(iii) Lease Liabilities	0	0	10
(iv) Other financial liabilities	15	17	10
Other current liabilities	31	26	4
Provisions	0	0	2
Current tax liabilities (Net)	51	70	92
Total Current Liabilities	1,225	1,699	2,350
Total Liabilities	1,288	1,843	2,506
Total Equity and Liabilities	1,794	2,596	3,515

Source: RHP, BP Equities Research

Disclaimer Appendix

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

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