Thursday, 25 September 2025

CM RATING 42 /100

Advance Agrolife

Agrochemical products manufacturer

Total installed capacity stands at 89,900 MTPA

Incorporated in 2002, Advance Agrolife manufactures a wide range of agrochemical products that support the entire lifecycle of crops. Its products are designed for use in the cultivation of major cereals, vegetables, and horticultural crops across both agri-seasons (Kharif and Rabi) in India. The company received 410 generic registrations comprising of 380 formulation grade registration and 30 technical grade registration for the agrochemicals by end March 2025.

Technical grade refers to the raw, unprocessed forms of active ingredients used in the production of agrochemical formulations such as pesticides, herbicides, fungicides, and fertilizers. Formulations-grade are finished products that combine active ingredients, which target pests, weeds, or plant diseases, with additives that enhance performance, stability, and usability.

For the fiscals 2025, fiscal 2024, and fiscal 2023, the company manufactured a total of 44,276.76 tonnes, 40,021.56 t and 34,343.79 t of formulation- and technical-(from October 2025)grade agrochemical products, respectively.

Technical- and formulation-grade agrochemicals products are manufactured at integratedfacilities, cumulatively admeasuring approximately 49,543.35 sqm at Jaipur, Rajasthan. As offiscal 2025, the total installed capacity stood at 89,900 tpa.

As part of backward integration strategy, the company plans to expand its technical-grade manufacturing capabilities by setting up a new facility in Gidhani, Jaipur, Rajasthan.

The company began its operations in 2002 withsmall-scale micro-nutrient fertilizer production. By 2007, it had gained significant agrochemical expertise and established manufacturing facility enabling product diversification from granules and dust pesticide formulations to WP, WDG, EC and SC. In 2018, it launched manufacturing facility II for sulphur-based formulations, including Sulphur 80% WDG with spray drying capability. Facility III was opened in 2023 to expand capacity. Post-September 2024, the company entered technical-grade agrochemical production through backward integration, converting facility I to technical-grade manufacturing and moving all formulation production to facilities II and III. This restructuring streamlined operations, strengthened raw material supply, and enhanced efficiency, underscoring its commitment to operational excellence and sustainable growth.

Until fiscal 2023, the company also sold agrochemical products directly to end consumers, operating in both B2B and B2C segments. In April 2024, all B2C marketing activities were shifted to HOK Agrichem Private Limited, making the company exclusively B2B thereafter. To consolidate its operations, enhance control, and streamline processes, it has now proposed to acquire HOK Agrichem Private Limited.

The products are primarily sold domestically through direct sales to corporate customers on B2B basis, across the country, particularly in 19 states and 2 union territories. In addition to serving domestic market, products were also exported to 7 countries including UAE, Bangladesh, China (including Hong Kong), Turkey, Egypt, Kenya and Nepal during the fiscal 2025, fiscal 2024 and fiscal 2023. Domestic revenue formed 97.98% of total revenues in fiscal 2025 while export revenue was 1.95% and others (include export incentive received) 0.07%.

The company supplies its products to corporate customers who market them under their own brand names and through their own sales strategies. Some of the marquee corporate customers include DCM Shriram, IFFCO MC Crop Science, IndogulfCropsciences, Mankind Agritech, HPM Chemicals and Fertilizers, and ULinkAgriTech.

The major raw materials are sulphur lumps, fipronil, mancozeb 85%, pymetrozine, ametyrn, atrazine, tebuconazole, carbendazim, glyphosate and azoxystrobin. Raw materials are primarily sourced domestically from Indian states of Gujarat, Maharashtra, Andhra Pradesh, Haryana, etc.

Om Prakash Choudhary, Kedar Choudhary, Geeta Choudhary and Manisha Choudhary are the promoters of the company.

The Offer and the Objects

The offer comprises fresh issue of up to 1,92,85,720 equity shares aggregating Rs 193 crore at the upper price band of Rs 100 and Rs 183 crore at the lower price band of Rs 95.

The company proposes to use the net proceeds from the issue towards funding working capital requirements amounting Rs 135 crore and the balance towards general corporate purposes. The total working capital requirement in fiscal 2025 was Rs 100.043 crore and estimates working capital requirement in fiscal 2026 and Rs 215.029 crore in fiscal 2027.

Strengths

Manufacturing facilities are strategically located and are equipped with advanced equipment including 2-4D amine salt glass-lined reactors, glass-lined reactors, PP spiral cylindrical vertical reactors, reactor vessels, and high-capacity spray dryers (160 and 250),

enabling production of both technicals and formulations while optimizing operational efficiency.

Manufacturing facilities are accredited with ISO 9001:2015 – Quality Management System for pesticides, herbicides, fungicides and micronutrients and ISO 14001: 2015 – Environmental Management System certification for pesticides, herbicides, fungicides and micro-nutrients.

A diversified product portfolio of agrochemical products.

Demand for crop-protection chemicals in India is poised to rise from 61,097 t in fiscal 2020 to 89,170 t by fiscal 2036, fuelled by expanding population, increasing food demand, and a shift toward modernized agricultural practices.

The overall Indian pesticides market is projected to record CAGR of 8.8% over the forecast period 2024- 2029, from USD 1367 million in 2024 to USD 2082 million in 2029. The per hectare consumption of pesticides in India is minimal at 0.2 kg as compared with theper hectare consumption of 13 kg and 12 kg in China and Japan, respectively.

Weaknesses

The pesticides and insecticides industry is marked by heavy fragmentation, with no major player having a sizeable market share. Intense competition leads to competitive pricing and lower margins.

The industry faces regulatory risk due to prohibited usage of certain molecules.

Sales and profitability of the pesticide segment depend on climatic conditions prevalent in domestic and international markets.

Changes in government agricultural policies or cuts in farmer subsidies and incentives could negatively impact business.

Exposed to inherent regulatory risk. The Central Pollution Control Board regulates general standards for emission or discharge of environmental pollutants of carbon chemical industry.

The clientele is concentrated, with around 69% of income from top 10 customers in fiscal 2025 (PY: 55%).

The increasing adoption of alternative pest management and crop protection methods, including biotechnology products, genetically modified crops, and natural farming practices, may reduce demand for its products.

Valuation

Sales were up by 10% to Rs 502.26 crore in FY 2025. OPM rose 100 bps to 9.5%, leading to 22% increase in OP to Rs 47.63 crore. OI fell 53% to Rs 0.62 crore and interest cost jumped 54% to Rs 5.43 crore, while depreciation increased 125% to Rs 7.61 crore. PBT rose 6% to Rs 35.2 crore. Tax expenses were 12% higher at Rs 9.56 crore. Net profit went up 4% to Rs 25.64 crore.

The FY2025 EPS on post-issue equity works out to Rs 4. At the upper price band of Rs 100, P/E works out to 25

As of 24 September 2025, its listed peers Dharmaj Crop Guard trades at FY2025 P/E of 30, Insecticides (India) at FY2025 PE of 16, Heranba Industries at FY2025 PE of 408, PI Industries at FY2025 PE of 33, and Sharda Cropchem at FY2025 PE of 25.

For FY2025, Advance Agrolife’sEbitda margin and ROE stood at 9.6% and 29.1% as compared with 8.1% and 9.2% for Dharmaj Crop Guard, 11.4% and 13.6% for Insecticides (India), 7.5% and 0.4% for Heranba Industries, 31.6% and 17.6% for PI Industries,15.2% and 12.9% for Sharda Cropchem, respectively.

Advance Agrolife:Issue Highlights	
Fresh issue (in number of shares)	19285720
For Fresh Issue Offer size (in number of shares)	
- in Upper price band	193
- in Lower price band	183
Offer for sale (in number of shares)	
Offer for sale (in Rs crore)	
- in Upper price band	
- in Lower price band	
Price Band (Rs)	95-100
Pre issued capital (Rs crore)	45.00
Post issue capital (Rs crore)	64.29
Pre issue promoter shareholding (%)	99.84
Post issue Promoter shareholding	69.89
Bid Size (in No. of shares)	150
Issue open date	30-09-2025
Issue closed date	03-10-2025
Listing	BSE,NSE
Rating	42/100

Advance Agrolife: Consolidated Financials			
Particulars	**2303 (12)**	**2403 (12)**	**2503 (12)**
Total Income	397.81	455.90	502.26
OPM	6.3	8.5	9.5
Operating Profits	25.06	38.90	47.63
Other Income	0.17	1.31	0.62
PBIDT	25.22	40.21	48.25

Interest	2.64	3.54	5.43
PBDT	22.58	36.68	42.81
Depreciation	2.46	3.39	7.61
PBT	20.12	33.29	35.20
Share of Profit/loss of JV	0.00	0.00	0.00
PBT Before EO	20.12	33.29	35.20
EO	0.00	0.00	0.00
PBT after EO	20.12	33.29	35.20
Provision for Tax	5.25	8.56	9.56
Profit after Tax	14.87	24.73	25.64
PPA	0.00	0.00	0.00
Net profit after PPA	14.87	24.73	25.64
MI	0.00	0.00	0.00
Net profit after MI	14.87	24.73	25.64
EPS (Rs)*	2.3	3.8	4.0
*EPS annualized on post issue equity capital of Rs 64.29 crore of face value of Rs 10 .each			
# Not annualised due to seasonality of business			
Figures in Rs crore			
Source: Capitaline Corporate Database			