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IPO Snapshot

September 29, 2025

Advance Agrolife Limited

Issue Snapshot:
Issue Open: September 30 – October 03, 2025

Price Band: Rs. 95 –100 (Discount of Rs 5 for all eligible employees)

*Issue Size: Up to 19,285,720 eq sh (including employee reservation of upto 30,000 eq sh)

Reservation for:

QIB	upto	50% eq sh
Non-Institutional	atleast	15% eq sh
((including 1/3rd for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	atleast	35% eq sh

Face Value: Rs 10

Book value: Rs 22.42 (March 31, 2025)

Bid size: - 150 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:
Pre Issue Equity: Rs. 45.00 cr
*Post issue Equity: Rs. 64.29 cr

Listing: BSE & NSE

Book Running Lead Manager: Choice Capital Advisors Private Limited

Sponsor Bank: Axis Bank and HDFC Bank

Registrar to issue: KFin Technologies Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	99.84	69.89
Public	0.16	30.11
Total	**100.0**	**100.0**

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

Advance Agrolife Limited (AAL) is an agrochemical company manufacturing a comprehensive range of products supporting the entire lifecycle of crops, primarily targeting major cereals, vegetables, and horticultural crops across India's Kharif and Rabi seasons. As of March 31, 2025, it holds 410 generic registrations, including 380 for Formulation Grade and 30 for Technical Grade agrochemicals. The Company's product portfolio consists of insecticides, herbicides, fungicides, and plant growth regulators, along with micronutrient fertilizers and biofertilizers. It specializes in producing both Technical Grade (raw active ingredients for agrochemical formulations) and Formulation Grade products, which are finished goods combining active ingredients with additives to enhance efficacy and usability. Formulation Grades are manufactured in various forms such as Water Dispersible Granules (WDG), Suspension Concentrate (SC), Emulsifiable Concentrate (EC), Capsule Suspension, and Wettable Powder (WP).

AAL sells its products mainly through business-to-business (B2B) direct sales across 19 Indian states and 2 union territories and exports to seven countries including the UAE, Bangladesh, China (including Hong Kong), Turkey, Egypt, Kenya, and Nepal during Fiscal Years 2023 to 2025. The Company supplies to corporate customers who market these products under their own brands, leveraging their distribution channels to reach farmers and agri-businesses nationwide. Notable corporate clients include DCM Shriram Limited, IFFCO MC Crop Science Private Limited, Indogulf Cropsciences Limited, Mankind Agritech Private Limited, HPM Chemicals and Fertilizers Limited, and ULink AgriTech Private Limited. The number of corporate customers served was 849 in Fiscal 2025, down from 1,194 and 1,135 in Fiscal 2024 and 2023 respectively, with 94 customers having relationships longer than three years, illustrating durable partnerships anchored in product quality and service.

Since commencing operations in 2002, the Company has manufactured over 233,197 MT of agrochemical products. In the last three fiscal years, it produced 44,276.76 MT (FY 2025), 40,021.56 MT (FY 2024), and 34,343.79 MT (FY 2023), generating revenues of Rs.5,019.18 million, Rs.4,553.38 million, and Rs.3,970.62 million respectively. These products are manufactured at three integrated facilities in Jaipur, Rajasthan, collectively spanning approximately 49,543.35 sq.m, equipped with advanced technology such as glass-lined reactors and high-capacity spray dryers. The combined installed capacity of these facilities stands at 89,900 MTPA as of Fiscal 2025. Manufacturing Facility I now focuses exclusively on Technical Grade production, while Facilities II and III handle all Formulation Grade products, following a backward integration strategy implemented in September 2024 to improve raw material supply and operational efficiencies.

Quality control is a cornerstone of AAL's operations, supported by three in-house laboratories performing rigorous testing at various production stages to ensure compliance with regulatory standards and customer expectations. A dedicated quality control department continuously evaluates and enhances manufacturing processes to maintain product reliability and regulatory adherence. AAL initially operated in both B2B and B2C segments but shifted all B2C marketing activities to HOK Agrichem Private Limited in April 2024, now focusing solely on the B2B segment. To consolidate operations and enhance control, AAL proposes acquiring HOK Agrichem Private Limited.

The Company's growth trajectory includes key milestones such as starting with micro-nutrient fertilizer production in 2002, establishing Manufacturing Facility I in 2007 for granules and dust formulations, expanding product forms to WP, WDG, EC, and SC in 2012, and strengthening sulfur-based formulations with Manufacturing Facility II in 2018. Manufacturing Facility III was commissioned in 2023 to meet rising demand with enhanced capacity. Overall, AAL's integrated manufacturing capabilities, extensive registration portfolio, established customer base, export presence, and strategic operational enhancements underscore its sustained commitment to providing effective crop protection solutions and achieving sustainable growth in the agrochemical sector.

Objects of Issue:

The Issue comprises of fresh Issue of up to 1,92,85,720 Equity Shares of AAL. The net proceeds of the Issue, i.e. gross proceeds of the Issue less the issue expenses to the extent applicable to the Issue ("**Net Proceeds**") are proposed to be utilized for the following object:

- Funding working capital requirements of the Company
- General corporate purposes

Requirement of Funds:

The Net Proceeds are proposed to be utilized in accordance with the details provided in the following table: (Rs in million)

S.No	Particulars	Amount to be funded from the Net Proceeds	Amount to be deployed from the net proceeds in Fiscal 2026	Amount to be deployed from the net proceeds in Fiscal 2027
1	Funding working capital requirements of the Company	1,350.00	675.00	675.00
3	General corporate purposes	*	*	*
	Total Net Proceeds	*	*	*

Competitive Strengths

- Established, integrated manufacturing setup at strategic location.
- Diversified product portfolio of agrochemical products.
- Established customer base and strong relationships.
- Strong Promoters and experienced management team.
- Track Record of healthy growth.

Business Strategy:

- Strengthening foothold in existing markets and expanding its customer base.
- Augmenting capacity by setting up a new manufacturing facility
- Pursuing inorganic growth through acquisitions in India, United Arab Emirates, Saudi Arabia and Egypt
- Diversify customer base

Market Opportunity

- Agriculture is the primary source of livelihood for about 58% of India's population. As a result, the share of agriculture and allied sectors to the total economy's Gross Value Added (GVA) has been significant and has increased over the years.

- As of 2024-25 the agriculture sector is the largest employer of the workforce and accounted for a sizeable 18.0% of the Gross Value Added (GVA) of the country. Growth in allied sectors including livestock, dairying, and fisheries has also been the major drivers of overall growth in the sector.

- The expansion in the share of agriculture and allied sector's GVA is backed by an upward trend in the GVA of agriculture activities. During the five-year period 2020-21 to 2024-25, the GVA for agriculture increased at a CAGR of 3.7% from Rs. 19,943 billion in 2019-20 to Rs. 24,760 billion billion in 2024-25.

- During 2019-2024, the market size of the global crop protection & nutrition industry grew at a CAGR of 6.2% on account of continuous growth in agricultural activities. After a steady growth till 2022, the industry observed a decline of about 2.4% in 2023 due to factors such as a slowdown in global demand, higher energy prices, and erratic monsoons. However, it is expected to grow by 2.2% y-o-y in 2024. The expansion will be attributed to the continuous upgrading of products and the development of technology and economic developments.

- The global crop protection & nutrition market is expected to grow on account of a substantial increase in the production of food products worldwide. The rising consumption of food grains globally is expected to fuel market expansion. The APAC region holds the maximum market share with 42% in consumption followed by by Europe & South America at 18%. North America jointly accounted for 17% in 2024.

- 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.

- A key player in global exports, India's crop-protection sector is charting a sustainable path forward. From eco-conscious manufacturing and supply chain practices to innovative product development, these efforts are vital for safeguarding biodiversity while advancing agricultural productivity.

Key Concerns

- AAL's business is sensitive to changes in government policies related to agriculture, subsidies, minimum support prices, and export regulations. Changes or reductions could reduce farmers' purchasing power and demand for agrochemical products. Export incentives were Rs.3.42 million (0.07% of revenue) in Fiscal 2025, down from Rs.7.44 million (0.19%) in Fiscal 2023.

- The Company faces risks from regulatory bans on pesticides; 14 out of 27 potentially banned pesticides accounted for Rs.1,031.47 million (20.55% of revenue) in Fiscal 2025. Operational flexibility helps mitigate impact by shifting production.

- AAL's manufacturing, supply chain, and primary customer base are concentrated in India, exposing it to region-specific risks, including geopolitical tensions affecting exports to countries like Bangladesh, China, and Turkey.

- Quality control and regulatory compliance are critical. Failure to meet standards may result in product recalls, order cancellations, reputational damage, and loss of business.

- Credit risk from customers exists due to trade receivables of Rs.1,630.71 million in Fiscal 2025, representing 32.47% of sales, with increasing receivable days (111 days in Fiscal 2025 versus 78 days in Fiscal 2023), which could strain cash flows.

- Significant working capital requirements funded by borrowings (Rs.638.01 million bank loans in Fiscal 2025) and internal accruals (~Rs.362.42 million), with working capital representing 19.97% of revenue in Fiscal 2025. Estimates are management-driven and not bank-appraised, with planned utilization of Rs.675 million in both Fiscal 2026 and 2027.

- The Statutory Auditor's report included remarks on quarterly bank filings, differences between books and bank statements, and delayed statutory dues with examples of disputed GST and provident fund payments.

- Customer concentration risk is high; top 5 customers contributed 51.7% of revenue in Fiscal 2025, up from 33.7% in Fiscal 2023. Most sales are on purchase orders without long-term contracts.

- Operational risks include delays or non-renewal of mandatory registrations that could halt operations or increase compliance costs.

- Growth risks arise from new strategic initiatives like capacity expansion, acquisition of HOK Agrichem Private Limited, and product development. Operational and financial resource constraints could impact execution.

- Promoters have provided personal property as collateral for loans; any adverse development here could affect financing and operations.

- Agrochemical price volatility and global supply-demand imbalances could pressure margins. India holds a 14% global market share in crop protection chemicals; price declines were noted in 2023 globally.

- Power and fuel supply disruptions could adversely affect manufacturing; power and fuel expenses were Rs.69.64 million (1.49% of expenses) in Fiscal 2025.

- The Company relies on subcontractors with usually no long-term contracts, posing risks of job work discontinuity and compliance liabilities related to contract labor laws.

- Delays in payment of statutory dues have occurred, including GST, provident fund, and employee insurance contributions, with commitments made to remediate via software and professional hires.

- Foreign exchange risks arise due to exports, with no firm hedging, potentially impacting results due to currency fluctuations.

- Demand forecasting and supply chain disruptions might cause inventory imbalances impacting operations and customer relationships.

- Promoters have provided personal guarantees against borrowings amounting to approximately Rs.842 million as of July 2025, posing financial risk if revoked.
- Insurance coverage is maintained but may be insufficient for certain losses; assets insured are worth Rs.1,628.80 million with insurance coverage at 227.69% of assets as of Fiscal 2025.
- Expansion into international markets involves regulatory, political, economic, and operational risks that may affect success and profitability.
- Attrition risk exists with a high employee turnover of 49.01% in Fiscal 2025, partly due to transfers to group companies.
- Natural disasters, geopolitical instability, and pandemics pose potential operational and financial risks.

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