



IPO Details

Opening Date	Jan 16, 2023
Closing Date	Jan 19, 2023
Stock Exchange	NSE SME
Lot Size	1600 Shares
Issue Price	₹ 72 per share
Issue Size	18,12,800 Equity Shares
Application Amount	₹ 1,15,200

IPO Objective

Funding Working Capital Requirement of the company
General Corporate Purpose
Issue Expenses

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	49,95,000	100%
Public	-	-

Promoter of the Company

- 1 Mr. Narendra Singh Barhat
- 2 Mrs. Kusum Narendra Singh Barhat
- 3 Mr. Ketankumar Harkantbhai Joshi

Competitive Strengths

- 1 Experienced management and a well-trained employee base.
- 2 Existing client relationship.
- 3 Quality Assurance and Standards.
- 4 Innovative Ideas.
- 5 Scalable Business Model.
- 6 Cost effective production and timely fulfilment of orders.

Company Background

- Company was incorporated in the year 2005 in Gujarat.
- Company is engaged in the manufacturing, formulation, supplying, packaging and job work services in various Pesticides.
- Currently company has 182 products registered with CIB&RC for manufacturing and sales.
- Company supplies its products across 20 states and 15 Countries.
- Company is an ISO 9001: 2015 certified company for Quality Management System.
- As on 30th September 2022, company had 55 employees on its payroll.

Financial Summary

For the Period Ended	(In Lacs)		
	Mar-21	Mar-22	Sep-22
Total Assets	8,141.73	7,700.16	10,869.14
Net Assets	1,338.08	1,484.25	1,743.15
Total Borrowings	2,224.77	2,548.43	2,935.54
Total Revenue	16,722.96	16,603.29	12,907.27
Profit After Tax	107.57	146.17	258.90

Tentative Timeline

Opening Date	Jan 16, 2023
Closing Date	Jan 19, 2023
Basis of Allotment	Jan 24, 2023
Initiation of Refunds	Jan 25, 2023
Credit of Shares to Demat	Jan 26, 2023
Listing Date	Jan 27, 2023



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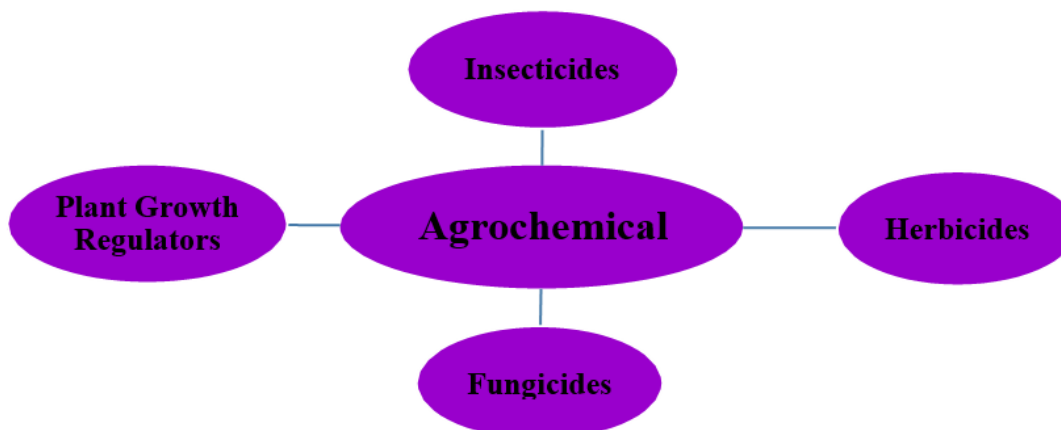
Company Overview

Incorporated in the year 2005, it is an agrochemical company engaged in the manufacturing, formulation, supplying, packaging and job work services in various Pesticides such as Insecticides, Herbicides, Fungicides, Plant Growth Regulators and a wide variety of other Agrochemicals for India as well as for Export. Currently our company has 182 products registered with CIB&RC for manufacturing and sales. Company supplies its products across 20 states and 15 Countries. Company is an ISO 9001: 2015 certified company for Quality Management System. Company's state of the art Agrochemical and Pesticide Formulation & Packaging Unit of the company is situated at E-24, 25, 26, G.I.D.C Estate, Manjusar, Taluka Savli, Vadodara, Gujarat.

Analysis

Being incorporated in the year 2005, the company is very well possessed with experience in manufacturing of agrochemicals. Agrochemicals (Crop protection products/pesticides) are designed to protect crops from insects, diseases and weeds. The Company has expanded its operations beyond the borders of its state of inception to Punjab and Uttar Pradesh. Besides manufacturing of own products, company also provide Contract manufacturing, Job work and Toll manufacturing services for Crop Protection companies.

Company's product range:





The company's capacity utilisation is shown in the table below –

S. No.	Name of Product	Total Capacity Installed	2021-22		2020-21	
			Total Production	Capacity Utilization(in %)	Total Production	Capacity Utilization(in %)
1.	Herbicides (EC/EW/S) Glyphosate SL Insecticides EC Insecticides SC & Fungicides	29870 KL/Year	5998	20.08%	7907.041 KL	26.47%
2.	Insecticides EC	13050 KL/Year	1688	12.93%	418.55 KL	3.21%
3.	Glyphosate SG	870 MT/Year	261.88	30.10%	357 MT	41.03%
4.	Insecticides & Fungicides WP/SP ACM 30	580 MT/Year	361.98	62.41%	507 MT	87.41%

The Details of export as on the date of Prospectus is as follows:

Particulars	For the period ended September 30, 2022	For the year ended March 31,		
		2022	2021	2020
Exports Sales (In Lakhs)	453.35	1822.50	513.41	630.26
% of Total Sales	3.51%	10.99%	3.08%	3.15%

Product wise revenue break-up:

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
Insecticides	8,988.65	8,710.51	12,858.53
Herbicides	3,221.46	4,182.87	3,063.11
Fungicides	3,329.62	2,135.92	2,271.85
Plant Growth Regulators	112.10	229.61	8.93
Others	947.19	1,462.89	1,920.71
Total Revenue	16,599.02	16,721.81	20,123.13

To conclude, the company has a good product base and has generated good revenues. But the revenues have been falling over the years whereas the peer companies have posted increasing revenues in these years.

Industry Charts

Exhibit 1: Indian Chemical Market Size

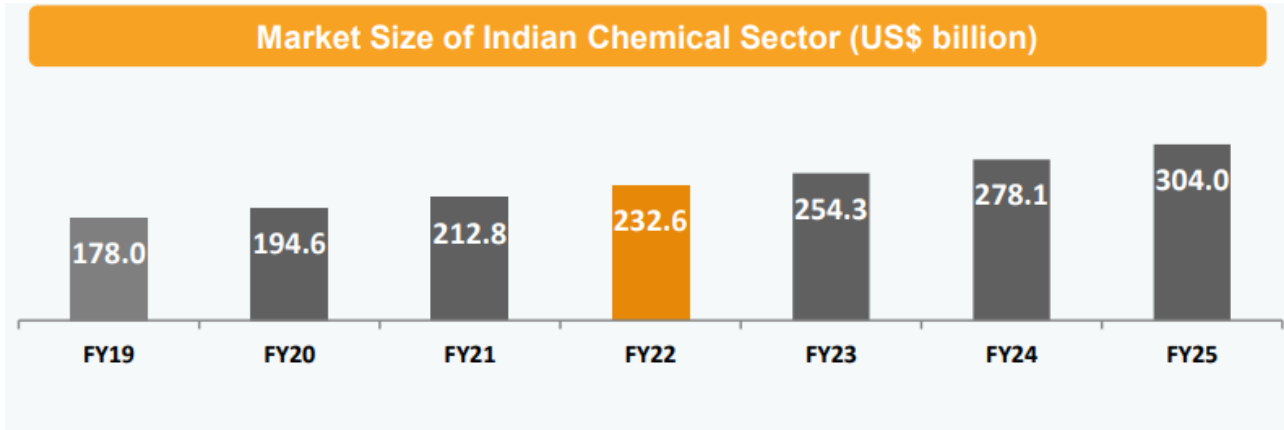


Exhibit 2: Indian Chemical Sector Composition

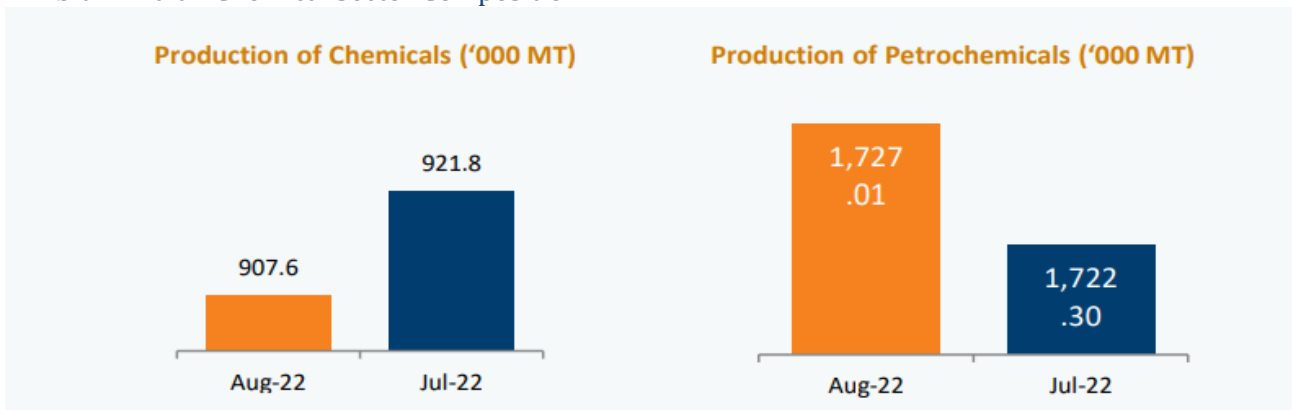
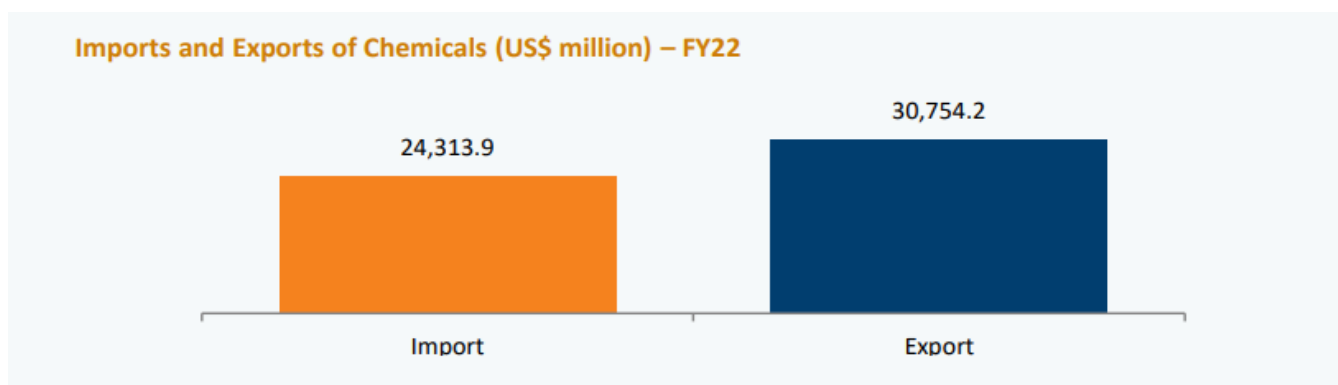


Exhibit 3: Indian Chemical Market Key Trends



(Source: ibef.org)



Investment Overview

Indian Chemical Industry

Covering more than 80,000 commercial products, India's chemical industry is extremely diversified and can be broadly classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers and fertilizers. Globally, India is the fourth-largest producer of agrochemicals after the United States, Japan and China. India accounts for ~16% of the world production of dyestuffs and dye intermediates. Indian colorants industry has emerged as a key player with a global market share of ~15%.

The country's chemicals industry is de-licensed, except for few hazardous chemicals. India holds a strong position in exports and imports of chemicals at a global level and ranks 14th in exports and 8th in imports at global level (excluding pharmaceuticals). The domestic chemicals sector's small and medium enterprises are expected to showcase 18-23% revenue growth in FY22, owing to an improvement in domestic demand and higher realisation due to high prices of chemicals. India's proximity to the Middle East, the world's source of petrochemicals feedstock, enables it to benefit on economies of scale.

The Indian chemicals industry stood at US\$ 178 billion in 2019 and is expected to reach US\$ 304 billion by 2025 registering a CAGR of 9.3%. The demand for chemicals is expected to expand by 9% per annum by 2025. The chemical industry is expected to contribute US\$ 300 billion to India's GDP by 2025. An investment of Rs. 8 lakh crore (US\$ 107.38 billion) is estimated in the Indian chemicals and petrochemicals sector by 2025. The specialty chemicals constitute 22% of the total chemicals and petrochemicals market in India. Indian manufacturers have recorded a CAGR of 11% in revenue between FY15 and FY21, increasing India's share in the global specialty chemicals market to 4% from 3%, according to the Crisil report. A revival in domestic demand and robust exports will spur a 50% YoY increase in the CAPEX of specialty chemicals manufacturers in FY22 to Rs. 6,000-6,200 crore (US\$ 815-842 million). Revenue growth is likely to be 19-20% YoY in FY22, up from 9-10% in FY21, driven by recovery in domestic demand and higher realisations owing to rising crude oil prices and better exports.

(Source: Prospectus)



Addressable Market for Aristo Bio-Tech and Lifescience Limited

Company supplies its products across 20 states i.e. Assam, Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, Uttar Pradesh, West Bengal and 15 Countries i.e. Armenia, Australia, Bangladesh, Belgium, Cambodia, Germany, Italy, Kenya, Moldova, New Zealand, Poland, South Africa, UAE, Ukraine and Vietnam. Company has a very good potential and could definitely increase its geographic expansion in the coming years.

Competition

Company operates in a highly competitive industry as the industry has number of players. Client's decision depends highly on prices and company's competitors may have access to raw material at lower prices. Shreeji Pesticides Private Limited, Kaival Agro Industries, New Pack Agro Chem, Umiya Agroes are some of company's major competitors.

Peer Analysis

As provided in the prospectus, the company has 2 listed peers viz. Dhanuka Agritech Limited and Meghmani Organics Limited

Company	Aristo Bio-tech and Lifesciences Limited	Dhanuka Agritech Limited	Meghmani Organics Limited
Net Profit (INR Cr)	1.46	208.90	304.41
EBITDA (INR Cr)	5.46	297.32	480.85
Return on Capital Employed	16.75%	27.86%	24.00%
Return on Equity	9.85%	21.75%	21.38%
EPS# (INR)	2.68	44.85	11.97
P/E* (Times)	26.84	16.33	9.10

*PE has been calculated as on 12/01/2023

Post IPO Basis

Promoters' Profile and Management Analysis**Mr. Narendra Singh Barhat**

- Mr. Narendra Singh Barhat is Chairman and Managing Director and also the Promoter of the Company.
- He is a Science Graduate from Rajasthan College of Agriculture, Udaipur.
- He is having experience of 45 years in agrochemical industry.

Mrs. Kusum Narendra Singh Barhat

- Mrs. Kusum Narendra Singh Barhat is the Executive Director and also the Promoter of the Company.
- She is under Matriculate.
- She is having experience of 30 years in administration and Management.

Mrs. Ketankumar Harkantbhai Joshi

- Mr. Ketankumar Harkantbhai Joshi is the Whole Time Director and also the Promoter of the Company
- He holds degree in Bachelor in Mechanical Engineering.
- He is having experience of 26 years in agrochemical industry.



Analysis on the Company's Promoter and Board of Directors

Mr. Narendra Singh Barhat, 67 years is Chairman and Managing Director and also the Promoter of the Company. He is a Science Graduate from Rajasthan College of Agriculture, Udaipur. He was appointed on the Board on March 17, 2005. He is having experience of 45 years in agrochemical industry. He is in charge of micromanaging, delegating tasks, ensuring adequate and satisfactory work output.

Mrs. Kusum Narendra Singh Barhat, aged 59 years, is the Executive Director and also the Promoter of the Company. She is under Matriculate. She was appointed on the Board on March 17, 2005. She is having experience of 30 years in administration and Management.

Mr. Ketankumar Harkantbhai Joshi, aged 51 years is the Whole Time Director and also the Promoter of the Company. He holds degree in Bachelor in Mechanical Engineering. He was originally appointed on the Board on August 27, 2018. He is having experience of 26 years in agrochemical industry.

Mr. Dipak kumar Harkant Joshi, aged 49 years is Non-Executive Director of the Company. He holds degree in Bachelor degree of Commerce having experience of 25 years in Banking Sector.

To conclude, the company's promoters have a good experience in the industry in which the company belongs to. The independent directors of the company are also well experienced and could be a good driving force for the company.



Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th Sep, 2022
Profit and Loss			
Revenue from operations	16,721.81	16,599.02	12,907.27
Other income	1.15	4.27	0.22
Total Revenue	16,722.96	16,603.29	12,907.49
Expenses	16,287.33	16,053.02	12,398.32
Depreciation and Amortisation Cost	74.99	109.89	71.90
Finance Cost	210.82	236.34	77.26
Total Expenses	16,573.14	16,399.25	12,547.48
PBT	149.82	204.04	360.01
PBT Margin	0.90%	1.23%	2.79%
EBITDA	434.48	546.00	508.95
EBITDA Margin	2.60%	3.29%	3.94%
Net Profit	107.57	146.17	258.90
Net Profit Margin	0.64%	0.88%	2.01%
Balance Sheet			
Total Borrowings	2,224.77	2,548.43	2,935.54
Net Worth	1,338.08	1,484.25	1,743.15
Fixed Assets	1,231.45	1,446.00	1,587.83
Net Working Capital	1,313.01	1,158.22	1,376.37
Financial Measures (Annualised)			
Inventory Turnover Ratio	5.23	6.81	9.99
Receivables Turnover Ratio	5.10	5.00	4.19
Payables Turnover Ratio	4.11	3.96	3.93
Fixed Assets Turnover Ratio	13.58	11.48	17.88
Return on Capital Employed	14.13%	16.75%	20.01%
Return on Equity	8.04%	9.85%	15.66%
Debt-Equity Ratio	1.66	1.72	0.84

(The data has been taken and calculated from the financials given in the prospectus)



Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has grown from Rs. 434.48 lacs in 2021 to Rs. 546.00 lacs in 2022 and on 30th Sep 2022 it was Rs. 508.95 lacs and if we annualise the same it would be around Rs. 1,017.90 lacs. The EBITDA on annualised basis has grown at a CAGR of 53.06%. The EBITDA margin in 2021 was 2.60%, 3.29% in 2022 and 3.94% up to 30th Sep 2022.

Net Profit

The net profit of the company has grown from Rs 107.57 lacs in 2021 to Rs. 146.17 lacs in 2022 and as on 30th Sep 2022 it was Rs. 258.90 lacs and if we annualise the same it would be around Rs. 517.80 lacs growing at a CAGR of 119.40%. The net profit margin in 2021 was 0.64%, 0.88% in 2022 and 2.01% up to 30th Sep 2022. The net profit margin of the company has shown good strength and has grown at a very good pace.

Finance Cost.

The company's finance cost mainly due to long term and short terms borrowings availed by the company.

Financial Measures/Ratios

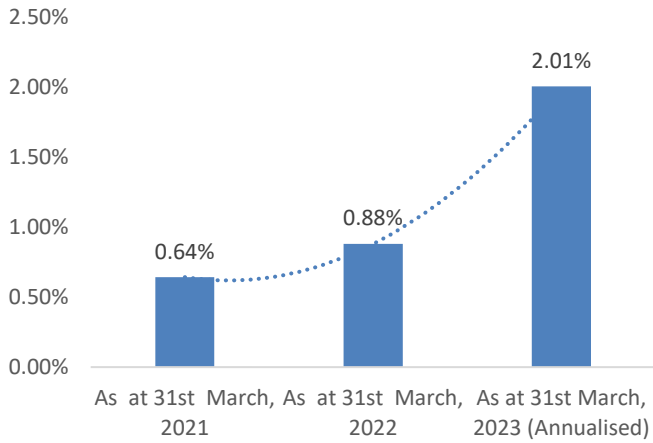
RoCE of the company up to 30th Sep 2022 is 14.74% vs 16.75% in 2022 and 14.13% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 20.01%. The RoCE has been at good levels for the company and it is expected to go down in the coming times.

ROE of the company in 2021 was 8.04%, % in 2022 and 14.85% up to Sep 2022, if annualised, ROE would be around 15.66%. The ROE likewise RoCE has been at good levels for the company. With increase of equity base, the ROE is expected to come down on annualised basis.

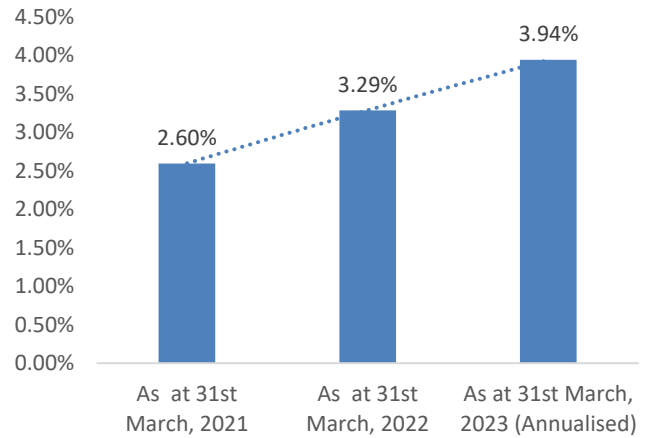
The company has a debt-equity ratio of 1.68 which shows the company is decently leveraged but could better utilise debts in their favour. The debt-equity ratio is going to go further down to around 0.84 times post IPO.

Financial Charts

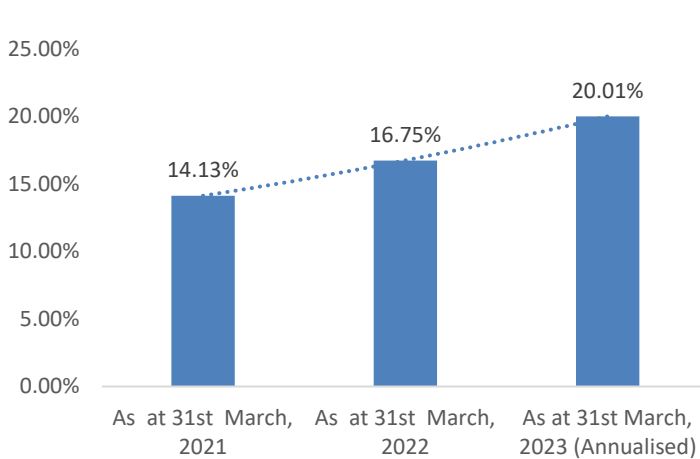
Net Profit Margin



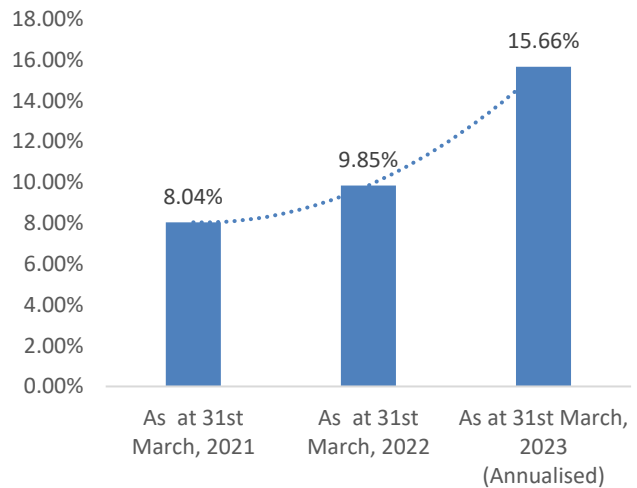
EBITDA Margin



Return on Capital Employed



Return on Equity





Key Risk Factors

1. Company, Promoters, Directors and group Companies are involved in certain litigations including tax related litigations amounting to Rs. 73.74 lacs along with 9 litigations having unascertainable amount, which if determined against the company, can affect financial conditions of the company.
2. Business is subject to climatic conditions and is cyclical in nature.
3. Some of Company's goods contains materials and substances which are hazardous in nature.
4. Company have experienced negative cash flows in the past.

Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Pvt Ltd and this is the 7th mandate. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP# (INR)
1.	Trident Lifeline Limited	35.34	101.00	October 10, 2022	126.95
2.	Kandarp Digi Smart BPO limited	8.10	30.00	September 28, 2022	20.45
3.	Viviana Power Tech Limited	8.80	55.00	September 16, 2022	90.80
4.	Jay Jalaram Technologies Limited Viviana Power Tech Limited	10.80	36.00	September 08, 2022	222.25
5.	Vital Chemtech Limited	64.64	95- 101	November 14, 2022	120.00
6.	RBM Infracon Limited	8.37	36.00	January 04, 2023	49.00

CMP is taken as on 11th January 2023

This is the 7th mandate from Beeline Capital in the current fiscal. Out of the last 6 listings, 1 opened at par and the rest with premiums ranging from 3.96% to 63.64% on the date of listing.



Recommendation

The company has been into this industry from 2005 and possess very good experience in the field of manufacturing of agrochemicals. The company has uneven growth in its top and bottom line but it is expected to have sustainable growth in future.

The revenue and profit margins of the company has shown some good growth even though the revenue as decreased in 2022 as compared to 2021. The mixed ratios of the company have also been increasing.

The management outlook of the company is also good.

The company is getting listed at a PE of around 26.84 times on post IPO basis and looking at the size of the company and on comparison with its peer companies it is overpriced.

So, the company's products have been promising with good geographical base. But the company has not been able to generate healthy profit margins in these years as being incorporated in the year 2005, the company had posted net profit margin of less than 1% in FY 21 and FY 22. The performance as compared to its peer companies has not been up to the mark, however, the peer are not comparable on apple-to-apple basis. To conclude, the company has not given enough returns to its shareholders in these years and so one **should wait** for further results of the company to be declared and have more clarity on the future prospect of the company and **should not apply** as of now.



Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.