



IPO Details	
Opening Date	Aug 18, 2023
Closing Date	Aug 22, 2023
Stock Exchange	NSE SME
Lot Size	2000 Shares
Issue Price	₹ 52 per share
Issue Size	Aggregating up to 26.73 Cr.
Fresh Issue	Aggregating up to 26.73 Cr.
Offer for Sale	-
Application Amount	₹ 1,04,000

IPO Objective	
Working capital requirements.	
General corporate purposes	
Meeting Public Issue Expenses	

Pre-Issue Shareholding			
Category	No. of Shares	% of Total Shares	
Promoter & Promoter Group	1,20,00,000	100.00 %	
Public	-	-	

Promoter of the Company	
1	Rajesh Lunagariya
2	Ashvinkumar Lunagaria

Competitive Strengths	
1	Wide and varied range of products.
2	Extensive distribution network
3	Experienced promoters, Directors.
4	Prime location of factory
5	Quality Assurance

Company Background	
○	Company was incorporated in the year 2006 and has its registered office in Gujarat.
○	Company is an agrochemical company engaged in the business of manufacturing, distributing, and marketing of a wide range of agro chemical formulations. Agriculture chemicals consists of Pesticides and Micro Fertilizer, moreover, the pesticides including Insecticides, Fungicides, Herbicides and Weedicides.
○	The Company has wide range of more than 85 agro chemical products.
○	As on Feb-23, Company has 175 employees on its payroll.

Market Capitalization	
(In Cr.)	
Pre-Issue	Post-Issue
₹ 62	₹ 89

Financial Summary				
(In Lacs)				
For the Period Ended	Mar-21	Mar-22	Feb-23	
Total Assets	8,630.18	9,457.75	10,471.64	
Net Assets	3,314.88	3,601.86	4,038.51	
Total Borrowings	1,747.29	2,093.03	2,682.32	
Total Revenue	11,892.97	10,200.96	12,253.98	
Profit After Tax	370.46	281.41	436.66	

Tentative Timeline	
Opening Date	Aug 18, 2023
Closing Date	Aug 22, 2023
Basis of Allotment	Aug 25, 2023
Initiation of Refunds	Aug 28, 2023
Credit of Shares to Demat	Aug 29, 2023
Listing Date	Aug 30, 2023

Company Background and Analysis

The Company was originally incorporated on May 24, 2006. Crop Life Science Limited is an agrochemical company engaged in the business of manufacturing, distributing, and marketing of a wide range of agro chemical formulations. Agriculture chemicals consists of Pesticides and Micro Fertilizer, moreover, the pesticides including Insecticides, Fungicides, Herbicides and Weedicides. The company had commenced the manufacturing activities of Pesticides and Micro fertilizer in the year 2006-07. In the year 2012, the Company started exporting pesticides to Indonesia. Over a period of time, the company have started exporting to Bangladesh, Egypt, Myanmar, Vietnam, Sudan and other countries. In the year 2007, the Company had started production of more than 25 different range of agro chemical products. Subsequently it kept on adding agro chemical products year to year in the product portfolio. At present, the company manufactures and sells various formulations of insecticides, fungicide and herbicides, plant growth regulators, micro fertilizers and weedicides. Currently, the Company has wide range of more than 85 agro chemical products.

The company is required to obtain various licenses and permission from the government and semi government authorities before commencement of manufacturing of pesticides and fertilizer. The licenses and permission such as registration of products with Central Insecticides Board ("CIB"), approval from the Directorate of Agriculture, Government of Gujarat, and approval from the Gujarat Pollution Control Board ("GPCB").

The company's product verticals are –

1. Pesticides –
 - i) Insecticides
 - ii) Fungicides
 - iii) Weedicides
2. Micro Fertilizers
3. Plant Growth Regulators
4. Antibiotic/Bactericide

The company has various Godown facilities in the below mentioned states and they play a crucial role in the supply chain management of the company as the company has only one manufacturing unit located at Ankleshwar, Gujarat.

1. Gujarat-Ahmedabad and Ankleshwar
2. Chhattisgarh-Raipur
3. Uttar Pradesh- Lucknow
4. Madhya Pradesh- Indore
5. West Bengal- Kolkata
6. Maharashtra- Akola and Pune
7. Bihar-Patna

The following table sets forth revenue bifurcation for financial year ended 2021, 2022 and Until Feb 2023 -

Particulars	FY 2020 -2021		FY 2021-2022		Until February 2023	
	Amount	%	Amount	%	Amount	%
Domestic Sales	11,599.52	97.54	9,921.67	97.32	12,066.77	98.48
Export Sales	292.76	2.46	273.10	2.68	186.49	1.52
Revenue from Operations	11,892.28	100.00	10,194.77	100.00	12,253.26	100.00

The company sales the products through the channel of 1800 Wholesaler Distributors/Dealers located in state of Gujarat, Maharashtra, Uttar Pradesh, Madhya Pradesh, Bihar, West Bengal and Chhattisgarh. The company has established a dedicated marketing set up at Baroda, which includes call centre for two-way communication with the farmers who are end users of the products. The company is also exporting the product to the various countries viz. Bangladesh, Egypt, Myanmar, Vietnam, Sudan and other countries.

To conclude, the company has been in the operation since 2006. The company manufactures wide range of agro chemical formulations. The company has warehouses in more than 5 states and exports to countries such as Egypt, Vietnam, etc. The company is raising Rs. 2,672.80 lakhs out of which Rs. 52.80 lakhs are to be used for issue related expenses and the Net proceeds of Rs. 2,620 lakhs are to be utilized for repayment of unsecured loans (Rs. 70 lakhs) and Rs. 1,900 lakhs for long-term Working capital and the remaining Rs. 650.00 lakhs to general corporate purposes.

Business Strategies

1. Increasing the Product Portfolio

The company continuously strive to add more and more products to the portfolio based on the own market assessment of demand and supply position of these products. With the wide range of the products, the company also focus on the quality of the formulations. The company have set up state of art manufacturing/formulation units at Ankleshwar, Gujarat, so that product expansion is easier to achieve

2. Increase in geographical presence

The company's wholesalers/distributors are located over different states of the country namely Gujarat, Maharashtra, Uttar Pradesh, Madhya Pradesh, Bihar, West Bengal, Chhattisgarh etc. In addition, the company is also exporting agro chemicals products to Bangladesh, Egypt, Myanmar, Vietnam, Sudan and other countries. The company focuses on building long term relationships with the distributor and wholesaler network in both Tier 2 and Tier 3 cities as well as in India's largest cities.

3. Extensive Marketing Set up

The company has established a dedicated marketing set up at Baroda, which includes call centre for two-way communication with the farmers who are end users of the products. This office provides guidance to the farmers with regard to methodology to use the products and resolves their queries if any. As a result, it built a long-term healthy relationship with the farmers and it creates a satisfactory environment among the farmers and also helps the company to grow the client base and revenues.

4. Strengthening up the business through effective branding and promotional activities

The business requires company to reach out to individual farmers as well as distribution partners, the effort and the exercise around product development is logistically challenging and requires significant time and effort to make sure the company is reaching the target audience. The company also intend to strengthen the existing brand building activities including dealer training programs, field demonstrations, field shows, farmers training programs and participation in various national and international exhibitions for marketing the products.

Competitive Scenario and Peer Mapping

Competition

The industry in which the company operates in faces competition from organized sectors and from both small and big regional players, National and International players. The industry in which the company operates in has high barrier to entry thus reducing the number of unorganized companies raising to competition. The suppliers have the bargaining power.

Peer Analysis

The comparison of the key performance indicators of the listed peers as on Mar-23 is given below –

Particulars	Crop Life Science Limited	Aristo Bio-Tech and Lifescience Limited	Dharmaj Crop Guard Limited	Heranba Industries Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	4.94%	1.83%	6.18%	8.31%
EBITDA Margin	8.73%	4.13%	8.80%	12.16%
Return on Capital Employed	13.64%	17.07%	11.67%	16.65%
Return on Equity	9.56%	13.33%	10.25%	13.48%
EPS (INR)	3.64	5.23	9.80	27.52

(31st March 2023 for Crop Life Science Limited are annualised figures)

The comparison of the key performance indicators of the listed peers as on Mar-22 is given below –

Particulars	Crop Life Science Limited	Aristo Bio-Tech and Lifescience Limited	Dharmaj Crop Guard Limited	Heranba Industries Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	2.76%	0.60%	7.47%	13.03%
EBITDA Margin	7.56%	3.01%	11.34%	17.93%
Return on Capital Employed	13.90%	5.19%	30.21%	31.17%
Return on Equity	7.81%	6.67%	34.12%	26.47%
EPS (INR)	2.35	2.14	11.62	47.25

The comparison of the key performance indicators of the listed peers as on Mar-21 is given below –

Particulars	Crop Life Science Limited	Aristo Bio-Tech and Lifescience Limited	Dharmaj Crop Guard Limited	Heranba Industries Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	3.11%	0.60%	7.05%	12.63%
EBITDA Margin	7.35%	2.40%	10.40%	18.13%
Return on Capital Employed	16.35%	3.70%	60.91%	38.29%
Return on Equity	11.18%	7.69%	37.50%	29.17%
EPS (INR)	3.09	2.16	12.74	38.54

Industry Overview

Exhibit 1: Agricultural Exports from India (US\$ billion)

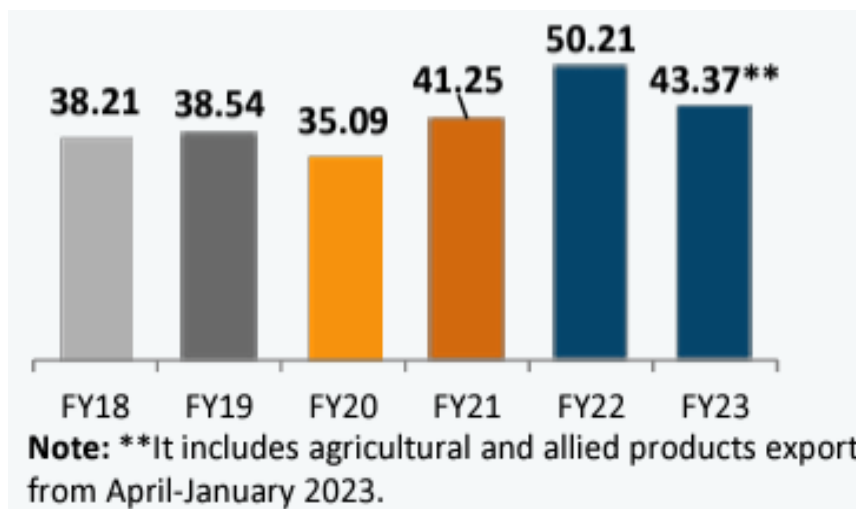
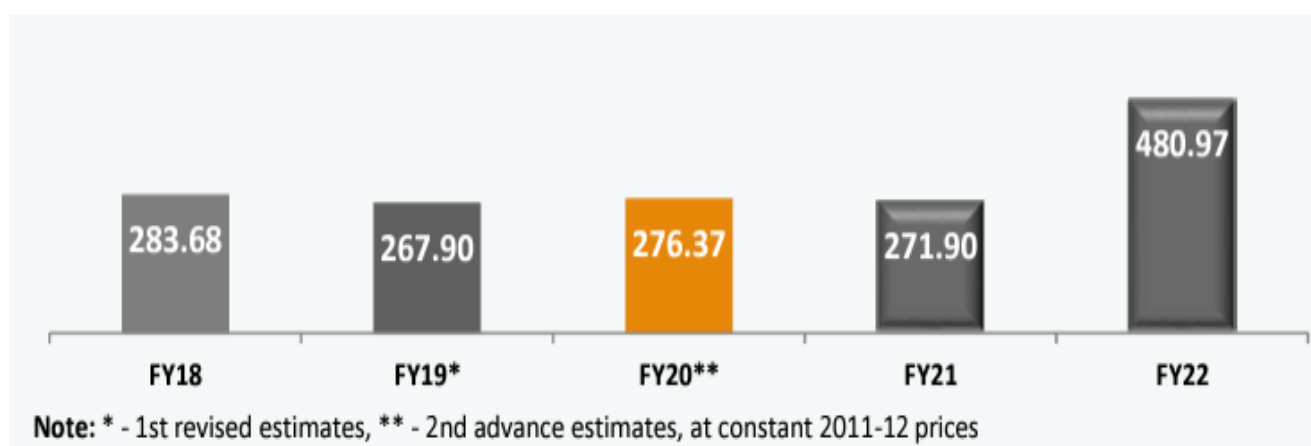


Exhibit 2: Gross Value Added by Agriculture and Allied Sectors (US\$ billion)



(Source: ibef.com)

Indian Economy in Agriculture -

India is one of the major players in the agriculture sector worldwide and it is the primary source of livelihood for about 58% of India's population. India has the world's largest cattle herd (buffaloes), largest area planted to wheat, rice, and cotton, and is the largest producer of milk, pulses, and spices in the world. It is the second largest producer of fruit, vegetables, tea, farmed fish, cotton, sugarcane, wheat, rice, cotton, and sugar. Agriculture sector in India holds the record for second-largest agricultural land in the world generating employment for about half of the country's population. Thus, farmers become an integral part of the sector to provide us with means of sustenance.

Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%. The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth.

Global Agriculture Overview -

Healthy, sustainable and inclusive food systems are critical to achieve the world's development goals. Agricultural development is one of the most powerful tools to end extreme poverty, boost shared prosperity, and feed a projected 9.7 billion people by 2050. Growth in the agriculture sector is two to four times more effective in raising incomes among the poorest compared to other sectors. Agriculture is also crucial to economic growth: accounting for 4% of global gross domestic product (GDP) and in some least developing countries, it can account for more than 25% of GDP.

Road Ahead-

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted effort of scientists to get early maturing varieties of pulses and the increase in minimum support price.

In the next five years, the central government will aim US\$ 9 billion in investments in the fisheries sector under PM Matsya Sampada Yojana. The government is targeting to raise fish production to 220 lakh tonnes by 202425. Going forward, the adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP) by the food processing industry will offer several benefits. The agri export from India is likely to reach the target of US\$ 60 billion by the year 2022. (Source: www.ibef.org/industry/agriculture-india)

(Source: Prospectus)

Key Managerial Personnel

Rajesh Lunagariya, aged 53 is one of the Promoters, and Managing director of the company. He has completed his SSC exams. He has more than 22 years of multi-faceted experience in Manufacturing, Production, Procurement, Marketing in the Engineering and Agrochemical Industry. He is having 30 years of experience in agro chemical business. In the company he is taking care of production, research, QC & marketing department.

Ashvin Lunagaria, aged 58, is one of the Promoters, and Whole -Time Director of the company. He holds a bachelor's degree in Science (Physics). He is having wide experience in chemical industry. He is having 35 years of experience in agro chemical business. In the company he looks after administration, accounts, finance & legal department.

Chunilal Virolia, aged 55, is the Whole Time Director of the Company. He holds a bachelor's degree in Science (Agriculture). He has over all 30 years of experience in various aspects of agro chemical industry.

Parulben Shah, aged 50, is the Independent Director of the Company. She holds a Master degree in Commerce, Bachelor of Commerce and diploma in Computer Science. She has 15 years of experience in the field of Accounts and finance.

Harendra Sevak, aged 35, is the Independent Director of the Company. He holds a Bachelor of Commerce, Bachelor of Laws and Master of Law (Criminal Law). He has 10 years of experience as an Advocate and doing his Practicing as Independent Advocate at the District Council of Nadiad (Kheda).

To conclude, the company has two promoters and both of them have good experience in the industry in which the company operates in. The remaining directors also have good knowledge and experience in the fields which help in the growth of the business.

Financial Snapshot

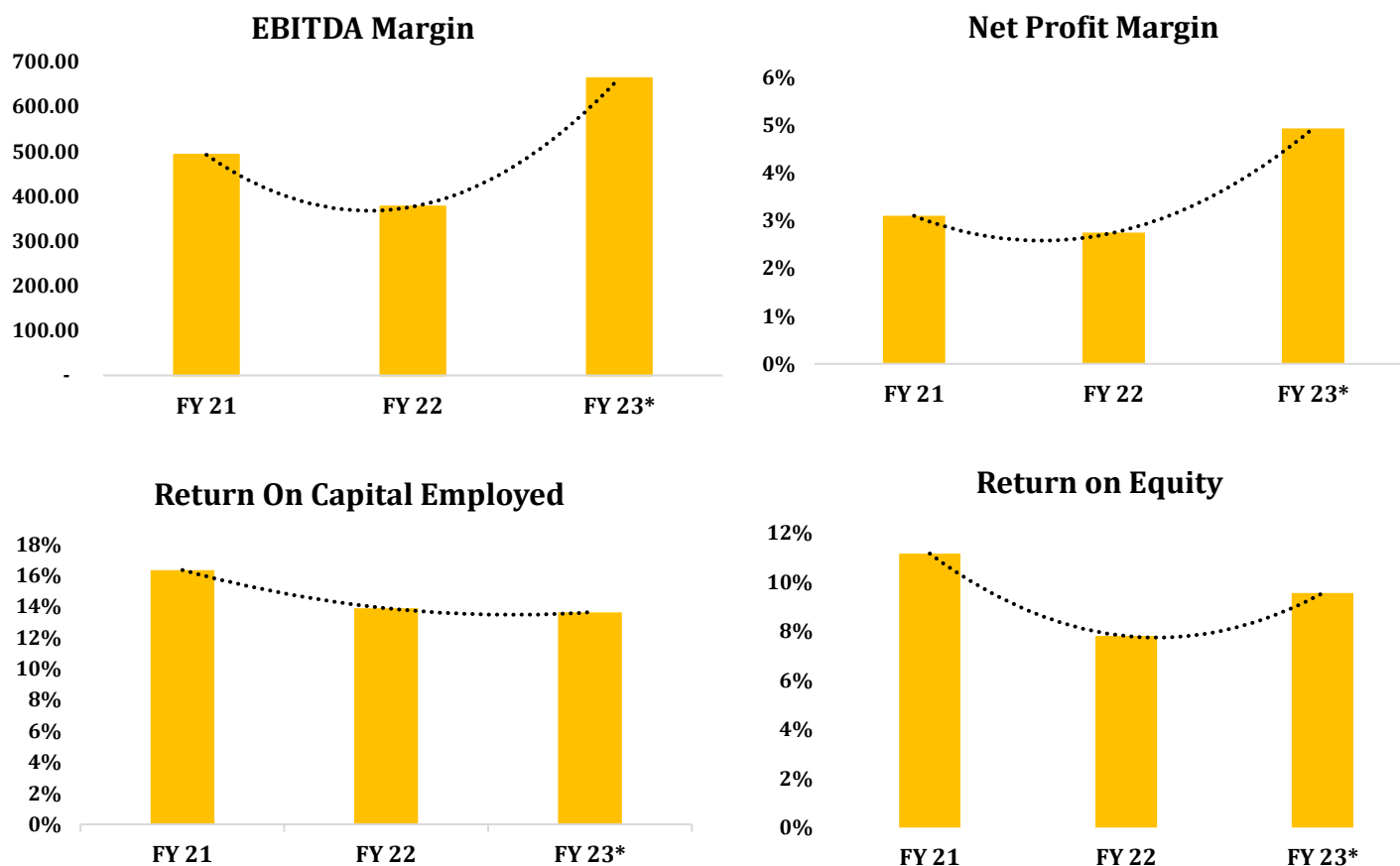
Profit and Loss Statement			(In Lacs)
Particulars	FY 21	FY 22	Feb-23
Revenue from Operations	11,892.97	10,200.96	12,253.98
Other Income	57.21	37.96	69.45
Total Income	11,950.18	10,238.92	12,323.43
Expenses			
Cost of Materials consumed	7,080.88	5,867.61	8,784.14
Purchase of stock-in-trade	-	-	-
Changes in inventories of Finished goods, work-in- Progress	-324.46	75.72	-29.56
Employee benefits expense	1,106.02	1,088.22	964.17
Finance costs	186.80	207.02	289.04
Depreciation and Amortization expense	251.65	225.12	242.01
Other expenses	3,156.77	2,398.34	1,465.44
Total Expenses	11,457.66	9,862.03	11,715.24
Earnings Before Interest, Taxes, Depreciation & Amortization	873.76	771.07	1,069.79
EBITDA Margin	7%	8%	9%
Profit/(Loss) before tax	492.52	376.89	608.19
Tax Expense			
Current Tax	134.54	115.76	160.23
Deferred tax (net)	-12.48	-20.28	11.30
Total Tax Expense	122.06	95.48	171.53
Profit/(Loss) for the year	370.46	281.41	436.66
Net Profit Margin	3%	3%	4%

Balance Sheet			(In Lacs)
Particulars	FY 21	FY 22	Feb-23
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1,166.36	1,029.85	1,449.68
Capital Work-in-progress	-	144.79	-
Other intangible assets	44.57	37.31	32.91
Right-to-use Asset	75.62	56.02	41.23
Other financial assets	36.79	44.22	100.47
Deferred tax assets (net)	-	2.34	-
Total Non-Current assets	1,323.34	1,314.53	1,624.29
Current Assets			
Inventories	2,936.87	2,226.10	2,475.55
Trade Receivables	2,608.51	3,686.31	3,515.50
Cash and Cash Equivalents	308.91	206.82	136.62
Other financial assets	9.66	7.23	12.12
Current tax assets (Net)	-	-	-
Other Current Assets	1,442.89	2,016.76	2,707.56
Total Current assets	7,306.84	8,143.22	8,847.35
Total Assets	8,630.18	9,457.75	10,471.64
EQUITY AND LIABILITIES			
Equity			
Share Capital	1,200.00	1,200.00	1,200.00
Other Equity	2,114.88	2,401.86	2,838.51
Total Equity	3,314.88	3,601.86	4,038.51
Liabilities			
Non-current liabilities			
Long term Liabilities	309.21	167.59	566.37
Lease Liabilities	50.70	37.87	23.99
Deferred Tax Liabilities (Net)	15.80	-	8.96

Balance Sheet	FY 21	FY 22	Feb-23
Long term Provisions	113.72	120.38	71.23
Other non-current liabilities	-	-	-
Total Non-current liabilities	489.43	325.84	670.55
Current liabilities			
Financial Liabilities			
(i) Short Term Borrowings	1,438.08	1,925.44	2,115.95
(ii) Trade Payables			
i) Total outstanding dues of micro enterprises and small enterprises	356.47	274.71	950.90
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,636.41	1,948.15	1,497.51
iii) Lease Liabilities	25.99	21.79	22.01
iv) Other Financial Liabilities	628.53	745.84	717.20
Current Tax Liabilities (Net)	0.91	15.03	21.73
Other current liabilities	739.48	599.09	437.28
Total Current liabilities	4,825.87	5,530.05	5,762.58
Total Liabilities	5,315.30	5,855.89	6,433.13
Total Equity and Liabilities	8,630.18	9,457.75	10,471.64

Cash Flow Statement	(In Lacs)		
Particulars	FY 21	FY 22	Feb-23
Net Cash Flow from Operating Activities	350.07	(14.54)	92.2
Net Cash Flow from Investing Activities	(214.65)	(198.79)	(446.56)
Net Cash Flow from Financing Activities	(57.37)	111.24	284.16

Ratio Sheet	FY 21	FY 22	Feb-23
Particulars			
Per Share Data			
Diluted EPS	3.09	2.35	3.64
BV per share	19.34	21.01	23.56
Operating Ratios (%)			
EBITDA Margins	7%	8%	9%
PAT Margins	3%	3%	4%
Inventory days	82.48	72.89	67.47
Debtor days	73.26	120.70	95.82
Creditor days	90.08	143.12	90.62
Return Ratios (%)			
RoCE	16%	14%	18%
RoE	11%	8%	11%
Valuation Ratios (x)			
EV/EBITDA	5.44	7.12	6.15
Market Cap / Sales	0.75	0.87	0.73
P/E	16.83	22.13	14.29
Price to Book Value	2.69	2.47	2.21
Solvency Ratios			
Debt / Equity	0.53	0.58	0.66
Current Ratio	1.51	1.47	1.54
Quick Ratio	0.91	1.07	1.11
Asset Turnover	1.38	1.08	1.17
Interest Coverage Ratio	3.33	2.64	2.86

Financial Charts


*Figures for FY 23 are annualized

Key Risk Factors

1. The company has outstanding litigations by and against the Company which if determined against, could adversely impact financial conditions. 216 outstanding criminal cases Litigation by the company amounting to Rs. 647.61 lakhs. 4 cases appeal filed by the company amounting to Rs. 163.01 lakhs. 1 case civil proceedings amounting to Rs. 3.41 lakhs. 6 cases against the company for tax liability amounting to Rs. 93.10 lakhs. 3 cases against the company for GST liability amounting to Rs. 63.74 lakhs. Other 4 cases filed against the company amount not ascertainable. Total amounting to Rs. 970.87 lakhs and more.
2. The company has certain contingent liabilities which may adversely affect the financial position. Value added demand disputed in appeal by Company/ Vat Authorities Rs. 28.81 lacs. Service tax demands disputed in appeal by Company Rs. 69.05 lacs. Recovery Civil Suit filed by Videojet Technologies Pvt Ltd- Belapur Rs. 3.41 lacs. Show cause Notices Received from Excise, Customs & Service Tax of Rs. 163.02 lacs. Compounding Application filed under Section 185 of the Companies Act, 2013 of Rs. 30.00 lacs. Corporate Guarantee given by the Company Rs. 106.00 lacs. Total amounting to Rs. 400.29 lakhs.
3. The Manufacturing Units are subject to inspection under the GPCB. If any lapse or default is found during inspection by GPCB, actions will be taken by GPCB against the company including closure of manufacturing units. If any such action taken by GPCB against the Company which will adversely affect the operations, financials positions and reputation of the Company.

4. The main business is seasonal business and depends on monsoon. It is possible that in the future come of the quarterly results of operations may be below the expectations of market analysts and the investors, which could lead to a corresponding decline in the price of the Equity Shares.
5. The Company has entered into loan agreements with banks which contain restrictive covenants. The company has availed loan consisting of various types of credit facilities from HDFC Bank outstanding loan of Rs. 1,650.00 lakhs. The company is subject to certain restrictive covenants such as No dividend can be declared and paid or salary, incentives, commissions paid in case of overdue with Bank.
6. The company have experienced negative cash flows in previous years / periods for the period ended FY 2022. Any operating losses or negative cash flow in the future could adversely affect the results of operations and financial condition.

Track Record of Lead Manager

The lead manager to the issue is Interactive Financial Services Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Managers in recent times –

Interactive Financial Services Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Tridhya Tech Limited	26.41	42.00	July 13, 2023	40.70
2.	Bizotic Commercial Limited	42.21	175.00	June 23, 2023	49.71
3.	Sahana System Limited	32.74	135.00	June 12, 2023	150.00
4.	Prospect Commodities Limited	7.48	61.00	March 20, 2023	77.74
5.	Patron Exim Limited	16.69	27.00	March 06, 2023	10.2
6.	Pace E-Commerce Ventures Limited	66.53	103.00	October 20, 2022	17.91
7.	Dipna Pharmachem Limited	15.21	38.00	September 08, 2022	19.95
8.	Rachana Infrastructure Limited	76.28	135.00	June 10, 2022	104.35
9.	Global Longlife Hospital and Research Limited	49.00	140.00	May 04, 2022	40.00
10.	Bhatia Colour Chem Limited	40.00	80.00	March 24, 2022	46.00

*CMP for all the above-mentioned company is taken as on 10th August 2023.

As per the offer document Interactive Financial Services have had 10 mandates in the last three fiscal years. For Interactive Financial Services Limited out of the 10 mentioned above, 2 opened at par, 2 opened at discount and the remaining all opened at premiums ranging from 5.185% to 20.74% on the listing day.

Recommendation

The company has been into the industry since 2006. The profitability margins look good with growth in the bottom line of the financial statements. The margins do look sustainable going forward.

The PE on an annualised and Post IPO basis is around 13.43 times which seems to be fairly priced looking at the performance peers.

The industry in which the company operates in requires a greater number of regulations and licences reducing the unorganized competition for the company. The management outlook of the company is good and the margins for the company are also decent. With increase in the geographical borders the company will be looking at a decent growth thus one can **APPLY** to this IPO.



Disclaimer

We are not a registered research analyst with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.