

Aggressive investors can invest in long term

Rating: Aggressive investors can invest in long term

Issue Offer

Crop Life Science's initial public offering (IPO) has a fixed price. The total issue size of the IPO is INR 267.3Mn. Crop Life Science's IPO price is INR 52 per share. The IPO will be listed on the NSE SME.

Issue Summary

Price (INR)	52
Face Value (INR)	10
Implied Market Cap (INR cr)	89.12
Market Lot	2000
Issue Opens on	18 th August 2023
Issue Close on	22 nd August 2023
No. of share pre-issue	12,000,000
No. of share post issue	17,140,000
Listing	NSE

Issue Break-up (%)

QIB Portion	50
Retail & others Portion	50

Book Running Lead Managers

INTERACTIVE FINANCIAL SERVICES LIMITED

Registrar

Link Intime India Pvt. Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100%	70%
Public	0%	30%

Objects of the issue

Working capital requirement,
General corporate purpose,
Meeting Public Issue Expenses.

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Crop Life Science Ltd incorporated in 2006, is an agrochemical company engaged in the business of manufacturing, distributing, and marketing a wide range of agrochemical formulations. **Agriculture chemicals** consist of Pesticides and Micro fertilizers, moreover, the pesticides including Insecticides, Fungicides, Herbicides, and Weedicides. Currently, it has a wide range of more than 85 agrochemical products. The company has a manufacturing unit at GIDC Ankleshwar (Gujarat). In the year 2012, the company started exporting pesticides to Indonesia. Over a period, it started to export to Bangladesh, Egypt, Myanmar, Vietnam, Sudan, and other countries. The company has 133 trademark registrations under different classes/categories for its branded products including its Logo and 19 trademark application under different classes/categories which are under the process of various stages.

Investment Rational

A diverse assortment of products: Manufacturing a wide range of pesticides and have received clearance from the Directorate of Agriculture, Krishi Bhavan Gandhinagar, for 296 technical formulations for the manufacturing of pesticide products, including over 40 technical formulations for export alone. The breadth of the company's product offering assists its distributors in meeting their business objectives and allows it to get extra business from existing customers while also reaching out to a broader network of prospective new consumers.

Comprehensive distribution network: The company is having approx 1800 channel distributors and wholesaler outlets chain located over different regions of states of the country. The company focuses on building long-term relationships with its distributor and wholesaler network in both Tier 2 and Tier 3 cities as well as in India's largest cities. The company provides attractive seasonal margins to its distributors in order to incentivize and motivate them to distribute its products over rivals' items.

Strong established supply chain and seasoned promoters: The company's factory is located in the GIDC Industrial area at Ankleshwar which is nearby to the railway station on the main track connecting Gujarat, Maharashtra and Delhi corridor and provides better movement of the raw material as well as finished goods. The promoters of the company have a rich experience of more than 15 years in the field of manufacturing of agrochemicals namely Pesticides and Micro fertilizers.

Consistent growth: The company has demonstrated strong financial performance in FY23 with revenue at INR 1,225 Mn in FY23 from INR 1,020 Mn in FY22, a growth of 20% and PAT at INR 43.6 Mn in FY23 compared to INR 28 Mn in FY22, a growth of 55.7% which was supported by lower employee cost and other expenses. The company marked a setback for FY22 on account of the fire incident.

Valuation: The company continues to be committed to expanding its product line, prioritizing formulation excellence, and increasing operational capacity. The aggressive growth of both the operational scope and the distributor supply chain network is a critical component of this business. This strategic plan is poised to open up new opportunities for increasing client base and revenue growth, highlighting the company's unwavering dedication to superior quality and significant improvement. **The company is valued at a P/E of 14.2 FY23 EPS of INR 3.64 for the period ended Feb 28, 2023, at a price of INR 52.**

	INR Mn	FY21	FY22	Feb FY23
Revenue		1,189	1,020	1,225
EBITDA		905	814	1,140
EBITDA Margins (%)		7.58	7.96	9.24
PAT		34	29	44
PAT Margins(%)		3.11	2.76	3.56
RoE (%)		11.84	8.23	11.54
EPS		3.09	2.35	3.64

Source: RHP, Arihant Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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