



IPO Note

Abram Food Limited

Recommendation: **AVOID!**

Company Background –

- **Incorporation:** Abram Food Limited was originally incorporated as “Sharda Edible Products Private Limited” on Feb 19, 2009. The registered office is located at New Delhi.
- **Business Activity:** The company is engaged in manufacturing and trading of Chana Dal, Flour (Chakki Atta), Besan, Multi Grain Atta, Maida, Sooji, Spices, Cattle Feed (Khal) and edible oils.
- **Revenue Stream:** The company generates majority of the revenue from Chana Dal and Chana.
- **Human Resource:** The company had 18 full-time employees as on Mar 31, 2025.

Objects of the Issue –

- Capital Expenditure for purchase of machineries
- Funding working capital requirements of the Company
- General corporate purposes
- Issue related expenses in relation to Issue

Promoters Name –

Brij Bhushan, Mona Singhal and Arpit Gupta

Rationale for recommendation –

Abram Food Limited, established in 2009, brings significant industry experience. The IPO is fairly priced with a post-issue P/E of 11.40. While the management has good experience and relevant education, the company’s recent revenue and profit growth in FY25 raises concerns about financial sustainability, particularly with negative CFO over the last three years. The company has high customer and supplier concentration, and its heavy reliance on Rajasthan and Delhi for revenue generation, along with its dependence on Chana Dal and Chana, further elevates business risks. In a fragmented and competitive FMCG industry, without unique strategies, the company may struggle to sustain growth. We recommend **avoiding** this IPO for now.

IPO Details

Opening Date	Jun 24, 2025
Closing Date	Jun 26, 2025
Allotment Date	Jun 27, 2025
Listing Date	Jul 01, 2025
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹98
Issue Size	13.99 Cr.
Fresh Issue	13.29 Cr.
Offer for Sale	-
Application Amt	₹ 1,17,600 (1,200 shares)

INDUSTRY – FMCG

Avg. P/E ratio – 23.10

		KPIs	(In Lakhs)
KPI's	FY 23	FY 24	FY 25
Revenue	3,316.42	3,600.87	6,404.49
EBITDA	102.68	195.57	507.17
Net Profit	48.29	101.88	325.55
RoCE	28.99%	42.36%	55.37%
ROE	15.41%	24.54%	38.62%
P/E	70.50	33.33	10.83

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
93.14%	67.33%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	9.05	6.32
BVPS	22.62	16.36
P/E	10.83	15.52
P/BV	4.33	5.99
Mkt Cap (In Cr)	36.51	50.51

Lead Managers –

Corporate Makers Capital Limited

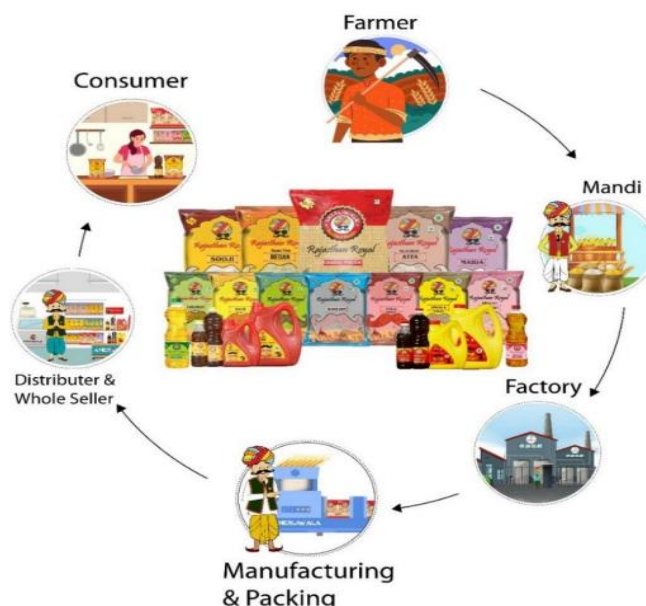
Registrar –

Kfin Technologies Limited

Business Overview -

The Company is engaged in manufacturing and trading of Chana Dal, Flour (Chakki Atta), Besan, Multi Grain Atta, Maida, Sooji, Spices, Cattle Feed (Khal) and edible oils in product range and market & sell it in Rajasthan, Delhi /NCR and Uttar Pradesh under the brand name of “**Kherliwala**” through the distributors. They also sell these products through their website. Their variant brands include Rajasthan Royals, Origo, Karwaan, Black Bug and Double Mooch.

Business Model:



Manufacturing Facility:

The company has one manufacturing facility situated at Rajasthan with a land area of 3,000 sq. mtr. to supply, store and distribute in Rajasthan and Delhi / NCR. The facility is accredited with FSSAI license under Food Safety and Standards Act, 2006.



The capacity utilization (%) details are:

Particulars	FY23	FY24	FY25
Pulses	86.29%	41.48%	99.69%
Flour	7.42%	29.33%	69.40%
Spices	-	1.10%	1.10%

Product Portfolio:

The company's product portfolio comprised of 7 categories which include products such as Chana Dal, Chana, Besan & Flour, Cattle Feed (Khal), Spices, Edible Oil, and By-Products such as Chana Churi, Chana Chilka & Chana Kachri.



Product-Wise Revenue Bifurcation:

Particulars	FY 2023		FY 2024		FY 2025	
	Amt	%	Amt	%	Amt	%
Chana Dal	1,411.45	43.63%	898.53	34.13%	3,481.39	54.51%
Chana	1,166.16	36.05%	1,339.12	50.87%	2,243.21	35.12%
Besan & Healthy Floyr	15.30	0.47%	141.41	5.37%	398.43	6.24%
Edible Oil (Refined Til & Mustard Oil)	401.15	12.40%	108.38	4.12%	102.81	1.61%
Cattle Field	9.86	0.30%	-	-	54.70	0.86%
Spices	-	-	2.02	0.08%	1.58	0.02%
By Products (Chana Churi etc.)	231.34	7.15%	142.94	5.43%	104.37	1.63%
Total	3,235.26	100%	2,632.40	100%	6,386.49	100%

Competition -

- Market Competition:** The industry is competitive where the key factors of competition primarily comprise of price and quality of products, timely delivery and availability of products.
- Geographic Competition:** The company faces competition from various domestic players and international players.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** Low threat of substitutes.
- Bargaining Power of Customers:** The bargaining power is high with the customers.
- Bargaining Power of Suppliers:** The bargaining power is low with the suppliers.

Business Strategies -

- The Company intends to expand their presence in Haryana, Uttar Pradesh and Gujarat.
- The Company intends to expand Kherliwala and its variant brands in supermarkets and e-commerce.
- The Company is exploring automation techniques in blending, grinding, and packaging processes to increase efficiency and reduce labour costs.

Risk Factors -

- The company is highly dependent on two products for their revenue generation i.e. Chana Dal and Chana and their dependency has increased over the years constituting 79.67%, 85% and 89.64% in FY23, FY24 and FY25 respectively.
- The company is highly dependent on 2 states (Rajasthan and Delhi-NCR) for their revenue generation constituting to 99.99%, 99.7%, and 99.92% for FY23, FY24 and FY25 respectively.
- The related party transaction remained quite high wherein the total purchases from two parties i.e., Sharda Udyog and Ramkishore Mataden remained at 27.13% and 21.2% of the revenue from operations for FY24 and FY25 respectively.
- The company's is highly dependent on top 10 customers for their revenue constituting 86.05%, 74.86% and 73.86% for FY23, FY24 and FY25 respectively.
- The company's is highly dependent on top 10 suppliers for their purchase constituting 59.86%, 91.88% and 99.32% for FY23, FY24 and FY25 respectively.
- The company has 6 tax proceedings against it of Rs. 1.06 lakhs.
- The Promoter/ director has 3 tax and 1 civil proceeding against it amounting to Rs. 27.08 lakhs.
- The group companies have 13 tax proceedings against it amounting to Rs. 10.78 lakhs.
- The company had negative cash flow from operations for last 3 years.

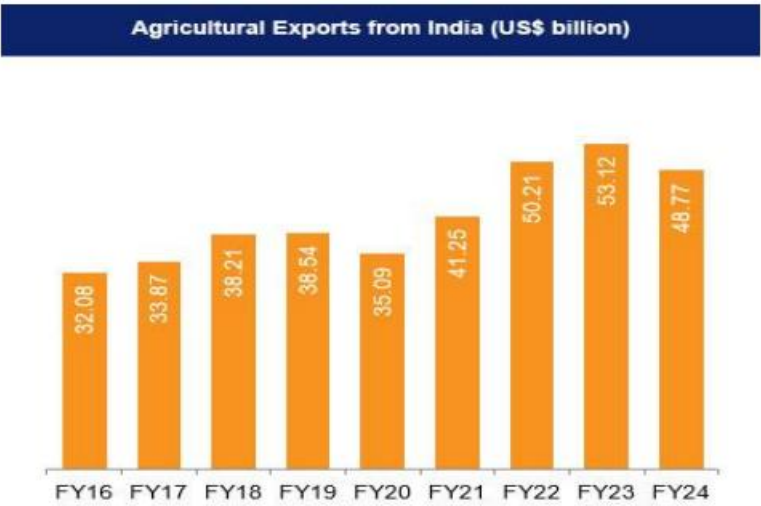
INDUSTRY OVERVIEW -

Agriculture Industry in India

India’s agriculture sector is evolving rapidly, driven by increased investment in irrigation, warehousing, cold chains, and genetically modified crops. The sector is embracing advanced technologies such as AI, GIS, drones, and e-farming platforms, aiming to improve productivity and supply chain efficiency. Integration across stakeholders—farmers, processors, and retailers—is enhancing value addition and reducing costs.

Market Size:

- The sector is projected to reach **US\$ 24 billion by 2025**.
- The **food and grocery market** are the **6th largest globally**, with 70% retail share.
- **2023–24 foodgrain output** is estimated at **148.5 million tonnes**; **horticulture output** hit **351.92 million tonnes** in 2022–23.
- **Agricultural exports** stood at **US\$ 4.34 billion** in April–May 2024, led by rice, marine products, and spices.
- The **processed food industry** is expected to grow at a **CAGR of 12%**, reaching **US\$ 958 billion by 2025**.
- Growth is fueled by rising rural incomes, demand for quality food, and tech adoption in farming and processing.



Government Initiatives:

- PMKSY: ₹4,600 crore allocation till 2026 for food parks and infrastructure.
- PM Matsya Sampada Yojana: US\$ 9 billion investment to boost fish production.
- PMFME: ₹10,000 crore scheme supporting micro food enterprises.
- Key approvals include 41 Mega Food Parks, 399 Cold Chains, and 76 Agro Clusters.
- Cluster farming pilots launched on 50,000 hectares with ₹750 crore private investment.
- Digital farming and FaaS initiatives are transforming smallholder farming economics.
- Over ₹2.6 lakh crore disbursed under PM-KISAN to 11.78 crore farmers.

Road Ahead:

India’s infrastructure sector is poised for robust, long-term expansion. With strong CAPEX support, evolving urbanization patterns, increasing digitalization, and Tier II/III city growth, the sector is expected to continue driving economic acceleration. The government's vision to reduce logistics costs, improve energy sustainability, and create future-ready urban centers reinforces infrastructure as a cornerstone of India's development agenda.

Key Management -

Key Management Persons Name -	Brij Bhushan
Age	67
Designation and No. of years of experience	Promoter and Managing Director, 49+ years of experience in FMCG industry
Qualification	Bachelor of Commerce
Responsibility	Responsible for day-to-day operations and currently overseeing & controlling the overall procurement and administration.
Other Directorships	Sharda Capital Private Limited, Aviansh Logistics Private Limited, Brij Bhushan HUF and Sharda Udyog

Key Management Persons Name -	Mona Singhal
Age	39
Designation and No. of years of experience	Promoter and Non-Executive Director, 16+ years of experience
Qualification	Bachelor of Commerce and Chartered Accountancy from ICAI
Responsibility	Oversees the Company's compliance activities and related functions, ensuring adherence to regulatory standards and contributing to the overall governance framework.
Other Directorships	Kherliwala Products Private Limited

Key Management Persons Name -	Arpit Gupta
Age	43
Designation and No. of years of experience	Promoter and CFO, 16+ years of experience
Qualification	Bachelor of Commerce and Chartered Accountancy from ICAI
Responsibility	Oversees the Company's compliance activities and related functions, ensuring adherence to regulatory standards and contributing to the overall governance framework.
Other Ventures	Arpit Gupta & Associates, a practicing chartered accountants firm.

- The overall management of the company is satisfactory.
- **Sanjay Kumar Jain, Pravita Khandelwal and Pooja Kapoor** are the Non-Executive Independent Directors of the Company. They have relevant experience in their respective fields.
- **Sanjiva Gaur (CS and Compliance Officer)**, aged 65 years, has 20+ years of experience and had previously worked with Manav Breweries Private Limited.

FINANCIAL SNAPSHOT

Statement of Profit and Loss			Amt in Lakhs.
Particulars	FY 23	FY 24	FY 25
Revenue from Operations	3,316.42	3,600.87	6,404.49
Other Income	-	13.50	4.70
Total Income	3,316.42	3,614.37	6,409.19
Expenses			
Cost of materials consumed	1,700.06	1,058.87	3,587.59
Purchases of stock-in-trade	1,535.00	2,593.54	2,084.44
Change in Inventories of Finished Goods, WIP and Stock In Trade	-58.16	-359.73	126.44
Employee Benefit Expenses	18.20	27.22	42.79
Finance Cost	25.80	46.73	51.22
Depreciation and Amortization Expense	11.53	19.23	29.19
Other expenses	18.64	85.40	56.06
Total Expenses	3,251.07	3,471.26	5,977.73
EBITDA	102.68	195.57	507.17
EBITDA Margin	3.10%	5.43%	7.92%
Profit/(Loss) before tax	65.35	143.11	431.46
Tax Expense			
Current tax	16.65	41.26	109.38
Tax for prior years	0.41	-0.03	0.46
Deferred Tax	-	-	-3.93
Total Tax	17.06	41.23	105.91
Profit/(Loss) for the year	48.29	101.88	325.55
Net Profit Margin	1.46%	2.83%	5.08%

Statement of Assets and Liabilities			Amt in Lakhs.
Particulars	FY 23	FY 24	FY 25
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	24.10	289.20	372.60
Reserves and Surplus	289.17	125.96	470.35
Total Equity	313.27	415.16	842.95
NON-CURRENT LIABILITIES			
Long-term Borrowings	-	-	18.68
Deferred Tax liability	1.17	1.14	1.60
Total Non-Current liabilities	1.17	1.14	20.28
CURRENT LIABILITIES			
Short-term Borrowings	438.60	600.86	694.55
Trade Payables	0.62	1.12	31.67
Other Current Liabilities	2.18	2.51	10.13
Short-term Provisions	16.65	41.26	109.38
Total Current liabilities	458.05	645.75	845.73
Total Liabilities	459.22	646.89	866.01
Total Equity and Liabilities	772.49	1,062.05	1,708.96
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	115.16	149.69	222.84
Other Non- current Assets	-	-	0.18
Total Non-Current assets	115.16	149.69	223.02
CURRENT ASSETS			

Particulars	FY 23	FY 24	FY 25
Inventories	192.43	572.38	555.97
Trade Receivables	427.54	305.28	870.00
Cash & Cash equivalents	28.12	11.34	5.29
Short Term Loans and Advances	9.25	23.37	54.68
Total Current assets	657.34	912.37	1,485.94
Total Assets	772.50	1,062.06	1,708.96

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 23	FY 24	FY 25
Net Cash Flow from Operating Activities	-83.74	-78.56	-67.03
Net Cash Flow from Investing Activities	-49.50	-53.75	-102.41
Net Cash Flow from Financing Activities	159.59	115.53	163.39

Key Ratios

Per Share Data	FY 23	FY 24	FY 25	Valuation Ratios (x)	FY 23	FY 24	FY 25
Diluted EPS	1.39	2.94	9.05	EV/EBITDA	7.05	5.14	3.06
BV per share	129.99	14.36	22.62	Market Cap / Sales	0.07	0.79	0.57
Operating Ratios				P/E	70.50	33.33	10.83
EBITDA Margins	3.10%	5.43%	7.92%	Price to Book Value	0.75	6.83	4.33
PAT Margins	1.46%	2.83%	5.08%	Solvency Ratios			
Inventory days	21.24	58.18	31.77	Debt / Equity	1.40	1.45	0.85
Debtor days	47.18	31.03	49.72	Current Ratio	1.44	1.41	1.76
Creditor days	0.07	0.11	2.00	Quick Ratio	1.01	0.53	1.10
Return Ratios				Asset Turnover	4.29	3.39	3.75
RoCE	28.99%	42.36%	55.37%	Interest Coverage Ratio	3.53	3.77	9.33
RoE	15.41%	24.54%	38.62%				

*Annualized

INTERPRETATION –

1. The top line has increased over the years. It increased by 8.58% in FY24 and saw a sudden spike by 77.86% in FY25 which is majorly due to increase in sales of Chana Dal and Chana.
2. The net profit also increased over the years. It increased by 110.98% in FY24 and it increased by 219.54% in FY25.
3. The profitability margins have increased over the years. The PAT margin saw a sudden increase in FY25 which is due to overall reduction in expenses (majorly purchases of stock and other expenses).
4. The return ratios have improved over the years.
5. The company had negative CFO since last 3 years.

PEER ANALYSIS –

Particulars	Abram Food Limited			HOAC Food India Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	1.46%	2.83%	5.08%	4.18%	6.59%	9.38%
EBITDA Margin	3.10%	5.43%	7.92%	10.57%	11.77%	16.03%
RoCE	28.99%	42.36%	55.37%	47.44%	40.81%	33.31%
RoE	15.41%	24.54%	38.62%	34.23%	30.75%	21.95%
EPS	1.39	2.94	9.05	2.76	4.54	6.79
P/E	51.80	24.49	7.96	-	-	21.35

Particulars	Jetmall Spices and Masala limited			Contil India Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	7.59%	2.01%	-92.50%	3.11%	4.72%	7.63%
EBITDA Margin	10.89%	7.38%	-90.00%	4.56%	6.84%	10.22%
RoCE	4.11%	0.61%	-8.65%	11.93%	20.70%	29.03%
RoE	3.09%	0.31%	-8.20%	8.42%	14.64%	22.01%
EPS	0.50	0.05	-1.24	0.40	0.90	1.63
P/E	46.00	300.00	-	37.95	28.78	19.39

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Corporate Makers Capital Limited**. This is their **second mandate**. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Corporate Makers Capital Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Ken Enterprises Limited	83.65	94.00	Feb 05, 2025	39.45

The company has handled 1 mandate in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 24th June 2025.

As per the offer document, the above-mentioned mandate has opened at a discount on the listing day.

Recommendation -

Abram Food Limited has been in the industry since 2009 and has vast experience.

The P/E on a post-IPO annualized basis is around 15.52 times which makes it fairly priced.

The company's management structure is satisfactory with the management having good experience and relevant education.

The company's top line saw a sudden increase in FY25. The EBITDA and bottom line have also seen a sudden spike in FY25 which is majorly due to the increase in revenue and overall reduction in expenses compared to the previous years. The profitability margins also saw a similar trend. The return ratios have increased over the years. But the CFO has remained negative over the last three years which raises concern.

The company has high concentration for customers and suppliers and loss of any may have adverse effect on the business operations. Also, the company is highly dependent on Rajasthan and Delhi for the revenue generation. Majority of their revenue is being generated from Chana Dal and Chana. So, if the company fails to expand geographically and reduce their reliance on those two products, it will be very difficult for the company to sustain in the long run.

The FMCG industry is heavily fragmented and competitive in nature. So, without any unique strategies, the company won't be able to survive.

Thus, investors can **AVOID** this IPO for now.

Disclaimer

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