



IPO Note

Vandan Foods Limited

Recommendation: **AVOID!**

Company Background: Vandan Foods Limited is engaged in the manufacturing of Refined F.S.G. Castor Oil and Castor Oiled Cake.

Objects of the Issue –

Particulars	Amt. in Lakhs
Working Capital Requirements	857.00
Prepayment/ repayment of certain outstanding borrowings availed by the Company	300.00
Funding the capital expenditure requirement for expansion of Dhinoj Facility (CAPEX)	829.00
General Corporate Purpose	751.40

Promoters Name –

Kalpeshkumar Bhagavandas Thakkar, Rakeshkumar Rameshbhai Patel, Jitendra Rameshbhai Patel, Jyotsana Jitendrabhai Patel and Kalpesh Kumar Thakkar HUF

Promoter Share Holding Pattern	
Pre Issue	Post Issue
96.94%	66.42%

Rationale for recommendation –

Vandan Foods Limited, established in 2015, has decent industry experience and the IPO is priced fairly at a post-issue P/E of 15.97. However, the management team has limited experienced, and they lack relevant education. The company has seen a significant spike in revenue for the last three years which also resulted in sudden growth in EBITDA and net profit. The company had incurred loss in FY22. The profitability margins also saw a similar trend. The company's geographic concentration in Gujarat and exposure to raw material price fluctuations of castor seeds add business risk. The company also relies heavily on top 10 customers and suppliers. The company has shifted to different business operations over the years which poses risk for long term. The industry is also highly fragmented and competitive and without any unique strategies it will be difficult for the company to sustain. Thus, we recommend **AVOIDING** this IPO.

IPO Details

Opening Date	Jun 30, 2025
Closing Date	Jul 02, 2025
Allotment Date	Jul 03, 2025
Listing Date	Jul 07, 2025
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹115
Issue Size	30.36 Cr.
Fresh Issue	30.36 Cr.
Offer for Sale	-
Application Amt	₹ 1,38,000 (1,200 shares)

KPIs (In Crores)

KPI's	FY 22	FY 23	FY 24	Dec-24
Revenue	147.55	1,159.35	4,873.04	7,266.38
EBITDA	-7.77	99.49	364.57	692.16
Net Profit	-11.43	64.28	264.43	453.59
RoCE	-7.98%	39.48%	37.29%	18.19%*
ROE	243.71%	29.54%	27.92%	13.16%*
P/E	-479.17	87.12	24.78	15.97*

*Annualized

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	4.64	7.20
BVPS	32.97	54.70
P/E	24.78	15.97
P/BV	3.49	2.10
Mkt Cap (In Cr)	66.07	96.43

*Annualized

Lead Managers –

Nirbhay Capital Services Private Limited

(Handled 2 mandates and both opened at a discount)

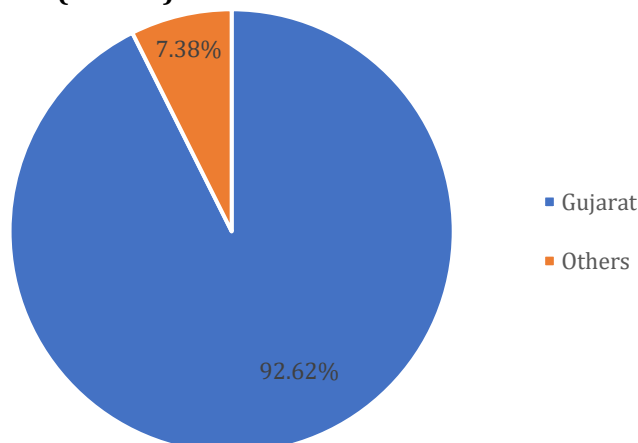
Registrar –

Bigshare Services Private Limited

Business Overview -

The company was incorporated on Dec 15, 2015. They were engaged in the catering business prior to 2018 and then it shifted to trading of agro commodities. Since 2024, the company has started manufacturing of Castor Oil and its derivatives. Currently, the company is operating under B2B business model primarily focusing on Refined F.S.G. Castor Oil, Castor De Oil Cake.

Geographical Presence (Dec-24):



*Others include Haryana, Bihar, Andhra Pradesh, Delhi, Rajasthan and Telangana.

Manufacturing Facility: The company has a manufacturing facility at Dhinoj, Patan. The capacity utilization remained at 67.83% and 70.29% for FY24 and Dec-24 respectively.

Product-wise bifurcation -

Particulars	FY 22	%	FY 23	%	FY 24	%	Dec-24	%
1. Castor Oil	-	-	-	-	3,063.63	64.46%	6,492.53	89.35%
2. Castor Cake	-	-	-	-	382.67	8.05%	639.46	8.80%
3. Agricultural Commodities	-	-	1,016.26	100.00%	1,012.99	21.31%	-	-
4. Others	23.13	100.00%	-	-	293.26	6.17%	134.39	1.85%
Total	23.13	100%	1,016.26	1.00	4,752.55	100%	7,266.38	100%

Business Strategies -

1. The company intends to consistently meet quality standards and maintain relationships with suppliers, customers and employees.
2. The company intends to expand their geographical presence.

Industry Overview -

The global **castor oil market**, valued at **USD 1.4 billion in 2022**, is projected to reach **USD 2.3 billion by 2032**, growing at a **CAGR of 5.1%**. Widely used across **pharmaceuticals, cosmetics, lubricants, and agriculture**, castor oil is gaining popularity due to its **bio-based, anti-inflammatory, and antimicrobial** properties. India, a major producer, reached a volume of **102.5 Kilo Tons in 2023**, supported by favorable agro-climatic conditions and government policies on oilseed cultivation. The increasing demand for **natural cosmetics, sebamic acid-based lubricants**, and **nutritional cattle feed** is fueling market growth. Technological advancements in oil extraction and growing global preference for **eco-friendly, chemical-free** products further support the industry's upward trajectory.

Outlook & Analysis of the industry:

Market conditions are favorable for companies in the castor oil space, driven by rising demand for **sustainable, plant-based products** in cosmetics, healthcare, and agriculture. With growing environmental awareness and regulatory support for **green products**, the industry is poised for steady growth. While **raw material price volatility** remains a challenge, firms investing in **technology, quality seeds, and value-added derivatives** are well-positioned to capitalize on this long-term opportunity.

FINANCIAL SNAPSHOT

Key Performance Indicators					Key Ratios				
(In lakhs)									
Particulars	FY 22	FY 23	FY 24	Dec-24	Particulars	FY 22	FY 23	FY 24	FY 25*
P&L Statement					Per Share Data				
Total Income	161.13	1,159.35	4,873.04	7,266.38	Diluted EPS	-0.24	1.32	4.64	7.20
Total Expenses	174.74	1,073.45	4,519.49	6,660.24	BV per share*	-46.90	159.52	32.97	54.70
EBITDA	-7.77	99.49	364.57	692.16	Operating Ratios				
EBIT	-27.19	85.9	353.55	674.91	EBITDA Margins	-5.27%	8.58%	7.48%	9.53%
PBT	-13.61	85.90	353.55	606.14	PAT Margins	-7.75%	5.54%	5.43%	6.24%
Tax Expenses	-2.18	21.62	89.12	152.55	Inventory days	-	-	-	13.95
Net Profit	-11.43	64.28	264.43	453.59	Debtor days	170.91	1.58	3.04	46.12
Balance Sheet					Creditor days	-	-	-	-
Total Equity	-4.69	217.58	947.02	1,400.60	Return Ratios				
Assets					RoCE	-7.98%	39.48%	37.29%	18.19%
Non-Current Assets	54.59	42.87	569.17	892.04	RoE	243.71%	29.54%	27.92%	13.16%
Current Assets	365.57	431.10	642.75	2,276.72	Valuation Ratios (x)				
Total Assets	420.16	473.97	1,211.92	3,168.76	EV/EBITDA	-42.75	1.36	2.33	1.48
Liabilities					Market Cap / Sales	0.08	0.14	0.68	1.00
Non-Current Liabilities	345.29	-	1.00	373.89	P/E	-479.17	87.12	24.78	15.97
Current Liabilities	79.56	256.39	263.90	1,394.27	Price to Book Value	-2.45	0.72	3.49	2.10
Total Liabilities	424.85	256.39	264.90	1,768.16	Solvency Ratios				
Cash Flow Statement					Debt / Equity	-73.62	0.18	-	0.30
CFO	24.95	261.10	88.08	-1,077.50	Current Ratio	4.99	3.57	25.01	25.01
CFI	-	-	-536.55	-339.90	Quick Ratio	4.28	0.98	0.57	0.57
CFF	-24.92	-147.82	425.54	1,319.94	Asset Turnover	0.35	2.45	4.02	7.98
					Interest Coverage Ratio	-	-	-	9.81

*Annualized

FINANCIAL ANALYSIS –

- The top line has increased over the years and saw a sudden spike in FY23 by 685.73% and in FY24 it saw a surge by 320.33% which is due to the company entering into manufacturing and supply of Refined F.S.G. Castor Oil, Castor De Oil Cake and increase in sale of products contributed towards this spike.
- The company had incurred a negative EBITDA in FY22. It increased by 1,380.44% in FY23 and by 266.44% in FY24.
- The company had incurred loss in FY21 and FY22. In FY23, they became profitable and the net profit growth in FY23 was by 662.38% and in FY24 it increased by 311.37%.
- The reason for the sudden growth of EBITDA and PAT is due to overall reduction in expenses (which reduced from 108% to 92% in relation to total income) and sudden spike in revenue for both years.
- The CFO is negative as of Dec-24 which is due to increase in inventory.
- The company is almost debt free.

Overall, the financials of the company look unsustainable in the long run as they have been changing their business operations over the years.

Peer Analysis

Particulars	Vandan Foods Limited			NK Industries Limited			Jayant Agro-Organics Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	-7.75%	5.54%	5.43%	-7.33%	-10.29%	-5.22%	3.42%	1.77%	2.45%
EBITDA Margin	-5.27%	8.58%	7.48%	12.39%	9.36%	10.09%	5.93%	3.58%	4.61%
RoCE	-7.98%	39.48%	37.29%	-0.11%	-0.11%	-0.06%	26.36%	14.34%	13.36%
ROE	243.71%	29.54%	27.92%	0.45%	0.55%	0.30%	18.99%	9.73%	9.71%
EPS (INR)	-0.24	1.32	4.64	-2.53	-3.11	-1.71	29.53	16.45	17.58
P/E	-479.17	87.12	24.78	-12.96	-11.35	-32.87	8.50	8.92	12.23

Key Management

- The management consists of **Rakeshkumar Rameshbhai Patel (Chairman & Non-Executive Director)**, **Jitendra Rameshbhai Patel (Managing Director)** and **Kalpeshkumar Bhagavandas Thakkar (Executive Director)**. They have limited experience in the agriculture industry and do not have relevant education. Rakeshkumar Rameshbhai and Jitendra Rameshbhai have been associated with the company since 2024 and Kalpeshkumar Bhagavandas has been associated since 2017.
- **Manish Shrichand Bachani** and **Simoli Kalpesh Raval** are the **Independent Directors**. They have decent experience in the industry with relevant education in their respective fields.
- **Vishvajitsinh Dipsinhbhai Kashela (CFO)**, holds B. Com degree and has limited experience of 2 years.
- **Aayushi Naresh Bhatia (CS & Compliance Officer)** holds B. Com degree and has limited experience of 2 years.

Outlook: Overall, the management is not very satisfactory as all of them have limited experience and few of the members have been appointed recently.

Risk Factors –

- The company has highly dependent on their top 10 customers and suppliers for their revenue generation and purchase of raw materials.
- The company generates more than 80% of their revenue from Gujarat.
- The company is subject to seasonality due to seasonal availability of these castor seeds and the price fluctuations in castor seeds also might affect the business operations.
- The company had incurred loss in FY22.

Outlook: The company must opt unique business strategies for the first 2 risks mentioned as the dependency on top 10 customers and suppliers and the dependency on Gujarat might affect the business in the long run if they fail to diversify.

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