



IPO Note

Sawaliya Food Products Limited

Recommendation: **AVOID**

Business - Sawaliya Food Products Limited is a manufacturer and processor of dehydrated vegetables, serving leading institutional manufacturers engaged in branded packaged food industries, traders and international importers of dehydrated products.

Objects of the Issue –

Particulars	Amount
Funding capital expenditure towards (i) purchase of new machinery and upgradation of existing machinery installed and (ii) setting up of on-grid rooftop solar PV system of a capacity of 149.04KWp	Rs. 7.49 Cr.
Working Capital Requirements	Rs. 10.00 Cr.
Repayment of borrowings	Rs. 4.61 Cr.
General Corporate Purposes	

Promoters Name –

Raghav Somani and Priya Somani

Promoter Share Holding Pattern	
Pre Issue 96.00%	Post Issue 67.78%

Rationale for recommendation –

Sawaliya Food Products Limited was incorporated on Jul-01, 2014 and has a considerable operating history. The company exports only to the United States and derives majority revenue from Madhya Pradesh (76.70% in FY25). It has high customer concentration (86.50% in FY25) and moderate supplier concentration. Capacity utilization is above 90% for most products, except Dehydrated Carrot B grade (42%). The business is seasonal and regulated and exposed to risks like contamination and tampering. Revenue rose by 55.07% in FY24 and 46.10% in FY25 with EBITDA and PAT margins expanding to 35.74% and 20.32% respectively. RoCE and RoE improved to 47.76% and 54.91% supported by higher operating profits. Operating cash flow turned negative in FY25 due to increased receivables. Net profit growth is driven by seasonal procurement and in-house cold storage over outsourcing. The overall financials of the company appear moderate, with certain areas requiring improvement to ensure long-term stability and sustainability. The overall management of the company appears moderate, as some of key personnel possess limited experience in their respective fields. The company's post-issue P/E ratio is 17.14 which is slightly highly priced. We recommend **AVOID** the IPO now but suggest to monitor company's performance post listing how company is able to overcome above mentioned observations.

IPO Details

Opening Date	Aug 07, 2025
Closing Date	Aug 11, 2025
Allotment Date	Aug 12, 2025
Listing Date	Aug 14, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹114 - ₹120
Issue Size	₹34.83 Cr.
Fresh Issue	₹31.23 Cr.
Offer for Sale	₹3.60 Cr.
Application Amt	₹ 2,88,000 (2,400 shares)

KPIs

(In Lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	1,508.87	2,339.78	3,418.42
EBITDA	168.87	612.30	1,221.82
Net Profit	59.39	311.96	694.57
RoCE	12.19%	46.25%	47.76%
ROE	22.99%	54.70%	54.91%
P/E	148.15	28.17	12.64

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	9.49	7.00
BVPS	17.29	12.75
P/E	12.64	17.14
P/BV	6.94	9.41
Mkt Cap (In Cr)	87.79	119.02

*Annualized

Lead Managers –

Unistone Capital Private Limited

Registrar –

Skyline Financial Services Private Limited

Industry Overview –

India is the largest producer of milk and spices and one of the leading producers of fruits and vegetables, poultry, meat and seafood. India has access to several natural resources that provides it with a competitive advantage in the food processing sector. Due to its diverse agro-climatic conditions, it has a wide-ranging and large raw material base suitable for food processing industries. 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. India exports key processed food products such as pulses, processed vegetables, processed fruits and juices, groundnuts, guar gum, cereal preparations, milled products, alcoholic beverages, oil meals, etc.

Market Size - India's food processing sector's market size is estimated to more than double to Rs. 60,40,300 Cr. (US\$ 700 billion) in 2030 from Rs. 26,49,103 Cr. (US\$ 307 billion) in 2023, driven by growing demand for processed products. India's food processing sector will grow significantly, reaching US\$ 1,100 billion by FY35, US\$ 1,500 billion by FY40, US\$ 1,900 billion by FY45 and US\$ 2,150 billion by FY47. The Indian food and beverage packaged industry is experiencing substantial growth with market size projected to increase from US\$ 33.7 billion in 2023 to US\$ 46.3 billion by 2028.

Government Initiatives – Pradhan Mantri Kisan Sampada Yojana (PMKSY), Atmanirbhar Bharat Abhiyan, PM Formalization of Micro food processing Enterprises (PMFME) Scheme, Production Linked Incentive Scheme for Food Processing Industry (PLISFPI), PLI Scheme for Millet-based Products (PLISMBP) and others.

Outlook - India's food processing industry is poised for robust growth, projected to reach US\$ 1,274 billion by 2027, driven by infrastructure development, government initiatives and a strong startup ecosystem. Strategic focus on cold chains, food parks and common industrial infrastructure is enhancing value addition and reducing post-harvest losses. With rising domestic demand and export potential, the sector offers significant long-term investment opportunities.

(source : RHP)

Business Overview -

Sawaliya Food Products Limited is a manufacturer and processor of dehydrated vegetables, serving leading institutional manufacturers engaged in branded packaged food industries, traders and international importers of dehydrated products. The company's products find wide application as raw materials in the fast-moving consumer goods ("FMCG") industry, for products such as cup noodles, ready to eat noodles, pasta, soup, etc. The company's main products include dehydrated carrot, dehydrated cabbage and dehydrated ring beans / beans. The company source raw materials directly from farmers to ensure they use natural ingredients in their products. The company was originally incorporated as 'Sawaliya Food Products Private Limited' on Jul-01, 2014.

The company's products are produced at manufacturing facility located in District Dhar, Madhya Pradesh with a production capacity of approximately 1500 MT for all dehydrated products, divided into 2 facilities.

Company Products and Applications –

- Dehydrated Carrot – Soups (including homemade soup stocks), stews, pasta sauces, pizza toppings, omelettes etc.
- Dehydrated Cabbage – Instant soup powder, noodles feed the tastemaker, food premix appetizers etc.
- Dehydrated Ring Beans/Beans – Noodles, instant food mix, soup powders etc.
- Dehydrated Carrot B grade – Pet food
- Washed Carrot

Customer-wise Revenue Bifurcation -

(Amt. in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Institutional customers	1,198.07	79.40%	1,009.70	43.15%	2,261.41	66.15%
Traders	108.34	7.18%	1,100.36	47.03%	1,067.17	31.22%
International customers	202.46	13.42%	229.72	9.82%	89.84	2.63%
Total	1,508.87	100%	2,339.78	100%	3,418.42	100%

- The company exports to only one country, i.e., United States of America.
- The company's revenue is highly concentrated in Madhya Pradesh, contributing 19.67%, 50.23% and 76.70% of total revenue in FY23, FY24 and FY25 respectively.
- The company has moderate supplier concentration, top 10 suppliers contributing 51.99%, 31.87% and 73.07% of total purchases in FY23, FY24 and FY25 respectively.
- The company's capacity utilization is above 90% in Dehydrated Carrot A grade, Ring Beans, Cabbage and others, though Dehydrated Carrot B grade has only 42% utilization in FY25.

Business Strategies -

- The company plans to increase manufacturing capacity by adding additional machinery.
- The company plans to enter new product categories i.e., dried papaya, dried beetroot and dried pumpkin.
- The company aims to increase geographical presence and strengthen marketing network.

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Lakhs)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	1,530.25	2,367.04	3,433.84	Diluted EPS	0.81	4.26	9.49
Total Expenses	1,457.86	1,923.65	2,501.09	BV per share	208.76	460.91	17.29
EBITDA	168.87	612.30	1,221.82	Operating Ratios			
EBIT	132.93	557.26	1,175.73	EBITDA Margins	11.19%	26.17%	35.74%
PBT	72.39	443.39	932.75	PAT Margins	3.94%	13.33%	20.32%
Tax Expenses	13.00	131.43	238.18	Inventory days	206.51	205.51	188.81
Net Profit	59.39	311.96	694.57	Debtor days	14.30	44.34	179.00
Balance Sheet				Creditor days	87.34	103.37	117.03
Total Equity	258.30	570.27	1,264.84	Return Ratios			
Liabilities				RoCE	12.19%	46.25%	47.76%
Non-Current Liabilities	832.55	634.62	1,197.17	RoE	22.99%	54.70%	54.91%
Current Liabilities	912.81	1,335.30	2,163.93	Valuation Ratios (x)			
Total Liabilities	1,745.36	1,969.92	3,361.10	EV/EBITDA	9.37	2.90	2.87
Assets				Market Cap/Sales	0.10	0.06	2.57
Non-Current Assets	874.01	713.94	923.72	P/E	148.15	28.17	12.64
Current Assets	1,129.67	1,826.24	3,702.21	Price to Book Value	0.57	0.26	6.94
Total Assets	2,003.68	2,540.18	4,625.93	Solvency Ratios			
Cashflow Statement				Debt/Equity	5.17	2.27	1.78
Operating Cashflow	15.48	79.26	-431.26	Current Ratio	1.24	1.37	1.71
Investing Cashflow	-560.02	181.40	-343.20	Quick Ratio	0.30	0.38	0.90
Financing Cashflow	550.05	-183.82	697.69	Asset Turnover	0.75	0.92	0.74
				Interest Coverage Ratio	1.62	3.95	4.55

Financial Analysis –

- **Revenue from Operations** - The company's top line increased by 55.07% in FY24 and 46.10% in FY25 primarily due to increase in sales.
- **EBITDA and PAT Margins** – The company's EBITDA margin has improved from 11.19% in FY23 to 35.74% in FY25 and PAT margin from 3.94% to 20.32% over the same period, primarily contributed by decrease in other expenses and slight decrease in material COGS as a percentage of revenue.
- **RoCE and RoE** – The company's RoCE and RoE have been increased significantly from 12.19% to 47.76% and 22.99% to 54.91% respectively from FY23 to FY25, primarily attributed by increase in operating profits.
- **Operating cashflow** – The company has maintained positive operating cashflow in FY23 and FY24 but it has turned negative in FY25 primarily due to significant increase in trade receivables.
- **D/E ratio** – The company's declining debt-to-equity ratio indicates a reduction in financial leverage.
- The company's current and quick ratios have been stable, indicating enhanced short-term liquidity and financial stability.
- **Net profit** – The company's net profit has been increasing primarily attributable to procurement of raw materials in specific season at cheap price and store in company's own cold storage warehouse instead of outsourcing.

Outlook – The overall financials of the company appear moderate, with certain areas requiring improvement to ensure long-term stability and sustainability.

Lead Manager –

The lead manager of the issue is Unistone Capital Private Limited. The lead manager has managed 24 IPOs in last 3 years, among them 21 IPOs have opened in premium and 3 IPOs have opened in discount to its issue price on their respective listing date.

Risk Factors -

- The company has customer concentration, top 10 customers contributing 93.27%, 65.63% and 86.50% of total revenue in FY23, FY24 and FY25 respectively.
- The company's business is highly subject to seasonal fluctuations on account of non-availability of vegetables which is highly dependent on climatic conditions.
- The company operates in a highly regulated and competitive industry and products they manufacture are subject to risks such as contamination, adulteration and product tampering during their manufacture, transport or storage.
- The company has unsecured loan amounting to Rs. 257.15 Lakhs as on Jun-30, 2025.

Key Management

- Raghav Somani is the Chairman and Managing Director of the company. He has experience of almost a decade in business development, production and processing of dried vegetables and marketing management. There is an evidence of dual chairmanship in the company.
- Priya Somani is the Whole-time Director of the company. She holds 4 years of limited experience in food safety and quality management.
- The Non-Executive Independent Directors are qualified but have limited experience in their respective fields.
- The company's Chief Financial Officer possess 14 years of experience in accounting and finance fields and Company Secretary and Compliance Officer brings 3 years of experience in secretarial and compliance field.

Outlook – The overall management of the company appears moderate, as some of key personnel possess limited experience in their respective fields.

Peer Analysis

Particulars	Sawaliya Food Products Limited			Prime Fresh Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	3.94%	13.33%	20.32%	5.08%	4.65%	4.39%
EBITDA Margin	11.19%	26.17%	35.74%	7.48%	6.75%	6.41%
RoCE	12.19%	46.25%	47.76%	23.85%	15.92%	18.39%
ROE	22.99%	54.70%	54.91%	16.66%	11.20%	12.93%
EPS (INR)	0.81	4.26	9.49	4.16	5.31	6.69
P/E	148.15	28.17	12.64	50.46	46.03	18.98

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