



IPO Note

Shivashrit Foods Limited

Recommendation: **AVOID**

Business - Shivashrit Foods Limited is manufacturer, supplier and exporter of potato flakes. The company has a dedicated potato processing and manufacturing facility at Aligarh in Western Uttar Pradesh, India for production of potato flakes.

Objects of the Issue –

Particulars	Amount
Capital expenditure towards expansion	Rs. 26.30 Cr.
Working Capital Requirements	Rs. 19.00 Cr.
General Corporate Purposes	

Promoters Name – Mr. Nishant Singhal, Mr. Prashant Singhal, Mr. Ramesh Chand Singhal and Mrs. Sunita Singhal

Promoter Share Holding Pattern	
Pre Issue 100.00%	Post Issue 73.00%

Rationale for recommendation –

Shivashrit Foods Limited was incorporated on Aug-23, 2017 and has a moderate operating history. The company has an installed capacity of 28.8 MTPD of potato flakes, with capacity utilization of 93.87%, 87.80% and 81.24% in FY23, FY24 and FY25 respectively. Revenue is majorly derived from domestic B2B sales (72%–78% of revenue) with geographic concentration in Maharashtra, Gujarat and Uttar Pradesh. Customer concentration remains high with top 10 customers contributing 73%–93% of revenue, while raw materials are largely sourced from traders (75%–89%). Revenue grew by 68.07% in FY24 and 37.36% in FY25 supported by higher domestic sales. EBITDA margins improved to 24.45% in FY24 but declined to 21.23% in FY25, while PAT margins fluctuated between 3.34% and 15.24%, reflecting volatility in profitability. RoCE and RoE have been inconsistent, while operating cash flows turned negative in FY23 and FY25 due to inventory buildup. The company has high working capital requirements, contingent liabilities of Rs. 151.33 lakhs and operates in a competitive, low-barrier industry. Overall financials and management quality appear moderate with dependency on a single individual. At a post-issue P/E of 21.52, the issue appears slightly highly priced. We recommend **AVOID** the IPO.

IPO Details

Opening Date	Aug 22, 2025
Closing Date	Aug 26, 2025
Allotment Date	Aug 28, 2025
Listing Date	Sep 01, 2025
Stock Exchange	NSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹135 - ₹142
Issue Size	₹70.03 Cr.
Fresh Issue	₹61.28 Cr.
Offer for Sale	₹8.75 Cr.
Application Amt	₹ 2,84,000 (2,000 shares)

	KPIs (In Lakhs)		
KPI's	FY 23	FY 24	FY 25
Revenue	4,535.10	7,622.05	10,469.34
EBITDA	485.05	1,863.34	2,222.93
Net Profit	151.57	1,161.39	1,205.49
RoCE	11.38%	41.37%	40.75%
ROE	13.87%	51.52%	34.84%
P/E	130.28	17.07	16.44

Valuation Parameters		
Particulars	Pre-Issue	Post Issue*
EPS	8.64	6.60
BVPS	24.79	18.94
P/E	16.44	21.52
P/BV	5.73	7.50
Mkt Cap (In Cr)	198.13	259.42

*Annualized

Lead Managers –

Mark Corporate Advisors Private Limited

Registrar –

Maashitla Securities Private Limited

Industry Overview –

The food processing sector has become a key contributor to India's economy over the past few years. The sector has performed exceptionally well with an impressive average annual growth rate of 7.3% from 2015 to 2022. It has significantly contributed to Gross Domestic Product (GDP), employment and investment, accounting for 10.54% of Gross Value Added (GVA) in Manufacturing and 11.57% in Agriculture sector in 2020-21. India's diverse agro-climatic conditions allow for abundant production of cereals, pulses, fruits and vegetables, making it a leading producer of various foods. The food processing industry in India is still in its early stages, contributing less than 10% to the total food output. A strong food processing industry is essential for our nation to tackle food and nutritional security issues. Processed food offers convenience, extended shelf life, easy transport to remote areas and improved accessibility, serving as a valuable source of nourishment.

Market Size - GVA in Food Processing sector has increased from Rs. 1.61 lakh Cr. (US\$ 24.60 billion) in 2015-16 to Rs. 1.92 lakh Cr. (US\$ 24.43 billion) in 2022-23. The market size of food processing sector in India is estimated to reach US\$ 1,274 billion in 2027 from US\$ 866 billion in 2022, backed by the rise in population, changing lifestyle and food habits due to rising disposable income and urbanization. Potato production is expected to reach 595.72 lakh tonnes, which is 25.19 lakh tonnes more than last year. Total vegetable output is seen to increase to 2145.63 lakh tonnes in 2024-25 from 2072.08 lakh tonnes in the previous year.

Government Initiatives – Pradhan Mantri Kisan SAMPADA Yojana (PMKSY), Agro Processing Cluster Scheme, Integrated Cold Chain and Value Addition Infrastructure Scheme, Mega Food Park (MFP), Operation Greens, One District One Product (ODOP) scheme and others.

Outlook - The Indian food processing sector is poised for strong growth, supported by the “Make in India” initiative and MoFPI-led infrastructure development. With US\$ 2.36 billion investment opportunities across 31 projects in industrial parks, the sector is attracting robust domestic and foreign interest. Favorable policies, a vast consumer market and strengthened supply chains further enhance its competitiveness and sustainability.

(source : RHP)

Business Overview –

Shivashrit Foods Limited is manufacturer, supplier and exporter of potato flakes. The company has a dedicated potato processing and manufacturing facility at Aligarh in Western Uttar Pradesh, India for production of potato flakes. The company specializes in manufacturing of premium-grade potato flakes, used in ready-to-eat meals, snack foods and processed food products. The company's product's portfolio is designed to cater to the specific requirements of both global and domestic food manufacturers, offering consistency in quality and a long shelf life. The company was originally incorporated as 'Shivashrit Foods Private Limited' on Aug-23, 2017.

The company's primary product is Potato Flakes, a highly versatile ingredient in the food industry with a wide range of application, including but not limited to: Instant mashed potatoes, thickening agents in soups, gravies and sauces and as Ingredients in snack foods like potato-based snacks or dough products.

The company's major raw material used in manufacturing of potato flakes are Potatoes. The company procures potatoes directly from farmers, third party suppliers and traders. The peak season for procurement of potatoes is December to March, which is harvesting season. The company procures appx. 80% - 90% of annual requirement of potatoes during peak season. The company has direct access to the farmers in the radius of 200 kilometers from their manufacturing unit. The potatoes once sourced are put through an end-to-end process, which is fully automated.

- The company has an installed production capacity of 28.8 metric tons per day of potato flakes in FY 2023-24.
- The company majority of revenue is contributed by domestic sales, contributing 72%, 67% and 77.75% of total revenue in FY23, FY24 and FY25 respectively and remaining is contributed by export sales.
- The company's B2B potato flakes domestic sales contributes 77.74%, 66.83% and 72.14% of total revenue in FY23, FY24 and FY25 respectively and remaining is majorly contributed by B2B export sales.
- The company has geographic concentration in Maharashtra, Gujarat and Uttar Pradesh, together contributing 78.87%, 75.57% and 78.88% of total revenue in FY23, FY24 and FY25 respectively.
- The company source raw material majorly from traders, contributing 74.99%, 84.54% and 88.60% of total purchases in FY23, FY24 and FY25 respectively and remaining are sourced from farmers and third-party suppliers.
- The company has customer concentration, top 10 customers contributing 83.55%, 73.33% and 92.87% of total revenue in FY23, FY24 and FY25 respectively.
- The company has moderate supplier concentration, top 10 suppliers contributing 49.52%, 44.03% and 60.41% of total purchases in FY23, FY24 and FY25 respectively.
- The company has capacity utilization of 93.87%, 87.80% and 81.24% in FY23, FY24 and FY25 respectively.

Business Strategies -

- The company plans to expand existing facility by increasing installed capacity by an additional 52.8 MT/Day to increase to ~82 MT/Day.
- The company aims to improve Business-to-Consumer (B2C) product line which enables the company to diversify its sales channels, enhance brand visibility and capture a larger share of the retail market.
- The company aims to tap India's ready-to-eat (RTE) segment which is currently experiencing significant growth.

FINANCIAL SNAPSHOT

Key Performance Indicators				Key Ratios			
(Amt in Lakhs)							
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	4,560.57	7,755.02	10,584.59	Diluted EPS	1.09	8.32	8.64
Total Expenses	4,403.43	6,413.45	9,065.93	BV per share	23.49	48.46	24.79
EBITDA	485.05	1,863.34	2,222.93	Operating Ratios			
EBIT	276.02	1,446.45	1,784.81	EBITDA Margins	10.70%	24.45%	21.23%
PBT	157.14	1,341.57	1,518.66	PAT Margins	3.34%	15.24%	11.51%
Tax Expenses	5.57	180.18	313.17	Inventory days	196.26	164.58	202.48
Net Profit	151.57	1,161.39	1,205.49	Debtor days	21.70	26.59	43.52
Balance Sheet				Creditor days	152.99	156.42	109.47
Total Equity	1,092.70	2,254.09	3,459.59	Return Ratios			
Liabilities				RoCE	11.38%	41.37%	40.75%
Non-Current Liabilities	1,333.54	1,242.57	919.88	RoE	13.87%	51.52%	34.84%
Current Liabilities	2,422.12	4,810.04	6,498.09	Valuation Ratios (x)			
Total Liabilities	3,755.66	6,052.61	7,417.97	EV/EBITDA	6.71	3.17	3.67
Assets				Market Cap/Sales	1.46	0.87	1.89
Non-Current Assets	1,091.71	2,615.21	2,152.85	P/E	130.28	17.07	16.44
Current Assets	3,756.67	5,691.48	8,724.71	Price to Book Value	6.04	2.93	5.73
Total Assets	4,848.38	8,306.69	10,877.56	Solvency Ratios			
Cashflow Statement				Debt/Equity	2.07	1.64	1.39
Operating Cashflow	-27.03	544.45	-834.09	Current Ratio	1.55	1.18	1.34
Investing Cashflow	-203.65	-1,804.22	175.39	Quick Ratio	0.55	0.47	0.45
Financing Cashflow	321.58	1,192.64	717.71	Asset Turnover	0.94	0.92	0.96
				Interest Coverage Ratio	1.91	6.08	4.68

Financial Analysis -

- **Revenue from Operations** - The company's top line increased by 68.07% in FY24 and 37.36% in FY25 primarily due to increase in domestic sales and slight increase in exports.
- **EBITDA and PAT Margins** - The company's EBITDA margin increased significantly from 10.70% in FY23 to 24.45% in FY24 and dropped to 21.23% in FY25 and PAT margins increased from 3.34% to 15.24% and declined to 11.51% over the same period, raising concerns on stability in profit margins.
- **RoCE and RoE** - The company's RoCE and RoE have been volatile over the years, requiring stability in return ratios for long-term sustainability.
- **Operating cashflow** - The company's operating cashflow has remained negative in FY23 and FY25 primarily due to inventory accumulation, requiring improvement in inventory management.
- **D/E ratio** - The company's debt-to-equity ratio has been reducing signifying reduction in financial leverage.
- The company's current and quick ratios have been moderate.
- The company's cash conversion cycle is high leading to higher working capital requirement.

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 Mark Corporate Advisors Private Limited. The lead manager has managed 3 IPOs in last 3 years, among them 2 IPOs have opened in premium and 1 IPO has opened at par to its issue price on their respective listing date.

Risk Factors -

- The company has high working capital requirements, which may necessitate an increase in short-term borrowings in the future.
- The company has contingent liabilities, amounting to Rs. 151.33 Lakhs as of Mar-31, 2025.
- The company operates in a highly competitive and rapidly evolving market environment and failure to adapt to such changes could adversely impact its pricing power.

Key Management

- Nishant Singhal is the Managing Director of the company. He has around 20 years of experience in the workings of food storage and 7 years of experience in food processing industry.
- Prashant Singhal is the Chairman and Non-Executive Director of the company. He has around 22 years of experience in business development in the food storage and 7 years of experience in food processing industry.
- The company's Non-Executive and Independent Directors have significant experience in their respective fields.
- The company's Chief Financial Officer possess 12 years of experience in finance and accountancy fields and Company Secretary and Compliance Officer bring 5 years of experience in secretarial and compliance field.

Outlook – The overall management of the company appears to be moderate, as it is highly dependent on a single individual for its managerial activities.

Peer Analysis

As per RHP, the company has no listed peers operating in similar line of business.

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