



IPO Details

Opening Date	Sep 15, 2022
Closing Date	Sep 19, 2022
Stock Exchange	NSE SME
Lot Size	2000 Shares
Issue Price	Rs.68-Rs.70 per share
Issue Size	43,22,000 Equity Shares
Application Amount	Rs. 1,40,000

IPO Objective

Funding Capital Expenditure Requirements
General Corporate Purpose
Meeting Issue Expenses

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	85,15,000	70.37%
Public	35,85,000	29.63%

Promoter of the Company

- 1 Mr. Ritesh Shaw
- 2 Mr. Shreeram Bagla

Competitive Strengths

- 1 Availability of Raw Materials
- 2 Low Wage Labour Availability
- 3 Good Transportation System
- 4 Brand Image

Company Background

- Company was established in the year 2022 in West Bengal before which it was a partnership firm namely Annapurna Agro Industries which was established in 2015.
- Company is primarily engaged in the business of snacks and foods products, namely, fryums, Cakes, Candys, Namkeen, Chips and Gohona Bohri.
- Company's has two manufacturing units of which one is in Asansol and the other is in Siliguri, West Bengal, India.
- Company's brands include Jackpot, Chatpata Moon, Balloon Finger, Rambo, Makeup Box, Phoochka, Ringa, etc
- As on the date of filing the prospectus, the company has an installed daily production capacity of 25MT of Fryums combined at both units.
- As on 31st March 2022, the company had 235 employees on its payroll and 225 employees on contractual basis.

Financial Summary

For the Period Ended	(In Lacs)		
	Jun-22	Mar-22	Mar-21
Total Assets	5,028.45	3,082.61	1,144.49
Net Assets	2,222.75	845.39	231.00
Total Borrowings	849.19	728.72	567.07
Total Revenue	2,905.63	6,105.46	2,029.99
Profit After Tax	130.93	240.90	51.13



Table of Contents

1	Company Overview.....
2	Industry Charts.....
3	Investment Overview.....
4	Promoter & Promoters' Profile.....
5	Financial Analysis.....
6	Key Risk Factors.....
7	Track Record of Lead Manager.....
8	Recommendation.....
9	Disclaimer.....

Company Overview

Annapurna Swadish Limited was incorporated in the year 2022 but was formed as a partnership firm in 2015 and is engaged in the business of manufacturing snacks and food products, namely, Fryums, cakes, candy, namkeen, chips and Gohona Bori. The company's products are marketed under the own brand names Jackpot, Chatpata Moon, Balloon, Finger, Rambo, Makeup Box, Dhamaka, Phoochka, Jungle Adventures, Ringa, Bachpan Ka Pyaar, Kurchure, Cream Filled Cake Vanilla, Cream Filled Cake Litchi, among others.

Analysis

The company is fairly new to the market with less than a decade of experience and is mainly engaged in the business of manufacturing snacks and food items which fall under the FMCG category which is expected to grow at a CAGR of 14.85% from FY20 to FY25.

The product base of the company is diversified in the food segment itself. The following table gives an idea of the products offered by the company –



The company is currently active in West Bengal, Bihar, Jharkhand, Orissa and Assam with major revenue coming from West Bengal and Jharkhand. The company claims to have created a brand name “Annapurna Swadish” for itself in the Eastern Region. The revenue of the company from selling of these products has been around Rs. 28 Crores in Quarter Ended June 30, 2022. A table summarising the bifurcation of revenue from its product is given in the table below –

Particulars	Quarter ended June 30, 2022		FY2022		FY2021		FY 2020	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
FRYUMS	2699.74	93.31%	5858.00	95.96%	1267.48	62.46%	56.60	4.12%
CAKE	90.77	3.14%	118.31	1.94%	5.04	0.25%		
CANDY	87.19	3.01%	128.35	2.10%	-	-		
POTATO CHIPS	11.74	0.41%	-	-	-	-		
CHURAN	3.74	0.13%	-	-	-	-		
PELLET	-	-	-	-	756.79	37.29%	1317.84	95.88%
Total	2893.18	100.00%	6104.66	100.00%	2029.31	100.00%	1374.44	100.00%



As seen from the table, the company has experimented with its products over the years with Fryums being the constant amongst all the years. The company earns most of its Revenue from one product which it manufactures in-house which is Fryums. The company is however planning to set up a plant to manufacture Rusks and cakes.

As on the date of filing this prospectus, the company has 300 nos. of distributors and 80 super distributors.

The company currently has two manufacturing units, one at Asansol and the other at Siliguri. The daily production capacity of the Asansol manufacturing unit is 15 MT of Fryums, whereas the daily production capacity of manufacturing unit at Siliguri is 10 MT of Fryums.

The company is currently operating at 100% capacity at both the units. Company is now looking to increase its production capacity by opening 2 new units with money received from IPO proceeds.

To conclude, company is fairly new and is still experimenting with its products in the market. The industry is highly competitive with majority of the market captured by some reputed brands. The company however has products with a very low selling price which might help the company survive in this industry.

Industry Charts

Exhibit 1: Indian FMCG Market Expected to grow at a CAGR of 14.86% from FY 20 to FY 25

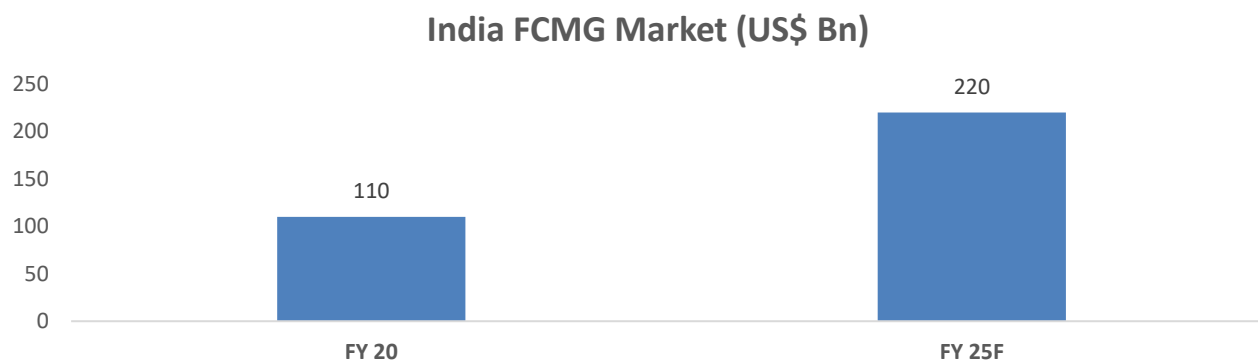


Exhibit 2: Sector Composition of FMCG

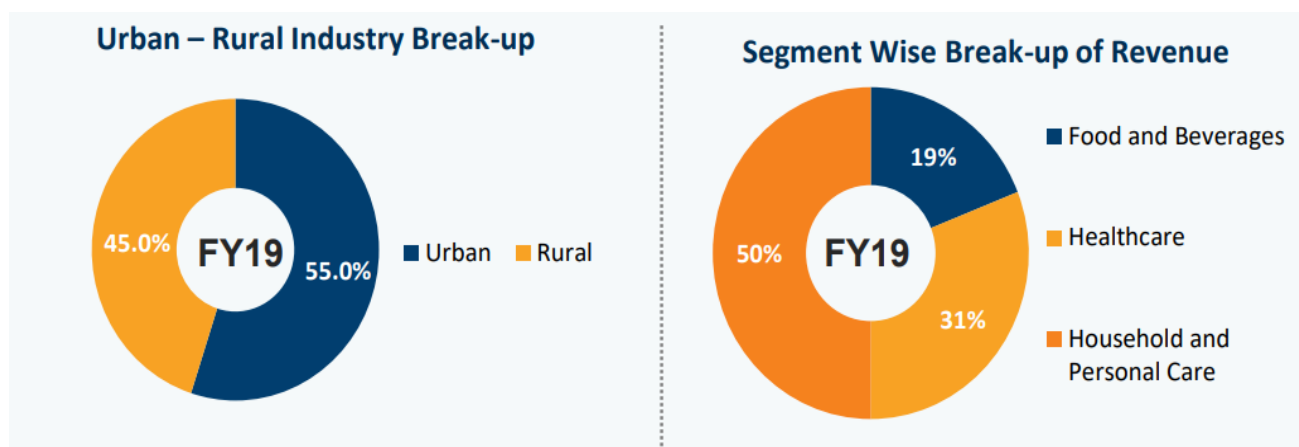
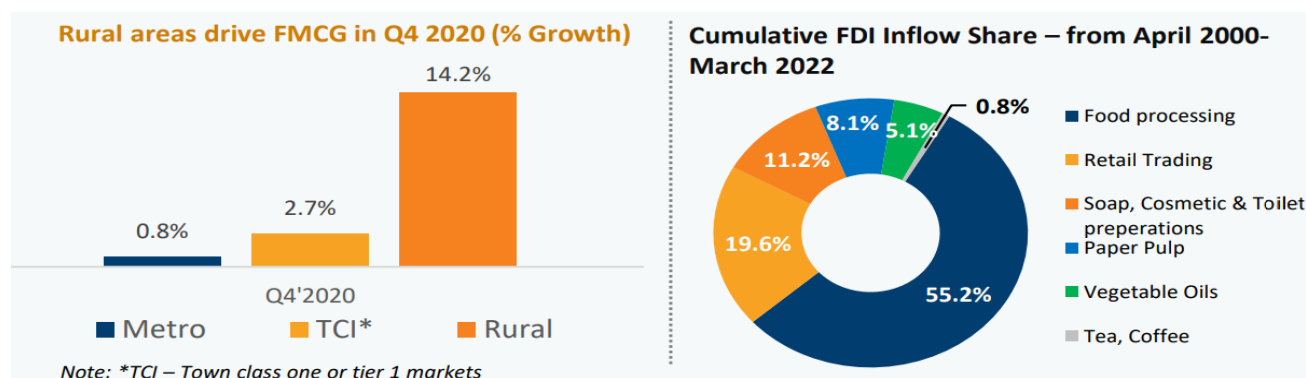


Exhibit 3: Key Trends in FMCG



(Source: ibef.org)



Investment Overview

FMCG Industry

Fast moving consumer goods (FMCG) is the fourth-largest sector in the Indian economy. There are three main segments in the sector — food and beverages, which accounts for 19% of the sector; healthcare, which accounts for 31% of the share; and household and personal care, which accounts for the remaining 50% share. The urban segment contributes to about 55% of the revenue share, while the rural segment accounts for 45%. Rise in rural consumption will drive the FMCG market. The Indian processed food market is projected to expand to US\$ 470 billion by 2025, up from US\$ 263 billion in 2019-20.

The Indian FMCG industry grew by 16% in CY21 a 9- year high, despite nationwide lockdowns, supported by consumption-led growth and value expansion from higher product prices, particularly for staples. Final consumption expenditure increased at a CAGR of 5.2% during 2015-20. According to Fitch Solutions, real household spending is projected to increase 9.1% YoY in 2021, after contracting >9.3% in 2020 due to economic impact of the pandemic. The FMCG sector's revenue growth will double from 5-6% in FY21 to 10-12% in FY22, according to CRISIL Ratings. Price increases across product categories will offset the impact of rising raw material prices, along with volume growth and resurgence in demand for discretionary items, are driving growth. The domestic FMCG market has grown at 12.6% YoY in Q3 2021.

The Indian online grocery market is estimated to exceed sales of about Rs. 1,310.93 billion (US\$ 17.12 billion) by 2026, at a CAGR of 28.99%. The gross merchandise value (GMV) of the online grocery segment in India is expected to increase 18 times over the next five years to reach US\$ 37 billion by FY25.

(Source: ibef.org)

Addressable Market for Annapurna Swadish Limited

The company is currently supplying its products majorly in the region of West Bengal, Jharkhand, Assam, Orissa, Uttar Pradesh and Maharashtra. The company could look to target the other regions of India as well with big quantum and the same has been targeted by the company as mentioned in its prospectus.

Competition

Company operates in a highly competitive environment. The industry has a plenty of organised and unorganised players in the market. The FMCG industry is highly fragmented and the threat of new entry is also low. The company has a low bargaining power and with the presence of few renowned unlisted brands, the product segment of the company becomes more competitive.

Peer Analysis

As Mentioned in the prospectus, the company has 3 peers viz. Prataap Snacks Limited, DFM Foods Limited and Britannia Industries Limited. A summary on the key performance indicators of these companies is given in the table below –

As on 31.03.2022

Company	Annapurna Swadish Limited	Prataap Snacks Limited	DFM Foods Limited	Britannia Industries Limited
Net Profit (INR Cr)	2.41	2.91	-24.76	1524.82
EBITDA (INR Cr)	5.14	72.04	-9.43	2424.34
Return on Capital Employed	40.75%	2.56%	-9.68%	66.19%
Return on Equity	28.50%	0.47%	-16.21%	59.61%
EPS (INR)#	1.13	-2.94	-7.45	61.14
P/E* (Times)	61.85	-	-	61.46

***PE is taken as on 13-09-2022**

EPS is Post IPO Basis

Promoters' Profile and Management Analysis

Mr. Shreeram Bagla



- **Mr. Shreeram Bagla** is the Promoter and Managing Director of the Company.
- He is in the line of business from 10 years.
- He holds a degree in Bachelor of Commerce.
- He is responsible for the expansion and overall management of the business of the Company.

Mr. Ritesh Shaw,



- **Mr. Ritesh Shaw** is the Promoter of the company.
- He is having more than 20 years of experience in setting up and managing large industrial operations.
- He is a Chartered Accountant by profession.

Analysis on the Company's Promoter and Board of Directors

Mr. Shreeram Bagla, aged 43 years, is a Promoter and Managing Director of the Company. He holds bachelor degree in commerce. He has an experience of around 10 years in the Industry. He is responsible for the expansion and overall management of the business of the Company.

Mr. Ritesh Shaw, aged 45 years, is a promoter of the Company. He is a Chartered Accountant by profession and is having over 20 years of expertise in setting up and managing large industrial operations.

Mr. Sumit Sengupta, aged 42 years, is Whole Time Director of the Company. He holds Diploma in Civil Engineering from Acharya Prafulla Chandra Ray Polytechnic, Jadavpur University. He has an experience of more than 15 years working in different industries. He manages the entire production of the Company.

Mr. Rajesh Shaw, aged 52 years, is Whole Time Director of the Company. He is a member of the Institute of Cost and Work Accountants of India. He has over 30 years of experience in the industry. Rajesh is heading the Company's efforts in implementing an ERP CRM package. Rajesh's last assignment was with ITC, where he spent 11 years as an SAP FICO Manager implementing the Finance Business process requirements and mapping them with the SAP R/3 system.

Mr. Chandan Ghosh, aged 60 years, is an Independent Director of the Company. He holds bachelor degree in science and honours in physics. He is having experience of more than 30 years in the field food processing. Chandan has over 30 years of experience as strategic management professional and business growth leader. His last assignment was with Nestle.

Mr. Sandip Maiti, aged 60 years is an Independent Director of the Company. He is a graduate from Case Western Reserve University. His presence in the board bring independence in functioning and working of the Company beside worldwide experience. Sandip holds over 35 years of combined experience in Sales, Marketing & Product Development in the USA & India. A serial entrepreneur, Sandip spent over 1 years building and marketing control systems & E-business solutions in the USA. In the latter half of his career, Sandip got passionate about experience delivery in consumer businesses and co-founded Experience Commerce in 2006. Leading one of India's top-tier digital business companies, he worked with leaders in the



food and Alcho-Bev industry, namely - Britannia, MTR Foods, Fortune Foods, and Diageo, delivering award-winning community platforms and campaigns. Sandip is an alumnus of Institute of Technology Banaras Hindu University and Case Western Reserve University.

Mrs. Hitu Gambhir Mahajan, aged 42 years is an Independent Director of the Company. She holds a post graduate diploma degree in Advertising & Marketing from Institute from Media Studies and Information Technology. She is having more than 15 years of experience in marketing, sales, branding and advertising.

To conclude, the management of the company looks good with relevant education background and having good enough experience in the related field of business.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th June, 2022
Profit and Loss			
Revenue from operation	2,029.31	6,104.66	2,899.36
Other income	0.68	0.80	6.28
Total Revenue	2,029.99	6,105.46	2,905.64
Expenses	1,881.69	5,591.28	2,682.99
Depreciation and Amortisation Cost	45.13	84.26	33.77
Finance Cost	23.85	86.27	13.90
Total Expenses	1,950.67	5,761.81	2,730.66
PBT	79.32	343.65	174.98
PBT Margin	3.91%	5.63%	6.04%
EBITDA	148.30	514.18	222.65
EBITDA Margin	7.31%	8.42%	7.68%
Net Profit	51.13	240.90	130.93
Net Profit Margin	2.52%	3.95%	4.52%
Balance Sheet			
Total Borrowings	567.07	728.72	849.19
Net Worth	231.00	845.39	2,222.75
Fixed Assets	598.61	1,093.21	1,657.94
Net Working Capital	-49.15	68.43	989.53
Financial Measures			
Inventory Turnover Ratio	6.87	6.06	1.89
Receivables Turnover Ratio	21.16	9.75	3.35
Payables Turnover Ratio	6.20	6.23	2.26
Fixed Assets Turnover Ratio	3.39	5.58	1.75
Return on Capital Employed	16.54%	40.75%	28.22%
Return on Equity	22.13%	28.50%	23.56%
Debt-Equity Ratio	2.45	0.86	0.38

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

If we take into consideration the annualised EBITDA, the EBITDA would grow at a CAGR of around 145% from Rs. 148.30 lacs in 2021 to Rs. 890.60 lacs in 2023. Such a growth might be seen in near future as the company is bringing in more CAPEX, but in the long run such a growth is not sustainable. The EBITDA margin in 2021 was 7.31%, in 2022 was 8.42% and estimated in 2023 is 7.68%. The EBITDA has shown relatively poor strength but is still healthy and since the company is setting up new flour mill which is the raw material, the margins are expected to improve.

Net Profit

If we take into consideration the annualised net profit, the same would grow at a CAGR of around 220% from Rs. 51.13 lacs in 2021 to Rs. 523.72 lacs in 2023. Like EBITDA, such growth might not keep to happen in the long run. The Net Profit margin in 2021 was 2.52%, in 2022 was 3.95% and is expected to be at the same level in 2023 due to increased depreciation expense of newer machineries and factory set up. However, since the company is going to produce a part of its raw materials in-house, the margins are expected to improve.

Finance Cost.

The company has incurred finance cost mainly on secured loans availed from banks and unsecured loans availed from related parties.

Financial Measures/Ratios

The RoCE of the company in 2022 was 40.75% and up to June 30th its 28.22%. The reason for a fall is due to the issuance of new equity shares during this period. The issuance of new equity capital through IPO would drag down the RoCE but with estimated increase in net profit, the RoCE is expected to be at the similar level.

The ROE of the company in 2022 was 28.50% and up to June 30th its 23.56%. The reason for this fall and expected ROE can be set forward with similar assumptions of the RoCE.

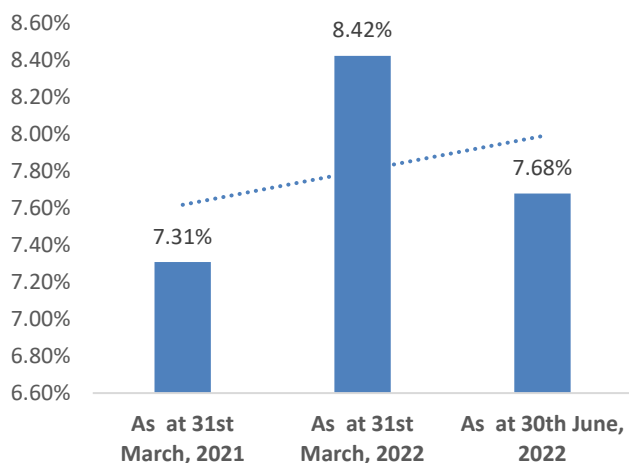
The company has not been able to effectively manage its Receivables and Inventory Turnover Ratios, has been able to manage its payable ratios properly up to 30th June 2022.



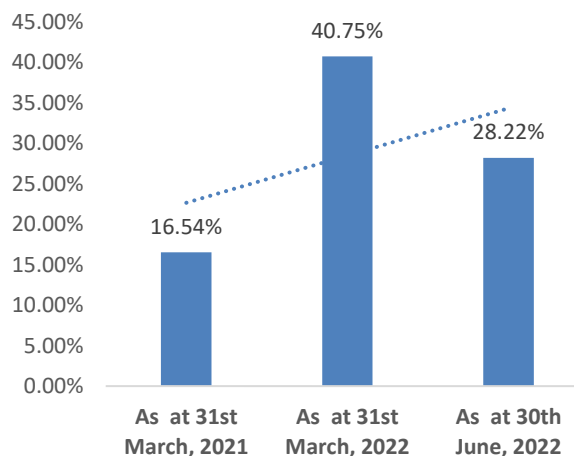
The Debt-Equity ratio of the company was 0.38 time up to June 2022. The same has been falling over the years despite of increase in loans due to issuance of more equity capital and with more equity capital coming in, the ratio is expected to fall.

Financial Charts

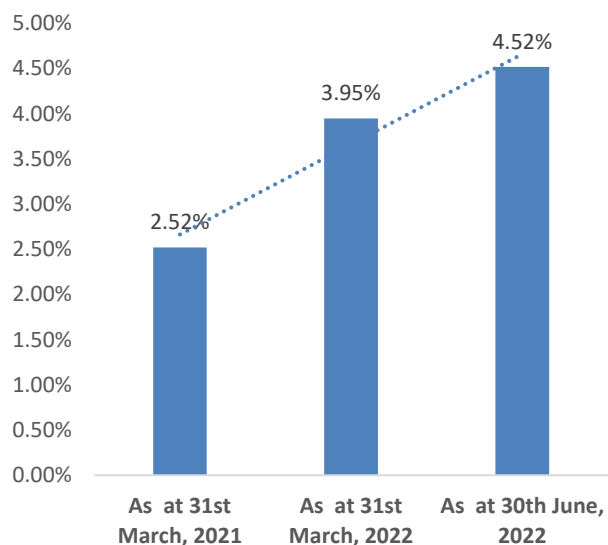
EBITDA Margin



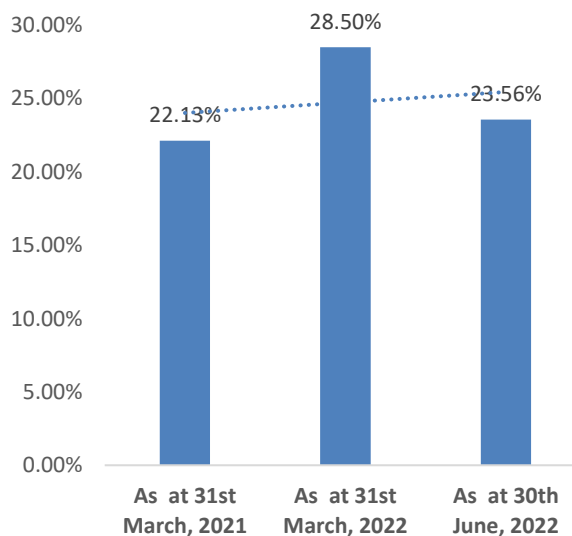
Return on Capital Employed



Net Profit Margin



Return on Equity





Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 18.23 lacs, which if determined against them, can affect financial conditions of the company.
2. Company or Group Company is involved in a Civil Litigation matter and the amount of same is unascertainable and if the case goes against the company, it may incur financial losses.
3. Prataap Snacks Limited has filed a case against the company for using similar name of the registered product of Prataap Snacks Limited, and if the case goes against the company, it may impact the brand name as well as financials of the company.
4. More than 98% of the company's products are sold in eastern part of India and any demographical, geographical or political change in the part could adversely affect the company.
5. The products used by the company in producing finished goods are fluctuating in nature and any unanticipated change would affect the company.

Track Record of Lead Manager

The lead manager to the issue is Corporate Capital Ventures and this is the tenth IPO in the last six fiscals. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Company	Issue Size (In Cr)	Issue Closing Date	IPO Price/share (INR)	CMP# (INR)
Shish Industries Ltd	4.06	Sep 05, 2017	30	205.80
Ratnabhumi Developers Limited	23.31	Dec 14, 2017	63	108.95
Touchwood Entertainment Limited	4.21	Dec 21, 2017	40	89.65
SMVD Ploy Pack Limited	9.02	Dec 26, 2017	55	35.15
Narmada Agrobases Limited	7.48	Apr 19, 2018	32	22.75
Rudrabhishek Enterprises Limited	18.73	Jul 13, 2018	41	173.75
Rajnandini Metal Limited	4.27	Oct 08, 2018	26	434.00
Nupur Recyclers Limited	34.20	Dec 23, 2021	60	311.85
Uma Exports Limited	60.00	Apr 07, 2022	68	51.70

Out of the last 9 listings, 2 opened at discount and the rest with premiums ranging from 0.87% to 29.50% on the day of listing.



Recommendation

Being incorporated in the year 2015, the company does not have a good track record of existence. The company is into the FMCG product which is expected to grow at a pace of around 14% from FY 20 to FY 25.

The company has shown some good growth in the year 2022 and already has generated Rs. 2,899 lacs of revenue up to June 2022. The growth of the revenue has been extra-ordinary due to new product lines approached by the company, but again in long-run the growth seems to be super-normal.

The company shifted its major selling product from pellets to fryums in 2020 which show in this product segment the company has only 2 proper years of experience.

The management of the company has personnel with good education and are highly experienced in their respective fields.

The company has plans of expansion and is targeting to produce in-house products which it used to outsource and also eyeing on some newer products. The company has been able to perform well in this segment because it used to sell low-price products but as seen in prospectus the company is coming up with products with higher prices and with such a great competition in this industry with big reputed players, the same has a very high chances to backfire.

To conclude, the company does not have a very good track record, the company has been operating in a highly competitive industry, company has been trying to sell variety of products and has been aggressively doing capital expenditure, the management of the company is good and the company has been able to maintain its profit margins over the years. Looking at all these, there are mixture of views and it seems to be a **risky investment**. **Risk averse should avoid and risk takers should apply.**



Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.