

IPO Details		Company Background			
<b>Opening Date</b>	Oct 30, 2023	<ul style="list-style-type: none"> <li>○ Vrundavan Plantation Limited was originally incorporated in the year 2022 and has its registered office in Gujarat.</li> <li>○ The company operates in a nursery business segment and in a service business segment.</li> <li>○ The company's product in plantation includes Big Trees, Shrubs, Ground Covers, Climber, Indoor Plants etc.</li> <li>○ The company also trade in Pots which include plastic pots, terracotta pots, self-watering pots, etc.</li> <li>○ The company does lawn mowing services, brush and jungle cleaning activities, etc.</li> <li>○ As of 30<sup>th</sup> June 2023, the Company had 208 employees on its payroll.</li> </ul>			
<b>Closing Date</b>	Nov 01, 2023				
<b>Stock Exchange</b>	BSE SME				
<b>Lot Size</b>	1,200 Shares				
<b>Issue Price</b>	₹ 108 per share				
<b>Issue Size</b>	Aggregating up to 15.29 Cr.				
<b>Fresh Issue</b>	Aggregating up to 15.29 Cr.				
<b>Offer for Sale</b>	-	<th colspan="2">Market Capitalization (In Cr.)</th>		Market Capitalization (In Cr.)	
<b>Application Amount</b>	₹ 1,29,600				
<b>IPO Objective</b>					
Repayment of working capital and unsecured loan.					
Working capital requirement.					
Meeting Public Issue Expenses.					
General Corporate Purposes.					
<b>Pre-Issue Shareholding</b>		<b>Financial Summary (In Lacs)</b>			
<b>Category</b>	<b>No. of Shares</b>	<b>% of Total Shares</b>	<b>For the Period Ended</b>		
Promoter & Promoter Group	33,40,728	85.29%	<b>May-23</b>		
Public	5,76,000	14.71%	<b>Total Assets</b>		
<b>Promoter of the Company</b>					
1	Upendra Tiwari		<b>Net Assets</b>		
<b>Competitive Strengths</b>					
1	Well-diversified and speciality service offerings.		<b>Total Borrowings</b>		
2	Organizational stability along with management expertise.		<b>Total Revenue</b>		
3	Smooth flow of operations.		<b>Profit After Tax</b>		
4	Existing Clients.		<b>Tentative Timeline</b>		
5	Quality Service.		<b>Opening Date</b>	Oct 30, 2023	
		<b>Closing Date</b>	Nov 01, 2023		
		<b>Basis of Allotment</b>	Nov 06, 2023		
		<b>Initiation of Refunds</b>	Nov 07, 2023		
		<b>Credit of Shares to Demat</b>	Nov 08, 2023		
		<b>Listing Date</b>	Nov 09, 2023		

### Company Background and Analysis

M/s. Vrundavan Nursery and Plantation was incorporated as a proprietorship in the year 1997 for the sale of plants (like nurseries). After successfully running two years as a nursery business the company started taking contracts for annual maintenance services from different organisations. The company later moved on to taking contracts for the development of garden areas and also got tenders to develop some government projects over the years.

The company operates in two business segments namely Nursery business segments and Service business segments.

1. Nursery Business Segments – Under this segment the company’s products in plantation include Big Trees, Shrubs, Ground Covers, Climber, Indoor Plants etc. The company also trades in pots which include plastic pots, terracotta pots, self-watering pots, hanging pots, vertical gardens including pots of different materials like brass and ceramic etc. The company also trade gardening tools along with all the necessary accessories for gardening. The company does trade garden inputs as well, which includes plant foods, organic pesticides, potting mixes, nutrients etc.
2. Service Business Segments – Under this segment the company does lawn mowing services, brush and jungle cleaning activities, hedge trimming activities, and watering on roadside plants. The company also undertakes maintenance contracts for the different organizations which also includes the government departments.

### Major Ongoing Projects –

1. Department of Space, ISRO (Bopal Campus) – The company is providing horticulture services under Manpower Based Model and the project completion is by October 23, 2023.
2. Department of Space, ISRO (SAC Campus) – The company is providing horticulture services under the Manpower Based Model and the project completion is by October 23, 2023.
3. Reliance Industries Limited – The company is providing Horticulture maintenance activities for the cultivation of plants at the refinery landscape zone 1 and 2 (RLS Zone 1 and 2), REW 7 and DTA Refinery and the project completion is by July 30, 2024.
4. Reliance Industries Limited – The company provides Horticulture maintenance activities for the cultivation of plants at REW-8 Area in DTA Refinery and the project completion is by July 30, 2024.

To conclude, the company was incorporated as a proprietorship in the year 1997. The company operates in two business segments namely nursery, and services. The company is raising total gross proceeds of Rs. 1,488 lakhs out of which Rs. 170 lakhs are to be utilized for Repayment of working capital and unsecured loans. Rs. 950 lakhs are to be utilized for working capital requirements and Rs. 368 lakhs are to be utilized for general corporate purposes.

## **Business Strategies**

### **1. Specialised Service to each client –**

The company focuses on Excel to cater to the specifications of the customers. The company creates new designs and techniques to innovate their project idea with the effective utilisation of resources.

### **2. Augment the fund-based capacities to scale up business operations –**

The company needs to ensure that there is a continuous flow of capital for day-to-day operations without the cost of interest. The company believes this will enable it to expand its business and reach out to new customers, along with increasing the capacity of existing facilities.

### **3. Entering into B2C business and online selling -**

The company intend to enter the B2C business where they will sell the products to consumers who are the end user of the products, with no middleman.

### **4. Focus on competitive pricing –**

To remain aggressive and capitalize on a good market share, the company believes it will be able to offer competitive prices to its customers. This helps them to sustain the competition and hold a strong position in the market. This will give benefit to both parties.

## **Competitive Scenario and Peer Mapping**

### **Competition**

The landscaping services industry in India is quite competitive, with many established players and new entrants. The barrier to entry in such a sector is very low. The bargaining power with the suppliers is high and the bargaining power with the customers is also high in the sector in which the company operates.

### **Peer Analysis**

As per the offer document, the company believes they have no company in the peer group with the volume of business in which it is operating.

## Industry Overview

Exhibit 1: Gross Value Added by Agriculture and Allied Sectors (US\$ billion)

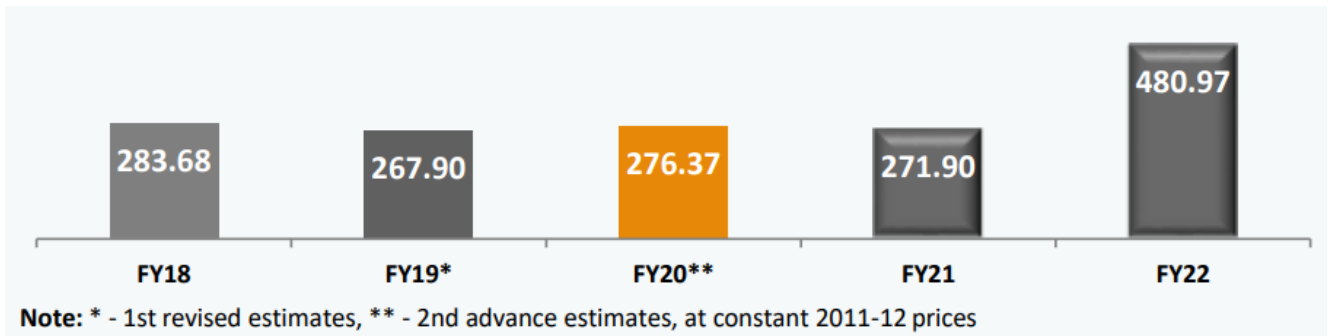
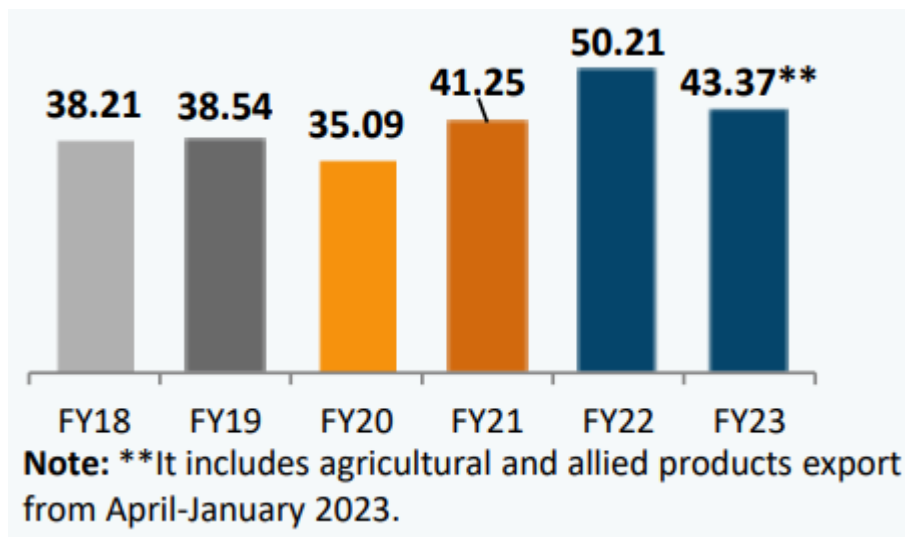


Exhibit 2: Agricultural exports from India (US\$ billion)



(Source: ibef.org)

### **Organic Product -**

Organic products are grown under a system of agriculture without the use of chemical fertilizers and pesticides with an environmentally and socially responsible approach. This is a method of farming that works at the grassroots level preserving the reproductive and regenerative capacity of the soil, good plant nutrition, and sound soil management, produces nutritious food rich in vitality and has resistance to diseases.

India is bestowed with a lot of potential to produce all varieties of organic products due to its various agro-climatic conditions. In several parts of the country, the inherited tradition of organic farming is an added advantage. This holds promise for the organic producers to tap the market which is growing steadily in the domestic and export sector. As per the available statistics, India ranks 5th in terms of the World's Organic Agricultural land and 1st in terms of the total number of producers as per 2021 data (Source: FIBL & IFOAM Yearbook, 2020).

The APEDA, Ministry of Commerce & Industries, Government of India is implementing the National Programme for Organic Production (NPOP). The program involves the accreditation of Certification Bodies, standards for organic production, promotion of organic farming and marketing etc. The NPOP standards for production and accreditation system have been recognized by the European Commission and Switzerland for unprocessed plant products as equivalent to their country standards. With these recognitions, Indian organic products duly certified by the accredited certification bodies of India are accepted by the importing countries. APEDA is also in the process of negotiation with Australia, South Korea, Taiwan, Canada, Japan etc.

As of 31st March 2022, the total area under the organic certification process (registered under the National Programme for Organic Production) is 9119865.91 ha (2021-22). This includes 4726714.74 ha cultivable area and another 4393151.17 ha for wild harvest collection.

Among all the states, Madhya Pradesh has covered the largest area under organic certification followed by, Maharashtra, Gujarat, Rajasthan, Odisha, Karnataka, Uttarakhand, Sikkim, Chhattisgarh, Uttar Pradesh and Jharkhand. In 2016, Sikkim achieved a remarkable distinction of converting its entire cultivable land (more than 75000 ha) under organic certification.

### **Market Size -**

According to Inc42, the Indian agricultural sector is predicted to increase to US\$ 24 billion by 2025. Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. As per First Advance Estimates for FY23 (Kharif only), total foodgrain production in the country is estimated at 149.92 million tonnes. Rapid population expansion in India is the main factor driving the industry. The rising income levels in rural and urban areas, which have contributed to an increase in the demand for agricultural products across the nation, provide additional support for this. In accordance with this, the market is being stimulated by the growing adoption of cutting-edge techniques including blockchain, artificial intelligence (AI), geographic information systems (GIS), drones, and remote sensing technologies, as well as the release of various e-farming applications.

(Source: prospectus)

## Key Managerial Personnel

**Upendra Tiwari**, aged 52, is the Promoter and Managing Director of the company. He is the founder of Vrundavan Nursery and Plantation (Proprietorship). He is non-matriculate. He primarily looks after the overall business operations of the Company.

**Dineshkumar Dubey**, aged 53, is the Director of the company. He has completed his Bachelor of Science in Agriculture. He has more than 27 years of Experience in the fields of Agriculture, Horticulture and Landscape. He plays a vital role in the execution of projects and is involved in the day-to-day operation of projects of the Company.

**Vishal Tiwari**, aged 25, is the Non-Executive Director of the company. He is Pursuing an Integrated Master of Design. He directs, coordinates, and oversees the operations activities of the company.

**Khyati Shah**, aged 32, is the Independent Director of the company. She has been an Associate Member of The Institute of Company Secretary India since 2017. She has completed her Bachelor of Law and also her Bachelor of Commerce. She has More than 6 years of experience in the field of Corporate Compliance with legal and secretarial practices.

**Amita Pragada**, aged 34, is the Independent Director of the company. She has been an Associate Member of The Institute of Company Secretary India since 2019. She has completed her Bachelor of Law and also her Bachelor of Commerce. She is guiding the Company with her Independent view and impartial opinion.

To conclude, the company has 1 promoter, and he has vast experience in the industry in which the company operates. The remaining directors have good knowledge and experience in the fields which helps in the overall growth of the business. Only two directors of the company have knowledge directly linked to the operations of the company.

## Financial Snapshot

<b>Profit and Loss Statements</b>		<b>(In Lacs)</b>
<b>Particulars</b>	<b>May-23</b>	
Revenue from Operations	180.68	
Other Income	-	
<b>Total Income</b>	<b>180.68</b>	
<b>Expenses</b>		
Cost of raw material consumed	96.40	
Employee benefits expense	0.57	
Finance costs	3.38	
Depreciation and Amortization expense	0.28	
Other expenses	54.49	
<b>Total Expenses</b>	<b>155.12</b>	
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>29.22</b>	
<b>EBITDA Margin</b>	<b>16.17%</b>	
<b>Profit/(Loss) before tax</b>	<b>25.56</b>	
Tax Expense		
Current Tax	8.21	
Deferred Tax (credit)/charge	0.02	
Total Tax Expense	8.23	
<b>Profit/(Loss) for the year</b>	<b>17.33</b>	
Net Profit Margin	9.59%	

<b>Balance Sheet</b>		<b>(In Lacs)</b>
<b>Particulars</b>	<b>May-23</b>	
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	391.67	
Reserves and Surplus	22.15	
<b>Total Equity</b>	<b>413.82</b>	
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long Term Borrowings	17.45	
Deferred Tax Liability	0.02	
<b>Total Non-current liabilities</b>	<b>17.47</b>	
<b>Current liabilities</b>		
Short Term Borrowings	178.76	
Trade Payables	-	
i) Due to micro and small enterprises	869.20	
ii) Due to other than micro and small enterprises	715.77	
Other Current Liabilities	118.29	
Short-term provisions	8.36	
<b>Total Current liabilities</b>	<b>1,890.38</b>	
<b>Total Liabilities</b>	<b>1,907.85</b>	
<b>Total Equity and Liabilities</b>	<b>2,321.67</b>	
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Tangible Assets	19.28	
Other Non-Current Assets	1.77	
<b>Total Non-Current assets</b>	<b>21.05</b>	



<b>Balance Sheet</b>	<b>(In Lacs)</b>
<b>Current Assets</b>	
Inventories	1,000.12
Investments	-
Trade Receivables	1,193.89
Cash and Cash Balances	40.85
Short-term loans and advances	63.56
Other Current Assets	2.20
<b>Total Current assets</b>	<b>2,300.62</b>
<b>Total Assets</b>	<b>2,321.67</b>

<b>Cash Flow Statement</b>	<b>(In Lacs)</b>
<b>Particulars</b>	<b>May-23</b>
Net Cash Flow from Operating Activities	(464.65)
Net Cash Flow from Investing Activities	(19.56)
Net Cash Flow from Financing Activities	524.76

<b>Ratio Sheet</b>	<b>May-23</b>
<b>Particulars</b>	
<b>Per Share Data</b>	
Diluted EPS	0.52
BV per share	7.76
<b>Operating Ratios (%)</b>	
EBITDA Margins	16%
PAT Margins	10%
Inventory days	332.12
Debtor days	396.47
Creditor days	86.73
<b>Return Ratios (%)</b>	
RoCE	6.71%
RoE	4.19%
<b>Valuation Ratios (x)</b>	
EV/EBITDA	19.48
Market Cap / Sales	31.88
P/E	207.69
Price to Book Value	13.92
<b>Solvency Ratios</b>	
Debt / Equity	0.47
Current Ratio	1.22
Quick Ratio	0.69
Asset Turnover	0.08
Interest Coverage Ratio	8.56

\*Data provided in the ratio sheet such as operating ratios cannot be comparable due to a lack of details regarding the previous financial year.



### Key Risk Factors

1. Plantations and landscaping businesses are heavily dependent on weather conditions. Any adverse weather events such as droughts, floods, storms, or frost can damage plantations and/or disrupt landscaping projects.
2. In the first two months of the current financial year the company is purchasing more than 55% from the top ten suppliers and the 100% sales are confined to only 8 buyers.
3. The Company had negative cash flows from its operating activities, for the financial year ended 2023, and the period ended May 2023.

### Track Record of Lead Manager

The lead manager to the issue is Interactive Financial Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

#### Interactive Financial Services Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Vivaa Tradecom Limited	7.99	51.00	October 12, 2023	29.3
2.	Crop Life Science Limited	26.73	52.00	August 30, 2023	40.8
3.	Tridhya Tech Limited	26.41	42.00	July 13, 2023	39.3
4.	Bizotic Commercial Limited	42.21	175.00	June 23, 2023	58.6
5.	Sahana System Limited	32.74	135.00	June 12, 2023	349.0
6.	Prospectus Commodities Limited	7.48	61.00	March 20, 2023	64.0
7.	Patron Exim Limited	16.69	27.00	March 06, 2023	9.24
8.	Pace E-Commerce Ventures Limited	66.53	103.00	October 20, 2022	19.8
9.	Dipna Pharmachem Limited	15.21	38.00	September 08, 2022	14.4
10.	Rachana Infrastructure Limited	76.28	135.00	June 10, 2022	101.0

\*CMP for the above-mentioned companies is taken as of 28<sup>th</sup> October 2023.

As per the offer document Interactive Financial Services Limited has had 11 mandates in the last three years. For Interactive Financial Services Limited, from the above-mentioned mandates one opened at a discount and the rest all have opened at premiums on the listing date.



# Vrundavan Plantation Limited

## IPO Note



### Recommendation

The company has been in the industry since 1997 and has vast experience in the industry. The company has provided financial statements only for the period ended May 2023 and the previous year's statements are not provided by the company.

The P/E on an annualized and post-IPO basis is 332.33 times which seems to be fairly priced by looking at the performance of the company. The Sector P/E is 35.8 times.

The company operates in a competitive segment. The management outlook of the company is satisfactory. The company was formed as a proprietorship in the year 1997. The company has not provided the previous year's financials before the incorporation which makes it difficult to analyse the past or the future predictions. By looking at the current financials and the business segment, the company has negative operating cashflows, the demand in the industry is relatively low and the overall financial outlook of the company is not satisfactory. Thus, we recommend **AVOID** to this IPO.



# Vrundavan Plantation Limited

## IPO Note



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