



IPO Details		Company Background																						
Opening Date	Dec 08, 2023	<ul style="list-style-type: none"> ○ Accent Microcell Limited was originally incorporated in the year 2012 and has its registered office in Ahmedabad, Gujarat, India. ○ The company's primary focus is on manufacturing high-quality cellulose-based excipients which predominantly find application in the Pharmaceutical, Nutraceutical, Food, Cosmetic and other Industries. ○ The company has two state-of-the-art manufacturing facilities located at Pirana Road, Ahmedabad and Dahej, SEZ (Bharuch). ○ As of 30th September 2023, the Company had 173 employees on its payroll basis and 161 employees on a contract basis. 																						
Closing Date	Dec 12, 2023																							
Stock Exchange	NSE SME																							
Lot Size	1,000 Shares																							
Issue Price	₹ 133 to ₹ 140 per share																							
Issue Size	Aggregating up to 78.40 Cr.																							
Fresh Issue	Aggregating up to 78.40 Cr.																							
Offer for Sale	-	<table border="1"> <thead> <tr> <th colspan="2">Market Capitalization</th> <th colspan="4">(In Cr.)</th> </tr> <tr> <th></th> <th>Pre-Issue</th> <th colspan="4">Post-Issue</th> </tr> </thead> <tbody> <tr> <td></td> <td>₹ 216</td> <td colspan="4">₹ 295</td> </tr> </tbody> </table>					Market Capitalization		(In Cr.)					Pre-Issue	Post-Issue					₹ 216	₹ 295			
Market Capitalization							(In Cr.)																	
	Pre-Issue	Post-Issue																						
	₹ 216	₹ 295																						
Application Amount (@ upper band for retail investors)	₹ 1,40,000																							
IPO Objective		Financial Summary																						
To set up a plant at Navagam Keda.		(In Lacs)																						
General Corporate Purpose.																								
Pre-Issue Shareholding			Financial Summary																					
Category	No. of Shares	% of Total Shares	For the Period Ended	Mar-21	Mar-22	Mar-23	Jun-23																	
Promoter & Promoter Group	1,12,93,500	73.13%	Total Assets	8,070.44	9,461.03	11,409.68	12,214.88																	
Public	41,49,500	26.87%	Net Assets	2,663.02	3,209.32	4,419.91	5,125.44																	
Promoter of the Company			Total Borrowings	3,063.76	2,409.53	2,278.23	2,105.73																	
1	Vasant Vadilal Patel		Total Revenue	13,481.5	16,753.9	20,696.74	5,992.95																	
2	Ghanshyam ArjanBhai Patel		Profit After Tax	480.29	589.31	1,301.02	705.52																	
3.	Nitin JasvantBhai Patel		Tentative Timeline																					
4.	VinodBhai ManiBhai Patel		Opening Date	Dec 08, 2023																				
Competitive Strengths			Closing Date	Dec 12, 2023																				
1	Expansion in domestic and overseas markets (Geographic Diversification).		Basis of Allotment	Dec 13, 2023																				
2	One of the leading manufacturers of MCC (cellulose-based excipients) with over a decade of experience.		Initiation of Refunds	Dec 14, 2023																				
3	Strategically located manufacturing facilities.		Credit of Shares to Demat	Dec 14, 2023																				
4	Government Incentives.		Listing Date	Dec 15, 2023																				
5	Strong supplier base for sourcing of raw materials/products.																							
6	Robust Quality and Service Standards.																							
7	Quality Certifications.																							



Company Background and Analysis

Accent Microcell Limited incorporated on April 10, 2012, company has a good experience in the industry that it operates in. Company is engaged in manufacturing of the high-quality cellulose-based excipients which predominantly find application in the Pharmaceutical, Nutraceutical, Food, Cosmetic and other industries. Company manufacture cellulose-based excipients as follows:

- Microcrystalline Cellulose (MCC) - Spray Dryer / Spin Flash Dried
- Microcrystalline Cellulose Spheres (MCC Spheres)
- Silicified Microcrystalline Cellulose (SMCC)
- Powdered Cellulose (PC)
- Croscarmellose Sodium (CCS)
- Magnesium Stearate (Mg. St.)
- Microcrystalline Cellulose with Carboxy Methyl Cellulose (Co-Processed)

Presently, company majorly manufacture Microcrystalline Cellulose (“MCC”). MCC is an odourless, fine white powder & a purified form of cellulose, which is derived from refinement of highly purified wood pulp. It is widely used as texturizer, anticaking agent, binder, lubricant, a bulking agent, diluent which finds a wide range of applications in Pharmaceutical, Nutraceutical, Food, Cosmetic and other industries. Further Revenue break-up (as per the restated standalone financials of the Company) for the preceding three fiscals and for the period ended June 30,2023 based on the revenue received from the sale of in products in different industries is as under: -

(Amount in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Jun-23	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Pharmaceuticals	9,628.92	72.63	12,029.86	72.60	14,672.98	71.86	4,277.68	72.74
Nutraceuticals	1,404.52	10.59	1,594.91	9.62	2,138.19	10.47	618.89	10.52
Food	2,223.37	16.77	2,946.36	17.78	3,607.59	17.67	983.99	16.73
Total Sale	13,256.81	100.00	16,571.13	100.00	20,418.76	100.00	5,880.56	100.00

The company manufacture 22 grades of MCC, with particle sizes ranging from 20 microns to 180 microns. The major grades of MCC manufactured and marketed by our Company are branded under the name “accel”. Besides “accel” we also sell our products under the name “acrocell”, “maccel” and “Vincel”.

Company has carved a niche in the production of high-quality cellulose-based excipients, that meet international quality standards. With it two manufacturing facilities located at Pirana Road, Ahmedabad and Dahej, SEZ (Bharuch), company has developed a strong global sales model, as company is serving customers across India and in more than 45 countries including USA, Canada, Germany, UK, Japan, China, Australia, Korea, Netherlands, Turkey, Vietnam, Italy, Indonesia, Poland, Egypt, France, Thailand, New Zealand, Brazil, Russia, Mexico, Chile, Zimbabwe, Denmark, Greece and many others.

To conclude, the company operates in business segment with good prospect, as it has variety of usage in various industry. The company has also shown a good growth in revenue, they operate in a diverse geography.



Business Strategies

1. Establishing new facilities to meet the rising demand for CCS, SSG, and CMC -

The company intends to utilize the Net Proceeds of this Issue to set up the manufacturing facility to produce CCS, SSG and CMC by establishing a New Facility at Navagam Kheda. With this, the company intends to touch 2400 metric tonnes which makes the total capacity of the company 10,400 metric tonnes per annum.

2. Diverse Product Portfolio and Quality Services -

The company intends to increase its market share by exploring untapped markets by offering innovative value-added products, as part of its strategy to widen growth prospects. The company shall also continue to explore opportunities in different regions and countries abroad to enhance its geographical reach.

3. Increasing the Global Presence -

The company intends to expand its global footprint with diversified applications for products in various industries.

4. Focus on Quality -

The company believes it is essential to uphold high-quality standards, as this fosters customer satisfaction and encourages repeat orders from the clients.

Competitive Scenario and Peer Mapping

Competition

The company faces significant competition in this Industry. The company faces competition from both existing and potential competitors. The company has a medium barrier to entry. The bargaining power with the customers is low in the company's sector. The bargaining power with the suppliers is medium in the company's sector.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

Particulars	Accent Microcell Limited	Sigachi Industries Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	6%	15%
EBITDA Margin	9%	20%
Return on Capital Employed	30%	17%
Return on Equity	29%	16%
EPS (INR)	2.56	1.42

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

Particulars	Accent Microcell Limited	Sigachi Industries Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	4%	16%
EBITDA Margin	8%	21%
Return on Capital Employed	22%	21%
Return on Equity	18%	18%
EPS (INR)	0.37	1.30



The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

Particulars	Accent Microcell Limited	Sigachi Industries Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	4%	16%
EBITDA Margin	8%	20%
Return on Capital Employed	16%	28%
Return on Equity	18%	32%
EPS (INR)	0.33	3.94



Industry Overview

Exhibit 1: Pharmaceutical Export from India (US\$ billion)

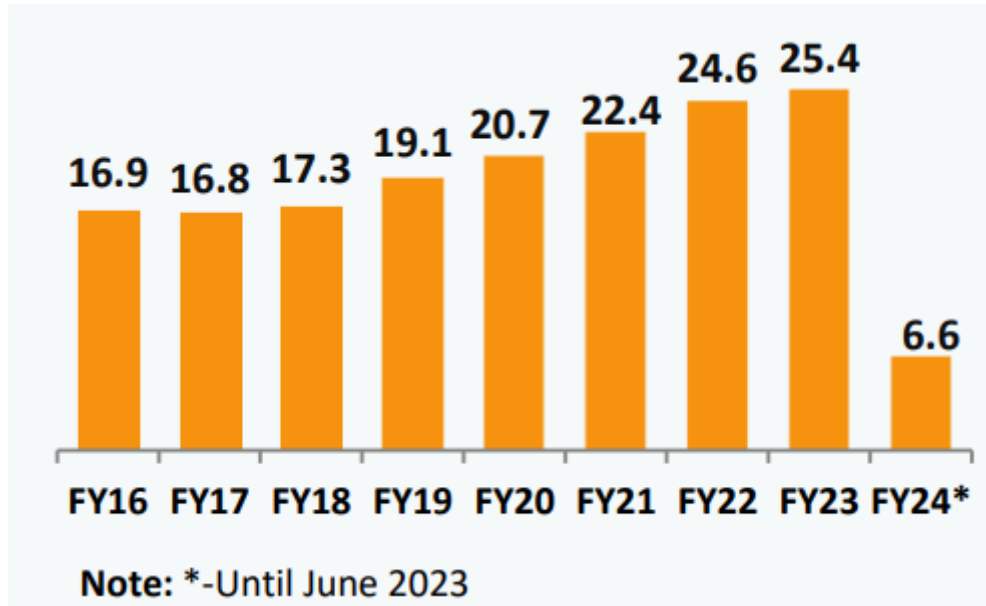
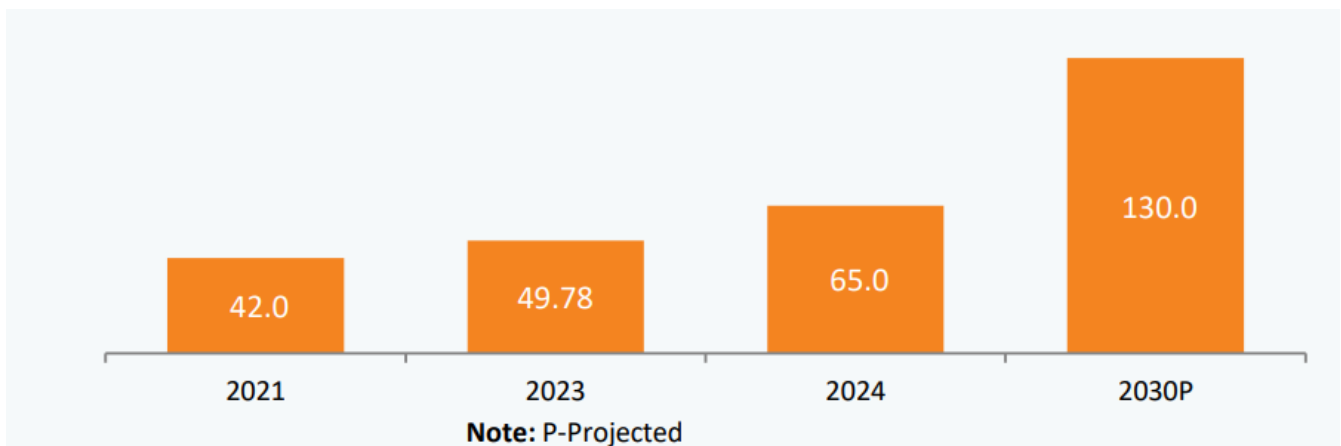


Exhibit 2: Indian Pharmaceutical Market (in US\$ billion).



(Source: ibef.org)



Global Pharmaceuticals Industry -

Pharmaceuticals Market size was valued at USD 209.85 billion in 2021 and is poised to grow from USD 222.4 billion in 2022 to USD 352.98 billion by 2030, growing at a CAGR of 5.9% in the forecast period (2023-2030). Pharmaceuticals are any kind of drug that is used for medical purposes. Pharmaceuticals are drug-containing products in specific dosages that can be used for healthcare purposes. People are increasingly becoming cautious over their life and health. This acts as a driver for this market. Even during the Covid - 19 pandemic, while all other industries were bleeding money, the pharmaceutical companies that developed vaccines for the virus continued to thrive even in a very unstable state of the economy. It is expected that the sector will continue if there are people.

The pharmaceutical industry has experienced a significant shift due to advancements in technology, cost-effective manufacturing methods, and increased investment. These factors have had a positive impact on market growth. The implementation of robotic technology and Artificial Intelligence (AI) has led to a reduction in manufacturing floor downtime and product waste. These technologies have improved efficiency and productivity in pharmaceutical manufacturing processes. With about 46% of the market share, North America was the largest market for pharmaceuticals in the global pharmaceuticals market in 2021. The Asia Pacific was the second largest region making up more than 26% of the global pharmaceuticals market. Although the need for medicines is much greater in Africa, it holds the smallest market share in the global pharmaceuticals market.

Indian Pharmaceuticals Industry -

India is the largest provider of generic drugs globally and is known for its affordable vaccines and generic medications. The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume after evolving over time into a thriving industry growing at a CAGR of 9.43% since the past nine years. Generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research & manufacturing, biosimilars, and biologics are some of the major segments of the Indian pharma industry. India has the most number of pharmaceutical manufacturing facilities that are in compliance with the US Food and Drug Administration (USFDA) and has 500 API producers that make for around 8% of the worldwide API market.

Pharmaceutical is one of the top ten attractive sectors for foreign investment in India. The pharmaceutical exports from India reach more than 200 nations around the world, including highly regulated markets of the USA, West Europe, Japan, and Australia. India supplied around 45 tonnes and 400 million tablets of hydroxychloroquine to around 114 countries globally.

India's drugs and pharmaceuticals exports stood at Rs. 2,08,231 crore (US\$ 25.3 billion) for FY23, as per the data by Pharmexcil. Exports of Drugs & Pharmaceuticals was estimated to be at US\$ 2.48 billion in March, 2023 and shared 6.47% of the total exports of the month. India is the 12th largest exporter of medical goods in the world. Indian drugs are exported to more than 200 countries in the world, with US being the key market.

(Source: prospectus)



Key Managerial Personnel

Hiren Vallabhbhai Patel, aged 46, is one of the Promoters, and Executive Chairman of the Company. He possesses a secondary school certificate (Matriculation). He has an experience of more than two decades in the dyes, intermediate pharmaceuticals and nutraceutical industries. He is presently in charge of all offshore marketing and product development policy matters.

Ghanshyam ArjanBhai Patel, aged 45, is one of the Promoters, Managing Director, and CFO of the company. He possesses a secondary school certificate (Matriculation). He has an experience of more than two decades in various fields like Agro products, marketing, and rice processing. He looks after the overall strategic plan and supervises the operations of the company in administration, Finance, HRD, banking, collections etc.

Nitin JasvantBhai Patel, aged 41, is one of the Promoters, and Whole-Time Director of the company. He is Undergraduate pursuing the degree of Bachelor of Commerce (2nd Year). He has over two decades of experience as a technical director. He looks after all technical matters of the company's current technology and his technical expertise gives a competitive edge to the company in the timeline of setting up the project.

VinodBhai ManiBhai Patel, aged 48, is one of the Promoters, and Whole-Time Director of the company. He possesses a Bachelor of Arts. He is also a person involved in CSR and social and philanthropic activities including Cordial relations to be maintained with the Plant Head, Labour and Contract workers. He has an experience of over two decades in the unit.

RajatKumar DineshKumar Patel, aged 28, is the Non-Executive Director of the Company. He has graduated with a Bachelor of Computer Applications (B.C.A). He has diversified work experience in the fields of Accounts and Finance for more than 6 (Six) years.

Chintan UmeshBhai Bhatt, aged 28, is the Non-Executive Independent Director of the company. He is an Associate Member of the Institute of Company Secretaries of India and has in Bachelor of Law, Diploma in Tax Practice and Diploma in Labor Practice. He is having more than 4 years of experience in corporate law and advisory services.

Shreyaben MilanKumar Shah, aged 29, is the Non-Executive Independent Director of the Company. She is a Qualified Company Secretary and law graduate having diversified experience of around 7 years in the domain of Corporate Governance, SEBI, Stock Exchange and MCA-related compliances, securities law and other legal compliances.

To conclude, the company has 4 promoters and has vast experience in the industry in which the company operates. The remaining Directors of the company have good knowledge and experience in their respective fields.



Financial Snapshot

Profit and Loss Statement					(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Jun-23	
Revenue from Operations	13,256.80	16,571.13	20,418.76	5,880.56	
Other Income	224.79	182.84	277.98	112.39	
Total Income	13,481.59	16,753.97	20,696.74	5,992.95	
Expenses					
Cost of material consumed	9904.79	12028.38	15,389.01	4154.76	
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	-893.69	-693.79	-972.74	-191.56	
Employee benefits expense	692.67	761.97	866.13	250.37	
Finance costs	337.80	306.54	253.34	53.44	
Depreciation and Amortization expense	355.47	414.70	413.27	102.13	
Other expenses	2,484.25	3,177.26	3,198.62	795.93	
Total Expenses	12,881.29	15,995.06	19,147.63	5,165.07	
Earnings Before Interest, Taxes, Depreciation & Amortization	1,068.78	1,297.31	1,937.74	871.06	
EBITDA Margin	8%	8%	9%	15%	
Profit/(Loss) before exceptional items and tax	600.30	758.91	1,549.11	827.88	
Exceptional Items	-	-	-	-	
Profit/(Loss) before tax	600.30	758.91	1,549.11	827.88	
Tax Expense					
Current Tax Expense for Current Years	118.63	166.09	259.58	144.65	
Current Tax Expense for Earlier Years	-	-	-0.65	-	
Deferred Tax	1.38	3.51	-10.84	-22.29	
Total Tax Expense	120.01	169.60	248.09	122.36	
Profit/(Loss) for the year	480.29	589.31	1,301.02	705.52	
Net Profit Margin	3.56%	3.52%	6.29%	11.77%	

Balance Sheet					(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Jun-23	
EQUITY AND LIABILITIES					
1. Shareholders' funds					
Share Capital	430.10	1,290.30	1,294.30	1,294.30	
Reserve and Surplus	2,232.92	1,919.02	3,125.61	3,831.14	
Total Equity	2,663.02	3,209.32	4,419.91	5,125.44	
2. Non-current liabilities					
Long Term Borrowings	1,783.72	693.18	547.41	465.75	
Deferred Tax Liabilities (Net)	120.66	124.17	113.33	91.04	
Long Term Provisions	25.24	42.30	64.40	69.08	
Total Non-current liabilities	1,929.62	859.65	725.14	625.87	
3. Current liabilities					
Financial Liabilities					
Short-term borrowings	1,280.04	1,716.35	1,730.82	1,639.98	
Trade payables					
Due to MSME	-	-	-	-	
Due to Others	1,835.46	3,009.63	3,460.06	3,669.81	
Other Current Liabilities	326.35	623.35	1,018.74	1,081.92	
Provisions	35.95	42.75	55.01	71.86	
Total Current liabilities	3,477.80	5,392.08	6,264.63	6,463.57	
Total Liabilities	5,407.42	6,251.73	6,989.77	7,089.44	
Total Equity and Liabilities	8,070.44	9,461.05	11,409.68	12,214.88	
ASSETS					
1. Non-current assets					
Property, Plant and Equipment					
Tangible Assets	3,023.36	3,006.12	3,029.09	3,076.44	
Intangible Assets	3.74	2.98	1.81	1.63	



Balance Sheet					(In Lacs)
Goodwill	12.44	2.44	-	-	
Investments					
Long term loans and advances	-	-	72.62	63.52	
Other Non-Current Assets	55.86	57.28	72.63	72.93	
Total Non-Current assets	3,095.40	3,068.82	3,176.15	3,214.52	
2. Current assets					
Inventories	3,155.19	3,958.59	5,365.13	5,600.86	
Trade receivables	1261.05	1,704.48	2,391.91	2,921.72	
Cash and cash equivalents	139.76	282.66	204.00	206.42	
Short-term loans and advances	419.04	446.48	256.95	255.23	
Other Current Assets	-	-	15.54	16.13	
Total Current assets	4,975.04	6,392.21	8,233.53	9,000.36	
Total Assets	8,070.44	9,461.03	11,409.68	12,214.88	

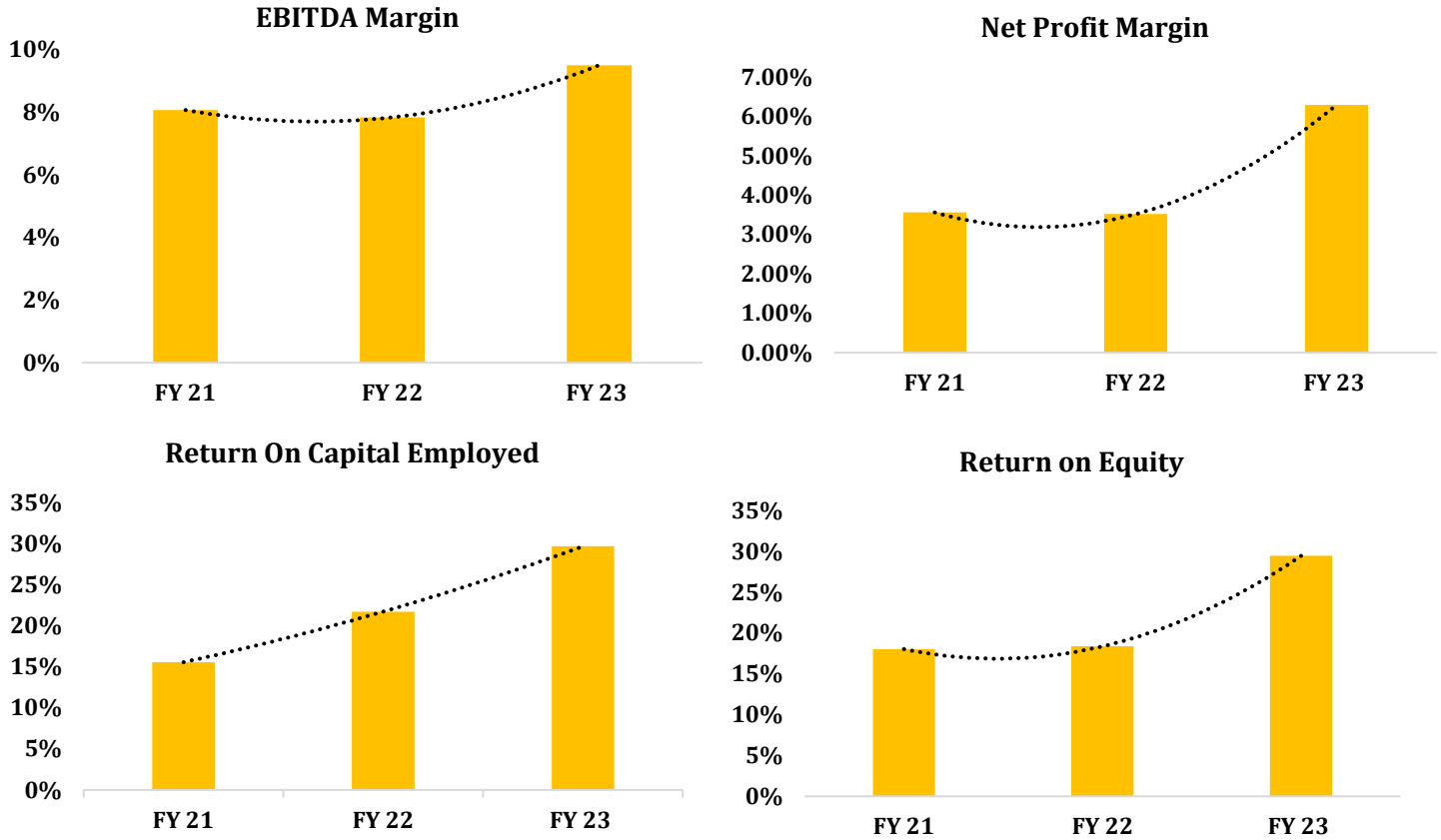
Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23	
Net Cash Flow from Operating Activities	503.95	1,487.10	782.23	392.99	
Net Cash Flow from Investing Activities	-627.27	-429.97	-429.08	-174.14	
Net Cash Flow from Financing Activities	-218.71	-966.69	-434.72	-218.63	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23
Per Share Data				
Diluted EPS	0.33	0.37	2.56	11.87
BV per share	12.66	15.25	21.00	70.13
Operating Ratios				
EBITDA Margins	8.06%	7.83%	9.49%	14.81%
PAT Margins	3.56%	3.52%	6.29%	10.42%
Inventory days	86.87	87.19	95.91	86.67
Debtor days	34.72	37.54	42.76	45.21
Creditor days	67.83	90.50	79.82	79.53
Return Ratios				
RoCE	16%	22%	30%	19%
RoE	18%	18%	29%	17%
Valuation Ratios (x)				
EV/EBITDA	5.23	4.11	3.35	4.66
Market Cap / Sales	2.22	1.78	1.44	1.25
P/E	424.24	378.38	54.69	11.79
Price to Book Value	11.06	9.18	6.67	2.00
Solvency Ratios				
Debt / Equity	1.15	0.75	0.52	0.41
Current Ratio	1.43	1.19	1.31	1.39
Quick Ratio	0.52	0.45	0.46	0.53
Asset Turnover	1.64	1.75	1.79	0.48
Interest Coverage Ratio	2.11	2.88	6.02	14.39

*Ratio sheet for June-23 is annualized.



Financial Charts



Key Risk Factors

1. The Company is dependent on a few numbers of suppliers. The loss of any of these large suppliers may affect the revenues and profitability. The top five suppliers accounted for 66.73%, 64.75%, 67.06% and 53.53% of the expenses towards the purchase of raw materials for the quarter ended June 30, 2023, and the Fiscals 2023, 2022 and 2021 respectively.
2. The company and Directors are involved in certain legal proceeding(s) and potential litigations amounting to Rs. 574.03 lakhs. Any adverse decision in such proceeding(s) may render them liable to liabilities/penalties.



Track Record of Lead Manager

The lead manager to the issue is Corporate Capital Ventures Private Limited. A table has been set below highlighting the details of the IPO of the recent companies handled by the Lead Manager in recent times –

Corporate Capital Ventures Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Rockingdeals Circular Economy L	21.00	140.00	November 30, 2023	298.0
2.	Oriana Power Limited	59.66	118.00	August 11, 2023	375.0
3.	Crayons Advertising Limited	41.80	65.00	June 02, 2023	173.0
4.	Droneacharya Aerial Innovations Limited	33.97	54.00	December 23, 2022	186.0
5.	Phantom Digital Effects Limited	29.10	95.00	October 21, 2022	432.0
6.	Swastik Pipe Limited	62.52	100.00	October 12, 2022	97.8
7.	Annapurna Swadisht Limited	30.25	70.00	September 27, 2022	356.0
8.	Uma Exports Limited	60.00	68.00	April 07, 2022	48.3
9.	Nupur Recyclers Limited	34.20	60.00	December 23, 2021	92.5
10.	Rajnandini Metal Limited	4.27	26.00	October 08, 2018	9.05

*CMP for the above-mentioned companies is taken as of 5th December 2023.

As per the offer document, Corporate Capital Ventures Private Limited has had 9 mandates in the last three fiscal years. For Corporate Capital Ventures Private Limited above-mentioned mandates 2 has opened at a discount and the remaining has opened at premiums on the listing day.



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Accent Microcell Limited
IPO Note

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Recommendation

The company has been in the industry since 2012 and has decent experience in the industry. The company's management overview is satisfactory. The company also faces significant competition in the industry.

The P/E on a post-IPO basis is 22.64 times which seems to be fairly priced by looking at the performance of the company and the sector. The Sector P/E is 32.4 times.

The company has seen consistency in the increase of its top line and has seen a sudden surge in the bottom line of its financials for the FY 2023. The company also faces moderate competition from the listed companies which is an advantage for the company. The sector in which the company operates has good demand in the domestic and international markets. The company is also a major leading manufacturer of MCC (cellulose-based excipient) in the market. The company is also utilizing a certain part of their net proceeds for setting up a plant which will yield good growth in the coming future. Keeping in mind the above-mentioned points we recommend **APPLY** to this IPO as a long-term investment.



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Accent Microcell Limited
IPO Note

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