



IPO Details		Company Background				
Opening Date	March 21, 2024	<ul style="list-style-type: none"> ○ Incorporated in 2009 as a partnership firm, Vishwas Agri Seeds Limited has its registered office in Mumbai, Maharashtra, India. ○ The company is in the business of processing quality seeds and supplying them to farmers via three distribution networks. ○ The company sells its seeds under the brand name “Vishwas”. ○ The company’s commercial operations of seed processing unit along with warehouse and cold storage facility is located in Bavla, District Ahmedabad, Gujarat. ○ As of September 30, 2023, the company had a total of 77 employees on its payroll. 				
Closing Date	March 26, 2024					
Stock Exchange	NSE SME					
Lot Size	1,600 Shares					
Issue Price	₹86 per share					
Issue Size	Aggregating up to 25.80 Cr.					
Fresh Issue	Aggregating up to 25.80 Cr.					
Offer for Sale	-					
Application Amount	₹1,37,600					
IPO Objective		Market Capitalization (In Cr.)				
1. Funding capital expenditure towards furnishing the corporate office building, purchasing equipment for setting up a seed testing laboratory, setting up a greenhouse (Fan-Pad System), and installing rooftop solar monocrystalline panels.		Pre-Issue		Post-Issue		
2. Additional working capital requirements.		₹ 60		₹ 86		
3. General corporate purposes.		Financial Summary (In Lacs.)				
		For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
		Total Assets	2,095.60	3,362.94	5,351.89	8,071.96
		Net Assets	200.81	478.75	1,432.89	1,883.90
		Total Borrowing	1,275.08	1,697.17	1,877.88	2,862.87
		Total Revenue	5,382.66	6,485.80	6,532.19	4,247.49
		Profit After Tax	116.29	247.95	534.14	451.00
Pre-Issue Shareholding		Tentative Timeline				
Category	No. of Shares	% of Total Shares	Opening Date			Mar 21, 2024
Promoter & Promoter Group	70,00,000	100.00%	Closing Date			Mar 26, 2024
Public	-	-	Basis of Allotment			Mar 27, 2024
Promoter of the Company			Initiation of Refunds			Mar 28, 2024
1. Ashokbhai Sibabhai Gajera			Credit of Shares to Demat			Mar 28, 2024
2. Bharatbhai Sibabhai Gajera			Listing Date			Apr 01, 2024
3. Dineshbhai Madhabhai Suvagiya and others						
Competitive Strengths						
1. Integrated seed processing unit with cold storage and warehouse facility in one premise.						
2. Wide Range of Products backed by consistent quality.						
3. Experienced promoter supported by dedicated management team.						



Company Background and Analysis

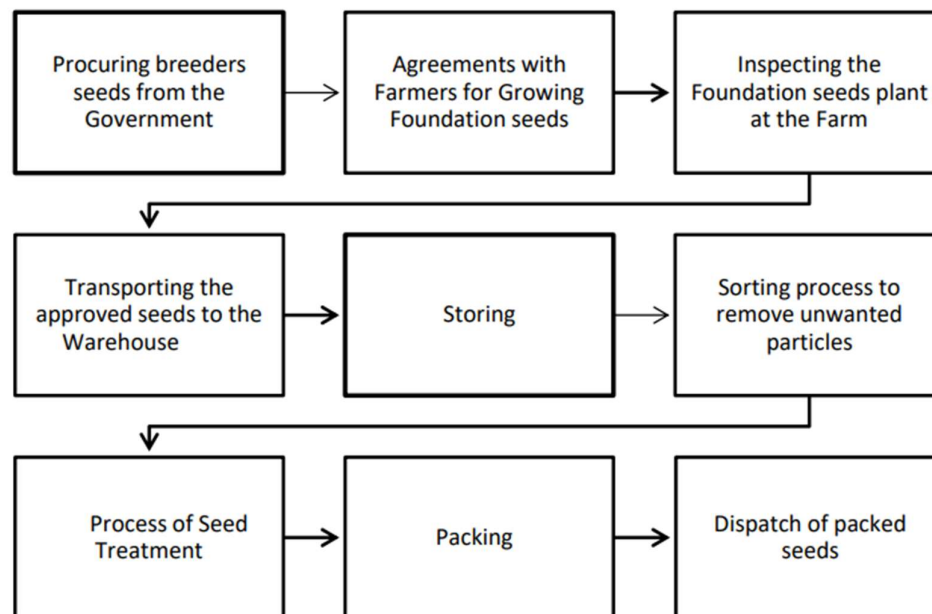
Vishwas Agri Seeds Limited was originally incorporated as a partnership firm on December 01, 2009. The company is in the business of processing quality seeds and supplying them to farmers via its distribution network. The Company sells its seeds under the brand name "Vishwas". The company's seeds processing unit is equipped with an optical sorting machine, which detects unwanted colours, subtle discolouration, size and shape defects, and foreign materials. Further, the seeds undergo a seed treatment process where seeds are processed by application of fungicide, insecticide, or a combination of both, to seeds so as to disinfect them from seed-borne or soil-borne pathogenic organisms and storage insects.

As of March 31, 2023, the company produced seeds for more than 40 different field crops and vegetables. Vishwas has more than 75 varieties of Crops. The company has a total of 783 Networks of Distributors which covers the states of Gujarat, Rajasthan, and Madhya Pradesh. The company has eighteen employees who look after marketing & sales of the products.

The list of company's products are as follows – Chilli, Tomato, Brinjal, Okra, Watermelon, Sweet Corn, Muskmelon, Cabbage, Cauliflower, Bottle Gourd, Bitter Gourd, Ridge Gourd, Sponge Gourd, Cucumber, Onion, Cluster Bean, Cowpea, Sugar Beet, Radish, Pea, Bean, Spinach, Coriander, Fenugreek, Carrot, Indian Bean.

Under its researched seeds the products are as follows – Cotton, Castor, Pearl Millet, Maize, Fennel, Groundnut, Soybean, Pigeon Pea, Green Gram, Black Gram, Sesamum, Wheat, Cumin, Coriander, Chickpea, and Mustard.

The company's production process is as follows –



To conclude, the company was incorporated in the year 2009 and has good experience in the industry. The company is in the business of processing quality seeds and supplying them to farmers. The company generates the majority of its revenue from the product Groundnut seeds.



Business Strategies

1. Modern automated seed processing unit at Bhayla, Ahmedabad, Gujarat –

The company has their own automated seed processing unit located at Bhayla Ahmedabad; the said unit is spread over 4 acres of land. The company has built a Warehouse & Cold storage facility to store seeds within the premises of a unit at Bhayla Ahmedabad. With a large capacity to store the seeds in the warehouse and further process and pack the seeds during the sowing season, the company believes it holds an advantage over its competitors to supply the products to end users' farmers quickly.

2. Distribution network spread across the western part of India –

The company has a network of over 780 distributors and a sales and marketing team of about 18 employees. Promoters take a keen interest in interacting with the distributors regularly which the company believes to help them have a strong insight into the overall market.

3. Vishwas work as vocal for the local approach to solving the problems faced by the local farmers –

The company has a vocal local approach to solving the problems of the farmers provides knowledge to the local farmers and helps them improve crop productivity. The company organises various awareness campaigns and also workshops for farmers in the local language to share knowledge about the use of the latest products to achieve better crop productivity.



Competitive Scenario and Peer Mapping

Competition

The company operates in a rapidly consolidating industry. The market for the products is competitive on account of the existence of both organized and unorganized players. Competition occurs generally on key attributes such as quality of products, distribution network, pricing and timely delivery. The industry in which the company operates has slightly lower barriers to entry. The bargaining power with the suppliers is low and the bargaining power with the consumers is higher in this industry.

Peer Analysis

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

Particulars	Vishwas Agri Seeds Limited	Bombay Super Hybrid Seeds Limited	Kaveri Seed Company Limited	Upsurge Seeds of Agriculture Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	8%	7%	26%	6%
EBITDA Margin	21%	10%	24%	10%
Return on Capital Employed	30%	36%	16%	16%
Return on Equity	37%	30%	20%	13%
EPS (INR)	16.98	1.60	48.59	6.74

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

Particulars	Vishwas Agri Seeds Limited	Bombay Super Hybrid Seeds Limited	Kaveri Seed Company Limited	Upsurge Seeds of Agriculture Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	3.82%	5.24%	22.00%	5.26%
EBITDA Margin	17%	7%	21%	8%
Return on Capital Employed	27%	31%	14%	36%
Return on Equity	52%	26%	17%	36%
EPS (INR)	9.49	1.00	36.43	7.68

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

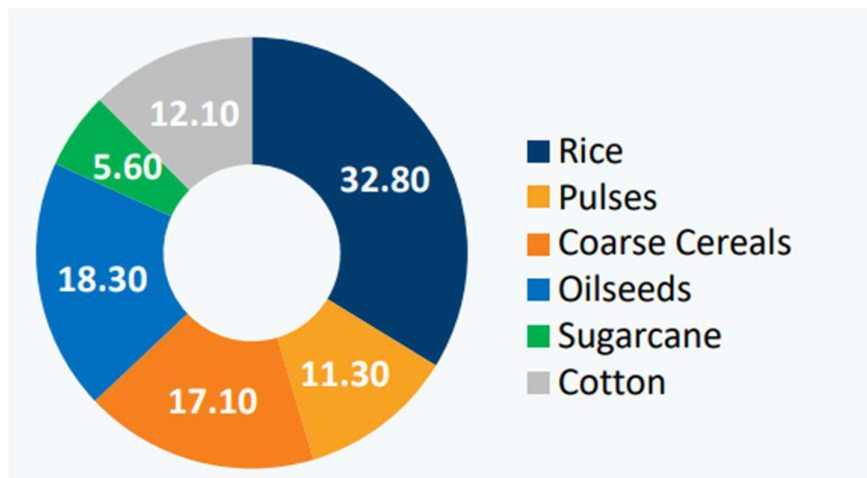
Particulars	Vishwas Agri Seeds Limited	Bombay Super Hybrid Seeds Limited	Kaveri Seed Company Limited	Upsurge Seeds of Agriculture Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	2.16%	3.5%	30.1%	1.6%
EBITDA Margin	13.8%	5.3%	28.8%	3.2%
Return on Capital Employed	28.6%	21.5%	21.5%	14.3%
Return on Equity	57.9%	10.7%	25.0%	33.3%
EPS (INR)	4.65	0.55	51.47	4.31

Industry Overview

Exhibit 1: GVA by agriculture and allied sectors (US\$ billion) (at constant prices)



Exhibit 2: Kharif area sown in 2022-23 (million hectares)



(Source: ibef.org)



Global Seeds Industry -

The Global Seed Market size is estimated at USD 66.85 billion in 2023, and is expected to reach USD 92.02 billion by 2028, growing at a CAGR of 6.60% during the forecast period (2023-2028). Hybrid seeds have witnessed high growth, mainly from the major agriculture-producing countries, because of their various benefits, including higher productivity, wider adaptability, and a high degree of resistance to biotic and abiotic stresses.

For instance, in cotton, hybrids give 50% more yield than conventional varieties. Their wider adaptability is mainly due to their high buffering capacity to environmental fluctuations. Globally, Asia-Pacific is the largest agricultural region in terms of production, which holds the major share in the global seed market due to the increase in area under major crops and the increase in seed replacement rate. For instance, the area harvested in cereals increased to 341 million hectares in 2020 from 333 million hectares in 2019

Hybrids is the largest Breeding Technology. The growing demand for hybrid and open-pollinated seeds from organic growers, animal feed, food, and biofuel industries are driving the market's growth. Hybrid seeds have witnessed high growth, mainly from the major agriculture-producing countries, because of their various benefits, including higher productivity, wider adaptability, and a high degree of resistance to biotic and abiotic stresses.

For instance, in cotton, hybrids give 50% more yield than conventional varieties. Their wider adaptability is mainly due to their high buffering capacity to environmental fluctuations. New plant breeding techniques are allowing the development of new plant varieties with desired traits by modifying the DNA of the seeds and plant cells. Innovations in plant breeding are helping address the challenges farmers face in the field every day.

Indian Seed Industry -

Indian Seed industry is a sub-sector within Agri-input sector of Agriculture and allied industry. Seed is the primary input in Agriculture, which encapsulates the genetics of Plant variety. At the core of Indian Seed Industry is Plant variety development through conventional plant breeding in the process of genetic improvement of crops.

The growing population and the availability of rich arable lands and various agro-climatic zones in India represent one of the key factors positively influencing the market. In addition, the commercialization of agriculture and the active collaboration of private and public sectors are propelling the growth of the seed industry in the country.

Apart from this, leading seed breeders are increasingly introducing advanced digital technologies to help farmers overcome the negative impacts of pests, climate, and other environmental factors. This, in turn, is contributing to the market growth. Additionally, the integration of data science, artificial intelligence (AI) tools, advanced phenomics, and genomics in the agricultural sector is offering a favorable market outlook. Along with this, various opportunities provided by the Government of India (GoI) to encourage farmers and breeders are creating a positive outlook for the market.

(Source: prospectus)



Key Managerial Personnel

Ashokbhai Sibabhai Gajera, aged 45 years, is one of the Promoters, and Managing Director of the Company. He has completed his B.S.C in chemistry. He has 18 years of experience in seeds processing industry and is key person behind the business of the company. He looks after overall business and marketing.

Dineshbhai Madhabhai Suvagiya, aged 48 years, is one of the Promoters, and CFO of the Company. He has completed his B.A. He is having 12 Years of experience in the seeds processing industry. He looks after finance department of the company.

Bharatbhai Sidabhai Gajera, aged 40 years, is one of the Promoters, and Executive Director of the Company. His qualification is S.S.C. He is having 12 Years of experience in agriculture sector and seeds processing industry. He looks after admin and Human Resource department of the Company. He is also handling Marketing and distribution activities of the Company.

Illaben Pareshbhai Patel, aged 50 years, is one of the Promoters of the company. She holds a M.A. degree and has 3 years of experience.

Kalubhai Maganbhai Vekariya, aged 51 years, is one of the Promoters of the company. His qualification is 12th Science and has 20 years of experience.

Maheshbhai Sibabhai Gajera, aged 42 years, is one of the Promoters of the company. His qualification is 12th Science and has 5 years of experience.

Ketankumar Babul Suvagiya, aged 25 years, is one of the Promoters of the company. His qualification is TY BA and has 3 years of experience.

Babubhai Laljibhai Suvagiya, aged 64 years, is one of the Promoters of the company. His qualification is 8th class. He has 40 years of experience in the business.

Rameshbhai Laljibhai Suvagiya, aged 58 years, is one of the Promoters of the company. His qualification is 8th class. He has 35 years farmer of experience in the business.

Shivlal Veljibhai Bhanderi, aged 60 years, is one of the Promoters of the company. His qualification is 8th class. He has 35 years farmer of experience in the business.

Dinkal Rahul Pansuriya, aged 37 years, is the Independent Director of the Company. She has done Bachelor of science. She has 15 years of experience as a consultant in seed testing for the agriculture sector. She conducts Soil and water test, Seed DNA Test in seed testing laboratory.

Sanjay Harsukhbhai Kachhadiy, aged 40 years, is the Independent Director of the Company. He has done his Bachelor of Science (Agriculture). He has 12 years of experience as a consultant for cultivation of foundation seeds in the agriculture sector. He helps farmers in improving crop productivity.

To conclude, the company has 10 promoters, and 3 of them are involved in the management and they have good experience in the fields which helps in the overall growth and the industry directly linked to the operations. The Directors of the company also have good experience in fields which help in the growth of the company.



Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
Revenue from Operations	5,382.41	6,485.58	6,530.73	4,246.03
Other Income	0.25	0.22	1.46	1.46
Total Income	5,382.66	6,485.80	6,532.19	4,247.49
Expenses				
Cost of material consumed	4,650.37	4,824.23	4,874.70	3,311.40
Change in inventories	-385.65	251.4	-114	-232.69
Employee benefits expense	308.47	180.27	312.81	147.68
Finance costs	63.88	103.77	76.91	90.32
Depreciation and Amortization expense	9.23	12.13	10.14	15.03
Other expenses	575.21	782.58	657.83	311.26
Total Expenses	5,221.51	6,154.38	5,818.39	3,643.00
Earnings Before Interest, Taxes, Depreciation & Amortization	745.34	1,125.91	1,380.31	929.32
EBITDA Margin	14%	17%	21%	22%
Profit/(Loss) before tax	161.15	331.42	713.80	604.49
Tax Expense				
Current Tax	45.95	85.29	182.48	145.28
Deferred Tax	-1.09	-1.82	-2.82	8.21
Total Tax Expense	44.86	83.47	179.66	153.49
Profit/(Loss) for the year	116.29	247.95	534.14	451.00
Net Profit Margin	2%	4%	8%	11%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	50.00	80.00	700.00	700.00
Other Equity	150.81	398.75	732.89	1,183.90
Total Equity	200.81	478.75	1,432.89	1,883.90
2. Non-current liabilities				
Long Term Borrowings	390.71	798.23	934.7	1231.04
Deferred tax liabilities	-	-	-	2.23
Other long term liabilities	-	-	-	18.13
Long term provisions	3.33	7.87	17.44	13.56
Total Non-current liabilities	394.04	806.10	952.14	1,264.96
3. Current liabilities				
Short-term borrowings	884.37	898.94	943.18	1,631.83
Trade payables				
Due to MSME	-	-	-	-
Due to Others	580.59	1080.89	1,401.85	2,378.89
Other Current Liabilities	1.06	14.73	479.05	696.89
Short-term Provisions	34.19	83.53	142.78	215.49
Total Current liabilities	1,500.75	2,078.09	2,966.86	4,923.10
Total Liabilities	1,894.79	2,884.19	3,919.00	6,188.06
Total Equity and Liabilities	2,095.60	3,362.94	5,351.89	8,071.96
ASSETS				
1. Non-current assets				



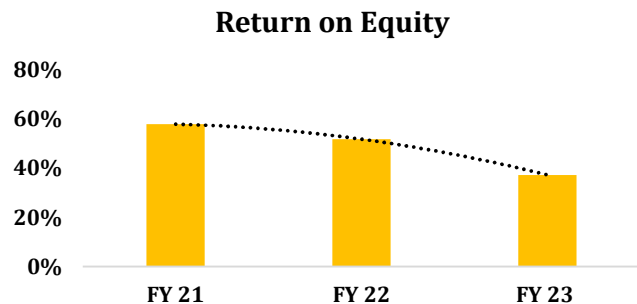
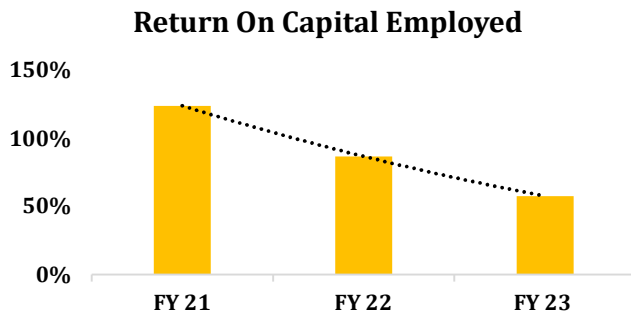
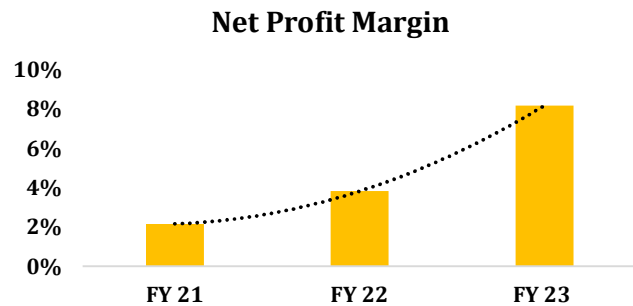
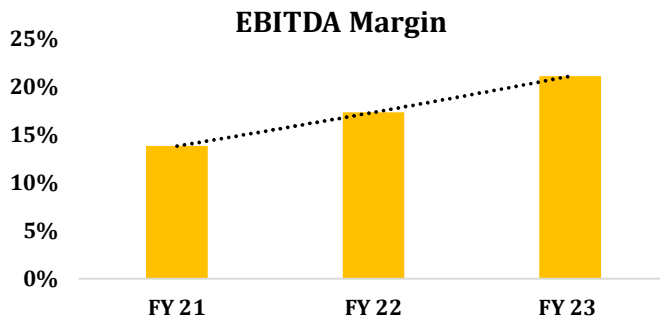
Balance Sheet				(In Lacs)
Property, Plant & Equipment and intangible assets				
i) Property, Plant & Equipment	68.05	471.64	525.45	1,009.77
Investment Property				
ii) Capital work-in-progress	-	-	952.26	1143.32
Non-current investment	0.10	0.10	0.10	0.10
Deferred Tax Asset	1.35	3.17	5.98	-
Other non-current asset	0.05	-	61.95	63.73
Total Non-Current assets	69.55	474.91	1,545.74	2,216.92
2. Current assets				
Inventories	1,241.87	1,794.43	1,345.03	1,631.11
Trade receivables	761.55	1,062.16	1,944.56	3,380.57
Cash and Cash Equivalents	7.23	8.74	22.87	10.19
Short-term loans and advances	15.40	22.70	492.99	831.51
Other Current Assets	-	-	0.7	1.66
Total Current assets	2,026.05	2,888.03	3,806.15	5,855.04
Total Assets	2,095.60	3,362.94	5,351.89	8,071.96

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
Net Cash Flow from Operating Activities	19.55	78.7	609.83	472.62
Net Cash Flow from Investing Activities	-26.72	-415.48	-1075.25	-691.33
Net Cash Flow from Financing Activities	8.59	338.30	479.56	206.03

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	4.65	9.49	16.98	9.05
BV per share	2.01	4.79	14.33	49.18
Operating Ratios				
EBITDA Margins	13.85%	17.36%	21.14%	21.89%
PAT Margins	2.16%	3.82%	8.18%	10.65%
Inventory days	84.22	100.99	75.17	70.30
Debtor days	51.64	59.78	108.68	145.70
Creditor days	44.93	70.10	118.68	129.38
Return Ratios				
RoCE	123.75%	86.69%	57.45%	29.74%
RoE	57.91%	51.79%	37.28%	18.40%
Valuation Ratios (x)				
EV/EBITDA	1.97	1.92	2.38	4.18
Market Cap / Sales	1.60	1.33	1.32	1.01
P/E	18.49	9.06	5.06	9.51
Price to Book Value	42.83	17.96	6.00	1.75
Solvency Ratios				
Debt / Equity	6.35	3.55	1.31	1.52
Current Ratio	1.35	1.39	1.28	1.19
Quick Ratio	0.52	0.53	0.83	0.86
Asset Turnover	2.57	1.93	1.22	0.53
Interest Coverage Ratio	11.52	10.73	17.82	10.12

*Ratio sheet for Sept-23 is annualized.

Financial Charts



Key Risk Factors

1. The company has outstanding legal proceedings amounting to Rs. 5.44 Lakhs. It may adversely affect the business, financial condition and results of operations.
2. The company's business is seasonal in nature and therefore the results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year.



Track Record of Lead Manager

The lead manager to the issue is Isk Advisors Pvt Limited. A table has been set below highlighting the details of the IPO of the last 6 companies handled by the Lead Manager in recent times –

Isk Advisors Pvt Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Sadhav Shipping Limited	38.18	95.00	March 01, 2024	267.00
2.	Magson Retail and Distribution Limited	13.74	65.00	July 06, 2023	66.7
3.	Sealmatic India Limited	56.24	225.00	March 01, 2023	265.00
4.	Technopack Polymers Limited	7.87	55.00	November 16, 2022	628.00
5.	Maruti Interior Products Limited	11.00	55.00	February 16, 2022	455.00
6.	Advait Infratech Limited	6.89	51.00	September 28, 2020	64.8

The company has had 6 mandates in the past five years including the current year.

*CMP for the above-mentioned companies is taken as of March 18th, 2024.

As per the offer document, from the above-mentioned mandates all have opened at premiums on the listing date.



Recommendation

The company has been in the industry since 2009 and has good experience in the industry. The company's management overview is satisfactory. The company also faces significant competition in the industry.

The P/E on an annualised and post-IPO basis is 9.51 times which seems to be fairly priced by looking at the performance of the company and the peers. The Sector P/E is 36.8 times.

The industry in which the company operates is competitive. The company has been able to maintain an increasing trend in its profitability margins over the years. The industry in which the company operates is seasonal and the company is slightly concentrated towards its major revenue-generating product which may or may not be favourable for the company. The company is raising funds for setting up equipment and expansion which can yield good growth. Thus, keeping in mind the above-mentioned points we recommend **APPLY** to this IPO.



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