

IPO Details	
<b>Opening Date</b>	May 31, 2024
<b>Closing Date</b>	June 04, 2024
<b>Stock Exchange</b>	NSE SME
<b>Lot Size</b>	1,200 Shares
<b>Issue Price</b>	₹90 to ₹94 per share
<b>Issue Size</b>	Aggregating up to 44.94 Cr.
<b>Fresh Issue</b>	Aggregating up to 44.94 Cr.
<b>Offer for Sale</b>	-
<b>Application Amount</b>	₹1,12,800

IPO Objective	
1.	Expansion of Existing Unit
2.	To Meet Incremental Working Capital Requirement
3.	General Corporate Purpose

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,02,53,481	76.65%
Public	31,24,124	23.35%

Promoters of the Company	
1.	Yogesh Laxman Rajhans
2.	Asha Laxman Rajhans

Competitive Strengths	
1.	State-of-The-Art Production Facility
2.	Vertically Integrated Supply Chain
3.	Team of Dedicated Experts
4.	Delivering Exceptional Quality Products

Company Background	
○	Incorporated in 2000 as a partnership firm, TBI Corn Limited is a manufacturer and exporter of Corn Meal Grits with its Registered Office in the Sangli district of Maharashtra, India.
○	The company specializes in producing high-quality Corn/Maize Grits and related products including fat-free corn grits/meals, corn flakes, stone-free broken maize and corn flour, and turmeric finger.
○	All products are made without chemical additives or preservatives and are GMO-free.
○	The company exports its products to various countries such as Dubai, Oman, Jordan, South Africa, and Vietnam.
○	As of 30th January 2024, the company has a total of 49 employees under its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 126	₹ 171

Financial Summary (In Lacs.)				
For the Period Ended	FY 21	FY 22	FY 23	Dec-23
<b>Total Assets</b>	4,254.86	4,317.64	7,701.98	9,511.50
<b>Net Assets</b>	512.42	683.24	1,678.05	4,067.70
<b>Total Borrowing</b>	2,300.94	2,549.48	4,038.83	5,137.13
<b>Total Revenue</b>	6,776.38	10,097.26	14,042.62	10,196.53
<b>Profit After Tax</b>	23.91	45.15	686.08	766.44

Tentative Timeline	
<b>Opening Date</b>	May 31, 2024
<b>Closing Date</b>	June 4, 2024
<b>Basis of Allotment</b>	June 5, 2024
<b>Initiation of Refunds</b>	June 6, 2024
<b>Credit of Shares to Demat</b>	June 6, 2024
<b>Listing Date</b>	June 7, 2024

## Company Background and Analysis

TBI Corn was originally formed and registered as a Partnership Firm in the name and style of “M/s The Best India”, dated 24th February 2000. Thereafter “ M/s The Best India” was converted from a Partnership Firm to a Limited Company in the name of “TBI Corn Limited” and received a certificate of incorporation dated 22nd June 2022. The company is a prominent player in the corn milling industry.

Located in the Sangli district of Maharashtra, India, they specialise in the production of good-quality Corn/Maize Grits and related products. Company has successfully expanded into international markets, serving countries in the Gulf, Sri Lanka, Malaysia, Brunei, Vietnam, South Korea, and soon, Europe and the US.

Company supply to renowned companies across India. Their products cater to the needs of corn starch and cattle feed industries, with potential expansion in this sector. They have dedicated teams for research and development, ensuring continuous innovation and strategic growth. The company has a trusted name in the corn milling industry and is known for its commitment to quality, innovation, and international excellence.

The company thrives on the versatility of corn as a primary raw material. Advanced processing techniques transform corn into a diverse product line, featuring maize flakes, corn flour, corn grits and broken maize.

Company purchases raw material i.e. Maize through two main sources –

- A) Directly from Farmers
- B) Through APMC’s (Agriculture Produce Market Committee, a Wholesale Market set up by State Governments).

The company’s product portfolio is as follows –

- 1. Corn Grits
- 2. Corn Bran
- 3. Broken Maize
- 4. Processed Indian Yellow Maize
- 5. Corn Flour
- 6. Corn Flakes
- 7. Corn Germ
- 8. Others



**Corn Grits**



**Corn Bran**



**Processed Indian Yellow Maize**



**Broken Maize**



**Corn Flakes**

The company's revenue bifurcation as per products and as per export/import is as follows –

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Dec-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Corn Grits	1,996.11	29.81	2,770.92	27.63	4,138.04	29.70	2,999.12	29.68
Corn Bran	2,041.01	30.48	2,830.95	28.23	3,422.15	24.56	2,332.56	23.08
Broken Maize	970.15	14.49	1,618.09	16.13	2,044.11	14.67	1,509.23	14.94
Processed Indian Yellow Maize	860.01	12.84	1,391.55	13.88	2,012.05	14.44	1,388.22	13.74
Corn Flour	210.05	3.14	386.85	3.86	612.62	4.39	501.26	4.96
Corn Flakes	360.17	5.38	531.32	5.30	903.07	6.48	712.44	7.05
Corn Germ	90.01	1.34	210.5	2.10	324.89	2.33	366.66	3.63
Others	168.82	2.52	288.37	2.88	437.55	3.14	295.12	2.92
Total	6,696.33	100.00	10,028.55	100.00	13,930.48	100.00	10,104.61	100.00

Capacity Utilization of the Company –

Particulars	Capacity	FY 2021	FY 2022	FY 2023	FY 2024 (Est.)	FY 2025 (Est.)
Plant and Machineries	Installed (Per Annum)	43,000 MT	54,000 MT	54,000 MT	54,000 MT	97,000 MT
	Utilized (Per Annum)	32,500 MT	42,500 MT	48,000 MT	51,000 MT	93,000 MT
	% of Utilization	75.50	78.70	88.90	94.40	95.80

To conclude, TBI Corn Limited Incorporated in 2000, is a manufacturer and exporter of Corn Meal Grits. The company specialise in producing high-quality Corn/Maize Grits and related products in the Sangli district of Maharashtra, India. The company exports its products to various countries such as Dubai, Oman, Jordan, South Africa, and Vietnam.

## **Business Strategies**

### **1. Establishing Strong Relationships –**

TBI prioritises building strong relationships with both suppliers and customers, even when it presents short-term challenges. Unlike industry norms, TBI maintains contracts even with fluctuating costs and proactively shares cost savings with customers.

### **2. Resilience Against Commodity Price Fluctuations –**

TBI took a different approach. They maintained higher inventory levels based on customer needs, avoiding price spikes and ensuring consistent supply. Additionally, they diversified their markets across domestic and export sectors, making them less vulnerable to market fluctuations.

## **Competitive Scenario and Peer Mapping**

### **Competition**

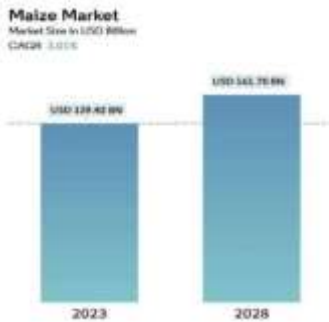
Competition emerges not only from the organised sector but from both small and big regional and National players in the Industry the company operates. Some Indian domestic and international businesses are present with strong competition in this sector. While new entrants might be deterred by established distribution networks and processing expertise, the bargaining power of suppliers like farmers can fluctuate based on harvest yields. Customers, particularly large food manufacturers, hold some power in negotiating bulk purchase prices.

### **Peer Analysis**

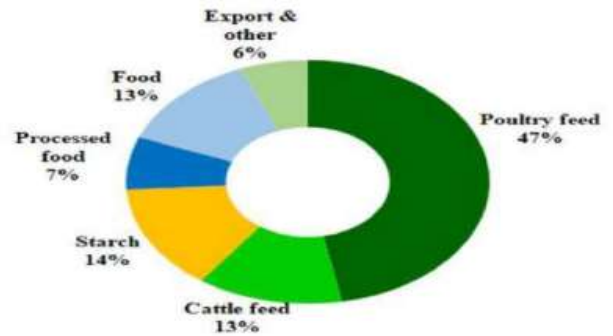
According to the RHP, the company doesn't have any directly comparable listed PEERS, which makes it difficult to do PEER Analysis for the company.

## Industry Overview

### Maize Market Overview



Study Period	2018-2028
Market Size (2023)	USD 139.42 Billion
Market Size (2028)	USD 161.7 Billion
CAGR	3.01 %
Fastest Growing Market	Asia-Pacific
Largest Market	North America



### Solar Power Market Size

Source: Mordor Intelligence

### Use of Maize

Source: IIMR, ICAR

### Global Maize Industry Overview:

The Maize Market size is expected to grow from USD 139.42 billion in 2023 to USD 161.70 billion by 2028, at a CAGR of 3.01% during the forecast period (2023-2028). Maize is a cereal grain, also known as corn, that is rich in antioxidants like phenols and phytosterols. It is one of the leaders in terms of the production of cereal crops. Most of the maize produced in the world is used for feed and other purposes; only a small amount is used by people for consumption. It can be consumed only after processing into different food items such as popcorn, flour, tortillas, cornflakes, corn germ oil, etc.

Maize products are also used in supplementary nutritional programs to feed malnourished children and improve their health. Corn is the primary US feed grain, accounting for more than 95% of the total feed grain production and use. It is cultivated on nearly 190 million hectares in about 165 countries with wide diversity and management practices. It accounts for 39% of global grain production, primarily used for livestock and feed purposes. It is also widely used for industrial purposes, including ethanol production. While the number of field farms for corn has declined in recent years, the acreage per corn farm has increased.

(Source: Prospectus)

### Indian Maize Industry Outlook:

The maize industry in India plays a significant role in the country's agricultural sector. Maize, also known as corn, is one of the major cereal crops grown in India and is cultivated across various states. Among the maize growing countries, India ranks 4th in area and 7th in production, representing around 4% of the world's maize area and 2% of total production.

Several maize varieties are grown in India, including hybrid and composite varieties. Hybrid maize varieties are popular due to their high yield potential and adaptability to different agro-climatic conditions.

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Bulk of the maize production in India, approximately 47%, is used as poultry feed. Of the rest of the produce, 13% is used as livestock feed and food purpose each, 12% for industrial purposes, 14% in starch industry, 7% as processed food, and 6% for export and other purposes.

India exports a significant quantity of maize to countries like Bangladesh, Vietnam, Malaysia, Nepal, and the United Arab Emirates. The export demand is driven by factors such as competitive prices, good quality, and increasing global consumption of maize-based products. However, India also imports maize in smaller quantities to meet specific requirements. The country has exported 3,453,680.58 MT of maize to the world for the worth of Rs. 8,987.13 crores/ 1,116.17 USD Millions in 2022-23.

The Indian government has taken various initiatives to support the maize industry. It promotes the adoption of improved farming practices, provides subsidies on seeds and fertilizers, and encourages research and developments in maize cultivation. The government also focuses on increasing investment in infrastructure, storage facilities, and processing units to minimize post-harvest losses and add value to the maize industry. Overall, the maize industry in India is a vital component of the agricultural sector.

Challenges and Outlook:

The maize industry in India faces several challenges. One of the primary concerns is the fluctuation in prices due to factors like supply-demand dynamics, weather conditions, and international market trends. Pests and diseases, including stem borers and fungal infections, can also affect maize production. Additionally, lack of proper storage and infrastructure facilities pose challenges for farmers, leading to post-harvest losses.

(Source: Prospectus)

## Key Managerial Personnel

**Yogesh Laxman Rajhans**, age 45 years, is one of the Promoters, Chairman and Managing Director of the company. He has a rich experience of more than 23 years in the corn industry. He holds a degree of Bachelor of Commerce.

**Ninad Anand Yedurkar**, age 48 years, serves as Whole Time Director and Chief Financial Officer of the company. Mr. Ninad has a Bachelor of Engineering degree and has completed his MBA in Finance from NMIMS, Mumbai. He has 25 years of experience in the field of the Education and Corn Industry.

**Asha Laxman Rajhans**, age 81 years, is one of the Promoters and Non-Executive Director of the company. She has completed her Secondary Schooling and has 23 years of experience in the Corn Industry.

**Sanjay Ashokrao Kadam**, age 45 years, serves as an Independent Director within the company. He brings his expertise of 23 years in the field of Education and has a Bachelor's Degree of Arts in English.

**Atul Babasaheb Patil**, age 46 years, is an Independent Director of the company. He has 23 years of Experience in the Cement Pipe Industry and has completed his studies till Secondary School with special skills in Sales and Marketing.

**Chandrakant Shivaji Mali**, age 55 years, is an Independent Director of the company. He has 38 years of Experience in Media and Advertising Corn Industry and has completed his studies till Secondary School.

To conclude, the company has 2 individual promoters and both of them have good experience in the industry. The remaining Directors and Key Managerial Personnel of the company however have good knowledge and experience in their respective fields but are new to the industry.

## Financial Snapshot

<b>Profit and Loss Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>
Revenue from Operations	6,696.33	10,028.55	13,930.48	10,104.61
Other Income	80.05	68.71	112.14	91.92
<b>Total Income</b>	<b>6,776.38</b>	<b>10,097.26</b>	<b>14,042.62</b>	<b>10,196.53</b>
<b>Expenses</b>				
Cost of Material Consumed	5,922.45	8,594.18	11,829.19	7,087.38
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-215.19	107.18	-382.96	893.30
Employee benefits	43.29	62.65	66.28	47.60
Finance costs	152.52	181.26	260.30	310.10
Depreciation and Amortization expense	71.27	82.59	61.59	60.17
Other expenses	775.13	1,019.06	1,279.36	773.49
<b>Total Expenses</b>	<b>6,749.47</b>	<b>10,046.92</b>	<b>13,113.76</b>	<b>9,172.04</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>170.65</b>	<b>245.48</b>	<b>1,138.61</b>	<b>1,302.84</b>
<b>EBITDA Margin</b>	<b>2.55%</b>	<b>2.45%</b>	<b>8.17%</b>	<b>12.89%</b>
<b>Profit/(Loss) before exceptional items and tax</b>	<b>26.91</b>	<b>50.34</b>	<b>928.86</b>	<b>1,024.49</b>
Exceptional Items	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>26.91</b>	<b>50.34</b>	<b>928.86</b>	<b>1,024.49</b>
<b>Tax Expense</b>				
Current tax	3.00	5.19	226.50	258.49
Deferred tax	-	-	16.28	-0.44
<b>Total Tax Expense</b>	<b>3.00</b>	<b>5.19</b>	<b>242.78</b>	<b>258.05</b>
<b>Profit/(Loss) for the year</b>	<b>23.91</b>	<b>45.15</b>	<b>686.08</b>	<b>766.44</b>
<b>Net Profit Margin</b>	<b>0.35%</b>	<b>0.45%</b>	<b>4.89%</b>	<b>7.52%</b>

<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	-	-	0.56	1,337.76
Partners' Capital Account	512.42	683.24	-	-
Reserves and surplus	-	-	1,677.49	2,729.94
<b>Total Equity</b>	<b>512.42</b>	<b>683.24</b>	<b>1,678.05</b>	<b>4,067.70</b>
<b>2. Non-current liabilities</b>				
Long Term Borrowings	1,470.12	1,073.06	1,397.97	1,751.74
Deferred tax liability/ (Assets) (Net)	-	-	16.28	15.84
<b>Total Non-current liabilities</b>	<b>1,470.12</b>	<b>1,073.06</b>	<b>1,414.25</b>	<b>1,767.58</b>
<b>3. Current liabilities</b>				
Short-term borrowings	830.82	1,476.42	2,640.86	3,385.39
Trade payables				
(i) MSME	-	-	-	-
(ii) Other than MSME	1,420.51	1,058.68	1,734.33	241.36
Other current liabilities	7.38	13.42	9.83	7.61
Short-term provisions	13.61	12.82	224.66	41.86
<b>Total Current liabilities</b>	<b>2,272.32</b>	<b>2,561.34</b>	<b>4,609.68</b>	<b>3,676.22</b>



<b>Balance Sheet</b>					<b>(In Lacs)</b>
<b>Total Liabilities</b>	<b>3,742.44</b>	<b>3,634.40</b>	<b>6,023.93</b>	<b>5,443.80</b>	
<b>Total Equity and Liabilities</b>	<b>4,254.86</b>	<b>4,317.64</b>	<b>7,701.98</b>	<b>9,511.50</b>	
<b>ASSETS</b>					
<b>1. Non-current assets</b>					
Property, Plant and Equipment	501.58	693.84	689.62	792.76	
Capital Work In Progress	86.77	-	-	-	
Non-Current Investment	-	-	-	1.78	
<b>Total Non-Current assets</b>	<b>588.35</b>	<b>693.84</b>	<b>689.62</b>	<b>794.54</b>	
<b>2. Current assets</b>					
Inventories	3,002.18	2,620.74	4,648.57	4,869.51	
Trade receivables	515.85	895.65	2,106.14	3,210.09	
Cash and cash equivalents	13.43	8.02	29.88	35.02	
Short-term loans and advances	128.85	80.03	111.51	422.70	
Other Current Assets	6.20	19.35	116.27	179.64	
<b>Total Current assets</b>	<b>3,666.51</b>	<b>3,623.79</b>	<b>7,012.37</b>	<b>8,716.96</b>	
<b>Total Assets</b>	<b>4,254.86</b>	<b>4,317.63</b>	<b>7,701.99</b>	<b>9,511.50</b>	

<b>Cash Flow Statement</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23</b>	
Net Cash Flow from Operating Activities	-685.30	453.63	-510.22	-1,803.55	
Net Cash Flow from Investing Activities	-62.44	-187.63	-56.86	-165.08	
Net Cash Flow from Financing Activities	749.38	-271.40	588.94	1,973.77	

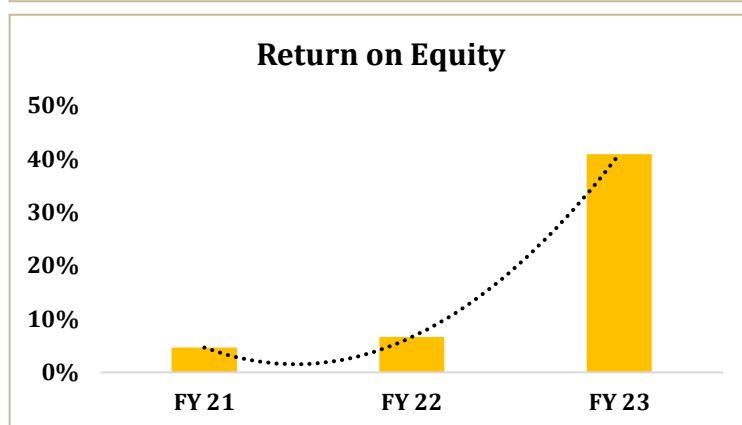
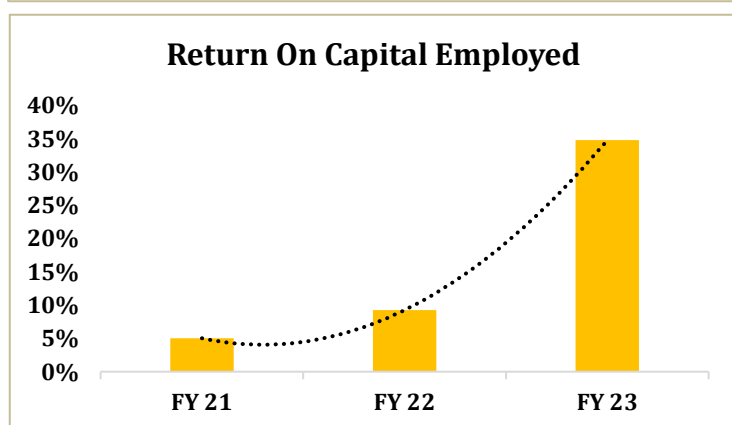
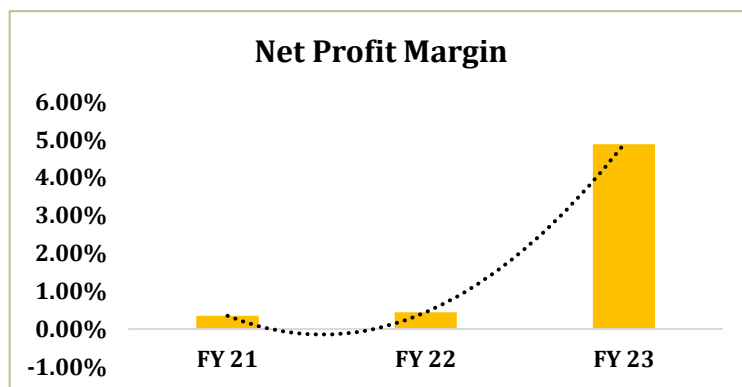
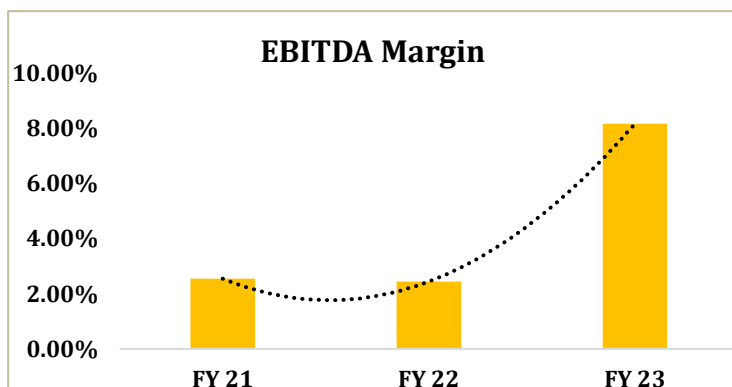
<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Dec-23*</b>
<b>Per Share Data</b>				
Diluted EPS***	0.13	0.25	3.78	5.62
BV per share	24.75	707.99	1,702.80	48.55
<b>Operating Ratios</b>				
EBITDA Margins	2.55%	2.45%	8.17%	12.89%
PAT Margins	0.35%	0.45%	4.89%	7.52%
Inventory days	163.64	95.38	121.80	132.53
Debtor days	28.12	32.60	55.18	87.36
Creditor days	71.11	46.44	46.98	8.09
<b>Return Ratios</b>				
RoCE	5.01%	9.27%	34.83%	18.76%
RoE	4.67%	6.61%	40.89%	11.57%
<b>Valuation Ratios** (x)</b>				
EV/EBITDA	16.41	13.14	4.99	8.09
Market Cap / Sales	2.55	1.70	1.23	1.27
P/E	713.88	378.05	24.88	16.73
Price to Book Value	3.80	0.13	0.06	1.94
<b>Solvency Ratios</b>				
Debt / Equity	4.49	3.73	2.41	1.26
Current Ratio	1.61	1.41	1.52	2.37
Quick Ratio	0.29	0.39	0.51	1.05
Asset Turnover	1.57	2.32	1.81	1.06
Interest Coverage Ratio	0.65	0.90	4.14	4.01

\* Annualized Basis

\*\* Valuation Figures are calculated using the Issue Price

\*\*\*Diluted EPS is calculated using Post-Issue No. of Shares

## Financial Charts



## Key Risk Factors

1. Company's domestic Sales are dependent on the Top 5 States including Maharashtra, Gujrat, Tamil Nadu, Karnataka, and Madhya Pradesh. They generate almost 97.06%, 96.76%, 93.94% and 93.02% of the revenue of the Total Domestic Sales generated as of 31st December 2023, 31st March 2023, 2022, and 2021 respectively.
2. The Company has negative Cash from Operating Activities for FY 21, FY 23 and for the period ending on 31<sup>st</sup> December 2023 and may continue to have so in future.
3. The company's purchase of products is dependent on the top 10 suppliers. They procure almost 60.92%, 50.53%, 63.49% and 38.07% of the total Purchase as on 31st December 2023, 31st March 2023, 2022, and 2021 respectively.
4. Company, Promoter, Directors, and Group Company are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. These outstanding litigation in relation to civil matters, Income Tax matters, actions by regulatory/ statutory authorities amounts to Rs. 147.70 lakhs in total.

### Track Record of Lead Manager

The lead manager to the issue is Swastika Investmart Limited and Ekadrisht Capital Private Limited. A table has been set below highlighting the details of the IPO of the last 9 companies handled by the Lead Manager in recent times –

#### Swastika Investmart Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Richa Info Systems Limited	10.00	125.00	February 21, 2022	73.00
2.	Evoq Remedies Limited	9.72	27.00	March 30, 2022	9.25
3.	Sonu Infratech Limited	8.64	36.00	May 17, 2022	60.50
4.	Cyber Media Research and Services Limited	14.04	180.00	October 10, 2022	141.00
5.	Infinium Pharmachem Limited	25.25	135.00	April 17, 2023	220.00
6.	Service Care Limited	20.68	67.00	July 26, 2023	61.00
7.	Saroja Pharma Industries India Limited	9.11	84.00	September 13, 2023	45.00
8.	Shree Marutinandan Tubes Limited	14.30	143.00	January 19, 2024	232.00
9.	Sai Swami Metals and Alloys Limited	15.00	60.00	May 08, 2024	57.50

The company has had 9 mandates in the past three years including the current Year.

#### Ekadrisht Capital Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Indian Emulsifier Limited	42.39	132.00	May 22, 2024	73.00

The company has had 01 mandates in the current year.

\*CMP for the above-mentioned companies is taken as of 29<sup>th</sup> May 2024.

As per the offer document, out of the mentioned 9 mandates, Saroja Pharma Industries India Limited, Richa Info Systems Limited and Evoq Remedies Limited opened at a discount on the day of listing, and the rest all opened at a premium.

## Recommendation

The company has been operating in the Industry since 2000 and has vast experience in it. The management overview of the company is satisfactory.

The P/E of the Company is 16.73 Times making it fairly priced.

The Top Line Financials of the company have shown stable growth, however the sudden increase in its Profit after Tax is quite concerning and not justified properly. The huge increase in PAT does not reflect in the Operating Cash Flow of the company as well which is still deep in negative.

The Firm is planning to use most of its Net Proceeds for Working Capital Purposes, however the calculation done for the same is quite concerning as it has significantly reduced its Payable Days which is resulting in an increase in the Working Capital Gap, which is later planned to be funded by the IPO Proceeds.

Thus, at the current P/E, we recommend to **AVOID** this IPO.

## **Disclaimer**

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