

22 December 2025

Shyam Dhani Industries Limited – Subscribe

Company Overview

Shyam Dhani Industries Limited (SDIL), incorporated in 2010 and converted to public in 2024, is a Jaipur-based manufacturer of spices and grocery products. It produces ground spices e.g., turmeric, chili powder, blended spices e.g., garam masala, chaat masala, whole spices, and grocery items e.g., rice, poha, rock salt. Operations focus on B2B & D2C sales and modern trade outlets, with a manufacturing facility in VKIA, Jaipur.

Investment Rationale

- Strong Revenue Growth Trajectory:** Revenue grew at a CAGR of 35.4% from FY23 to FY25 from Rs. 6,795.29 Lac to Rs. 12,468.04 Lac. PAT grew at a CAGR of 65.8% from FY23 to FY25 from Rs. 292.40 Lac to Rs. 804.16 Lac.
- Diversified Product Portfolio:** Offers 164 types/varieties of spices across Ground Spices, Blend Spices, and Whole Spices. Expanding into grocery products and herbs/seasonings
- Established Brand Presence:** "SHYAM" brand with presence across multiple states. 8 registered trademarks with additional applications pending
- Expanding Distribution Network:** Presence in both General Trade and Modern Trade channels. Modern Trade contribution increased significantly from 0.43% (FY23) to 48.66% (HIFY26).
- Favorable Industry Outlook:** India is the world's largest producer and consumer of spices. FMCG market expected to grow at CAGR of 27.9% through 2021-27.
- Strategic Use of IPO Proceeds:** Focus on working capital, debt reduction, and brand building. capex for capacity expansion and solar plant installation.

Valuation

At the IPO price of Rs. 70 per share, SDIL implies a post-issue market cap of Rs. 142 crore, trading at a P/E multiple of 17.21x FY25 earnings EPS Rs. 4.07 post-issue, which appears reasonably valued relative to peers like NHC Foods 18.2x and Madhusudan Masala 13.7x, factoring in SDIL's 66% PAT CAGR and 16.2% EBITDA margins. The EV/EBITDA of 9.4x aligns with industry norms 10-12x, while P/BV at 2.29x reflects a premium to book value Rs. 62.1 post-issue justified by 28.8% RoNW and asset-light growth. **We recommend a Subscribe for listing gains, expected 20-30% upside on listing.**

| IPO Details | |
|---------------------|----------------|
| Industry | Food Products |
| Issue Open Date | 22 Dec 2025 |
| Issue Close Date | 24 Dec 2025 |
| Price Band (Rs.) | Rs.65 – Rs. 70 |
| Issue Size* | Rs. 3849 Lac |
| Issue Size (Shares) | 54,98,000 |
| Bid Lot | 2000 Shares |
| Listing Exchanges | NSE SME |
| Face Value (Rs.) | Rs. 10/- |

* *At highest price band

| Issue Details | |
|-----------------------------------|---|
| Fresh Issue* | Rs 3849 Lac |
| Issue Type | Book Building |
| Book Running Lead Manager | Holani Consultants Pvt.Ltd. |
| Registrar | Bigshare Services |
| Issue structure | Market Maker: 5.09% QIB: 47.36% NII: 14.30% Retail: 33.25% |
| Credit of Shares to Demat Account | 29 Dec 2025 |
| Issue Listing Date | 30 Dec 2025 |

| Objective of Issue | |
|--|---|
| Particular | Estimated utilization from Net proceeds (Rs Lac.) |
| Purchase of machineries | 163 |
| Purchase of 200 KW Solar Rooftop | 66 |
| Part Repayment of existing Cash Credit | 1635 |
| Working capital | 1326 |

| Shareholding Pattern | | |
|----------------------|--------|---------|
| Shareholding (%) | Pre(%) | Post(%) |
| Promoter | 98.11 | |
| Public & Others | 1.89 | |

Business Highlights

Core Offerings and Value Chain

Product Portfolio: Ground spices (47% revenue share), blended spices (e.g., garam masala, chaat masala), whole spices, and grocery items (e.g., rice, poha, rock salt; 5% share). Branded under "SHYAM" (8 registered trademarks; 21 applications pending).

Sales Channels: 96–99% via general/modern trade, minimal institutional sales. Top 10 customers contribute 58% revenue, concentrated in Rajasthan/Punjab (81%).

Supply Chain: Raw materials (74–88% cost of revenue) procured seasonally (Jan–Apr harvest); stored in third-party cold facilities. No in-house grocery manufacturing—sourced from third parties.

Certifications: FSSAI, AGMARK, ISO 22000:2018, APEDA membership for exports (minimal current contribution: 2.24%).

Promoter and Governance Structure

Promoters: Ramawtar Agarwal (MD, 61% stake), Mamta Devi Agarwal (WTD, 20%), Vithal Agarwal (WTD, 14%).

Board: 6 directors (2 independent).

KMPs: Ajay Kumar Sharma (CFO), Ambika Sharma (CS).

Group Entities: Shyam Sakha Industries Pvt. Ltd, and We Assure Stores Private Ltd.

Business Model and Operational Metrics

SDIL's model is asset-light, focusing on processing with a Jaipur-centric footprint. Revenue is 95% domestic, B2B-driven, with low capex needs – FY25 Rs. 1386 Lac invested in PPE.

Key metrics:

| Metric | H1FY26 | FY25 | FY24 | FY23 | 3-Year Trend |
|-------------------------------------|--------|------|------|------|--------------|
| Capacity Utilization | - | 81% | 63% | 41% | Improving |
| Raw Material Turnover (days) | 89 | 45 | 95 | 53 | Volatile |
| Inventory Turnover (days) | 120 | 115 | 110 | 145 | Stable |
| Trade Receivables (days) | 59 | 25 | 19 | 20 | Rising |
| Employee Count | 85 | 82 | 65 | 55 | +55% YoY |

Revenue Breakdown (FY25)

- By Product: Ground (50%), Blended (30%), Whole (15%), Grocery (5%).
- By Channel: General Trade (54%), Modern Trade (44%).
- By Geography: Rajasthan (69%), Punjab (19%), Others (12%).

SWOT Analysis

| Strengths | Weaknesses | Opportunities | Threats |
|---|---|--|---|
| Strong regional brand ("SHYAM"); 35% revenue CAGR; ISO/FSSAI certified. | Customer/supplier concentration (top 10: 58%/42%); Negative CFO (in FY24 & 25). | Branded spices growth (10% CAGR); Export via APEDA; Capacity +20%. | Raw material volatility (seasonal, weather-linked); Competition from MDH/Everest. |

Financials

Profit & Loss

| Profit & Loss (in Lac) | H1FY26 | FY25 | FY24 | FY23 | CAGR (FY23-25) |
|---------------------------|--------|--------|--------|-------|----------------|
| Revenue | 6,378 | 12,468 | 10,761 | 6,795 | 35% |
| Raw Mat. Consumed | 4,782 | 10,958 | 8,944 | 4,964 | - |
| EBITDA | 865 | 1,452 | 1,088 | 597 | 56% |
| PAT | 420 | 804 | 630 | 292 | 66% |
| EBITDA Margins (%) | 13.6% | 11.6% | 10.1% | 8.8% | - |

Balance Sheet

| Assets | In Lac | Liabilities | In Lac |
|-------------|-------------|-------------|-------------|
| PPE | 2,689 (30%) | Borrowings | 4,818 (54%) |
| Inventories | 4,515 (51%) | Payables | 839 (9%) |
| Receivables | 1,028 (12%) | Equity | 2,781 (31%) |

Cash Flow

- Negative operating cash in FY25 Rs. -616 Lac, due to inventory buildup
- Investing Outflows for Capex: Rs. -1,381 Lac
- Financing inflow from debt Rs. 2,010 Lac
- Net Cash: Rs. 13 Lac.

Key Ratios

| Ratio | FY25 | FY24 | FY23 | Industry Average |
|----------------------|------|------|------|------------------|
| RoNW (%) | 28.8 | 32.9 | 26.9 | 15-20 |
| Debt/Equity | 1.8 | 2.1 | 1.5 | 0.8-1.2 |
| Current Ratio | 1.2 | 1.1 | 1.3 | 1.5 |
| EPS (Rs.) | 5.41 | 4.24 | 1.97 | - |

Peer Comparison

| Company | Market Cap (Rs. Cr) | P/E (x) | RoNW (%) | Revenue CAGR (3Y) | EBITDA Margin (%) |
|--------------------------|---------------------|---------|----------|-------------------|-------------------|
| SDIL (Post-IPO) | 142 | 13.9 | 28.8 | 35% | 11.6 |
| NHC Foods | 250 | 18.2 | 12.77 | 25% | 12.5 |
| Madhusudan Masala | 190 | 13.7 | 8.09 | 28% | 12.1 |
| Industry Avg | - | 23.8 | - | - | - |

Risk & Concern

- Concentration:** 42% purchases from top 10 suppliers; 58% revenue from top 10 customers disruption could cut 20–30% EBITDA.
- Working Capital:** Rs. 4752 Lac gap; negative CFO Rs. 616 Lac in FY25, risks liquidity crunch.
- Seasonality/Quality:** Raw material harvest (Jan–Apr) + semi-perishables (4–18 months shelf life) risk 10–15% inventory write-offs.
- Competition/Brand:** Fragmented market; negative publicity could erode 5–10% market share.

| Name | Designation |
|---------------------|-------------------------|
| Jainam Doshi | Research Analyst |

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