

Shanti Inorganics IPO

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- The company is engaged in the manufacturing and supplying sulphur based inorganic chemicals to domestic as well as international markets.
- It posted steady growth in its top and bottom lines, and enjoys virtual monopoly.
- It is on an expansion spree to hike its capacity to over 1.15L MTPA.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term.

About the Company

Shanti Inorganics Ltd. (SIL) is engaged in the business of manufacturing and supply of sulphur based inorganic chemicals. It holds one of the largest domestic production capacities for bisulphite with capacity of 18,800 MTPA (Source: CareEdge Report). Its product portfolio consists of ammonium bisulphite solution, sodium bisulphite powder or solution, sodium meta bisulphite and sodium Sulphate powder/anhydrous, which are primarily used as preservatives, reducing agents, oxygen scavengers and process intermediates across multiple industries such as food and beverages, chemicals, oil drilling, pharmaceuticals, ceramics, agrochemicals, water treatment, petrochemicals, cosmetics, paints, polymers, boilers and mining. In the inorganic chemical industry, products are categorized into multiple purity levels based on their applications, including, food grade and technical grade.

The Company acquired land admeasuring 25,818.17 square meters located at plot no. 5/A & 5/B, 6 and 7, Sankalp industrial estate, Ta.: Bavla, Ahmedabad to set up its Manufacturing Unit II with a plan to set it up in two phases. Phase I has commenced commercial production with effect from February 2025 with an installed capacity of 18,000 MTPA and occupies a land area of 8,601.10 square meters. Phase II is under development on land admeasuring 17,212.07 square meters located at Plot No. 6 and 7, Sankalp Industrial Estate, Ta: Bavla, Ahmedabad. It is proposed to have an installed capacity of 78,544 MTPA to manufacture sodium metabisulphite, sodium bisulphite and ammonium bisulphite with all grades, being food and technical.

SIL manufactures, markets and sells its products in domestic as well as international markets. In the domestic market, we sold products to 29, 64, 48 and 46 customers for the two months period ended May 31, 2026, Fiscal 2026, Fiscal 2025 and Fiscal 2024 respectively. In the international market, it sold products to 8, 20, 21 and 21 customers for the two months period ended May 31, 2026, Fiscal 2026, Fiscal 2025, and Fiscal 2024, respectively, who are based in countries such as Eswatini,

Malaysia, the United Arab Emirates, Qatar, Nigeria, Russia, Colombia, Turkey, Puerto Rico, Iraq, Vietnam, Azerbaijan, Egypt, Ghana and Philippines. As of May 31, 2026, it had 66 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 5691200 equity shares of Rs. 10 each to mobilize Rs 47.24 cr. at the upper cap. The company has announced a price band of Rs. 79 - Rs. 83 per share. The minimum application to be made is for 3200 shares and in multiples of 1600 shares thereon, thereafter. The IPO opens for subscription on August 31, 2026, and will close on September 02, 2026. The IPO constitute 33.00% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the fresh equity issue, it will utilize Rs. 42.50 cr. for part funding of capex towards setting up a new facility for manufacturing sodium meta bisulphite, sodium bisulphite power and ammonium bisulphite at Bavla, Ahmedabad., and the rest for general corporate purposes.

The IPO is solely lead managed by Vivro Financial Services Pvt. Ltd., while KFin Technologies Ltd., is the registrar to the issue. Rikhav Securities Ltd., is the market maker.

After issuing initial equity capital at par value, the company issued further equity shares in the price range of Rs. 50 – Rs. 90 per share between February 2011, and September 2025. It has also issued bonus shares in the ratio of 15 for 1 in August 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 1.88, and Rs. 2.47 per share.

Post-IPO, company's current paid-up equity capital of Rs. 11.56 cr. (11556200 equity shares) will stand enhanced to Rs. 17.25 cr. (17247400 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 143.15 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has reported a total income/net profit of Rs. 45.06 cr. / Rs. 5.12 cr. (FY24), Rs. 58.46 cr. / Rs. 7.99 cr. (FY25), and Rs. 72.93 cr. / Rs. 10.22 cr. (FY26). For 2M-FY27 ended on May 31, 2026, it earned a net profit of Rs. 2.50 cr. on a total income of Rs. 16.10 cr. It marked growth in its top and bottom lines for the reported periods. Its contingent liabilities stood at Rs.107.99 cr. that raise concerns.

For the last three fiscals, the company has reported an average EPS of Rs. 8.14, and an average RoNW of 31.84%. The issue is priced at a P/BV of 1.89 based on its NAV of Rs. 43.91 per share as of May 31, 2026, and at a P/BV of 1.46 based on its post-IPO NAV of Rs. 56.81 per share at the upper cap.

If we attribute FY27 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 9.54, and based on FY26 earnings, the P/E stands at 14.00. The issue appears fully priced, based on its average earnings.

For the reported periods, the company has posted PAT margins of 11.35% (FY24), 13.67% (FY25), 14.01% (FY26), 15.53% (2M-FY27), and RoCE margins of 27.59%, 27.16%, 23.40%, 4.45%, respectively, for referred periods.

Dividend Policy

The company has not paid any dividend for the reported periods of the offer document. It has adopted a dividend policy in September 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

Merchant Banker's Track Record

This is 11 th mandate from Vivro Financial in the last three fiscals (including the ongoing one). Out of last 10 listings, 3 opened at discount, and the rest with premium ranging from 10.20% to 99.46% on the listing date.

Conclusion / Investment Strategy

SIL is engaged in the manufacturing and supplying sulphur based inorganic chemicals to domestic as well as international markets. It posted steady growth in its top and bottom lines, and enjoys virtual monopoly. It is on an expansion spree to hike its capacity to over 1.15L MTPA. Based on its recent average financial data, the issue appears fully priced. Well-informed investors can park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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