

Nov 25, 2021 DOLLY KHANNA invested in this company recently. Whenever celebrity investors makes big money investments it is backed by heavy conviction.



HIDDEN GEM OCT 2021
www.futurecaps.com

AJANTA SOYA

About Company

Ajanta Soya Ltd. was incorporated on 13th January 1992 and is engaged in the primary business of manufacturing of Vanaspati and various kinds of cooking oil with applications products for bakery like biscuits, puffs, pastries and other applications.



<http://ajantasoya.com/>

Ajanta Soya Limited is a leading manufacturer and marketer of Vanaspati, Cooking Oils and Bakery applications since two decades. The company has focused on continuous expansion, across business verticals to consolidate, and its industry leadership over the years.

The company is promoted by well established group with Mr. Sushil Goyal as the Director for past 12 years & having and proven track record in the fields of cooking oils. It manufactures under its own brand & also conduct contract based manufacturing for other brands.

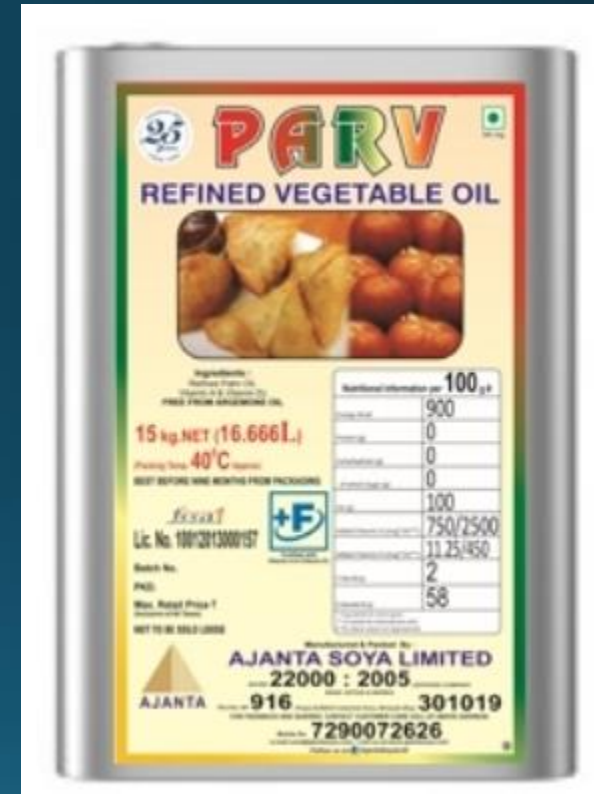
It operates Vanasapti Plant & Refinery in Alwar, Rajasthan & undergoing various Capacity Expansions throughout the past decades.

Stock Information

Parameter	Description
Market Capitalization	Rs. 210 Crores
CMP	Rs. 132
NSE Code	AJANTSOY.NS
ROE	37.2 %
ROCE	60.2 %

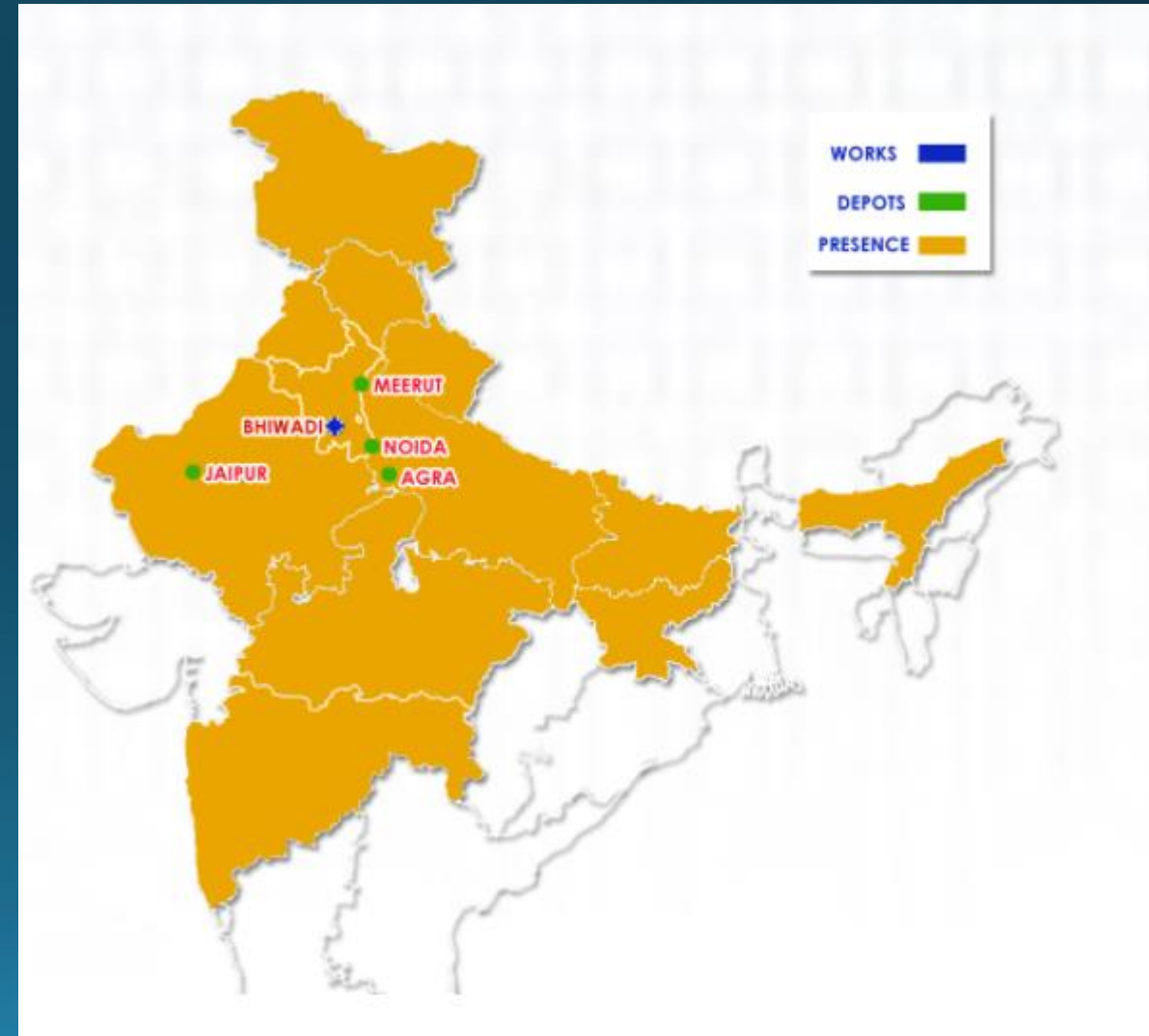
Products

Company has Products in Cooking Oils, Vanaspati, Bakery Application & By Products. The renowned Brands of the company are Anchal cooking oil, Dhruv vanasapati & Parv refined oil. It also manufactures various kinds of shortening products for bakery like biscuits, puffs, pastries and other applications.



Distribution Network

Ajanta Soya have a higher market share in Northern India. The brands of ASL are backed by an extensive distribution network as the company operates through its strategically located depots in Jaipur, Noida, Meerut, Agra & many more to join in future.



Clientele

Ajanta Soya is also performing Contract based manufacturing for Reputed Clients.



Profit & Loss

Figures in Rs. Crores

	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	TTM
Sales +	579	700	346	695	760	931	1,078
Expenses +	573	694	346	692	744	895	1,029
Operating Profit	6	6	0	2	16	36	49
OPM %	1%	1%	0%	0%	2%	4%	5%
Other Income	3	8	6	5	2	8	7
Interest	1	1	1	5	3	2	1
Depreciation	1	1	1	2	2	2	2
Profit before tax	7	11	4	2	13	41	52
Tax %	28%	35%	75%	125%	24%	38%	
Net Profit	5	7	1	-0	10	25	33
EPS in Rs	3.28	4.60	0.58	-0.25	6.09	15.62	20.57

Positives

- Ajanta Soya being a reputed brand enjoys continuous Increase in Revenue, Profit & EPS throughout the years. It is undergoing continuous Capacity Expansions while been ensuring Organic No-Debt method.
- In the latest quarter the company witnessed 70% Increase in Revenue & 700% Increase in Net Profits. This is expected to reflect in Trailing Year 50% jump in EPS.
- The company is almost Debt-free and Undervalued in the sense PE Ratio < 7 , Book Value Ratio < 2.5 & Intrinsic Value Discount above 90% while the ROCE & ROE at whopping high levels of 60% & 38% respectively which boldens the Undervalued theory of current pricing.
- The Post-Covid times Recovery in Sales is reflecting in the current P&L of the company. Going forward we expect the growth to sustain for next 5-10 years.
- Global Price of Soybeans Oil has Peaked in 2021 is boosting the company Revenue & Profits. The trend is expected to continue due to the Clearing of alternative competitors during the Covid times.

Positives

- The Balance Sheet shows Reserves of 160 Crore to accommodate any Resource-centric Capacity Expansion plans thereby ensuring a No-Debt .
- The Brands owned by the company work as the Economic Moat & Core Differentiator against competitors. The management is positive about the Boost in Sales through its Brands in upcoming years.
- The Under-valued positioning of the company could easily give a 3-5X jump in the Price of the company if the current growth rate is maintained. Additional growth will be positioned when the Market Capitalization crosses the 1000 Crore limit where Mutual Funds will be able to take stable positions.

Negatives

- The company is in a Highly Raw-Material sensitive sector where the Material Cost is taking up 90% of the Operating Cost. Any shortage in supply Or increase in price of Soybeans would impact the Profitability of the company.
- The Net Profit Margin of the company is below 5% which could indicate a Cash Flow congestion scenario if the Bill Clearings are delayed. However the No-Debt & High Interest Coverage situation of the company should mitigate this risk.
- Management is continuously interested in increasing Self-Remuneration along with Revenue Growth. This could harm the Profitability of the company if tough times ahead.
- Few growth draggers found are Hesitant to use Debts for Expansion, Less Online Presence & E-commerce Collaborations, Uncharted Territories in South India & Other States, Sticking to Old-Depot style expansions – all these would prevent any Exponential Expansions possibilities.
- Company is not paying any dividends. As per Warren Buffett this is a good sign that the money could be re-invested in growth thereby increasing more wealth for the share holders.

Warren Buffet Checklist

FACTOR	OUTCOME
ECONOMIC MOAT	Moderate
GROWTH	Moderate
VALUATION	Good
DEBT	Good
INTEGRITY	Good

MULTIBAGGER

Company has potential to be Multibagger in the order of 500-1000% in 5-10 year term. However installment based multi-month investment with ample portfolio coverage is advised as the company trades in a capital intensive sector.

CATEGORY

MODERATE-RISK MODERATE-RETURNS

BUYING STRATEGY

70% on current price levels
30% on 30% correction levels

WEIGHTAGE STRATEGY

3-5% in your Hidden Gems Portfolio

SELLING STRATEGY

Short-Term investors can sell 50% on first 100% gain, hold remaining as cost free
Long-Term investors can hold for 5+ year for Multibagger Gains in Overall Portfolio

Portfolio Theory

Why Portfolio Returns Matters in Long Term?

We are doing **Thorough Analysis** to ensure there is High Chances of Growth & Low Chances of Loss. In the long run few stocks can go up like 50X and few can go down like 0X too. But through Long-Term Holding we are ensuring Multibagger Returns on Portfolio is possible.

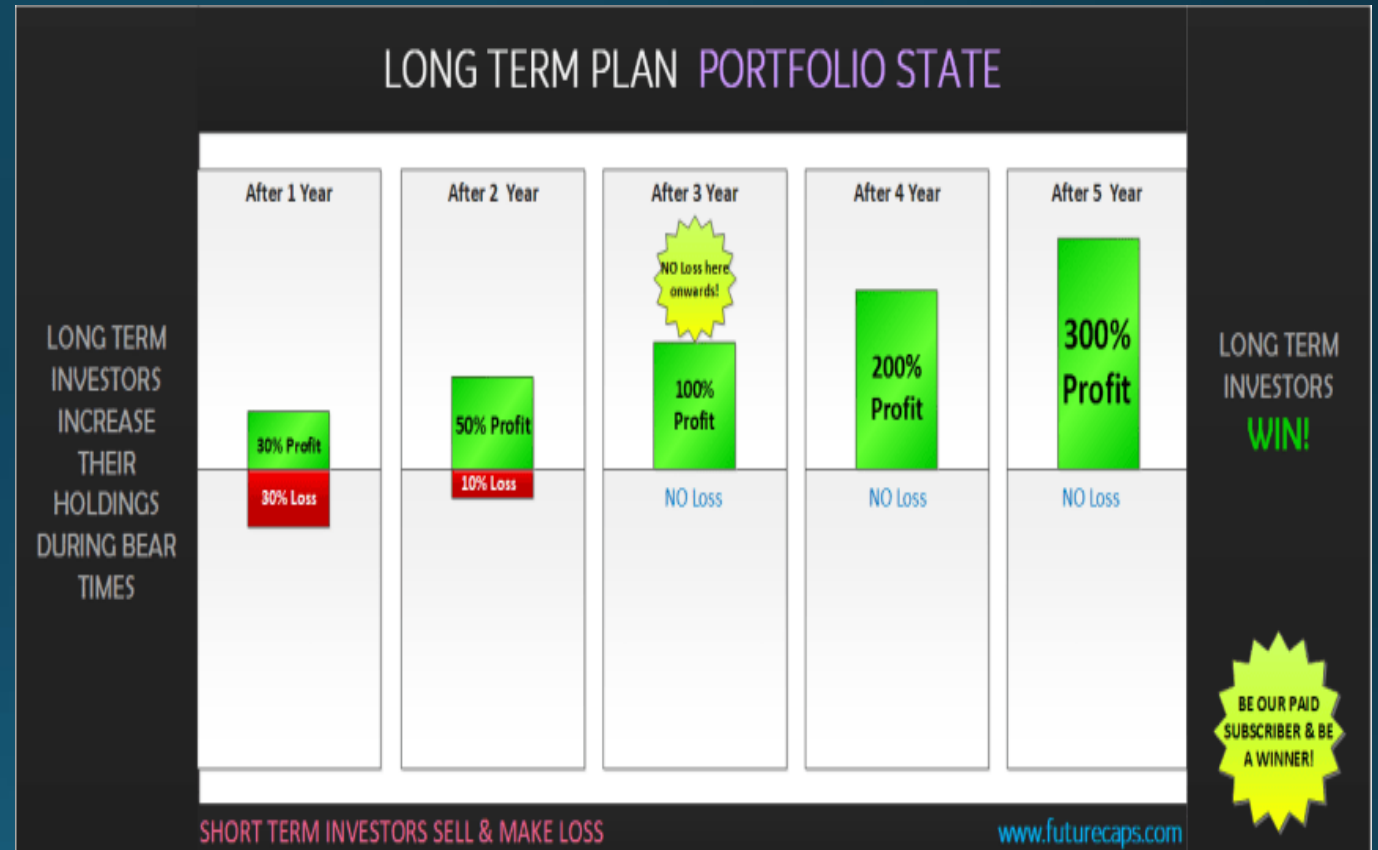
For example, you are Putting 1 Lakh on 10 stocks and holding for 5 Years:

- 2 stocks gave 50X returns = 1CR
- 2 stocks gave 20X returns = 40L
- 2 stocks gave 10X returns = 20L
- 2 stocks gave 5X returns = 10L
- 2 stocks gave 0X returns = 0L

Now your Portfolio Stands at 1.7CR Returns = 17X!

- If you would have sold the first 2 stocks at 10X returns you will not get this much growth
- If you were selling the 0X stocks before Reversal still it would not add much value

This is the Secret of Portfolio Management – Long Term, Less Actions, Peaceful, More Profitable!



About Futurecaps

Futurecaps is a **Multibagger** Advisory with SEBI Registration with past 10+ years of service. We are set of Advisors & Investors inspired from Warren Buffett style of Value Investing along with Intrinsic Value calculations. We provide Multibagger Services at Affordable Prices to help Indian Investors accumulate Wealth. Each Multibagger published will undergo 50+ Checklist to ensure the Future Growth, Management Integrity, Sector Potential, Fraud Prevention etc. We are strictly Long-Term Investors & Follow Fundamental Investing principles. No short-cuts, No day-trading etc. We invest in our recommendations too – so you can Trust Us that our Money is Put to Risk! This report is intended for Futurecaps Hidden Gems Subscriber. Any unauthorized copying, sharing of the report through Internet or Public Available medium is strictly prohibited.

INTRODUCING Financial Freedom Plan

<https://futurecaps.com/financial-freedom/>

[CLICK HERE](#)

DISCLAIMER Futurecaps is the website registered as a Research Analyst with SEBI (INH200006956) offering investment advisory services to clients as well as prospects. The Research Analyst (not a corporate body) for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to the recommendations or views expressed in this report. Other disclosures by Research Analyst with reference to the subject company(s) covered in this report:-

Whether Research Analyst does have any financial interest in the subject company: (NO)

Whether Research Analyst relatives have financial interest in the subject company: (NO)

Research Analyst or his/her relative's does have any material conflict of interest in the subject company: (NO)

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

Research Analyst has served as officer, director or employee of the subject company: (NO)

This report is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. All the pictures & logos used in the report are copyrighted by respective company & websites. This report is created from Public Source of Information available through Internet from Company website & Other websites & the Research Analyst does not guarantee the Validation of Content in this report. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information for the Subscribers of Futurecaps. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and we do not warrant its accuracy or completeness. Futurecaps Research Analyst or representatives do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report.