

IPO Details	
Opening Date	Dec 30, 2022
Closing Date	Jan 04, 2023
Stock Exchange	BSE SME
Lot Size	6000 Shares
Issue Price	₹ 20 per share
Issue Size	56,22,000 Equity Shares
Application Amount	₹ 1,20,000

IPO Objective	
Working Capital Requirement	
General Corporate Purpose	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,42,31,630	90.49%
Public	14,95,989	9.51%

Promoter of the Company	
1	Mr. Shashikant Vedprakash Sharma

Competitive Strengths	
1	Experienced promoter and management expertise
2	Development of projects through Joint development model
3	Scalable business model
4	Quality assurance and standards
5	Cordial relations with customers and contractors

Company Background	
○	Company was incorporated in the year 2015 and is headquartered in Ahmedabad, Gujarat.
○	Company is into the business of construction and real estate development
○	Company entered into a business takeover agreement dated April 26, 2022 with the Erstwhile Proprietary Firm M/s Vijay & Co. of Mr. Shashikant Vedprakash Sharma.
○	Company's projects are marketed and sold under the brand name of "SVS Ventures
○	As on 30th June 2022, the company had 6 employees on its payroll.

Financial Summary			
(In Lacs)			
For the Period Ended	June-22	Mar-22	Mar-21
Total Assets	2,501.07	1,245.68	1,165.01
Net Assets	2,125.33	264.51	81.14
Total Borrowings	267.49	700.95	646.36
Total Revenue	129.99	868.27	1,355.00
Profit After Tax	14.34	183.37	26.61

Tentative Timeline	
Opening Date	Dec 30, 2022
Closing Date	Jan 04, 2023
Basis of Allotment	Jan 09, 2023
Initiation of Refunds	Jan 10, 2023
Credit of Shares to Demat	Jan 11, 2023
Listing Date	Jan 12, 2023

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Company Overview

Company and the Erstwhile Proprietary Firm- M/s Vijay & Co. have been into the business of real estate since 2015 and 2014 years, respectively. Company is focused primarily on construction and development of residential and commercial projects, in and around Ahmedabad, Gujarat. These projects currently cater to and will continue catering to the middle income and high-income group. Currently, Company's business focuses on residential villas and apartment development projects. Company's Projects are marketed and sold under the brand name of "SVS Ventures (formerly known as Vijay & co.)"

Analysis

Company was originally incorporated as Hetarth Software Solutions Private Limited on December 21, 2015. Subsequently the name of the company was changed to "EPL Life Science Private Limited" on December 02, 2021. on March 02, 2022, the name was again changed to "SVS Ventures Private Limited". company entered into a business takeover agreement dated April 26, 2022 with the Erstwhile Proprietary Firm M/s Vijay & Co. of Mr. Shashikant Vedprakash Sharma.

Company had almost no revenue from operations before business takeover and the improvement in top line is due to the operations of proprietary firm.

Company's projects are broadly classified as follows:

1. Residential Projects: These projects cover Bungalows and Villas.
2. Commercial Projects: These projects include construction of commercial offices and shop.

To conclude, the company has not fared very well in terms of revenue generation, however due to business takeover the company show some amount of Revenue from operations. The revenue has also dropped double fold from the levels of FY 2021. Only since 2021 Mr. Shashikant Vedprakash Sharma holds the position of promoter Director in the company. Company is currently focusing on opportunities to build a brand in real estate sector.

Industry Charts

Exhibit 1: Market Size of Real Estate Industry

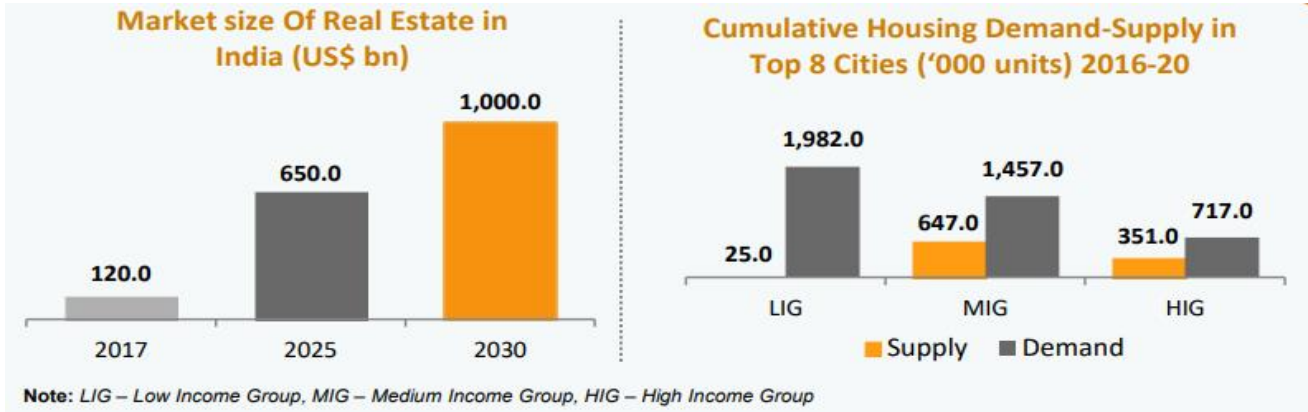


Exhibit 2: Sector Composition of Real Estate industry

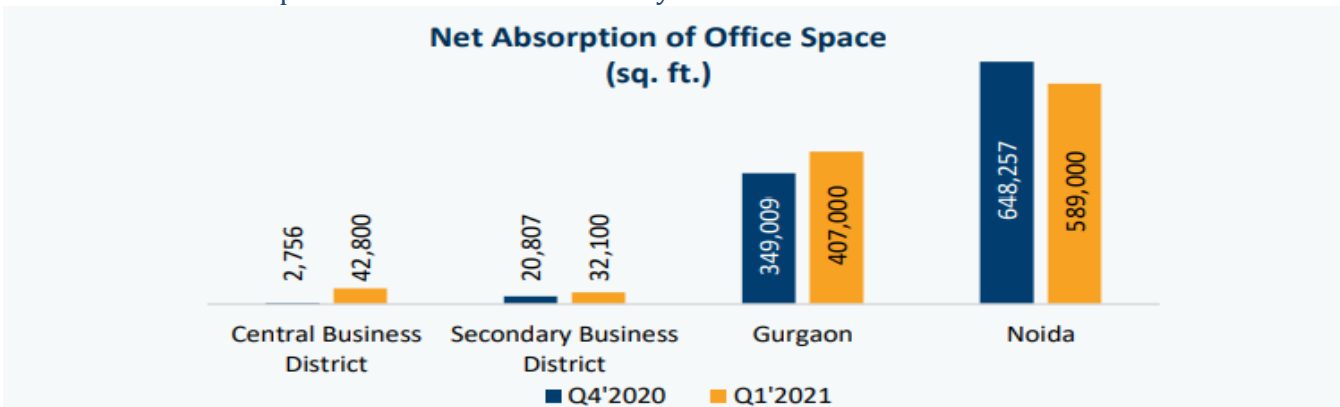
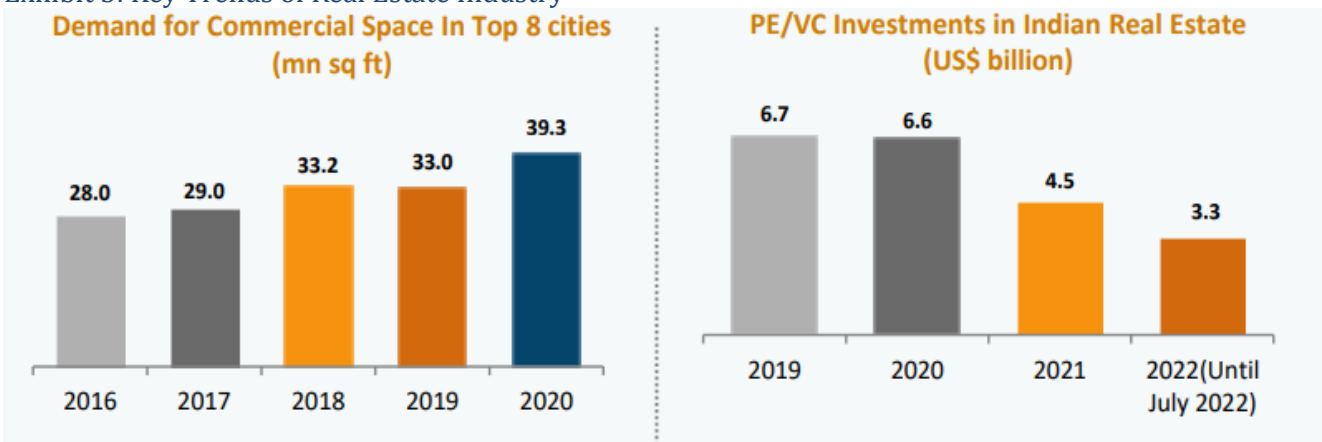


Exhibit 3: Key Trends of Real Estate Industry



(Source: ibef.org)

Investment Overview

Indian Real Estate Industry

In India, the real estate sector is the second-highest employment generator, after the agriculture sector. It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

Market's Size

By 2040, real estate market will grow to Rs. 65,000 crore (US\$ 9.30 billion) from Rs. 12,000 crore (US\$ 1.72 billion) in 2019. Real estate sector in India is expected to reach US\$ 1 trillion in market size by 2030, up from US\$ 200 billion in 2021 and contribute 13% to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

India's real estate sector saw over 1,700 acres of land deals in the top 7 cities in 1 year. Foreign investments in the commercial real estate sector were at US\$ 10.3 billion from 2017-21. As of February 2022, Developers expect demand for office spaces in SEZs to shoot up after the replacement of the existing SEZs Act.

As per ICRA estimates, Indian firms are expected to raise >Rs. 3.5 trillion (US\$ 48 billion) through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US\$ 29 billion to date.

The office market in the top eight cities recorded transactions of 22.2 MSF from July 2020 to December 2020, whereas new completions were recorded at 17.2 MSF in the same period. In terms of share of sectoral occupiers, Information Technology (IT/ITeS) sector dominated with a 41% share in the second half of 2020, followed by BSFI and Manufacturing sectors with 16% each, while Other Services and Co-working sectors recorded 17% and 10%, respectively.

(Source: ibef.org)

Addressable Market for SVS Ventures Limited

The company projects have been currently located in Ahmedabad region in Gujarat. Going forward company plan to establish their presence in the other regions in Gujarat and company intend to execute projects in other major cities. Company's emphasis is on expanding the scale of operations as well as growing their geographical presence.

Competition

Company faces competition from various small unorganized operators and large builders in the residential & commercial segment. Industry is highly competitive while being unorganized and fragmented. This market is not governed directly by any regulations or any governmental authority. Company face competition from both organized and unorganized players in the market. Major challenge for them would be to gain the trust of customers and that can be done by building a name of itself in the market.

Peer Analysis

As Mentioned in the prospectus, the company has mentioned 3 listed peer companies viz. Samor Reality Ltd, DB Realty Ltd, Athena Constructions Ltd. A summary on the key financial parameters is given in the table below –

Company	SVS Ventures Limited	Samor Reality Limited	DB Realty Ltd	Athena Constructions Limited
Net Profit (INR Cr)	1.83	0.11	73.00	0.50
EBITDA (INR Cr)	0.89	0.16	479.69	0.98
Return on Capital Employed	9.10%	1.45%	-74.00%	5.82%
Return on Equity	0.67%	1.00%	1.42%	6.79%
EPS* (INR)	1.16	0.21	1.11	0.67
P/E# (Times)	17.26	379.18	94.73	31.05

*PE as on 28/12/2022

#Post IPO basis

Promoters' Profile and Management Analysis

Mr. Shashikant Vedprakash Sharma



- Shashikant Sharma, aged 37 years, is the Promoter, Managing Director and CEO of the Company.
- He has completed his matriculation exam.

Analysis on the Company's Promoter and Board of Directors

Mr. Shashikant Vedprakash Sharma, aged 37 years, is the Promoter, Managing Director and CEO of the Company. In spite of being a matriculate, he began his career in 2001 as the founder of Vijay & Co.- propriety firm. He has completed 6 projects in real estate.

Mr. Sunny Surendrakumar Sharma, aged 34 years, is the Non-Executive Director of the Company. He has an experience of about 15 years in the real estate industry. He was appointed in the year 2022. He is responsible for supervising the administration department of the Company.

To conclude, the promoter's experience and education qualification is sceptical as its different in different chapters of prospectus. The management outlook of the company is therefore negative. Independent directors are qualified but not in the fields of company's operations. For a deeper look into their independent and non-executive directors one can go through the prospectus.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th June, 2022
Profit and Loss			
Revenue from operations	1,355.00	675.07	129.99
Other income	-	193.20	-
Total Revenue	1,355.00	868.27	129.99
Expenses	1,247.91	586.18	107.60
Depreciation and Amortisation Cost	20.90	1.08	2.42
Finance Cost	49.32	28.91	-
Total Expenses	1,318.13	616.17	110.02
PBT	36.87	252.10	19.97
PBT Margin	2.72%	37.34%	15.36%
EBITDA	107.09	88.89	22.39
EBITDA Margin	7.90%	13.17%	17.22%
Net Profit	26.61	183.37	14.34
Net Profit Margin	1.96%	27.16%	11.03%
Balance Sheet			
Total Borrowings	646.36	700.95	267.49
Net Worth	81.14	264.51	2,125.33
Fixed Assets	133.75	257.45	255.03
Net Working Capital	144.61	708.01	1,146.74
Financial Measures (Annualised)			
Inventory Turnover Ratio	1.73	3.05	2.35
Receivables Turnover Ratio	66.23	3.78	3.29
Payables Turnover Ratio	4.06	0.02	-
Fixed Assets Turnover Ratio	10.13	2.62	2.12
Return on Capital Employed	30.96%	9.10%	2.24%
Return on Equity	32.80%	69.32%	1.74%
Debt-Equity Ratio	7.97	2.65	0.08

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has reduced from Rs. 107.09 lacs in 2021 to Rs. 88.89 lacs in 2022 and on 30th June 2022 it was Rs.22.39 lacs and if we annualise the same it would be around Rs. 89.56 lacs. The decline in EBITDA is due to decline in sales. However, the EBITDA margin has grown from 7.9% in 2021, 13.17 % in 2022 and 17.22% on 30th June 2022 due to decline in expenses as compared to sales.

Net Profit

The net profit of the company has grown from Rs 26.61 lacs in 2021 to Rs. 183.37 lacs in 2022 and on 30th June 2022 it was Rs. 14.34 lacs and if we annualise the same it would be around Rs. 57.36 lacs growing at a CAGR of 46.82% which is due to the other income. If we deduct other income from the total revenue, company has loss of Rs. 9.83 lacs. The net profit margin in 2021 was 1.96%, 27.16% in 2022 and 11.03% in June 30, 2022. Due to increase other income, net profit margins have increased.

Finance Cost.

The company's finance cost mainly seems to be from unsecured long-term borrowings.

Financial Measures/Ratios

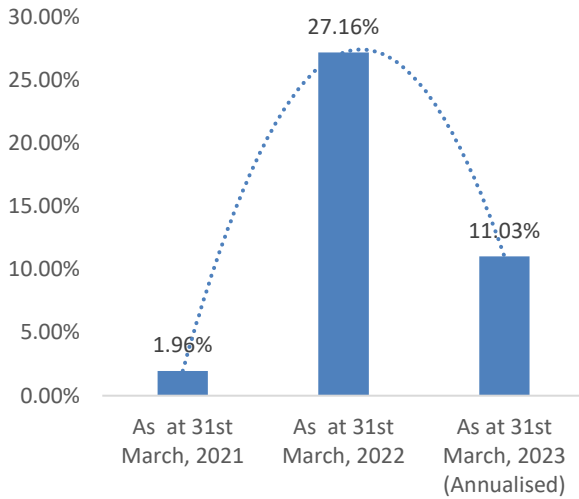
RoCE of the company up to 30th June 2022 is 0.83% vs 9.10% in 2022 and 30.96% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 2.24%. The gradual decrease in RoCE is due to decrease in sales of the company and increase in equity base of the company.

ROE of the company in 2021 was 32.80%, 69.32% in 2022 and 0.67% in June 2022, if annualised, ROE would be around 1.74%. The ROE is estimated to fall due to new capital being brought in by the company through IPO. The ROE has increased but RoCE has fallen, the reason for the same can be set forth as that of net profit.

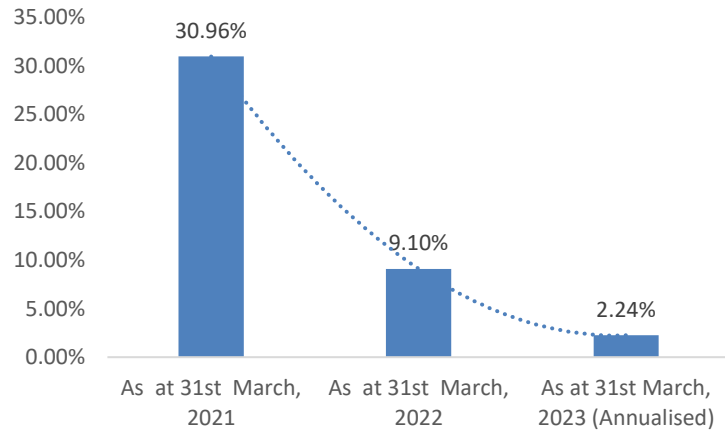
The company has a debt-equity ratio of 0.13 The debt-equity ratio is going to go further down to around 0.08 post IPO.

Financial Charts

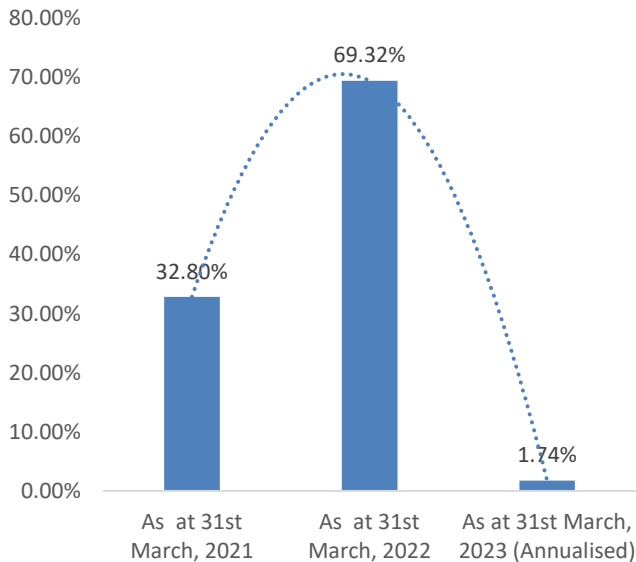
Net Profit Margin



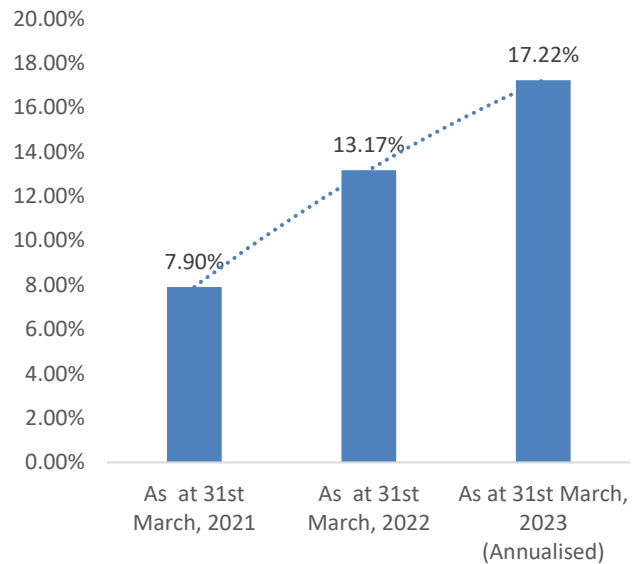
Return on Capital Employed



Return on Equity



EBITDA Margin



Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 22.64 lacs, which if determined against them, can affect financial conditions of the company.
2. Company's operations are subject to high working capital requirements.
3. Company have experienced negative cash flows in the past.
4. Statutory Auditor has included certain emphasis of matters in audited financials of Company –

Sr. No.	Emphasis of Matters	Steps taken by the company
1.	The inventories of stock -in- Trade of Rs. 2.21 Lacs represent the old stocks, however as the same of not perishable items. The management is confident of sale the stock in in due course of time. In light of this during the Period under review no provision has been made in the current period against the inventories of stock in trade	Company has inform that there is potential to sell off the inventory of stock in trade for Rs. 2.21 Lacs in the FY 2022-23. Further in the business of real estate this is the general practice to keep the premium stock in hand to sell off at far better price.
2.	The Company has not obtained registration under Professional tax act and (i) has not deducted professional tax from salaries and (ii) not paid the professional tax payable by the Company	The company is in the process of obtaining registration and the formalities will be completed very soon.
3.	The Company has not provided depreciation in the books for FY 2021-22 and till June 2022	The effect of the same has been given in the restated financial statement and also the effect of depreciation has been given in the written down value of assets.
4.	The Company has not provided key managerial salary in the books for till June 2022	The provisions for the same will be provided in the books by the end of 3 rd quarter of FY 2022-23.
5.	Certain of Company Directors (including Promoters) and Key Managerial Personnel are interested in the Company, in addition to the regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in the Company, to the extent of deposit placed by them under section 73 of Companies Act 2013 and unsecured loans granted to such employees and others.	There can be no assurance that the Promoters and the Key Managerial Personnel will exercise their Rights as shareholders to the benefit and best interest of the Company.

Track Record of Lead Manager

The lead manager to the issue is First Overseas and this is the 14th mandate in the last four fiscals. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Company	Issue Size (In Cr)	Issue listing Date	IPO Price/share (INR)	CMP# (INR)
Janus Corporation Ltd	7.99	06-02-2020	50.00	4.14
RO Jewels Limited	4.91	25-03-2020	36.00	58.95
Party Cruisers Limited	7.75	05-03-2021	51.00	185.00
BEW Engineering Limited	3.97	16-09-2021	58.00	642.65
Nidan Healthcare & Laboratories Limited	50.00	12-11-2021	125.00	48.75
Precision Metaliks Limited	21.93	01-02-2022	51.00	41.80
Vaidya Sane Ayurved Laboratories Limited	20.22	23-02-2022	73.00	187.05
Veerkrupa Jewellers Limited	8.10	18-07-2022	27.00	80.30
Varanium Cloud Limited	36.60	27-09-2022	122.00	898.90
QMS Medical Allied Services Ltd	56.87	11-10-2022	121.00	175.00

CMP is taken as on 28th December 2022

This is the 14th mandate from First Overseas in the last four fiscals (including the ongoing one). Out of the last 10 listings, 1 opened at discount, 2 at par, and the rest with premiums ranging from 2.5% to 120% on the day of listing.

Recommendation

Being incorporated in the year 2015, the track record of the company is decent, but the huge red flag is that the company had not generated any revenue since then till FY 21. It had only started generating revenue after it acquired the proprietorship firm exhibiting the revenue belonging to the firm and not the company particularly.

The company's management has poor outlook as the promoter and the independent directors has very less experience in the real estate sector.

The company is showing a PE Ratio of 17.26 Times Post IPO- Basis which makes it a fairly priced IPO.

To conclude, the company has not shown any healthy sign for the public to invest in the company. The revenue of the company has not been promising along with the management and so one **should avoid** applying in the IPO

Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.