



IPO Details	
Opening Date	Jan 05, 2023
Closing Date	Jan 09, 2023
Stock Exchange	BSE SME
Lot Size	600 Shares
Issue Price	₹ 225 per share
Issue Size	7,53,000 Equity Shares
Application Amount	₹ 1,35,000

IPO Objective	
Funding Working Capital Requirement	
General Corporate Purpose	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	21,86,469	100%
Public	-	-

Promoter of the Company	
1	Mr. Gaurav Goel
2	Mrs. Shweta Goel

Competitive Strengths	
1	Experienced management team with a proven track record
2	Strategically located business outlets and offices
3	Robust customer service support, timely delivery & installation support

Company Background	
○	Company was incorporated in the year 1995 in West Bengal.
○	Company is engaged in multi-brand retail and retail selling as well as distribution of branded smart phones, IT hardware, software and allied accessories and services.
○	They also provide networking and security solution to their customers.
○	As on December 15, 2022 the company has 4 offices, 11 retail stores, 2 distribution centres and virtual offices across 11 cities in the country.
○	As at November 30, 2022 the company had 101 employees.

Financial Summary			
(In Lacs)			
For the Period Ended	Mar-21	Mar-22	Sep-22
Total Assets	10,324.43	12,663.71	12,561.79
Net Assets	3,126.02	3,470.30	3,603.44
Total Borrowings	4,413.71	5,967.53	5,694.82
Total Revenue	44,690.17	61,558.01	30,516.89
Profit After Tax	233.59	285.34	133.14

Tentative Timeline	
Opening Date	Jan 5, 2023
Closing Date	Jan 9, 2023
Basis of Allotment	Jan 12, 2023
Initiation of Refunds	Jan 13, 2023
Credit of Shares to Demat	Jan 16, 2023
Listing Date	Jan 17, 2023



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Company Overview

Incorporated in the year 1995, the company is engaged in multi-brand retail and retail selling as well as distribution of branded smart phones, IT hardware, software and allied accessories and services. The Company also provides networking and security solution to their consumers. As on December 15, 2022 the company has 4 offices, 11 retail stores, 2 distribution centres and virtual offices across 11 cities in the Country.

Analysis

Being incorporated in the year 1995, the company is very well possessed with experience in the retail and distribution business of electronic and IT hardware goods.

The company has 4 offices, 11 retail stores, 2 distribution centres and virtual offices across 11 cities in the Country. Its revenue can be bifurcated into revenue from retail, distribution, E-commerce and Service. They primarily operate their business activities across retail, distribution and e-commerce platforms of branded smart phones and IT hardware & peripherals.

The company has not given a proper bifurcation of revenue from each of its activities. However, a rough data is available which indicates that majority of the company's business comes from distribution activity.

The company also has presence in the E-Commerce Industry and has gotten recognition for being the highest seller during the "Big Billion Days" of Flipkart in 2018.

The company has presence in several geographical location in the country and the breakup of the same is given below.

State	Revenue/ Sales (%) (as on September 30, 2022)
West Bengal	51.44
Delhi	35.3
Haryana	9.01
Karnataka	2.55
Telangana	0.79
Maharashtra	0.46



State	Revenue/ Sales (%) (as on September 30, 2022)
Gujarat	0.23
Tamil Nadu	0.22
Total	100

The company has presence in several states with major presence in West Bengal and Delhi.

To conclude, the company has shown growth in both top and bottom lines. It has significant presence and has been in this industry since a long time of 25 years. Its presence in E-Commerce also acts in the company's favour. However, there a lot of small and big players in the market.

Industry Charts

Exhibit 1: Indian E-Commerce Market (US\$ Billion)

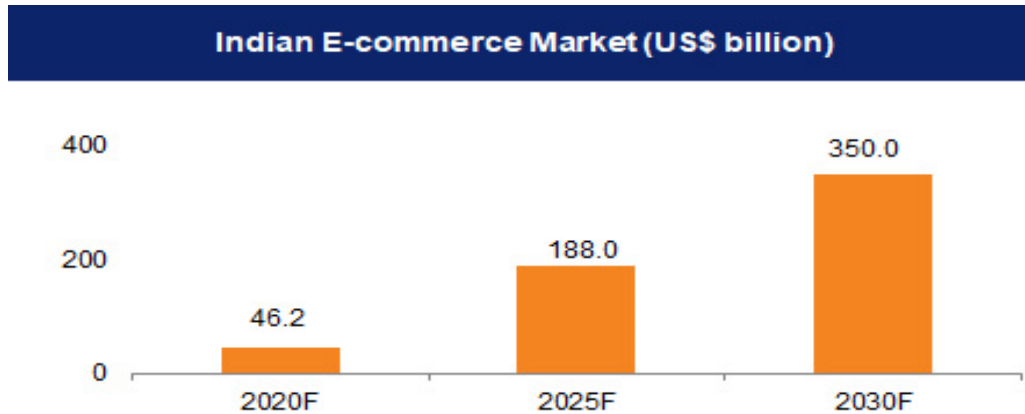
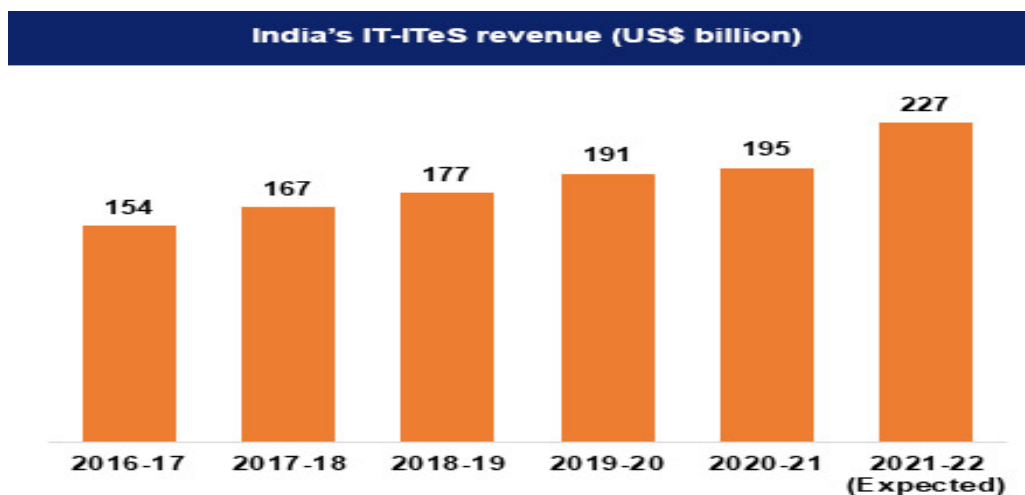
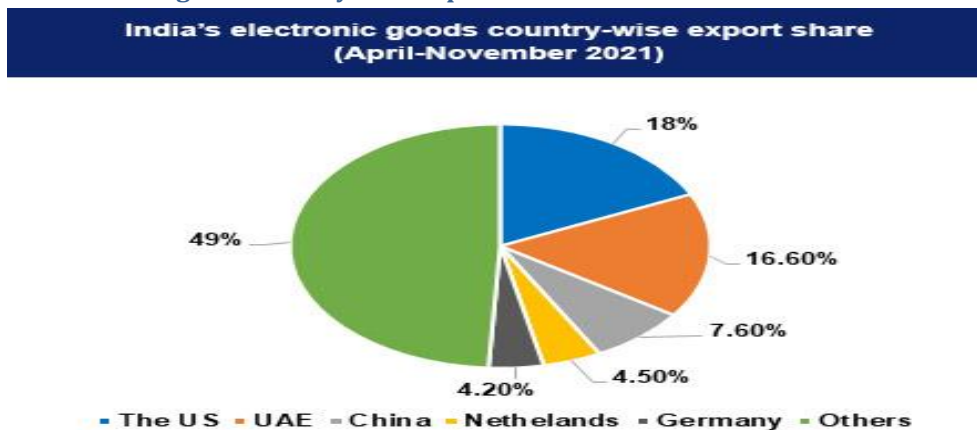


Exhibit 2: India's IT-ITeS revenue (US\$ Billion)



Source: NASSCOM

Exhibit 3: India's electronic goods country wise export share



Source: Ministry of Commerce and Industry

(Source: ibef.org)



Investment Overview

Indian Electronics and IT Hardware sector

India, considered a popular manufacturing hub, has grown its domestic electronics production from US\$ 29 billion in 2014-15 to US\$ 67 billion in 2020-21. The electronics sector of India contributes around 3.4% of the country's Gross Domestic Product (GDP). The government has committed nearly US\$ 17 billion over the next six years across four PLI Schemes: semiconductor and design, smartphones, IT hardware, and components.

Recently, the Ministry of Electronics & Information Technology released the second volume of the Vision document on Electronics Manufacturing in India, which stated that the electronics manufacturing industry will grow from the current US\$ 75 billion in 2020-21 to US\$ 300 billion by 2025-26. The major products that are expected to drive growth in India's electronics manufacturing are mobile phones, IT hardware (laptops, tablets), consumer electronics (TV and audio), industrial electronics, auto electronics, electronic components, LED lighting, strategic electronics, Printed Circuit Board Assembly (PCBA), wearables and hearables, and telecom equipment. Mobile manufacturing is expected to cross US\$ 100 billion in annual production growth from the current US\$ 30 billion by accounting for nearly 40% of the industry growth.

The IT sector in India is one of the largest contributors with a 9% contribution to GDP. The industry is around US\$ 194 billion and is expected to surpass US\$ 300-350 billion by 2025. India's IT industries and companies are majorly located in the southern regions such as Bangalore, Hyderabad, Chennai, Visakhapatnam, Trivandrum, Mysore, Mangalore, Kochi, etc. The country's major information technology hubs are Mumbai, Pune, Delhi, etc.

Domestic electronic devices market in India to reach \$ 300 Bn by FY26

With per capita disposable income and private consumption having doubled between FY12 and FY21, India has emerged as one of the largest markets for electronic products in the world.



The electronic devices industry valued at \$118 bn in 2019-20 is segmented as mobile phones (24%), consumer electronics (22%), strategic electronics (12%), computer hardware (7%), LEDs (2%) and industrial electronics (34%) comprising of auto, medical and other industrial electronic products.

- Over 2.3X growth in domestic electronics production in 6 years; From \$ 29 Bn (FY15) to \$ 67 Bn (FY21)
- Over 5x growth in production of mobile phones in 5 years; from 60 mn units (FY15) to ~300 mn units (FY21)
- Digital Transactions per capita per annum have increased ~10x in 5 years.
- India is a global R&D destination, with 1140+ R&D Centers of MNCs in India employing 900,000+ professionals
- The average index of industrial production of computer, electronic and optical products in the FY 2021-22 is 104.0 and has grown by 12.7 percent
- Exports of electronic goods values at \$ 1395.09 mn in May 2022 and records positive growth vis-à-vis May 2021 of 47.37%.

Amplifying growth

- India is expected to have a digital economy of \$ 1 Tn by 2025
- One of the largest electronic devices industries in the world anticipated reaching \$ 300 Bn by FY 2025- 26
- India's exports is set to increase rapidly from \$ 10 Bn in FY21 to \$ 120 Bn in FY26.
- India's domestic production in electronics has increased \$ 29 Bn in 2014-15 to \$ 67 Bn in 2020-21.
- Production of mobile handsets is further slated to increase in value from \$ 30 Mn in FY 21 to \$ 126 Mn in FY 26.
- India produces roughly 10 mobile phones per second which amounts to ~\$ 930 worth of production every second.
- India's semiconductor market is expected to increase from ~\$ 15 Bn in FY20 to ~\$ 110 Bn in FY30, growing at a CAGR of 22%
- 100% FDI is allowed under the automatic route. In the case of electronic items for defence, FDI up to 49% is allowed under automatic route and beyond 49% through the government approval.

(Source: Prospectus, Sources: <https://www.investindia.gov.in/sector/electronic-systems>)



Addressable Market for Chaman Metallics Limited

The company sells its products primarily in the state of West Bengal and Delhi. Company has a very good potential and could definitely increase its geographic expansion in the coming years by selling its products in other parts of the country as well.

Competition

Company operates in a highly competitive environment. There are many small and unorganised players in the market along with some players having better penetration in some geographical areas in which the company operates. The threat of new entrant is low.

Peer Analysis

As provided in the prospectus, the company has no listed peers.

Promoters' Profile and Management Analysis

Mr. Gaurav Goel



- Mr. Gaurav Goel is an individual promoter, chairman and managing director of the company.
- He holds a Bachelor's degree Engineering (B.E.) in Electronics and Commerce from Manipal Institute of Technology, Karnataka, in the year 1995.
- He possesses over 15 years of experience.

Mrs. Shweta Goel



- Mrs. Shweta Goel is the Whole-time Director cum Promoter of our Company.
- She holds a bachelor's degree of Arts in English from Loretto College, Kolkata, in the year 1995.



Analysis on the Company's Promoter and Board of Directors

Gaurav Goel is the Chairman and Managing Director of the Company. He holds a bachelor's degree of Engineering (B.E.) in Electronics and Commerce from Manipal Institute of Technology, Karnataka, in the year 1995. He possesses over 15 years of experience.

Shweta Goel is the Whole-time Director cum Promoter of our Company. She holds a bachelor's degree of Arts in English from Loretto College, Kolkata, in the year 1995.

Rakesh Kumar Goel is the Non- Executive Director of the Company. He holds a bachelor's degree in Mechanical Engineering from Jabalpur University, in the year 1965. He possesses over 57 years of work experience, and was associated with institutions such as Texamaco, Titagarh Wagons Limited, Paharpur Cooling Towers Limited, and HEI Limited in various capacities. He has been associated with our Company since July 14, 2014.

To conclude, the company's individual promoters have a good experience in the industry in which the company belongs to. The independent directors of the company are also well experienced and could be a good driving force for the company.



Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th Sep, 2022
Profit and Loss			
Revenue from operations	44,521.07	61,195.61	30,335.06
Other income	169.10	362.40	181.83
Total Revenue	44,690.17	61,558.01	30,516.89
Expenses	43,940.57	60,699.96	30,044.94
Depreciation and Amortisation Cost	32.94	24.10	9.28
Finance Cost	415.19	447.43	251.53
Total Expenses	44,388.70	61,171.49	30,305.75
PBT	301.47	386.52	211.14
PBT Margin	0.68%	0.63%	0.70%
EBITDA	580.50	495.65	290.12
EBITDA Margin	1.30%	0.81%	0.96%
Net Profit	233.59	285.34	133.14
Net Profit Margin	0.52%	0.47%	0.44%
Balance Sheet			
Total Borrowings	4,413.71	5,967.53	5,694.82
Net Worth	3,126.02	3,470.30	3,603.44
Fixed Assets	63.63	55.98	54.16
Net Working Capital	3,104.26	2,910.93	2,771.39
Financial Measures (Annualised)			
Inventory Turnover Ratio	11.07	10.92	11.18
Receivables Turnover Ratio	9.56	13.61	12.68
Payables Turnover Ratio	17.77	22.72	20.43
Fixed Assets Turnover Ratio	699.69	1,093.17	1,704.22
Return on Capital Employed	13.85%	11.50%	9.83%
Return on Equity	7.47%	8.22%	5.09%
Debt-Equity Ratio	1.41	1.72	1.09

(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 decreased from Rs. 580.50 lacs in 2021 to Rs. 495.65 lacs in 2022 and on 30th Sep 2022 it was Rs. 290.12 lacs and if we annualise the same it would be around Rs. 580.24 lacs. The EBITDA on annualised basis has grown at a CAGR of -0.02%. The EBITDA margin in 2021 was 1.30%, 0.81% in 2022 and 0.96% up to 30th Sep 2022.

Net Profit

The net profit of the company has grown from Rs 233.59 lacs in 2021 to Rs. 285.34 lacs in 2022 and as on 30th Sep 2022 it was Rs. 133.14 lacs and if we annualise the same it would be around Rs. 266.28 lacs growing at a CAGR of 6.77%. The net profit margin in 2021 was 0.52%, 0.47% in 2022 and 0.44% up to 30th Sep 2022. The net profit margin of the company has decreased. The company has very thin margins which is concerning.

Finance Cost.

The company's finance cost mainly due to short terms borrowings availed by the company.

Financial Measures/Ratios

RoCE of the company up to 30th Sep 2022 is 6.77% vs 11.50% in 2022 and 13.85% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 9.83%. The RoCE has been at good levels for the company and it is expected to be at these levels in the coming times.

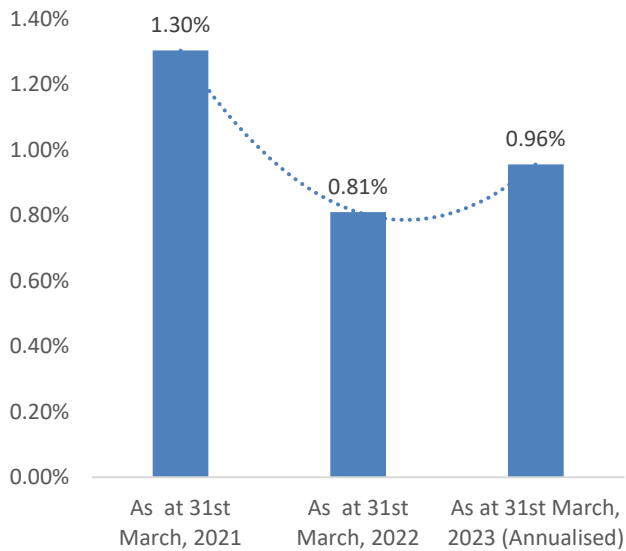
ROE of the company in 2021 was 7.47%, 8.22% in 2022 and 3.69% up to Sep 2022, if annualised, ROE would be around 5.09%. The ROE likewise RoCE has seen a decrease. With increase of equity base, the ROE is expected to come further down on annualised basis resulting in an estimated CAGR of -17.46%.

The company has a debt-equity ratio of 1.58 which shows the company is decently leveraged but could better utilise debts in their favour. The debt-equity ratio is going to go further down to around 1.09 times post IPO.

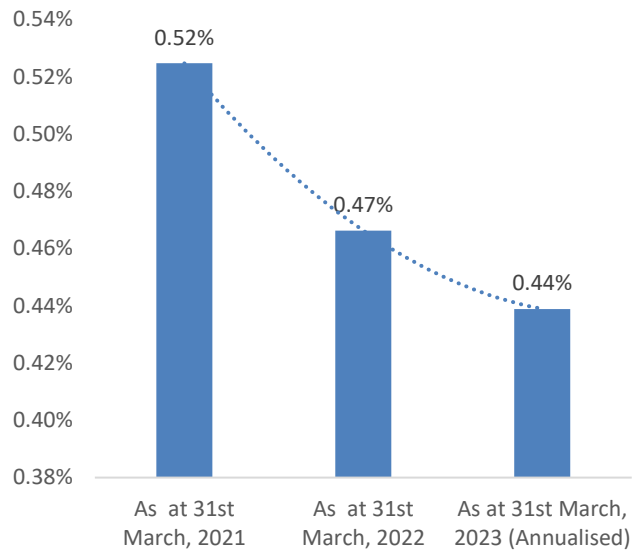


Financial Charts

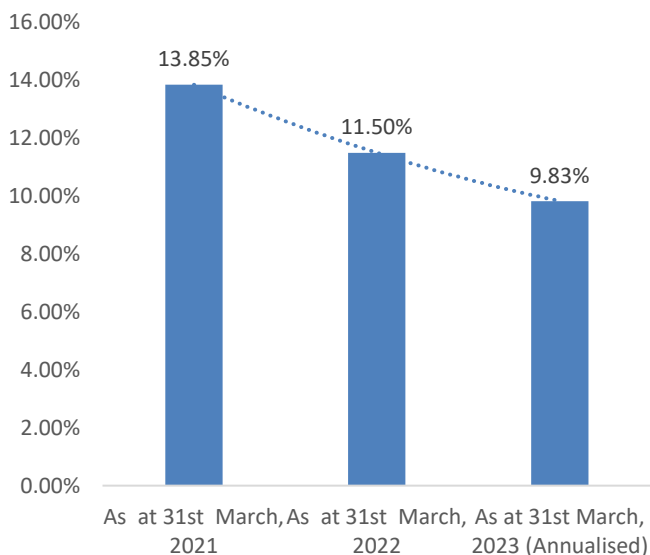
EBITDA Margin



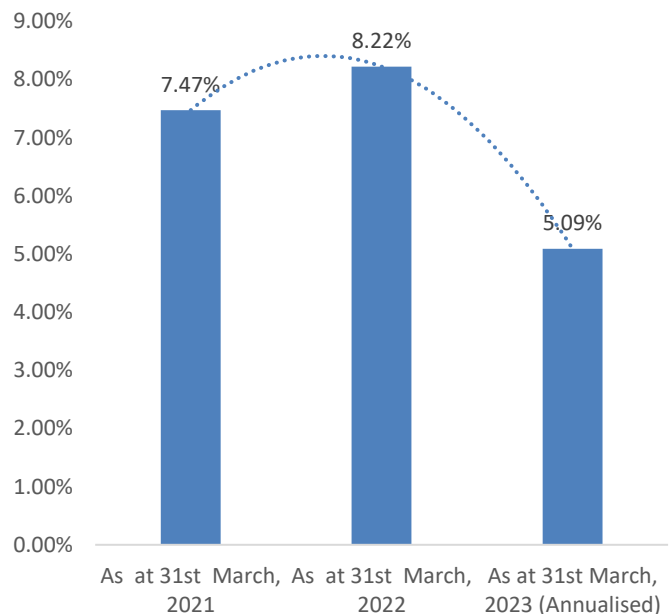
Net Profit Margin



Return on Capital Employed



Return on Equity





Key Risk Factors

1. Company, Promoters, Directors and group Companies are involved in certain litigations including tax related litigations amounting to Rs. 491.76 lacs which if determined against the company, can affect financial conditions of the company.
2. The company is also involved in certain criminal litigations amount to Rs. 7.68 lakhs.
3. Net Profit After Tax margins of the company are very low making it very difficult for the company to sustain in the market and grow healthily.
4. Company had negative cash flow from operating activities in FY 22 and FY 21.



Track Record of Lead Manager

The lead manager to the issue is Oneview Corporate Advisors Private Limited. The offer document is missing the merchant banker's track record data. Even the merchant banker's website has no info on this aspect as of January 02, 2023. But as learned from the website, this company is run by ex-Guinness group scions. However, it appears to be the first mandate under the new banner

Recommendation

The company has been into this industry from 1995 and possess very good experience in this field. The company has made its name over the years in West Bengal and Delhi and is expanding to other states as well.

Revenue from operations for this company has shown good number however net profit margins are very thin and raise some concerns.

The management outlook of the company is also good.

The company is getting listed at a PE of around 5.88 times on post IPO basis but looking at the profit margins of the company, it is aggressively priced.

In conclusion, the company has good revenue figures and has a good presence in the market however the aggressively priced issue and razor thin margins raise some serious concerns and so one should **avoid** this 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.