



IPO Details	
Opening Date	September 08, 2023
Closing Date	September 12, 2023
Stock Exchange	BSE SME
Lot Size	1200 Shares
Issue Price	₹ 102 per share
Issue Size	Aggregating up to 31.09 Cr.
Fresh Issue	Aggregating up to 31.09 Cr.
Application Amount (@ upper band for retail Investors)	₹ 122,400

IPO Objective	
1.	Purchase of Plant and Machinery for setting up of Manufacturing unit.
2.	Funding working capital requirements.
3.	General corporate purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	33,35,942	46.91%
Public	37,76,120	53.09%

Promoter of the Company	
1.	Brijesh Madhav Manerikar
2.	Swaroop Raghuvir Natekar
3.	Vivekanand Maruti Redekar
4.	India Futuristic Marine Private Limited

Competitive Strengths	
1.	Experienced Promoters and Management Team.
2.	Customer base across geographies and industries.
3.	Quality Assurance.
4.	Product Portfolio.

Company Background	
○	Meson Valves India Ltd was incorporated in the year 2016 and has its registered office in Verna, Goa.
○	The Company is engaged in the business of supplying of valves, actuators, Strainers and remote-control valves systems to the industries both in domestic and international markets.
○	The Company is also engaged in the business of assembling, buying, selling, distributing, importing, exporting or otherwise dealing in products like valves, actuators, remote control system, control cabinets, tanks, visualization system, piping, pumps, fittings, gaskets, flanges and measurement devices.
○	They supply mainly to Naval, Oil and gas industries, Power, Refineries and General Industries, both in domestic and international markets.
○	As on 31 <sup>st</sup> March 2023, the company had 34 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹73	₹104

Financial Summary (In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	2,105.58	2,738.78	4,509.01
Net Assets	55.17	267.71	1,849.57
Total Borrowings	918.27	923.93	1,124.16
Total Revenue	1,542.34	1,431.57	3,719.30
Profit After Tax	11.80	212.53	452.44

Tentative Timeline	
Opening Date	September 08, 2023
Closing Date	September 12, 2023
Basis of Allotment	September 15, 2023
Initiation of Refunds	September 18, 2023
Credit of Shares to Demat	September 20, 2023
Listing Date	September 21, 2023



### Company Background and Analysis

Being incorporated in the year 2016, Meson Valves India Ltd have a decent track record of existence in the business. Company is engaged in the business of assembling, buying, selling, distributing, importing, exporting or otherwise dealing in products like valves, actuators, remote control system, control cabinets, tanks, visualization system, piping, pumps, fittings, gaskets, flanges and measurement devices. They also deal in installation, maintaining, servicing or otherwise handling of equipment and services that control and manage all products like valves, actuators, remote control system, control cabinets, tanks, visualization system, piping, pumps, fittings, gaskets, flanges and measurement devices. Company supply's mainly to Naval, Oil and gas industries, Power, Refineries and General Industries, both in domestic and international markets.

Company procures its products for further assembly and supply from various countries across the globe such as Denmark, Germany, Poland, South Korea, Netherlands, Sweden, Turkey and United Arab Emirates and in the domestic market, Company procures the products from states such as Goa, Gujarat, Maharashtra, Karnataka, Tamilnadu, Andhra Pradesh, Dadra and Nagar Haveli, Delhi and Telangana based on purchases made for the financial year ended March 31, 2023, 2022 and 2021.

Company sells its products through two business divisions (i) domestic sales and (ii) exports. Company has presence in Andhra Pradesh, Assam, Goa, Gujarat, Kerela, Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal and Karnataka states for its domestic market based on sales made for the year ended March 31, 2023, 2022 and 2021. Internationally company supply's its products in countries such as Germany, South Korea, Oman, Russia, Sweden, United Arab Emirates, Sri Lanka, Qatar and Thailand based on sales made for the financial year ended March 31, 2023, 2022 and 2021. Further business division wise revenue break up and commission income is given below: -

#### Revenue Break Up as Per Exports vs Domestic

(₹ in Lacs.)

Particulars	Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)
Domestic Sales	3,621.22	98.80	1,277.89	90.65	1,358.01	88.63
Export Sales	43.82	1.20	108.64	7.71	156.97	10.24
<u>Other operating income</u>						
Commission income	-	0.00	23.13	1.64	17.22	1.12
<b>Total</b>	<b>3,665.04</b>	<b>100.00</b>	<b>1,409.66</b>	<b>100.00</b>	<b>1,532.20</b>	<b>100.00</b>

Company intends to expand its business operations by entering into segment of manufacturing of valves, actuators, remote control system, control cabinets, tanks, visualization system, piping, pumps, fittings, gaskets, flanges and measurement devices. Company has an assembly unit situated at Gut No-324, MIDC Phase-II, Chakan Industrial Area, Opp. Berger Paints, Village Bhamboli, Khed, Pune-410501, Maharashtra, India and is planning to install further machineries in the said unit required for manufacturing concern. Company intends to purchase these machineries from the IPO proceeds as mentioned in the objective of the issue.

To conclude, the company operates in business segment with good prospect and has a product portfolio with verity of usage in different industries.



## Business Strategies

### 1. Enter into manufacturing segment.

Company intends to expand its business operations by entering into segment of manufacturing of valves, actuators, remote control system, control cabinets, tanks, visualization system, piping, pumps, fittings, gaskets, flanges and measurement devices.

### 2. Widen its product portfolio.

Company aims to expand and diversify its product portfolio by increasing its product base and introducing new range of product lines. Company plans to continue expanding its capabilities in order to capture future growth trends. With an intend to explore opportunities to expand its operations by maintaining new products and services within its existing lines of business.

### 3. Expand its domestic/international presence.

Company procures and sells its products in various countries across the globe, along with a good domestic presence across India. As a business strategy, company intends to widen its reach by increasing its international presence with the help of current network.

### 4. Continue to maintain good relationships with its customers.

Maintaining good relationships with customers is a most critical factor for a business to keep growing. Through regular interaction with its clients and understanding the client requirements enables them to not only attract new customers but also leads to recurring business with its existing clients.

### 5. Brand Image.

Company intends to continue to associate itself with corporate and quality customers and provide services to their utmost satisfaction. Company is highly conscious about its brand image and intend to have brand building exercise by providing quality services to the satisfaction of the customers.

## Competitive Scenario and Peer Mapping

### Competition

The company operate in a highly competitive market and there are numbers of players, facing competition from both organized and unorganized players. Price being the main factor in most cases for company's customers making decision i.e., customers have high bargain power. Competition emerges not only from small but also from big Regional and National and International players. There are minimal entry barriers in this industry and any expansion in capacity of existing producers would further intensify competition.

### Peer Analysis

As per the offer document Meson Valves India Limited does not have any listed peers.

## Industry Overview

Exhibit 1: India Industrial Valves Market

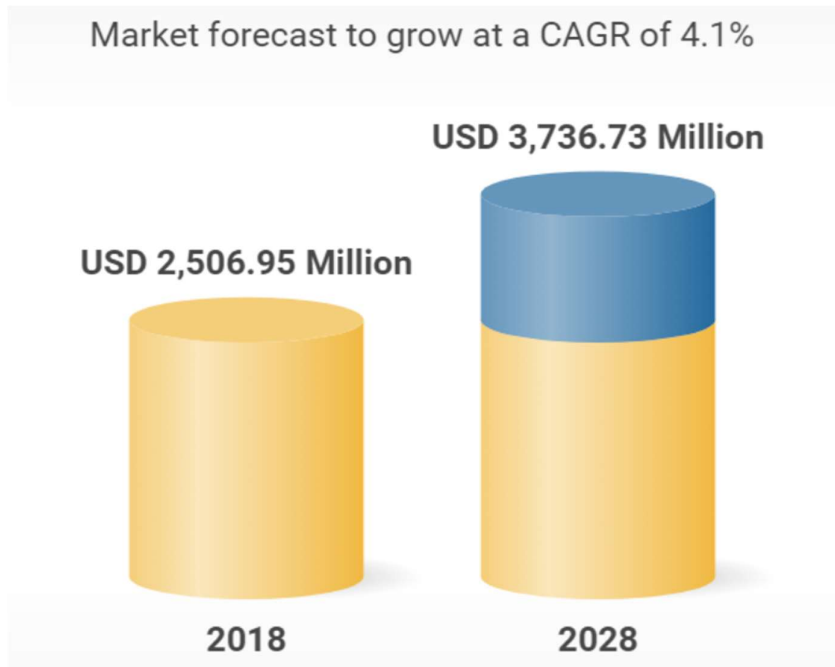
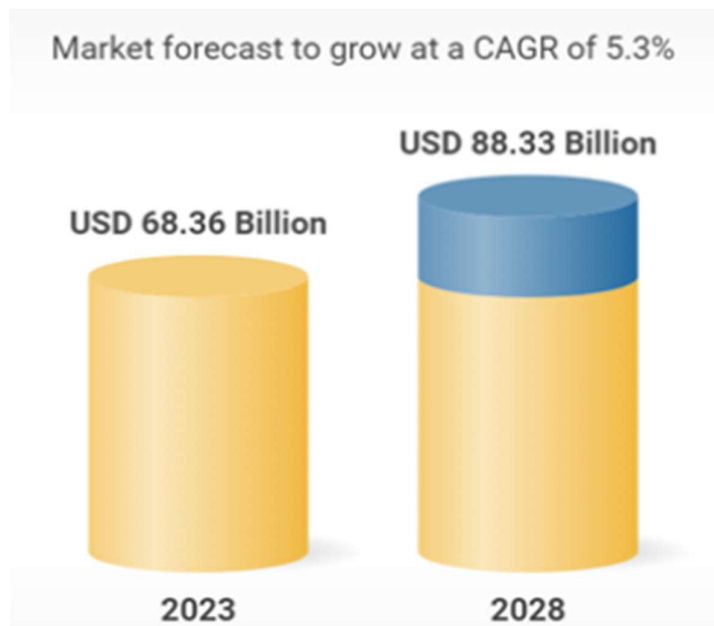


Exhibit 2: Global Valves Market



(Source: researchandmarkets.com)

## **Indian Valves Industry**

The growth of the India Industrial Valves Market can be attributed to rapid industrialization coupled with increasing automation of industrial processes. In addition, the increasing number of oil and gas (O&G) exploration activities in offshore areas, associated with increasing energy demand, is also a key growth driver. Moreover, the expansion of nuclear power plants and oil refineries will enhance the growth of the market. In addition, increasing pipeline installations and growing demand for pipeline monitoring and control from a central location are having a positive impact on the market.

### **India Industrial Valves Market- Industry Trends & Forecast Report 2028**

India industrial valves market was valued at USD 2.6 billion in 2021 and is projected to reach USD 3.7 billion by 2028, growing at a CAGR of 5.2% during the forecast period. Technological upgrades and product development highly influence the Indian industrial valves market. Also, the increasing adoption of industrial valves in sewage pumps, sewage treatment plants, and several other applications further fuels the growth of the industrial valve market. Recent technological developments have led companies to use cutting-edge tools such as artificial intelligence (AI) and Internet of Things (IoT) technologies to reduce unplanned downtime and other adverse conditions caused by valve failure. These valve technologies allow professionals to remotely verify the functionality and health of industrial valves. As industrialization progresses, the industry implements censored valves to minimize failure rates and overall maintenance costs. Adoption of these cutting-edge assets is expected to strengthen the market during the forecast period.

## **Global Valves Industry**

The global industrial valves market size is estimated to be USD 80.4 billion in 2023 and is projected to reach USD 99.8 billion by 2028 at a CAGR of 4.4%. The rising demand for valves from healthcare and pharmaceutical industries, establishment of smart cities globally, and rapid deployment of connected networks to monitor valve conditions and predict system failures are the major factors driving the growth of the industrial valves market.

### **Globe valves held the largest share of the industrial valves market in 2022**

The major advantage of globe valves is the minimal leakage. Other advantages include better full-closing characteristics, shorter opening and closing time, and positive shutoff drive; therefore, the adoption rate of these valves is much higher across various industries.

### **Asia Pacific held the largest share of the industrial valves market in 2022**

Owing to the increasing urban population in the region, there is a high demand for new and improved wastewater treatment systems. The increasing need for proper utilization of water and the growing demand for advanced water & wastewater treatment techniques are creating a demand for industrial valves in Asia Pacific countries. Pharmaceutical manufacturers in China are increasingly adopting IoT-integrated industrial valves to optimize and automate a broad spectrum of tasks, including transporting accurate doses of fluids to manufacture drugs. Due to the high-precision requirements of the semiconductor industry, Japanese manufacturers are adopting PFA/PTFE-lined industrial valves to ensure high seal ability, better corrosion resistance, and longer service life.

(Source: prospectus)



### Key Managerial Personnel

**Brijesh Madhav Manerikar**, aged 44 years, is the Promoter, Chairman and Managing Director of the company. He has completed his Diploma in Shipbuilding Engineering from Board of Technical Examinations, Goa in the year 2000. He has around 6 years of experience in the same Company. He has been associated with the Company since incorporation and is responsible for the entire management and administration of the Company.

**Swaroop Raghuvir Natekar**, aged 45 years is the Promoter, Whole Time Director of the Company. He has completed his Diploma in Mechanical Engineering from Board of Technical Examinations, Maharashtra State in the year 1998. He has around 6 years of experience in the same Company. He has been associated with the Company since incorporation and looks after the financial aspects of the Company. He is involved in maintaining relations discussions and negotiations with suppliers too.

**Kishor Dhondu Makvan**, aged 43 years, is the Executive Director of the Company. He has completed Diploma in Mechanical Engineering from Government Polytechnic, Nashik in the year 2001. He has also obtained degree of Bachelor Technology in Mechanical Engineering from Yashwantrao Chavan Maharashtra Open University Nashik (India) in the year 2010. He has completed Post Graduate Diploma in Management from Indira Gandhi National open University, in the year 2013. He has an experience of around 7 years in the field of sales & marketing and business development, quality assurance and manager- works department. He has previously worked in the companies like Electromech Engineering Enterprises (Trainee Engineer in Quality Assurance Department), Shreeji Wire Industries (Assistant Manager in Business Development Department) and Desh Wire Products Wire Private Limited (Manager- Works).

**Kunal Atul Bora**, aged 26 years is the Non-Executive Director of the Company. He holds Bachelors of Engineering with Honors in Engineering with Management and Entrepreneurship from City, University of London, in the year 2018 and degree of Master of Science with Merit in Finance and Accounting from Imperial College, London, in the year 2019. He is currently associated with Resgen Limited as Chief Financial Officer of the Company and has around 5 years of experience in the same Company.

**B Soundararajan**, aged 50 years is the Non-Executive Independent Director of the Company. He has completed his degree of Master of Business Administration (MBA) from Bhartiya Shiksha Parishad, Uttar Pradesh in the year 2011.

**Snehal Satyendra Vyas**, aged 38 years is the Non-Executive Independent Director of the Company. She has completed Diploma course in Medical Laboratory Technology from Institute of Public Health and Hygiene in the year 2003.

**Sanjay Vasant Patil**, aged 53 years is the Non-Executive Independent Director of the Company. He has completed his Bachelor of Science from Shivaji University, Kolhapur in the year 1990 and Diploma in Mechanical Engineering from Sharp ITI and Engineering Institute, Nashik in the year 2014. He has an experience of around 14 years in manufacturing of electrodes and quality certification and was previously associated with Welding Specialities (India) Private Limited as Laboratory In charge.

To conclude, the promoters of the company have a good experience in the industry that company operates in, the remaining directors have decent knowledge and experience in the different industry and in the fields which will help in the growth of the business.

**Financial Snapshot**

<b>Profit and Loss Statement</b>		<b>(In Lacs.)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	
Revenue from Operations	1,532.20	1,409.66	3,665.04	
Other Income	10.14	21.91	54.26	
<b>Total Income</b>	<b>1,542.34</b>	<b>1,431.57</b>	<b>3,719.30</b>	
<b>Expenses</b>				
Purchase of stock-in-trade	1,196.91	1,115.08	2,682.26	
Changes in inventories of Finished goods, work-in-Progress	-72.26	-719.78	-250.03	
Employee benefits expense	127.89	200.43	251.53	
Finance costs	30.30	58.58	89.09	
Depreciation and Amortization expense	20.67	39.40	45.51	
Other expenses	218.16	439.26	280.20	
<b>Total Expenses</b>	<b>1,521.67</b>	<b>1,132.97</b>	<b>3,098.56</b>	
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>61.50</b>	<b>374.67</b>	<b>701.08</b>	
<b>EBITDA Margin</b>	<b>4%</b>	<b>27%</b>	<b>19%</b>	
<b>Profit/(Loss) before exceptional items and tax</b>	<b>20.67</b>	<b>298.60</b>	<b>620.74</b>	
Less: Exceptional Items	-	-	-	
<b>Profit/(Loss) before tax</b>	<b>20.67</b>	<b>298.60</b>	<b>620.74</b>	
<b>Tax Expense</b>				
Current Year	9.85	90.00	172.94	
Earlier Year	-	-	-	
Deferred tax	-0.98	-3.93	-4.64	
Total Tax Expense	8.87	86.07	168.30	
<b>Profit/(Loss) for the year</b>	<b>11.80</b>	<b>212.53</b>	<b>452.44</b>	
<b>Net Profit Margin</b>	<b>1%</b>	<b>15%</b>	<b>12%</b>	

<b>Balance Sheet</b>		<b>(In Lacs.)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
(a) Share Capital	7.00	7.00	692.25	
(b) Reserves and surplus	48.17	260.71	1,157.32	
<b>Total Equity</b>	<b>55.17</b>	<b>267.71</b>	<b>1,849.57</b>	
<b>2. Shares application money pending allotment</b>	<b>-</b>	<b>-</b>	<b>158.00</b>	
<b>3. Non-current liabilities</b>				
(a) Long-term borrowings	430.50	417.45	-	
(b) Long-term provisions	3.19	5.68	10.76	
<b>Total Non-current liabilities</b>	<b>433.69</b>	<b>423.13</b>	<b>10.76</b>	
<b>4. Current liabilities</b>				
(a) Short-term borrowings	487.77	506.48	1,124.16	
(b) Trade payables	1,064.67	1,170.15	704.67	
(c) Other current liabilities	47.78	272.70	397.35	
(d) Short-term provisions	16.50	98.61	264.50	
<b>Total Current liabilities</b>	<b>1,616.72</b>	<b>2,047.94</b>	<b>2,490.68</b>	
<b>Total Liabilities</b>	<b>2,050.41</b>	<b>2,471.07</b>	<b>2,501.44</b>	
<b>Total Equity and Liabilities</b>	<b>2,105.58</b>	<b>2,738.78</b>	<b>4,509.01</b>	



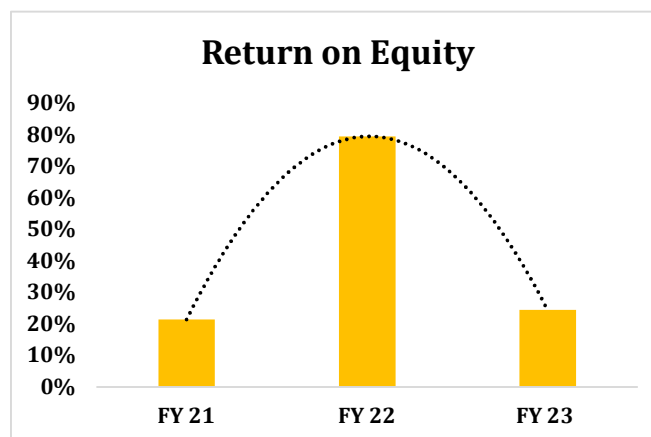
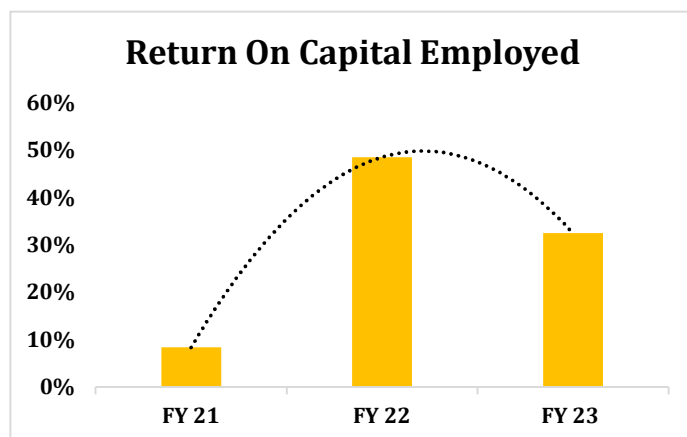
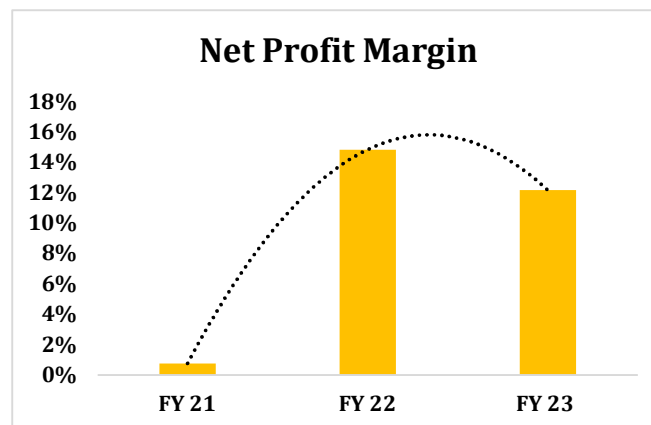
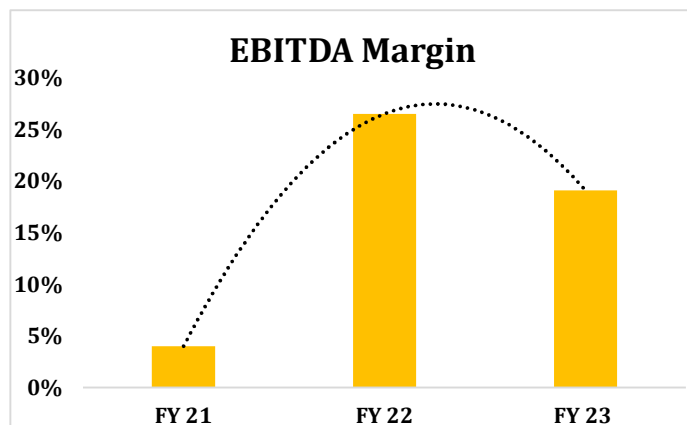
<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property Plant & Equipment's and intangible assets				
(i) PPE	105.85	148.12	154.22	
(ii) Intangible assets	3.84	4.21	1.22	
(b) Deferred tax assets (net)	2.01	5.94	10.58	
<b>Total Non-Current assets</b>	<b>111.70</b>	<b>158.27</b>	<b>166.02</b>	
<b>2. Current assets</b>				
(a) Inventories	290.53	1,010.31	1,260.34	
(b) Trade receivables	1,016.96	1,026.57	1,552.62	
(c) Cash and cash equivalents	440.76	218.46	237.11	
(d) Short-term loans and advances	21.92	97.51	1,167.65	
(e) Other Current Assets	223.71	227.66	125.27	
<b>Total Current assets</b>	<b>1,993.88</b>	<b>2,580.51</b>	<b>4,342.99</b>	
<b>Total Assets</b>	<b>2,105.58</b>	<b>2,738.78</b>	<b>4,509.01</b>	

<b>Cash Flow Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	
Net Cash Flow from Operating Activities	405.19	-71.12	-718.69	
Net Cash Flow from Investing Activities	-45.17	-82.03	-48.62	
Net Cash Flow from Financing Activities	-59.90	-71.63	780.88	

<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b><u>Per Share Data</u></b>			
Diluted EPS	0.17	3.1	6.59
BV per share	0.54	2.63	18.20
<b><u>Operating Ratios</u></b>			
EBITDA Margins	4%	27%	19%
PAT Margins	1%	15%	12%
Inventory days	69.21	261.60	125.52
Debtor days	242.26	265.81	154.62
Creditor days	324.67	383.03	95.89
<b><u>Return Ratios</u></b>			
RoCE	8%	49%	32%
RoE	21%	79%	24%
<b><u>Valuation Ratios (x)</u></b>			
EV/EBITDA	8.66	2.60	3.90
Market Cap / Sales	6.76	7.35	2.83
P/E	600.00	32.90	15.48
Price to Book Value	187.84	38.71	5.60
<b><u>Solvency Ratios</u></b>			
Debt / Equity	16.64	3.45	0.61
Current Ratio	1.23	1.26	1.74
Quick Ratio	1.05	0.77	1.24
Asset Turnover	0.73	0.51	0.81
Interest Coverage Ratio	1.35	5.72	7.36



## Financial Charts



## Key Risk Factors

1. Company, Company's Promoters, Group Company and its Directors are involved in certain litigations including tax related litigations amounting to Rs. 18.91 Lacs, which if determined against the company, can affect financial conditions of the company.
2. Company have had in fiscal 2023 and 2022 negative cash flow from operating activity amounting to Rs. (718.69) Lacs and Rs. (71.12) Lacs.
3. The Company is dependent on few numbers of suppliers for purchase of product i.e., top 10 suppliers for the financial year ended March 31, 2023, 2022 and 2021, were Rs. 610.09 lakhs, Rs. 906.13 lakhs, Rs. 963.67 representing 22.75%, 81.26% and 80.51% of its total purchases for the financial year ended March 31, 2023, 2022 and 2021, respectively.
4. Business of the company is dependent on few numbers of customers i.e., revenue from operations for the financial year ended March 31, 2023, 2022 and 2021, company's top 10 customers contributed approximately 32.52%, 87.77% and 93.46%, respectively.

### Track Record of Lead Manager

The lead manager to the issue is Shreni Shares Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

#### Shreni Shares Limited

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	AccelerateBS India Limited	5.69	90.00	Jul 19, 2023	315.65
2.	Global Pet Industries Limited	13.23	49.00	Jul 10, 2023	84.80
3.	Veefin Solutions Limited	46.73	82.00	Jul 05, 2023	275.45
4.	Sanocode Technologies Limited	5.15	47.00	Apr 18, 2023	93.09
5.	Bright Outdoor Media Limited	55.48	146.00	Mar 24, 2023	460.00
6.	Srivasavi Adhesive Tapes Limited	15.50	41.00	Mar 09, 2023	141.05
7.	Arihant Academy Limited	14.72	90.00	Dec 29, 2022	142.30
8.	PNGS Gargi Fashion Jewellery Limited	7.80	30.00	Dec 20, 2022	257.15
9.	Amiable Logistics (India) Limited	4.37	81.00	Nov 16, 2022	85.50
10.	DAPS Advertising Limited	5.10	30.00	Nov 14, 2022	37.00

As per the offer document Shreni Shares Limited have had 19 mandates in the last 3 fiscals. For Shreni Shares Limited out of the 10 mentioned above, 1 opened at discount and 9 opened at premiums i.e., premium ranging from 2.74% to 90.00%.

\*CMP for all the above-mentioned companies is taken as on 07<sup>th</sup> September 2023.



### Recommendation

The company have experienced exponential growth with respect to the various financial indicators as well as decent improvement in the balance sheet position in the last three Fiscals, i.e., company has seen an increase in its net worth. Whereas, the growth in profit margins has not been in specific(growing) trend.

The management outlook of the company is good, along with proper bifurcation of the roles and responsibilities of its top management.

The P/E on an annualised and Post IPO basis is around 22.91 times which seems to be fairly priced looking at the performance and size of the company.

The company has shown an exponential growth in revenue and net profit which will be difficult to sustain going forward. Whereas, the business segment in which company operates is not unique and also is highly competitive and has fragmented markets, hence **AVOID** applying for this company.



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