



IPO Details	
Opening Date	September 26, 2023
Closing Date	September 29, 2023
Stock Exchange	BSE SME
Lot Size	1000 Shares
Issue Price	₹145 per share
Issue Size	Aggregating up to 22.04 Cr.
Fresh Issue	Aggregating up to 19.14 Cr.
Offer for Sale	Aggregating up to 2.90 Cr.
Application Amount (@ upper band for retail Investors)	₹ 1,45,000

IPO Objective	
1.	Funding Working Capital requirements.
2.	General corporate purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	43,05,000	100.00%
Public	-	-

Promoter of the Company	
1.	Sangeeta Pandey
2.	Sanjay Kumar Pandey
3.	Satish Kumar Pandey
4.	Ragini Pandey

Competitive Strengths	
1.	Well Experienced Management Team.
2.	Production Quality & well-established Set up.
3.	Long Standing Relation with Customers.
4.	Strategic Location of Unit.

Company Background	
○	Sunita Tools Limited was incorporated in the year 1988 and has its registered office in Thane, Maharashtra.
○	The company manufactures Ground Plates, Mould Bases and Precision CNC Machining.
○	Company's products are a pre-requisite and act as food to the Manufacturing industries be it Automotive, Pharmaceutical, Electronics, Consumer Goods and most of the Manufacturing Sectors.
○	Company's products are mould base and machining parts which are industrial capital goods which undergoes stringent quality tests to meet industry standards before they are delivered to clients.
○	As on 31 st March 2023, the company had 38 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹62	₹82

Financial Summary (In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	1,351.82	1,422.65	2,537.72
Net Assets	-348.02	-267.02	320.69
Total Borrowings	1,334.63	1,249.15	1,656.91
Total Revenue	691.50	888.88	1,417.33
Profit After Tax	26.67	81.00	337.71

Tentative Timeline	
Opening Date	September 26, 2023
Closing Date	September 29, 2023
Basis of Allotment	October 05, 2023
Initiation of Refunds	October 06, 2023
Credit of Shares to Demat	October 09, 2023
Listing Date	October 10, 2023

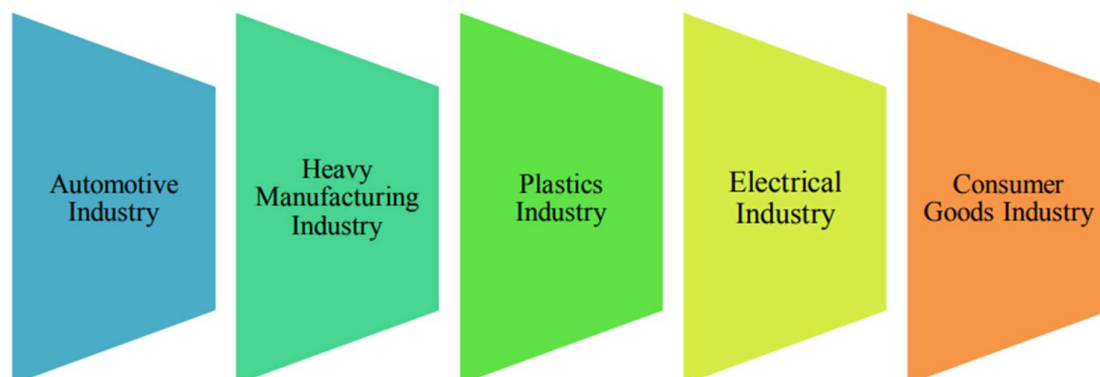
Company Background and Analysis

Being incorporated in the year 1988, Sunita Tools Limited has been in the Engineering and Mould base Industry for more than three decades providing one of its kind customized solutions to various industries with a vision to fulfil tomorrow's requirements today. Company manufactures Ground Plates, Mould Bases and Precision CNC Machining.

Company's products are a pre-requisite and act as food to the Manufacturing industries be it Automotive, Pharmaceutical, Electronics, Consumer Goods and most of the Manufacturing Sectors. These products are mould base and machining parts which are industrial capital goods which undergoes stringent quality tests to meet industry standards before they are delivered to clients.

Company has a manufacturing facility located in Vasai; Mumbai has many strategic advantages. The area in which it is located is a well-developed industrial area providing easy availability of resources, easy to & FRO logistics & transportation enhances efficiency of timely delivery as per convenience of its customers. Company's ability to produce customized quality products, compatible products, guidance throughout the design and manufacturing process, after sale technical support provides it a significant competitive advantage.

Company's products are used as Capital Assets as inputs in following industries:



Company's specialization and primary activity is to produce mould base products & machinery parts. Following are list of the products:

- Customized Mould Bases
- Plastic Mould Bases
- Injection Mould Bases
- Mould Bases For Caps & Closures
- Standard Mould Bases
- Die Casting Mould Bases
- Over mould Bases
- Precision Finish CNC Machining
- Pocket Machining
- Precision Component Machining
- Blow Mould Bases
- Compression Mould bases
- Insert Mould Bases
- Prototype Mould Bases

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. Investing in Human Resources and Building a Professional Organization.

To successful implementation of a business and growth strategies depends on company's employees' commitment to its vision. Therefore, to sustain future growth, company needs to continue to train and empower its employees.

2. Competitive pricing.

Price is an important aspect of a business marketing mix and changing the price can drastically affect the marketing tactics necessary for success. To remain aggressive and capitalize a good market share, company should be offering competitive prices to its customers. This will help to sustain the strong competition and withhold a strong position in the market.

3. Strong customer relationships.

Company should constantly try to address its client's requirements which will help company to maintain a long-term working relationship with its clients and improve retention strategy. This strategy would increase company's customer specific knowledge and develop closer relationships with these customers.

4. Quality Service.

Company intends to focus on adhering to the quality standards of the products. Quality of the product is very important for the company from both customer point of view and regulatory point of view. Continuous quality review of products and timely corrective measures in case of quality diversion are keys for maintaining quality standards of the products.



Competitive Scenario and Peer Mapping

Competition

The company faces competition from various domestic and other players in the market. Company's competitors in the regional level are also from the unorganized sector of the industry. The principal factors affecting competition in this business include client relationships, reputation, market focus and the relative quality, price of the products and any ancillary service provided. The barriers to entry in the industry is minimal. Whereas, the bargain power of the customers is relatively high.

Peer Analysis

As per the offer document, company do not have any listed peer.

Industry Overview

Exhibit 1: Global Injection Moulded Plastics Market.

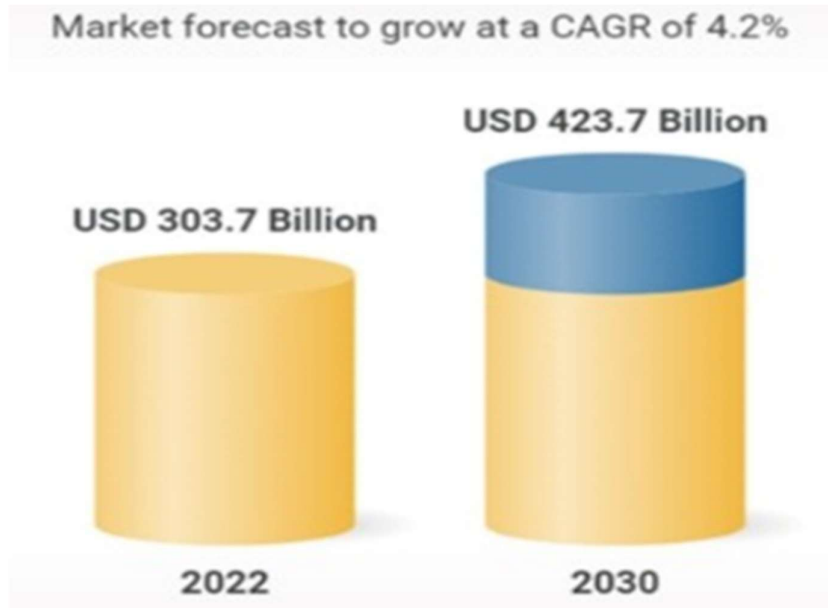
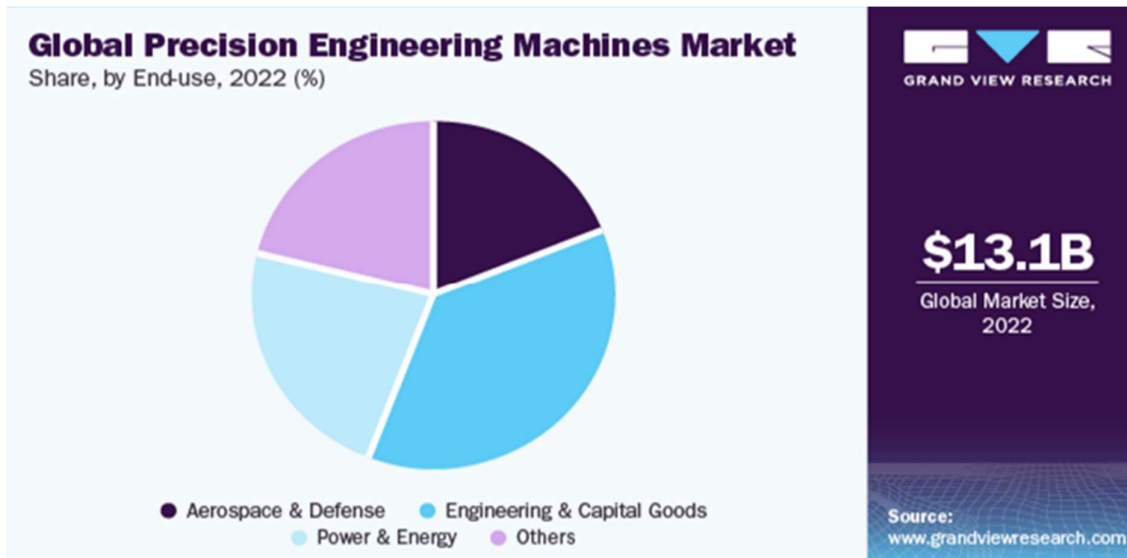


Exhibit 2: Global Precision Engineering Machines Market.



(Source: Prospectus)



Indian Engineering and Capital Goods Industry

India's Capital Goods manufacturing industry serves as a strong base for its engagement across sectors such as Engineering, Construction, Infrastructure and Consumer goods, amongst others. India's engineering sector has witnessed a remarkable growth over the last few years, driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of huge strategic importance to India's economy.

The development of the engineering sector of the economy is also significantly aided by the policies and initiatives of the Indian government. The engineering industry has been de-licensed and allows 100% foreign direct investment (FDI). Additionally, it has grown to be the biggest contributor to the nation's overall merchandise exports.

Injection Moulded Plastic Market

The global injection moulded plastics market size is anticipated to reach USD 423.7 billion by 2030, registering a CAGR of 4.2% in the forecast period. Growing demand from key applications including automotive, packaging, and construction, particularly in Brazil, Russia, India, China, and South Africa (BRICS) nations, is likely to drive the growth. The high-growth regions, such as Middle East and Asia Pacific, have witnessed a surge in capacity addition over the last few years. An increasing number of plastic injection moulding companies in China on account of low manufacturing costs and ample availability of skilled labour is anticipated to benefit the regional market.

Major foreign companies are increasing their production capabilities in the region owing to the growing demand for plastic products. Government support in the form of tax benefits and financial incentives in China and India to increase the FDI flow has helped develop the market for plastics in these countries. In packaging applications, High-density Polyethylene (HDPE) is extensively used in thin wall injection moulding. Growing demand for food, bin liners, and thing gauge bags is further anticipated to drive the segment growth over the forecast period. Rising penetration of injection-moulded HDPE in shipping containers, industrial pails, and houseware applications is anticipated to further drive its demand over the forecast period.

Precision Engineering Machines

The global precision engineering machines market size was valued at USD 13.07 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 6.8% from 2023 to 2030. The rising demand for advanced precision machining solutions and the emphasis on lowering downtime to boost production efficiency, boost accuracy, and optimize machining procedures are the main factors for the expansion of the market. By reducing machining time, advanced machining techniques help to reduce the cost of materials, setup, and custom machining. Because of this, manufacturing companies commonly employ precision engineering machinery in their manufacturing spaces.

(Source: Prospectus)



Key Managerial Personnel

Sanjay Kumar Pandey, aged 54 years, is one of the Promoters and currently designated as Chairperson and Whole-Time Director of the company. He does not have any specific qualification & does not hold any Bachelor / Master or any professional degree. He has more than 15 years of experience in the field of Moulds and Dies Industry. He is responsible for the manufacturing and overall working of the Company. He sets and evolves the strategic direction for the company and its portfolio of offerings, while nurturing a strong leadership team to drive its execution.

Satish Kumar Pandey, aged 51 years, is one of the Promoters and currently designated as Managing Director of the company. He has completed his Bachelor degree in Commerce from Mumbai University in the year 1993. He has more than three decades of experience in the field of Moulds and Dies Industry. He is also responsible for the implementing the marketing strategy of the company. He has been integral part of the company and responsible for formulating various strategies and providing guidance for its implementation in the Company.

Ragini Pandey, aged 51 years, is one of the Promoters and currently designated as Whole-time Director of the company. She has obtained her Bachelor's degree in Commerce from Delhi University in the year 1994. She has more than three decades of experience in the field of Moulds and Dies Industry. She is responsible for the day-to-day operations and Business Development of the Company.

Uma Pandey, aged 53 years, is designated as Non-Executive Director of the company. She has completed Bachelor in Arts from Ajmer University in the year 1990. She is an integral part of decision-making process of the Company. She has an overall experience of more than two decade in the field of Human resources and admin work.

Nikhil Malpani, aged 32 years, is the Independent Director of the Company. He is a Qualified Chartered Accountant and is a member of the Institute of Chartered Accountants of India. He is currently running a practicing Chartered Accountant Firm named M/s. N Malpani & Co and has an experience of more 2 years in the fields of Statutory Bank Audits, Business Valuations and Taxation.

Diksha Maheshwari, aged 30 years, is the Independent Director of the Company. She has completed Bachelor's and Master degree in Commerce from Jai Narain Vyas University, Jodhpur in the year 2013 and 2015 respectively. Further, she has been a member of Institute of Company secretaries of India since 2017. She was previously associated with Uma Polymers Limited and Ganesh Housing Corporation Limited. She is currently the Company Secretary of Emblem Holdings Private Limited. She has an experience of over 5 Years in the field of compliance and secretarial.

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

Profit and Loss Statement			
	(In Lacs.)		
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	666.36	873.47	1,384.44
Other Income	25.14	15.41	32.89
Total Income	691.50	888.88	1,417.33
Expenses			
Cost of materials consumed	203.44	323.55	877.71
Changes in inventories	-15.66	31.85	-442.83
Employee benefits expense	149.19	169.04	202.34
Finance costs	135.89	115.11	155.02
Depreciation and Amortization expense	37.10	41.42	51.11
Other expenses	154.21	127.38	237.27
Total Expenses	664.17	808.35	1,080.62
Earnings Before Interest, Taxes, Depreciation & Amortization	175.18	221.65	509.95
EBITDA Margin	26%	25%	37%
Profit/(Loss) before exceptional items and tax	27.33	80.53	336.71
Less: Exceptional Items	-	-	-
Profit/(Loss) before tax	27.33	80.53	336.71
<u>Tax Expense</u>			
Earlier Year	-	-	-2.98
Deferred tax	0.66	-0.47	1.98
Total Tax Expense	0.66	-0.47	-1.00
Profit/(Loss) for the year	26.67	81.00	337.71
Net Profit Margin	4%	9%	24%

Balance Sheet			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	180.50	180.50	430.50
(b) Reserves and surplus	-528.52	-447.52	-109.81
Total Equity	-348.02	-267.02	320.69
2. Non-current liabilities			
(a) Long-term borrowings	610.36	577.74	973.08
(b) Deferred Tax liability	-	-	0.83
Total Non-current liabilities	610.36	577.74	973.91
3. Current liabilities			
(a) Short-term borrowings	724.27	671.41	683.83
(b) Trade payables			
(i) Due to MSME	184.54	148.74	240.21
(ii) Due to Others	118.82	208.48	214.81
(c) Other current liabilities	61.85	83.30	104.27
(d) Short-term provisions	-	-	-
Total Current liabilities	1,089.48	1,111.93	1,243.12
Total Liabilities	1,699.84	1,689.67	2,217.03
Total Equity and Liabilities	1,351.82	1,422.65	2,537.72
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment's	213.22	224.38	418.21



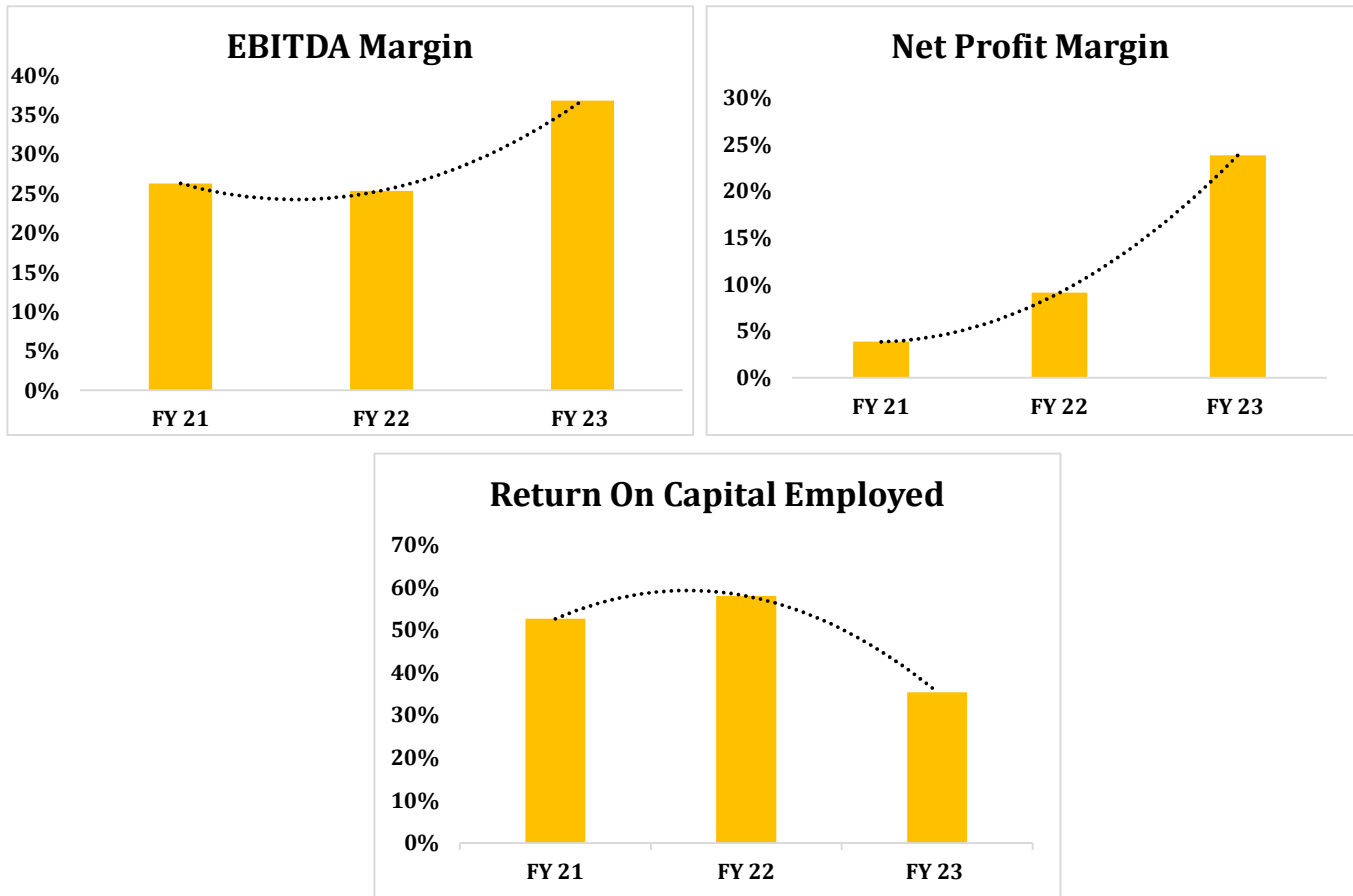
Balance Sheet				(In Lacs)
(b) Deferred tax assets (net)	0.69	1.16	-	
(c) Long-term loans and advances	144.49	144.49	144.49	
(d) Other Non-Current Assets	-	-	3.80	
Total Non-Current assets	358.40	370.03	566.50	
2. Current assets				
(a) Trade receivables	246.91	278.90	618.65	
(b) Cash and cash equivalents	49.77	60.82	55.64	
(c) Inventories	672.88	701.05	923.21	
(d) Short-term loans and advances	21.78	10.00	334.42	
(e) Other Current Assets	2.09	1.86	39.30	
Total Current assets	993.43	1,052.63	1,971.22	
Total Assets	1,351.83	1,422.66	2,537.72	

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
Net Cash Flow from Operating Activities	321.91	262.00	-274.21	
Net Cash Flow from Investing Activities	-31.54	-50.37	-233.70	
Net Cash Flow from Financing Activities	-294.62	-200.58	502.73	

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.68	2.06	8.59
BV per share	-6.19	-4.75	5.70
Operating Ratios			
EBITDA Margins	26%	25%	37%
PAT Margins	4%	9%	24%
Inventory days	368.57	292.95	243.40
Debtor days	135.25	116.54	163.10
Creditor days	300.23	339.92	252.78
Return Ratios			
RoCE	53%	58%	35%
RoE	-	-	105%
Valuation Ratios (x)			
EV/EBITDA	5.35	4.16	3.77
Market Cap / Sales	12.24	9.34	5.89
P/E	213.24	70.39	16.88
Price to Book Value	-	-	25.43
Solvency Ratios			
Debt / Equity	-3.83	-4.68	5.17
Current Ratio	0.91	0.95	1.59
Quick Ratio	0.91	0.95	1.59
Asset Turnover	0.49	0.61	0.55
Interest Coverage Ratio	1.02	1.57	2.96



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. 3.44 Lacs, which if determined against the company, can affect financial conditions of the company.
2. Company has had negative cash flow from operating activity in the fiscal year 2023.
3. Company is dependent on few customers i.e., top ten of its customers contributes 87.39% of company's revenue. Loss of one or more its customers will adversely affect company's revenue growth.



Track Record of Lead Manager

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

Aryaman Financial Services Limited –

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	HMA Agro Industries Limited	480.00	585.00	Jul 04, 2023	765.15
2.	CFF Fluid Control Limited	85.80	165.00	Jun 12, 2023	403.25
3.	Command Polymers Limited	7.08	28.00	Mar 29, 2023	25.40
4.	Rex Sealing and Packing Industries Limited	8.08	135.00	Jan 12, 2023	100.00
5.	Abans Holding Limited	345.60	270.00	Dec 23, 2022	325.50
6.	EP Biocomposites Limited	6.35	126.00	Sep 13, 2022	222.00
7.	Rhetan TMT Limited	56.00	70.00	Sep 05, 2022	9.30
8.	Modi'sNavnirman Limited	22.68	180.00	Jul 06, 2022	170.50
9.	SP Refractories Limited	4.92	90.00	Mar 22, 2022	328.00
10.	Fabino Life Sciences Limited	3.24	36.00	Jan 13, 2022	100.00

As per the offer document, Aryaman Financial Services Limited has had 15 mandates in the last three fiscal years. For Aryaman Financial Services Limited out of the 10 mentioned above, 1 has opened at discount, 2 at par and rest all have opened at premiums on the listing day.

*CMP for all the above-mentioned companies is taken as on 22nd September 2023.



Recommendation

The company has experienced good 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, company has seen an extra-ordinary growth in profit and its margins.

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

The P/E on an annualised and Post IPO basis is around 24.15 times which seems to be slightly highly priced looking at the performance and size of the company.

The Company has shown a good growth in its revenue and profits, but company has shown exponential growth in profit and its margins, which will be difficult to sustain going forward. Also, the company operates in a highly competitive and fragmented segment. At the given P/E it is recommended to **Avoid** applying for this IPO.



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