

IPO Details	
Opening Date	Oct 26, 2023
Closing Date	Oct 30, 2023
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price	₹ 95 to ₹ 100 per share
Issue Size	Aggregating up to 51.66 Cr.
Fresh Issue	Aggregating up to 51.66 Cr.
Offer for Sale	-
Application Amount	₹ 1,20,000

IPO Objective	
Funding capital expenditure for civil construction and installation of additional plant and machinery.	
Repayment in full or in part of outstanding borrowings.	
To meet working capital requirements and general corporate purposes.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,44,00,000	100.00%
Public	-	-

Promoter of the Company	
1	Dr. Pravinchandra Jasmat Vasolia
2	Kishorkumar Panchabhai Patolia
3	Vallabh Ratanji Savaliya
4	Rutesh Vallabhbhai Savalia
5	Shivam Kishorbhai Patolia

Competitive Strengths	
1	Wide range of products with the ability to customize.
2	Focus on R&D to leverage complex chemistry and technology.
3	In-house manufacturing facility with equipped technologies and processes.
4	Focus on Quality, Environment, Health and Safety
5	Experienced Promoters and Management.

Company Background	
○	Paragon Fine and Speciality Chemicals Limited was originally formed as a partnership firm in the year 2003 and has its registered office in Gujarat.
○	The Company is engaged in the business of custom synthesis and manufacturing of speciality chemical intermediates involving complex and differentiated chemistry.
○	The company has over the years evolved into custom synthesis and, manufacturing of Pharma Intermediates, AGRO Intermediates, Cosmetics Intermediates, Pigment Intermediates, Dye Intermediates, etc, for a diverse base of Indian and Global customers.
○	As of 30 th June 2023, the Company had 56 full-time employees, and 5 workers on a contractual basis on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 144	₹ 196

Financial Summary (In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	4,983.25	5,750.52	7,097.85
Net Assets	795.29	1,244.31	2,233.52
Total Borrowings	2,193.00	2,068.16	2,521.03
Total Revenue	8,436.94	8,457.92	10,501.19
Profit After Tax	439.76	449.02	989.20

Tentative Timeline	
Opening Date	Oct 26, 2023
Closing Date	Oct 30, 2023
Basis of Allotment	Nov 02, 2023
Initiation of Refunds	Nov 03, 2023
Credit of Shares to Demat	Nov 06, 2023
Listing Date	Nov 07, 2023

Company Background and Analysis

The Company was originally formed as a partnership firm dated February 02, 2003. The company is engaged in the business of custom synthesis and manufacturing of speciality chemical intermediates involving complex and differentiated chemistry. The company commenced its business as a partnership firm and has over the years evolved into custom synthesis and, manufacturing of Pharma Intermediates, AGRO Intermediates, Cosmetics Intermediates, Pigment Intermediates, and Dye Intermediates, etc, for a diverse base of Indian and Global customers. The company's work with an approach towards chemistry combined with technology and systems that would lead to sustained product development. The company's diverse range of products finds applications across various industries, including pharma, agrochemicals, cosmetics, pigments, and dyes.

The company's manufacturing facility situated at Viramgam District, Ahmedabad, Gujarat is spread across approximately 7,000 square meters and is equipped with reactors enabling them to manufacture a diverse range of products. The company also have a pilot plant with two glass line assembly and three reactors installed, for batch reaction technology.

The company is a One Star Export House exporting in countries like the USA, Israel, Spain, United Kingdom, China, Switzerland, Taiwan, Thailand, Mexico, Japan, Russia, France, Indonesia, Latvia, Germany, etc. As of March 31, 2023, the product portfolio comprised around 140 products. Details of the major products of the company are given below –

1. **DICHLONE** – It belongs to the Dye Intermediates industry. It has applications in the textile industry. It can be used as a colour-bleeding inhibitor or as an agent to enhance the colour fastness of textile dyes.
2. **CHLORANIL** – It belongs to the Dye Intermediates industry. It has applications in specific dyeing processes or industries where it's unique colour properties or stability characteristics are advantageous.
3. **3,4 - Dimethoxy Aniline** – It belongs to the Dye Intermediates industry. It can be utilized in the synthesis of dyes and pigments for coloring textiles, plastics, and other materials.
4. **2-AM-5-METHOXY BENZENE-1,4-DISulfonic acid Disodium SALT** – It belongs to the Pharma Intermediates industry. It has been extensively studied for its potential applications in various scientific fields.
5. **5-Nitro-2-Amino Phenol** – It belongs to the Dye Intermediates. It can be used in the synthesis of dyes and pigments, particularly in the production of azo dyes.
6. **1-ACETAMIDO-7-NAPHTHOL** – It belongs to the Dye Intermediates. It is used in the synthesis of dyes and pigments, particularly in the production of azo dyes.

The share of revenue through the application of speciality chemical intermediates across various industry segments for the FY ended 2021, 2022, 2023, and as of June 30, 2023, are as follows –

(Amount in Lakhs)

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	As on June 30, 2023
Agro	360.95	1,478.56	915.64	528.53
Cosmetics	575.32	590.15	630.07	103.80
Dyes	6,565.87	5,187.98	7,044.37	958.81
Pharma	4.84	6.31	6.66	254.91
Pigment	27.32	-	108.39	-
Others	791.25	1,019.94	1,521.49	1,032.81

Geographical sales for the FY ended 2021, 2022, 2023, and as of June 30, 2023, are as follows –

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023		As on August 31, 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenue from								
India	3,111.73	37.38	3,812.20	46.02	6,762.60	66.13	1,847.39	64.17
Outside India								
Asia	4,874.50	58.55	3,404.55	41.10	2,776.49	27.15	956.37	33.22
Europe	218.97	2.63	408.51	4.93	319.68	3.13	75.1	2.61
North America	120.35	1.45	657.68	7.94	367.85	3.60	-	-
Total	8,325.55	100.00	8,282.94	100.00	10,226.62	100.00	2,878.86	100.00

To conclude, the company was incorporated in the year 2003. The company is engaged in the business of custom synthesis and manufacturing of speciality chemical intermediates involving complex and differentiated chemistry. The company has seen an increase in the revenue generated from India whereas it has seen a contrary in the revenue generated from Outside India (Asia). The revenue generated from Europe and North America has gradually decreased over the years. The company is raising total gross proceeds of Rs. 5,166 lakhs out of which Rs. 100.06 lakhs are to be utilized for civil construction work in the existing premises of factory, Rs. 1290 lakhs to be utilized for repayment of certain outstanding borrowings, and Rs. 787.42 lakhs for installation of additional plant and machinery for expansion and Rs. 1,300 lakhs for meeting working capital requirements.

Business Strategies

- 1. Continue to focus on manufacturing by expanding its product portfolio and processes** – The company intends to continue to focus on its ability to customize the products according to the specific requirements of the customers and broaden the portfolio through innovation, focus on sustainable solutions, undertake new chemistries, and perform multi-step synthesis of niche products. The company intends to enhance its capabilities and hence grow value chains to manufacture products like – Food Grade Folic Acid and HALQUINOL.
- 2. Capitalize on the upward trend of the chemical industry and government policy initiatives in the sector** – The company intends to capitalize on the unutilized capacity at its manufacturing facilities to further increase production of the current portfolio and take advantage of the experience of the sales and marketing team to increase the visibility in the domestic and international market.
- 3. Continue to reduce operating costs and improve operational efficiencies** – The company intends to focus on keeping its operating costs low, which the company believes is critical for remaining profitable. The company intends to continue enhancing its operational efficiencies, to increase economies of scale, better absorb the fixed costs, reduce the other operating costs, and strengthen its competitive position.
- 4. Continue to strengthen the presence in India and expand the sales and distribution network in international markets** – The company intends to continue to leverage its existing sales and marketing network and diversified product portfolio. The company is expanding globally to serve its existing direct end-use customers as well as to secure new direct end-use customers and expand the reach of the products in new markets.

Competitive Scenario and Peer Mapping

Competition

The company faces significant competition in this Industry. The company faces competition from various large and small manufacturers that develop similar products as the company does. The barrier to entry in such a sector is moderate. The bargaining power with the suppliers is high and the bargaining power with the customers is low in the sector in which the company operates.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

Particulars	Paragon Fine and Speciality Chemicals Limited	Aether Industries Limited	Anupam Rasayan India Limited	Bodal Chemicals Limited	Deepak Nitrite Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	9.67%	19.97%	13.55%	2.41%	10.69%
EBITDA Margin	12.55%	28.57%	26.90%	8.45%	16.21%
Return on Capital Employed	32.25%	12.67%	12.13%	5.34%	25.97%
Return on Equity	44.29%	10.44%	9.18%	3.53%	20.83%
EPS (INR)	6.87	10.47	16.84	3.03	62.47

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

Particulars	Paragon Fine and Speciality Chemicals Limited	Aether Industries Limited	Anupam Rasayan India Limited	Bodal Chemicals Limited	Deepak Nitrite Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	5.42%	18.47%	14.15%	4.82%	15.69%
EBITDA Margin	7.09%	28.47%	28.40%	10.71%	23.63%
Return on Capital Employed	19.52%	28.98%	10.67%	13.22%	38.77%
Return on Equity	36.09%	28.17%	8.80%	9.41%	31.97%
EPS (INR)	3.12	9.67	15.18	8.51	78.20

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

Particulars	Paragon Fine and Speciality Chemicals Limited	Aether Industries Limited	Anupam Rasayan India Limited	Bodal Chemicals Limited	Deepak Nitrite Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	5.28%	15.78%	8.63%	3.26%	17.80%
EBITDA Margin	7.47%	24.89%	23.92%	7.10%	28.72%
Return on Capital Employed	28.17%	34.59%	7.56%	5.00%	36.46%
Return on Equity	55.30%	40.80%	4.45%	4.08%	33.08%
EPS (INR)	3.05	70.43	7.04	3.43	56.88

Based on the above analysis, the company has performed better when compared to its peer company Bodal Chemicals Limited for three fiscal years as per the profitability margins, RoCE, and EPS. The EPS for the financial years 2021 and 2022 was low when compared to the peer company Bodal Chemicals Limited. When compared to the remaining peer companies the Paragon Fine and Speciality Chemicals Limited company has not performed better. When compared as per the profitability margins the company has performed very low for the FY 2023. The RoCE and ROE of the company are higher when compared with the remaining peer companies for FY 2023. EPS was low for the FY 2023 compared to its peer companies.

Industry Overview

Exhibit 1: Market Size of Indian Chemical Sector (US\$ billion)

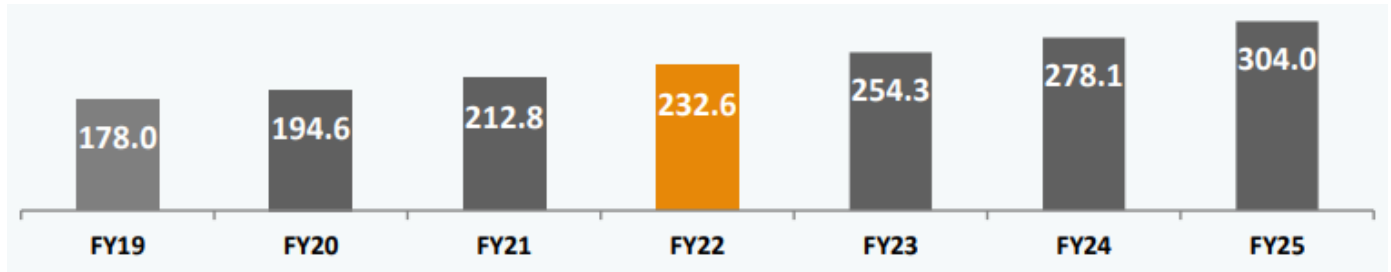


Exhibit 2: Production of Chemicals ('000MT)

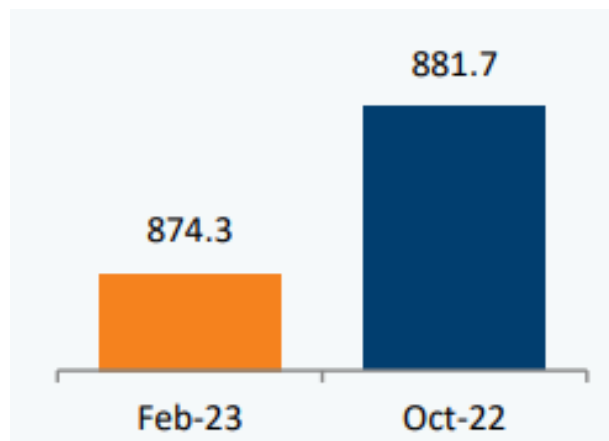
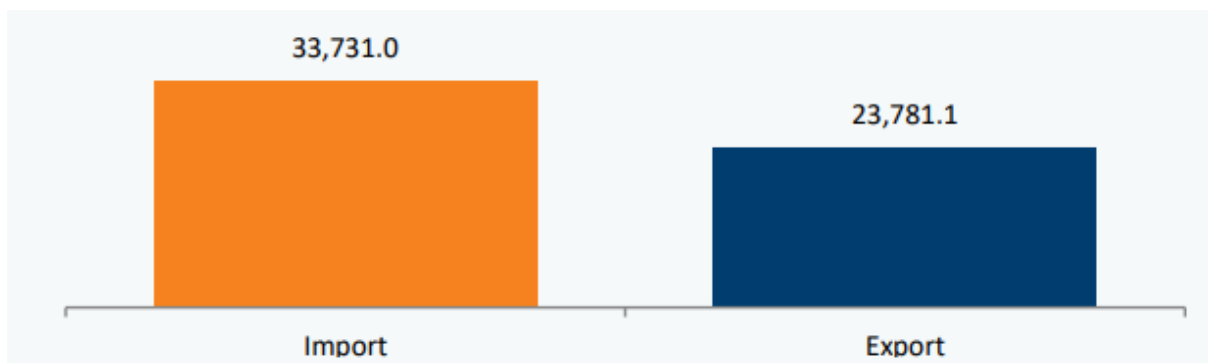


Exhibit 3: Imports and Exports of Chemicals (US\$ million) – FY22



(Source: ibef.org)

Speciality Chemical and Intermediaries Industry Overview -

India's chemicals industry is de-licensed, except for a few hazardous chemicals. In the Indian chemical industry, alkali chemicals have the largest share with ~71.9% of the total production from April to July 2021 (FY22); production of polymers accounts for ~59% of the total production of basic key petrochemicals in 2019. The chemical industry is expected to contribute US\$ 300 billion to India's GDP by 2025.

The chemicals industry in India covers more than 80,000 commercial products with an overall market size standing at US\$ 178 billion in 2018-19. The industry is expected to grow at 9.3% to reach US\$ 304 billion by 2025 on the back of rising demands in the end-user segments for specialty chemicals and petrochemicals. The specialty chemicals sector is expected to reach US\$ 40 billion by 2025. Indian manufacturers have recorded a CAGR of 11% in revenue between FY15 and FY21, increasing India's share in the global specialty chemicals market to 4% from 3%, according to the Crisil report. A revival in domestic demand and robust exports will spur a 50% YoY increase in the capex of specialty chemicals manufacturers in FY22 to Rs. 6,000 - 6,200 crore (US\$ 815-842 million). Revenue growth is likely to be 19-20% YoY in FY22, up from 9-10% in FY21, driven by the recovery in domestic demand and higher realizations owing to rising crude oil prices and better exports. In FY22, India's dye exports totalled US\$ 3.24 billion.

Chemical production reached 907,639 MT in August 2022, while petrochemical production reached 1,727,019 MT. In August 2022, production levels of various chemicals were as follows: Soda Ash: 267,416 MT, Caustic Soda: 283,279 MT, Liquid Chlorine: 203,195 MT, Formaldehyde: 26,842 MT, and Pesticides and Insecticides: 18,881 MT. A 2034 vision for the chemicals and petrochemicals sector has been set up by the government to explore opportunities to improve domestic production, reduce imports, and attract investments in the sector. The government plans to implement a production-link incentive system with 10-20% output incentives for the agrochemical sector; to create an end-to-end manufacturing ecosystem through the growth of clusters.

Chemical Markets in India -

Chemicals industry in India covers >80,000 commercial products. India accounts for 2.5% of the world's global chemical sales, exporting to more than 175 countries. India is the 6th largest producer of chemicals in the world and 3rd in Asia, contributing 7% to India's GDP. The industry is expected to reach US\$ 304 billion by 2025 at a CAGR of 9.3%, driven by rising demand in the end-user segments for specialty chemicals and petrochemicals segment. From April-March 2023 (provisional), India's dye exports totalled US\$ 23.78 billion. Specialty chemical companies are seeking import substitutions while exploring export opportunities to accelerate their business.

The Indian dyes and pigments market is projected to reach US\$ 63 billion by 2022, accounting for about 16-18% of the global dye production. The petrochemical demand is expected to record a 7.5% CAGR between 2019 and 2023, with the demand for polymers growing at 8%. India is the third largest polymer consumer in the world and is expected to consume 60 million tonnes by 2040. Chemicals and Chemical Products gross bank credit grew by 15.6% in May 2022. The agrochemicals market in India is expected to register an 8.6% CAGR to reach US\$ 7.4 billion between 2021 and 2026. Specialty chemicals account for 20% of the global chemicals industry's US\$ 4 trillion, with India's market expected to increase at a CAGR of 12% to US\$ 64 billion by 2025. This gain would be driven by a healthy demand growth (CAGR of 10-20%) in the export/end-user industries.

(Source: prospectus)

Key Managerial Personnel

Dr. Pravinchandra Jasmat Vasolia, aged 57, is one of the Promoters and Managing Director of the company. He has been on the Board of Directors since incorporation. He has completed Ph. D in law, LLM, and B.com. He has an overall experience of around 32 years in the chemical industry and in the field of finance and law. He looks after the legal and financial activities of the company.

Kishorkumar Panchabhai Patolia, aged 54, is one of the Promoters, and Whole-Time Director of the company. He has been associated with the company since incorporation. He has completed a Master of Science in Pathology and Microbiology. He has an experience of around 30 years and has gained technical expertise in the fields of chemistry and pathology, marketing, and management. Currently, he looks after the marketing activities of the company.

Vallabh Ratanji Savaliya, aged 60, is one of the Promoters, and Whole Time Director of the company. He has been on the Board of Directors since incorporation. He has completed a B.E. in Chemical Engineering. He has work experience of around 35 years in the chemical industry. He looks after the production, planning, and procurement activities of the company.

Rutesh Vallabhbhai Savalia, aged 32, is one of the Promoters, and Whole Time Director of the company. He has completed a Master of Science in chemistry, and a Post Graduate Diploma in marketing. He is pursuing a Ph.D. in Organic Chemistry. He has work experience of around 5 years in the field of marketing and research and development in chemistry. He looks after Business Development and R&D activities of the company.

Shivam Kishorbhai Patolia, aged 24, is one of the Promoters, and Whole Time Director of the company. He holds the degree Master of Science. He has an experience of around 1 year in engineering. He looks after the manufacturing activities of the company.

Dr. Soumitra Sachipati Bannerjee, aged 62, is a non-executive of the company. He has completed a Ph. D and holds an MBA degree. He has an experience of 30 years in the field of Life sciences, specialty chemicals, and Medical Devices.

Jasmin Jasmatbhai Patel, aged 44, is the Independent Director of the company. He has been a member of The Institute of Chartered Accountants of India since 2005. He has an experience of around 17 years in management consultancy and business development.

Insiya Qaidjohar Nalawala, aged 27, is the Independent Director of the company. She has been a member of The Institute of Company Secretaries of India since 2019 and holds a certificate of practice from the year 2020. She has experience of 3 years in providing consultation in the field of secretarial compliance.

Kishankumar Dhirajlal Tilva, aged 30, is the Independent Director of the company. He has been a member of The Institute of Chartered Accountants of India since 2019. He has an experience of 4 years in the field of finance and accounts.

To conclude, the company has 5 promoters, they have vast experience and knowledge in the fields in which the company operates and in the fields which help in the growth of the company. The Directors of the company have good knowledge and experience in the fields which is directly linked to the main operation of the business and also in the fields which help in the overall growth of the business.

Financial Snapshot

Profit and Loss Statements				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	8,325.55	8,282.94	10,226.62	2,878.86
Other Income	111.39	174.98	274.57	21.57
Total Income	8,436.94	8,457.92	10,501.19	2,900.43
Expenses				
Cost of Material Consumed	5,759.18	6,211.95	7,447.96	1,883.64
Changes in Inventories	1.75	(653.94)	(222.93)	142.02
Employee benefits expense	644.44	653.47	514.76	105.95
Finance costs	70.42	75.14	118.22	38.96
Depreciation and Amortization expense	60.36	69.99	82.79	21.56
Other expenses	1,298.20	1,484.23	1,203.87	221.32
Total Expenses	7,834.35	7,840.84	9,144.67	2,413.45
Earnings Before Interest, Taxes, Depreciation & Amortization	621.98	587.23	1,282.96	525.93
EBITDA Margin	7.47%	7.09%	12.55%	18.27%
Profit/(Loss) before tax	602.59	617.08	1,356.52	486.98
Tax Expense				
Tax Expenses for the current year	160.13	157.74	360.95	121.09
Short/(Excess) Provision of Earlier Year	-	-	(0.28)	2.26
Deferred Tax	2.70	10.32	6.65	1.48
Total Tax Expense	162.83	168.06	367.32	124.83
Profit/(Loss) for the year	439.76	449.02	989.20	362.15
Net Profit Margin	5.21%	5.31%	9.42%	12.49%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
EQUITY AND LIABILITIES				
Equity				
Share Capital	10.00	10.00	360.00	360.00
Reserves and Surplus	785.29	1,234.31	1,873.52	2,235.67
Total Equity	795.29	1,244.31	2,233.52	2,595.67
Liabilities				
Non-current liabilities				
Long Term Borrowings	1,177.72	1,368.34	1,442.12	1,570.43
Deferred Tax Liabilities (Net)	10.58	20.90	27.54	29.02
Long Term Liabilities	10.21	15.95	18.37	13.61
Total Non-current liabilities	1,198.51	1,405.19	1,488.03	1,613.06
Current liabilities				
Short Term Borrowings	1,015.28	699.82	1,078.91	1,139.24
Trade Payables				
i) Due to micro and small enterprises	541.00	593.17	114.68	-
ii) Due to other than micro and small enterprises	933.28	1,469.55	1,599.83	1,434.22
Other Current Liabilities	404.86	329.05	311.81	301.46
Short-term provisions	95.05	9.43	271.06	328.54
Total Current liabilities	2,989.47	3,101.02	3,376.29	3,203.46
Total Liabilities	4,187.98	4,506.21	4,864.32	4,816.52
Total Equity and Liabilities	4,983.27	5,750.52	7,097.84	7,412.19
ASSETS				
Non-Current Assets				
Tangible Assets	654.81	958.50	937.78	999.96
Non-Current Investments	0.05	0.05	0.05	0.05
Other Non-Current Assets	30.29	51.41	51.70	55.70
Total Non-Current assets	685.15	1,009.96	989.53	1,055.71
Current Assets				



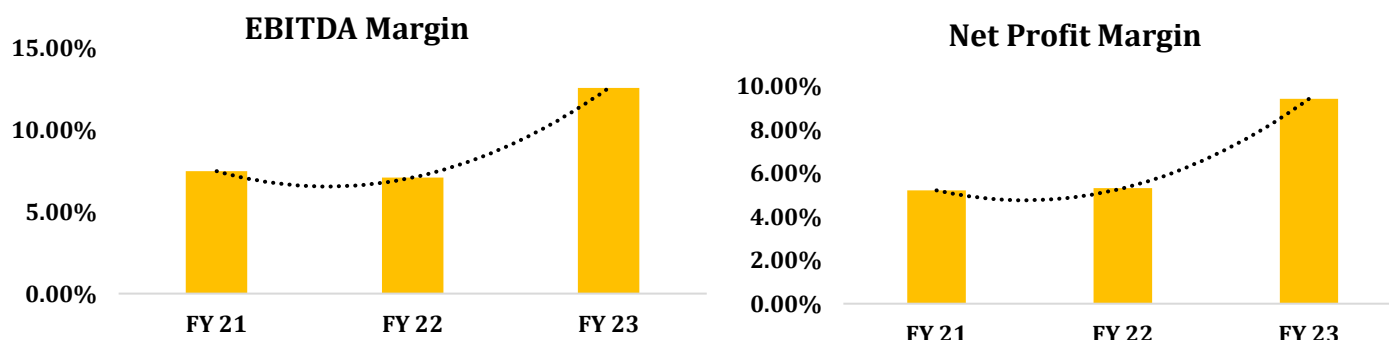
Balance Sheet				(In Lacs)
Inventories	140.47	1,266.36	2,225.56	2,707.55
Trade Receivables	2,953.99	2,156.71	2,710.98	2,341.29
Cash and Cash Balances	132.36	60.42	128.92	457.77
Short-term loans and advances	36.66	110.03	10.47	88.03
Other Current Assets	1,034.62	1,147.04	1,032.39	761.84
Total Current assets	4,298.10	4,740.56	6,108.32	6,356.48
Total Assets	4,983.25	5,750.52	7,097.85	7,412.19

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
Net Cash Flow from Operating Activities	(917.55)	524.00	(207.35)	266.28
Net Cash Flow from Investing Activities	(58.67)	(371.67)	(58.80)	(87.11)
Net Cash Flow from Financing Activities	874.75	(224.28)	334.65	149.68

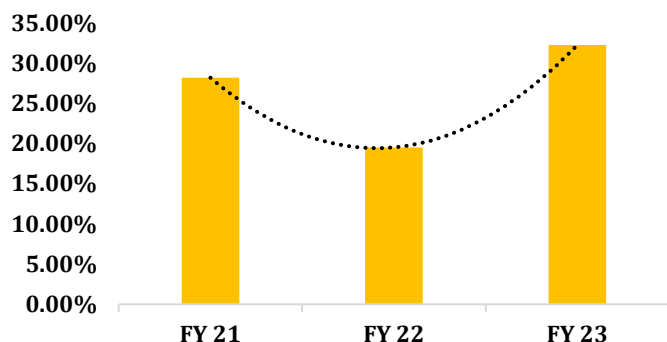
Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23
Per Share Data				
Diluted EPS	3.05	3.12	6.87	6.82
BV per share	4.06	6.36	11.42	44.64
Operating Ratios (%)				
EBITDA Margins	7%	7%	13%	18%
PAT Margins	5%	5%	9%	12%
Inventory days	6.16	55.80	79.43	85.58
Debtor days	129.51	95.04	96.76	74.01
Creditor days	94.10	112.64	76.46	52.05
Return Ratios (%)				
RoCE	28.17%	19.52%	32.25%	12.71%
RoE	55.30%	36.09%	44.29%	15.28%
Valuation Ratios (x)				
EV/EBITDA	4.59	5.54	3.61	4.77
Market Cap / Sales	2.35	2.36	1.91	6.80
P/E	32.79	32.05	14.56	14.66
Price to Book Value	24.60	15.72	8.76	2.24
Solvency Ratios				
Debt / Equity	2.76	1.66	1.13	0.20
Current Ratio	1.44	1.53	1.81	1.98
Quick Ratio	1.39	1.12	1.15	1.14
Asset Turnover	1.67	1.44	1.44	0.39
Interest Coverage Ratio	7.98	6.88	10.15	12.95

*Ratio sheet for Jun-23 is annualized.

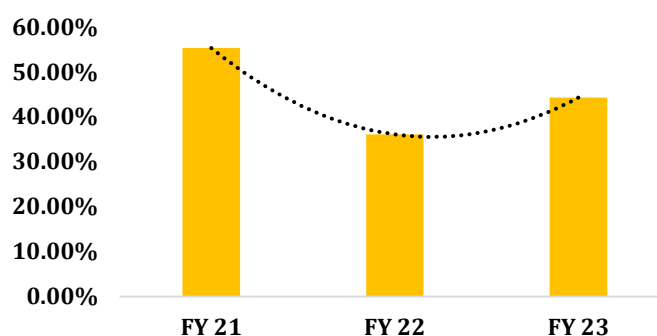
Financial Charts



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The company's top 10 customers contributed to approximately 80.76%, 79.67%, 70.23%, and 67.61% for the year ended 2021, 2022, 2023, and the period ended June 2023 respectively. If one or more of such customers choose not to source their requirements from the company, the business, financial position, and results of operations may be adversely affected.
2. The company is involved in one legal proceeding of direct tax cases amount bring unascertainable. Any adverse decision could impact the future, business, and financial position of the company.

Track Record of Lead Manager

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

Hem Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Arabian Petroleum Limited	20.24	70.00	October 09, 2023	81.8
2.	E Factor Experiences Limited	25.92	75.00	October 09, 2023	158.00
3.	Saakshi Medtech and Panels Limited	45.16	97.00	October 03, 2023	266.00
4.	Madhusudan Masala Limited	23.80	70.00	September 26, 2023	127.00
5.	Kahan Packaging Limited	5.76	80.00	September 15, 2023	112.00
6.	Asarfi Hospital Limited	26.94	52.00	July 26, 2023	109.00
7.	Kaka Industries Limited	21.23	58.00	July 19, 2023	179.00
8.	Greenchef Appliances Limited	53.62	87.00	July 06, 2023	113.00
9.	Hemant Surgical Industries Limited	24.84	90.00	June 05, 2023	197.00
10.	Vasa Denticity Limited	54.07	128.00	June 02, 2023	487.00

*CMP for the above-mentioned companies is taken as of 20th October 2023.

As per the offer document, Hem Securities Limited has had 32 mandates in the last three years (including the current year). For Hem Securities Limited, All the mandates have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2003 and has vast experience in the industry. The company has seen a sudden surge in the top line and bottom line of its financials for FY 2023 which may or may not sustain going forward.

The PE on an annualized and post-IPO basis is 19.78 times which is fairly priced by looking at the performance of the company. The Sector P.E is 29.9 times.

The company operates in a competitive segment. The management outlook of the company is good. The company has seen a negative operating cash flow for FY 2023. The overall financial outlook of the company is decent. The company is utilizing a certain portion of its net proceeds for repayment of borrowings. The company has plans for expansion geographically and as well as product portfolio which can yield good growth in the future. Thus, we recommend **APPLY** for this IPO keeping in mind that it is for long-term investment.

Disclaimer

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