

IPO Details		Company Background																																		
Opening Date	Dec 27, 2023	<ul style="list-style-type: none"> Manoj Ceramic Limited was originally incorporated in the year 2006 and has its registered office in Mumbai, Maharashtra, India. The company is in the business of trading ceramic tiles and Tiles Adhesive under their own brand "MCPL" through a dealer network, Retail showroom, wholesale as BTB and export. The company specialise in two products: Ceramic Tiles and Tile Adhesive. The company offers a captivating design, colours, and sizes, for transforming any space into a work of art. As of 15th December 2023, the Company had 115 employees on its payroll. 																																		
Closing Date	Dec 29, 2023																																			
Stock Exchange	BSE SME																																			
Lot Size	2,000 Shares																																			
Issue Price	₹ 62 per share																																			
Issue Size	Aggregating up to 14.47 Cr.																																			
Fresh Issue	Aggregating up to 14.47 Cr.	<table border="1"> <thead> <tr> <th colspan="2">Market Capitalization</th> <th colspan="4">(In Cr.)</th> </tr> <tr> <th colspan="2"></th> <th>Pre-Issue</th> <th colspan="3">Post-Issue</th> </tr> </thead> <tbody> <tr> <td colspan="2"></td> <td>₹ 37</td> <td colspan="3">₹ 52</td> </tr> </tbody> </table>					Market Capitalization		(In Cr.)						Pre-Issue	Post-Issue					₹ 37	₹ 52														
Market Capitalization							(In Cr.)																													
							Pre-Issue	Post-Issue																												
		₹ 37	₹ 52																																	
Offer for Sale	-																																			
Application Amount	₹ 1,24,000																																			
IPO Objective		Financial Summary (In Lacs)																																		
To meet Working Capital Requirements.		<table border="1"> <thead> <tr> <th rowspan="2">For the Period Ended</th> <th>Mar-21</th> <th>Mar-22</th> <th>Mar-23</th> <th>Sep-23</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>6,074.55</td> <td>5,866.52</td> <td>7,787.65</td> <td>8,491.22</td> </tr> <tr> <td>Net Assets</td> <td>853.11</td> <td>947.62</td> <td>1,310.05</td> <td>1,610.05</td> </tr> <tr> <td>Total Borrowings</td> <td>3,926.16</td> <td>3,495.83</td> <td>5,054.97</td> <td>5,879.35</td> </tr> <tr> <td>Total Revenue</td> <td>3,730.84</td> <td>4,499.62</td> <td>7,493.48</td> <td>4,374.54</td> </tr> <tr> <td>Profit After Tax</td> <td>8.24</td> <td>94.50</td> <td>362.42</td> <td>301.75</td> </tr> </tbody> </table>					For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23	Total Assets	6,074.55	5,866.52	7,787.65	8,491.22	Net Assets	853.11	947.62	1,310.05	1,610.05	Total Borrowings	3,926.16	3,495.83	5,054.97	5,879.35	Total Revenue	3,730.84	4,499.62	7,493.48	4,374.54	Profit After Tax	8.24	94.50	362.42	301.75
For the Period Ended	Mar-21							Mar-22	Mar-23	Sep-23																										
	Total Assets	6,074.55	5,866.52	7,787.65	8,491.22																															
Net Assets	853.11	947.62	1,310.05	1,610.05																																
Total Borrowings	3,926.16	3,495.83	5,054.97	5,879.35																																
Total Revenue	3,730.84	4,499.62	7,493.48	4,374.54																																
Profit After Tax	8.24	94.50	362.42	301.75																																
General Corporate Purpose.																																				
Pre-Issue Shareholding			Tentative Timeline																																	
Category	No. of Shares	% of Total Shares	Opening Date																																	
Promoter & Promoter Group	59,72,800	99.55 %	Dec 27, 2023																																	
Public	27,200	0.45 %	Closing Date																																	
Promoter of the Company			Dec 29, 2023																																	
1	Manoj Dharmashi Rakhasiya		Basis of Allotment																																	
2	Anjana Manoj Rakhasiya		Jan 01, 2023																																	
3	Dhruv Manoj Rakhasiya		Initiation of Refunds																																	
4	Aakash Manoj Rakhasiya		Jan 02, 2024																																	
5	Manasvi Dhruv Rakhasiya		Credit of Shares to Demat																																	
6	Manoj D Rakhasiya HUF		Jan 02, 2024																																	
Competitive Strengths			Listing Date																																	
1	Long-standing client relationships.		Jan 03, 2024																																	
2	Track record of financial performance and consistent growth.																																			
3	Experienced Board and Senior Management.																																			

Company Background and Analysis

The Company was originally incorporated on 12, December 2017. The company is engaged in the business of trading ceramic tiles and Tiles Adhesive under their own brand “MCPL” through a dealer network, Retail showroom, wholesale as BTB and export. The company specializes in two products: Ceramic Tiles and Tile Adhesive. The company’s range of Ceramic Tiles offers captivating designs, colours, and sizes, for transforming any space into a work of art.

Ceramic Tiles –

In ceramic tiles, the company engages with the manufacturer and based on the experience and customer feedback finalizes the designs with the manufacturer accordingly they supply the finished goods to the company which it sells further through the dealer network, Retail showroom, Export and B2B sale to various end users like architect, builders and contractors.

Dealer Network - The company has a dealer network in Western and Southern regions of India mainly Maharashtra, Goa, Tamil Nādu, and Karnataka.

Retail Showroom – The company has established retail showrooms at strategic locations in Mumbai and Bangalore i.e. Mumbai at Ghatkopar, Andheri, and Bangalore in Raja Rajeshwari Nagar.

B2B Sales - To meet the demand of retail end users the company have a dealer network and showrooms and in addition to that the company also directly deal with the various contractors, architects and builders to meet their requirements for a particular project.

Export – The company have also executed export of the Ceramic Tiles to Vancouver, Canada and London, UK in FY 22-23 and based on the demand, the company have set up a subsidiary company in London (UK).

The company’s Revenue Model is as follows –

1. Markup on Wholesale Prices
2. Commission-based Model

Revenue bifurcation of the company as per geography-wise for the last three years and period ended September 2023 as per the restated financial statement are as follows:

(Amount in Lacs.)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Within India								
Maharashtra	2,563.31	72.99	3,830.72	89.13	6,811.17	93.81	3,852.92	89.29
Karnataka	591.53	16.84	297.02	6.91	227.52	3.13	98.52	2.28
Tamil Nadu	241.93	6.89	120.83	2.81	-	-	2.04	0.05
Gujarat	114.87	3.27	49.39	1.15	189.64	2.61	348.64	8.08
Outside India								
Vancouver, Canada	-	-	-	-	21.25	0.29	-	-
London, United Kingdom	-	-	-	-	10.89	0.15	13.00	0.30
Total	3,511.64	100.00	4,297.96	100.00	7,260.47	100.00	4,315.12	100.00

To conclude, the company was incorporated in the year 2006. The company is generating the majority of its revenue from the state of Maharashtra. The company is raising total gross proceeds of Rs. 1,447 Lakhs.

Business Strategies

- 1. Expand the international footprint by establishing dealers and distributors relationships -**
The company aims to elevate the brand's global recognition and aspires to further broaden its global reach by establishing dealers, and distributorship.
- 2. Further expand the client base and market share through enhanced sales and marketing -**
The company's growth strategy involves not only catering to existing clients but also actively seeking new client acquisition across all the service offerings. By implementing targeted marketing and sales initiatives, the company aims to expand its client base significantly.
- 3. Strengthening the supply chain ecosystem and building the efficiency -**
The company is committed to strengthening its supply chain ecosystem. The company will achieve this by optimizing the Warehouse Management System, customizing and building an efficient supply chain network, and creating a better understanding of client requirements and relationships.
- 4. Grow the relationships with the existing customers -**
The company intends to enhance the scope of engagement with existing customers by strengthening the existing service offerings, adding new service offerings, servicing newer geographies and offering time and cost-saving solutions. The company plans to improve customer retention by providing customized solutions and improving the effective delivery of services.
- 5. Strengthening the business through effective branding, promotional, and digital marketing activities -**
The company intends to promote the brand through different marketing channels to increase brand visibility and recall. The company also intends to strengthen the existing brand-building activities such as retail branding, web marketing, magazine advertising and outdoor advertising for marketing. The company also engages in digital marketing efforts to target customers.

Competitive Scenario and Peer Mapping

Competition

Tiles, marbles, quartz and bathware being a global industry, the company faces competition from organized as well as unorganized players in the domestic market as well as the international market. The industry is highly competitive and fragmented. The product quality, brand value, distribution network, etc. are key factors in customer decisions among competitors, however, price and brand recall are the deciding factors in most cases. The company has a low barrier to entry. The bargaining power with the customers is high in the sector in which the company operates. The bargaining power with the suppliers is medium in this sector.

Peer Analysis

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

Particulars	Manoj Ceramic Limited	Asian Granito India Limited	Murudeshwar Ceramics Limited	Orient Bell Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	5%	-6%	4%	3%
EBITDA Margin	12%	-5%	18%	7%
Return on Capital Employed	23%	-8%	5%	7%
Return on Equity	28%	-7%	2%	7%
EPS (INR)	6.04	-5.74	1.14	15.52

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

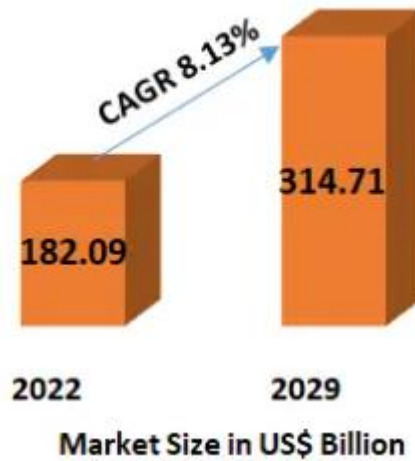
Particulars	Manoj Ceramic Limited	Asian Granito India Limited	Murudeshwar Ceramics Limited	Orient Bell Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	2%	6%	2%	5%
EBITDA Margin	9%	8%	21%	9%
Return on Capital Employed	15%	8%	4%	11%
Return on Equity	10%	10%	1%	11%
EPS (INR)	1.58	7.26	0.39	22.31

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

Particulars	Manoj Ceramic Limited	Asian Granito India Limited	Murudeshwar Ceramics Limited	Orient Bell Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	0.2%	4.5%	-15.0%	1.6%
EBITDA Margin	11.3%	10.5%	11.3%	6.8%
Return on Capital Employed	11.2%	12.8%	-0.3%	4.1%
Return on Equity	1.0%	9.3%	-3.6%	3.2%
EPS (INR)	0.14	4.52	-2.27	5.35

Industry Overview

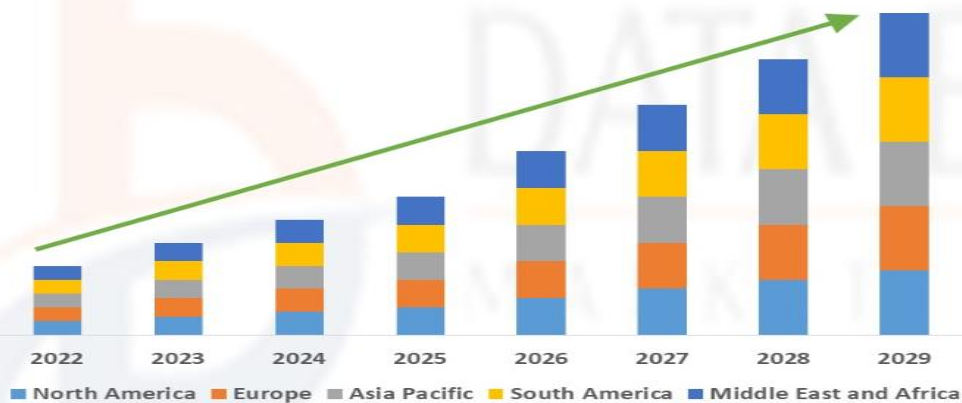
Exhibit 1: Global Ceramic Industry



(Source: www.maximizemarketresearch.com)

Exhibit 2: Global Ceramics Market, By Regions, 2022 to 2029.

Global Ceramics Market is Expected to Account for USD 118.9 Billion by 2029



(Source: databridgemarketresearch.com)

Ceramic Industry in India –

Ceramic Tiles today have become an integral part of home improvement. It can make a huge difference to the way your interiors and outdoors look and express. The Indian tile industry, despite an overall slowdown of the economy continues to grow at a healthy 15% per annum. Investments in the last 5 years have aggregated over Rs. 5000 crores. The Indian tile industry is divided into organized and unorganized sector.

The organized sector comprises of approximately 14 players. The current size of the organized sector is about Rs 7,200 Crores. The unorganized sector accounts for nearly 60% of the total industry bearing testimony of the growth potential of this sector. India ranks in the top 3 list of countries in terms of tile production in the world. With proper planning and better-quality control our exports (presently insignificant) contribution can significantly increase.

The ceramic tiles industry in India has followed similar trends internationally which have been characterized by excess capacities and falling margins. Countries like Malaysia, Thailand, Indonesia, Sri Lanka and Vietnam are setting up their own plants. China has emerged as a major competitor. Producers from Spain and Italy have the advantage of lower transportation costs while exporting to USA and Germany. In India, the per capita consumption is as low as 0.50 square meters per person compared to China (2.6 square meters per person), Europe (5 to 6 square meters per person) or Brazil (3.4 square meters per person). Rising disposable incomes of the growing middle class and 40 million units of housing shortage hold out a great potential.

A major change that took over the ceramic tiles industry, was the introduction of vitrified and porcelain tiles. These new entrant product types are said to be the tiles of the future. Internationally these tiles are already the major sellers. These categories of products account for almost 50% of total tile sales by value in this industry. These new products and the conventional wall & floor tiles have together made the organized industry grow to a formidable Rs. 7,200 crores industry. This coupled with a spate of expansions by many players make the industry look very promising in the future. The Indian Industry has developed an export market although at the lower end.

Ceramic tiles as a product segment have grown to a sizeable chunk today at approximately 680 Millions Square meters production per annum. The key drivers for the ceramic tiles in India are the boom in housing sector coupled by government policies fuelling strong growth in housing sector. The retail boom in the Indian economy has also influenced the demand for higher end products. The main product segments are the Wall tile, Floor tile, Vitrified tile and Industrial tile segments. The market shares (in value terms) are 20%, 23% 50%, and 7% respectively for Wall, Floor, Vitrified, and Industrial tiles. The industry also enjoys the unique distinction of being highly indigenous with an abundance of raw materials, technical skills, infrastructural facilities despite being fairly capital intensive. A total of over 5,50,000 people are employed in the sector. Out of this, 50,000 people are directly employed and 5,00,000 are indirectly associated. The potential is huge considering the per capita consumption of ceramic tiles in India. Currently it is at 0.50 square meters per person in comparison to over 2 square meters per person for like countries like China, Brazil and Malaysia.

(Source: prospectus)

Key Managerial Personnel

Manoj Dharamshi Rakhasiya, aged 57 years, is one of the Promoters and Managing Director of the Company. He has experience of more than three decades in the ceramic industry. He has completed his high school education. He oversees each and every operation of the company. He looks after the operational, financial and marketing proposals received by the teams.

Anjana Manoj Rakhasiya, aged 55 years, is one of the Promoters, and Director of the Company. She has completed her high school education. She oversees the company operations and oversees the accounting department.

Dhruv Manoj Rakhasiya, aged 34 years, is one of the Promoters, and Managing Director of the Company. He has completed his Master of Business Administration (MBA). He is responsible for handling strategizing marketing gimmicks and Research and development. He has experience of overall 10 years of experience in business administration and managing finance.

Aakash Manoj Rakhasiya, aged 24 years, is one of the Promoters, and Director of the Company. He has completed his Master of Business Administration (MBA). He is having 5 years of experience in business administration and export activities. He has successfully set up and administered the Exports department.

Chandrashekar Shivalingappa Payannavar, aged 64 years, is an Independent Director of the Company. He obtained his master's degree of science in the field of Biochemistry, M B A in Marketing Management. He has expertise in commercial operations and analytical advice on market assessment and entry strategy into India for global healthcare organizations in medical imaging devices.

Sunil Patel, aged 63 years, is an Independent Director of the Company. He obtained his bachelor's degree in commerce and also completed a Bachelor of Law. He is also a member of the Institute of Chartered Accountants of India. He has expertise in the field of finance for more than 35 years. He also holds the certificate of practice of ICAI since December 11, 2015.

To conclude, the company has 6 promoters, out of which 5 are individual promoters and 4 of them are involved in management they have good experience in the operations of the company and in fields which help in the growth of the business. Manoj Dharamshi Rakhasiya has vast experience in the industry in which the company operates. The Directors of the company have good experience in different industries which helps in the growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
Revenue from Operations	3,556.64	4,314.23	7,351.08	4,315.13
Other Income	174.20	185.39	142.40	59.41
Total Income	3,730.84	4,499.62	7,493.48	4,374.54
Expenses				
Cost of Material Consumed				
Purchase of Stock in Trade	2,391.28	3,192.86	5,311.94	3,270.40
Change in inventories of finished goods, work in progress and stock in trade.	-143.93	-249.56	542.46	-22.72
Employee benefits expense	362.41	462.47	268.34	162.91
Finance costs	509.04	424.97	483.36	344.93
Depreciation and Amortization expense	40.72	29.74	22.82	9.75
Other expenses	543.54	514.82	370.50	202.11
Total Expenses	3,703.06	4,375.30	6,999.42	3,967.38
Earnings Before Interest, Taxes, Depreciation & Amortization	403.34	393.64	857.84	702.43
EBITDA Margin	11%	9%	12%	16%
Profit/(Loss) before tax	27.78	124.32	494.06	407.16
Tax Expense				
Current Tax	24.45	32.00	132.00	102.47
Deferred Tax	-4.91	-2.18	-0.36	2.94
Total Tax Expense	19.54	29.82	131.64	105.41
Profit/(Loss) for the year	8.24	94.50	362.42	301.75
Net Profit Margin	0.22%	2.10%	4.84%	6.90%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	400.00	400.00	400.00	850.00
Reserve and Surplus	453.11	547.62	910.05	760.05
Total Equity	853.11	947.62	1,310.05	1,610.05
Minority Interest				
Total Equity and Liabilities	853.11	947.62	1,310.05	1,610.05
2. non-current liabilities				
Long Term Borrowings	2,355.30	1,423.21	2,368.28	2,906.22
Long-Term Provisions	22.22	23.94	23.28	23.88
Total non-current liabilities	2,377.52	1,447.15	2,391.56	2,930.10
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	1,570.86	2,072.62	2,686.69	2,973.13
Trade payables				
Due to MSME	11.39	0.46	2.13	0.73
Due to Others	1,138.55	1,147.63	1,154.05	709.63
Other Current Liabilities	62.82	158.69	109.17	169.98
Short-term Provisions	60.31	92.35	133.99	98.62
Total Current liabilities	2,843.93	3,471.75	4,086.03	3,952.09
Total Liabilities	5,221.45	4,918.90	6,477.59	6,882.19
Total Equity and Liabilities	6,074.56	5,866.52	7,787.64	8,492.24

Balance Sheet					(In Lacs)
ASSETS					
1. non-current assets					
Property, Plant and Equipment					
Tangible Assets	145.64	71.01	58.48	51.16	
Deferred Tax Assets	23.06	25.24	25.60	25.87	
Other Non-Current Assets	812.94	787.65	715.73	731.53	
Total non-current assets	981.64	883.90	799.81	808.56	
2. Current assets					
Current Investments	100.11	11.46	17.41	4.49	
Inventories	2,546.13	2,795.68	2,253.23	2,275.94	
Trade receivables	1,040.48	879.65	3,304.69	3,836.74	
Cash and Bank Balances	278.38	218.39	90.84	133.66	
Short-term loans and advances	1,106.90	1,056.36	1,303.66	1,265.37	
Other Current Assets	20.91	21.08	18.01	166.46	
Total Current assets	5,092.91	4,982.62	6,987.84	7,682.66	
Total Assets	6,074.55	5,866.52	7,787.65	8,491.22	

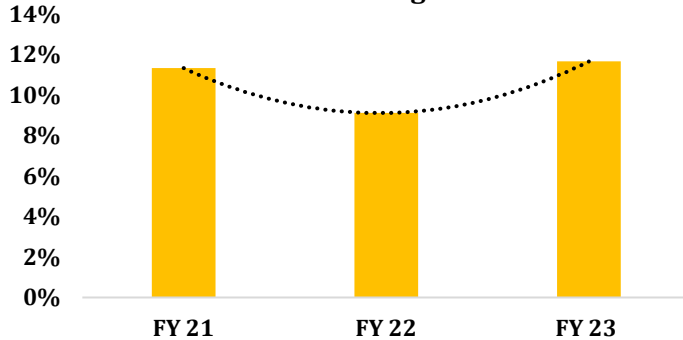
Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Net Cash Flow from Operating Activities	60.91	670.34	-1,188.40	-449.63	
Net Cash Flow from Investing Activities	-52.88	124.96	-14.93	13.01	
Net Cash Flow from Financing Activities	109.78	-855.30	1,075.79	479.44	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	0.14	1.58	6.04	7.24
BV per share	10.24	11.37	15.72	40.30
Operating Ratios				
EBITDA Margins	11.34%	9.12%	11.67%	16.28%
PAT Margins	0.22%	2.10%	4.84%	6.90%
Inventory days	261.30	236.52	111.88	96.52
Debtor days	106.78	74.42	164.09	162.71
Creditor days	175.52	131.25	79.44	39.75
Return Ratios				
RoCE	11%	15%	23%	22%
RoE	1%	10%	28%	18%
Valuation Ratios (x)				
EV/EBITDA	11.16	10.73	7.31	6.42
Market Cap / Sales	1.45	1.20	0.70	0.60
P/E	442.86	39.24	10.26	8.56
Price to Book Value	6.06	5.45	3.94	1.54
Solvency Ratios				
Debt / Equity	4.60	3.69	3.86	3.65
Current Ratio	1.79	1.44	1.71	1.94
Quick Ratio	0.90	0.63	1.16	1.37
Asset Turnover	0.59	0.74	0.94	0.51
Interest Coverage Ratio	0.71	0.86	1.73	2.01

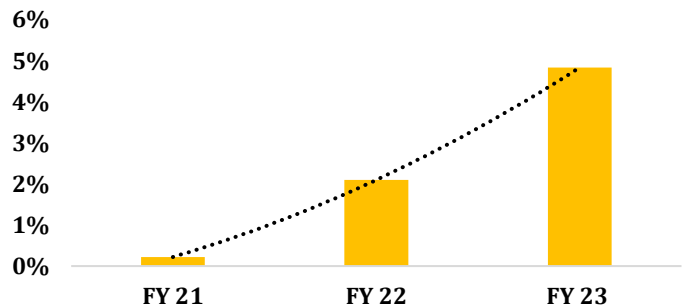
*Ratio sheet for Sept-23 is annualized.

Financial Charts

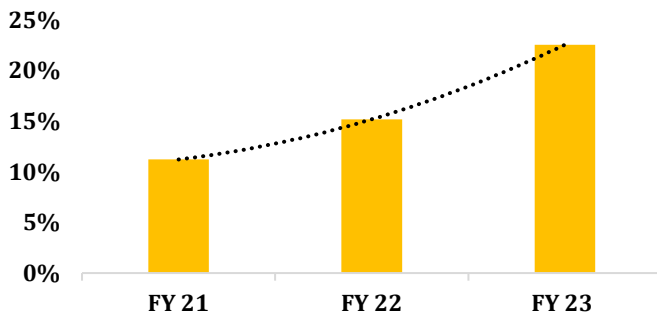
EBITDA Margin



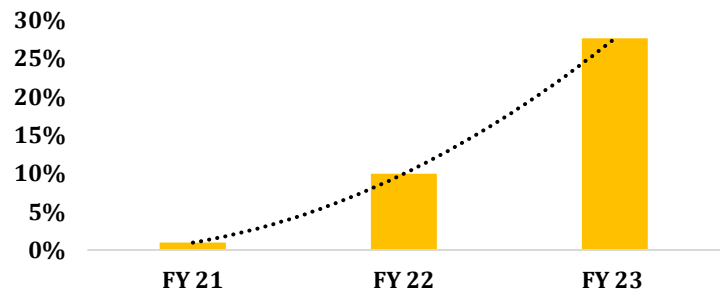
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The company's top ten customers contribute to 90.69%, 91.11%, 54.61% and 39.02% of the total revenue for the period/year ended September 30, 2023, March 31, 2023, March 31, 2022, and March 31, 2021, respectively. Any loss of business from one or more of them may adversely affect the revenues and profitability.
2. The company has experienced negative cash flows from operations in the FY ended 2023, and Period Ended September 2023, and may have negative cash flows in the future.
3. There are outstanding legal proceedings involving the company and one of the directors amounting to Rs. 640.15 lakhs. Any adverse outcome in such proceedings may have an adverse impact on the reputation, business, financial condition, results of operations and cash flows.

Track Record of Lead Manager

The lead manager to the issue is Swaraj Shares and Securities Private 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 –

Swaraj Shares and Securities Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Marinetrans India Limited	10.92	31.00	December 08, 2023	36.5
2.	ROX Hi-Tech Limited	54.49	83.00	November 16, 2023	166.00
3.	Micropro Software Solutions Limited	30.70	81.00	November 10, 2023	62.05
4.	Shoora Designs Limited	2.03	48.00	August 29, 2023	50.4

The company has had 4 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 26th December 2023.

As per the offer document, from the above-mentioned mandates, one mandate has opened at a discount and all the remaining mandates have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2006 and has good experience in the industry. The company's management overview is satisfactory. The company also faces significant competition in the industry.

The P/E on an annualized and post-IPO basis is 8.56 times which seems to be highly priced by looking at the performance of the company. The sector P/E is 51.4 times.

The company has seen consistency in the increase in the top line and an exponential growth in the bottom line of its financials. The company does not seem to have a proper trend in the operating margins over the years. The company has had negative operating cash flow for the past fiscal details which are provided in the risk factors of this report. The financial outlook is the company is satisfactory. Thus, we recommend **Risk Averse - Should Wait Risk Seekers - Should Apply** to this IPO.

Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.