

IPO Details		Company Background					
Opening Date	Dec 14, 2023	<ul style="list-style-type: none"> ○ Siyaram Recycling Industries Limited was originally incorporated in the year 2007 and has its registered office in Jamnagar, Gujarat, India. ○ The company is primarily engaged in (i) segregation of brass scrap (ii) manufacturing of brass ingots, billets and brass rods and (iii) manufacturing of brass-based components (plumbing and sanitary parts). ○ The company markets its products to around 18 states and Union Territories in India and exports its products to countries such as China, Germany, Belgium and Oman. ○ As of 31st October 2023, the Company had 92 employees on its payroll. 					
Closing Date	Dec 18, 2023						
Stock Exchange	BSE SME						
Lot Size	3,000 Shares						
Issue Price	₹ 43 to ₹ 46 per share						
Issue Size	Aggregating up to 22.96 Cr.						
Fresh Issue	Aggregating up to 22.96 Cr.						
Offer for Sale	-						
Application Amount	₹ 1,38,000						
IPO Objective		Market Capitalization (In Cr.)					
Repayment of certain borrowings		Pre-Issue		Post-Issue			
General Corporate Purpose.		₹ 64		₹ 86			
Pre-Issue Shareholding			Financial Summary (In Lacs)				
Category	No. of Shares	% of Total Shares	For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
Promoter & Promoter Group	1,32,61,500	96.06%	Total Assets	9,823.60	9,851.36	15,136.3	14,092.1
Public	5,44,000	3.94%	Net Assets	3,554.23	3,876.71	4,642.12	5,038.98
Promoter of the Company			Total Borrowings	2,931.71	2,821.02	6,706.95	6,222.78
1	Dwarkadhish Venture Private Limited		Total Revenue	13,972.9	42,644.3	49,786.2	21,510.9
2	Ramgopal Ochhavlal Maheshwari		Profit After Tax	142.27	322.49	765.42	396.86
3	Bhavesh Ramgopal Maheshwari		Tentative Timeline				
4	Madhu Ramgopal Maheshwari		Opening Date	Dec 14, 2023			
Competitive Strengths <ol style="list-style-type: none"> 1 Strategically located manufacturing facilities. 2 Stringent quality control mechanism ensuring standardised product quality 3 Diversified client base and long-standing relationship with the customers. 4 Strong and diversified supplier base for sourcing raw materials. 5 Experienced promoters supported by a dedicated management team. 			Closing Date	Dec 18, 2023			
			Basis of Allotment	Dec 19, 2023			
			Initiation of Refunds	Dec 20, 2023			
			Credit of Shares to Demat	Dec 20, 2023			
			Listing Date	Dec 21, 2023			

Company Background and Analysis

The Company was originally incorporated on 12, February 2007. The company is primarily engaged in (i) segregation of brass scrap (ii) manufacturing of brass ingots, billets and brass rods and (iii) manufacturing of brass-based components (plumbing and sanitary parts). The company currently operates through 3 facilities, all of which are located in the district of Jamnagar, which is considered a hub of brass components. The company manufactures brass billets and ingots, brass rods and brass components (plumbing parts) from the unit-I situated at a land of 4970 sq. mtrs. and the brass components (sanitary parts) are manufactured from the unit-II situated at a land of 3629 sq. mtrs., Unit-III, situated at the land of 3346 sq. mtrs. is used for the segregation of scrap.

The company markets its products to around 18 states and Union Territories in India. The company also export its products to countries such as China, Germany, Belgium and Oman. Brief details regarding the products manufactured are given below –

1. Manufacturing of brass-based components (plumbing and sanitary parts) – The company manufactures various brass components (plumbing and sanitary parts) such as brass inserts, brass ceramic cartridges (brass spindles), brass valves, extension nipples etc. as per the customer's requirements.
2. Manufacturing of brass ingots, billets and rods – The company manufactures brass ingots, billets and rods through brass scrap from manufacturing unit-II located at Village Lakhavaval, District Jamnagar. The company mainly export these products to China. Additionally, they also supply brass ingots to esteemed customers in India such as Astral Limited, Kajaria Bathware and AGI Greenpac (formerly known as HSIL).
3. Segregation of brass scrap – The company procures brass scrap mainly from international markets such as the USA, UK, Europe and Middle East. Post procurement, segregation of brass is done at unit-III located at Village Lakhavaval, District Jamnagar. Post segregation, the segregated brass is termed Brass scrap honey.

Revenue bifurcation product-wise for the FY ended 2021, 2022, 2023, and Period Ended September 2023 is given below –

(Amount in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Segregated scrap	5,996.96	43.25	23,646.29	55.87	25,830.18	52.41	15,084.82	70.14
Brass Rods	991.78	7.15	2,049.90	4.84	2,571.58	5.22	1,424.77	6.62
Brass Billet and Ingots	3,015.36	21.74	11,287.65	26.67	17,293.14	35.09	2,761.65	12.84
Brass Plumbing items and Sanitary items	3,855.15	27.80	5,277.44	12.47	3,550.52	7.20	2,223.34	10.34
Other items	7.80	0.06	61.99	0.15	41.93	0.09	11.94	0.06
Total Sales	13,867.05	100.00	42,323.27	100.00	49,287.35	100.00	21,506.52	100.00

To conclude, the company was incorporated in the year 2007. The company is generating a majority of its revenue from segregated scrap. The company is raising total gross proceeds of Rs. 2,296 lakhs.

Business Strategies

1. Expand the domestic and international presence -

The company seeks to identify markets where it believes it can provide cost advantages to the clients and distinguish itself from other competitors. Going forward, the company plans to continue to expand its domestic and international presence to enhance its visibility.

2. Continue to strengthen the relationships with the customers -

The company believes that customer retention levels reflect the ability to provide high-quality products, and the consistent customer servicing standards have enabled the company to increase its customer dependence on them.

3. Focus on consistently meeting quality standards -

The company intends to focus on adhering to the quality standards of the products. Providing the desired and good quality products will help the company enhance customer trust and maintain long-term relationships with them.

4. Focus on increasing operational efficiencies -

The company intends to use a variety of manufacturing strategies, material sourcing strategies and cost reduction strategies to continue to improve operational efficiencies. The company continues to invest in operational excellence throughout the organization without any compromise on quality.

Competitive Scenario and Peer Mapping

Competition

The company operates in a rapidly consolidating industry. The company faces high competition in this industry. The brass recycling industry is extremely competitive where the key factors of competition primarily comprise product quality, cost, delivery, development and management. The company competes with other brass products manufacturers and suppliers in the world and in India. The company competes with both organised and unorganized players in the market. The company has a low barrier to entry. 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	Siyaram Recycling Industries Limited	Sprayking Agro Equipment Limited	Poojawestern Metaliks Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	2%	7%	3%
EBITDA Margin	2%	14%	10%
Return on Capital Employed	19%	8%	12%
Return on Equity	16%	4%	9%
EPS (INR)	5.54	4.24	1.05

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

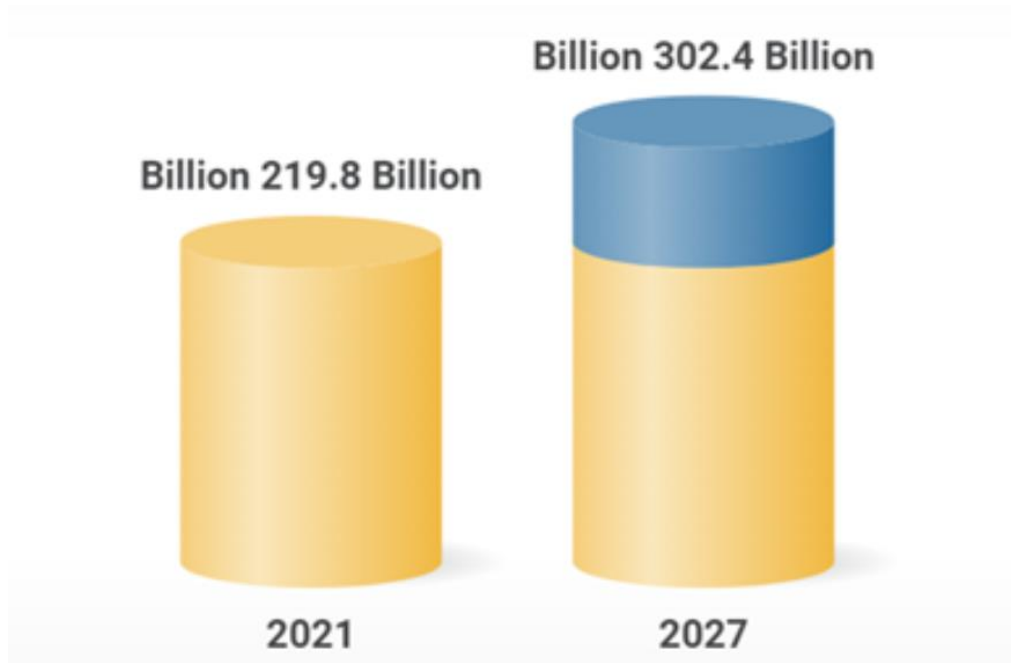
Particulars	Siyaram Recycling Industries Limited	Sprayking Agro Equipment Limited	Poojawestern Metaliks Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	1%	-	4%
EBITDA Margin	1%	9%	9%
Return on Capital Employed	9%	5%	9%
Return on Equity	8%	-	7%
EPS (INR)	2.34	1.09	0.76

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

Particulars	Siyaram Recycling Industries Limited	Sprayking Agro Equipment Limited	Poojawestern Metaliks Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	1.0%	14.3%	1.6%
EBITDA Margin	2.7%	4.6%	7.8%
Return on Capital Employed	4.7%	2.0%	5.5%
Return on Equity	4.0%	12.5%	2.3%
EPS (INR)	1.03	1.96	0.24

Industry Overview

Exhibit 1: Global Metal Recycling Market



(Source: globenewswire.com)

Exhibit 2: Value of Exports of Metals and Alloys, 2018-19 to 2020-21

Metals & Alloys	2018-19		2019-20		2020-21 (P)		% increase (+) or decrease (-) in 2020-21 over 2019-20
	Value (₹'000)	% share in total value	Value (₹'000)	% share in total value	Value (₹'000)	% share in total value	
Copper & Alloys	70029611	4.02	60527102	3.64	102064524	4.93	68.63

(Including Brass and Bronze)

(Source: prospectus)

Brass Recycling – Industry Scenario

India is one of the fastest growing economies in the world. Strong domestic demand coupled with several reforms that the government has undertaken are on track to maintain the economic growth momentum going forward. As nonferrous metals find widespread applications across the economy, the current policy measures provide a tremendous opportunity for the development of the Indian non-ferrous metals industry in the future.

A major push is expected to emerge from the governments ‘Make in India’ initiative, which aims to increase the manufacturing share of GDP from the present 17 per cent to 25 per cent by the end of 2025. Under this initiative, the government has identified 25 sectors such as Automotive, Power, Defence manufacturing, etc. which have extensive applications of various non-ferrous metals, and therefore, can provide a boost to the industry. Furthermore, these metals are witnessing increasing applications in the existing sectors as well as exploring many newer applications.

Metal ores and minerals are non-renewable natural resources, which have an ever growing demand at global level and across sectors, making it imperative to reuse and recycle these metals. The National Mineral Policy 2019 of Ministry of Mines envisages making efforts towards augmenting supply of metals by developing processes for recovery of metal through recycling. The stated policy is in line with SDG Goal No 12, which states that current material needs do not lead to over extraction of resources or to degradation of environment.

This calls for policy initiative focusing on improved resource efficiency and reduced wastage. Resource efficiency in the minerals and metals sector is realized through the implementation of sustainable development principles throughout the life cycle of minerals and metals. National Non-ferrous Metal Scrap Recycling Framework, 2020 seeks to use life cycle management approach for better efficiency in mineral value chain process. It envisages bringing both product and processing stewardship to enhance Non-Ferrous Metal recycling. Similarly, NITI Aayog is proposing a comprehensive “National Material Recycling Policy” to drive concerned and coordinated national and state level programs, plans and actions towards ramping up material recycling in India in a formal and organized manner.

Brass has the capacity to be recycled an infinite number of times which has significant environmental and economic advantages. Brass is a copper-based alloy that does not lose its chemical or physical properties in the recycling process. Brass has the capacity to be recycled an infinite number of times which has significant environmental and economic advantages. Brass is a copper-based alloy that does not lose its chemical or physical properties in the recycling process.

The entire economy of the brass industry is dependent on the economic recycling of any surplus products. There is a wide range of brass materials made for a large variety of applications. To use the most suitable and low cost feedstock for making components gives the most economic value. Brass for extrusion and hot forging is normally made from a basic melt of scrap of similar composition with minor adjustments. The use of brass scrap means that the cost of the fabricated brass is considerably less than it might otherwise be.

(Source: prospectus)

Key Managerial Personnel

Ramgopal Ochhlal Maheshwari, aged 59, is one of the Promoters, and Whole time Director of the Company. He has completed his bachelor's in commerce. He has a work experience of over 34 years in the brass industry. He currently looks after the overall management of the Company.

Bhavesh Ramgopal Maheshwari, aged 30, is one of the Promoters, and Managing Director of the company. He has completed his Bachelor of Commerce. He has an experience of around 6 years in the brass industry. He is currently looking after the production and sales and marketing function of our Company.

Madhu Ramgopal Maheshwari, aged 56, is one of the Promoters, and Non-Executive Director of the Company. She has completed her Secondary School. She has an experience of around 22 years in the administration field.

Jaimish Govindbhai Patel, aged 34, is the Independent Director of the company. He has work experience of around 9 years in Corporate Law and Financial Management. He is a Qualified Member of the Institute of Company Secretaries of India.

Raimeen Bhanubhai Maradiya, aged 30, is the Independent Director of the Company. He has work experience of around 9 years in the field of Corporate Law and Corporate Restructuring. He is a Qualified Member of the Institute of Company Secretaries of India.

To conclude, the company has 4 promoters out of which 1 is a corporate promoter and 3 are individual promoters one of the promoters has very vast experience in the industry, and the remaining 2 promoters have decent experience in the fields directly linked to the operations and in the fields which help in the growth of the company. The remaining Directors of the company have good knowledge and experience in their respective fields.

Financial Snapshot

Profit and Loss Statement				
(In Lacs)				
Particulars	FY 21	FY 22	FY 23	Sep-23
Revenue from Operations	13,867.05	42,323.27	49,287.35	21,506.51
Other Income	105.88	321.07	498.91	4.47
Total Income	13,972.93	42,644.34	49,786.26	21,510.98
Expenses				
Raw Material Consumption	11,961.74	37,024.95	45,130.06	20,480.12
Change in inventories of finished goods, work-in-progress and stock-in-trade	450.75	592.26	-0.20	-997.83
Employee benefits expense	352.02	325.32	342.03	144.66
Finance costs	153.89	245.24	442.82	299.57
Depreciation and Amortization expense	135.74	177.68	169.07	126.64/81
Other expenses	723.35	3,829.13	2,621.92	917.00
Total Expenses	13,777.49	42,194.58	48,705.70	20,970.31
Earnings Before Interest, Taxes, Depreciation & Amortization	379.19	551.61	1,193.54	962.56
EBITDA Margin	3%	1%	2%	4%
Profit/(Loss) before tax	195.44	449.76	1,080.56	540.67
Tax Expense				
Tax Expense for Current Year	67.88	152.97	314.08	153.18
Less : MAT Credit Entitlement	-22.73	-11.40	-	-
Deferred Tax	8.02	-14.30	1.06	-9.37
Total Tax Expense	53.17	127.27	315.14	143.81
Profit/(Loss) for the year	142.27	322.49	765.42	396.86
Net Profit Margin	1%	1%	2%	2%

Balance Sheet				
(In Lacs)				
Particulars	FY 21	FY 22	FY 23	Sep-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1,380.55	1,380.55	1,380.55	1,380.55
Reserve and Surplus	2,173.68	2,496.16	3,261.57	3,658.43
Total Equity	3,554.23	3,876.71	4,642.12	5,038.98
2. Non-current liabilities				
Long Term Borrowings	1,585.38	269.05	702.81	575.60
Deferred Tax Liabilities	-	-	-	-
Long Term Provisions	15.68	17.34	20.21	21.41
Total Non-current liabilities	1,601.06	286.39	723.02	597.01
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	1,346.33	2,551.97	6,004.14	5,647.18
Trade payables				
Due to MSME	19.39	18.09	5.28	5.13
Due to Others	2,911.64	2,708.25	2,712.07	2,455.77
Other Current Liabilities	330.55	250.07	734.25	187.28
Short-term Provisions	60.38	159.89	315.33	160.80
Total Current liabilities	4,668.29	5,688.27	9,771.07	8,456.16
Total Liabilities	6,269.35	5,974.66	10,494.09	9,053.17
Total Equity and Liabilities	9,823.58	9,851.37	15,136.21	14,092.15
ASSETS				
1. Non-current assets				
Property, Plant and Equipment				
Tangible Assets	704.22	755.95	695.53	577.95
Deferred Tax Assets	9.40	23.70	22.64	32.01

Long term Loans and Advances	89.89	96.14	115.36	111.96
Total Non-Current assets	803.51	875.79	833.53	721.92
2. Current assets				
Inventories	4,041.90	4,943.40	7,755.17	9,542.77
Trade receivables	4269.97	3,359.60	3,461.45	3,449.27
Cash and Bank Balances	38.24	209.65	72.31	17.67
Short-term loans and advances	185.63	31.79	2,542.91	236.09
Other Current Assets	484.35	431.13	470.93	124.43
Total Current assets	9,020.09	8,975.57	14,302.77	13,370.23
Total Assets	9,823.60	9,851.36	15,136.30	14,092.15

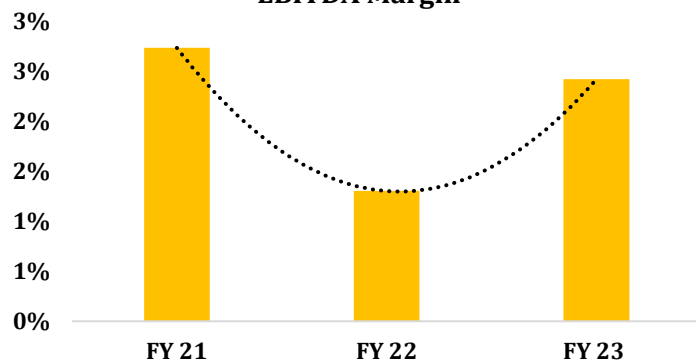
Cash Flow Statement				
				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
Net Cash Flow from Operating Activities	678.10	1,057.56	-2,824.41	1,041.27
Net Cash Flow from Investing Activities	-160.05	-235.67	-127.88	-5.81
Net Cash Flow from Financing Activities	-582.26	-650.49	2,814.94	-1,090.11

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	1.03	2.34	5.54	5.09
BV per share	18.91	20.62	24.70	42.00
Operating Ratios				
EBITDA Margins	2.73%	1.30%	2.42%	4.48%
PAT Margins	1.02%	0.76%	1.54%	2.22%
Inventory days	106.39	42.63	57.43	81.20
Debtor days	112.39	28.97	25.63	29.35
Creditor days	84.75	25.83	20.69	21.17
Return Ratios				
RoCE	5%	9%	19%	20%
RoE	4%	8%	16%	12%
Valuation Ratios (x)				
EV/EBITDA	17.00	11.76	9.45	7.26
Market Cap / Sales	0.62	0.20	0.18	0.20
P/E	44.66	19.66	8.30	9.04
Price to Book Value	2.43	2.23	1.86	1.10
Solvency Ratios				
Debt / Equity	0.82	0.73	1.44	1.23
Current Ratio	1.93	1.58	1.46	1.58
Quick Ratio	1.07	0.71	0.67	0.45
Asset Turnover	1.41	4.30	3.26	1.53
Interest Coverage Ratio	1.58	1.52	2.31	2.79

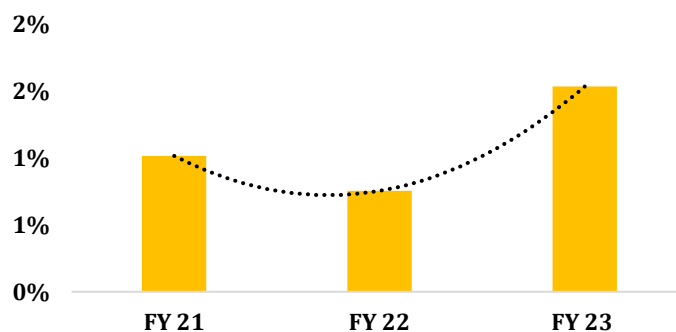
*Ratio sheet for Sep-23 is annualized.

Financial Charts

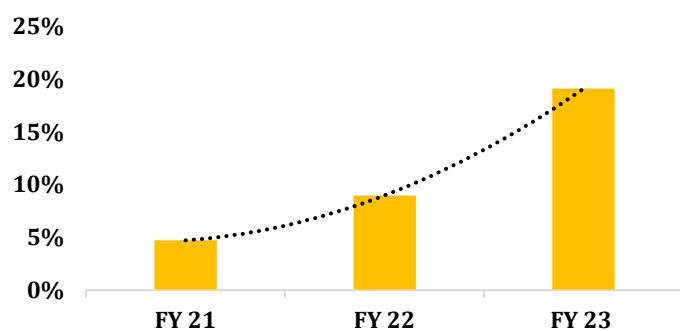
EBITDA Margin



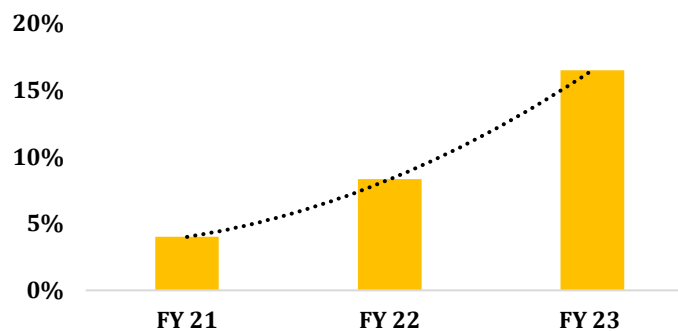
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. There are outstanding legal proceedings involving the Company, the Directors and the Promoters amounting to Rs. 13,118.77 lakhs. Any adverse decisions could impact the cashflows and profit or loss of the company.
2. The company is primarily dependent upon a few key suppliers for the procurement of raw materials. Any disruption in the supply of these raw materials or fluctuations in their prices could have a material adverse effect on the business operations and financial conditions. The top 10 suppliers contributed to 73.71%, 63.86% and 55.90% of the total raw material purchases.
3. The Company had negative operating cash flow in recent fiscal 2023. Sustained negative cash flow could adversely impact the business, financial condition and results of operations.
4. The company has Contingent Liability and Commitments amounting to Rs. 5.98 lakhs. These Contingent Liability and Commitments could affect the financial position.

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.	Deepak Chemtex Limited	23.04	80.00	December 06, 2023	
2.	Paragon Fine and Speciality Chemicals Limited	51.66	100.00	November 03, 2023	195.00
3.	E Factor Experiences Limited	25.92	75.00	October 09, 2023	166.00
4.	Arabian Petroleum Limited	20.24	70.00	October 09, 2023	105.00
5.	Saakshi Medtech and Panels Limited	45.16	97.00	October 03, 2023	239.00
6.	Madhusudan Masala Limited	23.80	70.00	September 26, 2023	134.00
7.	Kahan Packaging Limited	5.76	80.00	September 15, 2023	99.40
8.	Asarfi Hospital Limited	26.94	52.00	July 26, 2023	102.00
9.	Kaka Industries Limited	21.23	58.00	July 19, 2023	170.00
10.	Greenchef Appliances Limited	53.62	87.00	July 06, 2023	102.00

*CMP for the above-mentioned companies is taken as of 14th December 2023.

As per the offer document, Hem Securities Limited has had 19 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 2007 and has good experience in the industry. The company's management overview is satisfactory. The company also faces high competition in the industry.

The P/E on a post-IPO basis is 9.04 times which seems to be fairly priced by looking at the performance of the company.

The company has seen sudden growth in its top line for FY 2022 and has sustained for the next year, but the margins do not show a proper trend. The financial outlook of the company is not that satisfactory. The company has seen an increase in the revenue from the sector of Segregated scrap which may or may not continue going forward. The business overview of the company is good. But due to the financial condition of the company currently, we recommend that **Risk Averse - Should Wait Risk Seekers - Should Apply** for this IPO.

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