



IPO Details		Company Background																																								
<b>Opening Date</b>	Jan 11, 2024	<ul style="list-style-type: none"> <li>○ New Swan Multitech Limited was originally incorporated in the year 2014 and has its registered office in Dwarka, New Delhi, India.</li> <li>○ The company is an engineering-led manufacturer of (i) complex and critical precision-engineered components and parts used in the automotive sector (“auto components”) and (ii) agricultural farm machinery designed to meet the diverse needs of modern farming (“agricultural implements”).</li> <li>○ The company manufactures agricultural implements from its manufacturing unit located at Village Raian, Ludhiana, Punjab and auto components are manufactured from the manufacturing unit based at Village Vithlapur, Ahmedabad, Gujarat.</li> <li>○ As of 31<sup>st</sup> October 2023, the Company had 184 employees on its payroll.</li> </ul>																																								
<b>Closing Date</b>	Jan 15, 2024																																									
<b>Stock Exchange</b>	BSE SME																																									
<b>Lot Size</b>	2,000 Shares																																									
<b>Issue Price</b>	₹ 51 to ₹ 54 per share																																									
<b>Issue Size</b>	Aggregating up to 33.11 Cr.																																									
<b>Fresh Issue</b>	Aggregating up to 33.11 Cr.	<table border="1"> <thead> <tr> <th colspan="2">Market Capitalization</th> <th colspan="4">(In Cr.)</th> </tr> <tr> <th></th> <th>Pre-Issue</th> <th colspan="4">Post-Issue</th> </tr> </thead> <tbody> <tr> <td></td> <td>₹ 92</td> <td colspan="4">₹ 126</td> </tr> </tbody> </table>					Market Capitalization		(In Cr.)					Pre-Issue	Post-Issue					₹ 92	₹ 126																					
Market Capitalization							(In Cr.)																																			
	Pre-Issue						Post-Issue																																			
	₹ 92	₹ 126																																								
<b>Offer for Sale</b>	-																																									
<b>Application Amount</b>	₹ 1,32,000																																									
IPO Objective		<table border="1"> <thead> <tr> <th colspan="2">Financial Summary</th> <th colspan="4">(In Lacs)</th> </tr> <tr> <th>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><b>Total Assets</b></td> <td>11,769.6</td> <td>12,348.7</td> <td>12,876.4</td> <td>4,799.12</td> </tr> <tr> <td><b>Net Assets</b></td> <td>1,626.6</td> <td>1,989.8</td> <td>2,981.7</td> <td>3,479.2</td> </tr> <tr> <td><b>Total Borrowings</b></td> <td>4,580.5</td> <td>4,800.5</td> <td>3,915.7</td> <td>4,799.1</td> </tr> <tr> <td><b>Total Revenue</b></td> <td>14,960.5</td> <td>14,552.4</td> <td>15,142.1</td> <td>7,788.2</td> </tr> <tr> <td><b>Profit After Tax</b></td> <td>342.6</td> <td>363.1</td> <td>991.9</td> <td>497.5</td> </tr> </tbody> </table>					Financial Summary		(In Lacs)				For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23	<b>Total Assets</b>	11,769.6	12,348.7	12,876.4	4,799.12	<b>Net Assets</b>	1,626.6	1,989.8	2,981.7	3,479.2	<b>Total Borrowings</b>	4,580.5	4,800.5	3,915.7	4,799.1	<b>Total Revenue</b>	14,960.5	14,552.4	15,142.1	7,788.2	<b>Profit After Tax</b>	342.6	363.1	991.9	497.5
Financial Summary							(In Lacs)																																			
For the Period Ended	Mar-21						Mar-22	Mar-23	Sep-23																																	
<b>Total Assets</b>	11,769.6	12,348.7	12,876.4	4,799.12																																						
<b>Net Assets</b>	1,626.6	1,989.8	2,981.7	3,479.2																																						
<b>Total Borrowings</b>	4,580.5	4,800.5	3,915.7	4,799.1																																						
<b>Total Revenue</b>	14,960.5	14,552.4	15,142.1	7,788.2																																						
<b>Profit After Tax</b>	342.6	363.1	991.9	497.5																																						
Funding Capital Expenditure towards the purchase of certain machineries for an existing manufacturing unit located at Raian, Ludhiana.																																										
Repayment of a portion of certain borrowings.																																										
Funding Working Capital Requirements.																																										
General Corporate Purpose.																																										
Pre-Issue Shareholding			<table border="1"> <thead> <tr> <th colspan="2">Tentative Timeline</th> </tr> </thead> <tbody> <tr> <td><b>Opening Date</b></td> <td>Jan 11, 2024</td> </tr> <tr> <td><b>Closing Date</b></td> <td>Jan 15, 2024</td> </tr> <tr> <td><b>Basis of Allotment</b></td> <td>Jan 16, 2024</td> </tr> <tr> <td><b>Initiation of Refunds</b></td> <td>Jan 17, 2024</td> </tr> <tr> <td><b>Credit of Shares to Demat</b></td> <td>Jan 17, 2024</td> </tr> <tr> <td><b>Listing Date</b></td> <td>Jan 18, 2024</td> </tr> </tbody> </table>					Tentative Timeline		<b>Opening Date</b>	Jan 11, 2024	<b>Closing Date</b>	Jan 15, 2024	<b>Basis of Allotment</b>	Jan 16, 2024	<b>Initiation of Refunds</b>	Jan 17, 2024	<b>Credit of Shares to Demat</b>	Jan 17, 2024	<b>Listing Date</b>	Jan 18, 2024																					
Tentative Timeline																																										
<b>Opening Date</b>	Jan 11, 2024																																									
<b>Closing Date</b>	Jan 15, 2024																																									
<b>Basis of Allotment</b>	Jan 16, 2024																																									
<b>Initiation of Refunds</b>	Jan 17, 2024																																									
<b>Credit of Shares to Demat</b>	Jan 17, 2024																																									
<b>Listing Date</b>	Jan 18, 2024																																									
Category	No. of Shares	% of Total Shares																																								
Promoter & Promoter Group	1,40,00,240	100.00 %																																								
Public	-	-																																								
Promoter of the Company																																										
1	Upkar Singh																																									
2	Barunpreet Singh Ahuja																																									
3	Kanwardeep Singh																																									
Competitive Strengths																																										
1	In-house manufacturing capabilities.																																									
2	Large base of dealers and customers along with strong relationships.																																									
3	Wide range of products.																																									
4	Stringent quality control mechanism ensuring standardized product quality.																																									
5	The synergy of a young and experienced management team with a committed employee base.																																									

## Company Background and Analysis

The Company was originally incorporated on 03, March 2014. The company is an engineering-led manufacturer of (i) complex and critical precision-engineered components and parts used in the automotive sector (“auto components”) and (ii) agricultural farm machinery designed to meet the diverse needs of modern farming (“agricultural implements”). As of date of Red Herring Prospectus, the product portfolio has over 300 SKUs of agricultural implements and auto components.

### Company’s Sector and Product Portfolio –

1. Agricultural implements division – The company manufactures agricultural implements from its manufacturing unit located at Village Raian, Ludhiana, Punjab designs, manufactures and supplies a comprehensive range of agricultural implements that cater to different aspects of farming such as soil preparation, sowing, crop management, harvesting and crop residue management. The wide range of offerings in this segment includes various types of rotavators, seeders, super seeders, weeders, potato planters, potato diggers, fertilizer spreaders, mulchers, puddlers, laser land levellers, disc ploughs and many other agricultural implements.
2. Automotive Components Division – The Company’s automotive components manufacturing unit is based at Village Vithlapur, Ahmedabad, Gujarat. The company manufactures, procures and supplies a range of precision machined tubular assemblies, welded assemblies, precision brackets and sheet metal parts. The wide range of offerings in this segment includes link assembly engine hangers, hinge body covers, front cover stays components, seat catch components, fuel filler cap components, main stand complete assemblies, etc.

Product-wise revenue bifurcation of the company for the last three years and period ended July 2023 -

(Amount in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
<b>Agricultural Implements (A)</b>								
Rotavators	4,836.18	32.95	4,550.98	32.02	4,567.89	30.89	1,096.78	14.26
Other Implements	2,404.96	16.38	1,665.99	11.72	700.58	4.74	451.63	5.87
Spare Parts	359.01	2.45	300.62	2.12	344.63	2.33	617.30	8.02
<b>Total (A)</b>	<b>7,600.15</b>	<b>51.78</b>	<b>6,517.59</b>	<b>45.86</b>	<b>5,613.10</b>	<b>37.96</b>	<b>2,165.71</b>	<b>28.15</b>
<b>Automotive Components (B)</b>								
Two Wheelers Parts	6,900.26	47.01	7,507.00	52.82	8,951.80	60.53	5,372.82	69.84
Four Wheelers Parts	178.76	1.22	188.41	1.33	223.91	1.51	154.65	2.01
<b>Total (B)</b>	<b>7,079.02</b>	<b>48.22</b>	<b>7,695.41</b>	<b>54.14</b>	<b>9,175.71</b>	<b>62.04</b>	<b>5,527.47</b>	<b>71.85</b>
<b>Total Revenue (A+B)</b>	<b>14,679.17</b>	<b>100.00</b>	<b>14,213.00</b>	<b>100.00</b>	<b>14,788.81</b>	<b>100.00</b>	<b>7,693.18</b>	<b>100.00</b>

To conclude, the company has good experience in the industry. The company generates the majority of its revenue from automotive components. The company has seen an increase in the revenue contribution towards automotive components over the years and the contrary for Agricultural Implements. The company is raising total gross proceeds of Rs. 3,311 Lakhs.

## Business Strategies

### 1. Continue to invest in the technological capabilities -

The company intends to enhance its manufacturing capabilities of agricultural implements by installing four power press machines to automate rotavator assembly, boosting productivity and reducing handling costs, and acquiring another Fiber Laser machine. Thus, the company intends to continue making investments in capacity expansions and modernization of the equipment and facilities.

### 2. Expand the domestic presence in existing and new markets -

The company intends to focus on current markets to increase its customer base, tap new markets and increase the geographical reach and customer base.

### 3. Geographical reach through marketing network -

The company intends to deploy an additional field force consisting of sales and marketing representatives who shall meet customers/ prospective customers to market the products. The company believes that enhancing its presence in additional regions will enable it to reach out to a larger population.

### 4. Focus on consistently meeting the quality standards -

The 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 dealer and end-user point of view.

### 5. Maintaining cordial relationships with the suppliers, customers and employees -

The company believes that establishing strong, mutually beneficial long-term relationships with strategic suppliers is a critical step in improving performance across the supply chain, generating greater cost efficiency and enabling the business to grow and develop.

## Competitive Scenario and Peer Mapping

### Competition

The agricultural implements and auto components industry is extremely competitive where the key factors of competition primarily comprise product quality, cost, delivery, development and management. Company competes with a number of other automotive component and agricultural implements manufacturers and distributors that produce and sell products similar to the company. Some of the significant competitors in the agricultural implements segment includes Tirth Agro Technology Pvt Ltd., Maschio Gaspardo India, and Dasmesh Mechanical Works Pvt. Ltd, and etc. The industry in which the company operates has fewer barriers to entry. The bargaining power with the customers is low 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	New Swan Multitech Limited	Sansera Engineering Limited	Endurance Technologies Limited	JBM Auto Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	7%	7%	20%	3%
EBITDA Margin	13%	17%	13%	10%
Return on Capital Employed	30%	15%	4%	15%
Return on Equity	33%	13%	11%	12%
EPS (INR)	7.09	28.38	11.62	10.52

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

Particulars	New Swan Multitech Limited	Sansera Engineering Limited	Endurance Technologies Limited	JBM Auto Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	2%	7%	21%	5%
EBITDA Margin	8%	17%	13%	10%
Return on Capital Employed	17%	14%	4%	16%
Return on Equity	18%	12%	12%	17%
EPS (INR)	2.59	24.57	9.70	13.21

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

Particulars	New Swan Multitech Limited	Sansera Engineering Limited	Endurance Technologies Limited	JBM Auto Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	2.3%	7.3%	24.8%	2.5%
EBITDA Margin	7.2%	18.3%	11.5%	10.0%
Return on Capital Employed	19.0%	13.3%	3.4%	11.2%
Return on Equity	21.1%	11.0%	14.6%	6.6%
EPS (INR)	2.45	20.85	7.69	4.17

## Industry Overview

Exhibit 1: Gross Value Added by Agriculture and Allied Sectors (US\$ billion)

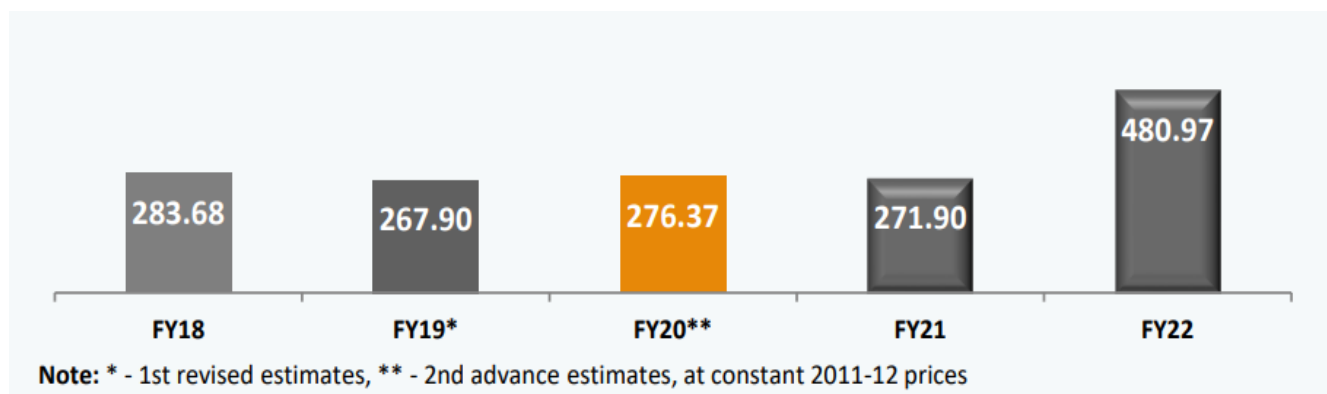
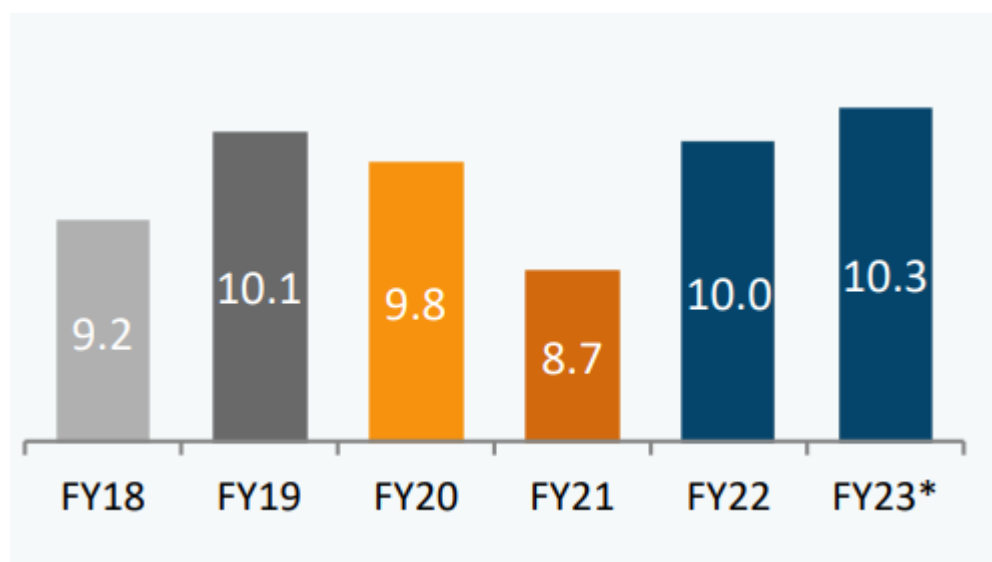


Exhibit 2: Value of Aftermarket Turnover (US\$ billion)



(Source: ibef.org)

## **Agriculture and Allied Industries – Industry Scenario**

India is one of the major players in the agriculture sector worldwide and it is the primary source of livelihood for ~55% of India's population. India has the world's largest cattle herd (buffaloes), the largest area planted for wheat, rice, and cotton, and is the largest producer of milk, pulses, and spices in the world. It is the second-largest producer of fruit, vegetables, tea, farmed fish, cotton, sugarcane, wheat, rice, cotton, and sugar. The agriculture sector in India holds the record for second-largest agricultural land in the world generating employment for about half of the country's population. Thus, farmers become an integral part of the sector to provide us with a means of sustenance. Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%.

At current prices, agriculture and allied sectors account for 18.3% of India's GDP (2022-23). As First Advance Estimates of the country's Agriculture and allied activities recorded a growth rate of 3.5-4% in FY 2021-22. As per the third Advance Estimates of National Income, 2021-22 released by the National Statistical Office (NSO), Ministry of Statistics & Programme Implementation, the agriculture and allied sectors contributed approximately 18.6 % of India's GVA at current prices during 2021-22.

As per the Budget 2022-23, Rs. 20 lakh crore (US\$ 24.41 billion) agricultural credit targeted at animal husbandry, dairy and fisheries. For the year 2022-23, an export target of US\$ 23.56 billion has been fixed for the agricultural and processed food products basket and an export of US\$ 17.435 billion has already been achieved in eight months of the current fiscal. Between April 2000- December 2022, FDI in agriculture services stood at US\$ 4.43 billion. According to Bain & Co., the Indian agricultural sector is predicted to increase to US\$ 30-35 billion by 2025.

## **Auto Components – Industry Scenario**

India has become the fastest-growing economy in the world in recent years. This fast growth, coupled with rising incomes, a boost in infrastructure spending and increased manufacturing incentives, has accelerated the automobile industry. The two-wheeler segment dominated the automobile industry because of the Indian middle class, with automobile sales standing at 19.45 million units in FY23. Significant demand for automobiles also led to the emergence of more original equipment and auto components manufacturers. As a result, India developed expertise in automobiles and auto components, which helped boost international demand for Indian automobiles and auto components.

Hence, the Indian automobile industry has a considerable impact on the auto component industry. India's auto component industry is an important sector driving macroeconomic growth and employment. The industry comprises players of all sizes, from large corporations to micro entities, spread across clusters throughout the country. The auto components industry accounted for 2.3% of India's GDP and provided direct employment to 1.5 million people. By 2026, the automobile component sector will contribute 5-7% of India's GDP.

(Source: prospectus)



## Key Managerial Personnel

**Upkar Singh**, aged 62 years, is one of the Promoters, Chairman and Managing Director of the Company. He has completed his graduation. He encompasses over 38 years of experience in the auto components industry, and within this tenure, he has acquired approximately 9 years of experience in the agricultural implements sector. He has been on the Board since incorporation. He currently looks after the overall management of the Company.

**Barunpreet Singh Ahuja**, aged 30 years, is one of the Promoters and Whole-Time Director of the Company. He encompasses over 12 years of experience in the auto components industry, and within this tenure, he has acquired approximately 9 years of experience in the agricultural implements sector. He has completed his master's in business administration. He is currently looking after the auto-components segment of the Company.

**Kanwardeep Singh**, aged 52 years, is one of the Promoters, and Executive Director of the Company. He has been on the Board since incorporation. He has completed his Diploma in Tools and Die Technology. He encompasses over 21 years of experience in the auto components industry, and within this tenure, he has acquired approximately 9 years of experience in the agricultural implements sector. He is currently looking after the agricultural implements segment of the Company and the overall accounts and finances of the Company.

**Manmeet Kaur**, aged 29 years, is the Non-Executive Director of the Company. She has an experience of around 2 years in the finance field. She has completed her bachelor's in commerce in Marketing Management.

**Ajay Kumar**, aged 41 years, is the Independent Director of the Company. He has work experience of around 13 years in the field of banking and finance. He has completed his master's in business administration.

**Gaurav Maheshwari**, aged 33 years, is the Independent Director of the Company. He has been a qualified member of the Institute of Chartered Accountants of India since 2012. He holds a post-qualification work experience of 11 years in the field of Taxation, Auditing Financial Planning & Analysis, Risk Management, Financial & Statutory Reporting, and related field. He is currently engaged as a partner in a CA practising firm.

To conclude, the company has 3 promoters, and they have vast experience in the industry in which the company operates. The Directors of the company have good experience in fields directly linked to the operations of the company and different industries which helps in the growth of the company.



## Financial Snapshot

<b>Profit and Loss Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
Revenue from Operations	14,947.45	14,546.71	15,116.04	7,785.15
Other Income	13.11	5.69	26.13	3.05
<b>Total Income</b>	<b>14,960.56</b>	<b>14,552.40</b>	<b>15,142.17</b>	<b>7,788.20</b>
<b>Expenses</b>				
Cost of Material Consumed	9,677.88	9,545.11	9,985.29	5,174.13
Change in inventories of finished goods.	334.37	312.29	-710.02	-339.74
Employee benefits expense	2,074.98	1,894.14	1,960.45	940.26
Finance costs	307.60	375.67	355.80	226.80
Depreciation and Amortization expense	294.84	296.61	333.90	175.41
Other expenses	1,783.11	1,621.09	1,842.58	882.82
<b>Total Expenses</b>	<b>14,472.78</b>	<b>14,044.91</b>	<b>13,768.00</b>	<b>7,059.68</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>1,077.11</b>	<b>1,174.08</b>	<b>2,037.74</b>	<b>1,127.68</b>
<b>EBITDA Margin</b>	<b>7%</b>	<b>8%</b>	<b>13%</b>	<b>14%</b>
<b>Profit/(Loss) before exceptional items and tax</b>	<b>487.78</b>	<b>507.49</b>	<b>1,374.17</b>	<b>728.52</b>
Prior period items	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>487.78</b>	<b>507.49</b>	<b>1,374.17</b>	<b>728.52</b>
Tax Expense				
Current Tax	112.47	105.60	340.80	191.44
Deferred Tax	32.67	38.76	41.43	39.56
Total Tax Expense	145.14	144.36	382.23	231.00
<b>Profit/(Loss) for the year</b>	<b>342.64</b>	<b>363.13</b>	<b>991.94</b>	<b>497.52</b>
<b>Net Profit Margin</b>	<b>2%</b>	<b>2%</b>	<b>7%</b>	<b>6%</b>

<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	350.01	350.01	350.01	1,400.02
Reserve and Surplus	1,276.67	1,639.81	2,631.74	2,079.26
<b>Total Equity</b>	<b>1,626.68</b>	<b>1,989.82</b>	<b>2,981.75</b>	<b>3,479.28</b>
<b>2. non-current liabilities</b>				
Long Term Borrowings	2,111.77	2,703.06	2,269.29	1,677.60
Deferred Tax Liability (Net)	327.29	366.04	407.47	447.02
Long Term Provisions	50.41	52.02	56.40	46.61
<b>Total non-current liabilities</b>	<b>2,489.47</b>	<b>3,121.12</b>	<b>2,733.16</b>	<b>2,171.23</b>
<b>3. Current liabilities</b>				
Short-term borrowings	2,468.78	2,097.53	1,646.41	3,121.52
Trade payables	4,617.84	4,381.93	4,187.01	3,497.88
Other Current Liabilities	439.99	549.79	1,011.42	1,143.15
Short-term Provisions	126.92	208.61	316.68	388.04
<b>Total Current liabilities</b>	<b>7,653.53</b>	<b>7,237.86</b>	<b>7,161.52</b>	<b>8,150.59</b>
<b>Total Liabilities</b>	<b>10,143.00</b>	<b>10,358.98</b>	<b>9,894.68</b>	<b>10,321.82</b>
<b>Total Equity and Liabilities</b>	<b>11,769.68</b>	<b>12,348.80</b>	<b>12,876.43</b>	<b>13,801.10</b>
<b>ASSETS</b>				
<b>1. non-current assets</b>				
Property, Plant and Equipment				
-Tangible Assets	4,991.29	5,079.96	5,358.23	5,178.45
-Intangible Assets	49.75	35.15	20.44	11.16
-Capital Work in Progress	19.57	38.26	55.64	55.64
Long-term loans and advances	114.39	109.85	114.85	120.29
Other Non-Current Assets	45.31	95.52	141.30	103.75





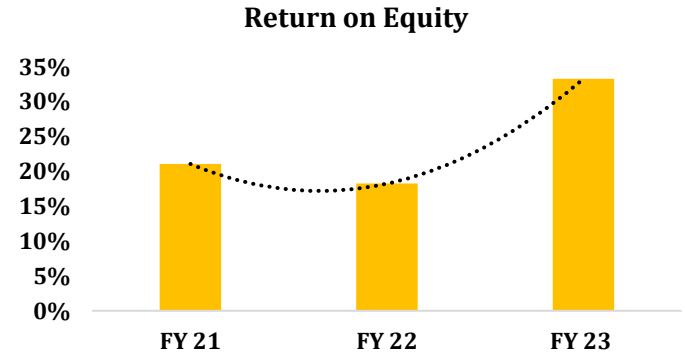
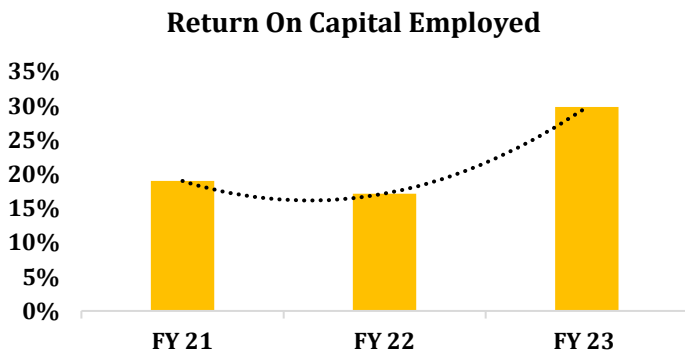
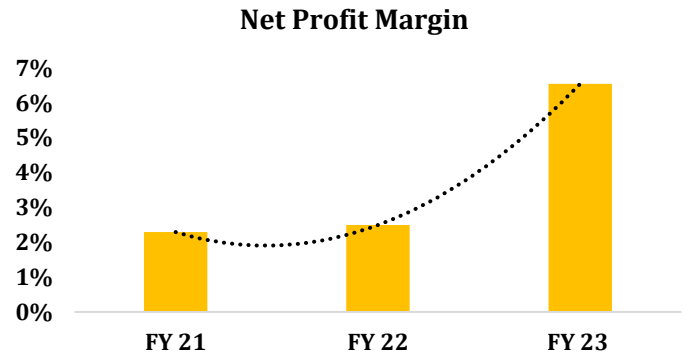
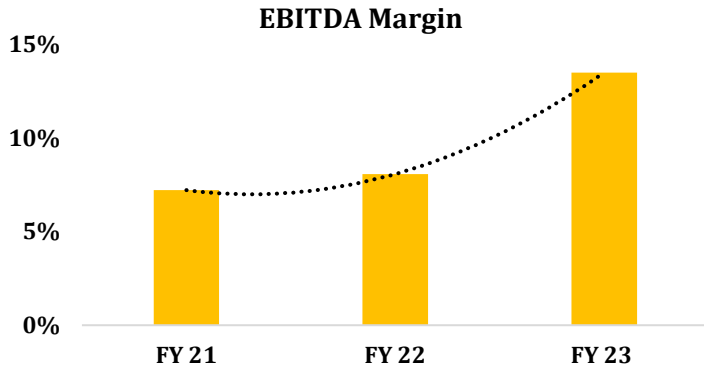
<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Total non-current assets</b>	<b>5,220.31</b>	<b>5,358.74</b>	<b>5,690.46</b>	<b>5,469.29</b>
<b>2. Current assets</b>				
Inventories	3,811.46	3,005.31	4,678.78	5,059.85
Trade receivables	714.76	1,233.52	1,089.47	1,671.87
Cash and Bank Balances	273.05	215.67	230.69	399.53
Short-term loans and advances	1,234.69	2,150.32	945.42	992.63
Other Current Assets	515.41	385.23	241.62	207.93
<b>Total Current assets</b>	<b>6,549.37</b>	<b>6,990.05</b>	<b>7,185.98</b>	<b>8,331.81</b>
<b>Total Assets</b>	<b>11,769.68</b>	<b>12,348.79</b>	<b>12,876.44</b>	<b>13,801.10</b>

<b>Cash Flow Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
Net Cash Flow from Operating Activities	-495.13	1,433.98	711.32	-487.25
Net Cash Flow from Investing Activities	-116.05	-396.30	-634.50	5.64
Net Cash Flow from Financing Activities	627.17	-1,095.05	-61.80	650.44

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23*</b>
<b>Per Share Data</b>				
Diluted EPS	2.45	2.59	7.09	5.73
BV per share	8.55	10.46	15.68	38.82
<b>Operating Ratios</b>				
EBITDA Margins	7.21%	8.07%	13.48%	14.49%
PAT Margins	2.29%	2.50%	6.55%	7.00%
Inventory days	93.07	75.41	112.98	118.94
Debtor days	17.45	30.95	26.31	39.30
Creditor days	170.26	175.31	149.74	121.88
<b>Return Ratios</b>				
RoCE	19%	17%	30%	22%
RoE	21%	18%	33%	15%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	5.51	5.60	3.27	4.58
Market Cap / Sales	0.84	0.86	0.83	0.81
P/E	26.94	25.48	9.31	11.51
Price to Book Value	7.72	6.31	4.21	1.70
<b>Solvency Ratios</b>				
Debt / Equity	2.82	2.41	1.31	1.38
Current Ratio	0.86	0.97	1.00	1.02
Quick Ratio	0.36	0.55	0.35	0.40
Asset Turnover	1.27	1.18	1.17	0.56
Interest Coverage Ratio	2.54	2.34	4.79	4.20

\*Ratio sheet for Sep-23 is annualized.

## Financial Charts



## Key Risk Factors

1. There are outstanding legal proceedings involving the Company, Directors and Promoters amounting to Rs. 193.97 lakhs. Any adverse decisions could impact the cashflows and profit or loss to the extent of demand amount, interest and penalty, divert management time and attention and have an adverse effect on the business, prospects, results of operations and financial condition.
2. The Company had negative operating cash flows for the FY ended 2021, and the period ended September 2023. Sustained negative cash flow could adversely impact the business, financial condition and results of operations.

### Track Record of Lead Manager

The lead manager to the issue is Hem Securities Limited and Share India Capital Services 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 –

#### Hem Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Shri Balaji Valve Components Limited	21.60	100.00	January 03, 2024	215.29
2.	Shanti Spintex Limited	31.25	70.00	December 27, 2023	80.77
3.	Siyaram Recycling Industries Limited	22.96	46.00	December 21, 2023	118.81
4.	S J Logistics (India) Limited	48.00	125.00	December 19, 2023	213.45
5.	Deepak Chemtex Limited	23.04	80.00	December 06, 2023	113.00
6.	Paragon Fine and Speciality Chemicals Limited	51.66	100.00	November 03, 2023	173.95
7.	E Factor Experiences Limited	25.92	75.00	October 09, 2023	163.30
8.	Arabian Petroleum Limited	20.24	70.00	October 09, 2023	98.95
9.	Saakshi Medtech and Panels Limited	45.16	97.00	October 03, 2023	237.50
10.	Madhusudan Masala Limited	23.80	70.00	September 26, 2023	126.50

The company has had 37 mandates in the past three years including the current Year.

#### Share India Capital Services Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Krishca Strapping Solutions Limited	17.93	54.00	May 26, 2023	242.05
2.	De Neers Tools Limited	22.99	101.00	May 11, 2023	229.00
3.	Quicktouch Technologies Limited	9.33	61.00	May 02, 2023	224.90
4.	A G Universal Limited	8.72	60.00	April 24, 2023	68.45
5.	Exhicon Events Media Solutions Limited	21.12	64.00	April 17, 2023	403.45
6.	Maiden Forgings Limited	23.84	63.00	April 06, 2023	113.10

The company has had 06 mandates in the past three years including the current Year.

\*CMP for the above-mentioned companies is taken as of 9<sup>th</sup> January 2024.

As per the offer document, from the above-mentioned mandates, 3 mandates have opened at par and the remaining have opened at premiums on the listing date.



### **Recommendation**

The company has been in the industry since 2014 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 a post-IPO basis is 11.51 times which seems to be fairly priced by looking at the performance of the company and the sector. The Sector P/E is 32.5 times.

The company has not had a proper trend in the top line but has seen an increase in the bottom line of its financials. The profitability margins have seen a sudden increase during FY 2023, but we believe it can be sustained going forward by looking at the future financial outlook of the company. The company is also utilizing its net proceeds for expansion through purchase which will give good yield to the company. The company also has strategies planned out details of which are provided in the 'Business Strategies' of this report. Thus, keeping in mind the above-mentioned points we recommend **APPLY** for 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.