

IPO Details		Company Background					
Opening Date	Feb 08, 2024	<ul style="list-style-type: none"> Rudra Gas Enterprise Limited was originally incorporated in the year 2015 and had its registered office in Ahmedabad, Gujarat, India. The company is engaged in various facets of the infrastructure sector. The company is mainly engaged in gas distribution network projects, fiber cable networks, and renting of construction machinery and vehicles. The company provide end-to-end solutions for the city gas distribution sector. The company's expertise is in pipeline construction, civil works, and operation and maintenance, for pipeline networks in city gas distribution. As of 31st October 2024, the Company had 512 employees on its payroll. 					
Closing Date	Feb 12, 2024						
Stock Exchange	BSE SME						
Lot Size	2,000 Shares						
Issue Price	₹ 63 per share						
Issue Size	Aggregating up to 14.16 Cr.						
Fresh Issue	Aggregating up to 14.16 Cr.						
Offer for Sale	-						
Application Amount	₹ 1,26,000						
IPO Objective							
Funding of working capital requirements.							
General corporate purposes.							
Pre-Issue Shareholding			Market Capitalization (In Cr.)				
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue			
			₹ 38	₹ 53			
Promoter & Promoter Group	60,89,800	100.00%					
Public	200	Negligible					
Promoter of the Company			Financial Summary (In Lacs)				
1	Kush Sureshbhai Patel		For the Period Ended	Mar-21	Mar-22	Mar-23	Oct-23
2	Kashyap Sureshbhai Patel		Total Assets	1,960.49	2,804.90	3,380.56	4,345.39
3	Manjulaben Sureshbhai Patel		Net Assets	267.07	446.48	798.50	1,149.10
Competitive Strengths			Total Borrowings	1,008.22	1,379.98	1,738.34	1,990.15
1	Experienced promoters and management team.		Total Revenue	2,816.96	4,395.96	4,957.03	3,446.80
2	Robust infrastructure and effective project execution.		Profit After Tax	127.04	179.41	352.01	247.42
3	Establishing long-term client relationships and driving repeat business.		Tentative Timeline				
4	Strong partnerships.		Opening Date	Feb 08, 2024			
5	Expanding operational capabilities.		Closing Date	Feb 12, 2024			
6	Compliance and safety culture.		Basis of Allotment	Feb 13, 2024			
7	Customer focus.		Initiation of Refunds	Feb 14, 2024			
8	Optimal utilization of resources.		Credit of Shares to Demat	Feb 14, 2024			
			Listing Date	Feb 15, 2024			

Company Background and Analysis

Rudra Gas Enterprise Limited was originally incorporated on September 07, 2015. The company is engaged in various facets of the infrastructure sector. The company is mainly engaged in gas distribution network projects, fiber cable networks, and renting of construction machinery and vehicles. The company provides end-to-end solutions for the city gas distribution sector. The company's expertise is in pipeline construction, civil works, and operation and maintenance, for pipeline networks in city gas distribution. The services ensure the safe and efficient transportation of vital resources such as Compressed Natural Gas ("CNG") and Piped Natural Gas ("PNG"). In the Fiber cable network sector, the company offers services of installations of optical Fiber cable and maintenance thereof.

As of October 31, 2023, the company has an order book position for execution of approximately ₹ 32,783 lakhs which are at different stages of implementation out of which approximately ₹ 7,571 Lakhs revenue is already booked.

The company derives its revenue from the following three business verticals and the revenue bifurcation for the same is given below:

1. Gas Pipeline Projects – The company primarily provides 3 major services under these –
 - i) City Gas Distribution Network – This comprises of laying of pipelines for distribution of the city gas network and construction of associated facilities like CNG (Compressed Natural Gas) stations, erection, installation, testing and commissioning of the underground pipelines, maintenance, and repair facilities. It caters to segments such as domestic household use; commercial use such as the manufacturing industry, power generation, hotels, hospitals, restaurants and offices; and transport sector use in vehicles.
 - ii) Gas Station Construction and its Further Connections – This undertakes civil works at the company's sites for the execution of its projects as per the requirements of the project. The work includes the construction and installation of gas stations and their physical infrastructure, like pipelines, valves, and stations, needed to carry out work as per the scope and specifications of the project.
 - iii) Operation and Maintenance Services – This offers comprehensive Operations & Maintenance (O&M) services to CGD companies. This division focuses on managing CGD networks, conducting repairs, implementing modernization initiatives, scheduling shutdowns, and providing ongoing maintenance for existing pipelines.
2. Fiber Cable Network Projects - The company offers optical fiber cable installation services. It involves creating specialized cables designed to transmit data using light signals. It involves creating extremely thin glass or plastic strands that can carry data as pulses of light.
3. Renting of Construction machinery and vehicles – This provides construction machinery and vehicles for rent to the sub-contractors for specific projects.

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Oct-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Gas Distribution Network Projects	2,448.28	87.15	3,933.04	89.72	4,450.82	90.05	3,066.31	89.23
Fibre Cable Network Projects	258.39	9.20	377.16	8.60	372.05	7.53	25.97	0.76
Renting of Machinery and Vehicles	102.60	3.65	73.46	1.68	119.51	2.42	344.06	10.01
Total	2,809.27	100.00	4,383.66	100.00	4,942.38	100.00	3,436.34	100.00

To conclude, Rudra Gas Enterprise Limited was incorporated in 2015 and has decent experience in the industry. The company is generating the majority of its revenue from the Gas Distribution Projects verticals. The company is raising total gross proceeds of Rs. 14.16 Cr.

Business Strategies

1. Expanding Operations Nationwide –

The objective is to further expand the operations in regions where the company has already established a strong foundation. The company's goal is to strengthen its presence across the country, actively participate in the expansion of the City Gas Distribution (CGD) network and become a prominent player in CGD system development and Fiber cable Network Project.

2. Expanding Operation and Management Services –

The company has substantial growth opportunities in the Operation & Management (O&M) services offerings due to the increasing number of pipeline projects in India and the ageing of existing pipelines. capitalizing on these opportunities, the company aims to further enhance the O&M services business and cater to the evolving needs of the pipeline industry.

3. Continuing Client Relationship Development and Expansion -

They actively seeking to forge new partnerships with potential clients to diversify and expand the client portfolio. By understanding their unique requirements and offering tailored solutions, the company aims to attract new clients and enhance its market presence.

4. Enhancing Working Capital Management –

The company is committed to enhancing its working capital management practices by employing strategies that optimize cash flow, reduce operating costs, and mitigate risks. To achieve this, the company closely monitor and analyse the receivables, payables, and inventory levels. By efficiently managing the accounts receivable, the company aims to minimize the collection period and improve cash inflow.

Competitive Scenario and Peer Mapping

Competition

The company operates in a very competitive environment. The company compete with other players in this field on the basis of service quality, technical capability, pricing, performance record and experience, health and safety observance availability of qualified personnel and client convenience. The company has low barriers to entry. The bargaining power with the customers is slightly low in the sector in which the company operates. The bargaining power with the suppliers is also high 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	Rudra Gas Enterprise Limited	Likhitha Infrastructure Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	7%	17%
EBITDA Margin	14%	22%
Return on Capital Employed	43%	29%
Return on Equity	44%	24%
EPS (INR)	6.71	15.22

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

Particulars	Rudra Gas Enterprise Limited	Likhitha Infrastructure Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	4.09%	17.51%
EBITDA Margin	10%	24%
Return on Capital Employed	34%	30%
Return on Equity	40%	23%
EPS (INR)	3.42	11.51

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

Particulars	Rudra Gas Enterprise Limited	Likhitha Infrastructure Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	4.52%	15.2%
EBITDA Margin	10.2%	20.4%
Return on Capital Employed	26.5%	24.0%
Return on Equity	47.6%	18.8%
EPS (INR)	2.42	7.34

Industry Overview

Exhibit 1: Growth in Infrastructure Related Activities in FY22 (%)

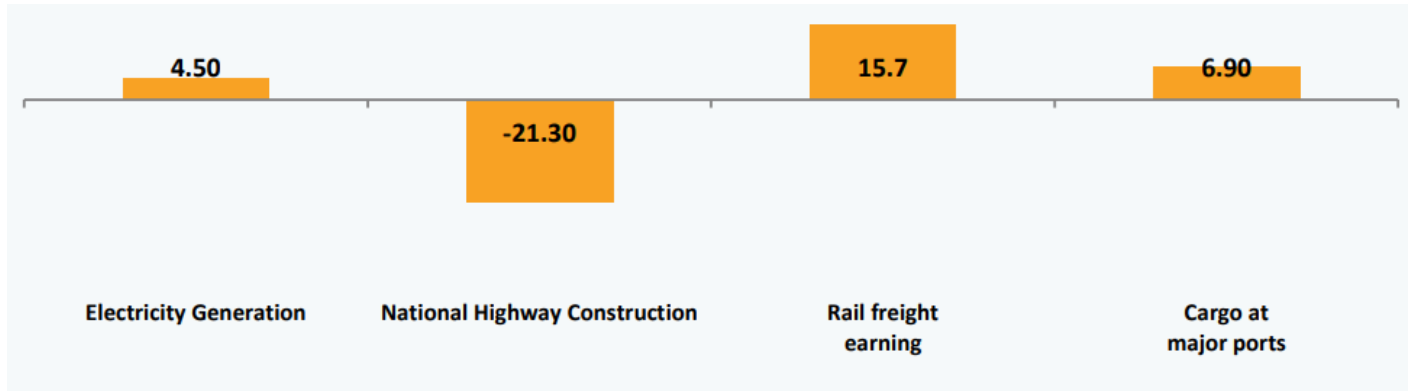
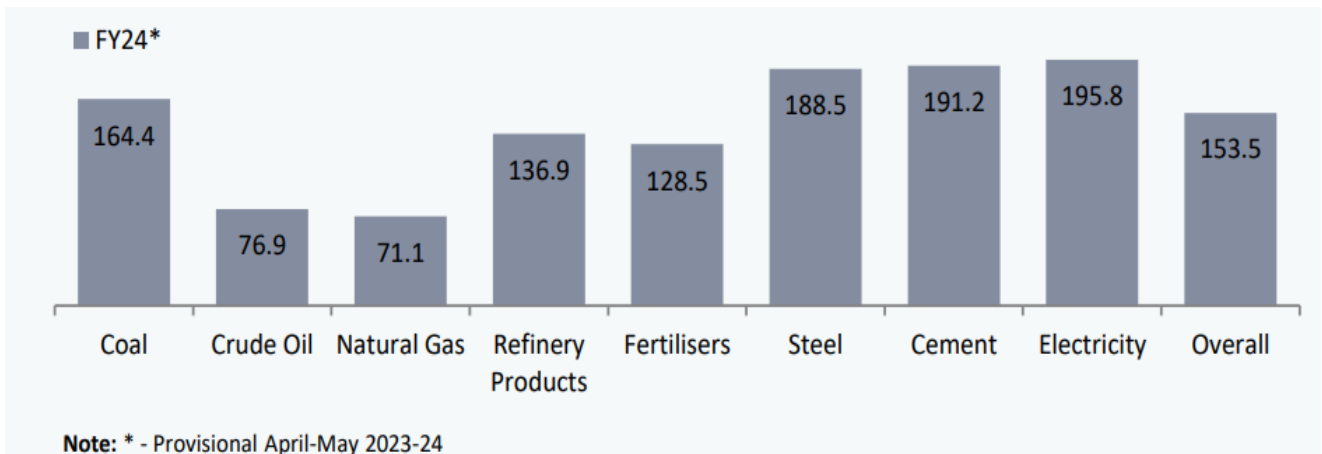


Exhibit 2: Index of Eight Core Infrastructure Industries.



(Source: ibef.org)

Infrastructure Industry -

Summary

1. HIGH BUDGETARY ALLOCATION FOR INFRASTRUCTURE

- In the Union Budget 2022-23, the government has given a massive push to the infrastructure sector by allocating ₹ 10 lakh crore (US\$ 130.57 billion) to enhance the infrastructure sector.
- The government expanded the 'National Infrastructure Pipeline (NIP)' to 9,335 projects. 217 projects worth ₹ 1.10 lakh crore (US\$ 15.09 billion) were completed as of 2020.

2. INCREASING PRIVATE SECTOR INVOLVEMENT

- The private sector is emerging as a key player across various infrastructure segments, ranging from roads and communications to power and airports.
- Private investment into physical and social infrastructure is key to putting India in a high growth trajectory, which will make it a US\$ 5 trillion economy by 2024-25.
- Yearly private equity (PE) and venture capital (VC) investment in India is expected to surpass US\$ 65 billion in 2025.

3. IMPROVEMENT IN LOGISTICS

- In 2020, India's logistics sector was one of the largest worldwide worth US\$ 215 billion and increased at a CAGR of 10%.
- The Indian logistics market is estimated to touch US\$ 320 billion by 2025.

Real Estate Sector -

Summary

- In India, the real estate sector is the second-highest employment generator, after the agriculture sector.
- Real estate sector in India is expected to reach US\$ 1 trillion by 2030. By 2025, it will contribute 13% to the country's GDP.
- Rapid urbanisation bodes well for the sector. The number of Indians living in urban areas is expected to reach 542.7 million by 2025 and 675.5 million by 2035.
- Construction is the third-largest sector in terms of FDI inflow. FDI in the sector (including construction development & activities) stood at US\$ 55.50 billion from April 2000-December 2022.
- Home sales across the top eight cities in India surged 68% YoY to reach ~308,940 units in 2022, signifying a healthy recovery in the sector. Increasing Investment:
 - Driven by increasing transparency and returns, there's a surge in private investment in the sector.
 - The Private Equity Investments in India's real estate sector, stood at US\$ 3.4 billion in 2022.

ATTRACTIVE OPPORTUNITIES

- Rising international real estate development is expected to provide potential growth opportunities to the Indian market. For example, an MoU signed between J&K and the Government of Dubai (in October 2021) for the development of real estate projects (such as industrial parks, IT towers and super speciality hospitals) is expected to boost growth in the union territory.
- As per ICRA estimates, Indian firms are expected to raise >₹ 3.5 trillion (US\$ 48 billion) through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US\$ 29 billion to date.

(Source: prospectus)

Key Managerial Personnel

Kush Sureshbhai Patel, aged 34 years, is one of the Promoters, Chairman and Managing Director of the Company. He holds the degree of Bachelor of Technology. He is having an experience of more than 10 years in the field of Oil and Gas Industry. He manages finance, accounting, design and development of the gas distribution network, optical fiber cable network and overall management of the Company.

Kashyap Sureshbhai Patel, aged 34 years, is one of the Promoters, and Executive Director of the Company. He holds the degree of Bachelor of Technology. He is having an experience of more than 11 years in the field of Oil and Gas Industry. He manages the Tendering Department, Project construction activities and overall operations of the Company.

Manjulaben Sureshbhai Patel, aged 56 years, is one of the Promoters, and Non-Executive Director of the Company. She is an Undergraduate. She is having an experience of more than 8 years as a Director in Rudra Gas Enterprise Limited.

Paresh Laxminarayan Sharma, aged 61 years, is the Independent Director of the Company. He holds degree of Bachelor of Engineering, degree of Diploma, degree of Post Graduate Diploma in Planning. He is having an experience of 35 years as an Urban Planner in framing Urban Policy & Legislation, Urban Governance & Administration, Management of Public Land, formulating Development Plans & Land Pooling Schemes, Urban Finance, Appraisal, Management and Implementation of Projects.

Jayshri Yogesh Raval, aged 56 years, is the Independent Director of the Company. She holds a degree of Bachelor of Education and a Bachelor of Arts. She is having an experience of 29 years in the Teaching Industry.

To conclude, the company has 3 promoters, and they have good experience in the fields which helps in the overall growth. The Directors of the company also have good experience in fields which help in the growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23
Revenue from Operations	2,809.27	4,383.66	4,942.39	3,436.34
Other Income	7.69	12.30	14.64	10.46
Total Income	2,816.96	4,395.96	4,957.03	3,446.80
Expenses				
Cost of raw materials consumed	2,126.81	3,171.36	3,183.20	2,128.36
Employee benefits expense	294.64	581.81	872.95	692.34
Finance costs	81.42	149.02	174.86	140.61
Depreciation and Amortization expense	31.68	63.87	74.19	46.18
Other expenses	100.22	179.66	177.72	108.15
Total Expenses	2,634.77	4,145.72	4,482.92	3,115.64
Earnings Before Interest, Taxes, Depreciation & Amortization	287.60	450.83	708.52	507.49
EBITDA Margin	10%	10%	14%	15%
Profit/(Loss) before extraordinary items and tax	182.19	250.24	474.11	331.16
Prior period items	-2.51	-10.20	-	-
Profit/(Loss) before tax	179.68	240.04	474.11	331.16
Tax Expense				
Current Tax	38.91	50.25	112.45	83.34
Deferred Tax	12.32	10.45	9.65	2.73
Earlier year Income Tax	1.41	-0.07	-	-2.33
Total Tax Expense	52.64	60.63	122.10	83.74
Profit/(Loss) for the year	127.04	179.41	352.01	247.42
Net Profit Margin	4.51%	4.08%	7.10%	7.18%

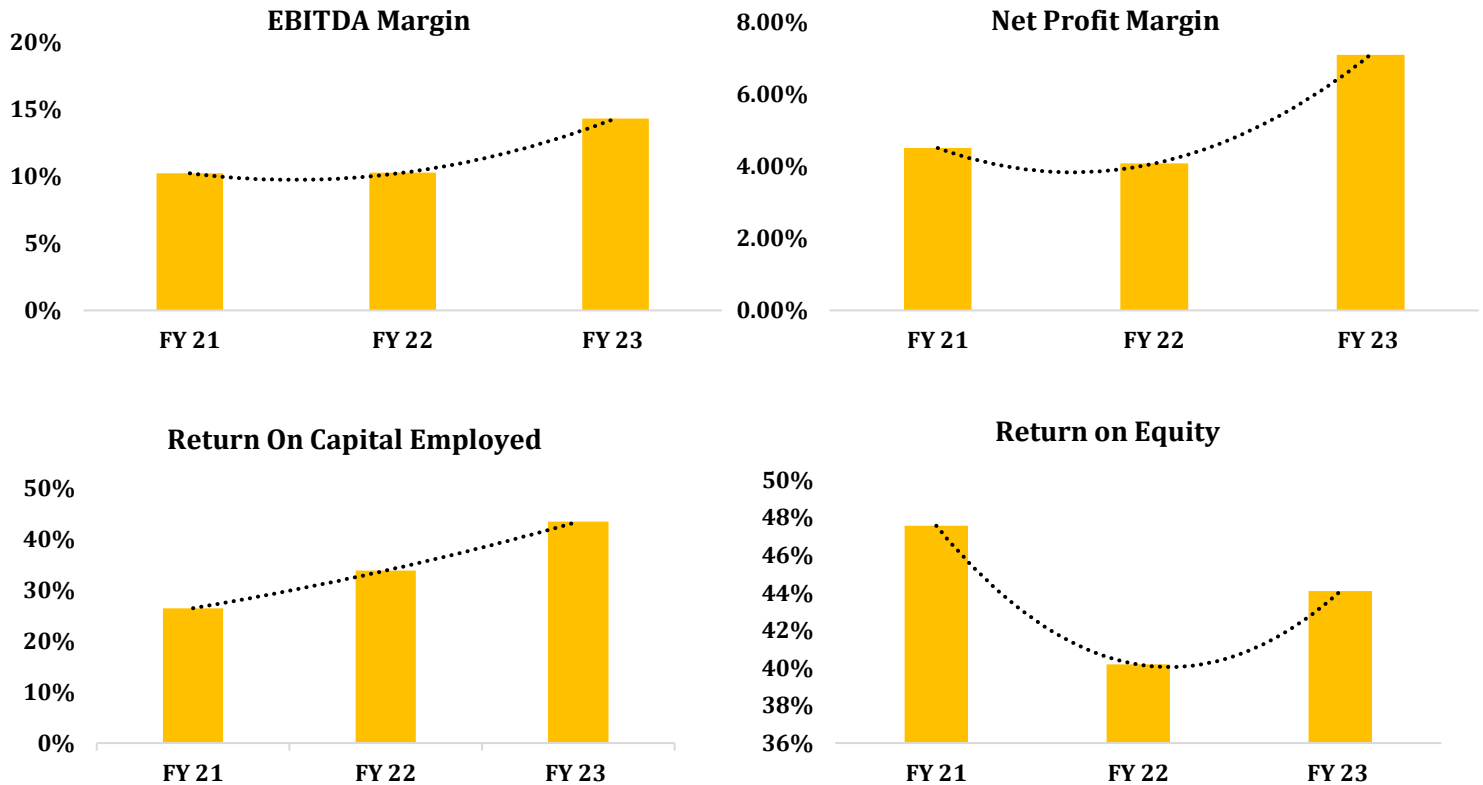
Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	25.00	25.00	25.00	609.00
Reserve and Surplus	242.07	421.48	773.50	540.10
Total Equity	267.07	446.48	798.50	1,149.10
Minority Interest				
Total Equity	267.07	446.48	798.50	1,149.10
2. Non-current liabilities				
Long Term Borrowings	516.88	501.77	389.43	372.23
Deferred Tax Liabilities (Net)	12.04	22.49	32.14	34.86
Long-term Provisions	3.45	3.97	6.50	-
Other Long-term Liabilities	166.74	167.28	232.52	284.16
Total Non-current liabilities	699.11	695.51	660.59	691.25
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	491.34	878.21	1,348.91	1,617.92
Trade payables				
Due to MSME	27.60	100.75	116.97	418.29
Due to Others	398.91	470.60	159.78	64.71
Other Current Liabilities	75.82	212.98	294.11	390.82
Short-term Provisions	0.65	0.40	1.70	13.29
Total Current liabilities	994.32	1,662.94	1,921.47	2,505.03

Balance Sheet					(In Lacs)
Total Liabilities	1,693.43	2,358.45	2,582.06	3,196.28	
Total Equity and Liabilities	1,960.50	2,804.93	3,380.56	4,345.38	
ASSETS					
1. Non-current assets					
Property, Plant and Equipment	478.08	784.95	763.54	740.63	
Intangible assets	0.17	0.24	0.15	0.11	
Non-Current Investments	-	-	-	102.88	
Long term loans and advances	83.95	22.53	22.53	20.00	
Other Non-current assets	222.53	158.00	166.51	118.11	
Total Non-Current assets	784.73	965.72	952.73	981.73	
2. Current assets					
Inventories	100.25	90.62	153.62	205.96	
Trade receivables	562.29	712.15	832.79	1,566.19	
Cash and Bank Balances	48.95	65.60	84.43	354.31	
Short-term loans and advances	72.33	224.06	195.40	334.40	
Other Current Assets	391.94	746.75	1,161.59	902.80	
Total Current assets	1,175.76	1,839.18	2,427.83	3,363.66	
Total Assets	1,960.49	2,804.90	3,380.56	4,345.39	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23	
Net Cash Flow from Operating Activities	255.88	423.33	287.92	338.45	
Net Cash Flow from Investing Activities	-293.62	-242.54	18.11	-13.94	
Net Cash Flow from Financing Activities	53.30	-164.13	-287.20	-54.61	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Oct-23*
Per Share Data				
Diluted EPS	2.42	3.42	6.71	5.10
BV per share	3.20	5.35	9.58	32.90
Operating Ratios				
EBITDA Margins	10.24%	10.28%	14.34%	14.77%
PAT Margins	4.51%	4.08%	7.10%	7.19%
Inventory days	13.03	7.55	11.34	12.83
Debtor days	73.06	59.30	61.50	97.54
Creditor days	414.00	301.91	210.64	466.98
Return Ratios				
RoCE	26%	34%	43%	27%
RoE	48%	40%	44%	15%
Valuation Ratios (x)				
EV/EBITDA	4.26	3.91	3.46	4.88
Market Cap / Sales	1.87	1.20	1.06	0.89
P/E	26.03	18.42	9.39	12.37
Price to Book Value	19.67	11.76	6.58	1.92
Solvency Ratios				
Debt / Equity	3.78	3.09	2.18	1.73
Current Ratio	1.18	1.11	1.26	1.34
Quick Ratio	1.08	1.05	1.18	1.26
Asset Turnover	1.43	1.56	1.46	0.79
Interest Coverage Ratio	3.14	2.60	3.63	3.28

*Ratio sheet for Oct-23 is annualized.

Financial Charts

Key Risk Factors

1. There are outstanding legal proceedings involving the Company amounting to Rs. 39.7 lakhs. Any adverse decision in such proceedings may have a material adverse effect on the business, results of operations and financial condition.
2. The Company is dependent on a few suppliers for the purchase of products. The loss of any of these large suppliers may adversely affect the business operations. The top ten suppliers contributed 62.09%, 53.18%, 59.23% and 75.05% of the total purchases for the period ended October 31, 2023, and for the financial year ended on March 31, 2023, 2022 and 2021, respectively.
3. The Company is dependent on a few customers. The loss of any of these large customers may adversely affect revenues and profitability. The top ten customers contributed 94.77%, 99.85%, 96.46% and 99.85% of the total sales for the period ended October 31, 2023, and for the financial year ended on March 31, 2023, 2022 and 2021 respectively.
4. The Company incurred a net loss of ₹ 0.14 lakhs in the FY 2016 and may not be able to achieve or maintain profitability in the future.
5. The company has contingent liabilities amounting to Rs. 1,498.41 lakhs.

Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

Beeline Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Fonebox Retail Limited	20.37	70.00	February 02, 2024	177.00
2.	Konstelec Engineers Limited	28.70	70.00	January 30, 2024	244.00
3.	Australian Premium Solar (India) Limited	28.08	147.00	January 18, 2024	237.00
4.	Indifra Limited	14.04	65.00	December 29, 2023	46.02
5.	Benchmark Computer Solutions Limited	12.24	66.00	December 21, 2023	66.2
6.	Sheetal Universal Limited	23.80	70.00	December 11, 2023	71.6
7.	Rajgor Castor Derivatives Limited	47.81	50.00	October 31, 2023	44.00
8.	Arvind and Company Shipping Agencies Limited	14.74	45.00	October 25, 2023	56.00
9.	Karnika Industries Limited	25.07	76.00	October 12, 2023	135.00
10.	Hi-Green Carbon Limited	52.80	75.00	September 28, 2023	191.00

The company has had 25 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 12th February 2024.

As per the offer document, from the above-mentioned mandates, all the mandates have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2015 and has decent 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 12.37 times which seems to be slightly highly priced by looking at the performance of the company and the sector. The Sector P/E is 19.2 times.

The industry in which the company operates is highly competitive. The company has seen a steady increase in both the top line and bottom line of its financials. The company also operates in the renting of construction machinery and vehicles. The company has a good order book which we believe will yield good results for the company in the near future. We believe on can **APPLY** to this IPO keeping in mind that it is for a long-term investment.

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.