

IPO Details		Company Background					
Opening Date	April 8, 2024	<ul style="list-style-type: none"> ○ Founded in 2019, Teerth Gopicon Limited has its registered office in Mumbai, Maharashtra, India. ○ The company specializes in road construction, sewerage, and water supply projects, including roles as a subcontractor for a residential tower in Indore. ○ Serving both government (e.g., ISCDL, IMC, USCL) and private sectors, its portfolio spans civil engineering projects like building construction, water supply systems, sewage networks, treatment plants, road construction, and lake rehabilitation. ○ As of February 29, 2024, the company had a total of 164 employees on its payroll. 					
Closing Date	April 10, 2024						
Stock Exchange	NSE SME						
Lot Size	1,200 Shares						
Issue Price	₹111 per share						
Issue Size	Aggregating up to 44.40 Cr.						
Fresh Issue	Aggregating up to 44.40 Cr.						
Offer for Sale	-						
Application Amount	₹1,33,200						
IPO Objective		Market Capitalization (In Cr.)					
1. To meet working capital requirements.		Pre-Issue		Post-Issue			
2. General corporate purposes.		₹ 89		₹ 133			
Pre-Issue Shareholding		Financial Summary (In Lacs.)					
Category	No. of Shares	% of Total Shares	For the Period Ended	Mar-21	Mar-22	Mar-23	Jan-24
Promoter & Promoter Group	77,20,000	96.50%	Total Assets	3,115.48	4,277.17	4,743.30	13,719.7
Public	2,80,000	3.50%	Net Assets	594.22	609.49	788.70	1,572.74
Promoter of the Company		Total Borrowing	933.82	1,365.50	337.98	937.18	
1. Maheshbhai Kumbhani		Total Revenue	4,620.75	3,120.78	3,914.87	6,970.01	
2. Chandrikaben Kumbhani		Profit After Tax	46.45	15.27	179.21	784.04	
3. Pallav Kumbhani		Tentative Timeline					
Competitive Strengths		Opening Date	April 8, 2024				
1. Extensive experience in managing and completing projects on time and within budget.		Closing Date	April 10, 2024				
2. Strong Presence in Madhya Pradesh.		Basis of Allotment	April 12, 2024				
3. Continuous focus on Equipment Ownership.		Initiation of Refunds	April 15, 2024				
4. Focused Player in Water Supply projects (WSP).		Credit of Shares to Demat	April 15, 2024				
5. Robust network and relationships with suppliers, enabling better negotiating power and access to high-quality Materials.		Listing Date	April 16, 2024				
6. Visible growth through a robust order book.							

Company Background and Analysis

Teerth Gopicon Limited was incorporated on October 10, 2019. The company is an engineering construction and development company engaged primarily in the construction of roads, sewerage work and water distribution work in Madhya Pradesh. The company have also worked as a sub-contractor and constructed a residential tower in the city of Indore.

The company has taken up various work as a registered Civil contractor of various Central/State Governments like ISCDL, IMC, USCL, UMC, MPJNM etc. and also executed building works for the private sector. The company has executed a wide range of civil engineering projects like building construction work, water supply, pipeline, sewerage network, sewerage treatment plant, nalla tapping work, Re-use network, Head Tanks, GSR, Road work, Rejuvenation of Lake etc.

The company as of January 2024 has completed work of Rs. 8,524.35 lakhs. The company has order book comprises the unfinished and uncertified portion of projects that the company have undertaken. The company as of January 2024 has an order book of Rs.90,498 lakhs.

Engineering, Procurement, and Construction –

The company’s core business is undertaking construction projects in diverse sectors such as roads water distribution networks irrigation etc on an “engineering, procurement and construction” basis.

Engineering – The company’s engineering work normally includes work related to project layout, construction process, control systems and instrumentation, equipment usage planning, civil works, designing cost control measures and scheduling.

Procurement - Following the engineering stage, the company arrange the equipment and place orders for the raw materials required for the project through the centralised procurement system.

Construction - commence construction after the engineering and design aspects are finalized, and the required equipment and raw materials are purchased or arranged. The company’s work also involves the construction of different ancillary structures depending on the projects the company undertake, such as intake wells, water treatment plants, buildings, embankments, cross drainage, and bridge works over rivers and canals in the construction of highways.

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Jan-24	
	Amt	%	Amt	%	Amt	%	Amt	%
Sewerage Work	3,584.96	77.61	2,874.68	92.23	676.69	17.32	-	-
Parking Construction Work	-	-	-	-	196.08	5.02	238.36	3.42
Road Construction Work	1,034.36	22.39	242.16	7.77	2,150.57	55.03	44.94	0.65
Water Distribution Work	-	-	-	-	-	-	6,535.07	93.86
Rejuvenation of Lake	-	-	-	-	884.32	22.63	144.55	2.08
Total (A+B)	4,619.32	100.00	3,116.84	100.00	3,907.66	100.00	6,962.92	100.00

To conclude, the company is relatively new to the industry. The company operates in the EPC Sector. The company has generated the majority of its revenue for FY 23 by road construction work and for Period Jan 24 from water distribution work. The company has a good order book.

Business Strategies

1. Expand the geographical footprint –

The company is planning to expand into multiple states. Through an increasingly diversified portfolio, company hope to hedge against risks in specific areas or projects and protect themselves from fluctuations resulting from business concentration in limited geographical areas.

2. Continued focus on Water Supply Projects (WSP) business –

The Company intends to focus on water supply projects looking to the asset base, Manpower resources and financial capabilities with an eye to diversify in other states.

3. Retaining Skilled Manpower –

The company strives to enhance the pipeline infrastructure industry by providing all possible solutions and expertise to projects. The company believes the successful implementation of the business and growth strategies depends on the ability to hire and cultivate experienced, motivated and well-trained members of the management and employee teams. The company intends to continue to recruit, retain and train qualified personnel.

Competitive Scenario and Peer Mapping

Competition

The company operate in a competitive atmosphere where the company face competition from other construction companies operating in the state of Madhya Pradesh. The competition depends on various factors, such as the type of project, total contract value, potential margins, complexity, location of the projects and risks relating to revenue generation. The company expect to face competition from large domestic infrastructure development companies, which are well placed to fulfil the pre-qualification criteria. There are slightly fewer entry barriers in this industry further intensifying the competition. The bargaining power with the suppliers is higher in the industry 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	Teerth Gopicon Limited	Conart Engineers Limited	Brahmaputra Infrastructure Limited	MBL Infrastructure Ltd	Tarmat Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	5%	6%	6%	-17%	5%
EBITDA Margin	8%	9%	20%	66%	6%
Return on Capital Employed	24%	10%	13%	6%	6%
Return on Equity	23%	8%	7%	-6%	6%
EPS (INR)	2.24	6.31	3.68	-4.82	3.99

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

Particulars	Teerth Gopicon Limited	Conart Engineers Limited	Brahmaputra Infrastructure Limited	MBL Infrastructure Ltd	Tarmat Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	0.49%	3.48%	3.85%	0.05%	3%
EBITDA Margin	2%	6%	18%	49%	4%
Return on Capital Employed	2%	8%	12%	3%	7%
Return on Equity	3%	6%	5%	0%	5%
EPS (INR)	0.19	4.11	2.45	0.01	3.14

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

Particulars	Teerth Gopicon Limited	Conart Engineers Limited	Brahmaputra Infrastructure Limited	MBL Infrastructure Ltd	Tarmat Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	1.01%	4.6%	-0.1%	19.1%	2.6%
EBITDA Margin	2.3%	8.2%	11.4%	70.1%	4.3%
Return on Capital Employed	4.4%	6.7%	6.7%	5.9%	10.8%
Return on Equity	7.8%	4.9%	-0.1%	7.7%	8.4%
EPS (INR)	0.58	3.31	-0.04	6.05	3.86

Industry Overview

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

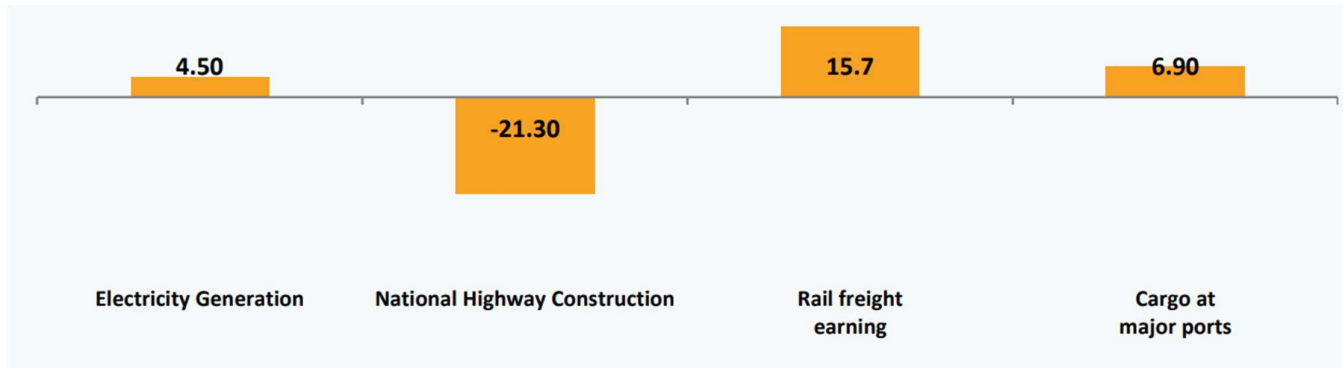
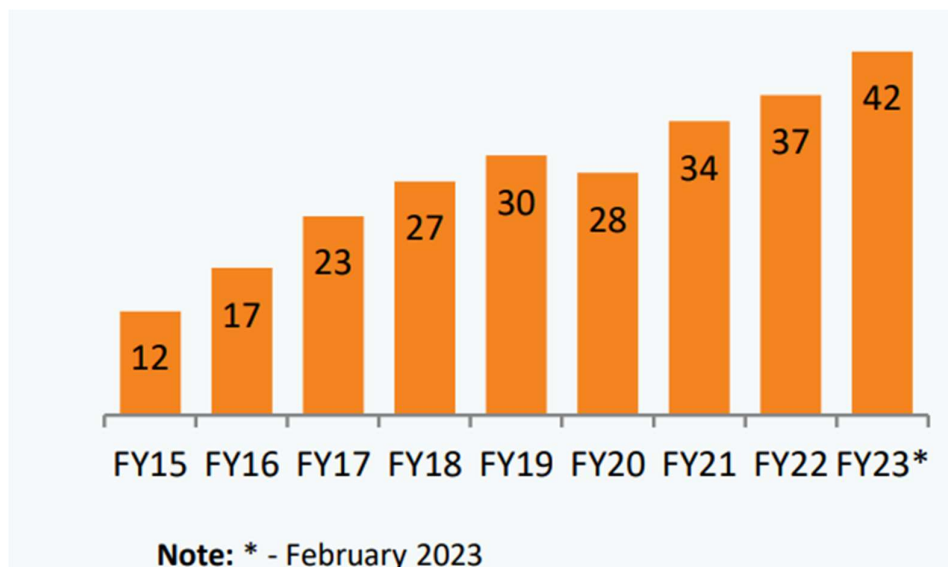


Exhibit 2: Road Construction Per Day (kms)



(Source: ibef.org)

Infrastructure Industry -

India's high growth imperative in 2023 and beyond will significantly be driven by major strides in key sectors with infrastructure development being a critical force aiding the progress. Infrastructure is a key enabler in helping India become a US \$26 trillion economy. Investments in building and upgrading physical infrastructure, especially in synergy with the ease of doing business initiatives, remain pivotal to increase efficiency and costs. Prime Minister Mr. Narendra Modi also recently reiterated that infrastructure is a crucial pillar to ensure good governance across sectors.

The government's focus on building infrastructure of the future has been evident given the slew of initiatives launched recently. The US\$ 1.3 trillion national master plan for infrastructure, Gati Shakti, has been a forerunner to bring about systemic and effective reforms in the sector, and has already shown a significant headway.

Infrastructure support to nation's manufacturers also remains one of the top agendas as it will significantly transform goods and exports movement making freight delivery effective and economical. The "Smart Cities Mission" and "Housing for All" programmes have benefited from these initiatives. Saudi Arabia seeks to spend up to US\$ 100 billion in India in energy, petrochemicals, refinery, infrastructure, agriculture, minerals, and mining. Infrastructure sector is a key driver for the Indian economy.

The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure development. In other words, the infrastructure sector acts as a catalyst for India's economic growth as it drives the growth of the allied sectors like townships, housing, built-up infrastructure, and construction development projects.

To meet India's aim of reaching a US\$ 5 trillion economy by 2025, infrastructure development is the need of the hour. The government has launched the National Infrastructure Pipeline (NIP) combined with other initiatives such as 'Make in India' and the production-linked incentives (PLI) scheme to augment the growth of infrastructure sector. Historically, more than 80% of the country's infrastructure spending has gone toward funding for transportation, electricity, and water& irrigation.

While these sectors still remain the key focus, the government has also started to focus on other sectors as India's environment and demographics are evolving. There is a compelling need for enhanced and improved delivery across the whole infrastructure spectrum, from housing provision to water and sanitation services to digital and transportation demands, which will assure economic growth, increase quality of life, and boost sectoral competitiveness.

In Budget 2023-24, capital investment outlay for infrastructure is being increased by 33% to Rs.10 lakh crore (US\$ 122 billion), which would be 3.3 per cent of GDP. As per the Union Budget 2023-24, a capital outlay of Rs. 2.40 lakh crore (US\$ 29 billion) has been provided for the Railways, which is the highest ever outlay and about 9 times the outlay made in 2013-14.

Started with 6,835 projects, the NIP project count now stands at 9,142 covering 34 sub-sectors, as per news reports. Under the initiative, 2476 projects are under development phase with an estimated investment of US\$ 1.9 trillion. Nearly half of the under-development projects are in the transportation sector, and 3,906 in the roads and bridges sub-sector.

(Source: ibef.org)

Key Managerial Personnel

Maheshbhai Kumbhani, aged 48 years, is one of the Promoters and Managing Director of the Company. He holds a diploma in civil. He has been awarded an Honorary “Doctorate in Construction Management” by the United States of America International University. He has more than 15 years of experience in the construction industry. He started its proprietary concern M/s Gopi Construction in the year 2010 in Ahmedabad and started his own construction business. His major roles include administering business strategies to streamline company growth and ensure the smooth running of existing operations.

Chandrikaben Kumbhani, aged 44 years, is one of the Promoters and Whole-Time Director of the Company. She is a Commerce Graduate. She has been associated with the Company since incorporation. She looks after developing and implementing the organization’s strategic plan, creating and leading a high-performing professional team, selecting and managing subcontractors for various construction tasks and many other matters of the company.

Pallav Kumbhan, aged 22 years, is one of the Promoters and Non-Executive Director of the Company. He is B.Tech. (Civil Engineering) from Rajiv Gandhi Proudhyogiki Vishwavidyalaya Bhopal. After completing his education, he joined the family business. He develops and carries out the Department of Civil Engineering’s prospective goals and strategic objectives and oversees the civil engineering projects’ budgeting, planning and execution.

Bhavan Trivedi, aged 62 years, is the Independent Director of the Company. He possesses the degree of M.Com., LL.B.(Spl.), FCA., FCS., MBA. He has been actively in the profession of chartered accountants for the last 34 years. He is a qualified Information System Auditor and Certificate holder in IFRS (ICAI), Valuation (ICAI), Concurrent Audit of Banks (ICAI), Forensic Accounting and Fraud Detection (ICAI).

Rajanibhai Vekariya, aged 28 years, is the Independent Director of the Company. He has completed his Bachelor of Engineering (Civil). He has more than 5 years of experience as a Project Engineer. His major role in the company is as an advisor to the Board and assists in bringing an independent judgment to bear on the Board’s deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

To conclude, the company has three promoters, and one of them has good experience in the industry the company operates, and the remaining two promoters have decent experience in the industry. The Remaining Directors of the company also have good knowledge and experience in their respective fields which helps in the overall growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jan-24
Revenue from Operations	4,619.33	3,116.84	3,907.66	6,962.92
Other Income	1.42	3.94	7.21	7.09
Total Income	4,620.75	3,120.78	3,914.87	6,970.01
Expenses				
Cost of Material Consumed	3,682.52	2,527.32	3,071.04	5,093.69
Changes in inventories	-52.36	-23.57	68.74	-218.81
Employee benefits expense	154.91	172.14	240.36	304.21
Finance costs	0.36	2.59	22.92	69.33
Depreciation and Amortization expense	41.31	42.34	33.08	80.11
Administrative Selling & Other Expenses	725.89	367.09	227.18	568.06
Total Expenses	4,552.63	3,087.91	3,663.32	5,896.59
Earnings Before Interest, Taxes, Depreciation & Amortization	108.37	73.86	300.34	1,215.77
EBITDA Margin	2%	2%	8%	17%
Profit/(Loss) before tax	68.12	32.87	251.55	1,073.42
Tax Expense				
Current Tax	23.5	20.71	76.6	284.43
Deferred Tax	-1.83	-3.11	-4.26	4.95
Total Tax Expense	21.67	17.60	72.34	289.38
Profit/(Loss) for the year	46.45	15.27	179.21	784.04
Net Profit Margin	1.01%	0.49%	4.58%	11.25%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jan-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	500	500	500	800
Reserves and surplus	94.22	109.49	288.7	772.74
Total Equity	594.22	609.49	788.70	1,572.74
2. Non-current liabilities				
Long Term Borrowings	933.82	1,365.50	337.98	592.22
Total Non-current liabilities	933.82	1,365.50	337.98	592.22
3. Current liabilities				
Short-term borrowings	-	-	-	344.96
Trade payables	1,523.98	2,221.52	1,313.17	2246.44
Other current liabilities	28.61	26.86	2,099.58	8541.48
Short-term provisions	34.85	53.8	203.87	421.94
Total Current liabilities	1,587.44	2,302.18	3,616.62	11,554.82
Total Liabilities	2,521.26	3,667.68	3,954.60	12,147.04
Total Equity and Liabilities	3,115.48	4,277.17	4,743.30	13,719.78
ASSETS				
1. Non-current assets				
Property, plant & equipment	148.95	122.96	118.45	704.63
Deferred Tax Assets (Net)	1.83	4.94	9.2	4.25
Other Non Current Investment	120.28	175.27	163.58	272.5

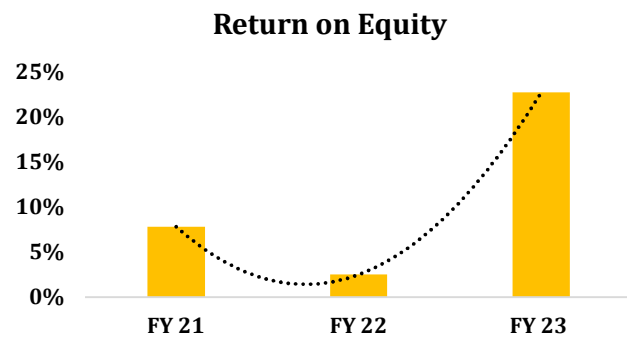
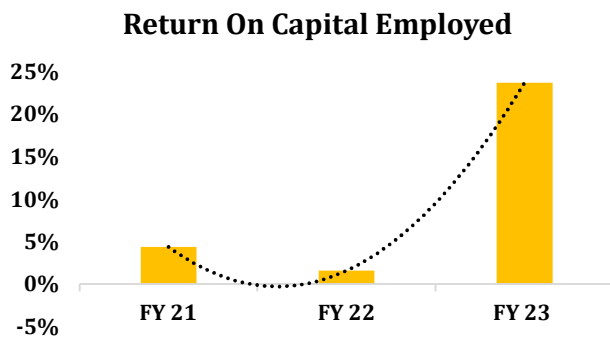
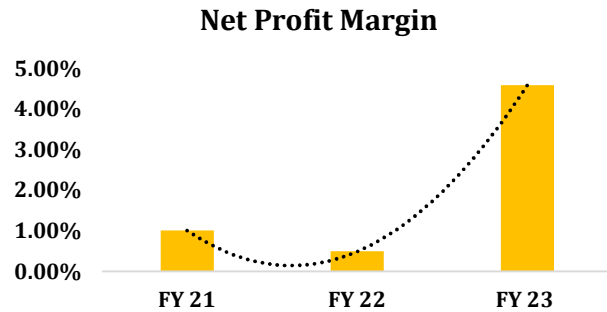
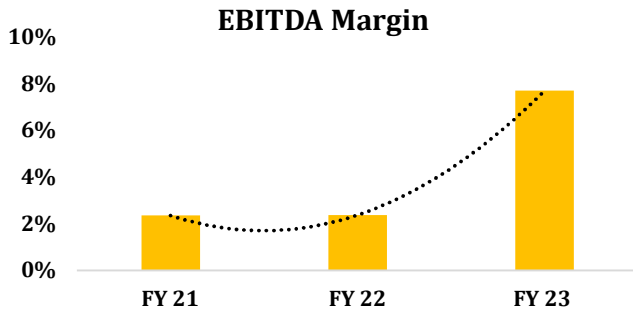
Balance Sheet					(In Lacs)
Other Non-Current Assets					
Total Non-Current assets	271.06	303.17	291.23	981.38	
2. Current assets					
Inventories	734.76	753.32	933.58	6,385.00	
Trade receivables	1,251.28	2,033.87	1,906.13	1,221.24	
Cash and cash equivalents	261.38	216.54	532.87	129.2	
Short-term loans and advances	263.98	462.48	363.98	4,042.75	
Other Current Assets	333.02	507.79	715.51	960.21	
Total Current assets	2,844.42	3,974.00	4,452.07	12,738.40	
Total Assets	3,115.48	4,277.17	4,743.30	13,719.78	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jan-24	
Net Cash Flow from Operating Activities	41.73	-405.18	1,360.74	117.29	
Net Cash Flow from Investing Activities	-186.27	-71.34	-16.88	-775.21	
Net Cash Flow from Financing Activities	390.25	431.68	-1,027.52	254.24	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jan-24*
<u>Per Share Data</u>				
Diluted EPS	0.58	0.19	2.24	8.01
BV per share	4.95	5.08	6.57	51.58
<u>Operating Ratios</u>				
EBITDA Margins	2.35%	2.37%	7.69%	17.46%
PAT Margins	1.01%	0.49%	4.58%	11.52%
Inventory days	58.06	88.22	87.20	334.71
Debtor days	98.87	238.18	178.04	53.67
Creditor days	120.42	260.15	122.66	117.76
<u>Return Ratios</u>				
RoCE	4%	2%	24%	22%
RoE	8%	3%	23%	16%
<u>Valuation Ratios (x)</u>				
EV/EBITDA	11.69	23.81	1.98	4.25
Market Cap / Sales	2.88	4.27	3.41	1.60
P/E	191.38	584.21	49.55	13.86
Price to Book Value	22.42	21.85	16.89	2.15
<u>Solvency Ratios</u>				
Debt / Equity	1.57	2.24	0.43	0.60
Current Ratio	1.79	1.73	1.23	1.10
Quick Ratio	1.33	1.40	0.97	0.55
Asset Turnover	1.48	0.73	0.82	0.51
Interest Coverage Ratio	186.28	12.17	11.66	16.38

*Annualized Figures

Financial Charts



Key Risk Factors

1. For the period ended on January 31, 2024, and financial years ended on March 31, 2023, March 31, 2022, and March 31, 2021, the revenue from the top five (05) clients contributed to 100%. The loss of any significant clients may have an adverse effect on the business, financial condition, results of operations, and prospects.
2. The company has outstanding litigation against the company amounting to Rs. 1,204.08 lakhs which if determined against them, could adversely impact financial conditions.
3. The company has had negative operating cash flow for the FY ended 2022. Any operating losses or negative cash flows in the future could adversely affect the results of operations, liquidity and financial condition.

Track Record of Lead Manager

The lead manager to the issue is Interactive Financial Services 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 –

Interactive Financial Services Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	SRM Contractors Limited	130.20	210.00	April 03, 2024	228.00
2.	Kalahridhaan Trendz Limited	22.49	45.00	February 23, 2023	53.04
3.	Vrundavan Plantation Limited	15.30	108.00	November 06, 2023	54.00
4.	Vivaa Tradecom Limited	7.99	51.00	October 12, 2023	31.00
5.	Crop Life Science Limited	26.73	52.00	August 30, 2023	43.09
6.	Tridhya Tech Limited	26.41	42.00	July 13, 2023	31.05
7.	Bizotic Commercial Limited	42.21	175.00	June 23, 2023	50.02
8.	Sahana System Limited	32.74	135.00	June 12, 2023	862.00
9.	Prospectus Commodities Limited	7.48	61.00	March 20, 2023	83.07
10.	Patron Exim Limited	16.69	27.00	March 06, 2023	8.96

The company has had 15 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 5th April 2023.

As per the offer document, from the above-mentioned mandates, 5 mandates have opened at a discount and the remaining mandates have opened at a premium on the listing date.

Recommendation

The company has been in the industry since 2019 and has relatively less experience in the industry. The management overview of the company is good.

The P/E on a post-IPO and annualised basis is around 13.86 times which makes it fully priced by looking at the performance of the company and peers. The Sector P/E is 38.9 times.

The company operates in a competitive environment. The company is relatively new to the industry. The company has seen a sudden surge in the Period Ended 2024 which may or may not sustain going forward. The company has a sustaining business model, and the company has a good order book which can generate good revenue and growth for the company in the future. Keeping in mind the above-mentioned point regarding the Order Book we recommend **Risk Averse - Should Wait Risk Seekers - Should Apply** to this IPO.

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