

IPO Details	
Opening Date	May 07, 2024
Closing Date	May 09, 2024
Stock Exchange	BSE SME
Lot Size	1,000 Shares
Issue Price	₹123 per share
Issue Size	Aggregating up to 13.53 Cr.
Fresh Issue	Aggregating up to 13.53 Cr.
Offer for Sale	-
Application Amount	₹1,23,000

IPO Objective	
1.	Purchase of Software.
2.	To meet working capital requirements.
3.	General Corporate Purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	18,17,280	71.65%
Public	7,18,970	28.35%

Promoter of the Company	
1.	Aneesh Mathur
2.	Arjun Singh Rajput

Competitive Strengths	
1.	Diversified business offerings.
2.	Brands and Customer Experience Driving Powerful Network Effects.
3.	Quality assurance.
4.	Experienced Promoters and management team.

Company Background	
○	Incorporated in 2018, Finelistings Technologies Limited has its registered office in South West Delhi, New Delhi, India.
○	The company is engaged in diversified business viz., (a) retail of pre-owned luxury cars; and (b) software development services.
○	The company's Software service activity is outstretched to third-party vendors.
○	The company's pre-owned luxury car business offers a wide range of cars, including sedans, SUVs, sports cars, and convertibles.
○	As of March 31, 2024, the company had a total of 8 employees on a consolidated basis on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 31	₹ 44

Financial Summary (In Lacs.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	Feb-24
Total Assets	59.70	154.34	1016.00	968.92
Net Assets	56.25	47.92	351.84	628.83
Total Borrowing	-	100.00	125.40	186.92
Total Revenue	146.43	694.32	1390.62	1359.97
Profit After Tax	-17.26	-8.33	178.92	277.00

Tentative Timeline	
Opening Date	May 07, 2024
Closing Date	May 09, 2024
Basis of Allotment	May 10, 2024
Initiation of Refunds	May 13, 2024
Credit of Shares to Demat	May 13, 2024
Listing Date	May 14, 2024

Company Background and Analysis

Finelistings Technologies Limited was originally incorporated on March 23, 2018. The company is engaged in diversified business viz., (a) retail of pre-owned luxury cars; and (b) software development services, that address digital transformation, data analytics, technology consulting, infrastructure and security needs of the customers.

The company specializes in used premium and high-end luxury cars with an average sale price of ₹ 40.00 lakhs under the pre-owned luxury car retail business. The company's existing presence throughout the pre-owned value chain is restricted to after-sale maintenance and repairs (which includes selling spare parts, lubricants, and accessories). The company engages in the buy-n-sell model where they procure the pre-owned cars from their owners, undertake necessary services, and refurb the cars mechanically and aesthetically to make them ready for display in the showroom and also on the website and other multi-channel auto platforms. The company's pre-owned luxury car business offers a wide range of cars, including sedans, SUVs, sports cars, and convertibles.

The company's software development services offerings activity is outsourced to third-party vendors and is spread across the spectrum of various digital technologies such as cloud-based services, IT consulting services such as big data analytics, cloud architecture, data engineering, IoT solutions and offering-based solutions such as, business intelligence analytics, cloud development, cloud solutions, data management, digital transformation, IoT development and web development.

Revenue bifurcation from the two business verticals of the business for the FY ended 2021, 2022, and 2023, and the Period Ended February 2024 is as follows -

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Feb-24	
	Amt	%	Amt	%	Amt	%	Amt	%
Sale of pre-owned luxury cars	139.67	98.97	690.25	99.96	768.83	55.40	491.27	38.90
software development services	1.45	1.03	0.28	0.04	619.00	44.60	771.70	61.10
Total	141.12	100.00	690.53	100.00	1,387.83	100.00	1,262.97	100.00

To conclude, Since the company was founded in 2018, it has decent experience in the field. In South West Delhi, the company operates one warehouse and one showroom. Beginning in 2023, the company saw a notable increase in revenue from software services, which accounted for the largest portion of revenue for the period ending in February 2024. The company presently has a limited presence throughout the pre-owned value chain, including after-sale services and repairs (including sales of replacement parts, lubricants, and accessories), as was shown in the overview.

Business Strategies

1. Increase the Online-Offline Presence with a special focus on premium and luxury cars:

The company will leverage its brand reputation to establish a strong online presence through the launch of a dedicated mobile application, "Finecars." The app is expected to launch in March 2025 and facilitate seamless connections between buyers and sellers. Additionally, a franchise network will be established under the "Finecars" brand, ensuring consistent quality standards and fostering trust in used car purchases across India.

2. Create an opportunity to monetize value-added services:

Finecars plans to offer value-added services as a premium pre-owned car dealer. Partnerships with service providers will enable the company to offer car servicing, accessories, and insurance directly on its website and app. Subject to regulatory approvals, the company may also explore the possibility of providing financing options for car purchases on its platform.

3. Continue to invest in technology and digitalizing sales and service channels:

Building a robust digital footprint is a strategic priority for Finecars. Investments in technology will focus on streamlining customer service and sales channels. This includes the development of a dedicated platform within the Finecars app specifically catering to the premium and luxury car segment. To further enhance the customer experience, a loyalty program will be launched, rewarding customers for every transaction they make.

4. Acquire new accounts and deepen key account relationships:

Through market research and consultations, the company gains valuable insights into customer needs and preferences. This allows Finecars to offer solutions across multiple touchpoints and projects, ultimately becoming a key part of their clients' growth strategy. The company is committed to expanding its existing relationships and acquiring new accounts, solidifying its position within the market.

5. Inventory Management:

Maintaining a fresh and diverse selection of vehicles is crucial for Finecars. An efficient inventory management system will be developed and implemented to ensure the company consistently has the right mix of cars in stock, catering to the varied tastes of its customers. Regular updates and rotation of the inventory will keep the offerings attractive and ensure a satisfying shopping experience.

Competitive Scenario and Peer Mapping

Competition

The company's competitors include the big global system integrators, mid-sized, and several smaller local competitors in the various geographic markets in which they operate. The company faces competition from various domestic and multinational companies in India. Amongst listed players, the major competitors in the sale of pre-owned luxury cars and software development services include CarTrade Tech Limited, Cambridge Technology Enterprise Limited, and Globalspace Technology Limited. The business is significantly affected by the availability of pre-owned cars as it is mostly dependent on external suppliers for cars. The prices and supply depend on factors beyond their control, including general economic conditions, competition, brands and conditions of cars, inventory levels, refurbished cost and credit terms. There is medium entry barriers to enter in this industry. Thus, the bargaining power of the suppliers is high and the bargaining power of the customer is also slightly low 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	Finelistings Technologies Limited	CarTrade Tech Limited	Cambridge Technology Enterprise Limited	Globalspace Technology Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	12.88%	7.95%	4.41%	2.67%
EBITDA Margin	18.11%	22.90%	11.74%	32.53%
Return on Capital Employed	70.51%	3.15%	9.75%	5.68%
Return on Equity	50.85%	1.66%	8.25%	1.44%
EPS (INR)	8.76	7.28	4.15	0.22

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

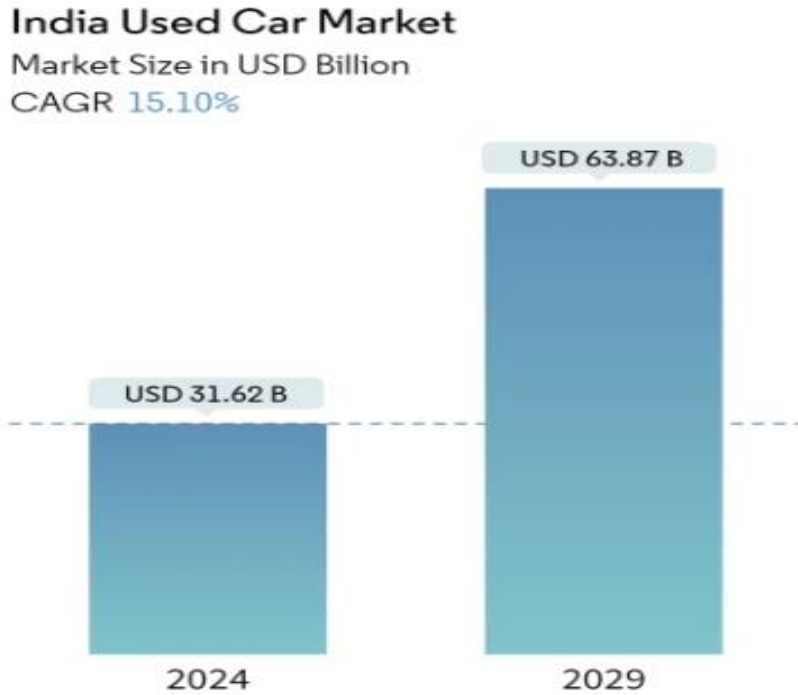
Particulars	Finelistings Technologies Limited	CarTrade Tech Limited	Cambridge Technology Enterprise Limited	Globalspace Technology Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	-1.20%	-36.80%	8.52%	-0.11%
EBITDA Margin	0.21%	-24.30%	16.45%	62.40%
Return on Capital Employed	0.29%	-5.22%	11.70%	3.12%
Return on Equity	-17.38%	-6.67%	11.47%	-0.03%
EPS (INR)	-0.41	-52.63	4.99	-

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

Particulars	Finelistings Technologies Limited	CarTrade Tech Limited	Cambridge Technology Enterprise Limited	Globalspace Technology Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	-11.79%	32.85%	7.58%	22.54%
EBITDA Margin	-15.62%	25.43%	15.23%	39.05%
Return on Capital Employed	-41.70%	2.85%	12.78%	19.59%
Return on Equity	-30.68%	5.50%	12.24%	15.56%
EPS (INR)	-0.85	262.99	4.49	2.35

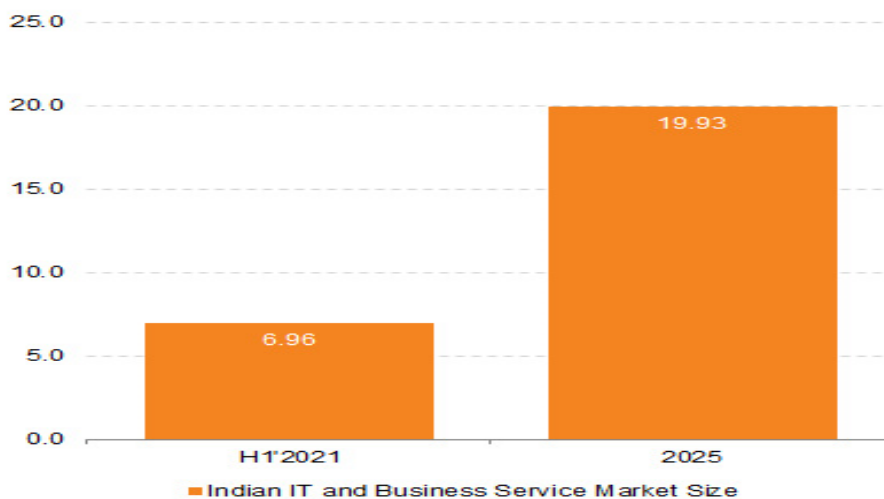
Industry Overview

Exhibit 1: India used car market prediction till 2029.



(source: Mordor Inteligence)

Exhibit 2 : Market size of IT Industry in India.



(source: Ibef.org)

Automotive Industry in India –

The Indian automobile industry has historically been a good indicator of how well the economy is doing, as the automobile sector plays a key role in both macroeconomic expansion and technological advancement. The two-wheelers segment dominates the market in terms of volume, owing to a growing middle class and a huge percentage of India's population is young. Moreover, the growing interest of companies in exploring the rural markets further aided the growth of the sector. The rising logistics and passenger transportation industries are driving up demand for commercial vehicles.

Future market growth is anticipated to be fueled by new trends including the electrification of vehicles, particularly three-wheelers and small passenger automobiles. India is also a prominent auto exporter and has strong export growth expectations for the near future. In addition, several initiatives by the Government of India such as the Automotive Mission Plan 2026, scrap page policy, and production-linked incentive scheme in the Indian market are expected to make India one of the global leaders in the two-wheeler and four-wheeler market by 2022.

The Indian passenger car market was valued at US \$32.70 billion in 2021, and it is expected to reach a value of US \$54.84 billion by 2027 while registering a CAGR of over 9% between 2022-27. The electric vehicle (EV) market is estimated to reach Rs. 50,000 crores (US\$ 7.09 billion) in India by 2025.

Indian Used Car Market Analysis-

The Indian used car market was valued at USD 32.14 billion, and it is expected to reach USD 74.70 billion, registering a CAGR of 15.1% during the forecast period. As the pandemic has hampered new vehicle sales and production, the used car market is gaining traction among buyers. With the implementation of the new BS-VI emission standards by the Government of India, the technological cost of cars to meet the standards will be borne by consumers.

India's Used Car Market is segmented into Vehicle Type, Vendor Type, and Fuel Type. By Vehicle Type, the market is segmented into Hatchbacks, Sedans, and Sports Utility Vehicles. By vendor type, the market is segmented into Organized and Unorganized. By Fuel Type, the market is segmented into Petrol and Diesel. Factors responsible for Indian consumers choosing used vehicles over new vehicles are a need for mobility for personal and business growth, budget constraints and macroeconomic uncertainty, progressive industry players offering refurbished, certified, high-quality cars with warranties, digital & AI-led transformation increasing convenience, trust, and transparency, and the value for money nature of used cars when compared to new cars.

Software development Services-

The domain of software development is also not experiencing drastic year-over-year change but the IT industry accounted for 7.4% of India's GDP in FY22, and it is expected to contribute 10% to India's GDP by 2025. The demand for cloud technology professionals is expected to reach 2 million by 2025. The cumulative investments in data centres in India are estimated to reach US\$ 28 billion between 2019-25, at a CAGR of 5%, 2x faster than the global average.

(Source: prospectus)

Key Managerial Personnel

Aneesh Mathur, aged 32 years is one of the Promoters of the company, the Executive Director & Chief Executive Officer of the Company. He holds bachelor's degree in technology (electronics and communication engineering, received in the year 2013. He has previously worked with One 97 Communications Ltd as Team Lead till January 02, 2018. He has been associated with the Company since incorporation and holds more than 5 years of work experience in the field. He handles the software development services alone as of now.

Arjun Singh Rajput, aged 32 years is one of the Promoters of the company and the Managing Director of the Company. He holds bachelors of arts degree in English (English Hons), received in the year 2012. He has been associated with the Company since incorporation and holds more than 5 years of work experience in the field.

Mahavir Bothra, aged 37 years is the Chairman cum Non-Executive Director of our Company. He holds bachelor's degree in technology (computer science and engineering), received in the year 2009. He has limited years of experience in our field of work experience. He has been associated with Finelistings Technologies Ltd. since September 05, 2023.

Purshottam, aged 27 years, is the Chief Financial Officer of the Company with effect from June 30, 2023. He holds bachelors of Commerce, received in the year 2017. He has around 3 years of experience in the field of accounting and finance. He was previously associated with T.R. Sawhney Motors Pvt Ltd as Finance Manager (Accounts). He is responsible for handling accounts and finance of Finelistings Technologies Ltd.

Tej Bharkat Kumar Hanj, aged 30 years, is the Company Secretary and Compliance Officer of the Company with effect from June 30, 2023. He is an associate member of The Institute of Company Secretaries of India. He was previously associated with Evoq Remedies Limited, Quasar India Limited, Vaxtex Cotfab Limited as Company Secretary & Compliance Officer. He has around 2 years of experience in Secretarial and Compliance work. He is responsible for the Secretarial, Legal and Compliance division of the Company.

Chirag Mittal, aged 45 years, is the Non-Executive Independent Director of our Company. He holds master's degree of business administration (international marketing, received in the year 2003. He holds certificate in executive Programme in leadership and management from Indian Institute of Management Calcutta, held in the year 2016-2017. He holds more than 15 years of experience in the field of business research, data analytics, strategy consulting & analytics, advisory. He has previously worked with TC Global India Pvt Ltd. as corporate strategy partner till April 03, 2021. He is associated with Finelistings Technologies Ltd. since July 10, 2023.

Drasti Prafulbhai Dedaniya, aged 24 years, is the Non-Executive Independent Director of our Company. She holds masters of commerce degree from Gujarat University received in the year 2022. She has no formal experience. She is associated with Finelistings Technologies Ltd. since June 30, 2023.

To conclude, the company has two promoters having decent work experience relating to the operations of the company. Out of the remaining directors, only one person has vast experience in the respective field which helps in the overall growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Feb-24
Revenue from Operations	146.34	694.12	1,388.75	1,359.40
Other Income	0.09	0.20	1.87	0.57
Total Income	146.43	694.32	1,390.62	1,359.97
Expenses				
Cost of Sale of services	-	-	300.00	327.00
Purchases of Stock in Trade	147.20	653.69	764.95	694.16
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-22.85	-10.85	-71.60	-254.10
Employee benefits expense	23.18	27.05	65.68	62.35
Finance costs	0.13	3.63	15.27	13.40
Depreciation and Amortization expense	0.59	1.29	3.44	4.79
Other expenses	21.67	22.80	78.22	141.85
Total Expenses	169.92	697.61	1,155.96	989.45
Earnings Before Interest, Taxes, Depreciation & Amortization	-22.86	1.43	251.50	388.14
EBITDA Margin	-15.62%	0.21%	18.11%	28.55%
Profit/(Loss) before tax	-23.49	-3.29	234.66	370.52
Tax Expense				
Current Tax	-	-	55.95	93.65
Deferred Tax	-6.23	5.04	-0.21	-0.13
Total Tax Expense	-6.23	5.04	55.74	93.52
Profit/(Loss) for the year	-17.26	-8.33	178.92	277.00
Net Profit Margin	-11.79%	-1.20%	12.87%	20.37%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Feb-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1.13	1.13	253.63	253.63
Reserves and surplus	55.12	46.79	98.21	375.20
Total Equity	56.25	47.92	351.84	628.83
2. Non-current liabilities				
Long term borrowings	-	-	-	-
Total Non-current liabilities	-	-	-	-
3. Current liabilities				
(a) Financial liabilities				
Short-term borrowings	-	100.00	125.40	186.92
Trade payables				
(i) MSME	-	-	-	0.35
(ii) Other than MSME	0.88	0.08	408.59	3.30
Other current liabilities	0.36	3.29	67.46	50.51
Short-term provisions	2.21	3.05	62.71	99.01
Total Current liabilities	3.45	106.42	664.16	340.09
Total Liabilities	3.45	106.42	664.16	340.09
Total Equity and Liabilities	59.70	154.34	1,016.00	968.92
ASSETS				

Balance Sheet					(In Lacs)
1. Non-current assets					
Fixed Assets - Tangible Assets	8.74	17.00	29.18	60.16	
Deferred Tax Assets (Net)	6.23	1.18	1.40	1.52	
Total Non-Current assets	14.97	18.18	30.58	61.68	
2. Current assets					
Current Investments	-	2.15	-	-	
Inventories	22.85	33.70	105.30	359.40	
Trade receivables	-	47.03	721.36	495.57	
Cash and cash equivalents	19.99	52.13	121.09	6.07	
Short-term loans and advances	1.30	1.09	36.50	46.19	
Other Current Assets	0.58	0.05	1.16	-	
Total Current assets	44.72	136.15	985.41	907.23	
Total Assets	59.69	154.33	1,015.99	968.91	

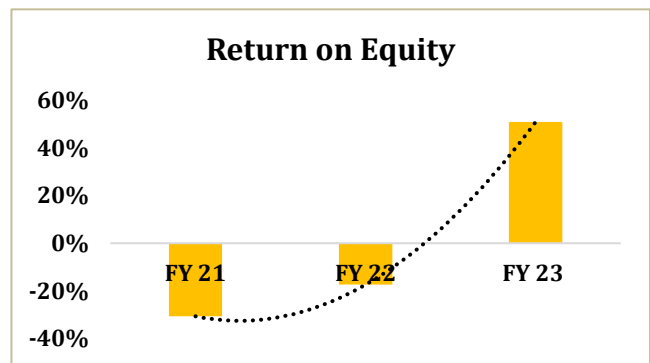
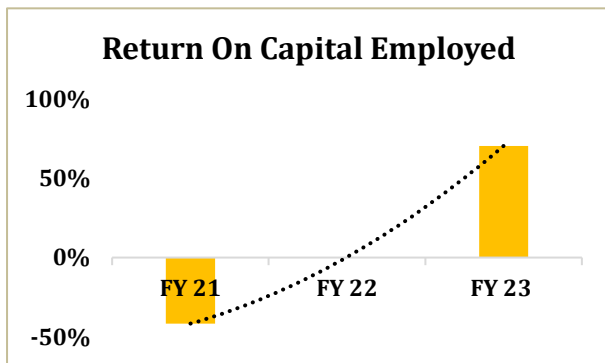
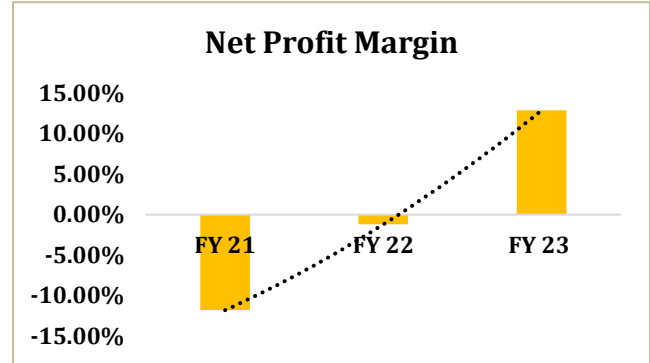
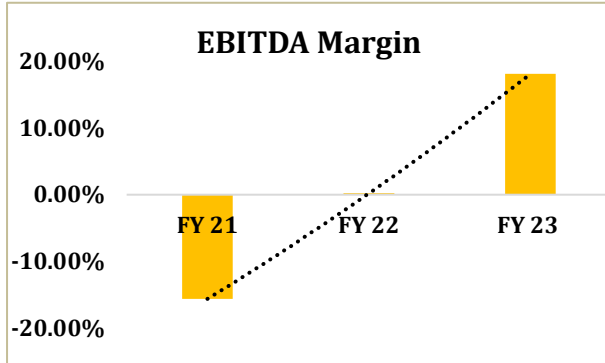
Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Feb-24	
Net Cash Flow from Operating Activities	-47.24	-54.67	-50.37	-127.37	
Net Cash Flow from Investing Activities	-9.33	-9.56	-15.80	-35.77	
Net Cash Flow from Financing Activities	74.87	96.37	135.13	48.12	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Feb-24*
Per Share Data				
Diluted EPS	-0.85	-0.41	8.76	8.36
BV per share	1.55	1.32	9.68	55.24
Operating Ratios				
EBITDA Margins	-15.62%	0.21%	18.11%	28.55%
Net profit Margins	-11.79%	-1.20%	12.87%	20.39%
Inventory days	56.99	17.72	27.68	88.30
Debtor days	-	24.73	189.59	121.76
Creditor days	2.18	0.04	194.96	1.76
Return Ratios				
RoCE	-42%	0.39%	71%	21%
RoE	-31%	-17%	51%	15%
Valuation Ratios (x)*				
EV/EBITDA	-	66.99	1.42	5.15
Market Cap / Sales	30.56	6.44	3.22	3.00
P/E	-	-	14.04	14.72
Price to Book Value	79.51	93.33	12.71	2.23
Solvency Ratios				
Debt / Equity	-	2.09	0.36	0.09
Current Ratio	12.96	1.28	1.48	2.67
Quick Ratio	6.34	0.96	1.33	1.61
Asset Turnover	2.45	4.50	1.37	1.40
Interest Coverage Ratio	-	0.04	16.24	28.61

*Annualized Figures

*Valuation Ratios are calculated using the current Issue Price.

Financial Charts



Key Risk Factors

1. A limited number of customers are present for a significant portion of revenue from operations. Top ten customers contributed 70.83%, 65.71%, 51.91% and 83.99% respectively portion of our revenues from operation for the stub period ended on February 29, 2024 and for the Financial Year ended March 31, 2023.
2. The Company had negative cash flows in the past years and the company has had losses for FY21, and FY22. Sustained negative cash flow could impact the growth and business.
3. Existing car showrooms are concentrated in a single region i.e., Delhi, NCR and the inability to operate and grow the business in this particular region may have an adverse effect on the business, financial condition, results of operations, cash flows and future business prospects.
4. The Showroom is located on leased and licensed premises and consequently, the company is required to comply with certain requirements given under lease and license agreements.
5. There have been certain instances of regulatory non-compliance or delays or errors in the past.
6. Lawsuits or government restrictions on foreign ownership of shares could have a negative impact.

Track Record of Lead Manager

The lead manager to the issue is Fedex Securities Pvt Ltd. 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 –

Fedex Securities Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	GConnect Logitech and Supply Chain Ltd.	5.60	40	Apr 03,2024	35.45
2.	Vruddhi Engineering Works Limited	4.76	70	Apr 03,2024	154.05
3.	Mukka Proteins Limited	224	28	Mar 07,2024	35.65
4.	Deem Roll Tech Limited	29.26	129	Feb 27, 2024	108.65
5.	Polysil Irrigation Systems Limited	17.44	54	Feb 16, 2024	39.90
6.	Baweja Studios Limited	97.20	180	Feb 06,2024	99.35
7.	Docmode Health Technologies Limited	6.71	79	Feb 02, 2024	235
8.	IBL Finance Limited	33.41	51	Jan 16, 2024	61.65
9.	KK Shah Hospitals Limited	8.78	45	Nov 06, 2023	57
10.	Committed Cargo Care Limited	24.98	77	Oct 18,2023	58.75

The company has had 26 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 6th May 2024.

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

Recommendation

The company has been in the industry since 2018 and has relatively decent experience in the industry. The management overview of the company is not very satisfactory.

The P/E on a post-IPO and annualised basis is around 14.72 times which makes it fairly priced by looking at the performance of the company and sector. The Sector P/E is 60.06 times.

The company operates in a competitive segment. The company has had losses for FY 21, and FY22 which is not very attractive for the company and the sudden rise in the profitability margins causes concerns about sustainability. The company has had negative operating cash flow for all three FY and the Period Ended Feb 2024. The company is also not utilizing its net proceeds for any unique objective. The financial outlook of the company is not very satisfactory, Thus, due to the above-mentioned points we recommend **AVOID** to this IPO.



Finelistings Technologies Limited

IPO Note

Recco – **AVOID**



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