

| IPO Details               |                             |
|---------------------------|-----------------------------|
| <b>Opening Date</b>       | June 05, 2024               |
| <b>Closing Date</b>       | June 07, 2024               |
| <b>Stock Exchange</b>     | BSE SME                     |
| <b>Lot Size</b>           | 4,000 Shares                |
| <b>Issue Price</b>        | ₹35 per share               |
| <b>Issue Size</b>         | Aggregating up to ₹7.00 Cr. |
| <b>Fresh Issue</b>        | Aggregating up to ₹7.00 Cr. |
| <b>Offer for Sale</b>     | -                           |
| <b>Application Amount</b> | ₹1,40,000                   |

| IPO Objective                          |  |
|--|--|
| ○ Funding working capital requirements |  |
| ○ General corporate purpose            |  |

| Pre-Issue Shareholding    |               |                   |
|---------------------------|---------------|-------------------|
| Category                  | No. of Shares | % of Total Shares |
| Promoter & Promoter Group | 40,93,800     | 84.06%            |
| Public                    | 7,76,136      | 15.94%            |

| Promoter of the Company |              |
|-------------------------|--------------|
| 1.                      | Divyesh Modi |
| 2.                      | Khyati Modi  |

| Competitive Strengths |   |
|-----------------------|---|
| 1.                    | Diversified customer base and long-standing relationship with customers |
| 2.                    | Extensive and well-developed pan-India sales and distribution network   |
| 3.                    | Diversified Product portfolio   |
| 4.                    | Experienced Promoter Directors with extensive domain knowledge          |
| 5.                    | Quality assurance and accreditations                                    |

| Company Background |  |
|--------------------|--|
| ○                  | Magenta Lifecare Limited was incorporated in 2015 and has its registered office in Vadodara, Gujarat.  |
| ○                  | The Company is a manufacturer of foam-based product such as mattresses and pillows. Further, the Company also supplies processed raw foam and Hydraulic Bed.   |
| ○                  | The Company's manufacturing facility is located in Vadodara, Gujarat.  |
| ○                  | The Company's Product offerings include wide range of mattresses and pillows such as Economy mattress, Deziere mattress, Luxuria mattress, Imperia mattress, Spring mattress, Cielo Lite, Elixir, Axilio, Esta, Gel Lite, Orion, Resto, Hydraulic Bed etc. |
| ○                  | As on 29 <sup>th</sup> May, 2024, the Company had overall staff strength of 41 employees on its payroll.   |

| Market Capitalization (In Cr.) |            |
|--------------------------------|------------|
| Pre-Issue                      | Post-Issue |
| ₹17                            | ₹24        |

| Financial Summary (In Lacs.) |        |        |        |        |
|------------------------------|--------|--------|--------|--------|
| For the Period Ended         | Mar-21 | Mar-22 | Mar-23 | Dec-23 |
| <b>Total Assets</b>          |        |        |        |        |
| <b>Net Assets</b>            | 142.85 | 361.73 | 520.81 | 634.18 |
| <b>Total</b>                 | 982.73 | 757.53 | 453.01 | 447.83 |
| <b>Borrowing</b>             |        |        |        |        |
| <b>Total</b>                 | 966.14 | 938.47 | 955.29 | 630.74 |
| <b>Revenue</b>               |        |        |        |        |
| <b>Profit After Tax</b>      | 19.44  | 18.90  | 24.55  | 24.35  |

| Tentative Timeline               |               |
|----------------------------------|---------------|
| <b>Opening Date</b>              | June 05, 2024 |
| <b>Closing Date</b>              | June 07, 2024 |
| <b>Basis of Allotment</b>        | June 10, 2024 |
| <b>Initiation of Refunds</b>     | June 11, 2024 |
| <b>Credit of Shares to Demat</b> | June 11, 2024 |
| <b>Listing Date</b>              | June 12, 2024 |

## Company Background and Analysis

Magenta Lifecare Limited was incorporated in 2015 and has its registered office in Vadodara. The Company is a manufacturer of foam-based product such as mattresses and pillows. Further, the Company also supplies processed raw foam and adjustable bed frame (hydraulic bed) which they import under the brand Magenta. The Company has developed distributor and dealer/retailer network across multiple states in India. They sell their products through offline channel of multi brand outlet and through a network of dealers and also through online e-commerce platform. The distributors are appointed region wise.

The Company is capable of manufacturing both standardized and customized products. The Company's manufacturing facility is located in Vadodara, Gujarat. The manufacturing facility comprises of 2 units, both unit 1 and unit 2 is within the same premise and having closed shed as well as open area. The Company's manufacturing facility's actual utilization of capacity stands at 35.20%, 15.20%, 26.78% per month for the period ended Dec 2023 and the raw material purchase were Rs.448.10 Lakhs which represent 74.46% of revenue from operations for the period ended on Dec23.

As on date of Prospectus (i.e., as on 29<sup>th</sup> May 2024), the Company had overall staff strength of 41 employees on its payroll.

The Company's Product offerings include wide range of mattresses and pillows such as Economy mattress, Desire mattress, Luxuria mattress, Imperia mattress, Spring mattress, Cielo Lite, Elixir, Axilio, Esta, Gel Lite, Orion, Resto, Hydraulic Bed etc.

Revenue bifurcation of products for the period ended on Dec23, FY23, FY22, and FY21 (amt in Lacs)-

| Particulars    | Dec-23        |            | Mar-23        |            | Mar-22        |            | Mar-21        |            |
|----------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
|                | Amt           | %          | Amt           | %          | Amt           | %          | Amt           | %          |
| Mattress       | 221.54        | 36.81      | 491.96        | 54.26      | 462.62        | 50.05      | 373.95        | 38.76      |
| Pillow         | 349.73        | 58.11      | 11.82         | 1.30       | 12.11         | 1.31       | 23.65         | 2.45       |
| Raw Materials  | 6.54          | 1.09       | 302.64        | 33.38      | 395.73        | 42.81      | 528.84        | 54.82      |
| Hydraulic Bed  | 10.97         | 1.82       | 63.40         | 6.99       | 36.01         | 3.90       | 6.78          | 0.70       |
| Other Products | 13.05         | 2.17       | 36.79         | 4.06       | 17.93         | 1.94       | 31.52         | 3.27       |
| <b>Total</b>   | <b>601.83</b> | <b>100</b> | <b>906.61</b> | <b>100</b> | <b>924.40</b> | <b>100</b> | <b>964.74</b> | <b>100</b> |

As on Dec 2023, the Company is spread across various states and its major revenue is generated from the states like Gujarat, Chhattisgarh, and Karnataka constituting for 68.16%, 8.22%, 6.03%, respectively. Also, the Online and Offline segment wise revenue bifurcation shows 0.15% and 99.92% of revenue generation respectively.

To conclude, the Company's top 10 suppliers contribute about 97.56% of the purchase for FY23, out of which 1 supplier contribute about 59.69% of the purchase for the FY23. The Company's top 10 customers contribute ₹406.53 lakhs which represent 67.55% of revenue from operations as of Dec 2023. Out of the total Net Proceeds of Rs. 598 Lakhs, the Company is going to utilize Rs.424 lacs, and Rs.174 lacs for funding the working capital requirements and for general corporate purpose, respectively.

## Business Strategies

### 1. **Increase Brand Awareness and Equity to Acquire New Customers–**

The Company drives brand awareness through a combination of sophisticated, multi-layered marketing programs, word-of-mouth referrals, experiential brand events, and ongoing product usage.

### 2. **Drive Continued Operational Excellence–**

The Company believes that the overall business profitability will be driven by continued net revenue growth in conjunction with gross margin improvements, continued marketing efficiencies, and generating operating leverage. The Company believes there is opportunity for continued improvement in gross margins, marketing efficiencies, and operating leverage through various cost saving initiatives.

### 3. **Continue to Focus on Development of Personalized Products–**

The Company's aim is to manufacture higher volumes of the current portfolio of customized products and develop newer lines of personalized home-comfort products to further improve the operating margins. The plan is to ensure customisation to match the shape and proportions of a consumer's bed, while providing differing levels of comfort for different body zones.

### 4. **Enhance Customer Base by Entering New Geographies–**

The Company intends to cater to the increasing demand of existing customers and also to increase existing customer base by enhancing product portfolio. The company currently has presence only in the domestic market. They plan to expand their presence in the international market which are currently untapped.

### 5. **Expand Distribution Network–**

The Company intends to create new distribution channels in under and non-penetrated geographies. They aim to further develop sales networks through lowering transportation costs, and having a significant demand of products at places where the Company can sell at price-points that can effectively offset higher transportation costs. They also aim to expand retail presence by increasing partnerships with exclusive retail partners and increasing brand outlets.

### 6. **Focus on Quality–**

The Company intends to focus on adhering to the quality of offerings. This is necessary so as to maintain the high-quality standards for offerings and get repeat orders from customers.

## Competitive Scenario and Peer Mapping

### Competition

India's mattress industry is growing, but faces competition. Established players like Kurl-on, Tirupati Foam Limited and Sheela Foam Limited vie for market share with new online brands. Bargaining power leans towards buyers due to the presence of multiple mattress types and brands. Suppliers of raw materials like coir and foam hold moderate power. Threat of substitutes like floor beds exists, but is minimal. New entrants can find a space, but must navigate brand recognition challenges. Overall, the industry offers opportunity, but requires strategic manoeuvring for success.

### Peer Analysis

**The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –**

| Particulars                | Magenta Lifecare Limited | Sheela Foam Limited | Tirupati Foam Limited |
|----------------------------|--------------------------|---------------------|-----------------------|
|                            | 31st Mar 2023            | 31st Mar 2023       | 31st Mar 2023         |
| Net Profit Margin          | 2.71%                    | 6.80%               | 1.86%                 |
| EBITDA Margin              | 9.62%                    | 12.97%              | 9.52%                 |
| Return on Capital Employed | 11.24%                   | 14.57%              | 14.80%                |
| Return on Equity           | 4.71%                    | 12.57%              | 6.53%                 |
| EPS (INR)                  | 0.53                     | 13.75               | 4.28                  |
| P/E                        | 66.04                    | 72.28               | 14.46                 |

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

| Particulars                | Magenta Lifecare Limited | Sheela Foam Limited | Tirupati Foam Limited |
|----------------------------|--------------------------|---------------------|-----------------------|
|                            | 31st Mar 2022            | 31st Mar 2022       | 31st Mar 2022         |
| Net Profit Margin          | 2.04%                    | 7.38%               | 1.77%                 |
| EBITDA Margin              | 11.50%                   | 13.38%              | 9.01%                 |
| Return on Capital Employed | 12.28%                   | 17.35%              | 12.87%                |
| Return on Equity           | 5.22%                    | 15.61%              | 6.59%                 |
| EPS (INR)                  | 0.44                     | 11.14               | 4.10                  |
| P/E                        | 79.55                    | 158.03              | 16.34                 |

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

| Particulars                | Magenta Lifecare Limited | Sheela Foam Limited | Tirupati Foam Limited |
|----------------------------|--------------------------|---------------------|-----------------------|
|                            | 31st Mar 2021            | 31st Mar 2021       | 31st Mar 2021         |
| Net Profit Margin          | 2.02%                    | 9.56%               | 1.48%                 |
| EBITDA Margin              | 10.83%                   | 16.66%              | 10.59%                |
| Return on Capital Employed | 11.56%                   | 22.77%              | 11.86%                |
| Return on Equity           | 13.61%                   | 20.07%              | 4.23%                 |
| EPS (INR)                  | 0.53                     | 12.18               | 2.46                  |
| P/E                        | 66.04                    | 81.62               | 26.02                 |

## Industry Overview

### **The Indian Market Overview-**

The Indian manufacturing industry is a significant contributor to the nation's economy. Its market size is estimated to be around USD 3.1 trillion (as of 2023), and it's projected to reach USD 5.4 trillion by 2025. This growth is fuelled by several factors, including government initiatives like 'Make in India', which promotes domestic production. The industry boasts a diverse range of sectors like automobiles, pharmaceuticals, textiles, and electronics, making it a well-rounded contributor to the global market.

### **The Indian Mattress Industry-**

The Indian mattress industry is a flourishing segment within the manufacturing sector. Its current market size is estimated at USD 2.13 billion (as of 2024), and it's expected to reach USD 3.21 billion by 2029, with a growth rate of 8.54%. This growth is driven by a rising population, increasing disposable incomes, and a growing awareness of the importance of sleep health. Consumers are increasingly opting for comfortable and functional mattresses, leading to a shift from traditional choices.

### **Challenges Faced by the Mattress Industry-**

Despite its promising growth, the Indian mattress industry faces some hurdles. The biggest challenge is the dominance of the unorganized sector, which offers low-cost, but often low-quality mattresses. This caters to a price-sensitive market but hinders the growth of organized players who focus on high-quality materials and advanced technology. Additionally, a lack of standardized regulations in the industry allows for inconsistencies in product quality. Finally, there's a growing concern about the environmental impact of mattress production, particularly with regards to disposal of used mattresses.

### **Growth Drivers for the Mattress Industry-**

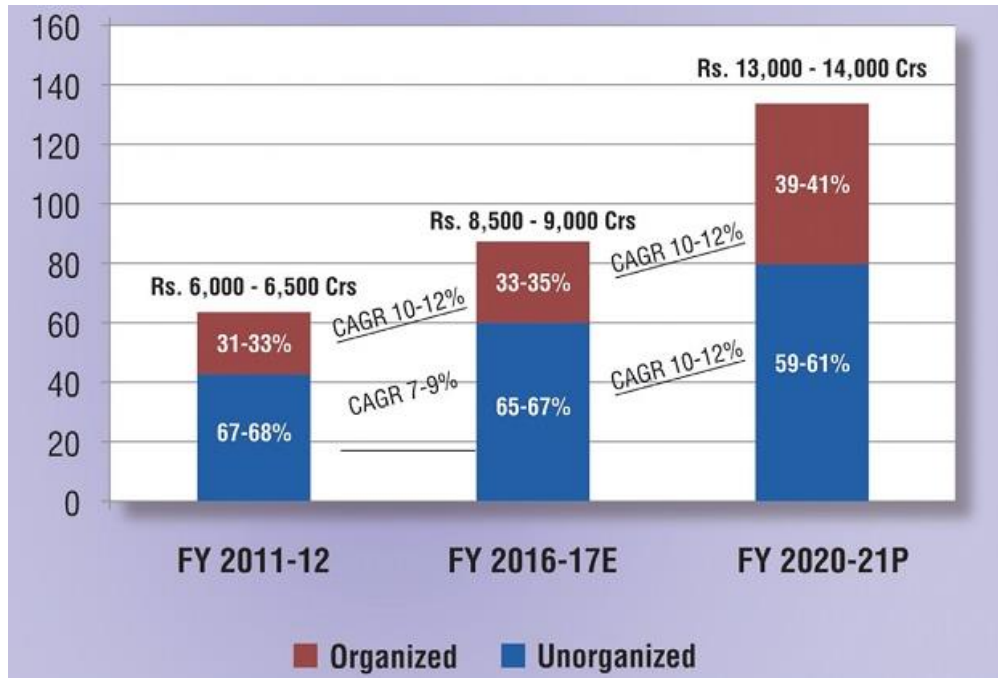
Several factors are propelling the Indian mattress industry forward. A significant driver is the rise in disposable incomes, allowing consumers to invest in better quality sleep solutions. Furthermore, a growing health consciousness among Indians is leading them to prioritize good sleep for better well-being. This fuels the demand for mattresses that promote proper posture and spinal alignment. The expansion of the real estate and hospitality sectors also creates a demand for more mattresses, both for residential and commercial purposes. Additionally, the rise of Direct-to-Consumer (D2C) brands and the increasing omnichannel presence of established brands are providing consumers with more convenient purchasing options.

### **Road Ahead-**

The Indian mattress industry is poised for continued growth. With increasing disposable incomes and rising health awareness, consumers are likely to become more selective about their mattresses. This presents an opportunity for organized players to focus on product innovation, incorporating advanced materials like memory foam and latex. Effective sales and marketing strategies that educate consumers about the benefits of quality sleep solutions will be crucial. Furthermore, a focus on sustainable practices, using eco-friendly materials and adopting responsible disposal methods, will be essential for the industry's long-term success. By addressing these aspects, the Indian mattress industry can solidify its position as a key player in the global sleep solutions market.

(Source: Prospectus)

Exhibit 1: Trend of India’s Mattress Industry by organised and unorganised Sector-



(Source: AlphaIdeas.in)

### Key Managerial Personnel

**Divyesh Modi**, aged 43 years, is one of the Promoters, Chairman & Managing Director of the board of the Company. He holds a bachelor of commerce degree. He has been associated with the company since incorporation and has over 6 years of experience in the field of mattresses and pillow industry.

**Khyati Modi**, aged 43 years, is one of the Promoters and the Non-Executive Director of the board of the Company. She has been associated with the Company since incorporation and has over 6 years of experience in the field of mattresses and pillow industry. She holds a bachelor of commerce degree. She also holds degree of master of computer applications.

**Vipinchandra Modi**, aged 76 years, is the Non-Executive Director of the Company. He has been associated with the Company since December 14, 2022. He has completed his secondary schooling. He has over 45 years of experience in the field of human resource management.

**Nandish Jani**, aged 35 years, is the Non-Executive Independent Director of the Company. He holds a Bachelor of Commerce degree. He has over 10 years of experience in the field of accounts and tax.

**Chinu Kalal**, aged 30 years is the Non-Executive Independent Director of the Company. She holds a Master of Science in nursing degree. She has over 6 years of experience in the field of medicine.

To conclude, two of the promoters have decent experience in the industry. The Independent Directors also have decent experience and knowledge in their fields except Vipinchandra Modi, who is the father of Divyesh Modi, having vast experience in handling and managing human resource, which can help the company derive good growth and sustainability in the market. They all bring their perspective and vast knowledge of different sectors to drive 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>Dec-23</b>    |
| Revenue from Operations   | 964.74        | 924.40        | 906.61        | 601.83           |
| Other Income  | 1.40          | 14.07         | 48.68         | 28.91            |
| <b>Total Income</b>   | <b>966.14</b> | <b>938.47</b> | <b>955.29</b> | <b>630.74</b>    |
| <b>Expenses</b>   |               |               |               |                  |
| cost of Raw materials Consumed  | 715.98        | 658.35        | 601.40        | 392.80           |
| Employee benefits expense   | 54.80         | 68.95         | 77.23         | 54.66            |
| Finance costs   | 68.43         | 77.49         | 83.95         | 42.47            |
| Depreciation and Amortization expense                                   | 19.91         | 20.25         | 20.39         | 15.35            |
| Other expenses  | 89.45         | 90.78         | 140.77        | 59.12            |
| <b>Total Expenses</b>   | <b>948.57</b> | <b>915.82</b> | <b>923.74</b> | <b>564.40</b>    |
| <b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b> | <b>104.51</b> | <b>106.32</b> | <b>87.21</b>  | <b>95.25</b>     |
| <b>EBITDA Margin</b>  | <b>10.83%</b> | <b>11.50%</b> | <b>9.62%</b>  | <b>15.83%</b>    |
| <b>Profit/(Loss) before tax</b>   | <b>17.57</b>  | <b>22.65</b>  | <b>31.55</b>  | <b>66.34</b>     |
| <b>Tax Expense</b>  |               |               |               |                  |
| Current Tax   | 3.25          | 3.75          | 7.00          | 17.82            |
| Deferred Tax  | -5.12         | -             | -             | 24.17            |
| <b>Total Tax Expense</b>  | <b>-1.87</b>  | <b>3.75</b>   | <b>7.00</b>   | <b>41.99</b>     |
| <b>Profit/(Loss) for the year</b>                                       | <b>19.44</b>  | <b>18.90</b>  | <b>24.55</b>  | <b>24.35</b>     |
| <b>Net Profit Margin</b>  | <b>2.01%</b>  | <b>2.01%</b>  | <b>2.57%</b>  | <b>3.86%</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>Dec-23</b>    |
| <b>EQUITY AND LIABILITIES</b>          |                 |                 |                 |                  |
| <b>1. Shareholders' funds</b>          |                 |                 |                 |                  |
| Share Capital                          | 122.01          | 142.01          | 154.24          | 486.99           |
| Reserves and surplus                   | 20.84           | 219.72          | 366.57          | 147.19           |
| <b>Total Equity</b>                    | <b>142.85</b>   | <b>361.73</b>   | <b>520.81</b>   | <b>634.18</b>    |
| <b>2. Non-current liabilities</b>      |                 |                 |                 |                  |
| Long Term Borrowings                   | 588.68          | 339.20          | 73.68           | 76.63            |
| Deferred tax liability/ (Assets) (Net) | -               | -               | -               | 24.17            |
| <b>Total Non-current liabilities</b>   | <b>588.68</b>   | <b>339.20</b>   | <b>73.68</b>    | <b>100.80</b>    |
| <b>3. Current liabilities</b>          |                 |                 |                 |                  |
| Short-term borrowings                  | 394.05          | 418.33          | 379.33          | 371.20           |
| Trade Payables other than MSME         | 233.31          | 177.60          | 247.68          | 275.85           |
| Other current liabilities              | 11.46           | 114.99          | 22.41           | 104.62           |
| Short-term provisions                  | 89.43           | 3.75            | 7.00            | 19.07            |
| <b>Total Current liabilities</b>       | <b>728.25</b>   | <b>714.67</b>   | <b>656.42</b>   | <b>770.74</b>    |
| <b>Total Liabilities</b>               | <b>1,316.93</b> | <b>1,053.87</b> | <b>730.10</b>   | <b>871.54</b>    |
| <b>Total Equity and Liabilities</b>    | <b>1,459.78</b> | <b>1,415.60</b> | <b>1,250.91</b> | <b>1,505.72</b>  |
| <b>ASSETS</b>                          |                 |                 |                 |                  |
| <b>1. Non-current assets</b>           |                 |                 |                 |                  |
| Tangible & Intangible Assets-          |                 |                 |                 |                  |



| <b>Balance Sheet</b>            |                 |                 |                 |                 | <b>(In Lacs)</b> |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Property, Plant and Equipment   | 221.32          | 203.35          | 185.21          | 172.61          |                  |
| b) Intangible Assets            | 0.02            | 0.02            | 0.02            | 0.02            |                  |
| Long term Loans and Advances    | -               | 5.85            | 5.85            | 6.21            |                  |
| Other Non-Current Assets        | 252.73          | 252.73          | 202.73          | 306.73          |                  |
| <b>Total Non-Current assets</b> | <b>474.07</b>   | <b>461.95</b>   | <b>393.81</b>   | <b>485.57</b>   |                  |
| <b>2. Current assets</b>        |                 |                 |                 |                 |                  |
| Inventories                     | 616.15          | 653.52          | 675.38          | 730.68          |                  |
| Trade receivables               | 336.00          | 262.19          | 140.77          | 239.15          |                  |
| Cash and cash equivalents       | 26.87           | 33.73           | 34.16           | 20.09           |                  |
| Short-term loans and advances   | 6.69            | 4.21            | 6.82            | 30.23           |                  |
| <b>Total Current assets</b>     | <b>985.71</b>   | <b>953.65</b>   | <b>857.13</b>   | <b>1,020.15</b> |                  |
| <b>Total Assets</b>             | <b>1,459.78</b> | <b>1,415.60</b> | <b>1,250.94</b> | <b>1,505.72</b> |                  |

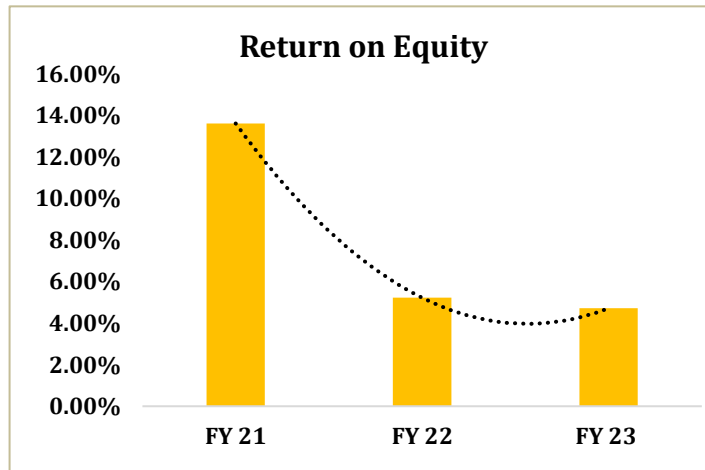
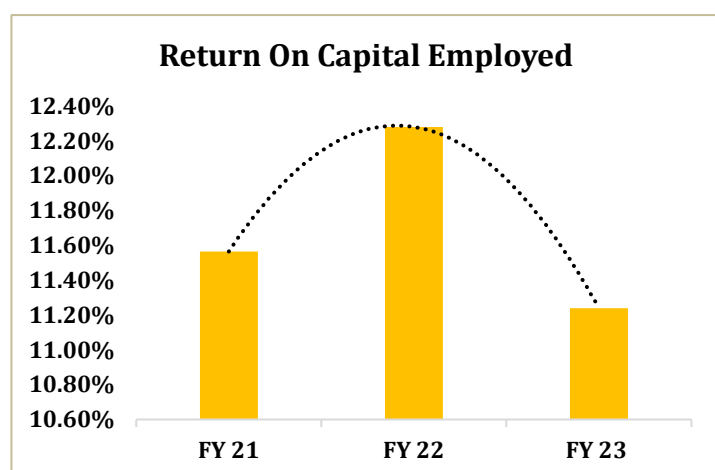
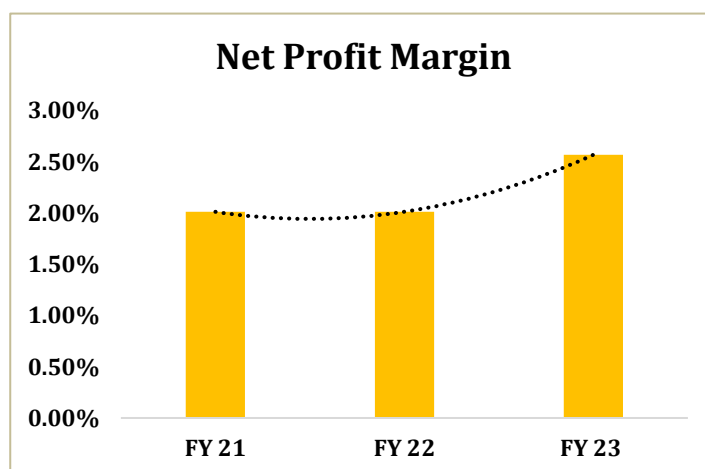
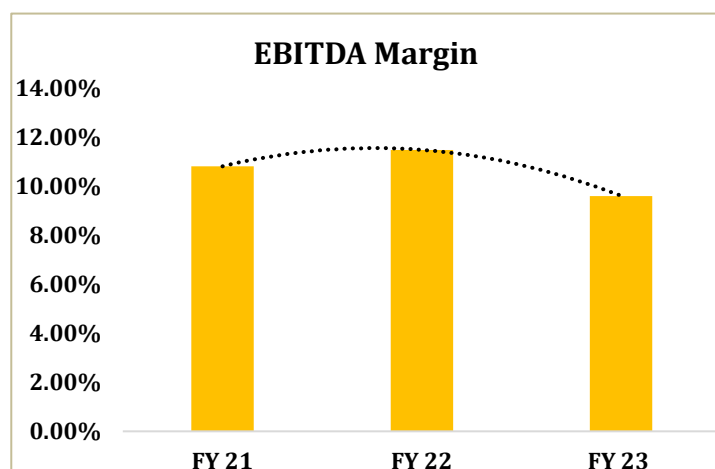
| <b>Cash Flow Statement</b>              |              |              |              |               | <b>(In Lacs)</b> |
|---|--------------|--------------|--------------|---------------|------------------|
| <b>Particulars</b>                      | <b>FY 21</b> | <b>FY 22</b> | <b>FY 23</b> | <b>Dec-23</b> |                  |
| Net Cash Flow from Operating Activities | 108.95       | 136.11       | 217.62       | -60.80        |                  |
| Net Cash Flow from Investing Activities | -31.65       | -2.29        | -2.25        | -2.75         |                  |
| Net Cash Flow from Financing Activities | -56.14       | -126.97      | -214.94      | 49.48         |                  |

| <b>Ratio Sheet</b>            |              |              |              |                |
|-------------------------------|--------------|--------------|--------------|----------------|
| <b>Particulars</b>            | <b>FY 21</b> | <b>FY 22</b> | <b>FY 23</b> | <b>Dec-23*</b> |
| <b>Per Share Data</b>         |              |              |              |                |
| Diluted EPS                   | 0.53         | 0.44         | 0.53         | 0.96           |
| BV per share                  | 2.08         | 5.27         | 7.58         | 20.03          |
| <b>Operating Ratios</b>       |              |              |              |                |
| EBITDA Margins                | 10.83%       | 11.50%       | 9.62%        | 15.83%         |
| PAT Margins                   | 2.01%        | 2.01%        | 2.57%        | 7.87%          |
| Inventory days                | 233.11       | 258.04       | 271.91       | 333.88         |
| Debtor days                   | 127.12       | 103.53       | 56.67        | 109.28         |
| Creditor days                 | 123.75       | 93.17        | 145.05       | 169.29         |
| <b>Return Ratios</b>          |              |              |              |                |
| RoCE                          | 11.56%       | 12.28%       | 11.24%       | 7.73%          |
| RoE                           | 13.61%       | 5.22%        | 4.71%        | 4.80%          |
| <b>Valuation Ratios (x)**</b> |              |              |              |                |
| EV/EBITDA                     | 10.51        | 10.21        | 10.77        | 14.24          |
| Market Cap / Sales            | 2.49         | 2.60         | 2.65         | 3.00           |
| P/E                           | 66.04        | 79.55        | 66.04        | 36.39          |
| Price to Book Value           | 16.83        | 6.65         | 4.62         | 1.75           |
| <b>Solvency Ratios</b>        |              |              |              |                |
| Debt / Equity                 | 6.88         | 2.09         | 0.87         | 0.71           |
| Current Ratio                 | 1.35         | 1.33         | 1.31         | 1.32           |
| Quick Ratio                   | 0.51         | 0.42         | 0.28         | 0.38           |
| Asset Turnover                | 0.66         | 0.65         | 0.72         | 0.40           |
| Interest Coverage Ratio       | 1.24         | 1.11         | 0.80         | 1.88           |

\*Annualized Figures

\*\*Valuation Ratios are calculated using the current Issue Price.

## Financial Charts



## Key Risk Factors

1. There are outstanding legal proceedings involving the Company, Directors and Promoters amounting to Rs.101.35 Lacs. Any adverse decision in such proceedings may have a material adverse effect on business.
2. The company has negative cash flows from operations in the period ended on 31<sup>st</sup> December, 2023 amounting to Rs. 60.80 lacs.
3. The Company's one supplier provides for over 74.96% of the raw materials to the company for the period ended on Dec23. For the year FY23, FY22 and FY21, top 10 suppliers contributed more than 97.56%, 92.59% and 93.02% and for the period ended on April 30, 2023 the suppliers contributed 96.54% of purchases respectively. In an eventuality where suppliers are unable to deliver the required materials in a time – bound manner it may have a material adverse effect on business operations and profitability.

### 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.      | Finelistings Technologies Limited          | 13.53             | 123                        | May 14, 2024 | 64.58      |
| 2.      | GConnect Logitech and Supply Chain Limited | 5.60              | 40                         | Apr 03,2024  | 33.25      |
| 3.      | Vruddhi Engineering Works Limited          | 4.76              | 70                         | Apr 03,2024  | 386.35     |
| 4.      | Mukka Proteins Limited                     | 224               | 28                         | Mar 07,2024  | 33.11      |
| 5.      | Deem Roll Tech Limited                     | 29.26             | 129                        | Feb 27,2024  | 89.90      |
| 6.      | Polysil Irrigation Systems Limited         | 17.44             | 54                         | Feb 16,2024  | 34.75      |
| 7.      | Baweja Studios Limited                     | 97.20             | 180                        | Feb 06,2024  | 91.70      |
| 8.      | Docmode Health Technologies Limited        | 6.71              | 79                         | Feb 02,2024  | 193.00     |
| 9.      | IBL Finance Limited                        | 33.41             | 51                         | Jan 16,2024  | 56.65      |
| 10.     | KK Shah Hospitals Limited                  | 8.78              | 45                         | Nov 06,2023  | 47.00      |

\*CMP for the above-mentioned companies is taken as of 04<sup>th</sup> June 2024.

The company has had 27 mandates in the past three years including the current Year.

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.



# Magenta Lifecare Limited

IPO Note

Recco – **AVOID**



## Recommendation

The company has been in the industry since 2015 and has decent experience in the industry. The management overview of the company is not that satisfactory.

The P/E on a post-IPO and annualised basis is around 36.39 times and the Industry P/E is 44.6 times which makes it fully priced in the industry. The Company is going to utilize the Net Proceeds amount of Rs.424 lacs, and Rs.174 lacs for funding the working capital requirements and for general corporate purpose, respectively.

The company operates in an industry that offers opportunity, but requires strategic manoeuvring for success. The Company's top line of P&L statement shows stagnation and also has negative operating cash flows for the period ended Dec 24.

Thus, we recommend **AVOID** to this IPO.



# Magenta Lifecare Limited

IPO Note

Recco – **AVOID**



## Disclaimer

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