



IPO Note

Macobs Technologies Limited

Recommendation: **AVOID!**

Company Background -

- Originally formed and incorporated as 'Macobs Technologies Private Limited' on October 14, 2019. The company has its registered office in Jaipur, Rajasthan, India.
- The Company operates within the male grooming industry, specializing in the niche area of below-the-belt grooming, which includes specialized trimmers for sensitive areas, hygiene products tailored to male skin, briefs, and a variety of self-care items and conducts its business exclusively through e-commerce channels (website) <https://menhood.in/>, without maintaining physical stores or a traditional retail footprint.
- The company has 15 fulltime employees as of March 31, 2024.

Objects of the Issue -

- Customer Acquisition – Marketing & Awareness
- Prepayment or repayment of a portion of certain outstanding borrowings availed by the company.
- Working Capital Requirements
- General Corporate Expenses.
- To meet the Issue expenses.

Promoters Name -

Shivam Bhateja, Dushyant Gandotra and Divya Gandotra

Rationale for recommendation -

- ✓ The company has seen a decrease in the profitability margins for FY 2024.
- ✓ The company has a P/E of 33.20 times on Post IPO basis compared to Industry P/E of 36.44 times.
- ✓ The management overview is not satisfactory.
- ✓ The promoters overview of the company is not satisfactory.

IPO Details

Opening Date	July 16, 2024
Closing Date	July 19, 2024
Allotment Date	July 22, 2024
Listing Date	July 24, 2024
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹71 to ₹75
Issue Size	19.46 Cr.
Fresh Issue	19.46 Cr.
Offer for Sale	-
Application Amt	₹ 1,20,000 (1,600 shares)

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	601.29	1,478.08	2,061.79
EBITDA	55.63	295.45	341.89
Net Profit	38.90	204.50	221.27
RoCE	94.95%	109.81%	30.59%
ROE	97.25%	83.64%	22.51%
P/E	96.15	18.29	16.93

Promoter Share Holding Pattern

Pre-Issue	Post Issue
65.00%	47.78%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	4.43	2.26
BVPS	13.65	29.90
P/E	16.93	33.20
P/BV	5.49	2.51
Mkt Cap (In Cr)	54.00	73.46

Lead Managers -

SKI Capital Services Limited

Registrar -

Maashitla Securities Private Limited

Business Overview -

Macob Technologies Limited was originally formed and incorporated as ‘Macobs Technologies Private Limited’ on October 14, 2019, under companies act, 2013, issued by Registrar of Companies, Rajasthan. The company has 15 fulltime employees as of March 31, 2024.

The company operates within the male grooming industry, specializing in the niche area of below-the-belt grooming, which includes specialized trimmers for sensitive areas, hygiene products tailored to male skin, briefs, and a variety of self-care items and conducts its business exclusively through e-commerce channels, majorly their website <https://menhood.in/>, without maintaining physical stores or a traditional retail footprint. They sell their products under the brand name “MENHOOD”.

E-Commerce Portal -



DOMAINS:

The company has various e-commerce channel domains. These include macobs.in, macobstech.in, womenhood.in, menhood.in, nayab.in and nayab.art.

CONCLUSION:

The company has been in the e-commerce industry since 2019. The net proceeds of the issue will be utilized by the company for various purposes:

Particulars	Amount (in lakhs)
Customer Acquisition - Marketing & Awareness	200.00
Prepayment or repayment of a portion of certain outstanding borrowings availed by the company	150.00
Working Capital Requirements	1,200.00
General Corporate Purposes	Not Specified

PRODUCTS:

They offer a range of products:

Nature of Products	Products
Electronics	Menhood Grooming trimmer 1.0, Menhood Grooming trimmer 2.0, Menhood The Nosar
Grooming	Menhood The Baller, Menhood The Walker, Menhood Ball Preserver, Menhood The Sword, Menhood The Travel Bag, Menhood Man Cure Kit, Replacement Blade 1.0, Replacement Blade 2.0, Menhood Back Shaver, Replacement Blade For Back Shaver, Replacement Head for Nosar etc.
Briefs	Menhood Kangaroo Brief



Competition -

The Male Grooming Industry is competitive where the key factors of competition primarily comprise products, quality, price, timely delivery and technology.

The company faces competition from MNCs and startups in both domestic and international market.

The company has slightly lower barriers to entry.

The bargaining power is slightly high with the suppliers.

The bargaining power is slightly high with customers.

Business Strategies -

Product innovation and diversity: The company continuously invests in research and development to enhance product effectiveness and safety, ensuring that they meet the specific needs and preferences of their target demographic.

Customer-centric approach: The company employs a customer-centric approach, gathering feedback and insights through various channels to inform product development and marketing strategies.

Expanding into new geographies: The Company has expanded its market presence into new regions, including the Middle East, by empanelling itself on platforms of a global e-commerce portal in the UAE and Saudi Arabia, and continues to explore additional regions for expansion.

Opening and Empowering Brand Messaging: By fostering a culture of openness, the company aims to break down barriers and destigmatize aspects of male grooming that have traditionally been ignored.

Risk Factors – 14

The company has 1 outstanding civil case against it amounting to Rs. 200 lakhs and the promoters have 1 outstanding civil case amounting to Rs. 200 lakhs.

The company has negative cash flow from operations for FY 2024 and 2023.

PEER ANALYSIS

Particulars	Macobs Technologies Limited			FSN E-Commerce Venture Limited			Honasa Consumer Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	6.5%	13.8%	10.7%	1.1%	0.4%	0.6%	1.6%	-8.5%	6.7%
EBITDA Margin	9%	20%	17%	5%	6%	6%	3%	-8%	10%
RoCE	95%	110%	31%	6%	7%	10%	3%	-17%	15%
ROE	97%	84%	23%	3%	2%	3%	2%	10%	11%
EPS (INR)	0.78	4.10	4.43	0.18	0.07	0.11	15331.28	-20.95	3.57
P/E	96.15	18.29	16.93	1568.89	1,775.00	1,472.27	-	-	112.72

Indian E-Commerce Industry -

INTRODUCTION -

In recent years India has experienced a boom in internet and smartphone penetration. The number of internet connections in 2021 increased significantly to 830 million, driven by the 'Digital India' programme. Out of the total internet connections, ~55% of connections were in urban areas, of which 97% of connections were wireless. The smartphone base has also increased significantly and is expected to reach 1 billion by 2026.



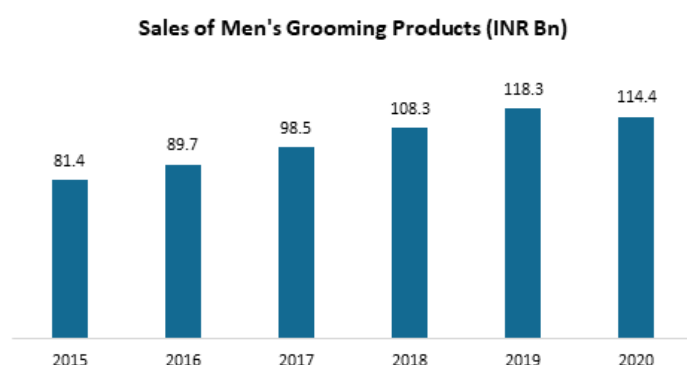
India's consumer digital economy is expected to become a US\$ 1 trillion market by 2030, growing from US\$ 537.5 billion in 2020, driven by the strong adoption of online services such as e-commerce and edtech in the country. Indian e-commerce is expected to grow at a compound annual growth rate (CAGR) of 27% to reach US\$ 163 billion by 2026. India's Business-to-Business (B2B) online marketplace would be a US\$ 200 billion opportunity by 2030.

Road Ahead:

The E-commerce industry has been directly impacting micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well. The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second-largest E-commerce market in the world by 2034. The Indian e-commerce sector is likely to expand in different markets. India's e-retail market is expected to continue its strong growth - it registered a CAGR of over 35% to reach Rs. 1.8 trillion (US\$ 25.75 billion) in FY20. Over the next five years, the Indian e-retail industry is projected to exceed ~300-350 million shoppers, propelling the online Gross Merchandise Value (GMV) to US\$ 100-120 billion by 2025.

Indian Male Grooming Market-

The male grooming market is a segment characterized by its dynamic growth and rapidly evolving consumer preferences. This market, traditionally dominated by general skincare and shaving products, has expanded to include specialized grooming areas, notably in below-the-belt care. The male grooming industry is influenced by several key factors: increasing awareness and acceptance of male personal care, a cultural shift towards more sophisticated grooming routines among men, and the influence of social media and digital marketing in shaping consumer trends. This market is no longer just about basic hygiene; it's increasingly about comprehensive self-care, wellness, and appearance. The estimated CAGR is around 12.1% during the forecast period 2024-30.



Government Initiatives for E-Commerce -

- Since 2014, the Government of India has announced various initiatives, namely Digital India, Make in India, Start-up India, Skill India and Innovation Fund.
- Government e-Marketplace (GeM) is an online platform for public procurement in India that was launched on August 9, 2016, by the Ministry of Commerce and Industry.
- As of November 2022, the GeM portal has served 12.28 million orders worth Rs. 334,933 crore (US\$ 40.97 billion) from 5.44 million registered sellers and service providers for 62,247 buyer organizations.
- In a bid to systematise the onboarding process of retailers on e-commerce platforms, the Department for Promotion of Industry and Internal Trade (DPIIT) is reportedly planning to utilise the Open Network for Digital Commerce (ONDC) to set protocols for cataloguing, vendor discovery and price discovery.

Key Management -

Key Management Persons Name -	Dushyant Gandotra
Age	27
Designation and No. of years of experience	Promoter, Managing Director, 4 Years of experience
Qualification	BBA
Roles and Responsibility	Innovation and improvement of the business
Other Directorships	Zappy Panda Ecom LLP

Key Management Persons Name -	Shivam Bhateja
Age	31
Designation and No. of years of experience	Promoter, Whole-Time Director, 10 years of experience
Qualification	MBA
Roles and Responsibility	Contributes to strategic planning, aligning long-term goals with company's mission and vision.
Other Directorships	EMIAC Technologies Private Limited

Key Management Persons Name -	Divya Gandotra
Age	31
Designation and No. of years of experience	Promoter, Non-Executive Director, 6 years of experience
Qualification	MBA
Roles and Responsibility	-
Other Directorships	EMIAC Technologies Private Limited

Key Management Persons Name -	Priya Goel
Age	36
Designation and No. of years of experience	Non-Executive Independent Director, 16 years of experience
Qualification	B. Sc., MBA, Executive Post Graduate Certificate in Financial Management.
Roles and Responsibility	-
Previous Associations	ACME Finvest Private Limited, ACME Wealth Private Limited, ACME Insurance Marketing Private Limited and Goldline Financial Services Limited

Key Management Persons Name -	Sunil Kumar Rana
Age	41
Designation and No. of years of experience	Non-Executive Independent Director, 18 years of experience
Qualification	B.A. Degree, Technical Certifications
Roles and Responsibility	-
Previous Associations	ACME Wealth Private Limited and ACME Finvest Private Limited

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	601.29	1,478.08	2,061.79
Other Income	1.01	4.73	12.88
Total Income	602.3	1482.81	2074.67
Expenses			
Purchase of stock-in-trade	112.24	312.20	841.66
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	-8.30	-37.46	-238.01
Employee Benefit Expenses	61.53	95.93	104.53
Finance Cost	0.26	15.72	37.82
Depreciation and Amortisation	3.18	10.35	17.99
Other expenses	380.19	811.96	1,011.72
Total Expenses	549.10	1,208.70	1,775.71
EBITDA	55.63	295.45	341.89
EBITDA Margin	9.25%	19.99%	16.58%
Profit/(Loss) before tax	53.20	274.11	298.96
Tax Expense			
Current tax	14.27	70.81	82.50
Deferred Tax Expenses/(credit)	0.03	-1.20	-4.81
Total Tax	14.30	69.61	77.69
Profit/(Loss) for the year	38.90	204.50	221.27
Net Profit Margin	6.47%	13.84%	10.73%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	1.00	1.00	720.00
Reserves and surplus	39.00	243.50	262.77
Total Equity	40.00	244.50	982.77
2. Non-current liabilities			
Long-term borrowings	11.61	9.02	61.52
Long-term provisions	3.63	6.11	14.60
Total Non-current liabilities	15.24	15.13	76.12
3. Current liabilities			
Short-term borrowings	9.23	98.33	188.61
Trade Payables	16.82	67.47	13.48
Other Current Liabilities	56.61	98.25	98.86
Short-term provisions	14.62	71.37	83.60
Total Current liabilities	97.28	335.42	384.55
Total Liabilities	112.52	350.55	460.67
Total Equity and Liabilities	152.52	595.05	1,443.44
ASSETS			
4. Non-current assets			
Property, Plant & Equipment	23.49	19.98	71.42
Deferred Tax Assets (Net)	0.03	1.22	6.03
Other Non Current Assets	0.25	120.25	202.43
Total Non-Current assets	23.77	141.45	279.88
5. Current assets			
Current Investments	-	-	6.04
Inventories	22.18	59.64	297.65

Recommendation: **AVOID**

Particulars	FY 22	FY 23	FY 24
Trade Receivables	9.95	9.85	17.98
Cash & Cash equivalents	52.04	86.18	413.92
Short term loans and advances	44.37	296.72	423.76
Other Current Assets	0.21	1.21	4.21
Total Current assets	128.75	453.60	1,163.56
Total Assets	152.52	595.05	1,443.44

Cash Flow Statement Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	54.19	-33.83	-226.64
Net Cash Flow from Investing Activities	15.52	70.79	617.40
Net Cash Flow from Financing Activities	-24.05	-2.82	-63.03

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	0.78	4.1	4.43	EV/EBITDA	0.16	0.90	2.40
BV per share	0.56	3.40	13.65	Market Cap / Sales	12.22	4.97	3.56
Operating Ratios				P/E	96.15	18.29	16.93
EBITDA Margins	9.25%	19.99%	16.58%	Price to Book Value	135.00	22.09	5.49
PAT Margins	6.47%	13.84%	10.73%	Solvency Ratios			
Inventory days	13.46	14.73	52.69	Debt / Equity	0.52	0.44	0.25
Debtor days	6.04	2.43	3.18	Current Ratio	1.32	1.35	3.03
Creditor days	54.70	78.88	5.85	Quick Ratio	1.10	1.17	2.25
Return Ratios				Asset Turnover	3.94	2.48	1.43
RoCE	94.95%	109.81%	30.59%	Interest Coverage Ratio	201.73	18.14	8.56
RoE	97.25%	83.64%	22.51%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is **SKI Capital Services Limited**. This is the first mandate of the company.

Recommendation -

The company has been in the industry since 2019 and doesn't have enough experience in the industry. The management overview of the company is not satisfactory.

The P/E on a post-IPO and annualised basis is around 33.20 times which makes it fairly priced by looking at the performance of the company and sector. The Sector P/E is 36.44 times.

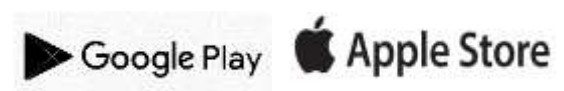
The company has seen a decrease in the profitability margins for FY 2024. The promoter overview of the company is not very satisfactory. The company has seen a sudden increase in its bottom line and margins for FY 2023 which may or may not sustain going forward. The company's financial outlook is not very satisfactory. Thus, knowledgeable investors can **AVOID** 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.

OUR WEBSITE:

www.tiareconsilium.com

OUR APP AVAILABLE ON:**CONNECT WITH US ON :**