



IPO Note

Aesthetik Engineers Limited

Recommendation: **APPLY!**

Company Background -

- Aesthetik Engineers Limited was originally formed and incorporated on April 02, 2008. The registered office is located at Kolkata, West Bengal.
- The Company is engaged in the business of designing, engineering, fabrication and installation of facade systems.
- Their portfolio includes Building facades, Aluminium Doors and Windows, Railing and Staircase and Glassfibre Reinforced Concrete (GFRC).
- The company had 52 permanent employees as of June 30, 2024.

Objects of the Issue -

- Capital Expenditure
- Working Capital Requirement
- General Corporate Purposes

Promoters Name -

Avinash Agarwal, Sreeti Agarwal, Manisha Sureka and M/s Avinash Agarwal (HUF)

Rationale for recommendation -

- ✓ The company's P/E is 19.86 times on post-issue basis making it fairly priced.
- ✓ There has been increase in the top line and bottom line over the years.
- ✓ The company's cash conversion cycle is better than its peer.
- ✓ The company plans to capitalize the opportunity in the solar industry as well.
- ✓ The company has good experience in the industry.
- ✓ The management overview is decent.

IPO Details

Opening Date	Aug 08, 2024
Closing Date	Aug 12, 2024
Allotment Date	Aug 13, 2024
Listing Date	Aug 16, 2024
Stock Exchange	NSE EMERGE
Lot Size	2,000 Shares
Issue Price Per Share	₹55 to ₹58
Issue Size	26.47 Cr.
Fresh Issue	26.47 Cr.
Offer for Sale	-
Application Amt	₹ 1,16,000 (2,000 shares)

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	2,573.91	4,000.98	6,072.03
EBITDA	114.97	204.58	770.82
Net Profit	-45.12	112.59	502.99
RoCE	6.68%	15.00%	36.94%
ROE	-5.09%	11.27%	33.48%
P/E	-10.84	4.35	14.61

Promoter Share Holding Pattern

Pre-Issue	Post Issue
100.00%	73.50%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	3.97	2.92
BVPS	11.87	22.72
P/E	14.61	19.86
P/BV	4.89	2.55
Mkt Cap (In Cr)	73.41	99.88

Lead Managers -

Narnolia Financial Services Limited

Registrar -

Skyline Financial Services Private Limited

Business Overview -

Aesthetik Engineers Limited was originally incorporated on April 02, 2008. The registered office is located at Kolkata, West Bengal. The company’s factory is located at Howrah, West Bengal.

The Company is engaged in the business of designing, engineering, fabrication and installation of facade systems. Their portfolio includes building facades, Aluminium Doors and Windows, Railing and Staircase and Glassfibre Reinforced Concrete (GRC). They offer a wide range of products and services to meet the demands of customers who belong to various industries such as Hospitality, Residential, Commercial, and Infrastructure Projects. They have established their presence in West Bengal, Bihar, Maharashtra, Assam, Odisha and Gujarat.

Their major clients include Ambuja Housing and Urban Infrastructure Limited, Siti Networks Limited, Primarc Projects Realty Private Limited, Larsen & Toubro Limited, ACC India Private Limited, Srijan Reality Private Limited etc.

Major Projects -

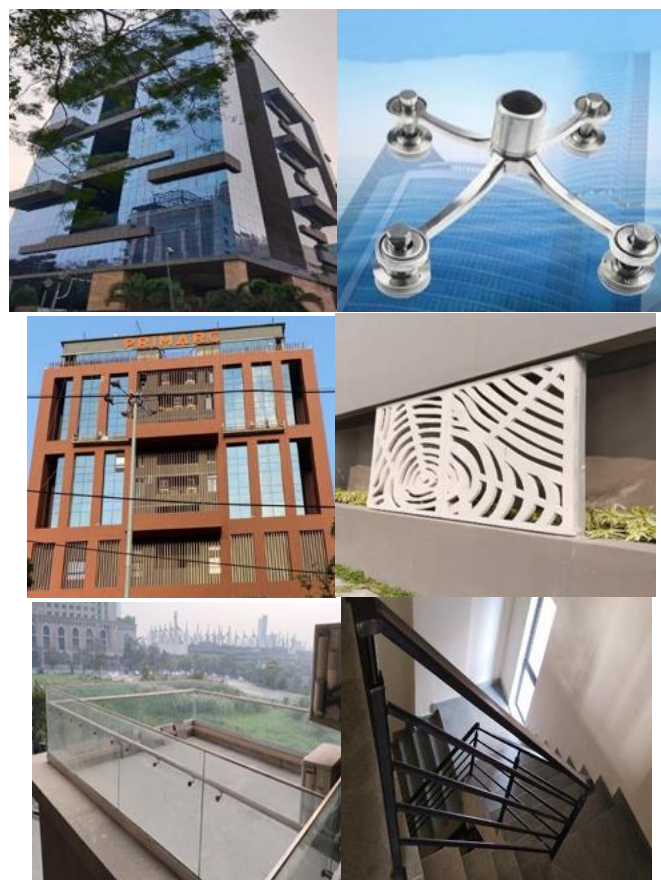
1. Coal India Limited, Head Office, Kolkata
2. Zee TV Regional Office (Siti Cable)
3. Century Plywood, Kolkata
4. Forum Esplanade, Bhubaneshwar
5. Urbana, Anandapur, Kolkata
6. City Centre, Patna
7. Utalika, Kolkata
8. PRIMARC, Kolkata
9. Infosys, Kolkata
10. TATA 88, Kolkata

On-Going Projects -

The company has 24 on-going projects amounting to Rs. 6,736.30 lakhs.

Product Portfolio -

1. **Façade**
 - Structural Glazing/ Curtain Wall
 - Spider Glazing
 - ACP/ HPL/ Stone Cladding
 - Aluminium Louvers
 - Canopy/ Skylight/ Dome
2. **Doors and Windows**
3. **Railing and Staircase**
4. **Glassfibre Reinforced Concrete (GFRC)**



Revenue Bifurcation based on services provided on different platforms -

(Amt in lakhs)

Particulars	FY 2022	FY 2023	FY 2024
	Amt	Amt	Amt
Solar frames/ Windows sections/ Scraps	31.57	27.37	775.73
Doors, Windows & Louvers	1,750.79	1,839.29	1,305.16
Structural/ Curtain Wall/ Spider Glazing	488.69	1,095.22	2,097.61
Architectural Steel/ Finishing Works	34.77	33.39	93.52
ACP/ Stone/ Teracotta/ HPL Cladding	175.97	458.37	47.60
GFRC/ Speciality Concrete/ Civil Works	92.13	547.34	1,752.41
Total	2,573.91	4,000.98	6,072.03

Competition -

Market Competition: The facade sector is highly competitive where the key factors of competition primarily comprise quality of service and products, total contract value and location of the project.

Geographic Competition: The company faces competition from organized as well as unorganized players in domestic market.

Barriers to entry: Moderate barriers to entry in as there is significant working capital requirement.

Bargaining power of suppliers: The bargaining power of suppliers is comparatively low.

Bargaining power of customers: The bargaining power of customers is high.

Business Strategies -

Improve operational efficiency: The company intends to improve efficiencies to achieve cost reductions and develop technology systems to increase assets productivity.

Capitalize the opportunity in the solar and construction industry: The company believes that the renewable energy sector, construction industry and infrastructure sector will grow rapidly in the upcoming years and intends to capitalise such opportunities by supplying required products and services.

Expand geographical network: The company intends to enhance their distribution reach of their products to different parts of the country.

Focus on consistently meeting quality standards: The company intends to focus on adhering to the quality standards and not only secure repeat orders but also cultivate trust among customer base.

Risk Factors -

The company's top 10 customers contributed to 81.05%, 79.88% and 78.98% of the revenue from operations in FY 2024, 2023 and 2022 respectively. Loss of any of the key customers may materially and adversely affect the business and financial performance.

The company's top 10 suppliers contributed to 75.06%, 62.94% and 80.92% of their total purchase for FY 2024, 2023 and 2022 respectively.

The company generates majority of its revenue from West Bengal which accounted to 86.52%, 90.51% and 65.94% for FY ended 2024, 2023 and 2022 respectively.

The company has 2 outstanding cases against it relating to civil and taxation matters, amounting to Rs. 116.87 lakhs. Also, 4 outstanding cases have been filed by the company relating to civil and criminal matters, amounting to Rs. 1,045.61 lakhs.

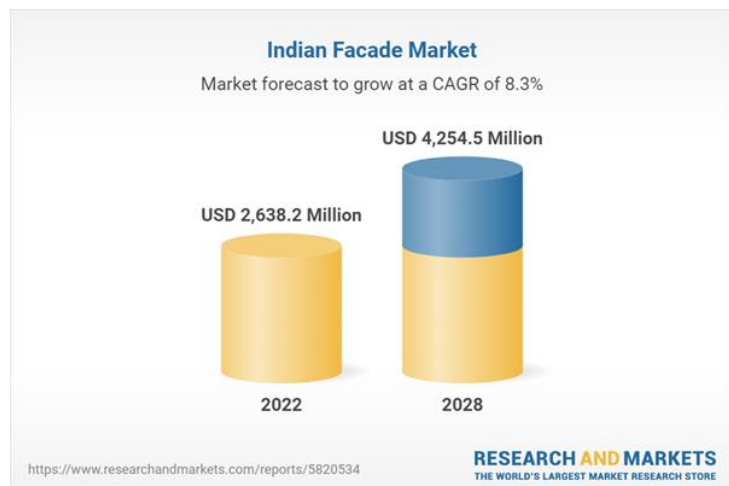
The company has unsecured loans amounting to Rs. 442.85 lakhs.

PEER ANALYSIS

Particulars	Aesthetik Engineer Limited			Innovators Facade System Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	-1.8%	2.8%	8.3%	1.8%	4.6%	7.0%
EBITDA Margin	4%	5%	13%	13%	10%	15%
RoCE	7%	15%	37%	4%	11%	18%
ROE	-5%	11%	40%	1%	6%	10%
EPS (INR)	-5.35	13.34	3.97	0.85	4.46	8.09
P/E	-10.84	4.35	14.61	78.24	18.39	19.83

Indian Façade Industry -

The India facade market size reached US\$ 2,855.4 Million in 2023. Looking forward, the market is expected to reach US\$ 5,431.9 Million by 2032, exhibiting a growth rate (CAGR) of 7.18% during 2024-2032. The increasing construction activities in the residential areas on account of rapid urbanization and inflating disposable income levels represent one of the key factors driving the demand for façades in India.



Indian Infrastructure Industry -

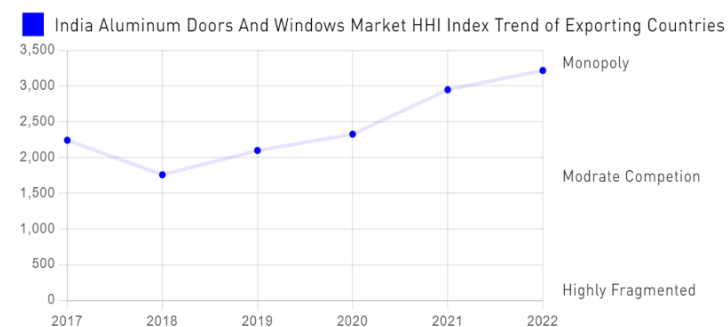
Infrastructure is a key enabler in helping India become a US \$26 trillion economy. Investments in building and upgrading physical infrastructure, especially in synergy with the ease of doing business initiatives, remain pivotal to increase efficiency and costs.

India Infrastructure Sector Market
Market Size in USD Billion
CAGR 9.57%



Indian Aluminium Doors and Windows Industry -

The India aluminium doors and windows market is experiencing growth as the construction and real estate sectors continue to expand. For India Exporters of aluminium doors and windows, USA seems to be the most attractive market (in 2028) in terms of export potential followed by United Kingdom (UK), Australia, Netherlands and Japan. Also, USA offers high import demand potential for other countries as well in 2028.



(source: RHP)

Government Initiatives -

- The Central government has increased its capital expenditure (capex) allocation to US\$ 133.9 billion (Rs. 11.11 trillion) for the fiscal year beginning April 1, 2024, with a focus on advancing India's infrastructure, as part of a strategic move to stimulate economic growth.
- In Interim Budget 2024-25, capital investment outlay for infrastructure has been increased by 11.1% to Rs.11.11 lakh crore (US\$ 133.86 billion), which would be 3.4 %of GDP.
- The government has decided to allocate Rs. 2.76 lakh crore (US\$ 33.4 billion) towards the Ministry of Roads for 2024-25.
- A capital outlay of Rs. 2.55 lakh crore (US\$ 30.72 billion) has been made for the Railways, an increase of 5.8% over the previous year.
- The allocation for solar power grid reached Rs. 8,500 crores (US\$ 1.02 billion) from the previous allocation of Rs. 4,970 crores (US\$ 598.80 million).
- Starting 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 the development phase with an estimated investment of US\$ 1.9 trillion.

Key Management -



Key Management Persons Name -	Avinash Agarwal
Age	45
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 20+ years of experience in facade industry
Qualification	B. Com degree
Roles and Responsibility	Responsible for looking after the overall management and operation of the Company.
Previous Associations	Anukaran Suppliers Private Limited, Solisys Solar Private Limited and Aesthetik Renewables Private Limited

Key Management Persons Name -	Sreeti Agarwal
Age	42
Designation and No. of years of experience	Promoter and Executive Director, 8 years of experience in façade industry
Qualification	B. A. degree
Roles and Responsibility	Responsible for looking after the overall management and operation of the Company
Other Directorships	-

Key Management Persons Name -	Manisha Sureka
Age	47
Designation and No. of years of experience	Promoter and Non-Executive Non-Independent Director
Qualification	M. Sc. In Applied Mathematics
Roles and Responsibility	Responsible for cultivating client relationships to uncover their full potential, and she assists the board in making equitable decisions.
Other Directorships	-

Key Management Persons Name -	Ullas Pradhan
Age	63
Designation and No. of years of experience	Independent Director, 35 years of experience in sales, management, marketing and training.
Qualification	Master’s in Social Work
Roles and Responsibility	-
Other Directorships	Sumato Futurstic Solution Private Limited

Key Management Persons Name -	P. Singa Ram
Age	47
Designation and No. of years of experience	Independent Director, 15 years of experience
Qualification	MBA (Sales and Marketing)
Roles and Responsibility	-
Other Ventures	Airmid Infrastructure Limited, Selene Estate Limited and Lakisha Real Estate Limited

FINANCIAL SNAPSHOT

Statement of Profit and Loss Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	2,573.91	4,000.98	6,072.03
Other Income	19.46	34.85	7.47
Total Income	2,593.37	4,035.82	6,079.50
Expenses			
Cost of Materials Consumed	2,124.05	3,430.22	4,547.09
Changes in work-in-progress	28.91	-74.34	-134.33
Employee Benefit Expenses	47.69	83.92	181.71
Finance Cost	30.99	55.32	72.20
Depreciation and Amortisation	34.21	33.43	52.29
Other expenses	258.29	356.59	706.75
Total Expenses	2,524.14	3,885.14	5,425.71
EBITDA	114.97	204.58	770.82
EBITDA Margin	4.47%	5.11%	12.69%
Profit/(Loss) before tax	69.23	150.68	653.79
Tax Expense			
Current tax	114.62	38.43	165.66
Deferred Tax	-0.26	-0.34	-14.86
Total Tax	114.36	38.09	150.80
Profit/(Loss) for the year	-45.12	112.59	502.99
Net Profit Margin	-1.75%	2.81%	8.28%

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	84.37	84.37	1,265.62
Other Equity	802.46	915.04	236.79
2. Minority Interest			
Total Equity	886.83	999.42	1,502.41
3. Non-current liabilities			
Financial Liabilities			
(i) Borrowings	322.42	141.25	442.85
Total Non-current liabilities	322.42	141.25	442.85
4. Current liabilities			
Financial Liabilities			
(i) Borrowings	79.17	451.22	407.07
(ii) Trade Payables			
(a) Total outstanding dues of MSME			
(b) Total outstanding dues of creditors other than MSME	454.36	443.21	483.49
Other Current Liabilities	539.87	409.51	234.23
Provisions	8.67	13.16	-
Current Tax Liabilities (Net)	-	-	18.89
Total Current liabilities	1,082.07	1,317.10	1,143.68
Total Liabilities	1,404.49	1,458.35	1,586.53
Total Equity and Liabilities	2,291.32	2,457.77	3,088.94
ASSETS			
1. Non-current assets			
Property, Plant & Equipment and Intangible assets	389.26	374.07	373.44
Financial Assets			
(i) Investments	-	-	20.00
(ii) Other Financial Assets	388.18	442.50	262.03

Particulars	FY 22	FY 23	FY 24
Deferred Tax Assets (Net)	16.16	16.50	31.35
Other Non- current Assets	155.92	185.90	149.95
Total Non-Current assets	949.52	1,018.97	836.77
2. Current assets			
Inventories	428.94	483.64	1,106.85
Trade Receivables	698.50	723.39	497.24
Cash & Cash equivalents	30.43	26.09	135.16
Current Tax Assets (Net)	29.96	41.09	-
Other Current Assets	153.97	164.59	512.93
Total Current assets	1,341.81	1,438.80	2,252.17
Total Assets	2,291.32	2,457.77	3,088.94

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	130.54	333.63	165.57
Net Cash Flow from Investing Activities	-149.88	-103.61	-263.47
Net Cash Flow from Financing Activities	-249.86	-237.10	229.40

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24
Diluted EPS	-5.35	13.34	3.97	EV/EBITDA	10.94	7.65	2.88
BV per share	7.01	7.90	11.87	Market Cap / Sales	3.88	2.50	1.64
<u>Operating Ratios</u>				P/E	-10.84	4.35	14.61
EBITDA Margins	4.47%	5.11%	12.69%	Price to Book Value	8.28	7.34	4.89
PAT Margins	-1.75%	2.81%	8.28%	<u>Solvency Ratios</u>			
Inventory days	60.83	44.12	66.53	Debt / Equity	0.45	0.59	0.57
Debtor days	99.05	65.99	29.89	Current Ratio	1.24	1.09	1.97
Creditor days	75.05	47.43	35.04	Quick Ratio	0.84	0.73	1.00
<u>Return Ratios</u>				Asset Turnover	1.12	1.63	1.97
RoCE	6.68%	15.00%	36.94%	Interest Coverage Ratio	2.61	3.09	9.95
RoE	-5.09%	11.27%	33.48%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Narnolia Financial Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Narnolia Financial Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Ztech India Limited	37.30	110.00	June 05, 2024	201.75
2.	Radiowalla Network Limited	14.25	76.00	April 05, 2024	317.45
3.	Addictive Learning Technology Limited	60.16	140.00	Jan 30, 2024	42.00
4.	Akanksha Power and Infrastructure Limited	27.49	55.00	Jan 03, 2024	48.60
5.	Supreme Power Equipment Limited	46.67	65.00	Dec 29, 2023	133.60
6.	WomanCart Limited	9.56	86.00	Oct 27, 2023	87.25
7.	Inspire Films Limited	21.23	59.00	Oct 05, 2023	221.15
8.	Cellecor Gadgets Limited	50.77	92.00	Sep 28, 2023	95.95
9.	Yudiz Solutions Limited	44.84	165.00	Aug 17, 2023	139.50
10.	Drone Destination Limited	44.20	65.00	July 21, 2023	240.00

The company has handled 10 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 7th August 2024.

As per the offer document, from the above-mentioned mandates 1 has opened at a discount and remaining all have opened at a premium on the listing day.

Recommendation -

Aesthetik Engineers Limited has been in the industry since 2008 and has good experience in the industry. The management overview of the company is decent.

The P/E on a post-IPO basis is around 19.86 times which makes it fairly priced by looking at the performance of the company and sector. The peer's PE is 28 times.

The company has seen a consistent increase in the top line from FY 2022 to FY 2024 mostly because of sale of service and for FY 2024, the company had executed large value order projects above 10 Cr. Also, the bottom line has increased over the years mainly because the company successfully completed numerous small orders and the high value orders have been increasing. The EBITDA margin and PAT margin have seen a sudden increase in FY 2024 due to the same reason mentioned. The net profit for FY 2022 remained negative and there was a sudden surge in FY 2023 due to Income Tax for earlier years amounting to Rs. 96.90 lakhs. The company also has better cash conversion cycle compared to its peer Innovators Façade System Limited.

The company has 24 on-going projects amounting to Rs. 6,736.30 lakhs which will help improve the topline in the future.

The concentration of buyers and suppliers of the company is quite high and loss of any will adversely affect the overall business operations and profitability of the company. And the company is majorly dependent on West Bengal for their revenue.

Thus, knowledgeable and informed investors **MAY APPLY** to this IPO.

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