



# Supreme Facility Management Limited

Recommendation: **APPLY!**

## Company Background -

- **Incorporation:** Supreme Facility Management Limited was originally incorporated on May 19, 2005. The registered office is located at Pune, Maharashtra, India.
- **Business Activity:** The company is an integrated business services provider focused in offering Integrated Facility Management (“IFM”) services and other Support Services (“Support Services”) to industries across multiple sectors.
- **Revenue Model:** The business is on an annuity-based model where a customer once secured, generates revenue over a long period of time.
- **Human Resource:** The company has 10,935 full-time employees as on September 30, 2024.

## Objects of the Issue -

- Funding their working capital requirements
- Pursuing inorganic initiatives
- General Corporate Purposes

## Promoters Name -

Lalasaheb Vitthalrao Shinde, Rajendra Lalasaheb Shinde and Manisha Rajendra Shinde.

## Rationale for recommendation -

- ✓ The company has a P/E of 17.68 times post issue which is fairly valued
- ✓ The top and bottom line of the company and the margins have remained consistent.
- ✓ The company has done inorganic growth and continues to do so.
- ✓ The industry is a growing segment.
- ✓ The management overview is satisfactory.
- ✓ The company has a good track record of existence.

## IPO Details

Opening Date	Dec 11, 2024
Closing Date	Dec 13, 2024
Allotment Date	Dec 16, 2024
Listing Date	Dec 18, 2024
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹72 to ₹76
Issue Size	50.00 Cr.
Fresh Issue	50.00 Cr.
Offer for Sale	-
Application Amt	₹ 1,21,600 (1,600 shares)

## INDUSTRY - IFM Industry Avg. P/E ratio of peers - No Peers

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Jun-24
Revenue	23,601.1	32,958.7	35,538.6	9,907.29
EBITDA	1,717.32	2,343.70	2,806.18	884.41
Net Profit	388.36	554.21	741.55	240.83
RoCE	20.79%	20.71%	21.28%	5.68%
ROE	17.32%	19.83%	21.29%	6.47%
P/E	35.68	25.00	18.72	17.68*

\*Annualized

## Promoter Share Holding Pattern

Pre-Issue	Post-Issue
97.29%	71.51%

## Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	4.06	4.30
BVPS	21.17	35.12
P/E	18.72	17.68
P/BV	3.59	2.16
Mkt Cap (In Cr)	138.70	188.70

\*Annualized

## Lead Managers -

**Khandwala Securities Limited**

## Registrar -

**Kfin Technologies Limited**

## Business Overview -

Supreme Facility Management Limited has been in the industry since 2005. It is an integrated business services provider focused on offering Integrated Facility Management (“IFM”) services and other Support Services (“Support Services”) to industries across multiple sectors.

## Service Portfolio -

**IFM Service** – This portfolio broadly includes

- (i) **Soft Services** - such as housekeeping and cleaning services, disinfecting and sanitizing services, pest control, horticulture, and facade cleaning.
- (ii) **Hard Services** - such as maintenance, repair, overhaul and performance management of electrical, plumbing and maintenance services, ventilation and air conditioning (“HVAC”) systems; power equipment such as generators and UPS systems.
- (iii) **Staffing Service** - where the company supplies the workforce with various support service

**Other Support Services** – This portfolio broadly includes

- (i) **Employee Transportation (“ET”) services** whereby they provide transportation services for the employees of their clients. The types of services include Shuttle Services, Private Car Services, and Bus Services.  
As of September 2024, the company owns 430 buses (having a capacity of 13 seats to 55 seats) and a total of 98 hired vehicles.
- (ii) **Corporate Food Solution Services (“CFSS”)** whereby the company offers catering services for employees of its corporate clients.
- (iii) **Supply Chain Management Services (“SCM”)** whereby the company provides Third-party logistics (3PL) service for its clients and
- (iv) **Production Support Services (“PSS”)** whereby the company supplies the workforce to the manufacturing companies for production, material handling, and maintenance.

## Subsidiaries -

- 1) **Everdew Engineering Pvt Limited** - Engaged in the business of Production Support Service and Staffing Service. - 66.67% Holding in the Company – Contributed to 11.37% of the Consolidated PAT for FY 2024
- 2) **Trimurty Utility Services Pvt Limited** - Engaged in the business of Facility Management, Production Support Service and Catering business. - 100.00% Holding in the Company – 7.81% of the Consolidated PAT for FY 2024
- 3) **IAAlpha Mobility Solutions Private Limited** - Engaged in the business of providing employee transportation service - 83% Holding in the Company – 1.04% of the Consolidated PAT for FY 2024
- 4) **M/s. L V Shinde Group Joint Venture** - The Joint Venture is in the business of Setting up a Laundry for Indian Railway – 49% Holding in the Company.
- 5) **Purple Crest Services Private Limited** - Engaged in the business of Project Management Consultancy service – 47.36% Holding in the Company.

## Business Strategies -

1. The company intends to develop and implement technological and customer-oriented initiatives as it believes these will allow it to diversify its service offerings and exploit future growth opportunities
2. The company seeks to grow its business through the acquisition of new customers across industry segments such as commercial real estate, industrial facilities, warehousing and public infrastructure such as airports, amongst others.
3. The company aims to introduce new products and services to fill gaps in the current portfolio or to enter new segments which they see as potentially large and margin accretive to them.

**Revenue Bifurcation -**

Particulars	FY 2022		FY 2023		FY 2024		June-24	
	Amt	%	Amt	%	Amt	%	Amt	%
<b>IFM Services</b>								
IFM Services	12,343.52	52.30	18,450.56	55.98	23,119.25	65.05	6,123.14	61.80
<b>Support Services</b>								
Production Support Services	1,433.66	6.07	1,142.89	3.47	1,447.13	4.07	456.96	4.61
Employee Transportation Services	7,859.99	33.30	9,669.97	29.34	7,677.61	21.60	2,159.18	21.79
Corporate Food Solution Services	438.65	1.86	866.48	2.63	1,147.22	3.23	396.86	4.01
Supply Chain Management Services	1,525.31	6.46	2,828.84	8.58	2,147.46	6.04	772.06	7.79
<b>Total</b>	<b>23,601.13</b>	<b>100.00</b>	<b>32,958.74</b>	<b>100.00</b>	<b>35,538.67</b>	<b>100.00</b>	<b>9,908.20</b>	<b>100.00</b>

**Competition -**

- 1. Market Competition, High** - Fragmented market with intense competition from both organized players and local unorganized operators.
- 2. Threat of New Entrants, High** - Low entry barriers for smaller local players, but scaling operations and meeting compliance requirements deter larger entrants.
- 3. Bargaining Power of Buyers, High** - Customers can choose local, organized, or internal workforce alternatives based on price, relationships, or convenience.
- 4. Bargaining Power of Suppliers, Moderate** - Reliance on a large workforce and potential talent acquisition challenges give suppliers (labour) moderate power.
- 5. Threat of Substitutes, High** - Customers may opt for in-house management or independent contractors to meet facility management needs, increasing substitution risks.

**Risk Factors -**

The company derives 71.32%, 79.04%, 81.39%, and 81.81% of its revenue from the state of Maharashtra for the FY ended 2022, 2023, 2024 and the Period ended June 2024.

Top 10 customers contributed 68.01%, 64.30%, 68.74%, and 59.57% of the revenue for the FY ended 2022, 2023, 2024 and the Period ended June 2024.

The company has had negative operating cash flow for the period ended June 2024.

The company has 16 criminal proceedings against the company amounting to Rs. 109.29 lakhs and 40 tax proceedings amounting to Rs. 140.82 lakhs.

Supreme Systech Private Limited and Supreme Oxtech Private Limited had been compulsorily struck off due to non-filing of Annual Returns since the incorporation of the companies. Where one of the Promoters and Directors, Rajendra Lalasaheb Shinde was a director due to which he was disqualified from directorship and as of this date he is not disqualified from holding any other directorship.

The company has contingent liabilities amounting to Rs. 424.07 lakhs.

One of the subsidiary companies Lalpha Mobility Solutions has incurred a loss for FY ended 2023, and the Period ended June 2024.

**INDUSTRY OVERVIEW -**

**Indian IFM Market Analysis –**

IFM market in India has been growing steadily over the last decade and is set to witness significant growth momentum over the next 5 years. According to industry reports, the market was valued at around INR 90 Thousand Crores in 2023 and is expected to reach 190 Thousand Crores by 2029, growing at a compound annual growth rate (CAGR) of approximately 36.12%. In India out of the Facility Market 39% of the business are in Outsourced model to Third party facility Management Companies.

The facility management market in India has been growing significantly in recent years. Facility management refers to the professional management of facilities such as manufacturing Hubs, office buildings, shopping malls, hospitals, hotels, airports, and educational institutions to ensure their efficient operation and maintenance. In India 39% of the business are in Outsourced model to Third party facility Management Companies in 2023 which will increase as there is increase in the Demand for IFM Services to 50% by 2029.

**Employee Transportation Industry -**

The Corporate Employee transportation market size has grown strongly in recent years, It will grow from USD 27.8 Billion in 2020 to USD 42.19 Billion in 2026 and estimated to grow at CAGR of 5.44%.

India - The market for corporate employee mobility services is fragmented, including unorganized players. Organized player utilizes the technological assistance for fleet and employee commute management which broaden the scope of their offerings.

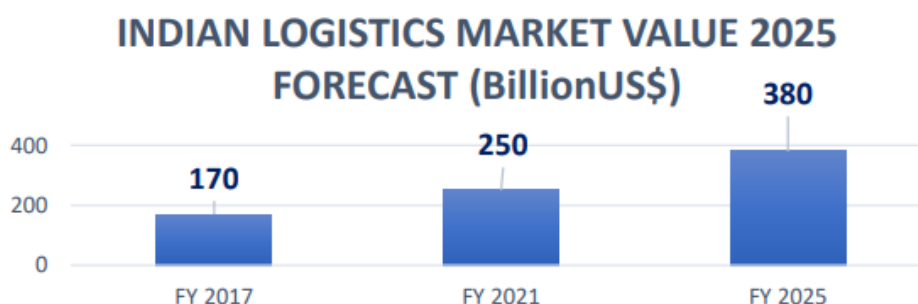
The COVID-19 pandemic hampered the market by forcing many companies to work from home, resulting in less employee transportation. However, as economies have recovered from the lockdown, a return to office is expected to provide transportation service operators with numerous opportunities in the coming years. Moreover, governments in various states are also initiatives to improve employee commute systems.

**Supply Chain Management -**

Globally, the warehouse count stood at 1,50,000 warehouses at the end of 2020, roughly 25 Billion square feet of space. By the end of 2025, there will be nearly 1,80,000 warehouses around the world, with China, the US, Japan, India and Germany accounting for more than half of global warehouse building stock.

As per Cargo Connect (Feb 2024) Global Third- Party Logistics (3PL) Market expected to grow at the rate of 9.5% in 2024 to 2027 and expected to reach the market Size of \$ 1,579.84 Billion by 2027.

Statistics suggest that the Indian logistics and supply chain market gives employment to more than 22 million people. The warehousing, industrial, and logistics (WIL) sectors are projected to be crucial for attaining India's vision of being a US\$ 5 trillion economy by FY25. The warehouse and logistics industry has benefited the most from the COVID-19 epidemic, increasing its share from 2% in 2020 to 20% in 2021. Because of the growing shift from discretionary to essential internet buying during the COVID-19 epidemic, the e-commerce industry became more appealing and attractive.



**Key Management -**

<b>Key Management Persons Name -</b>	<b>Rajendra Lalasaheb Shinde</b>
<b>Age</b>	51
<b>Designation</b>	Promoter and Managing Director, 16 years of experience
<b>Qualification</b>	Bachelor of Commerce
<b>Responsibility</b>	Oversees the day-to-day activities
<b>Other Directorships</b>	Supreme Motion Pictures Private Limited, Trimurty Utility Services Private Limited

<b>Key Management Persons Name -</b>	<b>Lalasaheb Vitthalrao Shinde</b>
<b>Age</b>	73
<b>Designation and No. of years of experience</b>	Promoter and Whole-Time Director, 19 years of experience
<b>Qualification</b>	Doctor of Philosophy (Honoris Causa)
<b>Responsibility</b>	day-to-day activities
<b>Other Ventures</b>	Supreme Motion Pictures Private Limited, Supreme Holidays (India) Private Limited

<b>Key Management Persons Name -</b>	<b>Amol Sharad Shingate</b>
<b>Age</b>	40
<b>Designation and No. of years of experience</b>	Executive Director and Chief Executive Officer, 18 years of experience in Finance
<b>Qualification</b>	Bachelor of Commerce degree, Certificate in effective Management of Service Sector Firm
<b>Responsibility</b>	Heading the finance department of the Company
<b>Other Directorships</b>	Ialpha Mobility Solutions Private Limited, Purple Crest Services Private Limited

<b>Key Management Persons Name -</b>	<b>Manisha Rajendra Shinde</b>
<b>Age</b>	48
<b>Designation and No. of years of experience</b>	Promoter and Non-Executive Director, 6+ years of experience
<b>Qualification</b>	Senior Secondary
<b>Other Directorships</b>	Everdew Engineering Private Limited, Supreme Holidays (India) Private Limited

<b>Key Management Persons Name -</b>	<b>Bhaskar Bhattacharya</b>
<b>Age</b>	51
<b>Designation and No. of years of experience</b>	Non-Executive Director, 3 years of experience
<b>Qualification</b>	MBA and B.S. degree in Engineering
<b>Other Directorships</b>	Purple Crest Services Private Limited

<b>Key Management Persons Name -</b>	<b>Sagar Shrirang Jadhav</b>
<b>Age</b>	35
<b>Designation and No. of years of experience</b>	Independent Director, 10+ years of experience
<b>Qualification</b>	Government Diploma in Cooperation and Accountancy
<b>Other Directorships</b>	Travcoin Private Limited, Adms Ebiz Private Limited

<b>Key Management Persons Name -</b>	<b>Gautam Deendayal Sharma</b>
<b>Age</b>	33
<b>Designation and No. of years of experience</b>	Independent Director, 7 years of experience
<b>Qualification</b>	Associate Member of the Institute of Chartered Accountants of India
<b>Other Directorships</b>	-

- The overall management of the company is decent.
- The promoter and management have good experience in the industry.
- Nikhilesh Loya is the Chief Financial Officer of the Company. He has been working with the Company since January 2024. He has been an Associate Member of the Institute of Chartered Accountants of India since 2012.

## FINANCIAL SNAPSHOT

## Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Jun-24
Revenue from Operations	23,601.13	32,958.74	35,538.67	9,907.29
Other Income	67.67	119.75	156.72	25.47
<b>Total Income</b>	<b>23,668.80</b>	<b>33,078.49</b>	<b>35,695.39</b>	<b>9,932.76</b>
<b>Expenses</b>				
Cost of Material Consumed	1,003.99	2,081.15	5,329.07	1,069.84
Employee Benefit Expenses	13,112.51	17,513.45	20,547.59	6,161.07
Finance Cost	565.84	975.62	901.99	273.20
Depreciation and Amortization Expense	642.24	759.74	967.74	277.03
Other expenses	7,767.31	11,020.44	6,855.83	1,791.97
<b>Total Expenses</b>	<b>23,091.89</b>	<b>32,350.40</b>	<b>34,602.22</b>	<b>9,573.11</b>
<b>EBITDA</b>	<b>1,717.32</b>	<b>2,343.70</b>	<b>2,806.18</b>	<b>884.41</b>
<b>EBITDA Margin</b>	<b>7.28%</b>	<b>7.11%</b>	<b>7.90%</b>	<b>8.93%</b>
<b>Profit/(Loss) before tax</b>	<b>576.91</b>	<b>728.09</b>	<b>1,093.17</b>	<b>359.65</b>
<b>Tax Expense</b>				
Current tax	261.71	148.80	246.93	92.66
Excess/ Short Provision of tax for prior years	-	-48.77	-	-
Deferred Tax	-111.27	38.66	13.13	-5.09
<b>Total Tax</b>	<b>150.44</b>	<b>138.69</b>	<b>260.06</b>	<b>87.57</b>
<b>Profit/ Loss from continuing operations</b>	<b>426.47</b>	<b>589.40</b>	<b>833.11</b>	<b>272.08</b>
Less: Share of minority interest	35.49	32.81	93.74	28.14
Shares of Profit/Loss from Associates	-2.62	-2.38	2.18	-3.11
<b>Profit/(Loss) for the year</b>	<b>388.36</b>	<b>554.21</b>	<b>741.55</b>	<b>240.83</b>
<b>Net Profit Margin</b>	<b>1.65%</b>	<b>1.68%</b>	<b>2.09%</b>	<b>2.42%</b>

## Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Jun-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	25.00	25.00	1,825.00	1,825.00
Reserves and surplus	2,216.99	2,770.43	1,658.21	1,895.47
<b>Total Shareholder's Fund</b>	<b>2,241.99</b>	<b>2,795.43</b>	<b>3,483.21</b>	<b>3,720.47</b>
<b>2. Minority Interest</b>	<b>252.89</b>	<b>285.70</b>	<b>379.44</b>	<b>407.58</b>
<b>Total Equity</b>	<b>2,494.88</b>	<b>3,081.13</b>	<b>3,862.65</b>	<b>4,128.05</b>
<b>3. Non-current liabilities</b>				
Long-term borrowings	2,261.39	4,177.27	4,351.74	6,224.49
Deferred Tax liability	-	-	5.14	0.06
Other Non-Current Liabilities	414.27	390.41	417.86	349.46
<b>Total Non-current liabilities</b>	<b>2,675.66</b>	<b>4,567.68</b>	<b>4,774.74</b>	<b>6,574.01</b>
<b>3. Current liabilities</b>				
Short-term Borrowings	1,903.52	2,739.41	2,627.06	3,153.24
Trade Payables	661.03	428.82	814.26	982.46
Other Current Liabilities	1,691.66	1,749.02	2,566.98	2,722.60
Short-term provisions	2,106.76	2,205.70	2,906.66	2,761.23
<b>Total Current liabilities</b>	<b>6,362.97</b>	<b>7,122.95</b>	<b>8,914.96</b>	<b>9,619.53</b>
<b>Total Liabilities</b>	<b>9,038.63</b>	<b>11,690.63</b>	<b>13,689.70</b>	<b>16,193.54</b>
<b>Total Equity and Liabilities</b>	<b>11,533.51</b>	<b>14,771.76</b>	<b>17,552.35</b>	<b>20,321.59</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Tangible Assets	2,791.32	4,227.85	4,836.83	6,467.83
Capital Work-In-Progress	-	38.14	34.62	54.74
Intangible Assets	1.09	1.17	73.77	71.94

Particulars	FY 22	FY 23	FY 24	Jun-24
Goodwill	8.49	8.49	8.49	8.49
Non Current Investments	342.64	336.53	339.16	336.05
Deferred Tax Assets (Net)	46.65	7.99	-	-
Mat Credit	15.22	15.22	15.22	15.22
<b>Total Non-Current assets</b>	<b>3,205.41</b>	<b>4,635.39</b>	<b>5,308.09</b>	<b>6,954.27</b>
<b>2. Current assets</b>				
Current Investments	3.00	3.00	3.00	3.00
Inventories	168.75	122.03	178.28	174.53
Trade Receivables	6,373.22	8,062.15	9,942.05	10,812.21
Cash & Cash equivalents	331.78	404.72	317.31	297.43
Short term loans and advances	1,451.35	1,544.48	1,803.62	2,080.15
<b>Total Current assets</b>	<b>8,328.10</b>	<b>10,136.38</b>	<b>12,244.26</b>	<b>13,367.32</b>
<b>Total Assets</b>	<b>11,533.51</b>	<b>14,771.77</b>	<b>17,552.35</b>	<b>20,321.59</b>

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Jun-24
Net Cash Flow from Operating Activities	421.39	507.74	2,442.84	-219.87
Net Cash Flow from Investing Activities	-124.79	-2,210.94	-1,636.61	-1,922.18
Net Cash Flow from Financing Activities	-523.07	1,776.14	-893.65	2,122.18

**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	2.13	3.04	4.06	EV/EBITDA	3.54	3.97	3.62
BV per share	997.95	1,232.45	21.17	Market Cap / Sales	0.80	0.57	0.53
<b><u>Operating Ratios</u></b>				P/E	35.68	25.00	18.72
EBITDA Margins	7.28%	7.11%	7.90%	Price to Book Value	0.08	0.06	3.59
PAT Margins	1.65%	1.68%	2.09%	<b><u>Solvency Ratios</u></b>			
Inventory days	2.62	1.36	1.84	Debt / Equity	1.86	2.47	2.00
Debtor days	98.56	89.28	102.11	Current Ratio	1.31	1.42	1.37
Creditor days	231.12	76.94	55.19	Quick Ratio	1.28	1.41	1.35
<b><u>Return Ratios</u></b>				Asset Turnover	2.05	2.23	2.02
RoCE	20.79%	20.71%	21.28%	Interest Coverage Ratio	1.90	1.62	2.04
RoE	17.32%	19.83%	21.29%				

**INTERPRETATION –**

- The EBITDA margin and PAT margin are consistent.
- In FY 2024 the PAT increased by 33.75% against the Increase in revenue by 7.91% due to
  - Reduction in the Finance cost.
  - Reduction in the Service charges in “Other Expenses” due to the discontinuation of the one of customers who contribute a lower margin in the ETS segment.
- The PE ratio has improved over the years.
- The RoCE and RoE have improved over the years.
- The cost of Material Consumed has been increased by 156.06% due to a change in the business model of the Customer and an increase in the consumption of Housekeeping Material.

**PEER ANALYSIS –**

The company as per the offer document believes there are no listed peers for comparison.

**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue is Khandwala Securities 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 –

**Khandwala Securities Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Premium Plast Limited	26.20	49.00	Oct 28, 2024	48.00
2.	BikeWo GreenTech Limited	24.09	62.00	Sep 27, 2024	30.4
3.	Phoenix Overseas Limited	36.03	64.00	Sep 27, 2024	28.1
4.	QVC Exports Limited	24.07	86.00	Aug 28, 2024	47.6
5.	Euphoria Infotech India Limited	9.60	100.00	Jan 30, 2024	60.1
6.	Kaushalya Logistics Limited	36.60	75.00	Jan 08, 2024	110
7.	Vishnusurya Projects and Infra Limited	49.98	68.00	Oct 10, 2023	298

The company has handled 7 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 11<sup>th</sup> December 2024.

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



## Recommendation -

Supreme Facility Management Limited has been in the industry since 2005 and has good experience in the industry. The management overview of the company is satisfactory

The P/E on a post-IPO basis is around 17.68 times which makes it fairly priced.

The company has seen a consistent increase in the top line over the years. The bottom line and profitability margins have also increased consistently over the years. The RoCE and RoE have increased over the years.

The company has inorganic growth plans which will improve the company's top line in the future.

The industry in which the company is operating has been growing over the years and is expected to grow in a consistent way. Those who are looking for stable returns and consistent growth can look for investment opportunities in this company/segment.

Thus, investors can **APPLY** to this IPO.

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