



IPO Note

Indobell Insulations Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** Indobell Insulations Limited was originally incorporated on May 12, 1972. The registered office is located at West Bengal, India.
- **Business Activity:** The company is a manufacturer and contractor of Insulation Products like Nodulated/Granulated Wool (Mineral and Ceramic Fibre Nodules) and Prefabrication Thermal Insulation Jackets.
- **Revenue Stream:** The company derives majority of its revenue from nodulated wool and pre-fabrication thermal insulation jacket.
- **Human Resource:** The company has 31 employees as on Dec 30, 2024.

Objects of the Issue -

- Funding Capital Expenditure towards purchase of additional plant and machinery
- To meet long-term working capital requirements
- General Corporate Purposes

Promoters Name -

Vijay Burman, Man Mohan Burman, Megha Burman and Raksha Burman

Rationale for recommendation -

- ✓ The PE ratio of 34.18 post issue annualized basis makes it aggressively priced.
- ✓ The company's top line has remained inconsistent over the over the years.
- ✓ The bottom line and profitability margins have seen a sudden increase in FY2023.
- ✓ The company had negative cash flow from operations for FY2022.
- ✓ The annualized financial figures for FY2025 raises concerns over sustainability.
- ✓ The company has high concentration of customers and suppliers.
- ✓ The issue size for IPO is small.

IPO Details

Opening Date	Jan 06, 2025
Closing Date	Jan 08, 2025
Allotment Date	Jan 09, 2025
Listing Date	Jan 10, 2025
Stock Exchange	BSE SME
Lot Size	3,000 Shares
Issue Price Per Share	₹46
Issue Size	10.14 Cr.
Fresh Issue	10.14 Cr.
Offer for Sale	-
Application Amt	₹ 1,38,000 (3,000 shares)

INDUSTRY - Thermal Insulation

Avg. P/E ratio as per RHP - N/A

	KPIs			(In Lakhs)
KPI's	FY 22	FY 23	FY 24	Sep-24
Revenue	961.00	2,076.70	1,788.15	554.30
EBITDA	65.18	173.62	201.98	84.39
Net Profit	15.34	90.02	103.26	42.39
RoCE	7.51%	25.67%	26.55%	8.49%*
ROE	3.94%	19.05%	18.21%	5.09%*
P/E	124.32	20.91	18.25	34.18*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
99.99%	64.99%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	2.52	1.35
BVPS	13.85	26.45
P/E	18.25	34.18
P/BV	3.32	1.74
Mkt Cap (In Cr)	18.84	28.98

*Annualized

Lead Managers -

Finshore Management Services Limited

Registrar -

Integrated Registry Management Services (P) Limited

Business Overview -

Indobell Insulation Limited is a manufacturer and contractor of Insulation Products like Nodulated/Granulated Wool (Mineral and Ceramic Fibre Nodules) and Prefabrication Thermal Insulation Jackets which are used to insulate a variety of applications, including homes, commercial buildings, and industrial plants and all other related insulations materials.

Product and Services:

The range of products under manufacturing capabilities is summarized as under:

- **Nodulated/Granulated Wool** which includes
 - **Mineral fibre nodules** - These nodules are durable, fire-resistant insulation materials used in construction, automotive, and industrial applications for thermal, acoustic insulation, heat resistance, and energy efficiency.
 - **Ceramic fiber nodules** - These are lightweight, durable insulation materials used in automotive, construction, and industrial applications for high-temperature resistance, thermal insulation, and energy efficiency.
- **Pre-fabricated Thermal Insulation Jackets** - Insulation jackets are reusable covers for pipes, valves, and equipment, offering energy efficiency, worker safety, and durability while reducing heat loss and operational costs.



Mineral Fibre



Ceramic Fibre



Pre-fabricated thermal insulation

The services include are:

1. **Consultancy:** They offer consultancy during project phases, covering scope definition, manual development, manpower sourcing, technology advice, custom solutions, and thermal auditing.
2. **Engineering:** The company specializes in turbine insulation and exports, offering material selection, thickness calculation, CAD drawings, quality control, inventory management, and international-standard documentation.
3. **Fabrication:** The company fabricates insulation mattresses, cassettes, heat shields, borosilicate blocks, and shaped metal parts, using client-supplied or in-house engineering drawings, both on-site and pre-fabricated.
4. **Material Supply:** The company supplies materials for projects, providing materials for spray insulation, mattress insulation, chimney lining, pipeline cladding, boiler insulation, and cold insulation under expert supervision.
5. **Installation:** The company handles worldwide insulation and lining installations, providing trained labor or on-site training. They ensure high-quality work, safety, and adherence to technical standards, including repair and maintenance.
6. **Supervision:** The company provides skilled supervision with extensive technical knowledge, motivated leadership, business fluency, and experience in international projects, ensuring smooth operations across cultures.
7. **Project Management:** The company offers comprehensive project management services, including safety and quality systems, planning, logistics, commercial management, cost-cutting, and adherence to ISO standards.

Revenue Bifurcation –

Particulars	FY 2022		FY 2023		FY 2024		Sep-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Manufacturing								
Mineral Fibre Nodules	190.75	19.85%	316.48	15.24%	349.7	19.56%	205.88	37.14%
Ceramic Fibre Nodules	82.54	8.59%	145.83	7.02%	166.81	9.33%	85.42	15.41%
Prefabricated insulation jackets	202.56	21.08%	962.09	46.33%	578.27	32.34%	1.19	0.21%
Total	475.85	49.52%	1,424.40	68.59%	1,094.78	61.22%	292.49	52.77%
Trading								
LRB Mattress	77.05	8.02%	67.21	3.24%	149.53	8.36%	28.93	5.22%
Ceramic Fibre Blanket	40.10	4.17%	164.70	7.93%	129.94	7.27%	45.79	8.26%
Aluminium Sheet	33.27	3.46%	69.52	3.35%	145.16	8.12%	24.9	4.49%
Others	-	-	95.30	4.59%	12.66	0.71%	33.34	6.01%
Total	150.42	15.65%	396.73	19.10%	437.29	24.45%	132.96	23.99%
Services								
Application of insulation work	334.73	34.83%	255.57	12.31%	239.34	13.38%	128.85	23.25%
Insulation Supervision	-	-	-	-	16.74	0.94%	-	-
Total	334.73	34.83%	255.57	12.31%	256.08	14.32%	128.85	23.25%
TOTAL	961.00	100.00%	2,076.70	100.00%	1,788.15	100.00%	554.30	100.00%

Manufacturing Unit: The company has two manufacturing unit located at West Bengal and Maharashtra. The capacity utilization for mineral fibre remained at 48.77%, 52%, 43.06% and 32.17% and for ceramic fibre it remained at 84.44%, 75.56%, 70.56% and 55.56% for Sep-24, FY24, FY23 and FY22 respectively.

Competition -

- Market Competition:** The industry is competitive where the key factors of competition primarily comprise of pricing, marketing, technology, delivery time, payment terms etc.
- Geographic Competition:** The company faces competition from small and large players in both organized and unorganized sector.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Buyers:** The bargaining power is high with the customers.
- Bargaining Power of Supplier:** The bargaining power is low with the suppliers.

Business Strategies -

- The company focuses on increasing sales volume through expansion, diversification and spread in geographical outreach.
- The company intends to further strengthen relationship with existing customers and meet their requirements.

Risk Factors -

The company is highly dependent on top 10 customers for its revenue which constitutes 83.58%, 94.04%, 92.47% and 85.80% for Sep-24, FY24, FY23 and FY22 respectively.

The company is highly dependent on top 10 suppliers for their procurement of raw materials which constitutes 94.53%, 87.51%, 80.19% and 81.24% for Sep-24, FY24, FY23 and FY22 respectively.

The company has 2 cases against it for tax matters amounting to Rs. 1.16 lakhs.

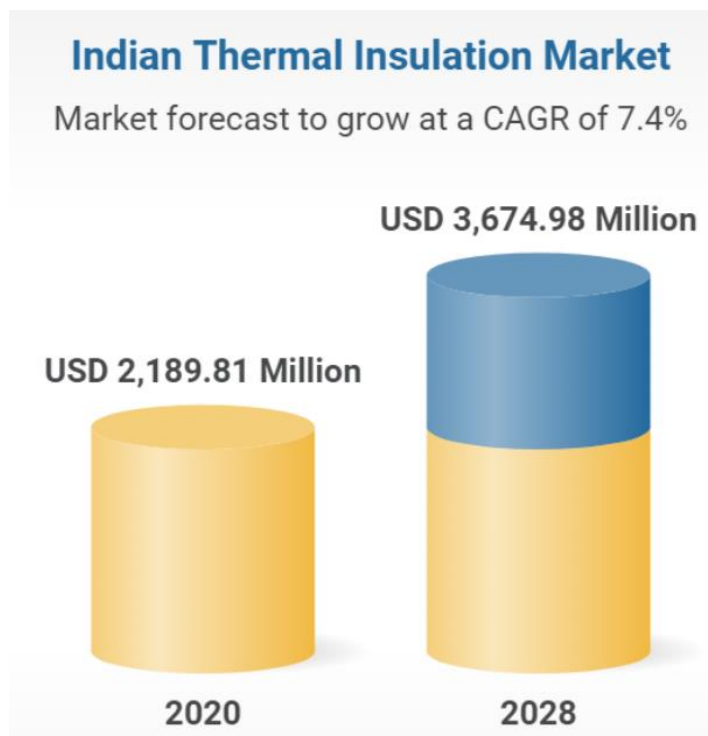
The directors have 3 cases against them for tax matters amounting to Rs. 1.39 lakhs.

The company has contingent liabilities of Rs. 40.01 lakhs.

The company had negative cash flow from operations for FY2022.

INDUSTRY OVERVIEW -**Indian Thermal Insulation Industry -**

The India thermal insulation market is expected to reach INR 3,674.98 crore by 2028 from INR 2,189.81 crore in 2020. The market is estimated to grow at a CAGR of 7.4% from 2021 to 2028.



(Source: Research and Markets)

The India thermal insulation market is segmented on the basis of material type and industry vertical. Based on material type, the market is segmented into fiber glass, plastic foam, stone wool, calcium silicate, cellular glass, and others. The stone wool segment dominated the market in 2020. In terms of industry vertical, the India thermal insulation market is segmented into oil and gas, chemical, aerospace and defense, automotive, pharmaceutical, and others. The chemical segment is a crucial industry for thermal insulations market.

The overall India thermal insulation market size has been derived using both primary and secondary sources. To begin the research process, exhaustive secondary research has been conducted using internal and external sources to obtain qualitative and quantitative information related to the market. The process also serves the purpose of obtaining an overview and forecast for the India thermal insulation market with regard to all the segments. Also, primary interviews were conducted with industry participants and commentators to validate data as well as to gain more analytical insights into the topic. The participants of this process include industry experts such as VPs, business development managers, market intelligence managers, and national sales managers, along with external consultants such as valuation experts, research analysts, and key opinion leaders, specializing in the India thermal insulation market.

Key Management -

Key Management Persons Name -	Vijay Burman
Age	77
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 52+ years of experience
Qualification	Bachelor of Science in Engineering
Responsibility	Responsible for day-to-day business operations and overall management of the Company
Other Directorships	-
Key Management Persons Name -	Man Mohan Burman
Age	56
Designation and No. of years of experience	Promoter and Executive Director, 37+ years of experience
Qualification	Bachelor of Arts
Responsibility	Responsible for entire administrative matter of the company and involved in monitoring the production activity and coordinating with various site-supervisor for implementing the projects being undertaken at various sites spread across the country
Other Directorships	Sushma Enterprise Private Limited and Warren Industrial Limited
Key Management Persons Name -	Megha Burman
Age	40
Designation and No. of years of experience	Promoter and Executive Director, 10+ years of experience in Business Promotion
Qualification	Bachelor of Mass Media
Responsibility	Manages the daily operations while overseeing multiple locations, monitors office workflow and administrative processes and provide corrective feedback to achieve daily and long-term goals.
Other Directorships	-
Key Management Persons Name -	Avinash Singh
Age	63
Designation and No. of years of experience	Non-Executive Director, 20+ years of experience in Project management
Qualification	Mechanical Engineering, Chartered Engineer Certification and Master of Science in Ecology and Environment
Other Directorships	Genesis Fintec Private Limited
Key Management Persons Name -	Anjana Dikshit
Age	60
Designation and No. of years of experience	Non-Executive Independent Director, 35+ years of experience in IT and automotive industries
Qualification	Bachelor of Engineering (Mechanical) and Post - Graduate Diploma in Business Management
Other Directorships	Sastasundar Ventures Limited and Retailer Shakti Supply Chain Private Limited
Key Management Persons Name -	Sudeep Sanyal
Age	63
Designation and No. of years of experience	Non-Executive Independent Director, 30+ years of experience in law
Qualification	Bachelor of Legislative Law and Masters of Arts
Other Directorships	Fabtech Technologies Limited and Gansons Private Limited

- The overall management of the company is decent.
- The promoter and management have vast experience in the industry.
- There is an evidence of dual chairmanship, which is not favourable.
- Abhirup Bose (CFO), aged 53, has completed B. Com degree and has 30+ years of experience.

FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	961.00	2,076.70	1,788.15	554.30
Other Income	16.31	28.52	10.41	2.00
Total Income	977.31	2,105.22	1,798.56	556.30
Expenses				
Cost of Material Consumed	471.23	1,299.89	823.09	303.46
Purchases of stock-in-trade	69.74	101.62	178.74	42.91
Change in Inventories of Stock In Trade	-70.04	4.68	27.56	-138.18
Employee Benefit Expenses	189.01	197.88	262.25	131.01
Finance Cost	34.80	54.78	45.85	18.62
Depreciation and Amortization Expense	25.96	25.71	27.00	10.49
Operating expenses	235.90	299.01	294.38	130.71
Total Expenses	956.60	1,983.57	1,658.87	499.02
EBITDA	65.18	173.62	201.98	84.39
EBITDA Margin	6.78%	8.36%	11.30%	15.22%
Profit/(Loss) before exceptional items and tax	20.71	121.65	139.69	57.28
Extraordinary Items	0.02	-	-0.15	-
Profit/(Loss) before tax	20.73	121.65	139.54	57.28
Tax Expense				
Provision for tax	8.12	34.09	39.25	15.83
Provision for deferred tax	-2.73	-2.46	-2.97	-0.94
Total Tax	5.39	31.63	36.28	14.89
Profit/(Loss) for the year	15.34	90.02	103.26	42.39
Net Profit Margin	1.60%	4.33%	5.77%	7.65%

Statement of Assets and Liabilities				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	68.25	68.25	409.50	409.50
Reserves and surplus	321.12	404.38	157.60	199.99
Total Equity	389.37	472.63	567.10	609.49
NON-CURRENT LIABILITIES				
Long-term borrowings	129.03	103.50	92.07	73.72
Long-Term Provisions	3.58	-	-	-
Total Non-current liabilities	132.61	103.50	92.07	73.72
CURRENT LIABILITIES				
Short-term Borrowings	483.76	320.84	434.85	268.12
Trade Payables				
(i) Total outstanding dues of MSME	22.07	26.02	178.88	42.62
(ii) Total outstanding dues of creditors other than MSME	375.76	185.01	56.90	127.38
Other Current Liabilities	70.09	76.29	142.43	138.78
Short-term provisions	14.94	47.74	56.55	60.10
Total Current liabilities	966.62	655.90	869.61	637.00
Total Liabilities	1,099.23	759.40	961.68	710.72
Total Equity and Liabilities	1,488.60	1,232.03	1,528.78	1,320.21
ASSETS				
NON-CURRENT ASSETS				

Particulars	FY 22	FY 23	FY 24	Sep-24
Property, Plant and Equipment	202.78	203.52	188.03	179.80
Intangible Assets	1.06	0.94	0.75	0.52
Non-Current Investments	6.62	13.63	17.17	17.17
Long-Term Loans and Advances	47.45	55.56	61.00	68.57
Deferred tax assets (net)	6.32	8.78	11.75	12.69
Other Non- current Assets	23.20	39.84	86.16	83.81
Total Non-Current assets	287.43	322.27	364.86	362.56
CURRENT ASSETS				
Inventories	501.11	283.05	253.53	388.85
Trade Receivables	255.96	385.12	658.74	286.43
Cash & Cash equivalents	65.07	73.00	84.31	86.28
Short term loans and advances	379.05	168.60	167.33	196.09
Total Current assets	1,201.19	909.77	1,163.91	957.65
Total Assets	1,488.62	1,232.04	1,528.77	1,320.21

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	-281.72	312.51	30.00	211.73
Net Cash Flow from Investing Activities	-7.28	-54.52	-61.77	-6.20
Net Cash Flow from Financing Activities	326.74	-250.06	43.09	-203.58

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*	Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	0.37	2.20	2.52	1.35	EV/EBITDA	14.38	4.75	5.00	1.70
BV per share	57.05	69.25	13.85	26.45	Market Cap / Sales	0.33	0.15	1.05	2.61
Operating Ratios					P/E	124.32	20.91	18.25	34.18
EBITDA Margins	6.78%	8.36%	11.30%	15.22%	Price to Book Value	0.81	0.66	3.32	1.74
PAT Margins	1.60%	4.33%	5.77%	7.65%	Solvency Ratios				
Inventory days	190.85	49.89	51.89	105.25	Debt / Equity	1.57	0.90	0.93	0.21
Debtor days	97.48	67.87	134.83	98.69	Current Ratio	1.24	1.39	1.34	1.34
Creditor days	191.14	69.04	92.49	113.25	Quick Ratio	0.72	0.96	1.05	1.05
Return Ratios					Asset Turnover	0.65	1.69	1.17	0.73
RoCE	7.51%	25.67%	26.55%	8.49%	Interest Coverage Ratio	1.13	2.70	3.82	3.97
RoE	3.94%	19.05%	18.21%	5.09%					

*Annualized

INTERPRETATION –

- The top line has remained slightly inconsistent over the years. It increased by 116.10% in FY2023 which was due to increase in export sales and increasing demands from foreign countries post COVID-19. In FY2024 it decreased by 13.89% which was due to getting less export orders from Germany due to ongoing war between Russia and Ukraine and there was a decline in overall exports. Also, revenue from manufacturing activities decreased.
- The net profit has increased over the years by 486% in FY2023 and by 14.71% in FY2024.
- The EBITDA margin and PAT margin has increased over the years.
- The PE ratio has increased in FY2024.
- The RoCE and RoE have increased.

PEER ANALYSIS –

Particulars	Indobell Insulations Limited			Beardsell Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.60%	4.33%	5.77%	1.49%	3.59%	3.31%
EBITDA Margin	6.78%	8.36%	11.30%	8.02%	9.38%	9.91%
RoCE	7.51%	25.67%	26.55%	14.44%	22.48%	21.28%
ROE	3.94%	19.05%	18.21%	5.55%	14.43%	11.60%
EPS (INR)	0.37	2.20	2.52	0.83	2.26	2.14
P/E	124.32	20.91	18.25	19.94	8.56	16.61

- The market cap of the company is less compared to its peer.
- The PE ratio of the company is more than its peer.
- The RoCE and RoE of the company is more than its peer.
- The NP margin and EBITDA margin of the company is better compared to its peer.
- The cash conversion cycle of the company is worse compared to its peer.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is Finshore Management 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 –

Finshore Management Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Dhanlaxmi Crop Science Limited	23.80	55.00	Dec 16, 2024	78.50
2.	Travels & Rentals Limited	12.24	40.00	Sep 05, 2024	93.46
3.	Solve Plastic Products Limited	11.85	91.00	Aug 21, 2024	47.65
4.	Sylvan Plyboard (India) Limited	28.05	55.00	Jul 01, 2024	90.00
5.	Mayank Cattle Food Limited	19.44	108.00	Feb 05, 2024	250.00
6.	HRH Next Services Limited	9.57	36.00	Jan 03, 2024	100.20
7.	Presstonic Engineering Limited	23.20	72.00	Dec 18, 2023	118.00
8.	Holmarc Opto-Mechatronics Limited	11.40	40.00	Sep 25, 2023	166.05
9.	Alphalogic Industries Limited	12.88	96.00	Jul 14, 2023	230.00
10.	ITCONS E-Solutions Limited	8.67	51.00	Mar 13, 2023	661.00

The company has handled 21 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 4th Jan 2025.

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

Recommendation -

Indobell Insulation Limited has been in the industry since 1972 and has vast experience.

The P/E on a post-IPO annualized basis is around 34.18 times which makes it aggressively priced.

The management of the company is experienced and their overall performance is decent.

The company's top line, bottom line and profitability margins have reflected a sudden increase in FY2023 which raises concern. The top line declined in FY2024. The company had negative cash flow from operations for FY2022.

The projected annualized figures for FY2025 indicates decline in top line and bottom line. This will impact RoCE and RoE as well. These figures raise concern over their sustainability in the future.

The company has high concentration of customers and suppliers and loss of any will have an adverse impact in the business operations.

Thus, investors can **AVOID** this IPO.

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.

The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

OUR WEBSITE:

www.tiareconsilium.com

OUR APP AVAILABLE ON:



CONNECT WITH US ON :

