



IPO Note

Rexpro Enterprises Limited

Recommendation: **APPLY!**

Company Background -

- **Incorporation:** Rexpro Enterprises Limited was originally incorporated on March 12, 2012. The registered office is located at Vasai, Maharashtra, India.
- **Business Activity:** Rexpro Enterprises is a diversified manufacturing company based in Vasai, Maharashtra, with a robust presence across retail, infrastructure, institutional furniture, and warehousing sectors.
- **Revenue Stream:** The company derives majority of its Revenue by Catering to Retail.
- **Human Resource:** The company has 65 employees as on July 31, 2024.

Objects of the Issue -

- Purchase of Equipment and Renovation of Factory.
- Funding of working capital requirements of the Company.
- Pursuing Inorganic Growth.
- General Corporate Purpose.

Promoters Name -

Minesh Anilbhai Chovatia, Premal Niranjana Shah, Ragesh Deepak Bhatia and Ravishankar Sriramamurthi Malla

Rationale for recommendation -

- ✓ The company appears fully priced with a post-IPO annualized P/E of around 21.04 times, indicating a balanced valuation.
- ✓ The management team, supported by a well-qualified promoter group, ensures strong governance and strategic direction.
- ✓ FY24 saw exponential revenue and profitability growth, though sustaining it amid rising costs and competition will be challenging.
- ✓ Rexpro's focus on quality, innovation, and strategic collaborations supports its growth in the competitive modular furniture and infrastructure solutions industry.

IPO Details

Opening Date	Jan 22, 2025
Closing Date	Jan 24, 2025
Allotment Date	Jan 27, 2025
Listing Date	Jan 29, 2025
Stock Exchange	NSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹145
Issue Size	53.65 Cr.
Fresh Issue	47.13 Cr.
Offer for Sale	6.53 Cr.
Application Amt	₹ 1,45,000 (1,000 shares)

INDUSTRY - Consumer Durables

Average Industry PE as per RHP - 74.14

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	3,566.93	6,287.99	8,298.66	4,954.98
EBITDA	130.48	164.04	806.11	626.47
Net Profit	51.62	63.58	452.60	386.22
RoCE	22.88%	19.68%	62.00%	36.57%
ROE	12.73%	13.55%	49.10%	29.53%
P/E	223.08	181.25	25.48	21.04 *

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
100.00%	71.00%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	5.69	6.89
BVPS	414.14	57.17
P/E	25.48	21.04
P/BV	0.35	2.54
Mkt Cap (In Cr)	115.37	162.49

*Annualized

Lead Managers -

Horizon Management Private Limited

Registrar -

Cameo Corporate Services Limited

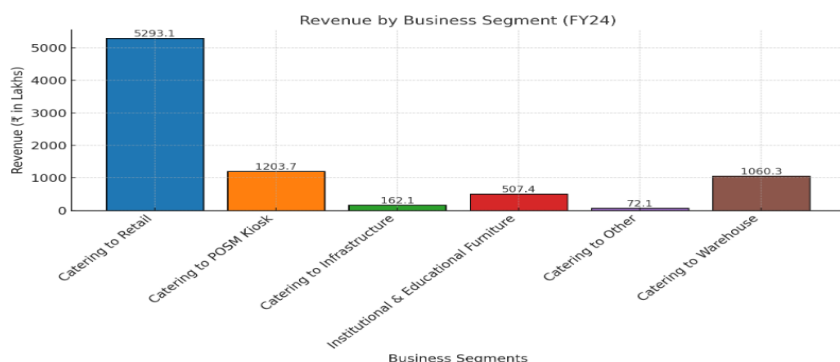
Business Overview -

Rexpro Enterprises Limited is a diversified manufacturing company based in Vasai, Maharashtra, with a robust presence across retail, infrastructure, institutional furniture, and warehousing sectors. The company has evolved from a specialized furniture solutions provider to a multi-faceted business catering to varied industrial needs, with significant in-house manufacturing capabilities.

Key Highlights:

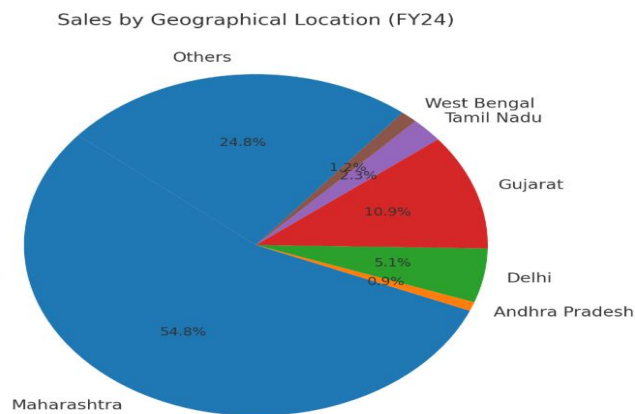
1. Revenue Composition:

- Retail remains the dominant segment, contributing ~63.78% of FY24 revenue.
- Institutional and educational furniture have shown notable growth, with a 70% CAGR.
- Warehousing emerged as a significant segment, growing at a staggering 259% CAGR, contributing 12.78% to FY24 revenue.



2. Geographical Sales Distribution:

- Maharashtra is the primary market, accounting for over 54% of FY24 sales.
- Other regions like Gujarat, Delhi, and Tamil Nadu also play key roles, though their contributions are comparatively modest.



3. Manufacturing Capabilities:

- Three facilities spanning ~100,000 sq. ft. ensure operational efficiency.
- Capacity utilization rates reflect scaling operations:
 - Metal Unit: 68% (FY23) to 86% (FY24).
 - Wood Unit: 67% (FY23) to 81% (FY24).
 - Warehousing Unit is ramping up, with utilization at 30% in FY24.

4. Product Diversification:

- The portfolio includes furniture, fixtures, industrial products, sound barriers, and high-precision doors for metro stations.
- Integrated processes ensure quality control and timely delivery.

Rexpro’s strategic focus on high-growth areas like warehousing and infrastructure, coupled with its in-house manufacturing expertise, positions it as a strong player in the Indian industrial and retail manufacturing landscape.

Competition -

- 1. Market Competition:** The industry is highly competitive, with Rexpro competing against established national players like Shark Shopfits, Disha Retail, and Naman Instore Limited. Smaller unorganized players dominate certain segments, increasing pricing pressures and operational challenges.
- 2. Geographic Competition:** Competition exists across multiple regions in India, with emerging threats from international players. However, long import timelines for overseas products give Rexpro a competitive edge in meeting local requirements promptly.
- 3. Barriers to entry:** Barriers to entry are reasonable, driven by the complexity and high degree of customization required in the retail manufacturing industry.
- 4. Threat of Substitutes:** Moderate, as clients can switch to other national or international providers.
- 5. Bargaining Power of Buyers:** High, as clients have multiple options, especially with unorganized sector players offering lower prices.
- 6. Bargaining Power of Supplier:** Low, as Rexpro's in-house manufacturing capabilities and integrated processes reduce dependence on external suppliers.

Business Strategies -

- Rexpro focuses on innovating products like platform screen doors and plans to continue R&D efforts in infrastructure and retail sectors to drive future growth.
- The company aims to establish marketing and implementation teams across India to enhance nationwide reach beyond its western-based manufacturing hub.
- Rexpro aspires to implement collaborative robots (cobots) in manufacturing, assigning repetitive tasks to robots while leveraging human expertise for innovation and technology development.
- Intelligent process automation (IPA) will be explored to improve accuracy, quality, and flexibility in operations, enabling greater adaptability to market shifts.
- Rexpro plans to partner with strong, eligible players in the metro and infrastructure space to qualify for tenders and scale production of advanced products like platform screen doors and noise barriers.

Risk Factors -

- There are outstanding litigations involving Company, its Promoters and Directors amounting to ₹ 21.92 Lakhs.

PEER ANALYSIS -

Particulars	Rexpro Enterprises Limited			Naman In-Store (India) Limited			Parin Enterprises limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.45%	1.01%	5.45%	0.43%	2.91%	6.40%	5.32%	3.76%	2.75%
EBITDA Margin	3.66%	2.61%	9.71%	5.70%	7.45%	14.15%	14.57%	11.87%	10.90%
RoCE	22.88%	19.68%	62.00%	14.70%	55.75%	33.67%	13.77%	12.54%	10.90%
ROE	12.73%	13.55%	49.10%	10.84%	69.48%	24.23%	7.85%	5.51%	3.90%
EPS (INR)	0.65	0.80	5.69	0.35	5.68	10.16	3.71	2.76	2.03
P/E	223.08	181.25	25.48	-	-	11.33	25.47	36.03	68.97

- The post-issue market cap of Rexpro Enterprises is lower than one peer (Parin Enterprises limited).
- The PE ratio of the company is low compared to its peers.
- The RoCE and RoE of Rexpro Enterprises is higher compared to its peers.
- The NP margin and EBITDA margin of the company is almost at par with its peers, although their trends do not align with those of its peers.

INDUSTRY OVERVIEW -

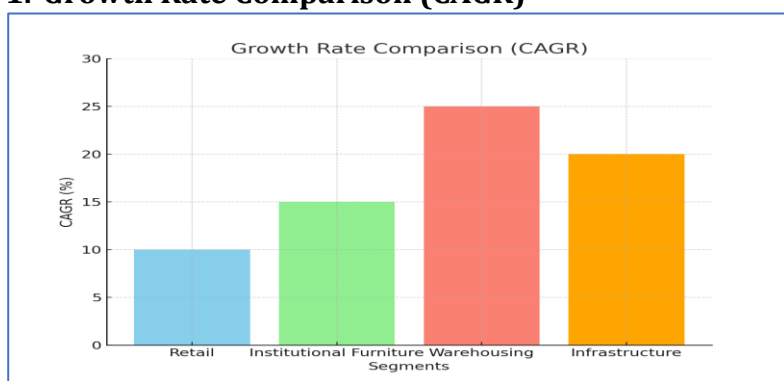
Modular Furniture and Infrastructure Solutions Market -

Rexpro operates within the Modular Furniture and Infrastructure Solutions industry, which serves a wide range of sectors including retail, institutional furniture, warehousing, and metro infrastructure. This industry emphasizes the development of customized, ergonomic, and innovative solutions for clients, employing advanced manufacturing and design technologies to meet diverse requirements.

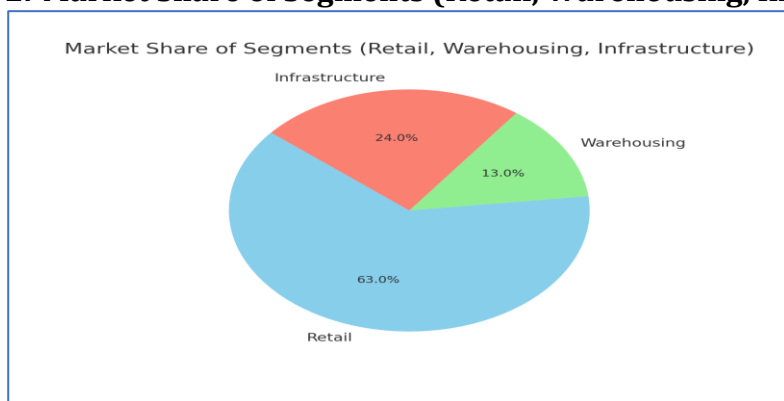
Market Size and Growth

The Indian modular furniture market is projected to grow at a CAGR of 10-12% from 2023 to 2030. This growth is fuelled by rapid urbanization, increasing disposable incomes, and a growing demand for efficient and optimized spaces. Additionally, the infrastructure solutions sector, particularly in sound barriers and metro-related products, is witnessing significant growth due to the expansion of urban infrastructure projects across India.

1. Growth Rate Comparison (CAGR)



2. Market Share of Segments (Retail, Warehousing, Infrastructure)



Key Trends

- Customization:** Clients are increasingly seeking tailored furniture and fixtures, especially for retail and institutional applications, to meet unique functional and aesthetic needs.
- Automation:** The integration of robotics and intelligent process automation is transforming manufacturing processes, enhancing efficiency, and reducing production timelines.
- Sustainability:** There is a growing preference for eco-friendly materials and processes, reflecting the industry’s commitment to environmental responsibility.
- Urban Infrastructure:** The proliferation of metro projects across urban centers is driving demand for specialized infrastructure solutions such as platform screen doors and sound barriers.

Future Outlook

The modular furniture and infrastructure solutions industry is set for robust growth. Key opportunities include:

- Expansion of the retail sector and the accompanying need for innovative store fixtures.
- Rapid urbanization driving investments in metro projects and urban infrastructure.
- Adoption of advanced manufacturing technologies to offer innovative solutions efficiently.

Key Management -

Key Management Persons Name - Age	Premal Niranjn Shah 48
Designation and No. of years of experience	Promoter, Chairman and Managing Director, He has an experience of 20+ years in handling various departments of business and over 12 years in manufacturing.
Qualification	Master of Business Administration
Responsibility	He currently overlooks day to day operations of the company.
Other Directorships	Renam Retail Private Limited; and Rexprovac Enterprises Private Limited
Key Management Persons Name - Age	Ravishankar Sriramamurthi Malla 40
Designation and No. of years of experience	Promoter and Whole Time Director, 10+ years of experience in corporate roles, excelling in various domains such as marketing, retail rollouts, customer marketing, and procurement.
Qualification	Master in Business Administration
Responsibility	He now manages key accounts and specializes in overseeing manufacturing of furniture and fixtures for ultra-large format stores.
Other Directorships	International Council of Ayush; and Renam Retail Private Limited
Key Management Persons Name - Age	Minesh Anilbhai Chovatia 46
Designation and No. of years of experience	Promoter and Whole Time Director, he has experience of around 12 years in the field of Inventory management, production and purchase.
Qualification	Bachelors of Science
Responsibility	His primary focus is on optimizing the purchase and supply chain processes, ensuring that the company maintains strong relationships with its vendors while achieving cost efficiencies and upholding high-quality standards.
Other Directorships	-
Key Management Persons Name - Age	Ragesh Deepak Bhatia 49
Designation and No. of years of experience	Promoter and Whole Time Director, 25+ years in the field of marketing and strategies.
Qualification	Master of Business Administration
Responsibility	He focuses on design innovation and manages key accounts in the FMCG, beauty, and lifestyle sectors, ensuring tailored branding solutions for these industries (Rexpro).
Other Directorships	Hridya Construction Pvt Ltd, Rexprovac Enterprises Pvt Ltd and Vibhushan Estates Pvt Ltd

- The overall management of the company is satisfactory.
- The promoters and management have vast experience in the industry.
- Arshita Singh, Paras Tushar Shah, Dilip Kumar Swarnkar and Jyoti Prajapati are the Non-Executive Independent Directors of the company, all of them are well qualified and have good experience in their industry.
- Shankar Laxman Chalke is the Chief Financial Officer (CFO) of the Company and holds a Bachelor's degree in Commerce. He is having experience of around 19 years in the field of Accountancy and finance. He oversees crucial financial functions such as vendor management, payments, bank correspondence, and the overall responsibilities related to accounting.

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 2022	FY 2023	FY 2024	Sep-24
Revenue from Operations	3,566.93	6,287.99	8,298.66	4,954.98
Other Income	4.55	1.19	2.45	1.49
Total Income	3,571.48	6,289.18	8,301.11	4,956.47
Expenses				
Cost of Material Consumed	1,968.23	3,781.93	4,749.42	3,110.43
Changes in Inventories of Finished Goods	60.02	27.56	-147.89	-286.04
Direct Expenses	889.41	1,476.72	1,830.24	992.37
Employee Benefit Expenses	327.01	554.06	558.33	312.39
Finance Cost	28.41	28.18	40.02	30.37
Depreciation and Amortization Expense	34.48	51.96	75.75	44.67
Other expenses	191.78	283.68	502.45	199.36
Total Expenses	3,499.34	6,204.09	7,608.32	4,403.55
EBITDA	130.48	164.04	806.11	626.47
EBITDA Margin	3.66%	2.61%	9.71%	12.64%
Profit/(Loss) before tax	72.14	85.09	692.79	552.92
Tax Expense				
Current tax	23.78	25.12	184.10	149.46
Deferred Tax	-3.26	-3.97	-9.67	-4.81
Total Tax	20.52	21.15	174.43	144.65
Profit/ Loss from continuing operations	51.62	63.94	518.36	408.27
Less: Share of minority interest	-	0.36	65.76	22.05
Profit/(Loss) for the year	51.62	63.58	452.60	386.22
Net Profit Margin	1.45%	1.01%	5.45%	7.79%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 2022	FY 2023	FY 2024	Sep-24
EQUITY AND LIABILITIES				
Share Capital	25.67	25.67	25.67	795.65
Reserves and surplus	379.86	443.45	896.03	512.26
Total Shareholder's Fund	405.53	469.12	921.70	1,307.91
Minority Interest	-	75.48	141.24	165.21
Total Equity	405.53	544.60	1,062.94	1,473.12
NON-CURRENT LIABILITIES				
Long-term borrowings	-	-	59.14	51.92
Long-Term Provisions	14.07	24.93	55.90	65.90
Total Non-current liabilities	14.07	24.93	115.04	117.82
CURRENT LIABILITIES				
Financial Liabilities				
Short-term Borrowings	329.47	410.15	535.91	596.26
Trade Payables				
(i) Total outstanding dues of MSME	-	-	-	10.85
(ii) Total outstanding dues of creditors other than MSME	549.86	1,478.19	2,021.93	2,449.53
Other Current Liabilities	300.64	329.95	140.77	155.98
Short-term provisions	0.04	0.07	119.33	250.81
Total Current liabilities	1,180.01	2,218.36	2,817.94	3,463.43
Total Liabilities	1,194.08	2,243.29	2,932.98	3,581.25
Total Equity and Liabilities	1,599.61	2,787.89	3,995.92	5,054.37

Particulars	FY 2022	FY 2023	FY 2024	Sep-24
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	161.19	314.36	406.88	401.84
Intangible Assets	-	-	-	-
Non-Current Investments	6.50	6.50	7.52	7.52
Deferred Tax Assets (Net)	2.75	6.71	16.38	21.19
Other non-current assets	95.07	109.68	119.56	139.43
Total Non-Current assets	265.51	437.25	550.34	569.98
CURRENT ASSETS				
Inventories	360.71	596.83	1,095.33	1,808.78
Trade Receivables	907.37	1,491.23	2,062.17	2,355.43
Cash & Cash equivalents	9.14	120.90	114.02	123.07
Other Current Assets	56.88	141.69	174.07	197.12
Total Current assets	1,334.10	2,350.65	3,445.59	4,484.40
Total Assets	1,599.61	2,787.90	3,995.93	5,054.38

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 2022	FY 2023	FY 2024	Sep-24
Net Cash Flow from Operating Activities	21.40	203.56	27.06	43.69
Net Cash Flow from Investing Activities	-101.91	-219.42	-178.83	-59.32
Net Cash Flow from Financing Activities	44.13	127.62	144.89	24.68

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*	Valuation Ratios (x)	FY 22	FY 23	FY 24	FY25*
Diluted EPS	0.65	0.80	5.69	6.89	EV/EBITDA	5.56	5.08	1.92	0.54
BV per share	158.00	212.19	414.14	57.17	Market Cap / Sales	0.10	0.06	0.04	1.64
Operating Ratios					P/E	223.08	181.25	25.48	21.04
EBITDA Margins	3.66%	2.61%	9.71%	12.64%	Price to Book Value	0.92	0.68	0.35	2.54
PAT Margins	1.45%	1.01%	5.45%	7.79%	Solvency Ratios				
Inventory days	37.01	34.74	48.31	46.72	Debt / Equity	0.81	0.87	0.65	0.10
Debtor days	93.10	86.80	90.95	89.46	Current Ratio	1.13	1.06	1.22	1.22
Creditor days	93.42	133.73	145.10	124.88	Quick Ratio	0.82	0.79	0.83	0.83
Return Ratios					Asset Turnover	2.23	2.26	2.08	2.48
RoCE	22.88%	19.68%	62.00%	18.00%	Interest coverage Ratio	3.38	3.98	18.25	19.16
RoE	12.73%	13.55%	49.10%	12.06%					

*Annualised

INTERPRETATION –

1. Revenue exhibited exponential growth, with over 30% growth in FY 2024 and sustained momentum in H1 FY 2025, indicating strong scalability. However, maintaining this growth amid market competition and evolving demand trends may be challenging.
2. Net profit margins rebounded significantly in FY 2024, growing over 400%, with EBITDA margins improving by nearly 7 percentage points, may reflect enhanced cost management and operational efficiency. Sustaining this level of profitability will depend on managing rising costs and maintaining pricing power.
3. Operating cash flow improved significantly, but high investments in growth initiatives could strain liquidity if returns are delayed, highlighting the need for disciplined capital allocation.
4. RoCE and RoE recovered strongly in FY 2024, driven by better capital efficiency and resource utilization. Maintaining these metrics will require efficient management of working capital and sustained profitability.
5. Improved valuation ratios in FY 2024 signal increased investor confidence in growth prospects and profitability, though future market sentiment will depend on consistent performance.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is Horizon Management Private 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 –

Horizon Management Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Citichem India Limited	12.60	70.00	Jan 03, 2025	51.50
2.	Abha Power and Steel Limited	38.54	75.00	Dec 04, 2024	41.55
3.	Onyx Biotec Limited	29.34	61.00	Nov 22, 2024	83.90
4.	Osel Devices Limited	70.66	160.00	Sep 24, 2024	283.35
5.	Forcas Studio Limited	37.44	80.00	Aug 26, 2024	99.90
6.	Tunwal E-Motors Limited	115.64	59.00	July 23, 2024	45.10
7.	Veritas Advertising Limited	8.48	114.00	May 21, 2024	96.50
8.	Shree Karni Fabcom Limited	42.49	227.00	Mar 14, 2024	811.65
9.	M.V.K. Agro Food Product Limited	65.88	120.00	Mar 07, 2024	37.80
10.	Baba Food Processing India Limited	33.00	76.00	Nov 15, 2023	57.00

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

*CMP for the above-mentioned companies is taken as of 20th Jan 2025.

As per the offer document, the above-mentioned mandates Citichem India Limited opened at par, Onyx Biotec Limited, M.V.K. Agro Food Product Limited and Baba Food Processing India Limited opened at discount and all have opened at a premium on the listing day.

Recommendation -

Rexpro Enterprises Limited has been in the industry since 2012 and has good experience.

The P/E on a post-IPO annualized basis is around 21.04 times which makes it look fully price.

The company is supported by a well-qualified and experienced promoter group and management team. Their extensive industry knowledge and expertise contribute to the company's overall governance and strategic direction, ensuring steady operational efficiency and informed decision-making.

Revenue and profitability showed exponential growth in FY 2024, but sustaining this momentum will be challenging amid rising costs and market competition. Improved cash flow and return ratios highlight operational efficiency, though high investments pose liquidity risks. Future growth depends on strategic cost management, adaptability, and innovation to maintain competitive advantage.

Rexpro Enterprises Limited operates in the competitive modular furniture and infrastructure solutions industry, leveraging innovation, customization, and automation to address diverse market needs. While facing challenges from unorganized players and pricing pressures, its strong focus on quality and strategic collaborations positions it for sustained growth.

Thus, investors may **APPLY** for this IPO for long-term basis.

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