



IPO Note

Malpani Pipes and Fittings Limited

Recommendation: **APPLY!**

Company Background -

- **Incorporation:** Incorporated in 2017, the company has their registered office in Ratlam, Madhya Pradesh.
- **Business Activity:** Malpani Pipes and Fittings Limited offers High-Density Polyethylene (HDPE) Pipes, Medium-Density Polyethylene (MDPE) Pipes, and Linear Low-Density Polyethylene (LLDPE) Pipes, all marketed under its brand name "Volstar". Additionally, the company is involved in trading granules and PVC pipes, along with selling various services.
- **Revenue Stream:** In 2024 (up to November 30), **Madhya Pradesh** accounted for the highest revenue contribution at **74.90%**, followed by Rajasthan at 14.15%. Among products, **HDPE/MDPE/LLDPE** pipes generated the largest share of revenue, contributing **88.2%** in FY24.
- **Human Resource:** As of December 31, 2024, the company had 51 full-time employees and 30 contract-based employees.

Objects of the Issue -

- Capital Expenditure for purchase of machineries
- Repayment of Debt
- General Corporate Purposes

Promoters Name -

Rohit Malpani, Harsh Malpani and Mohit Malpani

Rationale for recommendation -

- ✓ Capacity Utilization of 96% in FY 24 with plans for expansion.
- ✓ Fairly priced P/E.
- ✓ Steadily growing EBITDA and PAT margins along with return margins.
- ✓ The industry is highly fragmented and competitive.

IPO Details

Opening Date	Jan 29, 2025
Closing Date	Jan 31, 2025
Allotment Date	Feb 03, 2025
Listing Date	Feb 04, 2025
Stock Exchange	BSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹85 to ₹90
Issue Size	25.92 Cr.
Fresh Issue	25.92 Cr.
Offer for Sale	-
Application Amt	₹ 1,44,000 (1,600 shares)

INDUSTRY - Plastic Industry Avg. P/E ratio as per RHP - 26.07

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Nov-24
Revenue	3,490.58	8,245.09	14,096.18	8,409.75
EBITDA	188.73	441.31	1,329.03	920.59
Net Profit	89.07	208.04	739.71	509.18
RoCE	15.58%	26.49%	46.87%	20.49%*
ROE	23.67%	35.66%	49.81%	15.78%*
P/E	19.52	8.35	2.42	12.70*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
100.00%	73.28%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	37.17	7.09
BVPS	61.11	44.92
P/E	2.42	12.70
P/BV	1.47	2.00
Mkt Cap (In Cr)	71.08	97.00

*Annualized

Lead Managers -

Interactive Financial Services Limited

Registrar -

Bigshare Services Private Limited

Business Overview -

Company Profile

Malpani Pipes & Fittings Limited, established in 2017 and headquartered in Ratlam, Madhya Pradesh, is an ISO 9001:2015-certified company. The company specializes in the manufacturing of high-grade plastic pipes, including High-Density Polyethylene (HDPE), Medium-Density Polyethylene (MDPE), and Linear Low-Density Polyethylene (LLDPE) pipes under its brand. In addition to manufacturing, the company is engaged in the trading of granules, PVC pipes, and the provision of related services.

Manufacturing Facilities

Location: Ratlam, Madhya Pradesh (central India).

Infrastructure: The facility is equipped with modern machinery and an in-house testing lab to ensure compliance with stringent quality standards.

Capacity: The plant operates 10 production lines with a total installed capacity of 11,500 M.T.P.A. The company’s installed capacity and capacity utilization have steadily increased over the years. In **2021-22**, the utilized capacity was **2,640 M.T.**, achieving a utilization rate of **47.44%** out of an annual capacity of **5,565 M.T.** By **2023-24**, utilization reached **96.67%**, with **9,280 M.T.** utilized out of **11,500 M.T.** annual capacity.

Expansion: Starting with two machines, the company has scaled its operations significantly to include a broader product range, including MDPE, LLDPE, Sprinkler Pipes, and Drip Pipes.

Order Book: Outstanding Value: ₹11,166.03 lakhs as of December 31, 2024.

Product Portfolio

Product Image	Description
	<p>1. HDPE Pipes Description: High-Density Polyethylene (HDPE) pipes are made from a durable thermoplastic polymer known for high strength, chemical resistance, and longevity. Available in sizes from 20mm to 2000mm and pressure ratings PN4 to PN25, they adhere to IS 4984:2016 standards. HDPE pipes provide reliable solutions for various applications, offering leak-proof connections through butt fusion, electrofusion, or mechanical fittings.</p> <p>Applications:</p> <ul style="list-style-type: none"> • Water Supply: Distribution networks, water treatment plants, and household plumbing. • Irrigation: Resilient to UV radiation, fertilizers, and abrasions. • Industrial Piping: Mining, chemical processing, and wastewater systems. <p>Key Features:</p> <ul style="list-style-type: none"> • High-quality material with superior strength. • Resistant to corrosion and chemical reactions. • Service life exceeding 50 years. • Lightweight, flexible, and easy to install. • Environmentally friendly and recyclable.
	<p>2. HDPE Sprinkler Pipes Description: Specialized HDPE pipes for irrigation, designed for efficient water distribution. Adhering to IS 17425:2020, they are robust and UV-stabilized, available in diameters from 63mm to 110mm with pressure ratings of 2.5Kg Class-I and 3.2Kg Class-II.</p> <p>Applications:</p> <ul style="list-style-type: none"> • Agricultural, residential, and commercial irrigation. • Landscaping, sports fields, and greenhouses. • Wastewater and drainage systems. <p>Key Features:</p> <ul style="list-style-type: none"> • UV-stabilized, durable material. • High resistance to chemicals and corrosion, efficient water delivery, reducing waste.



3. MDPE Pipes

Description:

Medium-Density Polyethylene (MDPE) pipes are flexible, strong, and corrosion-resistant, suitable for water, gas distribution, and irrigation. These pipes reduce friction, ensuring efficient fluid flow for long-term use.

Applications:

- Potable water supply for residential, agricultural, and industrial use.
- Gas distribution networks.
- Irrigation, mining, and construction projects.

Key Features:

- Leak-proof and durable for harsh conditions.
- Lightweight and easy to install.
- Adheres to stringent industry standards.



4. Lateral Pipes (LLDPE)

Description:

High-quality polyethylene pipes designed for irrigation and water supply. Adhering to IS 12786:1989, these pipes feature superior strength and low friction for efficient fluid transport.

Applications:

- Agricultural irrigation.
- Potable water distribution.
- Drainage systems.

Key Features:

- Corrosion and UV resistance.
- Cost-effective and leak-proof.
- Flexible for easy installation.



5. Drip Irrigation Pipes

Description:

Engineered for precision irrigation, these pipes deliver water directly to the root zone, minimizing evaporation and runoff. Ideal for promoting water efficiency in agriculture and horticulture.

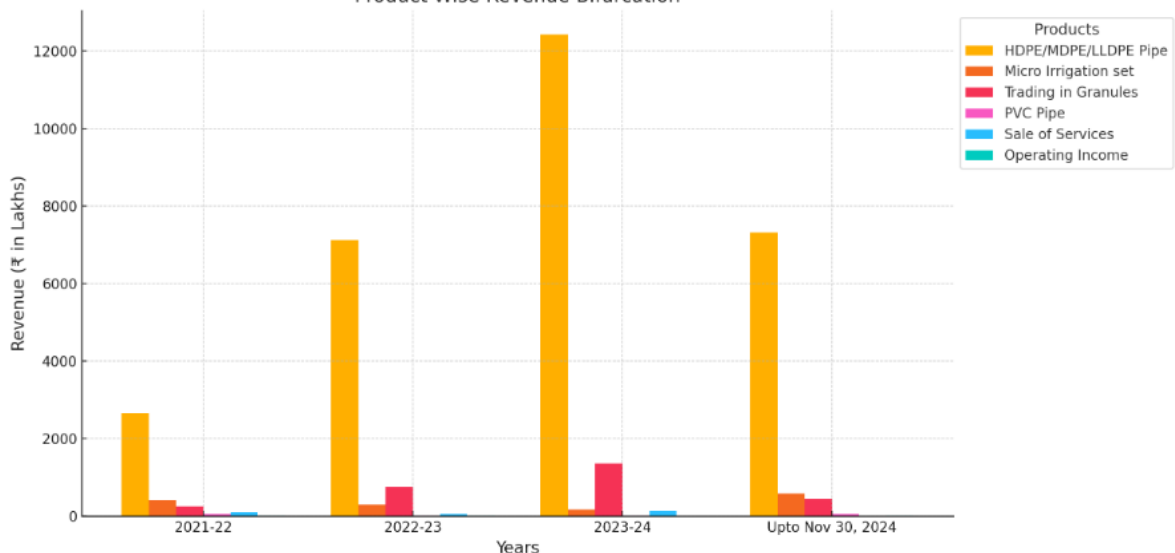
Applications:

- Agriculture: Orchards, nurseries, and greenhouses.
- Horticulture: Landscaping, gardens, and flower beds.
- Commercial: Sports fields, golf courses, and parks.

Key Features:

- Anti-clogging emitters ensure consistent flow.
- UV-resistant materials enhance durability.
- Simple installation and maintenance.
- Suitable for diverse crops, including fruits, vegetables, and cash crops.

Product-Wise Revenue Bifurcation



Recommendation: **APPLY**

Market Presence and Distribution

- **Operating Regions:** Madhya Pradesh, Maharashtra, Uttar Pradesh, Gujarat, Andhra Pradesh, and Rajasthan.
- **Distribution Network:** Products are distributed from the manufacturing unit in Ratlam and warehouses located in Bhiwandi and Amravati, Maharashtra.
- **Clientele:** Includes reputed names such as GR Infra Projects Ltd., JWIL Infra Limited, Virent Power & Projects Pvt Ltd., and S.B.E. Engineering & Infrastructure Pvt. Ltd.

Quality Assurance

The company maintains stringent quality standards through:

- **In-house Testing Facility:** Ensures compliance with required specifications.
- **Third-Party Testing:** Mandatory testing for government projects through recognized agencies like CIPET, SGS, Bureau Veritas, and others.

Revenue Bifurcation by State:

In 2024 (up to November 30), Madhya Pradesh contributed the **highest revenue at 74.90%**, followed by Rajasthan at 14.15% and Maharashtra at 6.34%. Similarly, in 2023-24, Madhya Pradesh led with 52.22%, Rajasthan contributed 6.37%, and Maharashtra accounted for 26.08%. In 2022-23, Madhya Pradesh contributed 48.85%, Rajasthan 34.98%, and Maharashtra 5.78%, while in 2021-22, Madhya Pradesh led with 31.19%, followed by Rajasthan at 30.24% and Maharashtra at 7.37%.

Business Strategies –

Expansion of Manufacturing Facility in Ratlam, Madhya Pradesh

The company is expanding its manufacturing facility in Ratlam by adding two HDPE machines, increasing capacity by 3400 M.T.P.A., and one PVC machine, boosting capacity by 1700 M.T.P.A. This expansion aims to meet the growing demand for high-quality pipes in sectors like agriculture, construction, and infrastructure. The capital expenditure for this initiative is part of the current issue, enhancing the company's market position and operational scale.

Strategic Expansion

The addition of 1700 M.T.P.A. of PVC pipe capacity diversifies the company's product range. This expansion will strengthen its competitive edge in the construction and infrastructure sectors, supporting long-term growth.

Expand the Volstar Brand to New Geographies

The company plans to expand the reach of its Malpani Pipes by increasing its distribution network. By adding new wholesalers and retailers, it aims to boost sales in untapped cities while consolidating its presence in existing areas.

Risk Factors –

The Company, its promoters, and directors are involved in **4 outstanding litigations**, including **2 criminal proceedings (₹9.20 lakhs)** and **2 civil cases (₹24.31 lakhs)** both filed by the company. Adverse outcomes could negatively affect the Company's financial condition.

The Company procures raw materials both domestically and internationally, with imports contributing **44.20%** (as of November 30, 2024), **54.42%** (FY 2023-24), and **22.31%** (FY 2022-23) of total purchases. Domestic raw materials are sourced from states like **Madhya Pradesh, Gujarat, Delhi, Uttarakhand, Maharashtra, and Rajasthan**. Imported materials, including **polyethylene polymers**, are primarily sourced from **Dubai, Singapore, Belgium, the UK, Vietnam, and UAE**, making costs susceptible to **crude oil price fluctuations** and **currency exchange rates**. Approximately **40%** of payments for imported materials are settled through **Letters of Credit**, while the remaining **60%** involves advance payments. Rupee depreciation or increased raw material costs could adversely affect **pricing, operations, and financial performance** if such increases cannot be passed on to customers. However, a short transit time of **7–12 days** for imports from Gulf and Middle Eastern countries reduces the need for hedging, aligning with the Company's operational needs.

Company has negative cashflow in FY 23, 24 and period ended November 24.

Company has unsecured loans worth 5 Cr. Which can be recalled on demand.

Competition -

Competitors

The company competes with organized players like Astral Poly Technik, Supreme Industries, Finolex Industries, Prince Pipes, and Jain Irrigation, and unorganized small-scale manufacturers focusing on lower costs.

Market Share

Organized players hold 60-65% of the plastic piping market, with a stronger foothold in premium segments like fittings. Faster growth is driven by branding, innovation, and distribution.

Adaptability to Market Changes

- **Raw Material Costs:** Organized players mitigate price volatility of PE, PP, and PVC through economies of scale and supplier contracts.
- **Product Innovation:** Expanding fittings capacity sustains margins.
- **Distribution:** Expanding networks aids adaptability in urban and rural markets.

Industry Forces (Porter's Five Forces)

- **New Entrants:** Moderate; high capital limits entry, but unorganized growth continues in basic pipes.
- **Substitutes:** Moderate; alternatives like metal pipes exist but plastics dominate.
- **Suppliers:** High; dependence on crude oil-based materials increases supplier power.
- **Customers:** High; price-sensitive market with brand loyalty advantages.
- **Rivalry:** High; organized players face intense competition and margin pressure.

Industry Analysis

The industry is in a growth phase, driven by infrastructure projects, irrigation demand, and government programs. Organized players lead with operational efficiencies and innovation, maintaining a competitive edge.

Peer Analysis -

Particulars	Malpani Pipes And Fittings Limited			Aik Pipes and Polymers Limited			Kriti Industries (India) Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	2.55%	2.52%	5.25%	4.16%	5.97%	9.07%	3.60%	-3.13%	2.52%
EBITDA Margin	5.41%	5.35%	9.43%	7.22%	9.78%	12.50%	8.51%	-0.60%	7.23%
RoCE	15.58%	26.49%	46.87%	55.08%	38.59%	18.77%	20.50%	-8.19%	23.13%
ROE	23.67%	35.66%	49.81%	42.86%	32.44%	15.47%	12.92%	-17.68%	14.47%
EPS (INR)	4.61	10.78	37.17	4.31	5.03	6.12	4.02	-4.64	4.42
P/E	19.52	8.35	2.42	0.00	0.00	18.79	26.55	-24.26	30.21

INDUSTRY OVERVIEW -

Introduction

The Indian plastic industry plays a crucial role in the country's economy, originating in 1957 with the production of polystyrene. It has grown substantially, employing over **4 million people** and operating **30,000 processing units**, 85–90% of which are small and medium enterprises. India manufactures diverse products, including plastic raw materials, films, pipes, packaging items, and medical goods. The government aims to expand the industry's economic activity from **₹3 lakh crores (US\$ 37.8 billion)** to **₹10 lakh crores (US\$ 126 billion)** within 4–5 years. Additionally, **10 Plastic Parks** have been approved across states like Madhya Pradesh, Assam, Tamil Nadu, Odisha, and Jharkhand to boost employment and foster sustainable growth.

Export Trends

India's plastic exports stood at **US\$ 10.43 billion** in FY24 (until February 2024), with notable growth in categories like medical items (8.9%) and plastic pipes (13.8%). However, total exports in FY23 amounted to **US\$ 11.96 billion**, a 10.4% decline from **US\$ 13.35 billion** in FY22. Plastic raw materials were the largest exported category, constituting **27.76%** of total exports in FY23, growing 21.5% YoY.

Recommendation: **APPLY**

Export Destinations

India exports plastics to over **200 countries**, with the USA, China, and UAE as top destinations. In FY23, the USA accounted for **US\$ 2.31 billion** (19.37%) of total exports, followed by China at **US\$ 690.95 million** (5.78%). PLEXCONCIL's collaboration with the Indo-French Chamber and free trade agreements with the UAE and Australia aim to further boost exports.

Governing Body

The Plastic Export Promotion Council (PLEXCONCIL) was established in 1955 by the Ministry of Commerce and Industry. Representing over **2,500 exporters**, PLEXCONCIL promotes India as a reliable supplier of high-quality plastic products globally.

Irrigation in India: overview and initiatives

Key Challenges and Status of Irrigation in India

1. **Water Resource Constraints:**
 - India supports **17% of the global population** with only **2.4% of land** and **4% of water resources**.
 - **Per capita water availability** has declined drastically from **5,247 m³ (1951)** to **1,453 m³ (present)**, with projections of **1,170 m³ by 2050**.
 - Agriculture consumes **80% of groundwater**, contributing significantly to declining water levels.
2. **Inefficiencies in Irrigation:**
 - Traditional flood irrigation systems have **25-40% efficiency**.
 - Micro-irrigation has proven superior, improving **water use efficiency, energy savings, and yields**.
3. **Uneven Groundwater Development:**
 - Irrigation accounts for **91% of annual groundwater draft**, yet development is uneven across regions.
4. **Dependence on Rainfall:**
 - With **75% of annual rainfall occurring during the monsoon season**, surface water utilization is limited to **690 BCM**, despite an average annual precipitation of **4,000 BCM**.

Government Initiatives for Improved Irrigation Management

1. **Central Organizations and Guidelines:**
 - Institutions like the **Central Water Commission (CWC)** and **Central Ground Water Board (CGWB)** promote sustainable water resource management.
 - Guidelines on water auditing and conservation have been shared with states.
2. **Pradhan Mantri Krishi Sinchayee Yojana (PMKSY):**
 - Launched in **2015** to enhance irrigation coverage and reduce water wastage through micro-level water conservation.
 - Components:
 - **Accelerated Irrigation Benefit Programme (AIBP):** Focuses on major irrigation projects, targeting **13.88 lakh hectares** of irrigation potential creation (2021-2026).
 - **Har Khet Ko Pani:** Develops water sources through rainwater harvesting, groundwater management, and restoration of water bodies.
 - **Per Drop More Crop:** Promotes precision irrigation (drip, sprinkler systems) and micro-irrigation, covering **83.06 lakh hectares (2015-2023)**.
 - **Watershed Development:** Focuses on soil and moisture conservation, creating **14,966 water structures** and irrigating an additional **18,033 hectares**.

Achievements Under PMKSY (2015–2023)

1. **Funding and Coverage:**
 - **Accelerated Irrigation Benefit Programme:** ₹18,727.78 crore (~\$2.25 billion) for simultaneous irrigation development.
 - **Har Khet Ko Pani:** ₹4,010.32 crore (~\$482 million) for minor irrigation and restoration projects.
 - **Per Drop More Crop:** ₹18,714.69 crore (~\$2.24 billion) for micro-irrigation.
2. **Key Investments and Projects:**

Recommendation: **APPLY**

- **Jamrani Dam Project (Uttarakhand):** ₹2,584.10 crore (~\$310.7 million) to irrigate **57,065 hectares** and provide drinking water.
- **Maharashtra Allocation:** ₹400 crore (~\$53.37 million) for irrigation development.
- **Subsidized Loans:** ₹3,971.31 crore (~\$529.93 million) for micro-irrigation projects.
- 3. **Micro-Irrigation Success:**
 - Covered **84.45 lakh hectares** under micro-irrigation.
 - Set up an **online portal** for transparency and process execution.

Other Key Schemes

1. **Repair, Renovation & Restoration (RRR):**
 - Aims to rejuvenate water bodies.
 - Covered **10,887 water bodies** across Odisha, Karnataka, Andhra Pradesh, and Tamil Nadu, creating **8.25 lakh hectares** of irrigation potential.
2. **Har Ghar Jal Scheme (Jal Jeevan Mission):**
 - Launched in **2019** to provide assured **tap water supply to every rural household by 2024**, enhancing ease of living in rural areas.

Conclusion and Way Forward

- **Integrated Planning:** State governments must prioritize efficient irrigation projects with central assistance.
- **Focus on Sustainability:** Promoting **micro-irrigation**, reusing treated wastewater, and **watershed management** will ensure better water resource utilization.
- **Investment Push:** Continued funding under PMKSY and similar schemes will be critical for improving agricultural productivity and addressing water scarcity challenges in India.

Manufacturing Sector in India

The manufacturing sector is a critical driver of India's economic growth, contributing 16-17% to the GDP pre-pandemic and employing over 27.3 million workers. With sectors like automotive, chemicals, and consumer durables performing strongly, India is set to become a global manufacturing hub, targeting 25% GDP contribution by 2025.

Market Size

Manufacturing exports reached a record \$447.46 billion in FY23, growing 6.03% year-on-year. India's manufacturing GVA was estimated at \$110.48 billion in Q1 FY24, and the sector is expected to hit \$1 trillion by 2025-26, driven by policies, rising middle-class consumption, and e-commerce exports.

Road Ahead

India attracts significant foreign investments in manufacturing. Initiatives like GST and SAMARTH Udyog Bharat 4.0 aim to boost competitiveness and infrastructure. Industrial corridors and smart cities will further drive holistic industrial growth, with manufacturing projected to add over \$500 billion annually to the global economy by 2030.

Key Management -



Key Management Persons Name - Age	Rohit Malpani 40
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 12+ years of experience
Qualification	Bachelor of Engineering (Instrumentation & Control Engg.) and Master of Business Administration
Responsibility	Responsible for the overall operations and leading the Company's short and long-term strategy and setting strategic goals.
Previous Associations	Societe General Global Solutions Private Limited, Crisil Limited etc.

Key Management Persons Name - Age	Harsh Malpani 31
Designation and No. of years of experience	Promoter, Whole Time Director and CFO, 7+ years of experience in Pipes and fixtures Industry
Qualification	Accounting Technician from ICAI and completed 3 year article ship of CA course.
Responsibility	Responsible for providing strategic advice to the Board, and developing and executing business strategies. He currently oversees operations, finance, Accounts and overall management of the Company
Other Directorships	WM Industries Private Limited

Key Management Persons Name - Age	Mohit Malpani 36
Designation and No. of years of experience	Promoter and Whole time Director, 7+ years of experience in Pipes and fixtures Industry
Qualification	Bachelor of Commerce and Master of Business Administration (Marketing)
	Oversees business development, Marketing, Sales and Distribution in the Company and leads sales strategies.
Other Directorships	-

Key Management Persons Name - Age	Sonal Malpani 36
Designation	Non-Executive Director
Qualification	Bachelor of Computer Application and Post Graduate Programme Certificate, (Specialization: Banking, Insurance & Finance)
Other Directorships	-

Key Management Persons Name - Age	Ashesh Agnihotri 44
Designation and No. of years of experience	Non - Executive Independent Director, 15+ years of experience in Banking and Insurance industry
Qualification	Bachelor of Commerce and Master of Management Science
Other Directorships	-

Key Management Persons Name - Age	Neha Somani 40
Designation	Non - Executive Independent Director
Qualification	Qualified CA, B. Com degree and M. Com degree
Previous Associations	Sodexo food Solutions India Private Limited

- The overall management of the company is decent.
- The promoter and management have decent experience in the industry.

FINANCIAL SNAPSHOT**Statement of Profit and Loss** Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Nov-24
Revenue from Operations	3,490.58	8,245.09	14,096.18	8,409.75
Other Income	3.09	11.67	20.05	44.79
Total Income	3,493.67	8,256.76	14,116.23	8,454.54
Expenses				
Cost of Material Consumed	2,762.22	6,522.47	10,125.42	6,213.24
Purchases of stock-in-trade	297.67	746.04	1,334.78	491.75
Change in Inventories of Stock In Trade	-87.36	-171.86	155.29	-67.56
Employee Benefit Expenses	119.74	174.96	183.53	169.01
Finance Cost	51.32	133.34	261.88	190.72
Depreciation and Amortization Expense	21.86	42.82	84.81	87.51
Administrative Selling and other expenses	209.58	532.17	968.13	682.72
Total Expenses	3,375.03	7,979.94	13,113.84	7,767.39
EBITDA	188.73	441.31	1,329.03	920.59
EBITDA Margin	5.41%	5.35%	9.43%	10.95%
Profit/(Loss) before tax	118.64	276.82	1,002.39	687.15
Tax Expense				
Current tax	19.55	62.28	265.72	175.22
Excess/Short Provision for prior years	-0.07	-0.10	-	-0.74
Deferred Tax	10.09	6.60	-3.04	3.49
Total Tax	29.57	68.78	262.68	177.97
Profit/(Loss) for the year	89.07	208.04	739.71	509.18
Net Profit Margin	2.55%	2.52%	5.25%	6.05%

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Nov-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	193.00	193.00	243.00	789.75
Reserves and surplus	183.30	390.48	1,241.97	1,204.41
Total Equity	376.30	583.48	1,484.97	1,994.16
NON-CURRENT LIABILITIES				
Long-term borrowings	669.94	883.61	1,128.62	1,330.85
Deferred Tax liability	15.73	22.33	19.29	22.77
Other Long Term Liabilities	0.70	0.70	-	-
Long-Term Provisions	8.29	14.03	21.74	17.85
Total Non-current liabilities	694.66	920.67	1,169.65	1,371.47
CURRENT LIABILITIES				
Short-term Borrowings	227.67	1,075.65	1,900.25	2,243.12
Trade Payables				
(i) Total outstanding dues of MSME	90.32	33.33	72.70	979.37
(ii) Total outstanding dues of creditors other than MSME	461.02	767.87	948.15	2,053.30
Other Current Liabilities	259.70	356.39	255.41	187.47
Short-term provisions	20.34	156.51	303.60	247.19
Total Current liabilities	1,059.05	2,389.75	3,480.11	5,710.45
Total Liabilities	1,753.71	3,310.42	4,649.76	7,081.92
Total Equity and Liabilities	2,130.01	3,893.90	6,134.73	9,076.08
ASSETS				
NON-CURRENT ASSETS				

Particulars	FY 22	FY 23	FY 24	Nov-24
Property, Plant and Equipment	204.31	733.68	710.88	1,268.71
Intangible Assets	0.16	0.08	0.16	0.11
Capital Work in Progress	468.81	-	348.83	-
Other Non- current Assets	189.76	241.37	513.07	500.43
Total Non-Current assets	863.04	975.13	1,572.94	1,769.25
CURRENT ASSETS				
Inventories	478.64	1,782.17	2,886.14	3,239.00
Trade Receivables	635.48	612.86	1,141.26	3,633.57
Cash & Cash equivalents	25.16	257.58	31.18	19.13
Short term loans and advances	5.59	13.46	129.81	284.84
Other Current Assets	122.10	252.71	373.39	130.28
Total Current assets	1,266.97	2,918.78	4,561.78	7,306.82
Total Assets	2,130.01	3,893.91	6,134.72	9,076.07

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Nov-24
Net Cash Flow from Operating Activities	46.15	-565.28	-559.35	-97.19
Net Cash Flow from Investing Activities	-573.26	-144.55	-666.29	-269.25
Net Cash Flow from Financing Activities	543.73	942.25	999.25	354.40

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	FY 25*	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	4.61	10.78	37.17	7.09	EV/EBITDA	6.62	5.18	3.37	2.58
BV per share	19.50	30.23	61.11	44.92	Market Cap / Sales	0.50	0.21	0.16	0.77
Operating Ratios					P/E	19.52	8.35	2.42	12.70
EBITDA Margins	5.41%	5.35%	9.43%	10.95%	Price to Book Value	4.62	2.98	1.47	2.00
PAT Margins	2.55%	2.52%	5.25%	6.05%	Solvency Ratios				
Inventory days	50.19	79.11	74.94	74.55	Debt / Equity	2.39	3.36	2.04	0.72
Debtor days	66.63	27.20	29.63	57.22	Current Ratio	1.20	1.22	1.31	1.31
Creditor days	63.05	34.91	29.37	58.30	Quick Ratio	0.74	0.48	0.48	0.48
Return Ratios					Asset Turnover	1.64	2.12	2.30	2.06
RoCE	15.58%	26.49%	46.87%	20.49%	Interest Coverage Ratio	3.25	2.99	4.75	4.37
RoE	23.67%	35.66%	49.81%	15.78%					

INTERPRETATION –

The revenue from operations increased over the years by 136.21% in FY23 and 70.96% in FY24. This is because the company had expanded the installed capacity in FY23 by installing plant and machinery. It was also supported by expanded customer base. They also expanded their departments from 6 to 12 by FY24. The company also started importing and trading of raw material. This also contributed towards the growth of revenue.

LEAD MANAGER TRACK RECORD –

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

Interactive Financial Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	SPP Polymer Limited	24.49	59.00	Sep 17, 2024	30.25
2.	Kizi Apparels Limited	5.58	21.00	Aug 06, 2024	23.47
3.	Kataria Industries Limited	54.58	96.00	July 24, 2024	131.00
4.	Winy Immigration and Education Services Limited	9.13	140.00	June 27, 2024	304.00
5.	DCG Cables & Wires Limited	49.99	100.00	April 16, 2024	475..70
6.	Teerth Gopicon Limited	44.40	111.00	April 16, 2024	91.90
7.	SRM Contractors Limited	130.20	210.00	April 03, 2024	359.65
8.	Kalahridhaan Trendz Limited	22.49	45.00	Feb 23, 2024	21.35
9.	Vrundavan Plantation Limited	15.29	108.00	Nov 06, 2023	59.00
10.	Vivaa Tradecom Limited	7.99	51.00	Oct 12, 2023	33.40

The company has handled 20 mandate in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 27th Jan 2025.

As per the offer document, the above-mentioned mandates DCG Cables & Wires, Vrundavan Plantation and Vivaa Tradecom have opened at a discount and remaining all have opened at a premium on the listing day.

Recommendation -**Recommendation: Apply with Caution**

Investors may consider applying with moderate funds for a medium duration, given the following key factors:

- Capacity Utilization and Expansion Plans:** The company has demonstrated strong operational efficiency with a capacity utilization of 96.67% in FY24. Plans to invest ₹3.5 crore towards capacity expansion reflect growth ambitions.
- Growth Potential and Challenges:** With India's focus on infrastructure development and manufacturing, the company is well-positioned to benefit, provided it increases its market share. However, this may prove challenging in a highly competitive and fragmented market dominated by unorganized players. The company's strong order book of ₹111.66 crore and reputed clients provide a favourable outlook.
- Revenue Concentration Risk:** A significant 74.9% of revenue comes from Madhya Pradesh, exposing the company to geographical concentration risk. While its business strategy includes geographical expansion, its execution capabilities remain to be tested.
- Financial Performance and Concerns:**
 - Revenue has grown at a remarkable CAGR of 100%, with steady improvement in profit and EBITDA margins. The spike from FY23 to FY24 was driven by capacity expansion and a broader customer base.
 - High debt-to-equity ratio of 2.04 raises concerns, though the IPO proceeds of ₹17 crore aim to address this. However, using majority of the IPO funds to repay debt raises some concerns.
 - The company has had negative cash flows in FY22 and FY24, and unsecured loans equal to one year's profit highlight financial risks.
 - Interest coverage ratio of 4.75 offers some reassurance.
- Valuation:** The company is fairly valued with a post-issue P/E ratio of 12.7, and its performance is comparable to its peers.
- Management Strength:** The management is experienced and educated, with industry presence since 2017, which lends credibility to their operations.
- Business Nature and Sustainability Risks:** Operating in a high-volume, low-margin business, the company faces long-term challenges as global sustainability trends may lead to reduced plastic usage, including for pipes and fittings.

Conclusion: While the company shows potential for growth and has strong operational performance, risks related to geographical concentration, high debt, and sustainability challenges need to be carefully considered. Investors should proceed with moderate funds and a medium-term perspective, keeping in mind the potential risks and opportunities.

Disclaimer

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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.

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