



## IPO Note

# Beezaasan Explotech Limited

Recommendation: **Neutral!**

### Company Background –

- **Incorporation:** Incorporated in August 2003. The company's registered office is located at Gandhinagar, Gujrat.
- **Business Activity:** Beezaasan Explotech Limited manufactures and supplies a comprehensive range of explosives and explosive accessories. It primarily produces cartridge explosives, including slurry, emulsion, and detonating explosives.
- **Revenue Stream:** FY24: Slurry Explosives product 70.8% of total revenue, with Gujarat contributing 47.58% of total revenue. **Order Book** as of Dec 24: 18.10 Cr.
- **Human Resource:** As of December 31, 2024, the company employed 185 people at its Manufacturing Plant, corporate office, and Registered Office.

### Objects of the Issue –

- Funding capital expenditure for civil construction to expand the **Emulsion Explosive-3 Plant, Emulsion Bulk Explosive Plant, and Detonating Fuse Plant** at Bhanthala, Mahisagar, Gujarat.
- Expanding an **additional magazine (storage) facility** for emulsion cartridge explosives and detonating fuse at Felsani, Gujarat.
- **Purchase of a commercial vehicle.**
- **Repayment/prepayment** of certain borrowings.
- **General corporate purposes.**

### Promoters Name –

Navneetkumar Radheshyam Somani, Sunilkumar Radheshyam Somani, and Rajan Sunilkumar Somani, M/s. Navneet R Somani HUF and M/s. Sunil R Somani HUF.

### Rationale for recommendation – wait for post-listing performance

- ✓ The sudden increase in revenue and profit margins raises questions about sustainability in this high-volume low margin business model.
- ✓ Revenue concentration on one product and underutilised Capacity.
- ✓ Investment towards growth and steady return margins.

### IPO Details

Opening Date	Feb 21, 2025
Closing Date	Feb 25, 2025
Allotment Date	Feb 27, 2025
Listing Date	Mar 3, 2024
Stock Exchange	BSE, NSE
Lot Size	800 Shares
Issue Price Per Share	₹165 to ₹175
Issue Size	59.93 Cr.
Fresh Issue	59.93 Cr.
Offer for Sale	-
Application Amt	₹1,32,000 (800 shares)

### INDUSTRY – Indian manufacturing, mining and explosives industry

Avg. PE ratio as per RHP – 90.29

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	14,094.90	22,791.80	18,635.85	10,068.72
EBITDA	577.64	785.39	1,057.21	1,340.33
Net Profit	274.26	293.56	486.62	832.88
RoCE	18.22%	22.15%	22.57%	22.42%*
ROE	26.24%	20.47%	20.98%	16.76%*
P/E	42.37	43.97	28.97	13.57*

### Promoter Share Holding Pattern

Pre-Issue	Post Issue
96.02%	70.57%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	6.04	12.89
BVPS	24.46	76.92
P/E	28.97	13.57
P/BV	7.15	2.28
Mkt Cap (In Cr)	166.19	226.12

\*Annualised

### Lead Managers –

**Smart Horizon Capital Advisors Private Limited**

### Registrar –

**Kfin Technologies Limited**

## Business Overview –

### Company Profile

Beezaasan Explotech Limited is engaged in the manufacturing and supply of a wide range of explosives and explosive accessories, primarily focusing on cartridge explosives. The product portfolio includes **Slurry Explosives, Emulsion Explosives, and Detonating Fuse**, catering to industries such as **cement, mining, and defense**. The company also supplies explosives to **Border Roads Organization** and various **Public Sector Undertakings (PSUs)**.

### Manufacturing Facilities

The company's manufacturing units are strategically located in **Gujarat**, covering a total area of **40,68,876.50 sq. ft.** The production process is supported by advanced technology, including **KP Machines, Strapping Machines, and PLC Control Panels**, ensuring efficient production and high-quality standards.

Additionally, Beezaasan Explotech Limited has built **storage magazines** near its manufacturing unit in **Felsani, Gujarat**, covering **20,37,382.19 sq. ft.**, for the secure storage of explosives. The company operates under the strict regulatory framework of **PESO (Petroleum and Explosives Safety Organisation)** and has obtained necessary licenses for manufacturing and storage.

Explosive Type	Licensed Capacity	Facilities Included
Slurry Explosives	45,000 Metric Tons	Manufacturing plant, raw material store, aluminum store, blasting shelter, destruction yard, QC lab, and testing area.
Emulsion Explosive	11,400 Metric Tons	Two manufacturing plants with connected facilities.
Detonating Fuse	51 million meters	Transit sheds, spinning buildings, PETN drying facilities.

To obtain product authorization, the company follows stringent PESO certification procedures, including lab trials, field trials, and final approval from PESO Headquarters in Nagpur before commencing manufacturing.

### Quality and Safety Standards

Beezaasan Explotech Limited places a strong emphasis on **safety and quality control** by conducting **regular safety audits and adhering to PESO regulations**. The company's manufacturing units hold various **ISO certifications**, including:

- **ISO 9001:2015** (Quality Management System)
- **ISO 14001:2015** (Environmental Management System)
- **ISO 45001:2018** (Occupational Health and Safety Management System)

Additionally, the company ensures workplace safety by **conducting safety meetings and monitoring operational parameters** to maintain product quality.

### Raw Material Procurement

The primary raw material for explosive manufacturing is **Ammonium Nitrate**, sourced mainly from **Public Sector Undertakings (PSUs)**. The company manages price volatility by maintaining a **strategic raw material reserve**. PESO closely monitors the purchase and storage of ammonium nitrate, ensuring compliance with safety regulations.

### Market Presence

Beezaasan Explotech Limited operates on a **PAN India basis**, serving clients across **11 states and 2 Union Territories** as of the financial year ending **March 31, 2024**

#### Top 3 Revenue-Contributing States

##### Standalone Financials

For September 30, 2024:

1. **Gujarat** – ₹4,567.74 lakh (46.99%)
2. **Rajasthan** – ₹1,552.26 lakh (15.97%)
3. **Madhya Pradesh** – ₹970.98 lakh (9.99%)

#### Consolidated Financials

For September 30, 2024:

1. **Gujarat** – ₹4,990.11 lakh (49.20%)
2. **Rajasthan** – ₹1,552.26 lakh (15.30%)
3. **Madhya Pradesh** – ₹970.98 lakh (9.57%)

**For FY 2024:**

1. **Gujarat** – ₹8,918.35 lakh (47.58%)
2. **Rajasthan** – ₹2,976.52 lakh (15.88%)
3. **Madhya Pradesh** – ₹2,138.99 lakh (11.41%)

**For FY 2024:**

1. **Gujarat** – ₹8,958.55 lakh (47.58%)
2. **Rajasthan** – ₹2,827.15 lakh (15.88%)
3. **Madhya Pradesh** – ₹2,166.85 lakh (11.41%)

**Product Portfolio**

Main Product	% of total Revenue		Description
	Sep 24	FY 24	
<b>Slurry Explosives</b>	63.99	70.80	A mixture of nitrates, fuel sensitizers, water, and stabilizers, thickened with guar gum. Offers improved density, water resistance, and strength. Types: <b>Dynaex Prime, Dynaex Boost, Dynaex Shakti, Dynaex Column, Dynaex Base.</b>
<b>Emulsion Explosives</b>	25.83	23.87	Prepared by agitating oxidizers with fuel and emulsifying agents, forming a stable, water-resistant composition. Requires gas bubbles for sensitization. Types: <b>Dynaex Power-90, Dynaex Gel-90, Dynaex Prime-E, Dynaex Column-E, Dynaex Seismic-E, Dynaex Em Boost, Dynaex Boost-E.</b>
<b>Detonating Fuse</b>	9.32	4.34	Used in mining, quarrying, and construction, these cords initiate commercial explosives. Contains a PETN core, wrapped in polypropylene and polyethylene. Types: <b>Dynaex Cord I-IX.</b>

Sub Product	Description	Core Strengths	Application
<b>Dynaex Prime: 44.5% of revenue (Sep 24), 49.32% (FY24).</b>	Cap-sensitive ammonium nitrate gel slurry, used in mining and quarry blasting.	Water-resistant, low vibration, high strength.	Medium-hard strata, civil blasting.
<b>Dynaex Boost: 16.9% of revenue (Sep 24), 16.82% (FY24)</b>	High-strength slurry explosive with high detonation velocity.	Non-toxic, flexible, high-density, water-resistant.	Hard strata, mining, gravel extraction.
<b>Dynaex Shakti: 10.66% of revenue (Sep24), 11.87% (FY24)</b>	Medium-strength slurry explosive.	Good fragmentation, low fly rock, easy handling.	Medium strata, rock blasting.
<b>Dynaex Column</b>	Non-cap sensitive explosive for soft-medium rock formations.	High-performance, easy handling, good fragmentation.	Sedimentary rock blasting.
<b>Dynaex Base</b>	Water-gel explosive for open-cast mining.	Safe, cost-effective, high density.	Wet condition mining, commercial blasting.
<b>Dynaex Power-90</b>	Small-diameter cap-sensitive emulsion explosive.	Reliable, multipurpose, less noxious fumes.	Hard strata, civil and mining operations.
<b>Dynaex Gel-90</b>	Small-diameter cap-sensitive emulsion explosive for metalliferous mines.	Multipurpose use, superior water resistance, safe.	Mining, tunneling, well sinking, road construction.
<b>Dynaex Prime-E</b>	Large-diameter emulsion explosive for tunnelling, well sinking.	High strength, low vibration, easy loading.	Hard strata, excavation, road construction.
<b>Dynaex Boost-E</b>	Large-diameter high-performance emulsion explosive.	High detonation velocity, water-resistant.	Quarrying, mining, tunneling.
<b>Dynaex Seismic-E</b>	Detonator-sensitive emulsion for seismic exploration.	High strength, high velocity, water-resistant.	Seismic exploration, geophysical prospecting.
<b>Dynaex Column-E</b>	Low-strength, low-sensitivity emulsion explosive.	Suitable for colder regions, acts as filler.	Supporting explosive in blasting.
<b>Dynaex Em Boost</b>	Water-in-oil-based emulsion explosive.	High energy output.	Booster-sensitive initiation in various operations.

<b>Detonating Fuse</b>	High-speed PETN-filled fuse used for initiating multiple explosive points.	High tensile strength, water-resistant, long shelf life.	Blasting accessory.
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## Business Strategies -

### 1. Investment in Manufacturing Capabilities and Storage Facilities

The company strategically invests in manufacturing by expanding facilities and integrating automated machinery to enhance efficiency. Increased production capacity necessitates dedicated storage premises. Investing in new storage magazines streamlines dispatch processes, ensuring seamless deliveries while maintaining quality. These upgrades will support expansion at existing locations, driving efficiency and growth.

### 2. Improvement of Debt-Equity Ratio

As of September 30, 2024, the company's debt-equity ratio stands at 1.27. Plans to repay loans aim to improve financial stability and reduce long-term liabilities. Lower debt will enhance the company's ability to secure future expansion funding.

### 3. Increasing Operational Efficiency

Operational efficiency is improved through process optimization, quality control, and workforce skill development. Modernized facilities and technological advancements ensure high productivity, quality, and customer satisfaction.

### 4. Introduction of Innovative Techniques

Market research and advanced technologies enhance manufacturing efficiency and product offerings. New machinery ensures precision, customization, and adherence to industry standards, strengthening competitiveness.

## Risk Factors -

The company faces a significant risk due to supplier concentration, relying heavily on a few key suppliers without long-term contracts. In FY24, the top five suppliers accounted for 68.35% (₹10,746.04 lakh) of standalone purchases and 68.14% (₹10,746.04 lakh) of consolidated purchases, increasing exposure to supply disruptions and cost volatility.

The company faces litigation risks, including taxation matters totaling ₹98.30 lakh (three cases) against the company, ₹2.35 lakh (two cases) against directors/promoters, and ₹27.81 lakh (four cases) against a group company. Adverse rulings may impact financials, reputation, and operations.

The company had negative cash flow from operations for FY2022.

## Competition -

Beezaasan Explotech operates in a competitive market, facing both organized and unorganized players. While some competitors possess greater financial and technological resources, Beezaasan differentiates itself through its reliability, customer relationships, and end-to-end solutions.

### Porter's Five Forces Analysis:

- **Threat of New Entrants:** Moderate – High capital investment and regulatory barriers limit new players, but unorganized competitors pose a challenge.
- **Bargaining Power of Suppliers:** Moderate – Suppliers of raw materials hold some leverage, but competition among them prevents dominance.
- **Bargaining Power of Customers:** High – Price, quality, and reliability drive customer decisions, making brand trust and long-term relationships crucial.
- **Threat of Substitutes:** Low – Specialized manufacturing reduces viable alternatives.
- **Industry Rivalry:** High – Competitors vary in size and resources, though few provide full-spectrum solutions like Beezaasan.

### Industry Lifecycle & Macroeconomic Influences:

The industry is in a growth phase, driven by infrastructure development and technological advancements. However, macroeconomic conditions, including government regulations and raw material price fluctuations, impact profitability.



## Industry Overview -

### Indian Manufacturing Industry -

The Indian manufacturing sector contributes approximately **17% to the country's GDP** and plays a critical role in industrial growth. The sector has been bolstered by government initiatives such as **Make in India** and **Production Linked Incentive (PLI) schemes**, which aim to enhance domestic production and reduce dependence on imports. As of **FY 2023**, India's manufacturing output stood at **\$447 billion**, with industries such as automobiles, chemicals, and heavy engineering leading the charge.

Key drivers of growth include increased **foreign direct investment (FDI)**, government-backed infrastructure development, and the expansion of industrial corridors. The **Index of Industrial Production (IIP)** showed a **4.2% growth in manufacturing activity in FY 2023**. Additionally, rapid advancements in **automation, process efficiency, and supply chain optimization** are contributing to improved production capacities.

### Indian Mining Industry -

India ranks **second globally in coal production** and is among the top producers of iron ore, bauxite, and limestone. The mining sector contributes **2.5% to 3% of the country's GDP**, with recent policy reforms aimed at enhancing domestic mineral output and reducing import dependence. **Annual mineral production is valued at approximately \$60 billion**, with coal accounting for nearly **60% of total mining activity**.

Government policies such as **Mine Developer and Operator (MDO) models, commercial coal mining auctions**, and increased FDI allowances (up to 100% in mining activities) have improved private sector participation. Moreover, technological advancements such as **automated drilling, remote-controlled blasting, and AI-driven resource estimation** are optimizing mining operations, improving safety and efficiency.

### Indian Explosives Industry -

The Indian explosives industry plays a crucial role in mining, infrastructure development, and construction. Commercial explosives, including **emulsion, slurry, bulk explosives, and detonators**, are used extensively in **coal mining, quarrying, tunneling, and large-scale excavation**. The industry is highly regulated due to safety and environmental concerns, with licensing governed by the **Explosives Act, 1884** and the **Petroleum & Explosives Safety Organization (PESO)**.

#### Key Segments:

- **Detonators & Detonating Fuse:** Used in mining and quarrying, with an annual production capacity exceeding **45 million units** for detonators and **12 million meters** for detonating fuse.
- **Emulsion & Slurry Explosives:** Known for their **high velocity of detonation (VOD) and water resistance**, these explosives are widely used in open-cast mines and tunneling. Bulk emulsion explosives are customized for site-specific needs, ensuring optimal performance.
- **MMAN-Based Explosives:** With the ban on nitroglycerine-based explosives, **Methyl Mono Alkanol Nitrate (MMAN)** has become a key alternative, with production capacities of over **9,000 MT annually**.
- **2-Ethylhexyl Nitrate (2-EHN):** A chemical additive improving diesel performance, now in demand due to **EU III norms**, with an expected annual production of **15,000 MT**.

With growing demand in mining and construction, the explosives industry is poised for sustained growth, supported by **domestic manufacturing advancements and technology-driven solutions**.

**Key Management -**

<b>Key Management Persons Name</b>	<b>Navneetkumar Radheshyam Somani</b>
<b>Age</b>	46
<b>Designation and No. of experience</b>	Promoter, Chairman & Managing Director; 17 years of experience in logistics and transport management, including 10 years in the industry.
<b>Qualification</b>	Higher Secondary (Gujarat Secondary Education Board, 1995)
<b>Responsibility</b>	Logistics and overall operations, including transportation management, warehouse management, vendor coordination, resource management, budgeting, and cross-department collaboration.
<b>Other Directorships</b>	Partner, Rajan Enterprise (since April 2007) Director, Asawara Earthtech Private Limited (since October 2007) Proprietor, Vedant Enterprise (since February 2022) Director, Asawara Industries Private Limited (since November 2022) Director, Beezaasan Defence Industries Private Limited (since November 2023).

<b>Key Management Persons Name</b>	<b>Sunil Radheshyam Somani</b>
<b>Age</b>	51
<b>Designation and No. of experience</b>	Promoter, Whole-Time Director; 17 years of experience in logistics and transport management, including 10 years in the industry.
<b>Qualification</b>	B.E. (Industrial Production, Karnatak University Dharwad, 1995)
<b>Responsibility</b>	Financial management (budgeting, cost analysis, forecasting, reporting, compliance), purchasing (supplier selection, procurement strategy, inventory management, quality assurance).
<b>Other Directorship</b>	Partner, Rajan Enterprise (since April 2007) Director, Asawara Earthtech Private Limited (since October 2007) Proprietor, Asawra Explotrans Services (since August 2017) Director, Asawara Industries Private Limited (since November 2022) Director, Beezaasan Defence Industries Private Limited (since November 2023)

<b>Key Management Persons Name</b>	<b>Rajan Sunilkumar Somani</b>
<b>Age</b>	27
<b>Designation and No. of experience</b>	Promoter, Executive Director; 2 years of experience in the explosives industry.
<b>Qualification</b>	B.E. (Hons) Mechanical Engineering, Anglia Ruskin University (2020); M.Sc. Management, Imperial College London (2021)
<b>Responsibility</b>	Production planning and scheduling, process management, quality control, team management, and operational improvements.
<b>Other Directorships</b>	-

**Ritika Bajaj – Non-Executive Director, Age: 46, Experience: 16 years**  
 Ms. Ritika Bajaj holds an MBA from Sikkim Manipal University (2015). She owns **M/s. Rajavi Jobs** since 2008, specializing in strategic planning, talent acquisition, and HR consulting. She is also the **Founder & Director of Kriotech HR Management Pvt. Ltd.** (since 2022) and **Director at RFE Ventures Pvt. Ltd.** (since 2022). She leads organizational management, strategic leadership, and fundraising. Appointed **Non-Executive Non-Independent Director on October 18, 2024.**

**Mukesh Kumar Rathi – Non-Executive Independent Director, Age: 39, Experience: 13 years**  
 A **Fellow Member of ICAI**, he is also associated with **ICMAI** and **ICSI**. He holds certificates in **Forensic Accounting, CSR, and Startup Management** and is a **Registered Valuer** with **IBBI**. He founded **M/s. M Rathi & Co., Chartered Accountants** in 2011, focusing on accounts, finance, and taxation. Appointed **Non-Executive Independent Director on September 27, 2024.**

**Suraj Sharma – Non-Executive Independent Director, Age: 30, Experience: 5 years**  
 A **Fellow Member of ICSI**, he has experience in **secretarial and legal compliance**. Previously associated with **Veda Legal, RRR & Co., and VAPN & Associates**, he now runs **M/s. Suraj Sharma & Co.** (since 2023). He is also an **Independent Director at Picturepost Studios Ltd.** (since May 2024). Appointed **Non-Executive Independent Director on August 22, 2024.**

**FINANCIAL SNAPSHOT****Consolidated Statement of Profit and Loss**

Amt in Lakhs

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	14,094.90	22,791.80	18,635.85	10,068.72
Other Income	95.64	125.61	153.79	75.72
<b>Total Income</b>	<b>14,190.54</b>	<b>22,917.41</b>	<b>18,789.64</b>	<b>10,144.44</b>
<b>Expenses</b>				
Cost of Material Consumed	12,553.78	20,739.14	15,920.80	8,264.29
Purchases of stock-in-trade				
Change in Inventories of Stock In Trade	1.97	-28.86	-10.45	-260.57
Employee Benefit Expenses	339.08	403.20	509.17	291.65
Finance Cost	164.25	339.18	346.79	179.02
Depreciation and Amortization Expense	131.22	152.62	212.7	128.26
Other expenses	622.43	892.93	1,159.12	433.02
<b>Total Expenses</b>	<b>13,812.73</b>	<b>22,498.21</b>	<b>18,138.13</b>	<b>9,035.67</b>
<b>EBITDA</b>	<b>577.64</b>	<b>785.39</b>	<b>1,057.21</b>	<b>1,340.33</b>
<b>EBITDA Margin</b>	<b>4.10%</b>	<b>3.45%</b>	<b>5.67%</b>	<b>13.31%</b>
<b>Profit/(Loss) before tax</b>	<b>377.81</b>	<b>419.20</b>	<b>651.51</b>	<b>1,108.77</b>
<b>Tax Expense</b>				
Current tax	76.34	86.3	127.76	262.09
Deferred Tax	27.21	39.34	37.13	13.8
<b>Total Tax</b>	<b>103.55</b>	<b>125.64</b>	<b>164.89</b>	<b>275.89</b>
<b>Profit/(Loss) for the year</b>	<b>274.26</b>	<b>293.56</b>	<b>486.62</b>	<b>832.88</b>
<b>Net Profit Margin</b>	<b>1.95%</b>	<b>1.29%</b>	<b>2.61%</b>	<b>8.27%</b>

**Consolidated Statement of Assets and Liabilities**

Amt in Lakhs

Particulars	FY 22	FY 23	FY 24	Sep-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	675.00	738.33	949.63	949.63
Reserves and surplus	370.19	695.43	1,370.08	2,162.59
<b>Total Shareholder's Fund</b>	<b>1,045.19</b>	<b>1,433.76</b>	<b>2,319.71</b>	<b>3,112.22</b>
Money received against share warrants	95.00	-	-	-
Minority Interest	-	-	3.01	43.36
<b>Total Equity</b>	<b>1,140.19</b>	<b>1,433.76</b>	<b>2,322.72</b>	<b>3,155.58</b>
<b>2. Non-current liabilities</b>				
Deferred government grant	25.82	23.73	21.64	20.59
Long-term borrowings	1,198.72	1,272.47	1,231.03	994.19
Deferred Tax liability	77.66	117.00	154.14	167.93
Long-Term Provisions	8.33	10.23	12.50	17.06
<b>Total Non-current liabilities</b>	<b>1,310.53</b>	<b>1,423.43</b>	<b>1,419.31</b>	<b>1,199.77</b>
<b>3. Current liabilities</b>				
Short-term Borrowings	1,194.02	3,056.61	2,462.64	2,971.52
Trade Payables				
(i) Total outstanding dues of MSME	-	-	126.83	225.75
(ii) Total outstanding dues of creditors other than MSME	435.44	150.89	22.10	203.97
Other Current Liabilities	127.05	97.97	521.16	211.24
Short-term provisions	22.98	0.11	24.31	241.23
<b>Total Current liabilities</b>	<b>1,779.49</b>	<b>3,305.58</b>	<b>3,157.04</b>	<b>3,853.71</b>
<b>Total Liabilities</b>	<b>3,090.02</b>	<b>4,729.01</b>	<b>4,576.35</b>	<b>5,053.48</b>
<b>Total Equity and Liabilities</b>	<b>4,230.21</b>	<b>6,162.77</b>	<b>6,899.07</b>	<b>8,209.06</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant and Equipment	1,907.85	2,407.66	3,220.32	3,556.78
Intangible Assets	0.78	0.74	6.45	8.53
Capital Work in Progress	-	339.69	161.41	200.64

Particulars	FY 22	FY 23	FY 24	Sep-24
Deferred tax assets (net)				
Long-Term Loans and Advances	48.18	221.4	229.06	236.23
<b>Total Non-Current assets</b>	<b>1,956.81</b>	<b>2,969.49</b>	<b>3,617.24</b>	<b>4,002.18</b>
<b>2. Current assets</b>				
Inventories	1,136.69	1,407.47	1,995.06	2,464.24
Trade receivables	1,091.18	1,073.81	675.40	1,398.58
Cash and cash equivalents	40.8	695.24	264.8	41.68
Short-term loans and advances	0.99	9.31	44.06	66.83
Other Current Assets	3.74	7.45	302.51	235.55
<b>Total Current assets</b>	<b>2,273.40</b>	<b>3,193.28</b>	<b>3,281.83</b>	<b>4,206.88</b>
<b>Total Assets</b>	<b>4,230.21</b>	<b>6,162.77</b>	<b>6,899.07</b>	<b>8,209.06</b>

**Cash Flow Statement**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	-119.48	219.34	1,003.43	198.1
Net Cash Flow from Investing Activities	-467.39	-990.92	-847.58	-507.07
Net Cash Flow from Financing Activities	615.19	1,426.03	-586.3	85.85

**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	1.83	4.00	3.13	2.51	EV/EBITDA	2.24	2.08	3.68	30.17
BV per share	0.34	8.32	14.32	0.58	Market Cap / Sales	396.18	31.30	29.08	774.23
<b>Operating Ratios</b>					P/E	219.67	100.50	128.43	160.48
EBITDA Margins	26.16%	26.56%	27.19%	25.68%	Price to Book Value	11,179	48.35	28.08	688.65
PAT Margins	6.20%	10.14%	7.14%	4.82%	<b>Solvency Ratios</b>				
Inventory days	17.31	12.96	14.26	14.96	Debt / Equity	1.37	0.57	0.29	0.25
Debtor days	29.82	27.44	26.60	27.16	Current Ratio	1.10	1.03	1.90	1.90
Creditor days	200.43	156.65	159.08	170.30	Quick Ratio	0.94	0.91	1.77	1.77
<b>Return Ratios</b>					Asset Turnover	0.68	0.56	0.48	0.60
RoCE	10.30%	9.32%	8.16%	9.17%	Interest coverage Ratio	1.86	1.97	2.01	1.77
RoE	20.32%	16.40%	7.10%	4.29%					

\*Annualised

**FINANCIAL ANALYSIS –**

- ✓ **Strong profitability growth** with EBITDA and PAT margins improving significantly.
- ✓ **Better capital efficiency** as RoCE remains stable and healthy.
- ✓ **Deleveraging strategy** evident with declining Debt/Equity ratio.
- ✗ **Liquidity concerns** with low Quick Ratio and increasing Inventory Days.

**PEER ANALYSIS**

Particulars	Beezaasan Explotech Limited			Premier Explosives Limited			Solar Industries India Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.95%	1.29%	2.61%	2.62%	3.39%	10.28%	11.12%	10.89%	13.67%
EBITDA Margin	4.10%	3.45%	5.67%	11.76%	13.75%	22.71%	19.33%	18.98%	23.13%
RoCE	18.22%	22.15%	22.57%	6.85%	8.53%	19.83%	26.19%	36.38%	31.18%
ROE	26.24%	20.47%	20.98%	2.78%	3.53%	12.80%	21.90%	27.53%	24.39%
EPS (INR)	4.13	3.98	6.04	0.99	1.29	5.28	48.77	83.68	92.30
P/E	42.37	43.97	28.97	66.13	62.69	57.64	58.84	45.32	95.14



## Lead Manager

The lead manager to the issue is Smart Horizon Capital Advisors 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 –

### Smart Horizon Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size (₹ Cr.)	Issue Price/Share (₹)	Listing Date	Current Market Price (₹)
1	Maxvolt Energy Industries Ltd	54.00	180.00	Feb 19, 2025	175.00 (-2.78%)
2	Landmark Immigration Consultants Ltd	40.32	72.00	Jan 23, 2025	55.19 (-23.35%)
3	Rikhav Securities Ltd	88.82	86.00	Jan 22, 2025	85.55 (-0.52%)
4	Leo Dry Fruits and Spices Trading Ltd	25.12	52.00	Jan 08, 2025	53.05 (2.02%)
5	Technichem Organics Ltd	25.25	55.00	Jan 07, 2025	52.44 (-4.65%)
6	Rappid Valves (India) Ltd	30.41	222.00	Sep 30, 2024	270.45 (21.82%)
7	Picture Post Studios Ltd	18.72	24.00	Aug 09, 2024	32.00 (33.33%)
8	Dhariwalcorp Ltd	25.15	106.00	Aug 08, 2024	116.00 (9.43%)
9	Prizor Viztech Ltd	25.15	87.00	Jul 22, 2024	147.55 (69.6%)
10	Effwa Infra & Research Ltd	51.27	82.00	Jul 12, 2024	196.70 (139.88%)

The company has handled 43 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 22<sup>nd</sup> Feb 2025.

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

**Recommendation -****Investment Recommendation: Neutral, Avoid for now.****Company Overview:**

The company has been in the industry since 2003, initially specializing in slurry explosives before expanding into other segments. While it has market experience, governance and financial stability concerns remain.

**Governance Concerns:**

All non-executive directors were appointed between August and October 2024, raising doubts about whether this was solely to meet SEBI norms. If no board member was with the company before September/October 2024, the lack of long-term strategic knowledge is a risk.

**Financial Performance:**

- **Revenue Growth:** Revenue grew at a **CAGR of 14.99%**, with a sharp increase from **₹140.94 crore in FY22 to ₹227.91 crore in FY23 (up 61.70%)**, driven by **7,500 tonnes higher sales volume** and ammonium nitrate price hikes from **₹51,412 to ₹64,772 per tonne**.
- **Revenue Decline in FY24:** Revenue fell **18.23% to ₹186.36 crore**, as ammonium nitrate prices dropped to **₹42,923 per tonne**, despite higher sales volumes.
- **Profitability & Returns:** While net margins fluctuated from **1.29% in FY22 to 8.27% in Sep 2024**, return margins have steadily improved.
- **Capacity Utilization:** The company's installed capacity remains underutilized, with **slurry explosives at 40.21%**, **emulsion explosives at 60.79%**, and **detonating fuse below 50%**. Improved utilization could enhance efficiency and output.

**IPO Utilization & Growth Plans:**

The company plans to invest **₹7.60 crore** from fresh equity into expansion, including **₹23.04 crore for new machinery**, **₹18.00 crore for debt repayment**, and **₹12.44 crore for commercial vehicles**.

**Final Verdict: Neutral**

Governance risks persist, but improving return margins and expansion plans could support long-term growth. Investors should monitor post-listing performance before investing.

### 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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