



## IPO Note

# Readymix Construction Machinery Limited

Recommendation: **AVOID!**

### Company Background –

- **Incorporation:** Incorporated in 2012, the company's registered office is in Pune, Maharashtra.
- **Business Activity:** Readymix Construction Machinery Limited is a multidisciplinary manufacturer and supplier in the construction equipment sector.
- **Revenue Stream:**
- **Product-Wise Revenue** -In FY 24, the revenue stream was primarily driven by the Dry Mix Mortar Plant (28.49%), Support Equipment for Ready-mix Concrete (25.76%), and Artificial Sand Plant (20.74%), while
- **Industry-Wise Revenue-** The Construction and Building Materials industry (33.55%), Concrete industry (45.59%), and Crushing industry (20.86%) also contributed significantly to the overall revenue.
- **Geography-wise Revenue-** Maharashtra is the largest revenue contributor with ₹2,803.48 lakh (40.17%) in FY 24.
- **Human Resource:** As of December 31, 2024, the company had 114 employees on its payroll.

### Objects of the Issue -

- Repayment and/or pre-payment, in full or part, of borrowing availed by the Company;
- To meet working capital requirement;
- General Corporate Purposes

### Promoters Name –

Anand Suresh Watve, Atul Jagannath Kulkarni, Prashant Balasaheb and Shubhangi Rohit Deo

### Rationale for recommendation –

- ✓ Sudden jump in FY 24 raises questions about sustainability.
- ✓ Volatile profit and return margins due to seasonal nature of the business, difficult to compare one period to another accurately.
- ✓ Negative cash flows in FY22 and period ended Dec 24.
- ✓ Over-priced P/E.

### IPO Details

Opening Date	Feb 6, 2025
Closing Date	Feb 10, 2025
Allotment Date	Feb 11, 2024
Listing Date	Feb 13, 2024
Stock Exchange	NSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹121 to ₹123 per share
Issue Size	₹37.66 Cr.
Fresh Issue	₹37.66 Cr.
Offer for Sale	-
Application Amt	₹1,23,000 (1,000 shares)

### Industry – Indian Construction Equipment Industry

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Dec-24
Revenue	4,782.47	5,499.51	6,979.36	3,548.86
EBITDA	251.78	492.90	1,379.16	310.58
Net Profit	132.78	277.95	928.48	104.42
RoCE	28.95%	46.39%	68.81%	5.33%*
ROE	20.02%	29.49%	49.51%	2.41%*
P/E	73.21	34.94	10.46	96.64*

\*Annualised

### Promoter Share Holding Pattern

Pre-Issue	Post-Issue
100.00%	72.06%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	11.76	1.27
BVPS	403.72	52.75
P/E	10.46	96.64
P/BV	0.30	2.33
Mkt Cap (In Cr)	97.13	134.79

### Lead Managers –

**Hem Securities Ltd.**

### Registrar –

**Bigshare Services Pvt Ltd**

## Business Overview

### 1. Company Introduction

Readymix Construction Machinery Limited is an engineering-led company specializing in **design, development, fabrication, and installation** of industrial plant and machinery. The company caters to multiple industries such as **cement, concrete, crushing, construction, and building materials** by providing a wide range of equipment and turnkey solutions.

### 2. Product & Service Offerings -

#### A. Engineering Solutions & Equipment

The company provides comprehensive solutions for various industrial needs, including:

- **Plant & Machinery:**

- Dry Mix Mortar Plants
- Wall Putty Plants
- Artificial Sand Plants (Crusher)
- High-capacity Silos
- Support Equipment for Ready-Mix Concrete Plants
- Other Customized Engineering Projects

- **Turnkey Solutions:**

- Conceptualization & Development
- Fabrication & Assembly
- Testing & Quality Assurance
- Logistics & Installation
- After-Sales Services

**Order Book:** 2918.80 Lakhs

#### B. Maintenance & Consultancy Services

- **Annual Maintenance Contracts (AMC):**

- Wear & tear repairs
- Software updates & upgrades
- Scheduled inspections & maintenance

- **Business Consultancy Services:**

- Engineering design & technology consultation
- Operational efficiency optimization
- Cost reduction strategies
- Increased automation

- **Online Support Services:**

- Remote installation support
- Recipe Consultancy Services (ingredient feasibility & optimization)

### 3. Research & Development (R&D) Initiatives

- **Initiated in FY 2022-23 and continued in FY 2023-24**
- Focused on in-house development of machinery components to replace outsourced parts
- **Achieved in-house development of 35+ products**, leading to:
  - Significant cost savings
  - Higher gross margins
  - Enhanced customization flexibility

### 4. Business History & Evolution

- **Founded in January 2012**, following the takeover of a partnership firm, **M/s Readymix Construction Machinery** (operating since 2009)
- **Initial Focus (2009-2012):** Engineering solutions for limited equipment such as support equipment for Ready-Mix Concrete Plants and moderate-capacity silos
- **Post-Incorporation Expansion:**
  - Gradual inclusion of advanced plant and machinery
  - Expansion into **engineering business consultancy services**

### 5. Operational Infrastructure

#### A. Office & Manufacturing Unit

- **Registered Office:** Pune, Maharashtra, India
- **Fabrication Unit:** MIDC, Chakan Industrial Area, Pune
  - **Total Area:** 10,764 sq. ft.

#### B. Workforce

- **Design Team:** 13 employees
- **R&D Team:** 14 employees
- **Key Software Used:**
  - Siemens Solid Edge Software
  - ARES Standard AutoCAD

### 6. Customer & Market Reach

- **Over 200 customers** across multiple industries
- **Domestic Presence:** Pan-India operations
- **International Exports:** Nepal

Geographical Presence: Top ten states where the company maintains a strong presence are Maharashtra, Telangana, Goa, Karnataka, Gujarat, Andhra Pradesh, Rajasthan, Assam, Tamil Nadu, and Madhya Pradesh. For the period ending December 31, 2024, **Maharashtra** contributed ₹1,812.40 lakh (**51.07% of total sales**), Telangana accounted for ₹282.11 lakh (7.95%), and Goa generated ₹253.46 lakh (7.14%). In FY 2023-24, Maharashtra remained the largest revenue contributor with ₹2,803.48 lakh (40.17%), followed by Telangana at ₹514.52 lakh (7.37%) and Goa at ₹316.08 lakh (4.53%).

## Business Strategy

The company aims to expand its operations further across India while ensuring quality service delivery. By diversifying geographically, the company seeks to mitigate risks associated with operating in limited regions and protect itself from market fluctuations due to business concentration.

### Portfolio Expansion & Diversification

- Current offerings include Dry Mix Mortar Plants, Wall Putty Plants, Artificial Sand Plants, Silos, and Customized Projects.
- **Industries served:** Cement, Concrete, Crushing, Construction, and Building Materials.
- **New product lines:** Load Cell Trading, Tank Weighing Systems, Advanced Liquid Construction Chemical.

### Branding & Promotional Strategy

- Advertisement expenses increased 86.54% (₹59.50 Lakhs in FY 2024 vs. ₹31.88 Lakhs in FY 2023).
- **Marketing strategies: Events & Exhibitions** – Paint India 2024, Excon India, World of Concrete India.
- Trade portals & advertisements for enhanced visibility.

### Revenue-Bifurcation by different product segments:

Product/Segment	March 31, 2022		March 31, 2023		March 31, 2024		Sep 30, 2024	
	Revenue earned	%	Revenue earned	%	Revenue earned	%	Revenue earned	%
Dry Mix Mortar Plant	1,287.93	26.93%	1,347.15	24.50%	1,988.16	28.49%	883.18	24.89%
Support Equipment for Ready-mix Concrete	1,980.50	41.41%	2,675.18	48.64%	1,797.93	25.76%	1,118.77	31.52%
Customized Projects	1,082.55	22.64%	173.09	3.15%	1,214.94	17.41%	-	-
High-Capacity Silo	-	-	804.78	14.63%	1,138.75	16.32%	373.04	10.51%
Consultancy & Service	27.40	0.57%	136.57	2.48%	367.99	5.27%	215.96	6.09%
Artificial Sand Plant	-	-	-	-	182.78	2.62%	736.00	20.74%
Spares & Scrap	120.71	2.52%	143.04	2.60%	195.73	2.80%	221.91	6.25%
Wall Putty Plant	283.38	5.93%	219.70	3.99%	93.08	1.33%	-	-
<b>Total Sales</b>	<b>4,782.47</b>	<b>100.00%</b>	<b>5,499.51</b>	<b>100.00%</b>	<b>6,979.36</b>	<b>100.00%</b>	<b>3,548.86</b>	<b>100.00%</b>

### Industry-wise Revenue Bifurcation

Product/Segment	March 31, 2022		March 31, 2023		March 31, 2024		Sep 30, 2024	
	Revenue earned	%	Revenue earned	%	Revenue earned	%	Revenue earned	%
Construction and building materials industry	1,617.46	33.82	1,661.43	30.21	3,315.19	47.50	1,190.61	33.55
Concrete Industry	2,050.67	42.88	2,777.44	50.50	1,911.01	27.38	1,617.98	45.59
Cement Industry	732.61	15.32	847.33	15.41	1,147.56	16.44	-	-
Infrastructure Industry	351.05	7.34	-	-	298.73	4.28	-	-
Crushing Industry	-	-	173.09	3.15	243.52	3.49	740.27	20.86
Others	30.68	0.64	40.22	0.73	63.35	0.91	-	-
<b>Total</b>	<b>4,782.47</b>	<b>100.00%</b>	<b>5,499.51</b>	<b>100.00</b>	<b>6,979.36</b>	<b>100.00</b>	<b>3548.86</b>	<b>100.00</b>

### Risk Factors –

A significant portion of the company's revenue is generated from Maharashtra, contributing **51.07%**, **40.17%**, **40.76%**, and **23.75%** of total revenue for the period ending December 31, 2024, and FY 2024, 2023, and 2022, respectively. With fabrication and registered offices concentrated in Pune, Maharashtra, operations are susceptible to regional disruptions, government policy changes, and economic conditions.

Company had negative cashflows in FY 24 and period ended September 24.

Company has unsecured loans worth 3.42 Cr repayable on demand.

The company experiences significant seasonality in sales, leading to fluctuations in operating results. Quarter-wise revenue data shows inconsistent sales trends across financial years. Lower sales periods still incur high operating costs, making financial results unpredictable. Weather changes may further impact business performance.

The company is involved in six legal proceedings, primarily related to tax disputes. These include three direct tax cases with outstanding demands of ₹1.23 lakh (Income Tax) and ₹0.32 lakh (TDS), and three indirect tax cases totalling ₹97.94 lakh. Adverse rulings could impact financial stability.

### Peer Analysis

Company has listed no peers according to the RHP.

### Competition Analysis

The Indian construction equipment market is witnessing significant growth, driven by rapid urbanization, large-scale infrastructure projects, and government initiatives like "Make in India" and the "Smart Cities Mission." Valued at approximately USD 7.89 billion in 2023, it is expected to reach USD 14.34 billion by 2030, growing at a CAGR of 8.9%.

### Key Influences on Competition

**Technological:** Advanced machinery with automation, telematics, and energy efficiency is reshaping industry standards, favoring companies investing in innovation.

**Social:** Rising urban migration is increasing demand for residential and commercial infrastructure, driving equipment sales.

**Macroeconomic:** Government policies and public-private partnerships support growth, but economic fluctuations and investment changes can impact market stability.

### Porter's Five Forces Analysis

**Moderate threat of new entrants** due to high capital investment.

**Suppliers hold power** in specialized components, requiring diversified sourcing.

**Buyers have strong bargaining power** due to multiple options.

**Low threat of substitutes**, but rental services pose competition.

**High industry rivalry** with both organized and unorganized players.

The market is in a **growth phase**, benefiting from economies of scale. Companies must focus on innovation, cost efficiency, and strong supply chains to maintain competitiveness.

### Industry Overview

#### India's Construction Equipment Industry

The Indian construction equipment industry has seen consistent growth, driven by increasing infrastructure projects and government initiatives. According to the Indian Construction Equipment Manufacturers' Association (ICEMA), sales increased by **5% in Q1 FY25**, reaching **28,902 units**, compared to **27,577 units** in Q1 FY24. However, on a **quarter-on-quarter basis**, sales declined by **29% from 40,965 units in Q4 FY24**.

#### **Segment-Wise Performance (Q1 FY25):**

Recommendation: **AVOID**

- **Earthmoving Equipment:** 19,858 units (+5%)
- **Road Construction Equipment:** 1,457 units (+9%)
- **Concrete Equipment:** 3,199 units (+11%)
- **Material Handling Equipment:** 3,760 units (-3%)
- **Material Processing Equipment:** 628 units (-4%)

Domestic sales accounted for **26,020 units**, while **2,882 units** were exported. In June 2024, sales stood at **9,363 units**, reflecting a **2% decrease from May 2024** but a **5% increase from June 2023**.

### India's Cement Industry

India's cement market stood at **3.96 billion tonnes in 2023** and is projected to reach **5.99 billion tonnes by 2032**, growing at a **CAGR of 4.7%**. The country has **210 large cement plants**, with **77 concentrated in Andhra Pradesh, Rajasthan, and Tamil Nadu**. Regional capacity distribution is as follows:

- **South India:** 32%
- **North India:** 20%
- **West India:** 15%
- **Central India:** 13%
- **East India:** 20%

Cement production in FY23 reached **374.55 million tonnes**, growing **6.83% YoY**. FY24 production is expected to grow **7-8%**, driven by infrastructure and mass residential projects. However, **pricing pressures caused a 1.5% decline in cement prices in FY24**.

Future projections:

- **FY25 cement demand growth:** 6-7%
- **FY27 cement consumption estimate:** 450.78 million tonnes
- **India's cement capacity by 2025:** 550 million tonnes
- **Potential for exports** to the Middle East and Africa due to port-based cement plants in Gujarat and Visakhapatnam.

### Heavy Engineering & Machine Tool Industry

India's heavy engineering and machine tool sector is critical for manufacturing and infrastructure. It includes sub-sectors such as **machine tools, textile machinery, mining equipment, cement machinery, and material handling equipment**.

Key developments:

- **100% Foreign Direct Investment (FDI)** allowed.
- **Import of old and new machinery permitted** under free trade agreements (FTAs), reducing duty rates.
- **Basic customs duty capped at 7.5%** for most machinery.
- **Development Councils** formed for industry discussions and policy implementation.

### India's Engineering Industry

The engineering sector contributes **27% of India's total factories** and accounts for **63% of foreign collaborations**. India's exports of engineering goods have shown steady growth:

- **FY23:** US\$ 107.04 billion
- **FY24:** US\$ 109.32 billion (+2.1% YoY)
- **April 2024:** US\$ 8.67 billion
- **FY30 (Projected):** US\$ 200 billion

Key export destinations: **US, Europe, UAE**

Investment in **engineering R&D** is expected to reach **US\$ 63 billion by 2025**.

### Road Ahead for Construction Equipment

- The Indian construction equipment market was valued at **US\$ 7.2 billion in FY23** and is expected to grow at a **CAGR of 15% over the next five years**.
- Sales of construction equipment are projected to reach **165,097 units by 2028**.
- The machine tools market is expected to reach **US\$ 2.5 billion by 2028**, growing at **9.4% CAGR (2023-28)**.
- India has become the **third-largest construction equipment market globally**.
- **Earthmoving, construction, and mining equipment demand** is expected to rise with increasing infrastructure development.

**Key Management -**

<b>Key Management Persons Name -</b>	<b>Anand Suresh Watve</b>
<b>Age</b>	52
<b>Designation</b>	Promoter, Chairman & Managing Director with 30 years of experience in Engineering field
<b>Qualification</b>	Diploma in Mechanical Engineering from S.E.S. Polytechnic, Institute, Solapur (affiliated with MSBTE).
<b>Roles &amp; Responsibility</b>	Formulating and implementing business strategies and managing overall business operations, including Business planning & development, Production & Operations, Quality Control, Accounts & Finance and Secretarial, Legal operations & Compliance.
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Atul Jagannath Kulkarni</b>
<b>Age</b>	47
<b>Designation and No. of years of experience</b>	Promoter and Whole Time Director with 23 years of experience in Engineering field
<b>Qualification</b>	Diploma in Electrical Engineering from Government Polytechnic, Aurangabad (affiliated with Board of Technical Examinations, Maharashtra)
<b>Roles &amp; Responsibility</b>	General business and administration functions, including: Human Resource Management, Design & Development, Sales & Marketing and Customer Relationship Management
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Prashant Balasaheb Kanikdale</b>
<b>Age</b>	49
<b>Designation and No. of years of experience</b>	Promoter and Whole Time Director with 29 years of experience in Engineering field
<b>Qualification</b>	Diploma in Mechanical Engineering from E.S.S Polytechnic, Pune (affiliated with Board of Technical Examinations, Maharashtra)
<b>Roles &amp; Responsibility</b>	General business and administration functions, including: Purchase & Procurement, Vendor Management, Cost Management, Inventory Control and Dispatch Planning
<b>Other Directorships</b>	-

**Gaurav Maheshwari** serves as an Independent Director of the Company. He is a **qualified member of the Institute of Chartered Accountants of India** since 2012 and a **Registered Valuer (SFA- IBBI) with the Insolvency and Bankruptcy Board of India (IBBI)** since 2021. With **12 years of post-qualification experience**, he has expertise in **taxation, auditing, financial planning & analysis, risk management, financial & statutory reporting, compliance, and handling statutory, internal & RBI audits**. He has worked with **Genpact and M/s Maheshwari Sharma & Associates** and is currently a **partner in a CA practicing firm**.

**Pinki Kedia** is an Independent Director of the Company. She is a **qualified member of the Institute of Chartered Accountants of India** and has **24 years of experience in corporate laws, audit & taxation, and financial management**. She has been associated with organizations such as **M/s Sunil Chopra & Co. and Pinki Singhania & Associates** and is currently a **practicing Chartered Accountant**.

**Neeraj Bangur** holds the position of Independent Director in the Company. A **qualified member of the Institute of Chartered Accountants of India**, he has **5 years of experience in corporate laws and financial management**. His professional journey includes associations with **BMW Ventures Ltd. and Mittal & Associates**. He is presently a **practicing Chartered Accountant**.

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

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
Revenue from Operations	4,782.47	5,499.51	6,979.36	3,548.86
Other Income	0.97	1.43	5.12	1.16
<b>Total Income</b>	<b>4,783.44</b>	<b>5,500.94</b>	<b>6,984.48</b>	<b>3,550.02</b>
<b>Expenses</b>				
Cost of Materials Consumed	3,157.95	3,638.03	3,928.35	2,039.58
Change of Inventories of Work in progress and finished goods	79.68	-206.71	-137.2	-97.64
Employee Benefit Expenses	536.75	538.64	599.65	523.27
Finance Cost	53.67	100.47	85.72	86.88
Depreciation and Amortization Expenses	15.81	21.87	66.27	75.41
Other expenses	756.31	1,036.65	1,209.40	773.07
<b>Total Expenses</b>	<b>4,600.17</b>	<b>5,128.95</b>	<b>5,752.19</b>	<b>3,400.57</b>
<b>EBITDA</b>	<b>954.42</b>	<b>492.90</b>	<b>1,379.16</b>	<b>310.58</b>
<b>EBITDA Margin</b>	<b>19.96%</b>	<b>8.96%</b>	<b>19.76%</b>	<b>8.75%</b>
<b>Profit/(Loss) before tax</b>	<b>183.27</b>	<b>371.99</b>	<b>1,232.29</b>	<b>149.45</b>
<b>Tax Expense</b>				
Current tax	51.82	91.68	302.18	45.67
Deferred Tax	-1.33	2.36	1.63	-0.64
<b>Total Tax</b>	<b>50.49</b>	<b>94.04</b>	<b>303.81</b>	<b>45.03</b>
<b>Profit/(Loss) for the year</b>	<b>132.78</b>	<b>277.95</b>	<b>928.48</b>	<b>104.42</b>
<b>Net Profit Margin</b>	<b>2.78%</b>	<b>5.05%</b>	<b>13.30%</b>	<b>2.94%</b>

**Statement of Assets and Liabilities**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	46.45	46.45	46.45	789.65
Reserves and surplus	616.92	896.07	1,828.81	1,190.02
<b>Total Equity</b>	<b>663.37</b>	<b>942.52</b>	<b>1,875.26</b>	<b>1,979.67</b>
<b>2. Non-current liabilities</b>				
Long-Term borrowings	138.09	51.57	5.03	114.88
Long-Term Provisions	13.75	21.29	27.8	31.77
<b>Total Non-current liabilities</b>	<b>151.84</b>	<b>72.86</b>	<b>32.83</b>	<b>146.65</b>
<b>3. Current liabilities</b>				
Short-term Borrowings	330.04	708.39	784.71	1,553.03
Trade Payables				
(i) Total outstanding dues of MSME	332.82	176.41	152.44	177.26
(ii) Total outstanding dues of creditors other than MSME	802.6	706.86	389.41	829.61
Other Current Liabilities	636.59	456.27	294.63	365.15
Short-term provisions	98.56	152.23	367.36	191.69
<b>Total Current liabilities</b>	<b>2,200.61</b>	<b>2,200.16</b>	<b>1,988.55</b>	<b>3,116.74</b>
<b>Total Liabilities</b>	<b>2,352.45</b>	<b>2,273.02</b>	<b>2,021.38</b>	<b>3,263.39</b>
<b>Total Equity and Liabilities</b>	<b>3,015.82</b>	<b>3,215.54</b>	<b>3,896.64</b>	<b>5,243.06</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant, and Equipment	59.41	105.37	132.93	177.78
Intangible Assets		146.82	256.54	304.45
Capital Work in Progress	13.1	10.75	9.11	9.75

Recommendation: **AVOID**

Particulars	FY 22	FY 23	FY 24	Dec-24
Intangible assets under development	10.4	10.4	12.45	13.41
<b>Total non-current assets</b>	<b>82.91</b>	<b>273.34</b>	<b>411.03</b>	<b>505.39</b>
<b>2. Current assets</b>				
Inventories	1,350.42	1,285.67	1,340.94	1,603.54
Trade Receivables	1,189.23	1,321.61	1,809.22	2,278.66
Cash & Cash equivalents	19.39	53.41	79.24	42.8
Short-term loans and advances	254.69	224.96	182.69	294.95
Other Current Assets	119.18	56.55	73.52	517.72
<b>Total Current assets</b>	<b>2,932.91</b>	<b>2,942.20</b>	<b>3,485.61</b>	<b>4,737.67</b>
<b>Total Assets</b>	<b>3,015.82</b>	<b>3,215.54</b>	<b>3,896.64</b>	<b>5,243.06</b>

<b>Cash Flow Statement</b>				<b>Amt in Lakhs.</b>
Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	-259.47	57.13	283.7	-660.71
Net Cash Flow from Investing Activities	-10.68	-214.48	-201.92	-167.02
Net Cash Flow from Financing Activities	162.49	191.36	-55.94	791.27

**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	1.68	3.52	11.76	1.27	EV/EBITDA	4.42	3.35	1.87	4.15
BV per share	142.81	202.91	403.72	52.75	Market Cap / Sales	0.12	0.10	0.08	2.84
<u>Operating Ratios</u>					P/E	73.21	34.94	10.46	96.64
EBITDA Margins	5.26%	8.96%	19.76%	8.75%	Price to Book Value	0.86	0.61	0.30	2.33
PAT Margins	2.78%	5.05%	13.30%	2.94%	<u>Solvency Ratios</u>				
Inventory days	103.35	85.56	70.32	95.76	Debt / Equity	0.71	0.81	0.42	0.29
Debtor days	91.01	87.95	94.88	112.44	Current Ratio	1.33	1.34	1.75	1.75
Creditor days	111.76	96.03	51.56	96.12	Quick Ratio	0.72	0.75	1.08	1.08
<u>Return Ratios</u>					Asset Turnover	1.59	1.71	1.79	1.22
RoCE	28.95%	46.39%	68.81%	5.33%	Interest coverage Ratio	14.93	4.69	15.32	2.71
RoE	20.02%	29.49%	49.51%	2.41%	*Annualised				



**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue is Hem Securities Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Hem Securities Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Enviro Infra Engineers Limited	650.43	148.00	Nov 29, 2024	283.90
2.	Danish Power Limited	4,321.44	1,503.00	Oct 28, 2024	846.95
3.	Forge Auto International Limited	31.10	108.00	Oct 04, 2024	481.15
4.	Sahasra Electronics Solutions Limited	186.16	283.00	Oct 04, 2024	94.20
5.	Unilex Colours and Chemicals Limited	31.32	87.00	Oct 03, 2024	78.20
6.	WOL 3D India Limited	25.56	150.00	Sep 30, 2024	137.90
7.	Manba Finance Limited	150.84	120.00	Sep 30, 2024	151.00
8.	Shubhshree Biofuels Energy Limited	16.56	119.00	Sep 16, 2024	404.90
9.	Vision Infra Equipment Solutions Limited	106.21	163.00	Sep 13, 2024	161.65
10.	My Mudra Fincorp Limited	33.26	110.00	Sep 12, 2024	70.75

The company has handled 61 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 6<sup>th</sup> February 2024.

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

## Recommendation -

### Strengths

- **Industry Experience & Management:** The company has been operational since 2012, demonstrating over a decade of industry experience. The management team is well-educated and possesses relevant expertise, contributing to strategic decision-making and business growth.

### Key Risks

- **Sudden Profitability Increase:** The company's profit margin significantly increased from **5.05% in FY23 to 13.30% in FY24**, driven by a **235% surge in PAT**. This growth was supported by a shift toward high-margin products, such as **Customized Projects (₹173.09 lakhs to ₹1,214.94 lakh)** and **Dry Mix Mortar sales (₹1,347.15 lakh to ₹1,988.16 lakh)**. Cost reductions through **R&D efforts and lower steel prices (₹62.79/kg to ₹60.66/kg)** further contributed to improved margins.
- **Revenue Concentration:** A substantial portion of revenue comes from Maharashtra, exposing the company to **regional economic risks, policy changes, and operational disruptions**.
- **Financial Stability Concerns:** The company reported **negative cash flows in FY24 and the period ending September 2024**. Additionally, it holds **₹3.42 crore in unsecured loans repayable on demand**, increasing financial risk.
- **Seasonal Revenue Volatility:** Sales are highly **seasonal and inconsistent**, leading to fluctuating operating results. Fixed costs remain high even during low-sales periods, impacting profitability.
- **Overvaluation:** Despite strong business decisions and a diversified product portfolio, the IPO is **excessively priced at a P/E of 96.64**, making it an expensive investment.

### Recommendation

While the company has demonstrated solid management, industry expertise, and profitability growth, **its financial risks, seasonal revenue fluctuations, and exorbitant valuation make this IPO unattractive**. Investors should **avoid** subscribing and instead wait for post-listing performance before considering an investment.

**Recommendation:** Investors can **AVOID** to this IPO for the time being and wait for post-listing performance before considering an investment.

### 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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