

### IPO Details

Opening Date	Dec 21, 2022
Closing Date	Dec 23, 2022
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price	₹ 153 per share
Issue Size	6,80,800 Equity Shares
Application Amount	₹ 1,22,400

### IPO Objective

Funding Working Capital Requirement of the company  
General Corporate Purpose  
Expenditure to enhance visibility and awareness of the brands

### Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	13,80,500	88.49%
Public	1,79,500	11.51%

### Promoter of the Company

1 Ms. Priti Dhananjay Shah

### Competitive Strengths

- 1 Focused 360-degree approach.
- 2 Unique Brand Positioning.
- 3 Strong network.
- 4 Experienced management team with a proven track record and Trained employee base.
- 5 Technology driven business model.

### Company Background

- Company was incorporated in the year 2018 in Maharashtra.
- Company is engaged in the business of providing educational services, consultation services and mobility services to the aspiring medical students.
- Company's business model leverages upscaling technologies and uses up-to-date technology to deliver digital courses and learning solutions, which enables students to engage in self-paced learning.
- As of August 31, 2022, the company has a presence across **23 touch points in India**, of which it has a presence in 18 cities through franchisee arrangements and with the registered and branch offices in 5 cities viz Mumbai, Pune, Delhi, Bhopal and Ahmedabad.

### Financial Summary

(In Lacs)			
For the Period Ended	Jun-22	Mar-22	Mar-21
Total Assets	587.14	487.14	144.89
Net Assets	201.84	147.21	34.00
Total Borrowings	112.51	43.57	0.06
Total Revenue	228.03	1,009.49	386.78
Profit After Tax	17.12	111.20	4.77

### Tentative Timeline

Opening Date	Dec 21, 2022
Closing Date	Dec 23, 2022
Basis of Allotment	Dec 28, 2022
Initiation of Refunds	Dec 29, 2022
Credit of Shares to Demat	Dec 30, 2022
Listing Date	Jan 02, 2023



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## Company Overview

Moxsh Overseas Educon Limited was first established in the year 2012 as a proprietorship firm. Later on in the year 2018 it was converted to private limited company and was incorporated as “Moxsh Overseas Educon Limited”. The company is in the business of providing coaching services, mobility services and consultancy services to the medical aspirant students. Company currently has 23 touchpoints in India, of which it has a presence in 18 cities through franchisee arrangements and with the registered and branch offices in 5 cities viz Mumbai, Pune, Delhi, Bhopal and Ahmedabad.

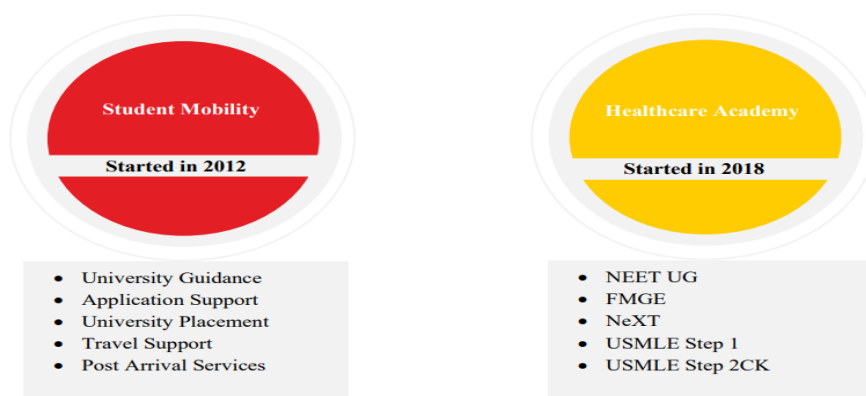
## Analysis

The company being incorporated in the year 2018 shows lack of track record but considering the fact that it was established in 2012 as a proprietary concern in 2012, it has a decent track record of existence.

The revenue model of the company mainly includes Educational Services, Consultancy services and Mobility Services specially to students pursuing their career in the medical field. However, the company plans to extend its services to other educational fields as well.

The business model of the company is not very unique. There are many reputed and branded exam preparatory service providers companies in India as well as overseas and the people are much more aware of them. The competitive scenario in this industry is very high.

The main services offered by the company is depicted as below –





Company has tried to come up with some innovative ideas such as **Xera EdTech** with an objective to consolidate these unorganized student recruitment agents from India and other developing countries from SAARC, African continent and GCC area under a single tech platform and **Studium** to set up hybrid learning centers across Tier II and Tier III cities of India.

The revenue of the company saw an evident dip in the FY 21 as it was hit by the outbreak of COVID. If we see other years, the revenue of the company has been somewhat close to 9-10 crores and we expect the trend to continue in the coming future.

To conclude, the company's business model is already competitive with the emergence of many EdTech educational service providers whose other objective is also to provide consultancy services as that of the company.

## Industry Charts

Exhibit 1: Indian Education Industry Market Size (US\$ Billion)

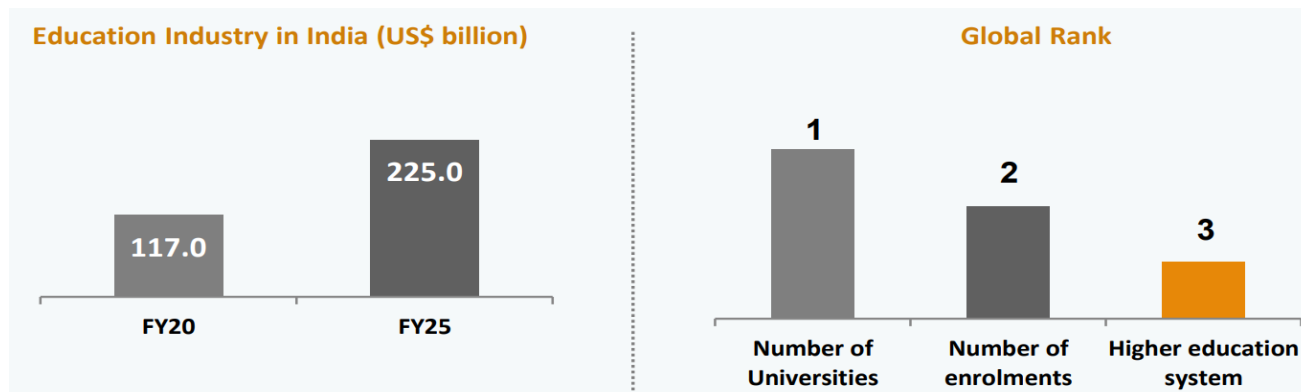


Exhibit 2: Indian Education Industry Sector Composition

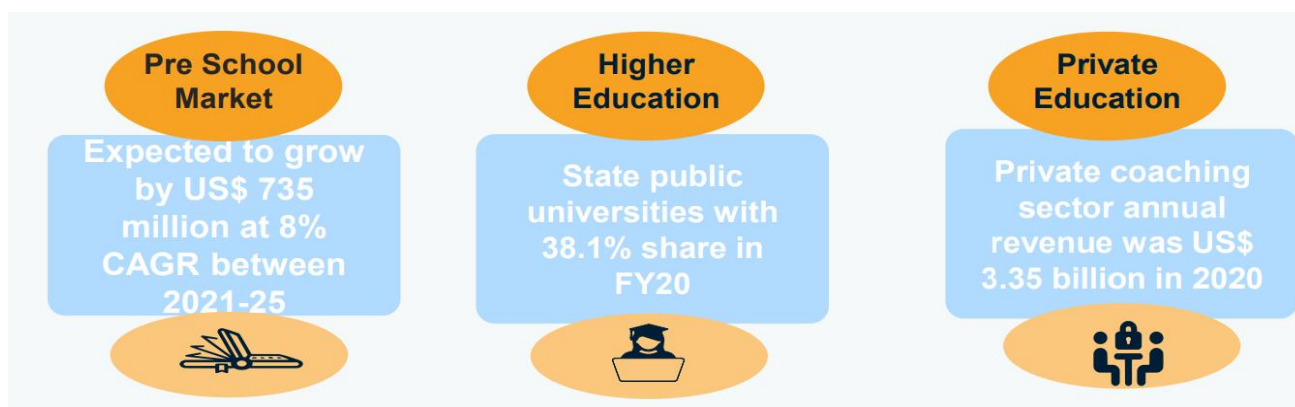
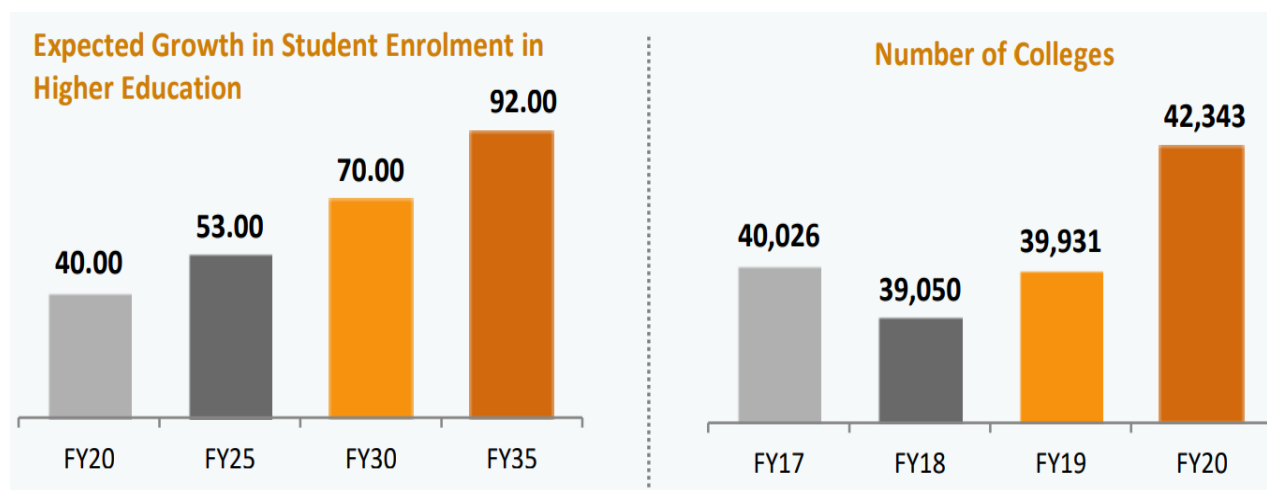


Exhibit 3: Key Trends in Indian Education Market





(Source: ibef.org)

## Investment Overview

### Education Industry

India has the largest population in the world in the age bracket of 5-24 years with 580 million people, presenting a huge opportunity in the education sector. India holds an important place in the global education industry. India has one of the largest networks of higher education institutions in the world. However, there is still a lot of potential for further development and improvement in the education system.

With increasing awareness, private Indian players are collaborating with international brands to provide an international standard of education. Private investments in the Indian education sector have increased substantially over the past two decades. The demand for specialised degrees is also picking up with more and more students opting for specific industry-focused qualifications. Higher education institutes in India are focusing on creating online programmes due to the increasing demand from consumers.

With cutting-edge technologies such as AI, ML, IoT and blockchain, India's education sector will redefine itself in the years to come. It has also embraced the Education 4.0 revolution, which promotes inclusive learning and increased employability. The government has implemented policies like the NEP, which will be fully implemented over the course of this decade starting from 2021-22, and will have a strong focus on high-quality vocational education.



### **Addressable Market for Moxsh Overseas Limited**

The company currently operates in major cities of India through franchise model. It has 23 touch points in India as well as 5 branch offices. The company could cover other parts of India and overseas as well through their franchise models in the coming times.

### **Competition**

Company operates in a highly competitive environment. The threat of new entrant is low and there are many other education service providers in India as well as abroad providing the kind of services as that of the company. The bargaining power of customers is very high and the customers are not very reluctant to shift.

### **Peer Analysis**

As provided in the prospectus, the company do have any listed peer.



## Promoters' Profile and Management Analysis

### Ms. Priti Dhananjay Shah



- **Ms. Priti Dhananjay Shah**, is Promoter and Whole Time Director of the company.
- She possesses Bachelor of Commerce degree from S.I.E.S College, University of Mumbai and a Diploma in Business Management from Prin. L. N. Welingkar Institute of Management Development and Research.
- She started her professional journey as the proprietor of Moksh Overseas Education Consultants in 2012.
- Her current key responsibilities include managing finance and ensuring compliances for taxes and documentations.





### **Analysis on the Company's Promoter and Board of Directors**

**Dhananjay Jaichand Shah** – aged 54 years, is the Promoter, Chairman and Managing Director. He holds a Bachelor of Engineering (Electrical) degree from University of Bombay in 1989. He has an overall experience of 28 years in different arenas such as IT Hardware Industry, New Age Digital Out of Home Media and Education Segment. In 2012, he co-founded Moksh Overseas Education Consultants as a proprietary concern engaged in business of student mobility with its primary focus being medicine programs. His current key responsibilities include Ideation, Growth strategy and team building for vision implementation.

**Priti Dhananjay Shah** - aged 50 years, holds directorship of the Company since incorporation. She possesses Bachelor of Commerce degree from S.I.E.S College, University of Mumbai and a Diploma in Business Management from Prin. L. N. Welingkar Institute of Management Development and Research. She started her professional journey as the proprietor of Moksh Overseas Education Consultants in 2012. Her current key responsibilities include managing finance of the Company and ensuring compliances for taxes and documentations.

**Brijesh Kumar Sharma** – aged 45 years, is a Whole Time Director in the Company. He has completed Electronics and Communication Engineering from MANIT (National Institute of Technology) Bhopal. He has more than 20 years of experience in the field of Medical Education System, Radio Frequency Planning & Optimization, Network Quality & Performance, Project deployment, Network Operations, Wireless and Fiber Transport Networks, Wireless Core Network and Telecom Regulatory. His current key responsibilities include Managing Business Operations in Bhopal.

To conclude, the company's promoters and board of directors are very well experienced and educated. The roles and responsibilities of the management is well defined apart from the fact that the Managing Director holds the chairman position reflecting a little concern in the corporate governance factor of the company. The independent directors are also experienced and educated and could be a great driving force for the company.

## Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th June, 2022
<b>Profit and Loss</b>			
Revenue from operations	386.31	1,008.30	228.03
Other income	0.47	1.19	-
Total Revenue	386.78	1,009.49	228.03
Expenses	364.77	820.20	199.48
Depreciation and Amortisation Cost	8.26	29.77	9.21
Finance Cost	5.54	6.55	3.53
Total Expenses	<b>378.57</b>	<b>856.52</b>	<b>212.22</b>
PBT	8.21	152.97	15.81
PBT Margin	2.13%	15.17%	6.93%
EBITDA	21.54	188.10	28.55
EBITDA Margin	5.58%	18.66%	12.52%
Net Profit	<b>4.77</b>	<b>111.20</b>	<b>17.12</b>
Net Profit Margin	1.23%	11.03%	7.51%
<b>Balance Sheet</b>			
Total Borrowings	0.06	43.57	112.51
Net Worth	34.00	147.21	201.84
Fixed Assets	106.26	161.27	166.37
Net Working Capital	-54.42	-58.01	-15.21
<b>Financial Measures (Annualised)</b>			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	80.99	4.67	2.94
Payables Turnover Ratio	1.77	1.68	1.27
Fixed Assets Turnover Ratio	3.64	6.25	7.04
Return on Capital Employed	23.90%	87.09%	5.97%
Return on Equity	14.03%	75.54%	5.29%
Debt-Equity Ratio	0.00	0.30	0.09

(The data has been taken and calculated from the financials given in the prospectus)

**Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**

The EBITDA of the company has grown from Rs. 21.54 lacs in 2021 to Rs. 188.10 lacs in 2022 and on 30<sup>th</sup> Jun 2022 it was Rs.28.55 lacs and if we annualise the same it would be around Rs. 114.20 lacs. The EBITDA on annualised basis has grown at a CAGR of 130.26%, but the year 2021 was affected with COVID which had affected the revenue of the company. The EBITDA margin in 2021 was 5.58%, 18.66% in 2022 and 12.52% as on 30<sup>th</sup> Jun 2022.

**Net Profit**

The net profit of the company has grown from Rs 4.77 lacs in 2021 to Rs. 111.20 lacs in 2022 and as on 30<sup>th</sup> Jun 2022 it was Rs. 17.12 lacs and if we annualise the same it would be around Rs. 68.48 lacs growing at a CAGR of 278.90%. Again such an abnormal increase is because of FY 21 been affected by COVID. If we see on Y-o-Y basis, the net profit of the company has shown some decline.

**Finance Cost.**

The company's finance cost mainly due to short terms borrowings availed by the company.

**Financial Measures/Ratios**

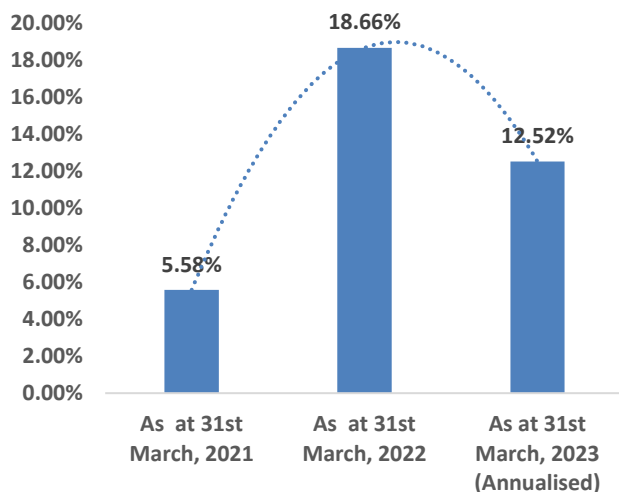
RoCE of the company up to 30<sup>th</sup> Jun 2022 is 8.42% vs 87.09% in 2022 and 23.90% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 5.97%. The RoCE has shown fluctuations because of fluctuation in its operating profits. However, the RoCE is not very promising for the company.

ROE of the company in 2021 was 14.03%, 75.54% in 2022 and 8.48% up to June 2022, if annualised, ROE would be around 5.29%. The ROE is estimated to fall due to new capital being brought in by the company through IPO.

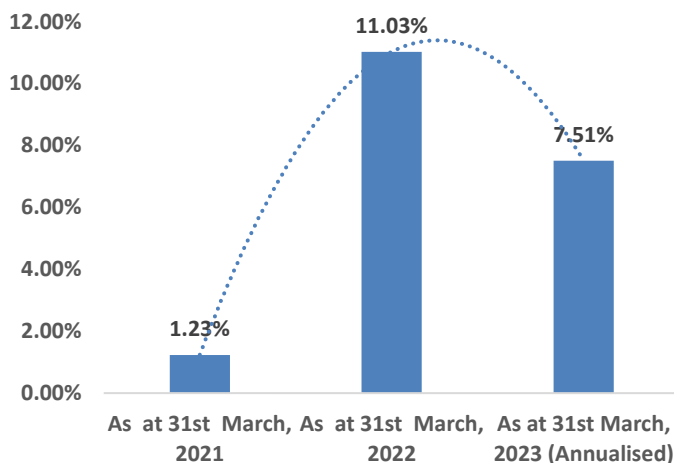
The company has a debt-equity ratio of 0.56 which shows the company is decently leveraged but could better utilise debts in their favour. The debt-equity ratio is going to go further down to around 0.09 times post IPO.

## Financial Charts

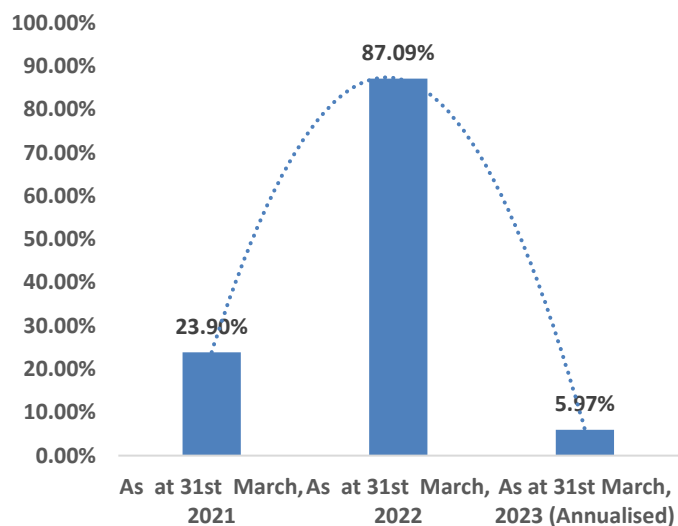
**EBITDA Margin**



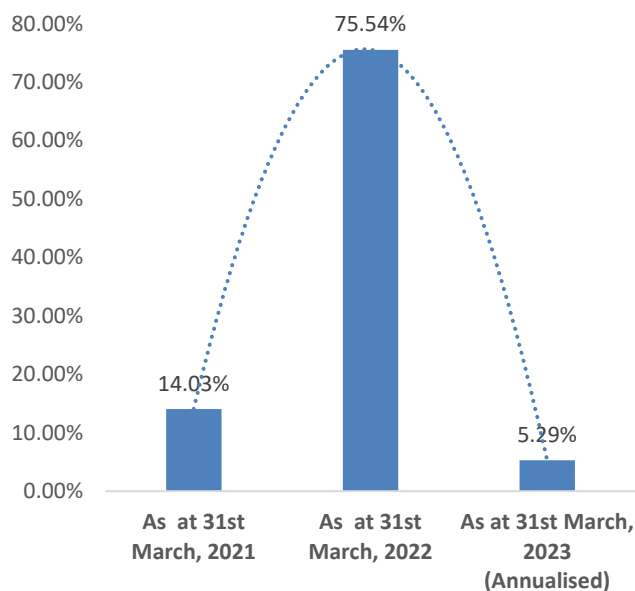
**Net Profit Margin**



**Return on Capital Employed**



**Return on Equity**





## Key Risk Factors

1. Company, Promoters, Directors and group Companies are involved in certain litigations including tax related litigations amounting to Rs. 44.25 lacs and certain unascertainable litigations as well, which if determined against the company, can affect financial conditions of the company
2. Maximum centres of the company are being operated through franchise model and so the company has limited control.
3. Top 5 franchisee of the company contributes to more than 50% of franchise sales.
4. The company has experienced negative cash flow from operating expenses for the period ended June 30, 2022.
5. The company is highly exposed to geo-political adversities.

## Track Record of Lead Manager

The lead manager to the issue is Fedex Securities Private Limited the previous issue details have been taken from the prospectus. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Company	Issue Size (In Cr)	Issue Closing Date	IPO Price/share (INR)	CMP# (INR)
DC Infotech and Communications Limited	10.80	December 27, 2019	45.00	138.00
Atam Valves Limited	4.50	October 06, 2020	40.00	173.20
Rangoli Tradecomm Limited	45.14	March 22, 2021	207.00	21.60
Rajeshwari Cans Limited	4.03	April 15, 2021	20.00	125.00
Kuberan Global Edu Solutions Limited	1.16	May 05, 2021	20.00	16.50
Aashka Hospitals Limited	101.64	September 01, 2021	121.00	64.15
Euro Panel Products Limited	45.15	December 24, 2021	70.00	118.00
Wherrelz IT Solutions Limited	2.011	December 29, 2021	171.00	-
Sunrise Efficient Marketing Limited	16.69	April 12, 2022	121.00	201.90
Le Merite Exports Limited	48.00	May 09, 2022	75.00	65.45
Kesar India Limited	15.82	July 12, 2022	170.00	196.00
Virtuoso Optoelectronics Limited	30.24	Sep 15, 2022	56.00	141.50
Tapi Fruit Processing Limited	5.21	Sep 22, 2022	48.00	68.00

**#CMP is taken as on 19<sup>th</sup> December 2022**

Out of the last 10 listings of Fedex Securities, 2 opened at par and rest at premium.



## Recommendation

The company although has a good experience considering the year of establishment being 2012 but has not been able to generate sustainable revenue and profit margins which would have given confidence to its investors.

The company has been in an industry which is highly competitive and the competition has intensified with new EdTech platforms coming in the market.

The management of the company is well experienced and educated. The management's role has been clearly defined.

The company is getting listed at a Post IPO PE of around 29 times which seems to be on a higher side, looking at the record of the company over the past years.

To conclude, the company has not shown enough strength in its financial numbers to lure investors. Also, the fragmented market is acting against the company's prospect and so one **should avoid** applying in the IPO.



## Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

**We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.**