



IPO Details		Company Background			
<b>Opening Date</b>	Sept 25, 2023	<ul style="list-style-type: none"> <li>○ Saakshi Medtech and Panels Limited was originally incorporated in the year 2009 and has its registered office in Maharashtra.</li> <li>○ The Company is a diversified company engaged in manufacturing: i) Electrical Control Panels and Cabinets ii) Medical X-ray Systems used in the healthcare industry iii) Fabrication works for locomotives and (iv) wire harness division.</li> <li>○ The company operate through three manufacturing facilities situated in Pune.</li> <li>○ As of 31<sup>st</sup> March 2023, the Company has 255 employees on its payroll.</li> </ul>			
<b>Closing Date</b>	Sept 27, 2023				
<b>Stock Exchange</b>	NSE SME				
<b>Lot Size</b>	1,200 Shares				
<b>Issue Price</b>	₹ 92 to ₹ 97 per share				
<b>Issue Size</b>	Aggregating up to 45.16 Cr.				
<b>Fresh Issue</b>	Aggregating up to 45.16 Cr.				
<b>Offer for Sale</b>	-	<b>Market Capitalization (In Cr.)</b>			
<b>Application Amount</b>	₹ 1,16,400				
<b>IPO Objective</b>		<b>Pre-Issue</b>			
Capital Expenditure towards civil construction work in Factory Unit II		₹ 126			
Repayment in full or in part of borrowings.		<b>Post-Issue</b>			
Capital Expenditure towards the installation of additional plant and machinery.		₹ 171			
Working Capital Requirements.		<b>Financial Summary (In Lacs)</b>			
General Corporate Purpose.		<b>For the Period Ended</b>	<b>Mar-21</b>	<b>Mar-22</b>	<b>Mar-23</b>
<b>Pre-Issue Shareholding</b>		<b>Total Assets</b>	5,591.50	6,521.92	9,324.23
<b>Category</b>	<b>No. of Shares</b>	<b>% of Total Shares</b>	<b>Net Assets</b>	2,048.17	2,985.77
Promoter & Promoter Group	1,29,99,500	100.00%	<b>Total Borrowings</b>	2,199.44	1,635.78
Public	500	-	<b>Total Revenue</b>	6,022.18	9,169.34
<b>Promoter of the Company</b>			<b>Profit After Tax</b>	220.08	937.57
1	Aniket Vijay Latkar				1,238.30
2	Chitra Vijay Latkar		<b>Tentative Timeline</b>		
<b>Competitive Strengths</b>			<b>Opening Date</b>	Sept 25, 2023	
1	Diversified range of products.		<b>Closing Date</b>	Sept 27, 2023	
2	Engineering expertise with complex product manufacturing capability.		<b>Basis of Allotment</b>	Oct 03, 2023	
3	Long-term and well-established relationships with OEM Customers.		<b>Initiation of Refunds</b>	Oct 04, 2023	
4	Quality Assurance.		<b>Credit of Shares to Demat</b>	Oct 05, 2023	
5	Stable financial performance.		<b>Listing Date</b>	Oct 06, 2023	
6	Experienced promoters and management.				



**Company Background and Analysis**

The Company was originally incorporated in the year 2009. The company is a diversified company engaged in manufacturing: i) Electrical Control Panels and Cabinets used in elevators, air compressors, renewal energy industry, oil & gas exploration industry, electrical vehicle charging stations etc, ii) Medical X-ray Systems used in the healthcare industry iii) Fabrication works for locomotives and (iv) wire harness division for the captive consumption in electrical control panels and for supply to air compressor industry. The company operates through three manufacturing facilities situated in Pune with a total built-up area of approx. 9600 sq mtr.

The company design, program and assemble Electrical Control Panels and Cabinets comprising microcontroller, programmable logic controllers and SCADA system. The end users for the products in this category include OEMs producing elevators, wind turbines, air compressors, oil & gas exploration equipment, electrical vehicle charging stations or diesel generators.

Medical X-ray system manufactured and assembled by the company comprises of X-ray machine, Imaging system, Generator and mechanics. The company has been a certified manufacturer of medical diagnostic X-ray equipment by AERB since 2018. With the research and development initiatives, the company has recently received a Licence to Manufacture Medical Devices for the purpose of Testing from The Central Drugs Standard Control Organisation (CDSCO). The company has recently also got its testing lab certified by NABL for testing of medical diagnostic x-ray equipment. The major clientele in this product category includes Wipro GE Healthcare Pvt. Ltd, Philips India Limited, and BPL Medical Technologies Private Limited.

The company is also involved in the Fabrication of High-level Assembly (HLA) to be installed in locomotives which include manufacturing and assembly of sensor box, battery boxes, sandboxes, dynamic brake weldments, resistor boxes, oil tank assemblies, snow plough etc. The company mainly supply these HLA to the Wabtec group of companies namely, Wabtec India Industrial Private Limited, Wabtec Transportation Systems LLC, and Wabtec Locomotive Private Limited. The company has entered into a long-term supply agreement with Wabtec India Industrial Private Limited, valid up to the year 2027.

The company also has a wire harness division where wiring assembly or cable assembly is undertaken for the transmission of signals or electrical power in the electrical cables or wires.

Product-wise revenue break-up for the fiscal year ended 2021, 2022, and 2023 are given below-

(Amount in Lakhs)

Particulars	Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023	
	Amount	%	Amount	%	Amount	%
Medical X-Ray System	353.01	5.91%	250.88	2.74%	322.17	2.64%
Electrical Control Panel and Cabinets	3,194.39	53.44%	5,821.34	63.57%	8,513.71	69.75%
Fabrication Works	1,540.59	25.77%	2,365.13	25.83%	2,331.39	19.10%
Wire Harness Division	121.50	2.03%	156.38	1.71%	191.16	1.57%
Trading	712.75	11.92%	489.28	5.34%	758.96	6.22%
Others	55.15	0.92%	74.76	0.82%	88.43	0.72%
Total	5,977.39	100.00%	9,157.77	100.00%	12,205.82	100.00%



To conclude, the company was originally incorporated in the year 2009. The company is a diversified company engaged in manufacturing Electrical Control panels, Medical X-ray systems, Locomotives, and Wire Harness Division. The major revenue generation for the company is through electrical control panels. The company is raising total gross proceeds of Rs. 45.16 Cr.

### **Business Strategies**

**1. Leverage the manufacturing and engineering capabilities, to tap the industry opportunities.**

The company intends to capitalize on the unutilized capacity at the manufacturing facilities to further increase production of the current portfolio of electric control panels and take advantage of the experience of the sales and marketing team to increase visibility in the domestic market.

**2. Continue to reduce operating costs and improve operational efficiencies.**

The Company intends to continue enhancing the operational efficiencies, to increase economies of scale, better absorb the fixed costs, reduce the other operating costs and strengthen the competitive position. Further, the company intends to leverage technology for effective utilization of the machinery through digital solutions and also focuses on increasing the levels of digitization in the operations such that it allows for tracking and monitoring the sales force and distribution channel and mapping it to the entire network of customers.

**3. Increase the geographical reach and expand the customer base.**

The company intends to continue to strengthen and establish relationships with existing customers for direct sales. The company intends to increase the volume of sales to a larger customer base or authorized dealers or distributors through various promotional activities, including product launches, electrician meets, exhibitions, etc.

**4. Continue to focus on R&D activities to develop and optimize niche and high-value products.**

The company plans to continue to expand the technological coverage and research and development activities to invest in incremental innovation of existing products.

**5. Expand the manufacturing facility and Product Range.**

The company intends to expand its manufacturing facility and product range. The company intends to expand fabrication works of High-level Assembly for electric locomotives. For the said purposes, the company has installed its Factory Unit 3 located at Plot no. Plot No. T-75, 'T' Block, Pimpri Chichwad Industrial Area, Pune.

### **Competitive Scenario and Peer Mapping**

#### **Competition**

The company faces competition from various companies for each of its business segments due to its diversified portfolio. The competitors range from small start-up companies to larger companies. The barrier to entry in such a sector is moderate. The bargaining power with the suppliers is high and the bargaining power with the customers is relatively low in the industry in which the company operates.

#### **Peer Analysis**

The company do not have any listed peers as per the offer document.

**Industry Overview**

Exhibit 1: Electrical Equipment market (US\$ billion)

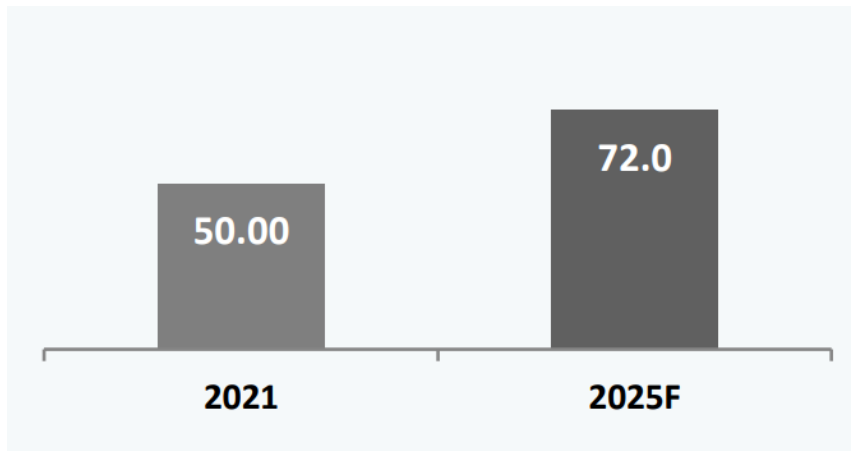


Exhibit 2: Engineering R&D\* (US\$ billion)

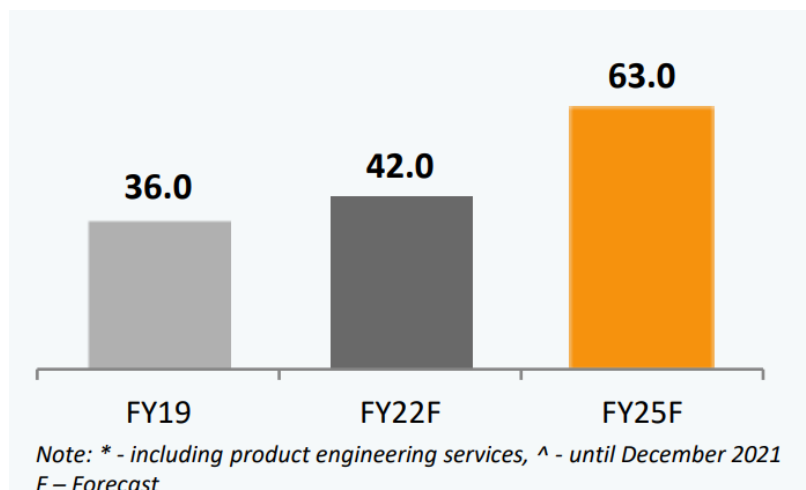
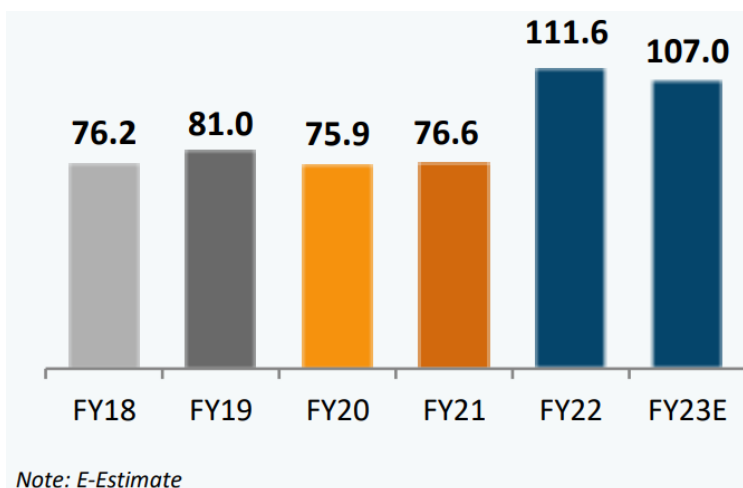


Exhibit 3: India's Engineering Exports (US\$ billion)



(Source: ibef.com)



## **Engineering and Capital Goods Industry -**

India's Capital Goods manufacturing industry serves as a strong base for its engagement across sectors such as Engineering, Construction, Infrastructure and Consumer goods, amongst others.

The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. Demand for engineering sector services is being driven by capacity expansion in industries like infrastructure, electricity, mining, oil and gas, refinery, steel, automobiles, and consumer durables. India has a competitive advantage in terms of manufacturing costs, market knowledge, technology, and innovation in various engineering sub-sectors. India's engineering sector has witnessed a remarkable growth over the last few years, driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of huge strategic importance to India's economy.

The development of the engineering sector of the economy is also significantly aided by the policies and initiatives of the Indian government. The engineering industry has been de-licensed and allows 100% foreign direct investment (FDI). Additionally, it has grown to be the biggest contributor to the nation's overall merchandise exports. Capital Goods sector contributes to 12% of India's manufacturing output and 1.8% to GDP. Market valuation of the capital goods industry was US\$ 43.2 billion in FY22.

Imports of Electrical Machinery in India increased to US\$ 16.1 billion in 2021. The Indian electrical equipment industry comprises of two broad segments, Generation equipment (boilers, turbines, generators) and Transmission and distribution (T&D) and allied equipment like transformers, cables, transmission lines, etc. The sector contributes about 8% to the manufacturing sector in terms of value, and 1.5% to overall GDP. Incentives for capacity addition in power generation will further increase the demand for electrical machinery.

The electrical equipment market share in India is expected to increase by US\$ 33.74 billion from 2021 to 2025 at a CAGR of 9%. The domestic electrical equipment market is expected to grow at an annual rate of 12% to reach US\$ 72 billion by 2025. In FY21, India's heavy electrical equipment production stood at Rs. 168,949 crore (US\$ 21.15 billion). Production of generation equipment (boilers, turbines and generators) in India is estimated to be around US\$ 5.7 billion by 2022. The electrical machinery/equipment segment grew nearly 90% with shipments jumping to Rs. 13,606 crore (US\$ 1.6 billion) in April-July 2022 from Rs. 7,202 crore (US\$ 869 million) in the year-ago period.

## **Road Ahead-**

The electrical equipment market share in India is expected to increase by US\$ 33.74 billion from 2021 to 2025, and the market's growth momentum will accelerate at a CAGR of 9%. Investment in engineering R&D sector is expected to reach US\$ 63 billion by 2025. Market size for the Indian Construction Equipment Market stood at US\$ 5.2 billion in FY22 and is forecasted to grow at a CAGR of 8.9% to reach US\$ 8.7 billion by 2028. The construction equipment industry is expected to sell 165,097 units by 2028. The machine tools market is expected to reach US\$ 2.5 billion by 2028, exhibiting a growth rate (CAGR) of 9.4% during 2023-28. India's expected export of medical devices will reach ~ US\$ 10 billion by 2025.

India steam boiler systems market size is expected to reach nearly US\$ 22.56 billion by 2027 with the CAGR of 4.63% during the forecast period.

(Source: ibef.com)



## Key Managerial Personnel

**Aniket Vijay Latkar**, aged 41, is one of the Promoters, Chairman, and Managing Director of the company. He holds the degree in Bachelor of Engineering in Mechanical and has completed his Master of Science in Engineering Business Management. He has an overall experience of around 15 years in the production, marketing, and engineering divisions.

**Chitra Vijay Latkar**, aged 66, is one of the Promoters, and Non-Executive Director of the company. She holds the degree in Bachelor of Home Science. She has an experience of around 12 years has experience in human resource skill development and looks after the CSR activities of the company.

**Mayuri Aniket Latkar**, aged 38, is the Whole-Time Director, and CFO of the company. She has completed her Post Graduation Diploma in Management in Finance and also holds a degree in Bachelor of Engineering in Electronics and telecommunication. She has work experience of around 13 years in finance and administrative sector.

**Amit Yashavant Ghaisas**, aged 48, is the Independent Director of the company. He has completed his Postgraduation Diploma in Business Administration and Graduation in Mechanical Engineering. He has an experience of around 12 years in building a pan-India sales team for electronics components.

**Vishvas Vinayak Palande**, aged 67, is the Independent Director of the Company. He has completed his Bachelor of Engineering and has also completed his graduation in Law. He has an experience of around 41 years in Engineering, General Management, Legal and Manufacturing

To conclude, the company has 2 promoters, and they have good experience in the fields in which the company operates and in the field which helps in the growth of the business. The remaining directors have good knowledge in the fields which help in the growth of the business.


**Financial Snapshot**

<b>Profit and Loss Statement</b>		<b>(In Lacs)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	
Revenue from Operations	5,977.39	9,157.78	12,205.82	
Other Income	44.79	11.56	14.36	
<b>Total Income</b>	<b>6,022.18</b>	<b>9,169.34</b>	<b>12,220.18</b>	
<b>Expenses</b>				
Cost of Material Consumed	3,605.10	5,716.48	7,392.58	
Purchase of Stock in Trade	533.14	368.05	741.23	
Changes in Inventories	-81.38	-60.10	-193.81	
Employee benefits expense	751.81	922.80	1,323.58	
Finance costs	148.37	131.16	145.91	
Depreciation and Amortization expense	169.66	172.16	265.38	
Other expenses	580.57	654.15	889.01	
<b>Total Expenses</b>	<b>5,707.27</b>	<b>7,904.70</b>	<b>10,563.88</b>	
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>588.15</b>	<b>1,556.40</b>	<b>2,053.23</b>	
<b>EBITDA Margin</b>	<b>10%</b>	<b>17%</b>	<b>17%</b>	
<b>Profit/(Loss) before tax</b>	<b>314.91</b>	<b>1,264.64</b>	<b>1,656.30</b>	
Tax Expense				
Current Tax	95.58	326.75	424.82	
Excess/short provision written back / off	13.90	12.17	-3.35	
Deferred tax (net)	-14.65	-11.85	-3.47	
Total Tax Expense	94.83	327.07	418.00	
<b>Profit/(Loss) for the year</b>	<b>220.08</b>	<b>937.57</b>	<b>1,238.30</b>	
Net Profit Margin	4%	10%	10%	

<b>Balance Sheet</b>		<b>(In Lacs)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	260.00	260.00	260.00	
Reserves and Surplus	1,788.17	2,725.77	3,964.07	
<b>Total Equity</b>	<b>2,048.17</b>	<b>2,985.77</b>	<b>4,224.07</b>	
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long Term Borrowings	802.21	719.17	722.33	
Deferred Tax Liabilities (Net)	36.20	24.35	20.88	
Other Long-Term Liabilities	-	-	212.76	
Long Term Provisions	26.91	22.96	51.83	
<b>Total Non-current liabilities</b>	<b>865.32</b>	<b>766.48</b>	<b>1,007.80</b>	
<b>Current liabilities</b>				
(i) Short Term Borrowings	1,397.23	916.61	1,285.12	
(ii) Trade Payables				
i) Due to micro and small enterprises	117.69	134.03	127.48	
ii) Due to other than micro and small enterprises	960.95	1,241.88	1,905.28	
Other Current Liabilities	13.63	29.97	159.14	
Short Term Provisions	188.51	447.18	615.33	
<b>Total Current liabilities</b>	<b>2,678.01</b>	<b>2,769.67</b>	<b>4,092.35</b>	
<b>Total Liabilities</b>	<b>3,543.33</b>	<b>3,536.15</b>	<b>5,100.15</b>	
<b>Total Equity and Liabilities</b>	<b>5,591.50</b>	<b>6,521.92</b>	<b>9,324.22</b>	



<b>Balance Sheet</b>			
<b>(In Lacs)</b>			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2,164.63	2,579.44	3,418.00
Intangible assets	-	-	12.53
Capital WIP	2.64	-	-
Intangible Assets under Development	12.90	12.90	-
Non-Current Investments	25.40	-	-
Deferred Tax Assets (Net)	-	-	-
Long-Term Loans & Advances	-	-	-
Other Non-Current Assets	283.21	283.21	282.91
<b>Total Non-Current assets</b>	<b>2,488.78</b>	<b>2,875.55</b>	<b>3,713.44</b>
<b>Current Assets</b>			
Inventories	1,057.22	1,336.40	2,367.03
Trade Receivables	1,466.73	1,746.73	2,295.57
Cash and Cash Equivalents	276.54	130.27	315.70
Short-Term Loans and Advances	263.76	378.09	492.04
Other current assets	38.47	54.88	140.45
<b>Total Current assets</b>	<b>3,102.72</b>	<b>3,646.37</b>	<b>5,610.79</b>
<b>Total Assets</b>	<b>5,591.50</b>	<b>6,521.92</b>	<b>9,324.23</b>

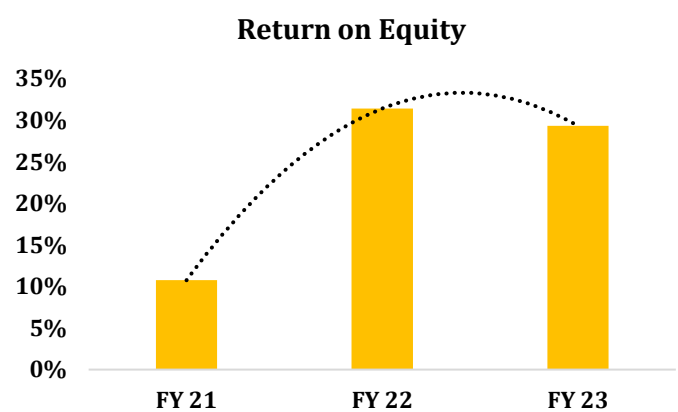
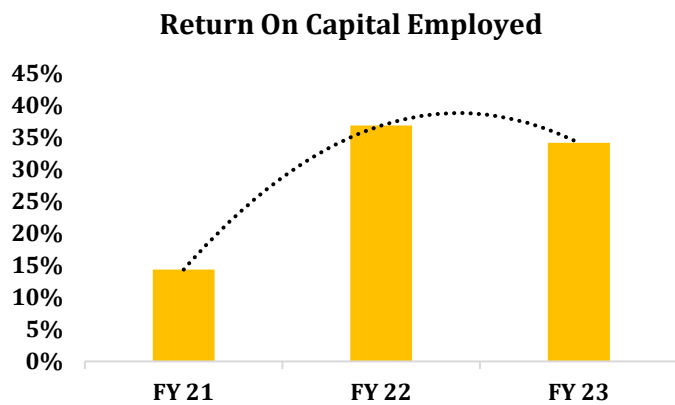
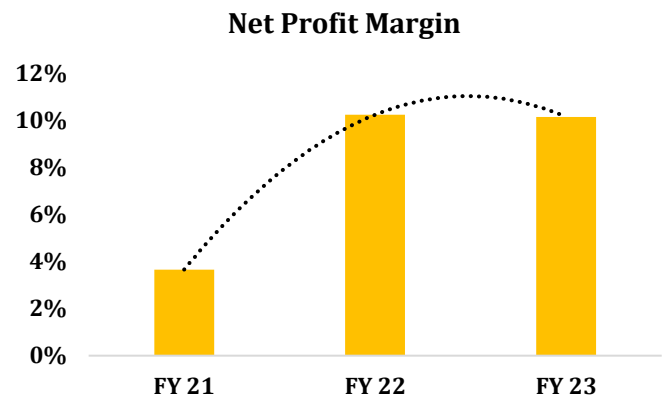
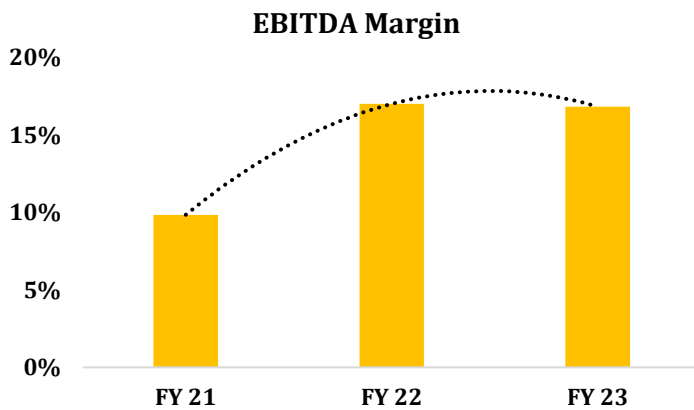
<b>Cash Flow Statement</b>			
<b>(In Lacs)</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Net Cash Flow from Operating Activities	27.60	1,096.20	1,053.11
Net Cash Flow from Investing Activities	-77.23	-547.64	-1,093.46
Net Cash Flow from Financing Activities	151.82	-694.82	225.77

<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Per Share Data</b>			
Diluted EPS	1.69	7.21	9.53
BV per share	11.60	16.91	23.92
<b>Operating Ratios (%)</b>			
EBITDA Margins	10%	17%	17%
PAT Margins	4%	10%	10%
Inventory days	64.56	53.26	70.78
Debtor days	89.56	69.62	68.65
Creditor days	90.69	79.67	82.71
<b>Return Ratios (%)</b>			
RoCE	14%	37%	34%
RoE	11%	31%	29%
<b>Valuation Ratios (x)</b>			
EV/EBITDA	6.75	2.89	2.88
Market Cap / Sales	2.87	1.87	1.40
P/E	57.40	13.45	10.18
Price to Book Value	8.36	5.74	4.05
<b>Solvency Ratios</b>			
Debt / Equity	1.07	0.55	0.48
Current Ratio	1.16	1.32	1.37
Quick Ratio	0.76	0.83	0.79
Asset Turnover	1.07	1.40	1.31
Interest Coverage Ratio	2.82	10.55	12.25





## Financial Charts



## Key Risk Factors

1. The Company is dependent on certain key customers for the sale of the products. For the fiscals 2023, 2022 and 2021, the top five customers contributed to 93.08%, 90.45% and 90.57% of the revenue from operations.
2. The Company is involved in certain legal proceedings and potential litigations. A criminal matter filed by the company amounting to Rs. 2.90 lakhs.
3. The company has certain contingent liabilities. The Contingent liabilities as of March 31, 2023, were ₹ 581.94 Lakhs.



### Track Record of Lead Manager

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.	Kahan Packaging Limited	5.76	80.00	September 15, 2023	155.65
2.	Asarfi Hospital Limited	26.94	52.00	July 26, 2023	114.50
3.	Kaka Industries Limited	21.23	58.00	July 19, 2023	177.25
4.	Greenchef Appliances Limited	53.62	87.00	July 06, 2023	119.35
5.	Hemant Surgical Industries Limited	24.84	90.00	June 05, 2023	198.90
6.	Vasa Denticity Limited	54.07	128.00	June 02, 2023	431.00
7.	Labelkraft Technologies Limited	4.75	55.00	March 23, 2023	82.90
8.	Systango Technologies Limited	34.82	90.00	March 15, 2023	267.00
9.	Macfos Limited	23.74	102.00	March 01, 2023	337.00
10.	Earthstahl & Alloys Limited	12.96	40.00	February 08, 2023	60.00

\*CMP for the above-mentioned companies is taken as of 21<sup>st</sup> September 2023.

As per the offer document, Hem Securities Limited has had 27 mandates in the last three fiscal years. For Hem Securities Limited from the above-mentioned mandates all has opened at premiums on the listing date.



### **Recommendation**

The company has been in the industry since 2009 and has good experience in the industry. The company has seen consistency in the increase of both top-line and bottom-line financials.

The PE on an annualised and post-IPO basis is 13.83 times which seems to be fairly priced by looking at the performance of the company.

The company operates in a highly competitive segment with the company operating with diversified products it faces competition from various companies. The management outlook of the company is decent. The financial outlook of the company is decent with consistency in its increase. The company has a good clientele and major cause for revenue generation. The company is expanding both in expanding the manufacturing unit and the production of new products. One can **APPLY** to this IPO for long-term investments given the continued clientele going forward.



### **Disclaimer**

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