



IPO Note

Mach Conferences and Events Limited

Recommendation: **AVOID!**

Company Background -

- Mach Conferences and Events Limited was originally formed and incorporated on April 29, 2004. The registered office is located in Najafgarh, New Delhi, India.
- The Company operates within the MICE (Meetings, Incentives, Conferences, and Exhibitions) industry, specializing in providing comprehensive event management solutions.
- The company operates in arranging small corporate events to large global events.
- The company operates in more than 18 States and Union Territories.
- The company had 55 permanent employees as of March 31, 2024.

Objects of the Issue -

- To meet the Working Capital Requirements.
- General Corporate Purposes.

Promoters Name -

Amit Bhatia and Laveena Bhatia

Rationale for recommendation -

- ✓ The company has seen exponential growth in the top line and bottom line which may not be sustainable going forward.
- ✓ The company has had negative operating cash flow for FY 2022 and FY 2023.
- ✓ The company's management overview is not very satisfactory.
- ✓ The company has high concentration in buyers which raises concerns.
- ✓ The company has had loss for FY 2022.
- ✓ The segment in which the company operates is very competitive.

IPO Details

Opening Date	Sep 04, 2024
Closing Date	Sep 06, 2024
Allotment Date	Sep 09, 2024
Listing Date	Sep 11, 2024
Stock Exchange	BSE SME
Lot Size	600 Shares
Issue Price Per Share	₹214 - ₹225
Issue Size	125.28 Cr.
Fresh Issue	50.15 Cr.
Offer for Sale	75.13 Cr.
Application Amt	₹ 1,35,000 (600 shares)

INDUSTRY - MICE (Meetings, Incentives, Conferences and Exhibition) Industry

P/E Average - **54.48**

KPI's	KPIs		(In Lakhs)
	FY 22	FY 23	FY 24
Revenue	2,314.09	14,129.17	23,725.89
EBITDA	-221.40	1,083.63	3,491.98
Net Profit	-260.64	880.75	2,618.27
RoCE	-17.31%	39.51%	60.96%
ROE	-19.20%	39.35%	52.82%
P/E	-	48.08	16.16

Promoter Share Holding Pattern

Pre-Issue	Post Issue
95.97%	69.93%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	13.92	12.45
BVPS	26.35	47.40
P/E	16.16	18.08
P/BV	8.54	4.75
Mkt Cap (In Cr)	423.18	473.33

Lead Managers -

Beeline Capital Advisors Private Limited

Registrar -

Skyline Financial Services Private Limited

Business Overview -

Mach Conferences and Events Limited offers end-to-end services for corporate meetings, conferences, trade shows, and other gatherings, facilitating planning, execution and coordination. The Company is ISO 9001:2015 Certified for Quality Management Systems. The company is a member of Pacific Asia Travel Association (PATA) since 2012. The company has been recognized as an ALLIED member of the Indian Association of Tour Operators (IATO)

Operations -

Events & Conferences - The services included under for example are venue selection, agenda creation, speaker coordination, and attendee management etc.

Destination Management - This includes venue selection, accommodation arrangements, transportation logistics, local activities, and on-site coordination.

Hotel/Venue - They facilitate hotel/venue bookings for clients according to their requirements.

Ticket & Visa arrangements - The company also takes care of all ticket bookings, visa paperwork, and embassy visits.

Logistics - Facilitate logistics services and manage all aspects of logistics including transportation, coordination with team and equipment handling.

Foreign Exchange Services - Services such as currency exchange for clients' convenience are provided.

Utilization of Net Proceeds -

The company is raising funds for working capital requirements reasoning the requirement for additional funding through which they can bid for higher-value events. With higher-value events, the company would have to pay a higher value of advances to suppliers and providers.

Company's SWOT Analysis -

Strength -

- Experienced Promoter
- Established Track Record
- One Stop Solution

Weakness -

- Lack of Funds
- Unavailability of experienced professional

Opportunities -

- Explore International Market
- Scope of association with Airline/Hotel/Other

Threats -

- Increased competition from domestic market
- Economic Recession
- Low entry Barriers



Operational Analysis -

MICE industry is a booming and growing market with good initiatives by the government of India for tourism and infrastructure.

Mach is operating in the same sector with a presence in more than 18 states and union territories through co-working spaces. The company has conducted several conferences, Events, tours, and meetings in destinations such as South Korea, Udaipur, Goa, Bangalore, Paris, London, etc. The majority of the service category includes Incentive Tours/ Events. Mach provides end to end solutions from the start of an idea till the transportation and execution with no third party involved.

Mach's clients usually include banks, insurance companies, and financial institutions. The company has also worked for various industries including Hospitality, Infrastructure, FMCG etc. **It is looking into entering the B2C segment through tourism by launching its portal "BookMyYatra.com"** and also diversifying into religious tourism.

Mach has seen a good increase in the revenue collected for FY 2024. It has seen a decrease in the number of events handled from 132 to 90 from FY 23 to 24.

Revenue Analysis -

The company generates majority of its revenue from the Package Tour & Event Services contributing to 99.73% of total income and has seen a 67.92% growth Y-O-Y.

Competition -

Market Competition: High competition and aggressive pricing strategies make it challenging to sustain growth and profit margins.

Geographic Landscape: Adapting to local preferences and economic conditions helps capture market share.

Barriers to entry: Low barriers to entry. New entrants willing to accept lower margins increase competition and pressure profitability

Bargaining Power of Buyers: Buyers have strong bargaining power due to multiple alternatives and price sensitivity.

Threat of Substitutes: Digital platforms and new technologies pose substitution risks.

Business Strategies -

- Through market research company identifies demographics and by creating a comprehensive buyer persona company delves into customers' preferences and needs with this knowledge company tailors its marketing messages.
- The company would continue to associate itself with good quality customers and execute projects to their utmost satisfaction
- The company is exploring new segments such as B2C through tourism portals and also diversify services into religious tourism.
- The company intends to allocate ample time and resources towards employee training, fostering trust, and enhancing customer service quality.

Risk Factors -

- 33 Litigations including civil proceedings, tax proceedings, statutory, regulatory actions, and other material pending litigations amounting to more than Rs. 980.25 lakhs.
- Negative Cash Flows for the FY ended 2022 and 2023. Negative cash flow can impact growth and business.
- The company had a loss during FY 2022.
- High concentration in top 10 customers contributing to 92.13%, 88.06%, and 91.80% for FY ended 2022, 2023, and 2024 respectively.

PEER ANALYSIS

Particulars	Mach Conferences and Events Limited			Exhicon Events Media Solutions Limited			Touchwood Entertainment Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	-11.3%	6.2%	11.0%	9.3%	15.3%	14.7%	7.9%	6.6%	9.6%
EBITDA Margin	-10%	8%	15%	14%	23%	23%	14%	11%	15%
RoCE	-17%	40%	61%	92%	63%	21%	18%	13%	12%
ROE	-19%	39%	53%	2%	3%	4%	2%	2%	2%
EPS (INR)	-1.39	4.68	13.92	7.82	12.99	10.09	2.07	2.43	2.97
P/E	-	48.08	16.16	-	-	33.41	49.06	65.29	45.69

MICE Industry -

Introduction -

The India meetings, incentives, conferences and exhibitions market size is estimated to be valued at US\$ 3.30 Bn in 2023 and is expected to reach US\$ 10.52 Bn by 2030, exhibiting a compound annual growth rate (CAGR) of 18% from 2023 to 2030. The MICE industry comprises of events like meetings, incentives, conferences, and exhibitions or trade fairs. It involves planning, booking, and organizing of all the above types of events. The India meetings, incentives, conferences and exhibitions market has been increasing rapidly driven by rising business travel and increasing focus of companies to organize events.

Market Analysis -

The India Meetings, Incentives, Conferences and Exhibitions market is expected to witness significant growth in the near future. The business events industry in India is driven by favourable government policies that promote tourism and business travel. Several incentives like concessions on goods and services tax and infrastructure development programs are attracting both domestic and international event organizers to host events in India. Cities like Delhi, Mumbai, Bengaluru, and Chennai have emerged as top convention destinations in the country.

Trends across India -

In India, MICE tourism has seen a considerable growth in recent years. The exhibition industry is rapidly growing at a rate of more than 8% over the past few years outpacing the GDP growth rate of the country. According to the Ministry of Tourism, India hosted over 6.9 million foreign tourists in 2019 for various events, conferences, and exhibitions. As per ICCA city and country rankings, India with 158 meetings (out of total 13,254 meetings) secured 28th rank. The MICE segment contributes significantly to the overall tourism industry, generating substantial revenue and boosting the local economy. Jio World Convention Center, Biswa Bangla Convention Center, Bharat Mandapam, Yashobhoomi, etc. in India are emerging as major MICE destinations, equipped with state-of-the-art infrastructure and world-class facilities.

Market Opportunities -

- Rising destination weddings segment: India has witnessed a major increase in lavish destination weddings in recent years such as 2022, 2023, with higher budgets, longer guest lists and extravagant set-ups planned at exotic venues.
- Expanding to new geographical regions: While major cities have been the conventional MICE hubs, upcoming destinations like Jodhpur, Udaipur, Chandigarh, Guwahati, and others provide untapped potential. Investments to upgrade infrastructure and promotion by tourism boards have widened options.
- Hospitality majors are strategizing to expand presence into such cities, provided the lower costs and uncongested spaces are available. This will allow firms to target price conscious and first-time event organizers from emerging cities, cater to their regional needs better.
- Customized event solutions: Companies can gain advantage by offering highly personalized and customized event management services tailored to client requirements - right from equipment, venue décor, F&B (Food & Beverage) entertainment and accommodations.

Future of MICE -

The future of MICE tourism in India looks promising, driven by several factors. The government's focus on infrastructure development, coupled with the promotion of India as a preferred MICE destination, is expected to attract a larger share of the global business events market. The e-Tourist Visa (e-TV) scheme has streamlined the visa application process for foreign participants, recent PM's call for 'Wed in India' has set the stage for influx of one lakh crore back in the country. Additionally, the emergence of tier-II cities as MICE hubs is diversifying the landscape and creating new opportunities for industry. With a strategic approach and collaborative efforts from stakeholders, MICE tourism is poised to become a driving force for economic growth, knowledge exchange, and cultural integration on a global scale.

Key Management -



Key Management Persons Name -	Amit Bhatia
Age	50
Designation and No. of years of experience	Promoter, Chairman, Managing Director and Executive Officer, with more than 20 years in the MICE Industry (Meetings, Incentives, Conferences and Events)
Qualification	Passed Intermediate Examination 1992.
Roles and Responsibility	Control and oversee all business operations, people and ventures.
Other Directorships	Mach Conventions and Voyages Private Limited

Key Management Persons Name -	Laveena Bhatia
Age	49
Designation and No. of years of experience	Promoter and Whole-time Director, with more than 20 years in the MICE Industry (Meetings, Incentives, Conferences and Events).
Qualification	Graduation in a Bachelor of Arts
Roles and Responsibility	Direct responsibility for strategic planning, nurturing, and building key relationships and a sustainable growth-oriented organization that maximizes value for all its stakeholders.
Other Directorships	Reveal AI Technologies Private Limited

Key Management Persons Name -	Bhavya Srivastava
Age	45
Designation and No. of years of experience	Non-Executive and Independent Director, more than 11 years in the Broadcast and Digital Media Industry.
Qualification	Postgraduate in Political Science, Post Graduate Diploma in Electronic Media and Film Production.
Roles and Responsibility	-
Other Directorships	Universe Bridge for Social Change Foundation, Suyogya Media Private Limited

Key Management Persons Name -	Hemant Koushik
Age	36
Designation and No. of years of experience	Non-Executive Independent Director, More Than 5 Years in the Practice as a Chartered Accountant.
Qualification	Degree of Chartered Accountant
Roles and Responsibility	-
Other Ventures	Innovana Thinklabs Limited, Hemant Business Consultants LLP

Key Management Persons Name -	Manishkumar Shankarlal Chandak
Age	40
Designation and No. of years of experience	Non-Executive Independent Director, more than 12 Years in the Practice of Law
Qualification	Degree of Bachelor of Legislative Law (L.L.B)
Roles and Responsibility	-
Other Ventures	-

FINANCIAL SNAPSHOT

Statement of Profit and Loss			Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24
Revenue from Operations	2,314.09	14,129.17	23,725.89
Other Income	69.79	64.71	172.68
Total Income	2,383.88	14,193.88	23,898.57
Expenses			
Employee Benefit Expenses	404.04	642.92	799.82
Finance Cost	31.17	61.36	116.56
Depreciation and Amortisation	25.84	18.47	39.01
Other expenses	2,133.02	12,402.62	19,457.66
Total Expenses	2,594.07	13,125.37	20,413.05
EBITDA	-221.40	1,083.63	3,491.98
EBITDA Margin	-9.57%	7.67%	14.72%
Exceptional Items	1.57	-	23.57
Profit/(Loss) before tax	-208.62	1,068.51	3,509.09
Tax Expense			
Current tax	-	186.69	897.06
Deferred Tax	52.02	1.07	-6.24
Total Tax	52.02	187.76	890.82
Profit/(Loss) for the year	-260.64	880.75	2,618.27
Net Profit Margin	-11.26%	6.23%	11.04%

Statement of Assets and Liabilities			Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	5.00	5.00	1,880.81
Reserves and surplus	1,352.71	2,233.47	3,075.91
Total Equity	1,357.71	2,238.47	4,956.72
2. Non-current liabilities			
Long-term borrowings	-	376.43	624.85
Deferred Tax Liabilities (Net)	42.26	51.61	60.18
Long Term Provisions	28.22	29.29	23.04
Total non-current liabilities	70.48	457.33	708.07
3. Current liabilities			
Short-term borrowings	509.69	612.10	608.23
Trade payable O/S dues of creditors other than MSME	493.75	373.16	526.04
Other Current Liabilities	1,586.16	1,871.24	2,422.14
Short-term provisions	31.43	220.34	912.56
Total Current liabilities	2,621.03	3,076.84	4,468.97
Total Liabilities	2,691.51	3,534.17	5,177.04
Total Equity and Liabilities	4,049.22	5,772.64	10,133.76
ASSETS			
1. Non-current assets			
Property, Plant & Equipment	1,218.86	1,216.90	2,159.88
Intangible Assets under Development	142.19	580.40	-
Non-Current Investments	-	-	46.00
Long-term loans and advances	6.86	3.88	13.02
Total non-current assets	1,367.91	1,801.18	2,218.90
2. Current assets			
Investments	659.24	186.87	-
Trade Receivables	1,168.83	1,239.89	1,444.28
Cash & Cash equivalents	218.58	349.60	2,155.44
Short-term loans and advances	634.65	2,195.10	4,315.13
Total Current assets	2,681.30	3,971.46	7,914.85
Total Assets	4,049.21	5,772.64	10,133.75

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	-661.56	-330.49	1,772.13
Net Cash Flow from Investing Activities	-1,511.02	44.02	-94.49
Net Cash Flow from Financing Activities	467.52	417.49	128.20

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24
Diluted EPS	-1.39	4.68	13.92	EV/EBITDA	-	2.66	1.16
BV per share	7.22	11.90	26.35	Market Cap / Sales	20.45	3.35	2.00
<u>Operating Ratios</u>				P/E	-	48.08	16.16
EBITDA Margins	-9.57%	7.67%	14.72%	Price to Book Value	31.17	18.90	8.54
PAT Margins	-11.26%	6.23%	11.04%	<u>Solvency Ratios</u>			
Inventory days	-	-	-	Debt / Equity	0.38	0.44	0.25
Debtor days	184.36	32.03	22.22	Current Ratio	1.02	1.29	1.77
Creditor days	84.49	10.98	9.87	Quick Ratio	1.02	1.29	1.77
<u>Return Ratios</u>				Asset Turnover	0.57	2.45	2.34
RoCE	-17.31%	39.51%	60.96%	Interest Coverage Ratio	-7.93	17.36	29.62
RoE	-19.20%	39.35%	52.82%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Beeline 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 –

Beeline Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Positron Energy Limited	51.21	250.00	Aug 20, 2024	630.50
2.	Ashapura Logistics Limited	52.66	144.00	Aug 06, 2024	146.35
3.	V.L. Infraprojects Limited	18.52	42.00	Jul 30, 2024	97.35
4.	Sati Poly Plast Limited	17.63	130.00	Jul 22, 2024	218.00
5.	Dindigul Farm Product Limited	34.83	54.00	Jun 27, 2024	94.00
6.	United Cotfab Limited	36.29	70.00	Jun 24, 2024	61.40
7.	Beacon Trusteeship Limited	32.52	60.00	Jun 04, 2024	108.30
8.	Rulka Electricals Limited	26.40	235.00	May 24, 2024	440.50
9.	Piotex Industries Limited	14.47	94.00	May 17, 2024	72.50
10.	Winsol Engineers Limited	23.36	75.00	May 14, 2024	345.20

The company has handled 36 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 2nd September 2024.

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

Recommendation -

Mach Conferences and Events Limited has been in the industry since 2004 and has vast experience in the industry. The management overview of the company is not very satisfactory.

The P/E on a post-IPO basis is around 16.16 times which makes it fairly priced by looking at the performance of the company and sector. The industry average P/E is 54.48 times.

The company operates in a highly competitive segment and has recently experienced exponential growth in its financials. However, the sustainability of this growth, particularly in terms of both the top line and bottom line, is questionable moving forward. Additionally, the company reported negative cash flows for FY 2022 and FY 2023, which raises concerns about its financial stability.

Moreover, the company's performance has lagged behind the overall industry growth. Given these concerns about financial sustainability, management overview and industry performance, we recommend **AVOID** this IPO.

Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.

OUR WEBSITE:

www.tiareconsilium.com

OUR APP AVAILABLE ON:



CONNECT WITH US ON :

