



IPO Note

Tankup Engineers Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** Tankup Engineers Limited was originally incorporated on Nov 03, 2020. The registered office is located at Lucknow, Uttar Pradesh.
- **Business Activity:** The company is engaged in the business of manufacturing specialised vehicle superstructure for complex mobility and storage solutions of various capacities. The product portfolio includes Mobile Refueller, Water Sprinkler, Mobile Service Van, Explosive Van, Tank Truck, Blasting Shelter etc.
- **Revenue Stream:** The company generates majority of the revenue from the sale of Refueller and Stainless-Steel Assemblies.
- **Human Resource:** The company has 61 permanent and contractual employees as on Nov 30, 2024.

Objects of the Issue -

- Repayment in full or in part of certain outstanding borrowings.
- Funding to meet working capital requirements.
- General Corporate Purposes

Promoters Name -

Govind Prasad Lath, Gaurav Lath, Pankhuri Lath and Tank-Up Petro Ventures LLP

Rationale for recommendation -

- ✓ The PE ratio of 52.18 times makes it highly priced.
- ✓ The top line and bottom line saw a sudden increase in FY23 which raises concern.
- ✓ The profitability margins have seen also seen a jump in FY24 which was due to overall decrease in expenses (cost of raw materials).
- ✓ The company had negative CFO for FY22, FY23, FY24 and Sep-24.
- ✓ The company has high concentration for customers and suppliers.
- ✓ The company has high geographic concentration in Uttar Pradesh.
- ✓ The company has limited experience in the industry.
- ✓ The industry is highly fragmented.

IPO Details

Opening Date	Apr 23, 2025
Closing Date	Apr 25, 2025
Allotment Date	Apr 28, 2025
Listing Date	Apr 30, 2025
Stock Exchange	NSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹133 to ₹140
Issue Size	19.53 Cr.
Fresh Issue	19.53 Cr.
Offer for Sale	-
Application Amt	₹ 1,40,000 (1,000 shares)

INDUSTRY – Manufacturing (Mobile storage solutions)
Avg. P/E ratio as per RHP – N/A

	KPIs (In Lakhs)			
KPI's	FY 22	FY 23	FY 24	Nov-24
Revenue	139.78	1,181.07	1,941.85	1,245.00
EBITDA	8.64	127.78	348.55	159.78
Net Profit	4.61	78.86	256.88	94.71
RoCE	7.00%	53.84%	79.31%	8.22%*
ROE	23.48%	70.80%	69.75%	5.43%*
P/E	466.67	47.14	14.99	52.18*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
100.00%	73.65%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	9.34	2.68
BVPS	147.31	49.43
P/E	14.99	52.18
P/BV	0.95	2.83
Mkt Cap (In Cr)	54.60	74.13

*Annualized

Lead Managers -

Hem Securities Limited

Registrar -

Bigshare Services Pvt Ltd

Business Overview -

Tankup Engineers Limited are engaged in the business of manufacturing specialised vehicle superstructure for complex mobility and storage solutions of various capacities. This involves manufacturing large containers or tank like solutions used for transporting/ storing various materials, which could include liquids, gases or solids, depending on customer product range. The company caters to a broad spectrum of end-use industries like: Petroleum, Mining, Infrastructure, Defence etc.

The company manufactures these tanks in various sizes and configurations to suit different needs of customers, from smaller units mounted on trailers or skids to larger capacities for heavy-duty applications.

Order Book: The outstanding order book as on Mar 13, 2025 is Rs. 2,210.99 lakhs majorly catering the defense, infrastructure, aviation, manufacturing and petroleum industry.

Manufacturing Unit: The facility is located at Lucknow, Uttar Pradesh with land size measuring 2,665 sq. mtrs. and the manufacturing capacity remained at 38.66% as on Nov -2024.

Product Portfolio:

Product	Product	Product
Refueller 	Water Sprinkler 	Tank Truck 
Mobile Service Van 	Explosive Van 	Blasting Shelter 
Airport Baggage Trolley 		

Product-wise Revenue Bifurcation:

(In Lakhs)

Particulars	FY 2022		FY 2023		FY 2024		Nov-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Refueller	70.70	50.58%	440.69	37.31%	1,026.78	52.88%	680.86	54.69%
Stainless Steel Assemblies	54.08	38.69%	398.51	33.74%	317.23	16.34%	159.89	12.84%
Service Van	-	-	120.56	10.21%	148.42	7.64%	125.69	10.10%
Water Sprinkler	-	-	60.56	5.13%	144.06	7.42%	110.08	8.84%
Tank Truck	-	-	110.32	9.34%	89.93	4.63%	118.73	9.54%
Explosive Van	-	-	22.34	1.89%	89.53	4.61%	8.26	0.66%
Blasting Shelter	-	-	-	-	6.05	0.31%	17.00	1.37%
Others (including Spares, Accessories and MS Scrap)	2.01	1.44%	27.02	2.29%	92.50	4.76%	20.26	1.63%
Service Charge	13.00	9.30%	1.07	0.09%	27.35	1.41%	2.98	0.24%
Airport Baggage Trolley	-	-	-	-	-	-	1.25	0.10%
Total	139.79	100%	1,181.07	100%	1,941.85	100.00%	1,245.00	100%

Competition -

1. **Market Competition:** The industry is competitive where the key factors of competition primarily comprise of product quality, cost, delivery, development and management.
2. **Geographic Competition:** The company faces competition from both organized and unorganized sector.
3. **Barriers to entry:** Low barriers to entry.
4. **Threat of Substitutes:** High threat of substitutes.
5. **Bargaining Power of Buyers:** The bargaining power is high with the customers.
6. **Bargaining Power of Suppliers:** The bargaining power is low with the customers.

Business Strategies -

1. The company intends to evolve the product offerings and accordingly grow the business by leveraging technological requirements of any industry.
2. The company intends to cater a greater number of industries and recently initiated to expand its operations to defence and aerospace industry.
3. The company intends to improve overall production volumes by increasing capacity utilization.
4. The company intends to expand its geographical reach and expand its customer base.

Risk Factors -

The company is highly dependent on top 10 customers for their revenue generation constituting to 99.96%, 82.42%, 63.80% and 67.71% for FY22, FY23, FY24 and Nov-24 respectively.

The company is highly dependent on top 10 suppliers for the raw material constituting to 65.41%, 75.12%, 68.47% and 65.91% for FY22, FY23, FY24 and Nov-24 respectively.

The company has high geographic concentration in Uttar Pradesh deriving majority revenue from it constituting to 97.23%, 53.68%, 36.26% and 23.77% in FY22, FY23, FY24 and Nov-24 respectively.

The company had 7 cases against it for tax matters amounting to Rs. 24.19 lakhs approx.

The directors/ promoters have 11 cases against them for tax and criminal matters amounting to Rs. 26.81 lakhs.

The company had negative cash from operations for FY22, FY23, FY24 and Nov-24.

The company has contingent liabilities amounting to Rs. 113.45 lakhs as on Nov 30, 2024.

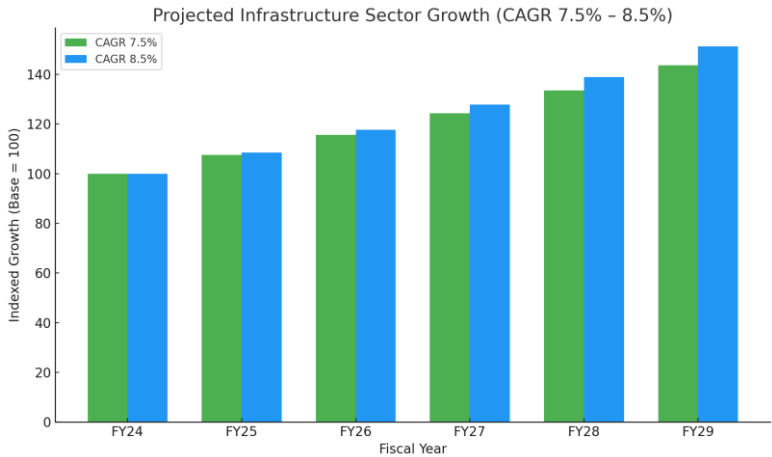
Peer Analysis -

The company believes they do not have any listed company in India and abroad that engages in a similar business to the company and thus not possible to provide an industry comparison as per its offer document.

INDUSTRY OVERVIEW -

Infrastructure Sector in India

India’s infrastructure sector is a critical pillar in the journey to becoming a **US\$ 26 trillion economy by 2047**. The sector is expected to receive **US\$ 1.4 trillion in investments by 2025** under the **National Infrastructure Pipeline (NIP)**, with a **long-term capital outlay of US\$ 1.72 trillion (₹143 lakh crore)** planned between **FY24 and FY30**. For **FY25**, capital expenditure alone is budgeted at **₹11.11 lakh crore (US\$ 133.86 billion)**, which accounts for **3.4% of India’s GDP**. The infrastructure sector is expected to grow at a **CAGR of 7.5%–8.5%** over the next 5 years, reflecting strong policy momentum and sustained public and private investment.

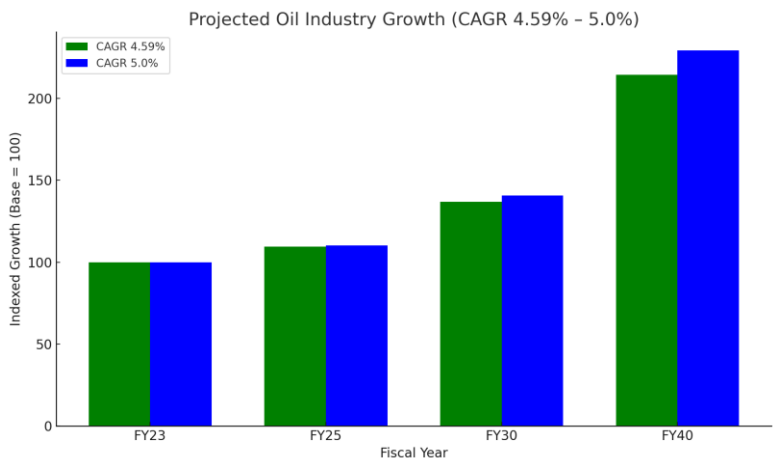


India’s infrastructure investment is projected to grow **steadily from 5.3% of GDP in FY24 to 6.5% by FY29**, driven by key initiatives such as **PM Gati Shakti, Make in India, and PLI schemes**. Historically, more than **80% of infrastructure spending** has gone towards **transportation, energy, water, and urban development**.

Oil Industry

The oil and gas industry are a cornerstone of the global economy, driven by complex, capital-intensive systems and advanced technology. Natural gas, once a byproduct often flared during oil production, has gained prominence due to its lower emissions and the U.S. shale gas boom. The sector is divided into upstream, midstream, and downstream segments. In India, it is one of the eight core industries and a major economic driver. The country, the **third-largest oil consumer in 2023**, produced **13.26 MMT of crude oil between April and September 2024** and has become a **refining hub with 23 refineries**. **Refining capacity rose from 215.1 MMTPA to 256.8 MMTPA** in the past decade and is expected to reach **310 MMTPA by 2028**.

India’s **oil demand is projected to double to 11 million barrels/day by 2045**, with **diesel consumption reaching 163 MT by 2029–30**. **Natural gas demand** is set to grow by **25 BCM**, with a **9% CAGR until 2024**. The government supports the sector through **100% FDI in upstream and private refining projects** and significant infrastructure investments. Key recent initiatives include a **₹497.25 crore allocation for compressed biogas pipelines**, a **US\$ 67 billion investment plan for the gas sector (announced in Feb 2024)**, and **advancing the 20% ethanol blending target to 2025–26**. These developments highlight the sector’s **growth potential and investment attractiveness**.



INDUSTRY OVERVIEW -**Mining Industry-**

India's metals and mining sector is poised for robust growth, driven by vast mineral reserves, rising infrastructure demand, and strong government backing. The country had **1,319 reporting mines as of FY22**, including **545 metallic** and **774 non-metallic**. In **February 2024**, key mineral production included **966 lakh tonnes of coal**, **244 lakh tonnes of iron ore**, **387 lakh tonnes of limestone**, and **2,414 thousand tonnes of bauxite**. Minerals showing strong year-on-year growth include gold (+86%), copper concentrate (+28.7%), bauxite (+21%), and chromite (+21%). India is self-sufficient in key resources like bauxite, iron ore, coal, and lignite, and ranks 2nd in crude steel and aluminium production globally. Steel demand is set to grow by **~10%**, backed by targets of reaching **300 MTPA steel capacity** and **255 MTPA production by 2030-31**. The index of mineral production rose **8% YoY** in February 2024 to **139.6**.

Recent policy moves are unlocking sector potential. The PLI Scheme for Specialty Steel has drawn **US\$ 3.55 billion** in investments, with **57 MoUs signed**, creating **25 MT additional capacity** and **17,000 jobs by FY28**. The government aims to monetize **Rs. 28,727 crore (US\$ 3.68 billion)** in assets by **2025**. Amendments to the **Mines and Minerals (Development and Regulation) Act** now allow captive mines to sell up to **50%** of output on the open market. New royalty rates for **12 strategic minerals** were approved in **February 2024**, streamlining auctions. India's cost advantage in steel and alumina, strategic location, and export potential to fast-growing Asian markets further enhance its global competitiveness. Strong **CAGR** prospects are supported by expanding construction, automotive, power, and cement industries.

Defence Industry -

India's defence sector ranks among the top globally, with **US\$ 81.4 billion** in military spending in **2022** and a defence budget of **US\$ 75 billion** in **FY25**, the highest allocation among ministries. The sector includes major segments like military fixed-wing aircraft, naval vessels, missiles, and rotorcraft, with leading players such as HAL, BEL, and BEML. India aims to become a global defence hub with production hitting **US\$ 15.37 billion** in **FY24 (16.7% YoY growth)** and exports reaching **US\$ 2.53 billion**, up **32% YoY**. The target is to achieve **US\$ 25 billion** in defence production (including **US\$ 5 billion** in exports) by **2025**. Over **606** industrial licenses have been issued to **369** companies, and **194** defence tech startups are actively innovating.

Recent initiatives include a **US\$ 12 billion** Deep Tech fund, **US\$ 2.9 billion** allocation to DRDO, and capital outlays of **US\$ 20.7 billion** for modernization in **FY25**. The government has released five indigenization lists covering **509** products, and the SRIJAN portal features over **34,000** items for localization. FDI of up to **74%** is permitted via the automatic route. Two Defence Industrial Corridors target **US\$ 1.31 billion** each in investments in Uttar Pradesh and Tamil Nadu. Infrastructure upgrades like the Nyoma Airfield and Shinku La Tunnel are supported by a **30%** increase in the BRO budget to **US\$ 782.3 million**. With reduced import dependency, improved R&D focus, and rising demand driven by security concerns, the sector presents robust **CAGR** prospects and strategic investment appeal.

Key Management -

Key Management Persons Name -	Gaurav Lath
Age	39
Designation and No. of years of experience	Promoter and Managing Director, 17+ years of experience
Qualification	Post graduate Diploma in Business management
Responsibility	Looks after the overall business operations of the Company including Production, Supply Chain Management and Business Development.
Other Directorships	Concord Control Systems Limited, Progota India Private Limited, Concord Lab To Market Innovations Private Limited etc.

Key Management Persons Name -	Pankhuri Lath
Age	38
Designation and No. of years of experience	Promoter, Whole-Time Director and CFO, 10+ years of experience in accounts and finance
Responsibility	Involved in the accounts and finance and administrative activities of the company
Qualification	Masters of Commerce
Other Directorships	-

Key Management Persons Name -	Govind Prasad Lath
Age	82
Designation and No. of years of experience	Promoter, Chairman and Non-Executive Director, 20+ years of experience in manufacturing, Petroleum and fabrication activities
Qualification	No formal education
Responsibility	Currently involved in the administration activities of the company
Other Directorships	Concord Control Systems Limited, Climbtch India Private Limited, Concord Global Engineers Private Limited

- The overall management of the company is decent.
- The promoter and management have good experience in the industry.
- Subodh Dakwale, Rakesh Gupta and Brajesh Kumar Singh are Non-Executive Independent Directors of the Company. They have an average experience of 30+ years in their respective fields.
- **Rajat Srivastava**, aged 29, is the company secretary.

FINANCIAL SNAPSHOT**Statement of Profit and Loss**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Nov-24
Revenue from Operations	139.78	1,181.07	1,941.85	1,245.00
Other Income	0.03	4.13	12.22	2.51
Total Income	139.81	1,185.20	1,954.07	1,247.51
Expenses				
Cost of materials consumed	95.52	847.72	1,169.26	815.48
Change in Inventories of Stock In Trade	-	-	-21.53	-177.89
Employee Benefit Expenses	5.69	82.92	128.51	208.12
Finance Cost	1.22	17.65	33.02	34.21
Depreciation and Amortization Expense	1.86	19.91	15.90	13.43
Other expenses	29.93	122.65	317.06	239.51
Total Expenses	134.22	1,090.85	1,642.22	1,132.86
EBITDA	8.64	127.78	348.55	159.78
EBITDA Margin	6.18%	10.82%	17.95%	12.83%
Profit/(Loss) before tax	5.59	94.35	311.85	114.65
Tax Expense				
Current tax	0.18	16.40	55.42	19.66
Deferred Tax	0.80	-0.91	-0.45	0.28
Total Tax	0.98	15.49	54.97	19.94
Profit/(Loss) for the year	4.61	78.86	256.88	94.71
Net Profit Margin	3.30%	6.68%	13.23%	7.61%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Nov-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	15.00	25.00	25.00	390.00
Reserves and Surplus	4.63	86.39	343.27	227.07
Total Equity	19.63	111.39	368.27	617.07
NON-CURRENT LIABILITIES				
Long-term Borrowings	76.48	88.71	51.00	58.03
Long Term Provisions	-	0.24	0.13	1.31
Deferred Tax liability	0.80	-	-	-
Total Non-current liabilities	77.28	88.95	51.13	59.34
CURRENT LIABILITIES				
Short-term Borrowings	65.30	167.95	318.34	701.34
Trade Payables				
(a) Total outstanding dues of MSME	-	-	4.47	14.24
(b) Total outstanding dues of creditors other than MSME	59.72	314.46	157.01	227.68
Other Current Liabilities	10.18	184.84	123.20	146.99
Short-term Provisions	0.18	-	12.99	0.01
Total Current liabilities	135.38	667.25	616.01	1,090.26
Total Liabilities	212.66	756.20	667.14	1,149.60
Total Equity and Liabilities	232.29	867.59	1,035.41	1,766.67
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	72.65	78.09	67.44	85.80
Long-Term Loans and Advances	5.00	5.00	5.00	19.30
Deferred tax assets (net)	-	0.11	0.56	0.28

Particulars	FY 22	FY 23	FY 24	Nov-24
Other Non- current Assets	-	5.12	8.99	48.95
Total Non-Current assets	77.65	88.32	81.99	154.33
CURRENT ASSETS				
Inventories	89.70	352.61	535.95	841.07
Trade Receivables	24.44	319.99	314.83	611.80
Cash & Cash equivalents	11.64	25.58	16.42	27.02
Short Term Loans and Advances	28.66	80.45	77.57	113.90
Other Current Assets	0.20	0.65	8.66	18.57
Total Current assets	154.64	779.28	953.43	1,612.36
Total Assets	232.29	867.60	1,035.42	1,766.69

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Nov-24
Net Cash Flow from Operating Activities	-59.60	-65.81	-80.31	-414.78
Net Cash Flow from Investing Activities	-54.03	-30.37	-13.93	-104.91
Net Cash Flow from Financing Activities	121.56	110.12	79.66	509.93

Key Ratios

Per Share Data					Valuation Ratios (x)				
	FY 22	FY 23	FY 24	FY 25*		FY 22	FY 23	FY 24	FY 25*
Diluted EPS	0.30	2.97	9.34	2.68	EV/EBITDA	17.33	2.68	2.07	3.39
BV per share	13.09	44.56	147.31	49.43	Market Cap / Sales	1.50	0.30	0.18	3.97
Operating Ratios					P/E	466.67	47.14	14.99	52.18
EBITDA Margins	6.18%	10.82%	17.95%	12.83%	Price to Book Value	10.70	3.14	0.95	2.83
PAT Margins	3.30%	6.68%	13.23%	7.61%	Solvency Ratios				
Inventory days	234.87	109.27	101.02	152.50	Debt / Equity	7.22	2.30	1.00	0.29
Debtor days	63.99	99.16	59.34	85.60	Current Ratio	1.14	1.17	1.55	1.55
Creditor days	118.01	103.63	44.40	82.16	Quick Ratio	0.48	0.64	0.68	0.68
Return Ratios					Asset Turnover	0.60	1.36	1.88	1.80
RoCE	7.00%	53.84%	79.31%	8.22%	Interest Coverage Ratio	5.56	6.11	10.07	4.28
RoE	23.48%	70.80%	69.75%	5.43%					

*Annualized

INTERPRETATION –

1. The top line has increased over the years. It saw a sudden increase by 747.72% in FY23 was majorly due to significant increase in volume of business operations and it increased by 64.41% in FY24 which was due to increase in revenue from sale of Explosive Van, Refueller, and Water Sprinkler.
2. The net profit also increased over the years. It increased by 747.72% in FY23 and by 64.87% in FY24. The sudden increase was due to sudden jump in revenue.
3. The EBITDA and PAT margins also increased over the years. A jump can be seen in FY2024 which is due to overall reduction in expenses in relation to revenue.
4. The company has negative cash flow from operations for FY22, FY23, FY24 and Nov-24.
5. The cash conversion cycle as on Nov-24 is 222.12 days which is quite high.

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.	Readymix Construction Machinery Limited	37.66	123.00	Feb 06, 2025	78.40
2.	Enviro Infra Engineers Limited	650.43	120.00	Nov 22, 2024	221.20
3.	Danish Power Limited	4,321.44	1,503.00	Oct 29, 2024	978.60
4.	Forge Auto International Limited	31.10	108.00	Oct 04, 2024	78.00
5.	Sahasra Electronics Solutions Limited	186.16	283.00	Oct 04, 2024	336.75
6.	Unilex Colours and Chemicals Limited	31.32	87.00	Oct 03, 2024	47.20
7.	WOL 3D India Limited	25.56	150.00	Sep 30, 2024	147.70
8.	Manba Finance Limited	150.84	120.00	Sep 30, 2024	138.40
9.	Shubhshree Biofuels Energy Limited	16.56	119.00	Sep 16, 2024	341.75
10.	Vision Infra Equipment Solutions Limited	106.21	163.00	Sep 13, 2024	148.70

The company has handled 62 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 23rd Apr 2025.

As per the offer document, the above-mentioned mandates, Readymix Construction Machinery has opened at a discount and remaining all have opened at a premium on the listing day.

Recommendation -

Tankup Engineers Limited has been in the industry since 2020 and has limited experience in the industry. The P/E on a post-IPO annualized basis is around 52.18 times which makes it highly priced.

The company's management overview is decent.

The company's top line and bottom line has increased over the years. A sudden jump in FY23 can be observed as the revenue increased significantly due to increase in volumes of business operations. The EBITDA and PAT margin also increased over the years and it saw a jump in FY24 which was due to overall reduction in expenses in relation to revenue. The company incurred negative cash flow from operations for the last 3 years. Overall, the financials of the company look unsustainable.

The company has high concentration for customers and suppliers and loss of any may have adverse effect on the business. It also has slightly high concentration in Uttar Pradesh. The contingent liabilities is also quite high which raises concern.

The overall industry is highly competitive and fragmented and there are many players.

Thus, investors can **AVOID** this IPO for now.

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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