IPO Note

Icon Facilitators Limited

Recommendation: **NEUTRAL!**

Company Background –

- **Incorporation:** The company was incorporated on September 20th, 2013. The registered office is in Janakpuri, Delhi.
- **Business Activity:** The company has been in the business of providing technical facilities management services.
- **Revenue Stream:** The majority of the revenue of the company comes from the technical facilities management services they provide to their clients.
- **Human Resource:** The company has 1955 permanent employees as of May 15, 2025.

Objects of the Issue –

- Funding Working Capital requirements for the company
- General Corporate Purposes

Promoters' Name –

Dinesh Makhija and Pooja Makhija

Rationale for recommendation –

The Company has a majority of its revenue coming from its top 10 customers, but these customers have long-standing working relationships with Icon Facilitators.

The company is not diversified geographically, but has a strong foothold in Haryana, Uttar Pradesh and Delhi.

The company has scope for expansion with improving EBITDA margins and the post-issue return ratios and PE are close to the peer average.

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IPO Details	
Opening Date	Jun 24, 2025
Closing Date	Jun 26, 2025
Allotment Date	Jun 27, 2025
Listing Date	Jul 01, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹85 to ₹91
Issue Size	19.11Cr.
Fresh Issue	19.11 Cr.
Offer for Sale	-
Application Amt	₹ 1,09,200

INDUSTRY PE –Facility Management segment with an average PE of 15.79

	KPIs		**(In Lakhs)**
KPI's	**FY23**	**FY24**	**FY25**
Revenue	4,296.30	4,984.21	5,806.39
EBITDA	266.03	237.90	602.67
Net Profit	192.30	176.24	447.02
RoCE	32.65%	26.21%	32.07%
ROE	45.94%	29.63%	35.23%
P/E	26.07	28.44	11.50

Promoter Share Holding Pattern

Pre-Issue	Post Issue
95.65%	**70.09%**

Valuation Parameters

Particulars	**Pre-Issue**	**Post Issue**
EPS	7.91	5.69
BVPS	22.03	40.46
P/E	11.50	16.00
P/BV	4.130	2.25
Mkt Cap (In Cr)	52.41	71.52

Lead Manager –
Khambatta Securities Limited

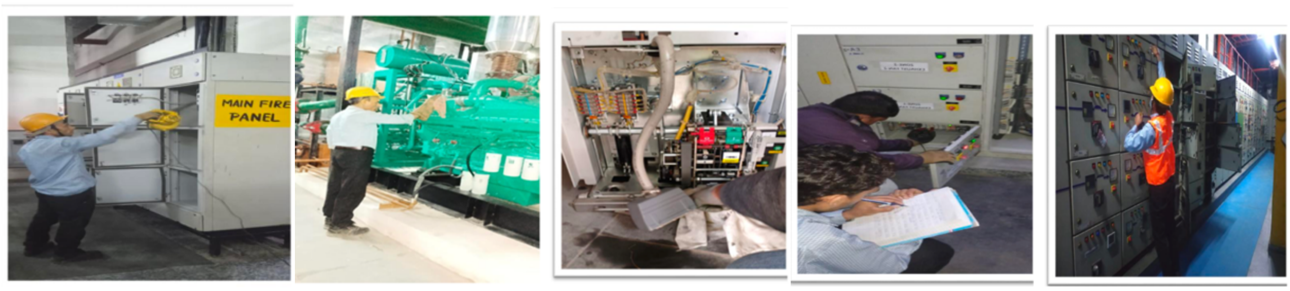
Registrar –
Maashilta Securities Private Limited

Business Overview –

Icon Facilitators Limited are a focused and integrated provider of specialized business services, primarily offering technical facilities management solutions across India, with a significant presence concentrated in North India. Their services include comprehensive management of crucial technical systems such as:

1. **Electrical System Management and Operations:** Managing and maintaining electrical networks within commercial, industrial, and residential facilities to ensure continuous and safe operations.
2. **Captive Power Management:** Operating and maintaining power backup systems, including Diesel Generator (DG) sets, to guarantee uninterrupted power supply during outages or disruptions.
3. **Sewage Treatment Plants (STP), Effluent Treatment Plants (ETP), and Water Treatment:** Ensuring effective functioning and compliance of wastewater treatment and recycling systems, maintaining environmental standards.
4. **HVAC (Heating, Ventilation, and Air Conditioning) Management:** Operations and maintenance of HVAC systems to ensure optimal temperature control, air quality, and energy efficiency.
5. **Building Management Systems (BMS):** Managing integrated systems that control and monitor building's mechanical and electrical equipment to enhance operational efficiency.
6. **Fire & Safety Equipment Maintenance:** Regular upkeep, testing, and certification of fire detection and suppression systems to ensure compliance with safety standards and regulations.
7. **Elevators & Escalators Operations & Maintenance:** Ensuring the smooth operation, regular servicing, and safety compliance of elevators and escalators in various buildings.
8. **Annual Maintenance Contracts (AMC) for Electro-Mechanical (E&M) Equipment:** Providing contractual maintenance services to ensure long-term reliability and performance of critical facility equipment.

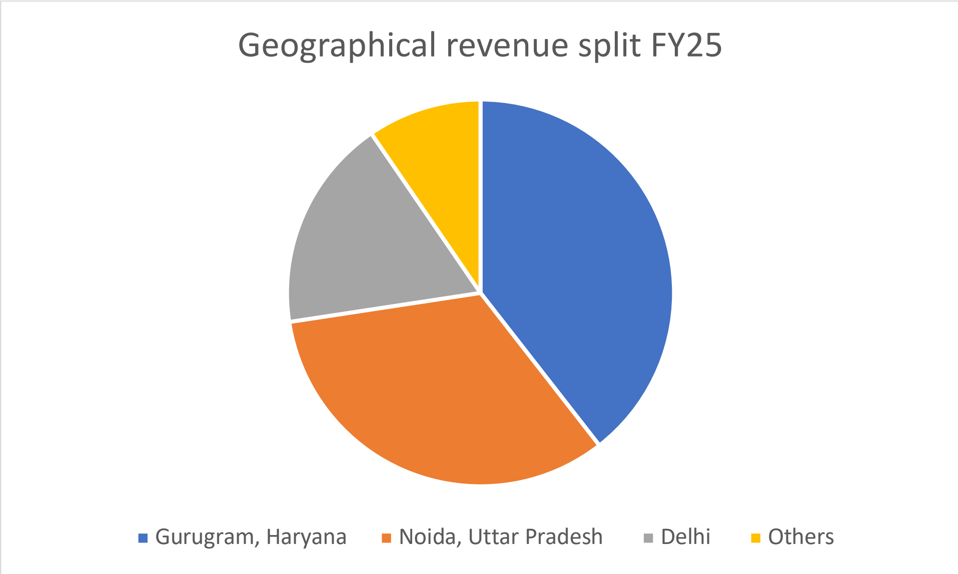
Their integrated facility management services broadly categorize into **"Hard Services"** and **"Soft Services."** While Soft Services primarily involve non-technical services like housekeeping, cleaning, pest control, and pantry management, our company specializes predominantly in **Hard Services**, covering the technical and operational management of facilities. Here are some images of what their operations look like -



Icon Facilitators operates through a Business-to-Business (B2B) model, serving clients across various segments, including industrial plants, commercial complexes, retail establishments, and residential buildings. Our role is explicitly focused on operations and maintenance (O&M) rather than system design or initial installation.

The company has extensive capabilities and aims to provide customized and efficient solutions tailored specifically to the operational requirements and budgets of their clients, thus optimizing their asset performance, operational quality, and overall cost management.

State-wise revenue bifurcation for latest FY



Top 10 customers' revenue breakup

Customer	2025 (₹ Lakhs)	% of Revenue (2025)	2024 (₹ Lakhs)	% of Revenue (2024)	2023 (₹ Lakhs)	% of Revenue (2023)	Years of Association
Customer 1	2,879.43	49.59%	2,020.85	40.55%	1,404.72	32.70%	10.5
Customer 2	592.68	10.21%	632.1	12.68%	505.57	11.77%	4.5
Customer 3	316.53	5.45%	306.44	6.15%	457.65	10.65%	10.5
Customer 4	251.68	4.33%	290.44	5.83%	320.47	7.46%	10.5
Customer 5	231.84	3.99%	263.15	5.28%	242.82	5.65%	3
Customer 6	213.91	3.68%	198.58	3.98%	225.63	5.25%	6.5
Customer 7	175.75	3.03%	175.17	3.51%	73.19	1.70%	5.5
Customer 8	153.17	2.64%	85.67	1.72%	71.73	1.67%	11.5
Customer 9	133.42	2.30%	48.92	0.98%	63.45	1.48%	2.5
Customer 10	112.76	1.94%	31.66	0.64%	30.57	0.71%	3

Competition -

Competitive Rivalry (High) - High market competition as the industry is fragmented nationally but is highly competitive regionally.
Threat of New Entrants (Moderate) – Moderate barriers to entry.
Supplier Power (Low) – Moderate bargaining power with suppliers.
Buyer Power (High) – Very concentrated customer base making their bargaining power high.
Threat of Substitutes (Low) – Low threat of substitutes.
Geographical Competition (High) – High geographical competition with multiple companies offering similar services regionally.

Business Strategies -

1. Expanding and Strengthening Client Relationships

Icon Facilitators intends to deepen relationships with existing clients and attract new high-profile customers. The company has successfully retained and expanded revenue from existing clients (over 92% revenue in FY 24-25) while consistently adding new clients every year. Icon plans to leverage these long-standing relationships to secure larger and broader service contracts.

2. Maintaining High Quality and Standardization

Quality assurance remains a key priority for Icon Facilitators, as demonstrated by their ISO certifications (ISO 9001:2015, ISO 45001:2018, ISO 14001:2015, ISO 41001:2018). The company invests significantly in employee training to ensure high-quality technical facility management services. This commitment to quality differentiates Icon from unorganized competitors and enhances client satisfaction and retention.

3. Geographic Expansion for Pan-India Presence

Currently, Icon Facilitators has a strong foothold primarily in Northern India (Haryana, Uttar Pradesh, Delhi, Rajasthan, Punjab, Himachal Pradesh) and has recently expanded into South India with a new office in Bengaluru. The company aims to leverage its integrated, multi-service capabilities to capture new business opportunities in other regions, capitalizing on the industry shift towards integrated service contracts.

4. Enhancing Operational Efficiency through Technology

Icon Facilitators emphasizes operational efficiency by effectively managing its workforce across various client locations. The company actively monitors staffing needs, making sure the deployment of human resources is optimized without compromising service quality. Icon is also integrating AI and technological platforms to further enhance operational productivity, reduce costs, and improve service delivery efficiency.

Risk Factors -

- The company derives most of its revenue from Haryana, Uttar Pradesh and Delhi, any regional disruptions could cause the revenue of the company to be adversely affected.
- The company is highly dependent on their top 10 customers with them amounting to 87.16% their FY25 revenue and 81.32% and 79% of their FY 24 and FY23 revenues. Their largest customer made up for 50% of their revenue in FY25.
- The barriers to entry for certain instances in the industry can be quite low, giving rise to increased competition.
- the company has 5 tax proceedings filed against it with an involved amount of 482.07 Lakhs.
- **Icon Facilitators Limited** has consistently shown **negative cash flows from operating activities** across the last three financial years. This signals a disconnect between its reported profitability and its actual cash generation capability. This raises questions about working capital drag on the company.

PEER ANALYSIS

Particulars	Icon Facilitators Limited			Updater Services Limited			Krystal Integrated Services Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	4.48%	3.54%	7.70%	1.69%	2.75%	4.29%	3.76%	3.32%	3.56%
EBITDA Margin	6.19%	4.77%	10.38%	5.01%	6.39%	7.30%	8.15%	7.43%	7.66%
RoCE	32.65%	26.21%	32.07%	11.42%	10.82%	14.62%	28.98%	18.04%	14.05%
ROE	45.94%	29.63%	35.23%	9.23%	8.03%	12.40%	16.46%	9.12%	10.15%
EPS (INR)	3.49	3.20	7.91	6.77	11.33	17.74	23.34	26.92	44.61
P/E	26.07	28.44	11.50	-	28.27	16.60	-	28.17	10.07

Particulars	Rithwik Facility Management Services Limited		
	FY 23	FY 24	FY 25
NP Margin	7.91%	7.24%	8.19%
EBITDA Margin	12.34%	11.43%	12.87%
RoCE	19.12%	17.51%	21.02%
ROE	13.80%	12.87%	14.67%
EPS (INR)	8.27	8.69	11.44

P/E	7.62	15.22	13.55

The company is the cheapest in terms of its PE ratio, with it being 6.5, pre-issue. This is reflected in their ROE ,which is the highest of the 3 peers at an impressive 40%, which is very high for the segment of the industry the company operates in.

The company has lower than average NP margins and EBITDA margins when compared to its peers, which shows that the better cost management by the company is bringing the top-line to the company closer to the industry average.

INDUSTRY OVERVIEW -

The Facility Management (FM) sector is crucial for maintaining operational efficiency, safety, and comfort within commercial, residential, and industrial properties. This industry spans a comprehensive range of services, from basic maintenance and cleaning to advanced technology-driven solutions like IoT-enabled monitoring and AI-enhanced predictive maintenance.

Indian Facility Management Market

In India, the FM industry is growing rapidly, with the organized segment generating revenues of ₹1.15 lakh crore in FY2024, showcasing a CAGR of approximately 13% over recent years. Key highlights include:

Shift to Outsourced IFM Services: Outsourced Integrated Facility Management (IFM) services account for 60-65% of the market, offering cost efficiencies, specialized expertise, and compliance benefits.

Future Market Growth: The organized FM market is projected to grow at 10-12% CAGR through FY2026, driven by increased adoption across commercial and residential sectors, regulatory emphasis post-COVID-19, and rising demand in IT, healthcare, and retail.

Market Segmentation

The FM market can be segmented based on type of services, end-use sectors, and delivery models:

- **By Type of Service**:
  - **Hard Services**: HVAC, electrical maintenance, plumbing, fire safety, elevators, and escalators, among others.
  - **Soft Services**: Housekeeping, security, pest control, landscaping, catering, and waste management.
- **By End-Use Sector**:
  - **Commercial Real Estate**: Office spaces, IT parks.
  - **Industrial and Manufacturing**: Factories, warehouses.
  - **Healthcare**: Hospitals, clinics.
  - **Retail and Hospitality**: Malls, hotels.
  - **Education**: Schools, universities.
  - **Government Infrastructure**: Airports, railway stations.
  - **Residential Communities**: Apartments, gated communities.
- **By Delivery Model**:
  - **In-house Management**: Direct internal management, declining due to high costs.
  - **Single-Service Outsourcing**: Contracting individual services, limited integration.
  - **Bundled Services**: Multiple services under a single provider, moderate efficiency.
  - **Integrated Facility Management (IFM)**: Comprehensive service integration offering maximum efficiency and cost savings, the fastest-growing delivery model.

India's FM industry is supported by the robust growth of the services sector, contributing over 50% to India's GDP, expected to rise further. Increasing global prominence as a services exporter also bolsters domestic demand for professional FM solutions.

The FM industry globally and in India is poised for sustained growth, driven by urbanization, technological innovation, and the strategic shift toward outsourcing integrated facility management services. The sector's future remains strong with continuous demand from diverse sectors and increased focus on operational efficiency, sustainability, and compliance.

KEY MANAGEMENT -

Key Management Name -	Dinesh Makhija
Age	52
Designation and No. of experience	Promotor, Managing Director and Chairman, 20+ years of experience in the field of Facility Management Industry
Qualification	Bachelor of Engineering (Mechanical) from University of Delhi
Other Directorships	-

Key Management Name -	Pooja Makhija
Age	48
Designation and No. of experience	Promotor and Director, 20+ years of experience in corporate governance and internal controls
Qualification	B.A from University of Delhi
Other Directorships	-

Key Management Name -	Kapil Khera
Age	49
Designation and No. of experience	Whole time Director. 25+ years of experience in the field of Facility Management Industry
Qualification	Bachelor of Commerce form University of Delhi and obtained a degree of Bachelor of Law from Bundelkhand University, Jhansi
Other Directorships	Bedi Steels Limited and SK Minerals & Additives Limited

- The overall management of the company is satisfactory.
- The management and promoters have experience and sufficient but some unrelated qualifications for the industry the business operates in.

- **Mahendra Kumar Sharma** is the **CFO**, he is a chartered accountant and has a master's in commerce from Charan Singh University. He is having over a decade of experience in the field of audit & accounting
- The **company secretary** is **Mamzuza Malia** and she has more than a year of experience in the secretarial department across multiple firms.
- **Amit Katyal is an independent director, he has a bachelor's degree in commerce from Delhi university and is a chartered accountant. His other directorships include Brio Interactive Technologies Limited**
- **Ms. Priyanka Puri Dhingra**, is also an Independent Director of our Company. She has completed her Bachelor of Education from the Kurukshetra University and has worked with various organizations wherein she handled the human resource operations and recruitment functions for the them. She has more than 5 years of experience in managing the same.
- **Mr. Chandan Bellaney,** aged 50 years is an Independent Director of our Company. He has completed his Bachelor of Arts from the Meerut University in the year 1996. With over 20 years of experience in the Facilities Management and General Administration profile, Mr. Bellaney is currently designated as Head of Operations in GACS.

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FINANCIAL SNAPSHOT

Statement of Profit & Loss

Amt in Lakhs

Particulars	FY 2023	FY 2024	FY 2025
Revenue from Operations	4,296.30	4,984.21	5,806.39
Other Income	-	0.61	0.16
Total Income	**4,296.30**	**4,984.82**	**5,806.55**
Expenses			
Cost of materials consumed	52.02	49.62	50.78
Employee Benefit Expenses	3,765.58	4,391.70	4,893.24
Finance Cost	33.89	43.42	31.37
Depreciation and Amortization Expense	11.64	8.64	21.04
Other expenses	167.14	253.54	207.45
Total Expenses	**4,030.27**	**4,746.92**	**5,203.88**
EBITDA	**266.03**	**237.90**	**602.67**
EBITDA Margin	**6.19%**	**4.77%**	**10.38%**
Profit/(Loss) before tax	**266.03**	**237.90**	**602.67**
Tax Expense			
Current tax	79.51	64.89	152.51
Deferred Tax	-5.78	-3.23	3.14
Total Tax	**73.73**	**61.66**	**155.65**
Profit/(Loss) for the year	**192.30**	**176.24**	**447.02**
Net Profit Margin	**4.48%**	**3.54%**	**7.70%**

Balance Sheet

Particulars	FY 2023	FY 2024	FY 2025
EQUITY AND LIABILITIES			
Share Capital	1	1	575.96
Reserves and Surplus	417.62	593.86	693.06
Total Equity	**418.62**	**594.86**	**1,269.02**
NON-CURRENT LIABILITIES			
Long-term Borrowings	241.84	158.69	414.58
Long Term Provisions	118.69	121.3	130.2
Total Non-current liabilities	**360.53**	**279.99**	**544.78**
CURRENT LIABILITIES			
Short-term Borrowings	129.81	88.84	25.72
Trade Payables	13.87	9.85	7.71
Other Current Liabilities	492.16	696.04	417.33
Short-term Provisions	78.19	96.89	130.18
Total Current liabilities	**714.03**	**891.62**	**580.94**
Total Liabilities	**1,074.56**	**1,171.61**	**1,125.72**
Total Equity and Liabilities	**1,493.18**	**1,766.47**	**2,394.74**
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	35.12	69.39	91.44
Long-Term Loans and Advances	72	75.31	64.03
Deferred tax assets (net)	49.16	52.39	49.25

Particulars	FY 2023	FY 2024	FY 2025
Other Non- current Assets	-	-	6.42
Total Non-Current assets	**156.28**	**197.09**	**211.14**
CURRENT ASSETS			
Trade Receivables	1,114.51	1,138.89	1,639.45
Cash & Cash equivalents	20.05	253.4	217.24
Short Term Loans and Advances	57.07	46.71	157.61
Other Current Assets	145.27	130.38	169.29
Total Current assets	**1,336.90**	**1,569.38**	**2,183.59**
Total Assets	**1,493.18**	**1,766.47**	**2,394.73**

CASH FLOW STATEMENT -

Particulars	FY 2023	FY 2024	FY 2025
Net Cash Flow from Operating Activities	-40.99	436.75	-282.06
Net Cash Flow from Investing Activities	-15.60	-42.91	-43.00
Net Cash Flow from Financing Activities	74.38	-160.49	288.90

Key Ratios

Ratio Sheet Particulars	FY 2023	FY 2024	FY 2025
Per Share Data			
Diluted EPS	3.49	3.20	7.91
BV per share*	4,186.20	5,948.60	22.03
Operating Ratios			
EBITDA Margins	6.19%	4.77%	10.38%
PAT Margins	4.48%	3.54%	7.70%
Inventory days	-	-	-
Debtor days	94.94	83.63	103.34
Creditor days	97.59	72.65	55.57
Return Ratios			
RoCE	32.65%	26.21%	32.07%
RoE	45.94%	29.63%	35.23%
Valuation Ratios (x)			
EV/EBITDA	2.90	2.48	2.48
Market Cap / Sales	0.002	0.002	0.903
P/E	26.07	28.44	11.50
Price to Book Value	0.022	0.015	4.130
Solvency Ratios			
Debt / Equity	0.89	0.42	0.35
Current Ratio	1.87	1.76	3.76
Quick Ratio	1.87	1.76	3.76
Asset Turnover	2.88	2.82	2.42
Interest Coverage Ratio	7.51	5.28	18.54

FINANCIAL ANALYSIS –

- The company's revenue from operations rose steadily from ₹4,296.3 lakhs in FY23 to ₹5806.39 lakhs in FY25, showing a **CAGR of ~16.4%.** This was primarily done due to the addition of new clients over the last 2 years, with the revenue from existing clients growing as well.

- The Company undertook repair and maintenance assignments that are short-term and project-based in nature. These assignments allow the Company to deploy limited manpower for a defined period, enabling efficient resource utilization and timely reallocation of personnel to other projects. Due to their short duration, these projects typically yield higher profit margins. The profit margins increased to 7.70% in Fiscal 2025 from 3.54% in Fiscal 2024. This resulted in Net profit nearly doubling from ₹192.3 lakhs in FY23 to ₹447.02 lakhs in FY25.

- EBITDA improved sharply from ₹266.03 lakhs in FY23 to ₹602.67 lakhs in FY25.

- **EBITDA Margin also** expanded from **4.77% (FY24)** to **10.38% (FY25)** signaling, similar, stronger operational efficiency.

- **RoCE** remains high at **32.07% in FY25** and so does ROE with it standing at **35.23% in FY25**, in

- **Debt-to-Equity** reduced significantly from **0.89 in FY23** to **0.35 in FY25**, and further to **0.14 post-issue**, reflecting strong deleveraging.

- **Interest Coverage Ratio** surged from **7.51 (FY23)** to **18.54 (FY25)**, backed by higher EBITDA and lower finance costs.

- **Positive financing cash flow** of ₹288.9 lakhs in FY25 indicates equity infusion or borrowings.

- Investing activities stayed negative, reflecting ongoing capex.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Khambatta 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 –

Company	Issue Amount (Cr)	Issue Price	Listing Date	Listing price	Current Market Price
PS Raj Steels Limited	28.28	140	Feb 19, 2025	150.6	154.9
Jungle Camps India Limited	29.42	72	Dec 17, 2024	129.96	60.11
Divine Power Energy Limited	22.76	40	Jul 02, 2024	152.3	135.1
Sahaj Fashions Limited	13.96	30	Sep 06, 2023	30.35	11.1
De Neers Tools Limited	22.99	101	May 11, 2023	180.5	346.0
Quicktouch Technologies Limited	9.33	61	May 02, 2023	61.0	68.9
Quality Foils (India) Limited	4.52	60	Mar 24, 2023	97.7	75.3
VELS Film International Limited	33.74	99	Mar 22, 2023	103.4	67.65
Gayatri Rubbers and Chemicals Ltd.	4.58	30	Feb 07, 2023	36.75	488.0

*CMP for the above-mentioned companies is taken as of 20th June 2025.

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

Recommendation -

Concentrated buyers: A Large portion of revenue comes from a few clients (50% of FY25 revenue from the top customer), increasing vulnerability if key contracts are lost.

Geographic Limitation: The company is mainly active in North India, which limits diversification and exposes it to regional market or policy risks. In addition to this, while a new office in Bengaluru indicates expansion intent, the company is yet to establish meaningful business outside its core markets.

A post-issue PE ratio of 15 is in line with the peer's PE, signifying that the stock is being issued at neither a discount nor a premium when compared against its peers.

Icon facilitators have great return ratios pre-issue, with them standing at a 32.07% ROCE and 35.32% ROE in FY25, but these are brought in line with the peers' return ratios, post issue , with the ROCE being at 18.29% and the ROE at 14.06%

The company has improved its EBITDA margin from 6.19% in FY23 to 10.38% in FY25, reflecting better cost control and operational efficiency.

With over 90% revenue from repeat customers in FY25 and a growing new client base, Icon demonstrates strong client retention and market traction.

The company has a low attrition rate of 15% when compared to the industry average of 19.3%.

The company has a high dependency on trade receivables, which has gone up by more than 50%, over the last 3 years. This has a material impact on their Debtor days, which have also increased over the aforementioned time period. This has had an impact on their cash conversion cycle, which has increased even though their creditor days were decreasing. Their fluctuating operating cash flows is also an impact on their dependency on trade receivables , increasing.

Thus, we have a NEUTRAL opinion on this IPO. Investors can assess the post IPO performance and make a decision.