



IPO Note

Patil Automation Limited

Recommendation: **APPLY!**

Company Background –

- **Incorporation:** Patil Automation Private Limited was originally incorporated on Jul 22, 2015. The name of company was changed to **Patil Automation Limited**. The registered office is located at Pune, Maharashtra.
- **Business Activity:** The company is engaged in the designing, manufacturing, testing and installation of customized automation systems.
- **Revenue Stream:** The company generates majority of its revenue from welding lines segment.
- **Human Resource:** The company had 244 permanent employees as of Mar 31, 2025.

Objects of the Issue –

1. Funding of capital expenditure towards setup of a new manufacturing facility
2. Repayment of a portion of certain borrowings availed by the Company
3. General corporate purposes

Promoters Name –

Manoj Pandurang Patil, Aarti Manoj Patil and Prafulla Pandurang Patil

Rationale for recommendation –

Patil Automation Limited has demonstrated operational efficiency with consistent improvement in EBITDA and PAT margins from 6.05% to 12.93% and 5.39% to 9.91%, respectively, over FY23 to FY25, despite a slowdown in revenue growth in FY25. The company has maintained positive operating cash flows and exhibits financial discipline. While it shows high segment, customer and product concentration risks, the overall management is satisfactory. The IPO proceeds are proposed to be used for setting up a new manufacturing facility, which is expected to support future growth and scalability. We recommend investors to **APPLY** to this IPO.

IPO Details

Opening Date	Jun 16, 2025
Closing Date	Jun 18, 2025
Allotment Date	Jun 19, 2025
Listing Date	Jun 23, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹114 - ₹120
Issue Size	69.61 Cr.
Fresh Issue	69.61 Cr.
Offer for Sale	-
Application Amt	₹ 1,44,000 (1,200 shares)

INDUSTRY – Industrial Automation

Average Industry PE as per RHP – N/A

	KPIs (In Lakhs)		
KPI's	FY 23	FY 24	FY25
Revenue	7,780.75	11,527.96	11,805.13
EBITDA	470.93	1,250.61	1,526.95
Net Profit	419.85	783.74	1,170.21
RoCE	11.11%	29.63%	22.94%
ROE	17.30%	24.41%	21.80%
P/E	43.17	23.17	15.75

Promoter Share Holding Pattern

Pre-Issue	Post Issue
94.38%	73.42%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	7.62	5.36
BVPS	33.51	24.60
P/E	15.75	22.38
P/BV	3.58	4.88
Mkt Cap (In Cr)	192.24	261.85

*Annualized

Lead Managers –

Seren Capital Private Limited




Registrar –

Purva Shareregistry (India) Private Limited

Business Overview –

Patil Automation Limited is an automation solutions provider serving industrial clients, primarily in the **automotive sector**. They are engaged in designing, manufacturing, testing and installation of customized automation systems such as welding lines (spot welding, MIG and TIG), assembly lines, material handling machineries and special-purpose machineries, tailored to meet the specific requirements of their clients' production facilities. Their client base primarily comprises of Automotive Original Equipment Manufacturers (OEMs), Tier I suppliers to Automotive OEMs and manufacturers of automotive components and sub-components.

Product Portfolio -

Product Offerings	Comprises	Applications	Images
Welding Lines	<ul style="list-style-type: none"> Spot Welding Line MIG Welding Line TIG Welding Line 	<ul style="list-style-type: none"> Automotive body-in-white (BIW) process Chassis manufacturing Joining thin components 	
Assembly Lines	<ul style="list-style-type: none"> Seat Frame Conveyor Sub Assembly Frame Line 	<ul style="list-style-type: none"> Material handling Joining processes Quality checks Welding, fastening and inspection 	
Special Purpose Machines (SPMs)	<ul style="list-style-type: none"> Welding SPMs Assembly SPMs Pressing SPMs Leak testing machines Inspection Jigs and Gauges 	<ul style="list-style-type: none"> Joining automotive components Component fitting Fitting bushes Detect and measure leaks in components like fuel tanks, exhaust systems and hydraulic parts 	
Material handling machines	<ul style="list-style-type: none"> Conveyor systems 	<ul style="list-style-type: none"> Move, store and position automotive components 	

Manufacturing Facility –



Capacity Utilization of the Company -

Particulars	FY23	FY24	FY25
Installed Capacity (in no.)	2,304	2,304	2,304
Actual Production (in no.)	1,256	1,797	2,003
Capacity Utilization	54.51%	77.99%	86.94%

Product-wise Revenue Bifurcation -

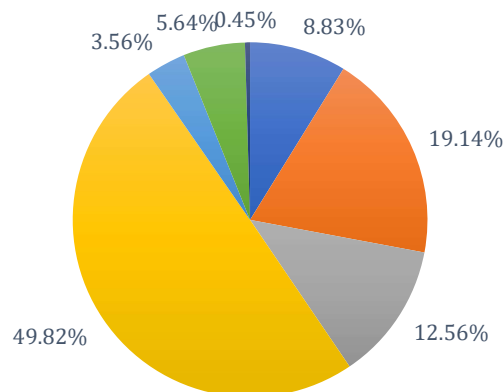
(Amt in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Welding lines	6,026.11	77.45%	8,556.87	74.23%	7,742.91	65.59%
Assembly lines	511.53	6.57%	1,610.09	13.97%	3,010.29	25.50%
Maintenance & Other Services	424.88	5.46%	462.83	4.01%	615.72	5.22%
Miscellaneous	349.19	4.49%	10.87	0.09%	97.44	0.83%
Special Purpose Machineries	388.37	4.99%	211.00	1.83%	176.56	1.50%
Material Handling Machines	80.66	1.04%	676.30	5.87%	162.21	1.37%
Total	7,780.74	100%	11,527.96	100%	11,805.13	100%

Industry-wise Revenue Bifurcation -

(Amt in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Automotive	7,582.96	97.46%	11,331.61	98.30%	10,487.66	88.84%
Non-automotive	192.24	2.47%	189.07	1.64%	1,293.00	10.95%
Others	5.54	0.07%	7.28	0.06%	24.47	0.21%
Total	7,780.74	100%	11,527.96	100%	11,805.13	100%

**Geographic-wise Revenue Bifurcation
(FY25)**


■ Gujarat ■ Haryana ■ Karnataka ■ Maharashtra ■ Rajasthan ■ Others ■ Export Sales

Competition -

- 1. Market Competition:** The industry is highly competitive and the key factors of competition are technology, customization, production capacity, strong client relationships etc.
- 2. Geographic Competition:** The company faces competition from domestic and multinational specialized automation solutions providers in India and outside India.
- 3. Barriers to entry:** Moderate 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 suppliers.

Business Strategies -

1. The company aims to establish a new manufacturing facility in Pune, Maharashtra which will enhance installed capacity from **2,304 units to an estimated 3,454 units**. This expansion will enable company to secure new orders from existing and potential customers, capitalize on emerging market opportunities and drive revenue growth.
2. The company plans to expand their presence into non-automotive sector. They aim to manufacture and market automation solutions for non-automotive sectors, particularly for the heavy construction equipment, pharmaceutical and consumer goods sectors.
3. The company plans to expand in the automation solutions for electric vehicle (EV) segment.

Risk Factors -

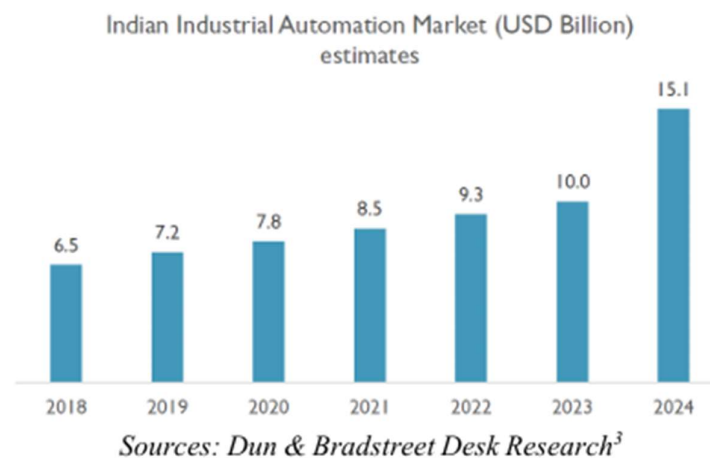
1. The company has high concentration in automotive segment, contributing 97.46%, 98.30% and 88.84% of revenue in FY23, FY24 and FY25 respectively.
2. The company has customer concentration, top 10 customers contributing 76.67%, 79.51% and 70.88% of revenue in FY23, FY24 and FY25 respectively.
3. The company has high concentration in one key automation solution i.e., Welding lines, contributing 77.45%, 74.23% and 65.59% of revenue in FY23, FY24 and FY25 respectively.
4. The company has 1 tax proceeding and company's promoters and directors have 2 tax proceedings amounting to Rs. 3.80 Lakhs.
5. The significant drop in revenue growth from 48.16% in FY24 to 2.40% in FY25 is primarily due to slowdown in economy.
6. The company's cash conversion cycle has been significantly increased from 6 days in FY23 to 90 days in FY24 and further to 99 days in FY25.

PEER ANALYSIS

Particulars	Patil Automation Limited			Affordable Robotic & Automation Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	5.40%	6.80%	9.91%	1.90%	3.93%	-7.13%
EBITDA Margin	6.05%	10.85%	12.93%	7.60%	9.60%	-1.43%
RoCE	11.11%	29.63%	22.94%	8.94%	9.53%	-3.37%
ROE	17.30%	24.41%	21.80%	3.65%	5.70%	-11.57%
EPS (INR)	2.78	5.18	7.62	2.10	5.95	-10.36
P/E	43.17	23.17	15.75	144.10	72.15	-38.53

INDUSTRY OVERVIEW -**Industrial Automation Industry in India**

The Indian industrial automation market experienced a steady growth from 2018 to 2023, driven by the increasing adoption of advanced technologies across manufacturing sectors. The market grew from USD 6.5 billion in 2018 to USD 13 billion in 2023, reflecting a CAGR of around 15%. This growth was fueled by rising demand for efficiency, precision, and scalability in manufacturing processes, alongside government initiatives like Make in India that encouraged technology-driven investments. The welding process forms the backbone of the manufacturing sector which account for approximately 17% of India's GDP.

**Key Market Drivers –**

1. **Manufacturing Sector Growth** – The Indian government's "Make in India" initiative aims to boost local manufacturing, making it a strong driver for automation. The capex in industrial sector has 11% CAGR growth.
2. **Labor Cost and Availability** – Automation ensures consistent performance without the fluctuations that can arise from human labor availability.
3. **Technological Advancements in Automation** - With the advent of Industry 4.0, new technologies such as the Industrial Internet of Things (IIoT), artificial intelligence, robotics, and data analytics are becoming more accessible and affordable.
4. **Demand for High-Quality, Customized Products** – Automation in production lines helps meet demand by allowing for mass customization without compromising efficiency.

Government Policies and Initiatives –

1. **Production-Linked Incentive (PLI) Scheme** - The Production Linked Incentive (PLI) Scheme, with an outlay of ₹1.97 trillion across 14 sectors, is driving industrial construction demand by incentivizing large-scale manufacturing expansion and capacity upgrades.
2. **Skill Development Programs** – "Skill India" and "Make in India Skill Development Centers" initiatives aim to train millions of individuals in various technical skills necessary for modern manufacturing processes.
3. **Business-Friendly Reforms** – Indian government's regulatory reforms since 2014 have significantly improved India's ease of doing business, spurring increased domestic and foreign investments in industrial projects.

(source : RHP)

Key Management -

Key Management Persons Name -	Manoj Pandurang Patil
Age	49
Designation and No. of experience	Chairman, Managing Director and Promoter, 25+ years of experience in the field of automation industry
Qualification	Diploma in Mechanical Engineering
Other Directorships	Fine Automation Robotics India Private Limited, Evtric Motors Private Limited, Aayush Care Foundation

Key Management Persons Name -	Aarti Manoj Patil
Age	46
Designation and No. of experience	Executive Director and Promoter, 9 years of experience in HR and Admin functions
Qualification	Bachelor of Science
Other Directorships	Fine Automation Robotics India Private Limited, Evtric Motors Private Limited, Aayush Care Foundation

Key Management Persons Name -	Prafulla Pandurang Patil
Age	51
Designation and No. of experience	Executive Director, CFO and Promoter, around 28 years of experience
Qualification	Diploma in Mechanical Engineering
Other Directorships	

- The overall management of the company is **satisfactory**.
- **Niharika Shamindra Singhal** is the Company Secretary and Compliance Officer of the company. She possesses limited 1 year and 4 months of experience in handling secretarial matters and corporate governance.
- **Ketan Padmakar Chaphekar** is one of the Independent Director of the company. He has around **24 years** of experience in sheet metal fabrication industry.
- Kshama Ronak Dharnidharka is the Additional Independent Director and Santoshkumar Vasantrao Patil is another Independent Director of the company.
- The company's Director (Operations), Chief Management Officer (CMO) and Chief Operating Officer (COO) have significant experience in their respective fields.
- There is evidence of **dual chairmanship** within the company, which raises concerns regarding governance best practices and effective oversight.
- The appointment of some of the key management over the last year is a matter of concern.

FINANCIAL SNAPSHOT

Statement of Profit and Loss			Amt in Lakhs
Particulars	FY 23	FY 24	FY 25
Revenue from Operations	7,780.75	11,527.96	11,805.13
Other Income	454.72	343.56	399.32
Total Income	8,235.47	11,871.52	12,204.45
Expenses			
Cost of Material Consumed	4,503.41	7,690.27	5,820.17
Change in Inventories of finished goods and WIP	-140.06	-1,164.57	396.29
Employee Benefit Expenses	1,214.22	1,402.12	1,739.90
Finance Cost	183.42	238.34	144.45
Depreciation and Amortization Expense	196.12	233.82	264.21
Other expenses	1,732.25	2,349.53	2,321.82
Total Expenses	7,689.36	10,749.51	10,686.84
EBITDA	470.93	1,250.61	1,526.95
EBITDA Margin	6.05%	10.85%	12.93%
Profit/(Loss) before tax	546.11	1,122.01	1,517.61
Tax Expense			
Current tax	124.84	338.62	363.52
Deferred Tax	1.42	-0.35	-16.12
Total Tax	126.26	338.27	347.40
Profit/(Loss) for the year	419.85	783.74	1,170.21
Net Profit Margin	5.40%	6.80%	9.91%

Statement of Assets and Liabilities			Amt in Lakhs
Particulars	FY 23	FY 24	FY 25
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Equity Share Capital	504.00	504.00	1,602.00
Reserves and Surplus	1,922.52	2,706.24	3,766.84
Total Equity	2,426.52	3,210.24	5,368.84
2. NON-CURRENT LIABILITIES			
Long-term Borrowings	8.17	45.43	-
Other Long Term Liabilities	15.00	150.88	90.15
Long Term Provisions	23.68	25.42	45.30
Total Non-current liabilities	46.85	221.73	135.45
3. Current liabilities			
Short-term Borrowings	3,257.13	2,267.47	2,293.28
Trade Payables			
(a) Total outstanding dues of MSME	1054.20	350.95	650.40
(b) Total outstanding dues of creditors other than MSME	502.46	448.05	1,129.46
Other Current Liabilities	2,112.82	2,525.74	1,852.67
Short-term Provisions	4.09	152.84	104.84
Total Current liabilities	6,930.70	5,745.05	6,030.65
Total Liabilities	6,977.55	5,966.78	6,166.10
Total Equity and Liabilities	9,404.07	9,177.02	11,534.94
ASSETS			
1. Non-current assets			
Property, Plant and Equipment	1,391.11	1,591.68	1,303.46
Intangible Assets	17.64	48.74	30.45
Capital Work in Progress	-	51.15	-
Non Current Investments	10.00	10.80	5.00
Deferred tax assets (net)	51.25	51.60	67.72
Long-Term Loans and Advances	35.00	35.00	1,085.00
Other Non-current Assets	1,116.32	138.35	105.50
Total Non-Current assets	2,621.32	1,927.32	2,597.13
2. Current assets			

Particulars	FY 23	FY 24	FY 25
Inventories	912.69	2,194.00	1,794.47
Trade Receivables	1,853.85	1,795.44	4,993.19
Cash & Bank Balances	2,467.91	1,728.74	2,063.13
Short Term Loans and Advances	1,288.15	1,505.57	73.99
Other Current Assets	260.13	25.98	13.02
Total Current assets	6,782.73	7,249.73	8,937.80
Total Assets	9,404.05	9,177.05	11,534.93

Cash Flow Statement			Amt in Lakhs
Particulars	FY 23	FY 24	FY 25
Net Cash Flow from Operating Activities	1.27	746.72	63.00
Net Cash Flow from Investing Activities	250.26	-295.16	-552.92
Net Cash Flow from Financing Activities	1,557.34	-1,190.73	824.31

Key Ratios

Per Share Data	FY 23	FY 24	FY 25	Valuation Ratios (x)	FY 23	FY 24	FY 25
Diluted EPS	2.78	5.18	7.62	EV/EBITDA	8.15	3.03	3.67
BV per share	48.15	63.70	33.51	Market Cap / Sales	0.78	0.52	1.63
Operating Ratios				P/E	43.17	23.17	15.75
EBITDA Margins	6.05%	10.85%	12.93%	Price to Book Value	2.49	1.88	3.58
PAT Margins	5.40%	6.80%	9.91%	Solvency Ratios			
Inventory days	42.93	69.66	55.63	Debt / Equity	1.35	0.72	0.43
Debtor days	87.20	57.00	154.81	Current Ratio	0.98	1.26	1.48
Creditors days	124.15	37.46	111.99	Quick Ratio	0.85	0.88	1.18
Return Ratios				Asset Turnover	0.83	1.26	1.02
RoCE	11.11%	29.63%	22.94%	Interest Coverage Ratio	1.50	4.27	8.74
RoE	17.30%	24.41%	21.80%				

FINANCIAL ANALYSIS –

- **Revenue from Operations -**
 - The company's top line increase by 48.16% in FY24 was driven by increase in sales of welding lines and assembly lines.
 - The company's topline grew by 2.40% in FY25, primarily driven by increased sales in Assembly lines. The significant drop in revenue growth due to economic conditions raises concern about company's long-term stability.
- **EBITDA and PAT Margins** – The company's EBITDA and PAT margins have shown a consistent improvement, remaining aligned with each other, with EBITDA margins improving from 6.05% in FY23 to 12.93% in FY25, and PAT margins rising from 5.39% to 9.91% over the same period.
- **Material COGS** – The company's material COGS as a percentage of revenue from operations stood at 56.08% in FY23, 56.61% in FY24, and declined to 52.66% in FY25, indicating improved cost efficiency, with the reduction in FY25 materially contributing to the expansion in operating margins.
- **RoCE and ROE** – The company's return ratios have shown volatility over the years, with RoCE fluctuating from 11.10% in FY23 to 29.62% in FY24 and then declining to 22.94% in FY25, while ROE moved from 17.29% to 24.41% and then declined slightly to 21.80%. The reduction in RoCE and ROE in FY25 is mainly due to increase in equity capital.
- **Operating cashflow** – The company has consistently maintained **positive operating cash flows** of Rs. 1.27 Lakhs, Rs. 746.72 Lakhs, and Rs. 63.00 Lakhs in FY23, FY24, and FY25 respectively, indicating effective cash flow management.
- **Interest Coverage Ratio** – The company's interest coverage ratio has been improved from 1.50 in FY23 to 8.74 in FY25.
- **Cash Conversion Cycle** – The company's cash conversion cycle has been significantly increased from 6 days in FY23 to 90 days in FY24 and further to 99 days in FY25.

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is **Seren Capital Private Limited**. The company has not handled any mandates in the past.

Recommendation -

Investment Recommendation – **APPLY**

- Patil Automation Limited has **considerable history** since it was originally incorporated on Jul 22, 2015.
- The P/E on a post-IPO annualized basis is **22.38** times which makes it moderately priced.
- The overall management of the company is **satisfactory**.
- The company's top-line grew by 48.16% in FY24 but slowed to 2.40% in FY25, due to economic conditions. Meanwhile, EBITDA and PAT margins improved consistently from 6.05% to 12.93% and 5.39% to 9.91%, reflecting enhanced operational efficiency.
- The company maintained consistent **positive operating cash flows** across FY23 to FY25.
- The company's objective of **setting up a new manufacturing facility** is expected to enhance sales and improve margins, signifying long-term scalability.
- The company exhibits high segmental, customer, and product concentration, with over 88% of revenue derived from the automotive sector, top 10 customers contributing more than 70% and welding lines accounting for over 65% of revenue across FY23 to FY25.

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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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