



## IPO Note

### Pro FX Tech Limited

Recommendation: **NEUTRAL!**

**Company Background:** Pro FX Tech Limited is engaged in the distribution of AV (Audio-Video) products, including amplifiers & processors, turn-tables, audio streamers, speakers, subwoofers, sound bars, and cables. In addition to distribution, the company is also into designing and implementing customized AV solutions for home theatres, premium home automation, multi-room audio systems, and bespoke AV solutions for corporate customers.

#### Objects of the Issue –

Particulars	Amt. in Lakhs
Repayment of a portion of certain borrowing availed by the Company	150.00
To meet the working capital requirements	1,900.00
Funding capital expenditure towards setting-up of 3 new Showroom cum experience centres ("Showroom")	746.57
General Corporate Purposes	-

#### Promoters Name –

Manmohan Ganesh and Shreya Nambiar

Promoter Share Holding Pattern	
Pre Issue	Post Issue
68.40%	50.30%

#### Rationale for recommendation –

Pro FX Tech Limited, established in 200, has vast industry experience and the IPO is fairly priced at a post-issue P/E of 12.44. The management is satisfactory with good experience. The company saw consistent increase in top line, EBITDA and bottom Overall, the financials look sustainable in the future. The company has supplier concentration which adds business risk. However, the company intends to expand by setting up 3 new experience centres majorly focusing HNI clients. However, the promoters holding has dropped to 50% which reduced investors' confidence. Thus, we have a **NEUTRAL** opinion on this IPO.

#### IPO Details

Opening Date	Jun 26, 2025
Closing Date	Jun 30, 2025
Allotment Date	Jul 01, 2025
Listing Date	Jul 03, 2025
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹87
Issue Size	40.30 Cr.
Fresh Issue	40.30 Cr.
Offer for Sale	-
Application Amt	₹ 1,39,200 (1,600 shares)

#### KPIs (In lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	9,578.39	11,047.73	12,937.54
EBITDA	1,028.67	1,458.30	1,727.47
Net Profit	634.98	943.67	1,223.76
RoCE	47.14%	44.42%	41.71%
ROE	41.30%	38.18%	33.15%
P/E	17.65	11.87	9.15

#### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	9.51	6.99
BVPS	28.68	21.09
P/E	9.15	12.44
P/BV	3.03	4.13
Mkt Cap (In Cr)	111.98	152.28

\*Annualized

#### Lead Managers –

**Hem Securities Limited**

#### Registrar –

**Cameo Corporate Securities Limited**

### Business Overview -

The company was established as “Advanced Audio Solutions (Bangalore) Private Limited” on Nov 08, 2006. It is engaged in the distribution of AV (Audio-Video) products, including amplifiers & processors, turn-tables, audio streamers, speakers, subwoofers, sound bars, and cables. In addition to distribution, the company is also into designing and implementing customized AV solutions for home theatres, premium home automation, multi-room audio systems, and bespoke AV solutions for corporate customers. They also provide after-sales support. Additionally, they have ventured into digital signage solutions.

The company operates six showrooms and two experience Centres across five cities in India, including Ernakulum, Mysore, Bangalore, Coimbatore and Chennai. They also have 28 service centres comprising both company-owned and franchisee-based.

The company has distribution rights of brands which include Denon, Polk, Definitive Technology, KEF, Theory, Pro Audio Technology, JBL, and Revel. In the retail segment they deal with brands like Crestron, Lutron, and Unilum.

### Experience Centres at Bangalore:



### Product-wise Bifurcation:

**(In lakhs)**

Particulars	FY 23	%	FY 24	%	FY 25	%
From Distribution	6,881.24	71.84%	8,127.18	73.56%	9,398.57	72.65%
From Retail	1,483.32	15.49%	1,539.02	13.93%	1,159.83	8.96%
From Corporate Solutions	1,138.92	11.89%	1,258.51	11.39%	2,003.76	15.49%
From Home Automation Solutions	74.91	0.78%	123.02	1.11%	375.38	2.90%
<b>Total</b>	<b>9,578.39</b>	<b>100.00%</b>	<b>11,047.73</b>	<b>100.00%</b>	<b>12,937.54</b>	<b>100.00%</b>

### Business Strategies -

1. The company intends to expand by establishing Showroom and Experience Centres in tier-1 and tier-2 cities across India.
2. The company intends to diversify their distribution portfolio by including premium brands.
3. The company intends to expand into both B2B and B2C sectors of the digital signage market.
4. The company intends to strengthen their e-commerce presence.
5. The company intends to expand their service network and set up more service centres.

### Risk Factors -

- The company is heavily dependent on top 10 suppliers constituting 74.95%, 73.61% and 73.69% in FY23, FY24 and FY25 respectively.
- The company has 4 cases against it for amounting to Rs. 149.80 lakhs.
- The company had contingent liabilities amounting to Rs. 149.80 lakhs.
- The company has negative CFO for FY23.

### Key Management

- The management consists of **Manmohan Ganesh (Managing Director)**, **Appadurai Manuel Santhana Joekumar (CFO and Whole-Time Director)**, and **Shreya Nambiar (Non-Executive Independent Director)**. They have an average experience of 30 years and relevant education. Shreya Nambiar has 6 years of experience.
- **Vishal Jhanwar** and **Alokeshwar Sen** are **Independent Directors**. They have good experience in the industry with relevant education in their respective fields.
- **Deepika N Bhandiwad (CS & Compliance Officer)** has 6+ years of experience.

**Outlook:** Overall, the management is satisfactory with the management having good experience in the industry.

### Industry Overview –

India's Media & Entertainment (M&E) sector is undergoing a transformative expansion, projected to grow at a CAGR of 10%, reaching ₹3.08 trillion (US\$ 37.2 billion) by 2026 and further to US\$ 43 billion by FY28. The industry spans television, print, OTT, gaming, cinema, and digital advertising, with digital segments—particularly OTT, gaming, and online media—showing the fastest growth. Gaming revenue surged 23% YoY to US\$ 3.8 billion in FY24, while the OTT video market is expected to reach ₹21,032 crore (US\$ 2.63 billion) by 2026. The print media, multiplex, and out-of-home (OOH) advertising segments continue to evolve with strategic investments and audience segmentation.

Parallely, India's **Electronics System Design & Manufacturing (ESDM)** industry is scaling rapidly, targeting US\$ 500 billion in output by 2030 and positioning itself as a global hub for electronic hardware, chip design, and semiconductor manufacturing. The sector benefits from strong policy support including PLI schemes, increased budgetary allocations, and the establishment of semiconductor parks, with electronics exports rising to US\$ 29.1 billion in FY24. India now ranks among the top global exporters of electronic goods and aims to make electronics one of its top 3 export categories by 2026.

### Outlook & Analysis of the industry:

The outlook is robust as India's digital economy matures. Media and entertainment firms are pivoting toward digital-first models, with gaming, OTT, and online advertising leading revenue growth. Print and multiplexes are evolving through hybrid monetization strategies and content innovation. Meanwhile, the ESDM sector is set to unlock over US\$ 100 billion in economic value by 2025, propelled by domestic manufacturing, export growth, and strategic investments in semiconductors and display tech. Together, these sectors form the backbone of India's ambitions to become a global media-tech and electronics powerhouse by 2030.

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### Peer Analysis

As per the RHP, there are no listed peers.

## FINANCIAL SNAPSHOT

Key Performance Indicators				Key Ratios			
(In Lakhs)							
Particulars	FY 23	FY 24	FY 25	Particulars	FY 23	FY 24	FY 25
<b>P&amp;L Statement</b>				<b>Per Share Data</b>			
Total Income	9,625.94	11,094.27	13,005.42	Diluted EPS	4.93	7.33	9.51
Total Expenses	8,769.40	9,823.40	11,354.30	BV per share*	10,762.07	19.20	28.68
EBITDA	1,028.67	1,458.30	1,727.47	<b>Operating Ratios</b>			
EBIT	857.17	1294	1655.12	EBITDA Margins	10.74%	13.20%	13.35%
PBT	856.54	1,270.87	1,651.12	PAT Margins	6.63%	8.54%	9.46%
Tax Expenses	-221.56	-327.20	-427.36	Inventory days	60.15	49.40	84.42
Net Profit	634.98	943.67	1,223.76	Debtor days	44.76	62.78	59.51
<b>Balance Sheet</b>				Creditor days	52.65	33.55	51.59
Total Equity	1,537.47	2,471.90	3,691.16	<b>Return Ratios</b>			
<b>Assets</b>				RoCE	47.14%	44.42%	41.71%
Non-Current Assets	497.09	373.79	364.06	RoE	41.30%	38.18%	33.15%
Current Assets	3,252.80	4,266.88	6,251.21	<b>Valuation Ratios (x)</b>			
Total Assets	3,749.89	4,640.67	6,615.27	EV/EBITDA	1.14	1.46	1.83
<b>Liabilities</b>				Market Cap / Sales	0.001	1.01	0.87
Non-Current Liabilities	281.06	441.29	277.38	P/E	17.65	11.87	9.15
Current Liabilities	1,931.37	1,727.46	2,646.74	Price to Book Value	0.01	4.53	3.03
Total Liabilities	2,212.43	2,168.75	2,924.12	<b>Solvency Ratios</b>			
<b>Cash Flow Statement</b>				Debt / Equity	0.04	0.15	0.06
CFO	-157.05	87.54	295.88	Current Ratio	1.68	2.47	2.36
CFI	-21.46	-29.93	-66.90	Quick Ratio	0.87	1.61	1.23
CFF	-171.24	235.51	-271.57	Asset Turnover	2.55	2.38	1.96
				Interest Coverage Ratio	17.79	18.57	23.03

\*Annualized

## FINANCIAL ANALYSIS –

1. The top line has increased over the years. It increased in FY24 by 15.34% and in FY25 it increased by 17.11% which is mainly due to increase in sales.
2. The EBITDA also increased over the years by 41.77% in FY24 which was majorly due to reduction in purchase of stock. In FY25 it increased by 18.46%. The EBITDA margin also saw a similar trend with a slight increase in FY25.
3. The net profit also increased by 48.61% in FY24 and by 29.68% in FY25 due to the above reason. The PAT margin also increased consistently over the years
4. The company had negative cash flow from operations in FY23.
5. The company is almost debt free.
6. The return ratios have decreased over the years.

Overall, the financials of the company look sustainable in the long run.

## Disclaimer

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