IPO Note

Savy Infra and Logistics Limited

Recommendation: **AVOID**

Business - Savy Infra and Logistics Limited is an Engineering, Procurement and Construction (EPC) company focused on earthwork and foundation preparation for infrastructure projects such as road construction, embankments, sub-grade preparation, granular sub-bases and bituminous or concrete surfaces.

Objects of the Issue –

Particulars	Amount
Working Capital Requirements	Rs. 49.00 Cr.
General Corporate Purposes	

Promoters Name – Liladhar Mundhra and Tilak Mundhra

Promoter Share Holding Pattern	
Pre Issue	**Post Issue**
85.87%	**61.81%**

Rationale for recommendation –

Savy Infra and Logistics Limited, incorporated in Jan-2006, has a significant operating history in the infrastructure and logistics sector. The company has steadily increased its share of direct contracts from 61.97% in FY23 to 73.90% in FY25, with 89.21% of FY25 revenue contributed by recurring customers. As of April 30, 2025, it has an order book of Rs. 23,056 Lakhs and ongoing work orders worth Rs. 30,850.55 Lakhs. However, its operations remain regionally concentrated, with the western zone contributing 71.58% of revenue in FY25 and Maharashtra alone accounting for 60.07%. It also exhibits high customer and supplier concentration, with the top 5 customers contributing 74.90% and top 10 suppliers contributing 90.28% of revenue and purchases, respectively in FY25. The company's topline surged by 1,541.04% in FY24 and 178.95% in FY25, driven by increased sales to repeat customers, though such growth is unlikely to be sustainable due to the highly competitive nature of the sector. EBITDA and PAT margins have remained volatile between 9.46%–14.78% and 5.45%–9.71%, respectively, largely due to fluctuations in material costs. While RoCE and RoE have been strong, they are expected to normalize towards industry averages. The company has reported negative operating cash flows due to rising inventories and receivables, raising concerns over working capital efficiency. Despite an outstanding unsecured loan of Rs. 4,212.59 Lakhs, the interest coverage ratio has improved, reflecting better debt servicing ability. The overall financial performance is currently unstable and management quality is considered moderate. At a post-issue P/E of 10.46, the IPO appears fairly valued. We recommend **AVOID** the IPO at this stage and suggest monitoring the company's post-listing performance, particularly its efforts to mitigate operational risks and stabilize its financials, given that it operates in a high-potential growth industry.

IPO Details

Opening Date	Jul 21, 2025
Closing Date	Jul 23, 2025
Allotment Date	Jul 24, 2025
Listing Date	Jul 28, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹114 - ₹120
Issue Size	69.98 Cr.
Fresh Issue	69.98 Cr.
Offer for Sale	-
Application Amt	₹ 2,88,000 (2,400 shares)

KPIs **(In Lakhs)**

KPI's	FY 23	FY 24	FY 25
Revenue	619.08	10,159.32	28,339.05
EBITDA	58.58	1,501.24	3,554.10
Net Profit	33.76	986.66	2,387.79
RoCE	90.07%	135.57%	40.60%
ROE	52.53%	93.88%	45.70%
P/E	428.57	14.60	7.23

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	16.59	11.48
BVPS	34.89	25.11
P/E	7.23	10.46
P/BV	3.44	4.78
Mkt Cap (In Cr)	179.72	249.70

*Annualized

Lead Managers –
Unistone Capital Private Limited

Registrar –
Maashitla Securities Private Limited

Industry Overview –

India's Capital Goods manufacturing industry serves as a strong base for its engagement across sectors such as Engineering, Construction, Infrastructure and Consumer goods, amongst others. Demand for engineering sector services is being driven by capacity expansion in industries like infrastructure, electricity, mining, oil and gas, refinery, steel, automobiles and consumer durables. India has the second-largest road network in the world, spanning over 6.7 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.

Market Size - In FY25 (until December), exports of engineering goods reached at Rs. 7,61,343 Cr. (US$ 87.22 billion). The production of the Capital Goods Sector rose from Rs. 2,29,533 (US$ 27.58 billion) Cr. in 2014-15 to Rs. 4,29,001 Cr. (US$ 51.55 billion) in 2023-24. Imports of Electrical Machinery in India increased to US$ 12.30 billion in FY24. The Indian construction equipment (CE) industry, which aspires to become the world's second largest by 2030, turned in its best-ever performance with 26% year-on-year growth in FY23 as sales crossed the one lakh unit mark driving on road construction and railway demand. National highway construction in India increased at 9.3% CAGR between FY16-FY24. In FY24 approximately 12,349 km of National Highways have been constructed.

Government Initiatives - The Indian engineering sector is crucial for economic growth, supported by 100% FDI and policy reforms. In Union Budget 2025–26, the government allocated Rs. 11.21 lakh Cr. (US$129B) for capital expenditure and Rs. 2.87 lakh Cr. (US$33.07B) to the Ministry of Road Transport. Major infrastructure initiatives include 112 NH projects (Rs. 1 lakh Cr.), metro expansion (Rs. 12,200 Cr.) and high-speed corridors (Rs. 50,655 Cr.), with continued focus on Gati Shakti and digital tolling advancements.

Outlook - India's construction and engineering sector is poised for robust growth, driven by a projected Rs. 1.03 lakh Cr. market size by 2030 and expanding infrastructure, with 3,100 km of highways awarded in FY25 and Rs. 1 lakh Cr. annual toll revenue expected. Government initiatives like Parvatmala and Make in India further strengthen long-term prospects.

(source : RHP)

Business Overview -

Savy Infra and Logistics Limited is an Engineering, Procurement and Construction (EPC) company focused on earthwork and foundation preparation for infrastructure projects such as road construction, embankments, sub-grade preparation, granular sub-bases and bituminous or concrete surfaces. The company's EPC projects include earthwork services which involve moving and shaping large volumes of soil and other materials, creating a strong and reliable base for buildings, roads or other infrastructure. As part of company's logistics segment offers Full Truck Load (FTL) services to clients in the infrastructure, steel and mining sectors. The company was originally incorporated as "Shubhangi Metals Private Limited" on Jan-16, 2006.

Company's Clientele – Jindal Steel & Power, SDPL Infrastructures, Dilip Buildcon Limited, KEC International Limited, Welspun Enterprises Limited, Shivam Construction Company

Company's Completed Projects – Surat Metro – Phase 1 (Gujarat), Bhadbhut Barrage (Gujarat), Dhrol Bhadra Pipaliys (Gujarat) and others

Key Business Process -

Service-Wise Revenue Bifurcation - (Amt. in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
EPC	480.81	77.67%	7,222.78	71.10%	22,773.19	80.36%
Logistics	138.27	22.33%	2,836.54	27.92%	4,018.80	14.18%
Other Services	-	-	100.00	0.98%	1,547.06	5.46%
Total	**619.08**	**100%**	**10,159.32**	**100%**	**28,339.05**	**100%**

- The company has increased direct contracts from 61.97% in FY23 to 73.90% in FY25.
- The company's majority of revenue is from recurring customers, contributing 89.21% of total revenue in FY25.
- The company has order book of Rs. 23,056 Lakhs as of Apr-30, 2025.
- The company has ongoing work order amount of Rs. 30,850.55 Lakhs as of Apr-30, 2025.

Business Strategies -

- The company's foray into green logistics with 38 MT EV trucks aims to cut fuel costs by ~80%, driving profitability and sustainable, scalable growth through long-term contracts.
- The company aims to expand pan-India by leveraging past project success, strengthen presence in existing markets and deepen client relationships to drive sustained infrastructure-led growth.

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Lakhs)

Particulars	FY23	FY24	FY25
P&L Statement			
Total Income	619.19	10,162.44	28,376.56
Total Expenses	573.51	8,763.27	24,990.69
EBITDA	58.58	1,501.24	3,554.10
EBIT	58.58	1,501.24	3,554.10
PBT	45.68	1,399.17	3,385.87
Tax Expenses	11.92	412.51	998.08
Net Profit	33.76	986.66	2,387.79
Balance Sheet			
Total Equity	**64.27**	**1,050.93**	**5,224.61**
Liabilities			
Non-Current Liabilities	0.77	56.43	3,529.62
Current Liabilities	944.84	3,062.54	9,826.70
Total Liabilities	**945.61**	**3,118.97**	**13,356.32**
Assets			
Non-Current Assets	303.95	350.29	3,854.01
Current Assets	705.93	3,819.61	14,726.92
Total Assets	**1,009.88**	**4,169.90**	**18,580.93**
Cashflow Statement			
Operating Cashflow	-36.68	-359.00	-1,751.34
Investing Cashflow	-	-45.67	-3,500.00
Financing Cashflow	36.66	441.58	5,244.55

Key Ratios

Particulars	FY23	FY24	FY25
Per Share Data			
Diluted EPS	0.28	8.22	16.59
BV per share	64.27	1,050.93	34.89
Operating Ratios			
EBITDA Margins	9.46%	14.78%	12.54%
PAT Margins	5.45%	9.71%	8.43%
Inventory days	38.81	52.25	62.11
Debtor days	187.68	60.86	125.18
Creditor days	1,431.44	87.01	248.43
Return Ratios			
RoCE	90.07%	135.57%	40.60%
RoE	52.53%	93.88%	45.70%
Valuation Ratios (x)			
EV/EBITDA	6.39	1.24	2.72
Market Cap/Sales	0.19	0.01	0.63
P/E	428.57	14.60	7.23
Price to Book Value	1.87	0.11	3.44
Solvency Ratios			
Debt/Equity	4.86	0.81	0.86
Current Ratio	0.75	1.25	1.50
Quick Ratio	0.68	0.77	1.01
Asset Turnover	0.61	2.44	1.53
Interest Coverage Ratio	4.50	14.27	17.27

Financial Analysis –

- **Revenue from Operations –** The company's top line increased by 1,541.04% in FY24 and 178.95% in FY25, primarily due to increase in customer base and increased sales to repeat customers. The huge spikes in increase in revenue over years is not sustainable in long run as company operates in a highly competitive segment and key factors of competition include relationships with government bodies, client connections, reputation and the quality and pricing of services.
- **EBITDA** and **PAT Margins** – The company's EBITDA margin and PAT margins have been volatile ranging from 9.46% - 14.78% and 5.45% - 9.71% respectively over FY23 and FY25, primarily due to volatility in material COGS as percentage of revenue.
- **RoCE and RoE** – The company's RoCE and RoE have been high; however, such elevated levels are unlikely to be sustainable over the long term and are expected to gradually revert closer to the industry average.
- **Operating cashflow** – The company has reported negative cash flows over the years, with a further decline primarily driven by a significant increase in inventories and trade receivables, raising concerns about the efficiency of its working capital management.
- **Interest coverage ratio** – The company's interest coverage ratio has been improved over the years, indicating enhanced ability to meet its debt obligations.

Outlook – The overall financial performance of the company is currently unstable; however, it is advisable to monitor the business to assess whether its financials stabilize over time.

Lead Manager –

The lead manager of the issue is Unistone Capital Private Limited. The lead manager has managed 21 IPOs in last 3 years, among them 19 IPOs have opened in premium and 2 IPOs have opened at discount to their issue price on their respective listing dates.

Risk Factors -

- The company's majority of revenue is derived from West zone of India, contributing 54.69%, 62.21% and 71.58% of total revenue in FY23, FY24 and FY25 respectively.
- The company has unsecured loan outstanding amounting to Rs. 4,212.59 Lakhs as of May-31, 2025.
- The company has customer concentration, top 5 customers contributing 98.14%, 94.94% and 74.90% of total revenue in FY23, FY24 and FY25 respectively.
- The company has high concentration in Maharashtra, contributing 60.07% of total revenue in FY25.
- The company has supplier concentration, top 10 suppliers contributing 86.46%, 74.69% and 90.28% of total purchases in FY23, FY24 and FY25 respectively.

Key Management

- Tilak Mundra is the Promoter, Chairman and Managing Director of the company. He has 7 years of experience in the infrastructure and logistics sectors. There is evidence of dual chairmanship in the company.
- Liladhar Mundhra is the Promoter and Non-Executive Director of the company. He has 20 years of experience in the textile industry and more than 5 years in the EPC and logistics.
- The company's Independent Directors are qualified and have significant experience in their respective fields.
- Chief Financial Officer has more than 10 years of experience and Company Secretary and Compliance Officer has limited experience.

Outlook – The overall management of the company is considered moderate.

Peer Analysis

Particulars	Savy Infra and Logistics Limited			AVP Infracon Limited			Ganesh Infraworld Limited			Active Infrastructure Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	5.45%	9.71%	8.43%	9.97%	11.55%	11.22%	-	7.72%	7.38%	10.91%	7.65%	10.46%
EBITDA Margin	9.46%	14.78%	12.54%	20.28%	22.31%	21.28%	-	11.31%	10.45%	14.80%	18.14%	26.92%
RoCE	90.07%	135.57%	40.60%	34.03%	26.62%	33.29%	-	16.07%	30.18%	55.29%	38.22%	17.00%
ROE	52.53%	93.88%	45.70%	46.15%	19.86%	26.23%	-	11.24%	22.31%	53.39%	27.21%	8.47%
EPS (INR)	0.28	8.22	16.59	6.40	8.68	13.25	-	2.89	14.19	9.12	6.95	7.36
P/E	428.57	14.60	7.23	-	8.93	10.31	-	-	11.02	-	-	21.94