



# ENERGY-MISSION MACHINERIES

## Details of the Issue:

Lead Manager:	Hem Securities Limited
Registrar:	Bigshare Services Private Limited
Listing At:	NSE SME

## Promoters Shareholding Pattern:

Pre-Issue:	99.70%
Post-Issue:	73.45%

## Offer Structure:

Retail:	≥35% of the net offer
QIB:	≤50% of the net offer
NII (HNI):	≥15% of the net offer
Post Issue Paid-up capital:	113.27 Lakhs
Issue Size:	₹41.15 Cr
Face Value (₹)	10

## Consolidated Financials (₹ in Lakhs):

Particulars	9MFY24	FY23
Total Income:	8328.48	9956.34
EBITDA:	1271.26	1360.64
PAT:	674.80	790.01

## Minimum Application:

#	Lots	Shares	Amount
Retail:	1	1000	138000
HNI:	2	2000	276000

## Valuations (FY24 Annualized):

Net Asset Value:	36.28x
EPS*:	₹7.95
P/E*:	17.37x
EV/EBITDA:	5.87x
Enterprise value:	₹9954.86 Lakhs

\*EPS and P/E ratio have been calculated on 9MFY24 annualized earnings and post issue shares outstanding

## RECOMMENDATION

## APPLY

Price Band: ₹131 to ₹138 per share

Lot Size: 1000 shares

Bidding Date: 9<sup>th</sup> May to 13<sup>th</sup> May

## INDUSTRY

## CAPITAL GOODS

## Summary of Business

- Energy Mission Limited designs and manufacture CNC, NC and conventional metal forming machines which caters to the industrial sector requirement for metal fabrication solutions.
- Company's metal forming machines includes press brake machines, shearing machines, plate rolling machines, iron workers machines, hydraulic presses and busbar bending, cutting & punching machine.
- They provide manufacturers with vital precision machines which are required for metal cutting and forming operations

## Object of the Issue:

The Fresh Issue includes a public Issue of 2,982,000 Equity Shares of the Company at an Issue Price of ₹131-138 per Equity Share. The Net Proceeds from the Issue are proposed to be utilized by the Company for the following objects:

- Working Capital Requirements (~ ₹1500.00 Lakhs)
- Funding of capital expenditure towards civil construction work at existing manufacturing unit located at Sanand, District Ahmedabad, Gujarat (~₹686.40 Lakhs)
- Funding of capital expenditure towards installation of new plant & machineries (~₹742.93 Lakhs)
- To meet General Corporate Purposes

**Valuation and Recommendation:** The Indian machine tool market size reached US\$ 1.4 billion in 2022. The market is expected to reach US\$ 2.5 billion by 2028, exhibiting a growth rate (CAGR) of 9.4% during 2023-28. The company has almost doubled its revenue in from FY21 to FY23 with profit margins increasing at a good rate. The company will be listing on a P/E of 17.37 on its 9MFY24 annualized earnings which is lower as compared to its peer's P/E. The company revenue percentage-wise press brake machine has been increasing since FY21 leading to a risk of product concentration. The company has also reported positive operating cash flows since FY21 to 9MFY24. Thus we recommend to **APPLY** to the IPO.

## Financials (Consolidated):

(₹ in Lakhs)

Particulars	FY21	FY22	FY23	9MFY24
Revenue from Operations	4761.27	7835.27	9956.34	8328.48
EBITDA	450.66	795.91	1360.64	1271.26
EBITDA Margin (%)	9.47%	10.16%	13.67%	15.26%
PAT	95.33	336.17	790.01	674.8
PAT Margin	2.00%	4.29%	7.93%	8.10%
ROE (%)	7.89%	24.10%	40.35%	25.08%
ROCE (%)	10.12%	17.15%	28.08%	21.86%

Source: RHP

## Comparison of accounting ratios with peers:

Name of Company	CMP	Face Value (Rs)	EPS (Rs)	PE	RoNW (%)	Book Value (Rs.)	Total Income (Rs in Lakhs)
Energy-Mission Machineries (India)	138	10	9.47	[?]	33.57%	28.2	10,066.12
<b>PEER GROUP</b>							
Macpower CNC Machines Limited	1148	10	12.89	89.06	13.34%	96.61	20,214.00
Jyoti CNC Automation Limited	795.15	2	1.02	779.56	18.35%	5.57	95,260.00

\* Energy-Mission Machineries (India) P/E is calculated on the basis of the upper band of the listing price and FY23 EPS.

\*\*PEER Group CMP is as of date April 26<sup>th</sup> 2024

## Product-wise Revenue Breakup:

Particulars	31-Dec-23	31-Mar-23	31-Mar-22	31-Mar-21
Press Brake Machine	75.12%	78.43%	69.42%	62.30%
Shearing Machine	15.40%	12.82%	19.94%	23.99%
Plate Rolling Machine	1.41%	2.23%	1.19%	3.08%
Busbar Machine	0.38%	0.50%	1.48%	1.75%
Press Machine	1.31%	0.59%	2.79%	2.78%
Iron Worker Machine	0.69%	0.64%	0.87%	1.75%
Components and spare parts	5.23%	4.43%	4.09%	4.15%
Maintenance Services	0.46%	0.35%	0.22%	0.20%

## Geographical Revenue Breakup (% of Revenue):

Particulars	9MFY24	FY23	FY22	FY21
Domestic	93.15	98.64	98.25	98.20
International	6.85	1.36	1.75	1.80
Total	100	100	100	100

## Investment Rationale

- The issue proceeds will be used to build and expand the existing facility which will reduce the cost and also increase the quality of the products.
- Over the past 9 months, the company has achieved a notable milestone by generating 6.85% of its revenue through exports, marking the highest proportion since FY21. Given that the engineering sector contributes approximately 25% to India's total global exports, there exists significant potential for further international expansion.
- A noteworthy consideration is that a substantial portion of the company's revenue is derived from a single type of machine, which has seen an increasing trend over time. Despite this, the company has successfully diversified its customer base, with sales to over 400 clients in FY23, thereby mitigating the risk associated with customer concentration.
- The company's product line of CNC machines serves a diverse array of industries, including automotive, steel, pre-engineered buildings, furniture, HVAC, agricultural equipment, road construction equipment, and elevators. With India's burgeoning economy, there is ample opportunity for the company to capitalize on this broad market demand and further enhance its growth trajectory.
- Also the company has reported positive operating cash flow for the past 3 years and 9 months, Hence we recommended an **APPLY** to the issue.

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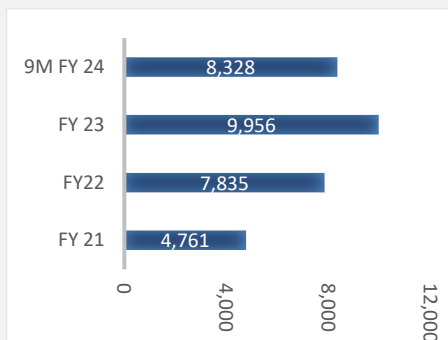
This paper has been prepared by Cokaco, a virtual platform by NNM Nextgen Advisory Pvt. Ltd. an investment banking firm based out of Mumbai providing a bouquet of financial services.

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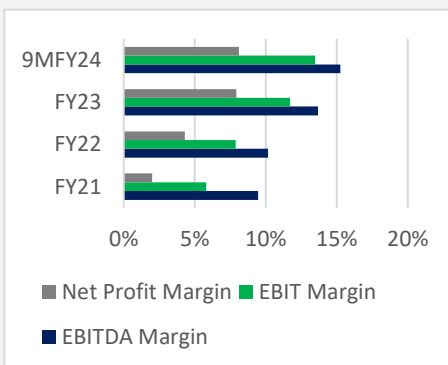
May 2<sup>nd</sup>, 2024

## FINANCIAL HIGHLIGHTS:

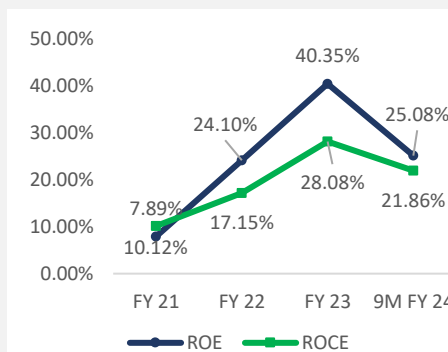
### Revenue from Operations (in ₹ Lakhs)



### EBITDA and Net Profit Margin:



### Profitability Ratios:



**Promoters:**

Satishkumar Kanjibhai Parmar	Dineshkumar Shankarlal Chaudhary	Sanjay Shantukumar Khankar
Ashokkumar Ramjibhai Panchal	Snehal Narendra Mehta	Sumitraben Mehta