



Finelistings Technologies Limited

Details of the Issue:

Lead Manager: Fedex Securities Pvt Ltd
Registrar: Skyline Financial Services Pvt Ltd
Listing At: BSE SME

Promoters Shareholding Pattern:

Pre-Issue: 71.65 %
Post-Issue: 49.98 %

Offer Structure:

Retail Shares offered: 50% of the net offer
Other shares offered: 50% of the net offer
Issue Size: Rs.13.53 Crores
Post Issue Paid Up Capital: Rs.3.64 Crores

Financial Summary (₹ in Lakhs):

| Particulars | 11M FY24 | FY23 |
|----------------------|----------|---------|
| Total Income: | 1359.40 | 1390.62 |
| EBITDA: | 386.13 | 251.14 |
| PAT: | 267.12 | 178.92 |

Minimum Application:

| # | Lots | Shares | Amount |
|----------------|------|--------|----------|
| Retail: | 1 | 1000 | 1,23,000 |
| HNI: | 2 | 2000 | 2,46,000 |

Valuations (FY23):

Net Asset Value: Rs. 13.87 per share
EPS: ₹ 8.78
P/E: 14.04x
EV/EBITDA: 19.97x
Enterprise value: ₹ 5,015.65 Lakhs

Promoters:

Aneesh Mathur
Arjun Singh Rajput

RECOMMENDATION

AVOID

Price: ₹123 per share

Lot Size: 1000 shares

Bidding Date: 7th May to 9th May

INDUSTRY

AUTOMOBILE AND SOFTWARE

Company Overview

- Incorporated in 2018, Finelistings Technologies Limited engages in two distinct sectors - retail of used luxury cars and software development services, providing a diversified portfolio.
- Transitioning from a commission-based (2020) to a buy-and-sell retail model for used luxury cars, the company opened its first showroom in August 2022, aiming to enhance its retail operations.
- Focuses on premium and high-end luxury cars while also offering software development services through third-party collaborations, ensuring a comprehensive approach to meeting diverse client needs.

Object of the Issue:

The Fresh Issue includes a public Issue of 11,00,000 Equity Shares of the Company having Face value of ₹ 10 each at an Issue Price of ₹ 123 per Equity Share. The Net Proceeds from the Issue are proposed to be utilized by the Company for the following objects:

- Purchase of Software (~₹ 500 Lakh)
- To meet Working Capital Requirements (~₹ 500 Lakh)
- General Corporate Purpose (~₹ 243 lakh)

Valuation and Recommendation:

Based on the FY24 annualized earnings, the price-to-earnings ratio of **14.8x** suggests the issue is **fully priced**. However, concerns arise regarding the **sustainability of margins and future growth**, as the company's substantial revenue and profit increase resulted in profitability for the first time in FY23, might be perceived as a strategy to enhance IPO valuations. Additionally, the shifting revenue focus towards the software segment, which gained prominence from FY23, raises questions about its sustainability. Hence, we advise to **AVOID** the issue.

Financials: (₹ in Lakhs)

| Particulars | FY21 | FY22 | FY23 | 11MFY24 |
|--------------------------------|----------|----------|---------|---------|
| Revenue From Operations | 146.34 | 694.12 | 1388.75 | 1359.97 |
| Growth (in %) | | 374.32% | 100.07% | |
| EBITDA | (22.99) | 1.33 | 251.14 | 386.13 |
| EBITDA Margin (%) | (15.71%) | 0.19% | 18.08% | 28.4% |
| PAT | (17.26) | (8.33) | 178.92 | 267.12 |
| ROE (%) | (30.69%) | (17.39%) | 50.85% | 43.16% |
| ROCE (%) | (41.54%) | 0.23% | 52.37% | 21.73% |
| EPS | (0.85) | (0.41) | 8.78 | 10.92 |

Source: RHP

7th May, 2024

Comparison of accounting ratios with peers:

| Name of Company | Current Market Price | Face Value (Rs) | EPS (Rs) | PE | RoNW (%) | NAV per share (Rs.) |
|--|----------------------|-----------------|----------|-------|----------|---------------------|
| Finelistings Technologies Limited | 123 | 10 | 8.78 | 14.04 | 50.85 | 13.87 |
| PEER GROUP | | | | | | |
| CarTrade Tech Limited | 719.50 | 10 | 7.28 | 98.83 | 1.60 | 454.48 |
| Cambridge Technology Enterprises Limited | 91.77 | 10 | 4.15 | 22.06 | 8.27 | 50.32 |
| Globalspace Technology Limited | 21.37 | 10 | 0.46 | 47.13 | 1.44 | 31.47 |

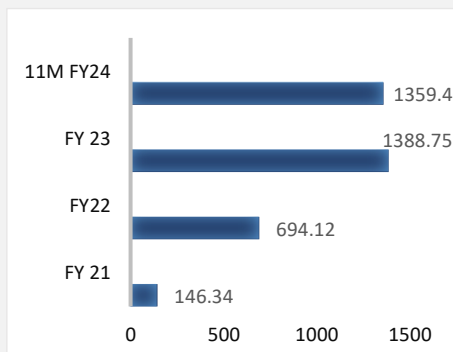
| Revenue Bifurcation (Rs. In Lakhs) | | | | |
|------------------------------------|----------|--------|--------|--------|
| Particulars | 11M FY24 | FY23 | FY 22 | FY 21 |
| Cars | 36.14% | 55.36% | 99.44% | 95.44% |
| IT Consultancy & Support | 56.77% | 44.57% | 0.00% | 0.00% |
| Car Detailing Charges | 0.00% | 0.00% | 0.00% | 0.55% |
| Car Insurance Services | 0.00% | 0.00% | 0.04% | 0.44% |
| Other operating Revenues | 7.09% | 0.07% | 0.52% | 3.57% |

Investment Rationale:

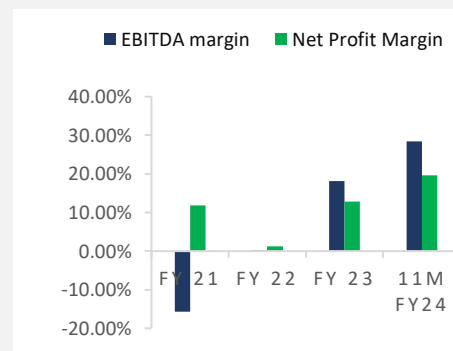
- Starting as a **commission-based model** for used luxury car sales in **mid-2020**, shifted to a **buy-and-sell model** with its first showroom opening in August 2022. However, its **limited presence** presents potential **challenges for operational expansion**, possibly impacting overall business growth.
- Heavy reliance on third-party service providers** for its software development segment, **dependency on few customers**, and **increasing revenue concentration** from this sector only since FY23, **raises concerns about sustainability and business focus**.
- With relatively **brief operating history**, starting retail operations in 2020, **concerns** arise regarding the **sustainability of margins and future growth**, due to significant revenue and profit increase, **having turned profitable for the first time in FY23**.
- Increasing competition** from both offline and online players, including authorized dealers and unorganized sellers, presents a significant challenge to used car business.
- The company's post-IPO equity capital suggests a **longer gestation period**. Considering all the above reasons, we suggest to **AVOID** this issue

FINANCIAL HIGHLIGHTS:

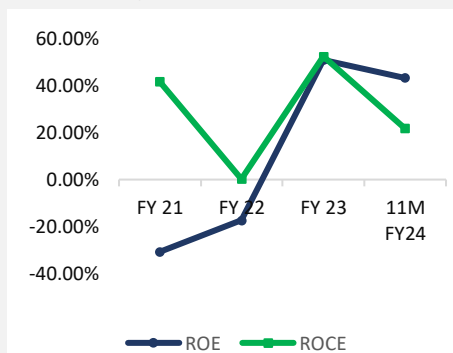
Revenue from Operations (in ₹ Lakhs)



EBITDA and Net Profit Margin:



Profitability Ratios:



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