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Issue Offer

Fresh Issue of 2,982,000 Equity shares aggregating up to INR 411.5 mn

Issue Summary

Price Band (INR)	131-138
Face Value (INR)	10
Implied Market Cap (INR mn)	1,563
Market Lot	1000
Issue Opens on	May 9, 2024
Issue Close on	May 13, 2024
No. of share pre-issue	8,344,500
No. of share post issue	11,326,500
Listing	NSE - SME

Issue Break-up (%)

QIB Portion	18.98%
NII Portion	14.25%
Retail Portion	33.27%

Book Running Lead Managers

Hem Securities Ltd

Registrar

Bigshare Services Pvt Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100%	73.67%
Public & Others	0.0%	26.33%

Objects of the issue

- Funding of capital expenditure towards civil construction work at existing manufacturing unit located at Sanand, District Ahmedabad, Gujarat
- Funding of capital expenditure towards installation of new plant & machineries
- To meet working capital requirements
- General Corporate Purpose

Abhishek Jain

abhishek.jain@arihantcapital.com
022-422548871

Natasha Singh

natasha.singh@arihantcapital.com

Energy Mission Machineries (India) Limited is a leading manufacturer of CNC, NC, and conventional metal forming machines. Based in Sanand, District Ahmedabad, India, offering a diverse range of over 600 variants of precision machines. These include press brake machines, shearing machines, plate rolling machines, iron workers machines, hydraulic presses, and busbar bending, cutting & punching machines. The company serves a wide array of industries such as automotive, steel, pre-engineered building, furniture, HVAC, and agricultural equipment. The company also exported to numerous countries worldwide, including the USA, Switzerland, Russia, Nepal, Kenya, Uganda, UAE, Saudi Arabia, and other Middle Eastern nations. Company manufacturing facilities encompass various production lines, including a CNC Plasma cutting shop, machine shop, and heavy fabrication shop, ensuring efficient design, development, and manufacturing processes.

Investment Rationale

Capex and Technological Advancement will lead to business growth: The company is committed to growth and innovation, and the company is poised to enhance its manufacturing capabilities. Through strategic investments in new plants and machinery such as Fixed Double Column Machining Centre, VMCs, Lathe machines, and Goliath cranes, Additionally, the company plans to expand our existing manufacturing unit by constructing additional sheds and utilizing unused floor space. With a focus on modernization and expansion, they are positioned to meet the increasing demand for their products and drive sustainable growth into the future. The company is investing INR 68.64mn (~16.7% of IPO proceeds) in civil construction at its manufacturing unit in Sanand, Ahmedabad, Gujarat, and allocating INR 74.293 (~18.1% of IPO proceeds) for new plant and machinery. These expenditures underscore its dedication to expanding and modernizing infrastructure, crucial for bolstering manufacturing capabilities and driving future growth initiatives.

In-House Manufacturing led to cost effectiveness: The Company manufacturing facility in Sanand, Ahmedabad spans over 18,234 sq. mtrs, serving as the backbone of their operations. Equipped with cutting-edge capabilities including CNC Plasma cutting, machine shop, heavy fabrication, hydraulic Cylinder production. This integrated approach allows company to optimize inventory management, streamline production processes, and uphold stringent quality standards. With assembly lines and testing facilities in-house, the company minimizes production time, enhances efficiency, and achieves cost-effectiveness, all while delivering consistently high-quality products.

Focused on geographic expansion and diverse Industries: The company has demonstrated a strong performance, supplying 1,657 machines to more than 1,150 customers globally. Company sales have spanned across diverse industries and geographical regions, with significant traction in both domestic and international markets. The domestic and international market sales mix stood at 93-7 in FY23. The company has presence in international markets including the USA, UAE, Saudi Arabia, Oman, Nepal and focused on further geographic expansion across various diverse industries. In India, their products have reached over 20 states and 2 union territories, reflecting a widespread market presence. The company customer base is characterized by its diversity, spanning industries such as metal fabrication, agriculture, automotive, food processing, and more.

Commitment to Quality Assurance: The company ensures the highest quality standards are paramount, reflecting their dedication to customer satisfaction. Through rigorous quality reviews and prompt corrective measures, uphold the integrity of their products, fostering trust and goodwill among customers. Their unwavering focus on delivering superior-quality products not only meets customer expectations but also strengthens its reputation in the market, enhancing long-term relationships and driving sustained success.

Valuation and View: Energy Mission Machineries Ltd grew revenue & PAT at a CAGR 44.6% & 187.9% respectively over the period of FY21-23. This growth solidifies its position as a key player in the global metal-forming machinery market. The IPO funds will be utilized for capex in Sanand plant and installation of new plant & machineries would lead to business growth going forward. EMML's robust manufacturing capabilities and diverse product range enable it to meet the evolving demands of industries amidst rapid industrialization and infrastructure development. Through a strategic focus on innovation, technological advancement, and strategic partnerships, EMML aims to enhance machinery performance and reliability. At the upper band of INR 138, the issue is valued at a P/E of 17.4x based on 9MFY24 EPS of INR 7.9 (Annualized). We are recommending "Subscribe" for the issue.

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
Building No. 10, 1st Floor
Andheri Ghatkopar Link Road
Chakala, Andheri (E)
Mumbai – 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

Arihant House
E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

**Research Analyst
Registration No.****Contact****Website****Email Id**

INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.com

instresearch@arihantcapital.com

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880