

PATIL AUTOMATION LTD.

IPO NOTE



IPO Price Band: INR 114 to 120 per share

M.Cap: ~INR 261.85 Cr.

Recommendation: Subscribe

ABOUT: Incorporated in 2015, Company is engaged in designing, manufacturing, testing and installation of customized automation systems such as welding lines, assembly lines, material handling machineries & special purpose machineries to end customers comprising of Auto OEMs, Tier I suppliers to Auto OEMs & other manufacturers of auto components & sub-components. Existing manufacturing facility is spread across 109,000 sq. ft. (split into 2 units) located in MIDC Chakan area, Pune with installed capacity of 2,304 units and also has in-house design team in Baner, Pune.

INVESTMENT RATIONALE:

- Strong design & development capabilities along with in-house manufacturing facility & integrated testing**
 - Design & development team comprises of 45 employees using advanced software tools (E-Plan, CATIA V5, Auto CAD) etc. which enables for customized solutions.
 - Existing Capacity of 2,304 units to be increased by ~50% to reach 3,454 units with proposed IPO proceeds. Management expects better revenue achievement from new facility.
- Experienced promoters** with strong management team
 - Mr. Manoj Patil (Promoter & MD) and Mr. Prafulla Patil (Promoter & CFO) have 25 years and 28 years of experience respectively across strategic decision making, business operations, financial management.
- Industry Tailwinds** with Indian Industrial automation solutions industry to grow at CAGR of 14.2% from 2024 to 2029
 - Expected to reach \$29.4 Bn. in 2029 from \$15.1 Bn. in 2024
 - Company is fulfilling orders for both EV and non-EV auto segment with diversification towards non-auto segment

BRIEF FINANCIALS:

Particulars (INR Cr.)	FY23	FY24	FY25
Revenue	78	115	118
Growth Rate Y-o-Y %		48%	2%
Gross Margin %	43.9%	43.4%	47.3%
EBITDA %	6.1%	10.8%	12.9%
PAT %	5.1%	6.6%	9.6%
Debt (Short+Long)	33	23	23
Equity	24	32	54
Debt/Equity	1.35x	0.72x	0.43x
NWC	12	32	50
NWC (days)	57	101	155
NWC includes Inventory, Receivables & Payables; & NWC days is computed as % of rev.			
ROE %	18.94%	27.81%	27.28%
ROCE %	12.60%	24.52%	21.62%
CFO / EBITDA %	0.3%	59.7%	4.1%

IPO VALUATION & VIEW:

Issue is valued at P/E ratio of 22.4x based on FY25 PAT. Considering the strengths of experienced promoter, end customers being Auto OEMs and Tier I suppliers of Auto OEMs with potential diversification of customer mix from non Auto segment, proposed capacity expansion plans, we recommend a 'Subscribe' to this issue.

ISSUE SUMMARY

Particulars	Details
Price Band (INR)	114 to 120
Face Value (INR)	10
Implied M.Cap (INR Cr.)	261.85
Exchange	NSE-SME
Minimum Lot Size (Retail HNI)	1,200 2,400
Issue Opens on	16-Jun-2025
Issue Closes on	18-Jun-2025
Listing Date	23-Jun-2025
No. of shares pre-issue (#)	1,60,20,000
Fresh Issue of Shares (#)	58,00,800
Offer for Sale (#)	0
No. of shares post-issue (#)	2,18,20,800
Funds Mobilized (INR Cr.)	
(a) Fresh Issue of Shares	69.61
(b) Offer for Sale	0
IPO Reservation	
(a) QIB shares offered	<=50%
(b) Retail shares offered	>=35%
(c) NII (HNI) shares offered	>=15%
Registrar	Purva Shareregistry
Book Running Lead Managers	Seren Capital Pvt. Ltd.
Objects of Issue (INR Cr.)	
(a) Capex for new manufacturing facility	62.01
(b) Repayment of portion of borrowings	4.00
(c) General Corporate Purpose	[•]

SHAREHOLDING

Particulars	Pre-Issue	Post-Issue
Promoter & Promoter Group	94.4%	69.3%
Public & Others	5.6%	30.7%
Total	100.00%	100.00%

KEY RISKS / MONITORABLES

- Existing capacity utilization was 86.94% in FY25. Future revenue growth will be primarily driven from commencement of new facility. RHP mentions Feb'26 as start date, however management is confident of starting the facility by Sep'25. This will be key monitorable.
- Normalization of elongated working capital in FY25: Receivables increased to INR 50 Cr. (as on Mar'25) from INR 18 Cr. (as on Mar'24) as order dispatches took place in Mar'25.

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Installed Capacity & Capacity Utilization:

- Total existing installed capacity of 2304 units for welding lines (welding cells and fixtures) and assembly lines:

Particulars	FY23	FY24	FY25
Installed Capacity (#)	2,304	2,304	2,304
Actual Production (#)	1,256	1,797	2,003
Capacity Utilization	54.51%	77.99%	86.94%

FY26 (E) total installed capacity post expansion of 3,454 units; management is confident of commencement of operations in Sep'25 and revenue contribution during H2-FY26

Revenue mix basis end customer industry:

- Company supplied products to over 52 customers in FY25 with sales spread across 10 states (key states: Maharashtra (49.82%), Haryana (19.14%), Karnataka (12.56%), Gujarat (8.83%) and exports contributing 0.45% of total FY25 sales

Sales Mix	FY23		FY24		FY25	
	INR Cr.	%	INR Cr.	%	INR Cr.	%
Automotive	76	97.5%	113	98.3%	105	88.8%
Non-Automotive	2	2.5%	2	1.6%	13	11.0%
Others / Scrap	0	0.0%	0.1	0.1%	0.2	0.2%
Total	78	100.0%	115	100.0%	118	100.0%

We understand from management that despite higher capacity utilization, sales increase was non proportionate as it depends on the nature of order

- Peer Comparison:** As per RHP, competitors primarily comprise of unlisted peers such as Wipro Pari, DiFACTO Robotics & Automation Pvt. Ltd., Faith Automation Systems & Tooling Pvt. Ltd., Jendamark India Pvt. Ltd. and one listed peer: Affordable Robotics & Automation Ltd. Financial performance of Affordable Robotics is as below:

Particulars (INR Cr.)	FY23	FY24	FY25	FY23	FY24	FY25
	Affordable Robotics			Patil Automation		
Operating Revenues	114	163	163	78	115	118
Rev. growth rate % (Y-o-Y)		43%	0%		48%	2%
Gross Margins %	34.2%	36.5%	31.6%	43.9%	43.4%	47.3%
EBITDA Margins %	6.7%	9.2%	-2.0%	6.1%	10.8%	12.9%
PAT Margins %	1.9%	3.9%	-7.1%	5.1%	6.6%	9.6%
Debt	38	46	56	33	23	23
Equity	59	113	101	24	32	54
D/E	0.64x	0.41x	0.55x	1.35x	0.72x	0.43x
CFO / EBITDA %	-ve	-ve	-ve	0.3%	59.7%	4.1%
Inventory Days	150	121	130	43	69	55
Receivable Days	212	211	191	87	57	154
Payable Days	158	115	109	73	25	55
NWC Days	204	217	212	57	101	155
Market Cap	508			262		
PE Ratio	-ve FY25 PAT			22.4x		

Patil Automation is performing better than listed peer

Higher revenue growth rate

Higher margins
(Gross, EBITDA & PAT)

Lower leverage and higher cash generation

Lower working capital cycle or higher cash conversion

Priced at attractive valuation

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- Buy: > 15%
- Hold: -5% to 15%
- Reduce: -15% to -5%
- Sell: < -15%