

## Company Business

- ✦ Fabtech Technologies Cleanrooms Limited designs and builds cleanrooms for pharmaceutical, healthcare, and biotech companies. They manufacture modular panels and doors and provide installation and commissioning services.
- ✦ Company's cleanroom solutions, which are tailor made as per the customers' designs and global regulatory standards, comprises wall panels, view panels, doors, risers, ceiling panels, covings, heat ventilation air conditioning ("HVAC") system, epoxy flooring and electrification works.
- ✦ Company caters to the customers who are mainly operating in pharmaceuticals, healthcare and biotech sectors.
- ✦ Manufacturing facility is located at Umbergaon, Valsad, Gujarat with a total area of about 70,000 sq. ft.
- ✦ Company through one of its subsidiaries, Altair Partition Systems LLP ("Altair"), are engaged in the business of manufacturing modular panels of economical grade.
- ✦ Company has acquired, in aggregate 26% equity share capital of Advantek Air Systems Private Limited ("Advantek"), which is engaged in the business of manufacturing of Air Handling Units, a critical component essential for the optimal operation of cleanrooms.
- ✦ As part of the strategy, company has recently invested in Kelvin Air Conditioning and Ventilation Systems Private Limited ("Kelvin") by subscription to Compulsory Convertible Preference Shares which shall represent 33.33% shareholding in Kelvin upon its conversion. Kelvin is an integrator for critical HVAC applications catering to a wide spectrum of industries and businesses.
- ✦ This strategic move aligns with commitment to bolstering capabilities and enhancing customer base in key sectors such as semiconductors, automobiles, renewable energy, data centers, etc.

## Positive Points

### Positive

- ✦ Advanced Manufacturing Infrastructure and Industry Knowledge.
- ✦ Long-Term Customer Relationships.
- ✦ Support from Larger Group Company.
- ✦ Professional and Experienced Management Team.
- ✦ Diverse Domain Expertise with Effective Project Integration Capabilities.
- ✦ Growing Market Opportunities and Penetration in New Industry Segments.
- ✦ Positive operating cash flows.

## IPO Details

- ✦ The IPO is for up to 32,64,000 equity shares at a face value of ₹10 each : **(Rs. 27.74 Cr.)**
- ✦ Entire Issue is a fresh Issue.
- ✦ The equity shares will be listed on the SME Platform of BSE Limited.
- ✦ Pre IPO Promoters Holding : **93.06%**
- ✦ Post IPO Promoters Holding : **68.40%**

## Objects of the Issue

The company plans to use the net proceeds of the initial public offering (IPO) for:

- ✦ Meeting long-term working capital requirements : **Rs. 14 Cr.**
- ✦ Acquiring equity shares of Kelvin Air Conditioning and Ventilation Systems Private Limited : **Rs. 5.50 Cr.**
- ✦ General corporate purposes.

## Financials of the company

(Fig. in Cr)

Particulars	Sep 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	62.22	97.99	125.10	113.94
EBITDA	7.54	9.05	13.19	6.34
EBITDA Margins	12.12%	9.24%	10.55%	5.57%
PAT	5.40	5.78	7.96	3.60
PAT Margins	8.68%	5.90%	6.37%	3.16%
D/ERatio	0.05	0.11	0.13	0.23
ROCE	11.85%	15.83%	26.18%	13.27%
CFOA	4.11	2.76	7.98	2.72

## Comparison with Peers

There are no listed companies with similar business operations or comparable size to Fabtech Technologies Cleanrooms Limited. Therefore, an industry comparison is not possible.

## Current Capacity Utilization

Fiscal	Annual Installed Capacity (in sq ft)	Annual Production (in sq ft)	Capacity Utilization (%)*
Six months period ended September 30, 2024	3,45,000	1,15,990*	33.6%*
Fiscal 2024	3,45,000	1,66,449	48.2%
Fiscal 2023	3,45,000	2,53,682	73.5%
Fiscal 2022	3,45,000	2,63,918	76.5%

\*Not annualized hence not comparable

## Risks in the Business

- ✦ **Dependence on a Limited Number of Customers:** The company derives a significant portion of its revenue from a limited number of customers. Less projects or expansion by these customers could adversely impact the business.
- ✦ **Risks Related to Acquisitions:** The company may continue to make strategic acquisitions, which are subject to various risks.
- ✦ The company operates in a niche market with no listed peers and has an impressive clientele. Despite this, its EBITDA and PAT margins are not as strong as expected.
- ✦ No such growth in revenue.
- ✦ Contingent liability of Rs. 5.83 Cr.
- ✦ Low Capacity Utilization.
- ✦ Corporate Governance issue as the company failed to pay statutory dues within time in the past.

## Company Valuation and PE Ratio

- ✦ **Market Cap:** 104.71 Cr.
- ✦ **P/E (FY 2024 PAT basis):** 18.11
- ✦ **Forward P/E (FY 2025 PAT basis):** 9.69



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