

Exxaro Tiles Ltd : Average Issue

IPO Note : Manufacturer of Tiles and supply products in over 12 countries : Flat Growth: Debt to Networth is High : Ranking**



Issue details

Price band (Rs)	Rs.118-120
IPO Opening Date	04/08/21
IPO Closing Date	06/08/21
Issue Size	Rs. 161.09 Cr.

Financial and Recommendation

- Sales Growth yoy is 6% (2 year cagr is 3%)
- EBITDA Margin is in the range of 16-20%
- Debt to Networth Ratio is above 1

Valuation:

Upper band is 120 per share. EPS is 4.54. P/e based on Mar 2021 is 26.4 and with 10-20% growth in FY 2022, P/e will be in the range of 21-24

1.On Yearly Basis:

- Flat Growth in Sales & Good growth in EBITDA levels
- PAT Margins in 3.5 – 6%
- Debt to Networth is High. However, with proceeds being used for prepayment of debt in part or in full may increase profits

2.Issue is fully priced-in.

3.Higher risk appetite

Highlights

- Engaged in manufacturing and marketing of vitrified tiles
- More than 2000 registered dealers
- Manufacturing facilities with installed capacity of 13200000 sq mtpa, 6 display centers and 2 marketing offices

Peer Comparison

Company	PE
Kajaria Ceramics Ltd	51.37
Asian Granito India Ltd	10.55
Somany Ceramics Ltd	43.15
Orient Bell Ltd	39.29

Company Introduction

Incorporated in 2008, Exxaro Tiles is engaged in the manufacturing and marketing activities of vitrified tiles. The company manufactures Double Charge Vitrified Tiles (double layer pigment) and Glazed Vitrified Tiles made from ceramic materials i.e. clay, quartz, and feldspar. Its product portfolio consists of 1000+ different designs of tiles in 6 sizes. Topaz Series, Galaxy Series, and High Gloss Series are some of the well-established products of the company.

It supplies its products to large infrastructure projects i.e. residential, educational, commercial, hotels, hospitals, government, builders or developers, religious institutions, etc.It also exports tiles to different countries across the globe i.e. Poland, Bosnia, USA, and others.

Currently, Exxaro Tiles has 2 state-of-the-art manufacturing facilities in Padra and Talod with an installed production capacity of 1,32,00,000 sq mt per annum. It further has 6 display centers in 6 cities and 2 marketing offices in Delhi and Morbi.



Financial Summary (Rs. In Crore)

Particulars	FY2021	FY2020	FY2019
Total Income	259.85	243.96	244.00
Net Profit	15.22	11.25	8.91
EPS (Rs)	4.54	3.36	2.66

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Company Promoters:

Mr. Mukeshkumar Patel, Mr. Kirankumar Patel, Mr. Dineshbhai Patel, and Mr. Rameshbhai Patel are the company promoters.

Utilization:

Fresh Issue of 134.23 Cr and OFS for 26.86 Cr

- Repayment of Debt
- Meet working capital requirements
- General corporate purposes

IPO Issue Proceed

To repayment/prepayment, meet working capital requirements and general corpus fund needs, Exxaro Tiles is coming out with a maiden book building process equity issue worth Rs. 161.09 cr. It has fixed a price band of Rs. 118-120 per share having a face value (FV) of Rs.10 each. The issue opens for subscription on August 04, 2021, and will close on August 06, 2021. Minimum application is to be made for 125 shares and in multiples thereon, thereafter. The issue consists of a fresh equity issue worth Rs.134.23 cr. (approx. 11186000 shares) and an offer for sale of 2238000 equity shares (Rs. 26.85 cr. at the upper cap). At the upper price band of the issue, Exxaro Tiles will issue totally 13424000 shares including a fresh equity issue. Post allotment, shares will be listed on BSE and NSE. Post issue, Exxaro's current paid-up capital of Rs.33.55 cr. will stand enhanced to Rs. 44.73 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 5367.6 cr.

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