

IPO NOTE | INITIATING COVERAGE (SME IPO)

Ravita Engineering Services Limited

Sector: Engineering, Procurement, Installation and Commissioning (EPIC) of HVAC systems|

Price Band: ₹ 105 – ₹ 112 per share | Lot Size 1,200 Shares

FINAL VIEW

MAY SUBSCRIBE FOR LONG TERM
(FOR HIGH RISK APPETITE INVESTORS ONLY)

FY26 REVENUE

₹ 277.63 Cr

Up from ₹13.49 Cr in FY24 (representing a ~20.6x expansion)

FY26 PAT / NET MARGIN

₹ 28.04 Cr

10.09% Net Margin | ROE: 48.90%

ACTIVE ORDER BOOK

₹ 491.12 Cr

As of June 2026 (21 Active Contracts: 13 EPIC, 7 O&M, and 1 Hybrid)

1. ISSUE STRUCTURE & BUSINESS PROFILE

IPO Key Parameters

Price Band	₹ 105 – ₹ 112 per share
Face Value	₹ 5 per share
Issue Period	Oct 13, 2026 – Oct 15, 2026
Anchor Bidding	Monday, October 12, 2026
Bid Lot	1,200 Equity Shares
Fresh Issue	1,03,62,000 Equity Shares (₹ 116.05 Cr)
Offer for Sale (OFS)	Nil (100% Fresh Issue)
Pre / Post Issue	2,73,18,682 / 3,76,80,682 Equity Shares
Implied Market Cap	₹ 422.02 Cr (at Upper Cap)
Issue Allocation	QIB: ≤50% (Net QIB + Anchor) NII: ≥15% Retail: ≥35% Market Maker: 5,22,000 shares
Lead Manager / Reg.	Vivro Financial Services Pvt. Ltd. / MUFG Intime India Pvt. Ltd.
Listing	At NSE EMERGE (SME Platform)

Company Profile & Business Verticals

Ravita Engineering Services Limited (incorporated in 2007 as Sayo Construction, subsequently Powermech Services) is an integrated electro-mechanical engineering solutions provider. It specializes in turnkey Engineering, Procurement, Installation, and Commissioning (EPIC) as well as long-term Operations & Maintenance (O&M) contracts for HVAC systems, chiller plants, and specialized mechanical utilities across onshore, offshore, and mission-critical environments.

Core Vertical	FY26 Share	Focus Area
Onshore Facilities	59.16%	Turnkey HVAC, central chiller plants, AHUs, and MEP services across commercial establishments, industrial units, airports, and defense facilities
Offshore & Marine	28.84%	Specialized HVAC and mechanical systems on offshore drilling rigs and platforms in territorial waters (primarily public sector oil E&P company assets), plus marine sub-sea pipeline execution.
Data Centre Infrastructure	11.93%	24x7 mission-critical cooling systems, chiller plants, and electrical utilities maintenance (continuous engagement at Reliance Corporate Park since 2013).

2. RESTATED / STANDALONE FINANCIAL PERFORMANCE & RATIONALE

Financial Parameter	FY24 (₹ Cr)	FY25 (₹ Cr)	FY26 (₹ Cr)	Analytical Commentary
Revenue from Operations	13.49	108.61	277.63	Exponential revenue scaling (~20.6x over two years) driven by securing larger EPIC turnkey orders across onshore industrial, offshore oil & gas, and data centre facilities.
EBITDA	2.86	15.65	40.05	Absolute EBITDA increased ~14.0x as the project base expanded; EBITDA margin normalized from 21.21% (O&M heavy) to a stable ~14.43% on higher turnkey material procurement
Profit After Tax (PAT)	1.51	11.83	28.04	Robust earnings expansion delivering 10.09% net margin
Net Worth	3.30	15.13	99.56	Significant balance sheet expansion supported by retained earnings and a pre-IPO private equity placement of ₹56.39 Cr during FY26
Return on Equity (ROE / RoNW)	59.13%	128.31%	48.90%	Consistently high return profile; moderated in FY26 primarily due to equity base expansion from capital infusion; ROCE stood strong at 48.65%
Debt-to-Equity Ratio	1.07x	1.53x	0.19x	Substantially de-leveraged from 1.53x down to 0.19x following private placement inflows and net debt repayment.
Cash Flow from Operations (CFO)	+0.17	-8.94	-46.85	Significant working capital intensity typical of rapid EPIC scale-up; capital remains heavily locked in trade receivables (₹73.26 Cr) and inventory (₹37.43 Cr)

3. SWOT MATRIX ANALYSIS [Strategic Evaluation]

● STRENGTHS • Robust Order Book: High forward revenue visibility with an active order book standing at ₹491.12 Crore. • Mission-Critical Pedigree: Proven long-term client engagements across offshore rigs, naval facilities, and specialized data centers. • De-leveraged Balance Sheet: Low debt-to-equity ratio of 0.19x following substantial equity infusion and internal reserves expansion.	● WEAKNESSES • Cash Flow Burn: Negative operating cash flows of ₹46.85 Crore resulting from heavy working capital lock-in. • Client Concentration Risk: Over 78% of operational revenue generated from only top-five enterprise and public clients. • Promoter Cost Disparity: Substantially lower promoter weighted acquisition cost base of ₹3.42 per share
● OPPORTUNITIES	● THREATS • Receivables & Unbilled Dues: Extended collection periods and unbilled dues typical of government clients.

- **Data Centre Cooling Boom:** Capturing aggressive sector capex driven by high-density cloud computing and AI cooling infrastructure.
- **Recurring Revenue Conversion:** Converting completed turnkey EPIC installations into multi-year, predictable O&M service engagements.
- **Marine Engineering Expansion:** Capitalizing on niche barriers of entry like specialized sub-sea effluent discharge pipeline projects.

- **Aggressive Tender Competition:** Margin erosion from highly competitive bidding dynamics across both public and private contracts.
- **Milestone Certification Delays:** Client payment cycle extensions and delayed work certifications triggering acute working capital stress.

4. INVESTMENT DRIVERS & FUTURE TRIGGERS

What Investors Can Like

- ✓ **Strong Revenue Visibility:** Active order book of ₹491.12 Crore provides 1.77x coverage over FY26 operational revenue across 21 contracts.
- ✓ **Mission-Critical Client Pedigree:** Over a decade of direct engagements with major clients, including 10 years with public sector Oil E&P Company and continuous service at Reliance Corporate IT Park Limited since 2013.
- ✓ **High-Entry-Barrier Operations:** Proven technical qualifications in harsh offshore platforms and specialized marine utilities like sub-sea effluent pipelines.
- ✓ **De-leveraged Balance Sheet:** Conservative debt-to-equity ratio of 0.19x and healthy FY26 return metrics with ROCE at 48.65%.

Key Catalysts & What to Watch

- **Order Book Execution & Milestones:** Execution pace across the ₹491.12 Cr order book, especially the timely delivery of large-scale turnkey EPIC projects comprising 62.85% of total orders.
- **Operating Cash Flow Turnaround:** Working capital discipline to reverse negative operating cash flows (-₹46.85 Cr in FY26) through faster debtor collections and inventory unwinding.
- **Data Centre Segment Expansion:** Order conversion and execution rate in high-density cooling infrastructure, which has expanded to form 36.16% of the forward order book.
- **Conversion of EPIC into Long-Term O&M:** Successful transition of completed turnkey installations into multi-year, recurring maintenance contracts to build durable, predictable revenue streams.

5. VALUATION & INVESTMENT RECOMMENDATION

At the upper price band of **₹ 112 per share**, Ravita Engineering Services Limited commands an implied market capitalization of **₹ 422.02 Crore**. Based on restated FY26 earnings (PAT of **₹ 28.04 Cr** on the expanded post-issue equity base of **3.77 Cr shares**, translating to a post-issue FY26 EPS of **₹ 7.44**), the issue commands a post-issue P/E multiple of approximately **15.05x** (and **10.14x** on pre-issue FY26 EPS of ₹ 11.05). On an annualized Q1 FY27 basis (PAT of ₹ 10.13 Cr annualized to ₹ 40.52 Cr), the annualized post-issue P/E moderates to approximately **10.42x**.

Given the company's strong return profile (**FY26 ROCE of 48.65%** and **ROE of 48.90%**), conservative leverage (**0.19x D/E**), and an active order book of **₹ 491.12 Crore** providing **1.77x coverage** over FY26 revenue across high-barrier offshore, marine, and data centre environments, the issue appears reasonably priced on static headline multiples. However, persistent negative operating cash flows (**-₹ 46.85 Cr in FY26** due to heavy working capital lock-in in receivables and inventory), high client concentration (**top-5 clients contributing ~78.65% of revenue**), and the low historical cost of acquisition for promoters (**₹ 3.42 per share**) warrant caution.

The business was originally driven and managed by **Sunildutt Narayan Goswami** and **Vatsala Goswami** (holding 50% each, 1,00,000 shares total). On **February 22, 2025**, the entire original promoter family transferred their shares to **Vibhoar Agrawal** and **Rachita Agrawal** at an acquisition price of just ₹691 per share (pre-split, ₹10 face value; subsequently sub-divided 1:2 to ₹5 face value in January 2026). Immediately after this acquisition, the company's financial profile, order book, and valuation exploded, culminating in private placements in mid-2025 at **₹16,000 per share** (pre-split) and a subsequent 100:1 bonus issue in February 2026. **Effective post-bonus WACA for Vibhoar Agrawal and Rachita Agrawal is ₹3.42 per share.**

As disclosed in the Addendum and RHP (Risk Factor 4), **M.R. Foods Private Limited**, an entity associated with Promoter Vibhoar Agrawal, is facing compulsory strike-off by RoC Ranchi. Under Section 164(2) of the Companies Act, 2013, this risks **disqualifying Vibhoar Agrawal from holding directorships across all companies for 5 years.**

MAY SUBSCRIBE FOR LONG TERM (HIGH RISK APPETITE INVESTORS ONLY HAVING STRONG UNDERSTANDING OF FINANCIALS)

Long Term: Suitable exclusively for patient investors with high risk tolerance who are willing to track cash flow turnaround and milestone-based project execution over a 2–3 year horizon.

6. Positive Rationale

- ✓ **Robust Multi-Year Order Book:** Order book of ₹491.12 Crore provides 1.77x revenue coverage, ensuring clear forward visibility.
- ✓ **Sticky Mission-Critical Relationships:** Direct, decade-long relationships with marquee clients like Public Sector Oil E&P Company and continuous service at Reliance Corporate IT Park Limited.
- ✓ **Strategic Verticals:** Broad execution presence across high-barrier infrastructure verticals, including mission-critical data centres, offshore oil & gas platforms, and commercial/industrial facilities.
- ✓ **High Technical Entry Barriers:** Proven execution credentials across hazardous offshore platforms and complex sub-sea marine effluent pipelines.
- ✓ **Capital Efficiency & Low Debt:** Conservative balance sheet with 0.19x D/E, delivering a strong 48.65% ROCE in FY26
- ✓ **Data Centre Cooling Exposure:** Direct exposure to rapid data centre cooling capex, constituting 36.16% of forward orders.

7. Negative Rationale

- ✗ **Persistent Operating Cash Burn:** Net operating cash flows remained negative at -₹46.85 Crore in FY26 due to inventory and debtor lock-ins.
- ✗ **High Client Concentration Risk:** Top-five customers contributed 78.65% of FY26 revenue, creating severe top-line dependence on few key accounts.
- ✗ **Extreme Promoter Cost Disparity:** Promoters' weighted average acquisition cost is ₹3.42 per share versus the upper issue price of ₹112.
- ✗ **Promoter Entity Regulatory Scrutiny:** Group entities face regulatory scrutiny, including an affiliate strike-off process (which carries the risk of director disqualification under Section 164(2)) and past provisional share attachment proceedings by the Enforcement Directorate under PMLA (subsequently unfrozen).
- ✗ **High Attrition Rate:** In FY24 Attrition Rate: 82.03% (240 permanent employees resigned out of an average headcount of 321). FY26 Attrition Rate: 62.82% (264 permanent employees resigned out of an average headcount of 398).
- ✗ **Domain Expertise:** Limited promoter domain expertise in HVAC systems may impair technical risk evaluation, project pricing, and strategic decision-making
- ✗ **Significant Related-Party Cash Outflow:** Disclose that in Q1 FY27 alone, ₹11.10 Cr (11.41% of quarterly revenue) was paid as rent to promoter-connected entity Tykoon Mines GK Limited.
- ✗ **Missing Statutory Audit Trail:** Note that critical historical capital documents (such as Form 2 confirming the increase in paid-up share capital) remain untraceable with the RoC, posing lingering statutory compliance risks.

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