



<b>Retail Research</b>	<b>: IPO Note</b>
<b>Sector</b>	<b>: Construction Materials</b>
<b>Price Band (INR)</b>	<b>: ₹61 to ₹64</b>
<b>Issue Type</b>	<b>: Bookbuilding IPO</b>

## About The Company

Company 2005 me incorporate hui thi aur ye steel fiber-based products manufacture karti hai, jo mainly construction, infrastructure aur automotive sectors me use hote hain. Company ka core focus concrete strengthening solutions par hai jaise loose, glued aur flat crimped hook-end steel fibers, jo concrete ko zyada strong, crack-resistant aur durable banate hain. Iske alawa company steel wool fiber banati hai, jo automotive brake pads aur clutches ke friction linings me use hota hai, aur macro synthetic PP fiber (trading basis par) "Durocrete" brand ke under supply karti hai, jo earthquake resistance aur heavy load-bearing structures ke liye important hai.

Company ki subsidiary Durafloor Concrete Solutions LLP customized industrial flooring solutions provide karti hai jaise warehouses, logistics parks, FMCG aur e-commerce facilities ke liye high-performance floors. Inke products ka end-use tunnels, metro projects, roads, highways, precast concrete, hydroelectric plants, mining, underground caverns aur automotive brake systems tak spread hai, jisse company ko infra + auto + logistics ka diversified exposure milta hai. Manufacturing front par company ka strong setup hai—MIDC Amravati (Maharashtra) me located 3 integrated manufacturing units ke saath, jahan fine wire drawing se lekar steel fiber, steel wool fiber aur mild steel wire tak in-house production hota hai.

Modern machinery, in-house quality lab, NABL certified testing, ISO 9001:2015 aur ZED certifications company ke quality focus ko highlight karte hain. Sales mix me abhi 90–98% revenue domestic market se aata hai aur exports limited hain (Nepal, Bhutan, New Zealand, USA), jo future growth ka scope dikhata hai. Raw material ke taur par low aur medium carbon wire rod par high dependence hai, jiska cost FY22–FY24 me revenue ka 60%+ raha, isliye raw material price volatility margins ko impact kar sakti hai. Company ek family-promoted business hai, jahan promoters ke paas 19–25 saal ka steel industry experience hai aur daily operations me active involvement hai.

Strong manufacturing, wide product portfolio, strict quality control aur long-term customer relationships company ki key strengths hain, lekin top 10 customers se 70–80% revenue aana customer concentration risk create karta hai. Growth ke liye company naya manufacturing unit setup kar rahi hai, jisme IPO proceeds ka use hogा, aur saath hi high tensile steel fiber (patent-pending) jaise innovative products ke through differentiation aur value-added subsidiary Durafloor ke zariye better margins achieve karne ki strategy par kaam kar rahi hai.

<b>Issue Details</b>	
IPO Open Date	27-Jan-26
IPO Close Date	29-Jan-26
Price Band (Rs)	₹61 to ₹64
Lot Size	2,000 Shares
Issue Size (Rs Cr)	27,52,000 shares
Face Value	RS 10 per share
Sales Type	Fresh Capital
Issue Type	Bookbuilding IPO
Listing At	BSE SME
Share Holding Pre Issue	76,43,212 shares
Share Holding Post Issue	1,03,95,212 shares
QIB	47.38%
Retail Share	33.28%
NII Share	14.32%
Promoter Holding Pre Issue	92.35%
Promoter Holding Post Issue	67.90%

<b>Shareholding Pattern (%)</b>	
Samit Surendra Singhai	36.09
Akash Surendra Singhai	27.03
Lata Surendra Singhai	6.37
Surendra Fatechand Singhai	9.77
Alka Samit Sanghai	4.47
Pallavi Akash Singhai	4.47
Surendra Fatechand Singhai HUF	4.17

Objects of the Issue	Estimated Amount (INR Cr.)
Funding the capital expenditure towards, mechanical and electrical works, interior work and procurement of plant and machinery for setting up a new manufacturing facility at Amravati, Maharashtra ("Proposed Unit IV")	13.29

## RISK

### **1** Supplier Concentration Risk

Company ka raw material (steel wire rods) limited suppliers aur limited geography se aata hai. Agar supply disrupt hui, transport issue aaya ya price negotiation tough hui, to production aur margins dono impact ho sakte hain.

### **2** No Long-Term Raw Material Contracts

Suppliers ke saath long-term agreements nahi hain, jisse raw material availability aur pricing uncertain rehti hai. Steel price volatility se margin squeeze ka risk hai.

### **3** Customer Concentration Risk

Company ka 70–80% revenue top customers se aata hai. Kisi ek major customer ka order cancel hona ya competitor ke paas shift hona revenue aur cash flow ko directly hit kar saka hai.

### **4** Steel Fiber Demand Dependence

Major revenue steel fiber products se aata hai. Agar infrastructure, construction ya automotive sector me slowdown aaya, to sales aur profitability sharply impact ho sakti hai.

### **5** Single Location Manufacturing Risk

Company ke saare manufacturing units Amravati (Maharashtra) me hi hain. Fire, accident, power failure, natural disaster ya local policy issue se entire production ruk saka hai.

### **6** Expansion Execution Risk

New manufacturing unit ke liye machinery orders abhi place nahi hue hain. Isse project delay, cost overrun aur growth postponement ka risk hai.

### **7** Labour Intensive Business Risk

Business labour-intensive hai aur strict labour laws ke under aata hai. Strike, wage hike, labour dispute ya work stoppage se production delay aur cost increase ho sakti hai.

### **8** Geographical Revenue Concentration

Company ka major turnover kuch specific regions se aata hai. Regional slowdown, political issue ya natural calamity se sales affect ho sakti hai.

### **9** Legal Proceedings Risk

Company kuch legal cases me involved hai. Agar verdict company ke against gaya, to financial loss, reputation damage aur operational disruption ho saka hai.

### **10** Corporate & Compliance Risk

Past me kuch regulatory / corporate discrepancies rahi hain. Future me strict action hua to penalties ya operational restrictions lag sakti hain.

### **11** Technology Obsolescence Risk

Industry me technology fast change hoti hai. Machinery outdated hui to heavy capex ki zarurat padegi, jisse ROCE pressure aayega.

### **12** Licenses & Regulatory Approval Risk

Company aur subsidiary multiple licenses par operate karti hain. Agar renewal na hua ya compliance breach hui, to operations suspend ho sakte hain.

## RISK

### **1 3** Export Limitation & Forex Risk

Export revenue abhi limited hai. Global slowdown ya adverse forex movement se export earnings aur margins impact ho sakte hain.

### **1 4** Strict Quality Compliance Cost

Steel fiber aur brake-related products me strict quality standards hote hain. Testing, certification aur inspection par high cost lagti hai; quality fail hui to order cancellation risk hai.

### **1 5** Brand & Trademark Risk

Company apne brands par depend karti hai. Trademark dispute ya brand copying se competitive position weak ho sakti hai.

### **1 6** Subsidiary (Durafloor) Dependency Risk

Durafloor LLP third-party vendors par dependent hai. Vendor delay ya quality issue se subsidiary revenue aur reputation impact ho sakti hai.

### **1 7** Past Negative Cash Flow Risk

Company ke kuch saalon me negative cash flow rahi hai. Repeat hua to internal funding aur expansion plans affect ho sakte hain.

### **1 8** Competition Risk

Niche segment hone ke bawajood unlisted aur local players se competition hai, jo price pressure aur margin erosion la saka hai.

### **1 9** Insurance Coverage Risk

Insurance sab risks cover nahi karta. Fire, accident ya disaster ki situation me loss company ko khud bear karna pad saka hai.

### **2 0** Promoter Dependence Risk

Business promoters aur key management par heavily dependent hai. Promoter exit ya health issue se business continuity risk ho saka hai.

### **2 1** IPO & Listing Related Risks

IPO price sustain hone ki koi guarantee nahi

SME platform par liquidity risk

Promoters majority control me rahenge → minority shareholders ki limited say

Past lower-price share issues → valuation risk

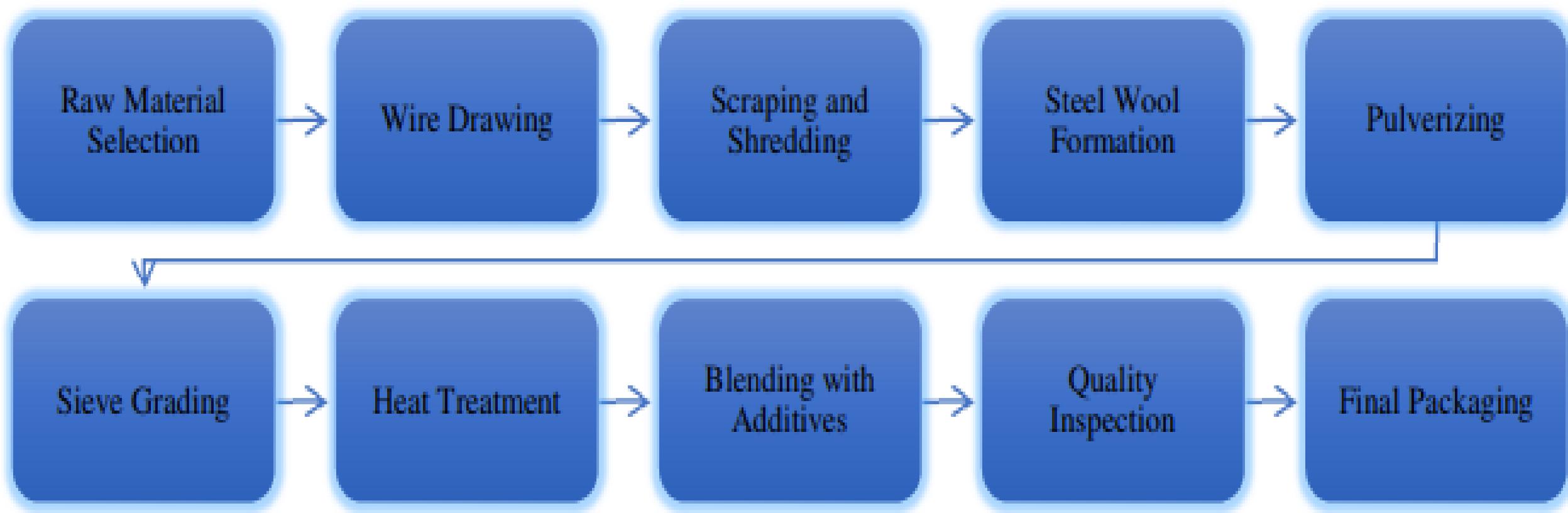
### **2 2** Financial & Market Risks

Steel price volatility, economic slowdown, policy changes, tax law changes, global events (war, recession), aur market instability se overall business performance impact ho sakti hai.

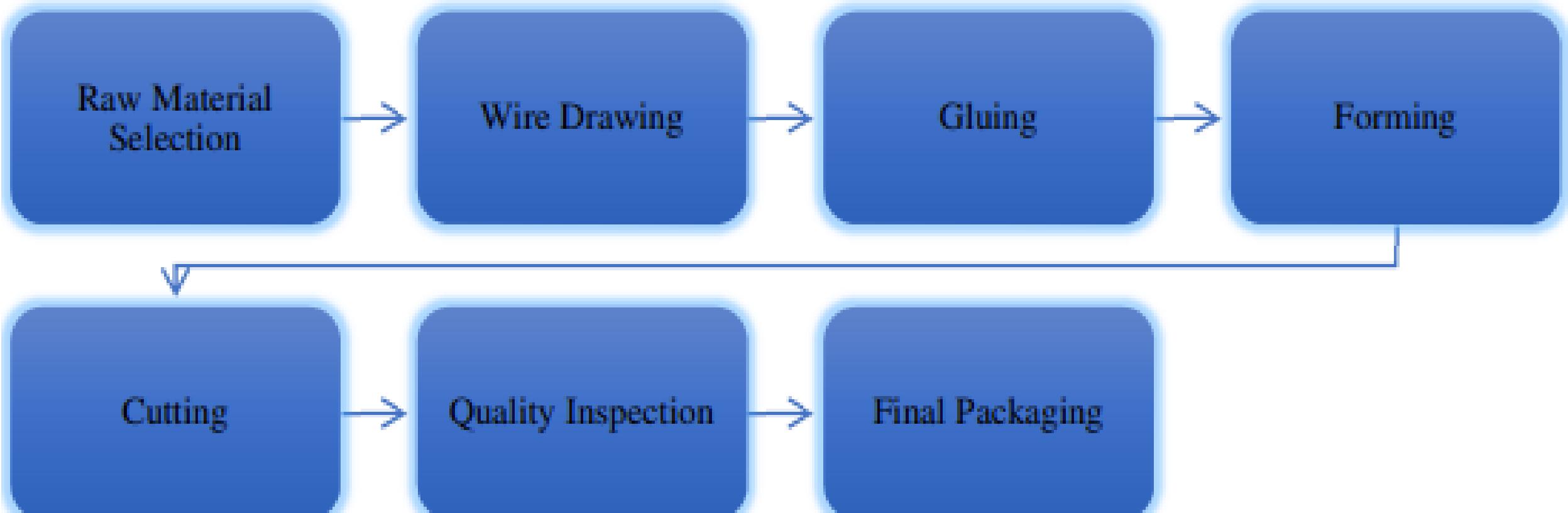
Product Details	Qty in MT											
	2021-22			2022-23			2023-24			Upto 30 <sup>th</sup> Sep 2024		
Installed Capacity	Actual Production	%	Installed Capacity	Actual Production	%	Installed Capacity	Actual Production	%	Installed Capacity	Actual Production	%	
<b>Unit-1</b>												
M.S. Wire	8352	4059	60.84	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fine Wire	3240	1516	56.15	3240	2255	83.52	4320	2923	81.19	2160	1382	76.78
<b>Unit-2</b>												
Flat Steel Fibre	720	390	64.99	720	408	67.97	720	297	49.52	360	85	28.20
Loose & Glued Steel Fibre	4320	1522	50.72	4320	2184	72.80	4320	2808	93.59	2160	1186	79.08
Steel Wool Fibre	1872	853	56.89	1872	1213	80.84	1872	987	65.82	936	492	65.60
<b>Unit-3</b>												
M.S. Wire	N.A.	N.A.	N.A.	8352	4338	65.01	8352	4289	64.28	4176	1905	57.09

\*For 6 Months Period

### STEEL WOOL FIBER MANUFACTURING PROCESS



### STEEL FIBER MANUFACTURING PROCESS



## THE SUMMARY OF REVENUE

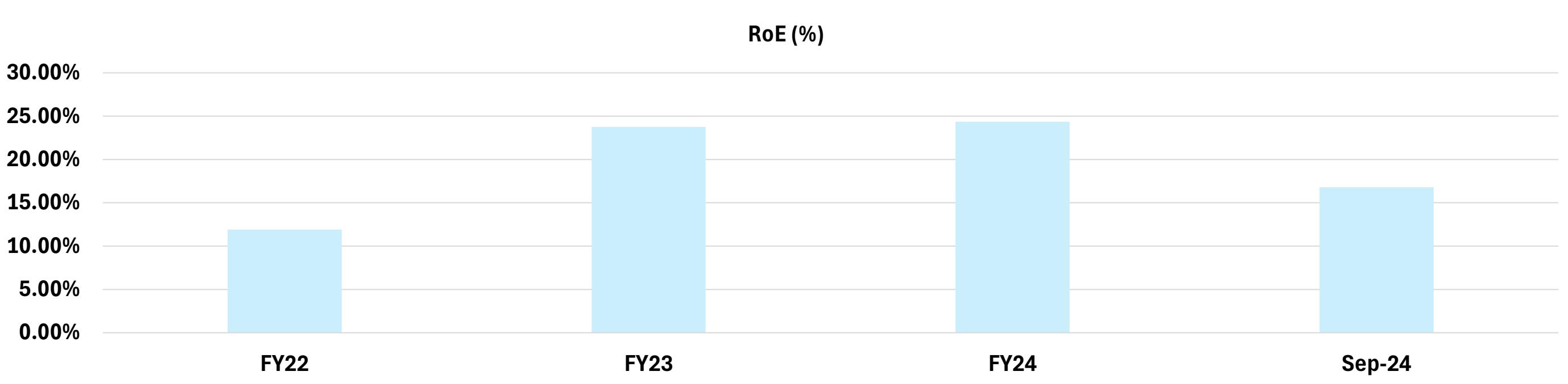
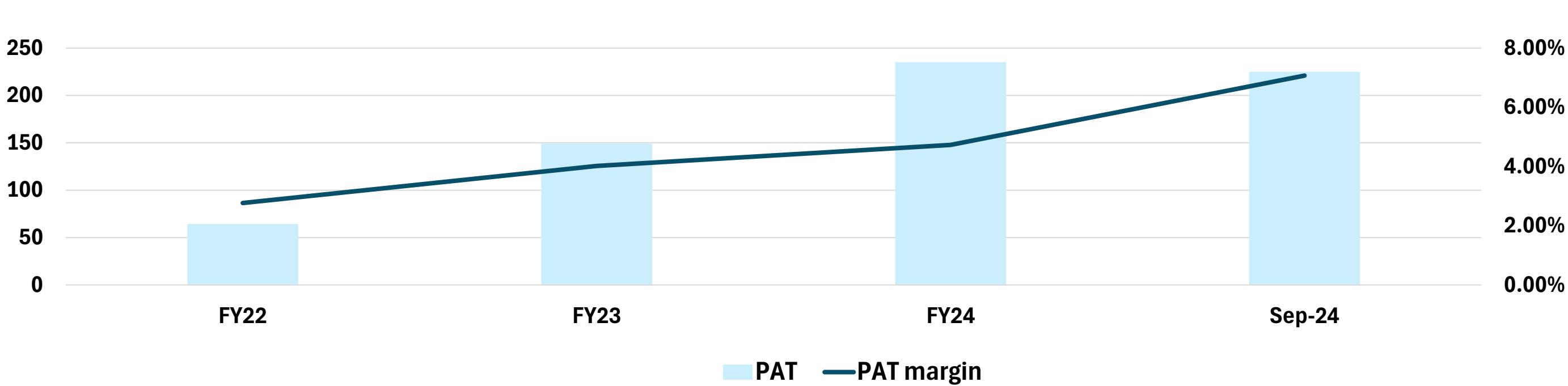
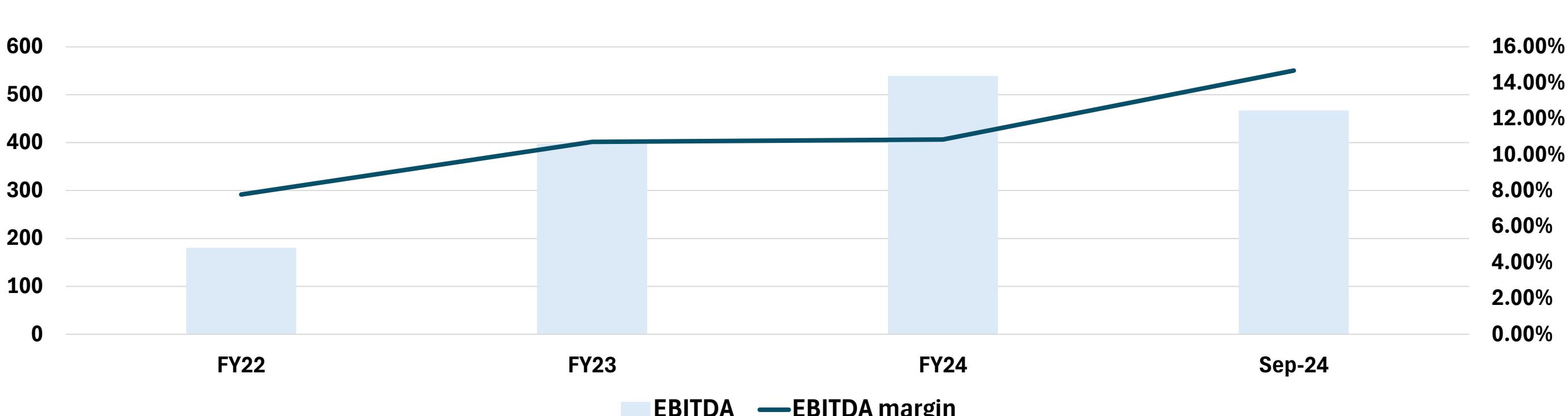
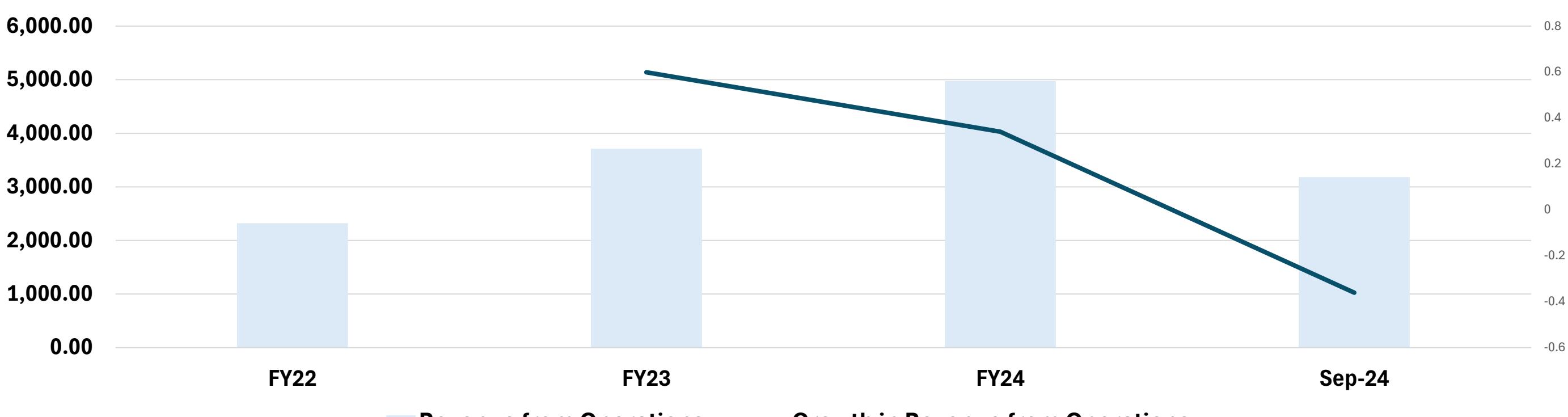
(Amount in ₹ Lakhs)

Particulars	Consolidated				Standalone			
	September 2024		FY 2023-24		FY 2022-23		FY 2021-22	
	Amount in Rs. lacs	% of Total Product Sold	Amount in Rs. lacs	% of Total Product Sold	Amount in Rs. lacs	% of Total Product Sold	Amount in Rs. lacs	% of Total Product Sold
<b>Products</b>								
Duraflex Steel Fiber	1,299.65	40.86%	3042.22	61.15%	2437.80	65.68%	1531.46	65.97%
Durabond Steel Wool Fiber	353.19	11.10%	953.00	19.16%	1262.96	34.02%	772.46	33.27%
Duracrete PP Fiber	6.93	0.22%	20.54	0.41%	11.18	0.30%	17.60	0.76%
Durasheild Armour Joint	8.43	0.27%	21.26	0.43%	-	-	-	-
DuraSleeve	1.10	0.03%	1.90	0.04%	-	-	-	-
Duracure Curing Compound	0.79	0.02%	-	-	-	-	-	-
Others	37.87	1.19%	4.10	0.08%	-	-	-	-
<b>Total (A)</b>	<b>1707.96</b>	<b>53.69%</b>	<b>4043.02</b>	<b>81.27%</b>	<b>3711.94</b>	<b>100.00%</b>	<b>2321.52</b>	<b>100.00%</b>
<b>Services</b>								
Flooring Work	1,242.45	39.06%	849.08	17.07%	-	-	-	-
Polishing & Densification	185.47	05.83%	81.55	1.64%	-	-	-	-
FM Certification	6.56	0.21%	0.90	0.02%	-	-	-	-
Others	38.57	1.21%	-	-	-	-	-	-
<b>Total(B)</b>	<b>1473.05</b>	<b>46.31%</b>	<b>931.53</b>	<b>18.73%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total(A+B)</b>	<b>3181.01</b>	<b>100.00%</b>	<b>4974.55</b>	<b>100.00%</b>	<b>3711.94</b>	<b>100.00%</b>	<b>2321.52</b>	<b>100.00%</b>

# KASTURI METAL COMPOSITE LIMITED



## FINANCIAL ANALYSIS



## DISCLAIMER

Ye research report sirf educational aur informational purpose ke liye prepare ki gayi hai. Ye public circulation, commercial use, ya buy/sell/hold recommendation ke liye nahi hai. Isme jo information use ki gayi hai wo publicly available sources par based hai jo reliable mani jati hain, lekin koi independent verification nahi kiya gaya hai aur na hi iska accuracy, completeness ya reliability guarantee kiya jata hai.

Is report me diye gaye views aur opinions sirf author ke hain, kisi bhi affiliated institution ke nahi. Author ek SEBI registered research analyst nahi hai, aur ye report kisi bhi tarah ka investment advice ya financial instrument me invest karne ka solicitation nahi hai. Readers ko strongly advise kiya jata hai ki wo apna khud ka due diligence karein aur kisi licensed financial advisor se consult karke hi investment decisions lein.

Is report me mention kiye gaye securities me market volatility, currency fluctuation aur economic conditions jaise risks ho sakte hain. Author ke pass securities me position ho bhi sakti hai aur nahi bhi. Author kisi bhi financial loss ke liye responsible nahi hoga jo directly ya indirectly is report ke use se hogा. Ye document bina author ki written consent ke distribute, publish ya reproduce nahi kiya ja sakta. Is report ko access karna ye imply karta hai ki aap is disclaimer aur terms ko agree karte ho