IPO REVIEW

Acme India Industries IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 30 September 2026

- The company is engaged in the Indian Railway Rolling stock sector focusing on warranty maintenance of railway coaches' interiors.
- It enjoys the status of "Business Associate" under a "Navratna" PSU.
- As of June 30, 2026, its overall order book stood at Rs. 737.97 cr.
- Based on its recent average financial data, the issue appears aggressively priced.
- However, well-informed investors may park funds for medium to long term.

About the Company

Acme India Industries Ltd. (AIIL) is engaged in the Indian railway rolling stock sector, focusing on the design, manufacture and warranty maintenance of railway coach interior, wherein the business is primarily operating on a tender-based. It provides turnkey furnishing solutions for the interiors of new railway coaches, refurbishment, up-gradation and conversion of old coaches and up gradation of toilet facilities within railway coaches. Additionally, it manufactures and supplies components to Indian Railways. Its services and products are designed towards comfort, safety, hygiene and functionality in line with the specific requirements of Indian Railway and its affiliates.

Its sole proprietorship M/S Acme India began operation with the introduction of braille signage, for "Divyangjan" in the railway sector. Additionally, in 2016, the company started doing business of fire-retardant epoxy flooring, which complied with EN- 45545 standards for interior furnishings in Indian Railways. Since then, it has expanded its scope, initially focusing on manufacturing products for Indian railway coaches and later venturing into turnkey furnishing, refurbishment & up gradation of coaches and up gradation of toilets from 2017 onwards. It has footprints across 16 railway zones, 3 production units and 2 mid-life rehabilitation unit. The company has successfully executed records of 28 different variants of coaches in Indian Railways.

In the turnkey furnishing of new railway coaches, AIIL undertakes the design and installation of interiors for various types of coaches. This includes different variants of Linke Hofmann Busch ("LHB") coaches, self-propelled units such as Vande Bharat, self-propelled inspection coaches and overhead equipment coaches like the diesel electric tower car. It executes these projects at all major railway production facilities, including the Modern Coach Factory ("MCF") in Raebareli, the Integral Coach Factory ("ICF") in Chennai, and the Rail Coach Factory ("RCF") in Kapurthala. Since 2017, it has successfully completed 28 projects of turnkey furnishing, delivering a total of 1,610 coaches.

In the refurbishment, upgradation and conversion of old railway coaches, AIIL focuses on both LHB and ICF coaches. Its refurbishment operations include interior designs & redesigns, replacement of worn-out components with new upgraded materials. The typical refurbishment cycle is 10-12 years (Source: D&B Industry report). Refurbishment of LHB and ICF coaches is carried out at designated railway workshops. Since securing its first up gradation contract in 2018, the company has successfully refurbished and upgraded a total of 1,888 coaches till 30th June 2026.

The company specializes in the up-gradation and modernization of toilet facilities in railway coaches, both LHB and ICF. Till date, it has completed 10,948 units of toilet upgrades. These upgrades are designed to enhance hygiene, safety and passenger experience, aligning with the modernization efforts within the Indian Railways network. As part of refurbishment projects, old components such as washbasins, fittings, panels, and other materials are not discarded but systematically removed and handed back to Indian Railways through their established channels, thereby supporting sustainable practices and minimizing environmental impact.

AIIL is a regular manufacturer and supplier of products such as Braille signage, Fibre reinforced plastic (FRP) products and sanitary ware made of aluminum polymer composite. It is a regular supplier of products such as Epoxy flooring, decorative glass fabric reinforced plastic, toilet doors, intercommunication/Compartment doors, seat and berth, fire barrier decorative coating and hygiene related products such as Automatic Hygiene and Odur Control (AHOC), Soap dispenser, Automatic Odur Control (AOC) and vacuum circuit breakers. These products are manufactured in compliance with the specific requirements of railway standards and used in various passenger coaches. All tender related activities happen in IREPS which is Indian railways e-procurement portal.

AIIL is empaneled as a “Business Associate” under a Navratna PSU of Government of India. As of June 30, 2026, it had 43 employees on its payroll, additional third party 235 workers, in various department. It also hires contract workers as and when required. For FY26, it received highest order book from toilet upgradation worth Rs. 257.99 cr. As of June 30, 2026, its order book stood at Rs. 737.97 cr.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 6208800 equity shares of Rs. 10 each to mobilize Rs. 121.69 cr. at the upper cap. The company has announced a price band of Rs. 186 – Rs. 196 per share. The IPO consists of 5407200 fresh equity shares (worth Rs. 105.98 cr. at the upper cap), and an Offer for Sale (OFS) of 801600 equity shares (worth Rs. 15.71 cr. at the upper cap). The minimum application to be made is for 1200 shares and in multiples of 600 shares thereon, thereafter. The issue opens for subscription on September 30, 2026 and will close on or before October 06, 2026. The shares will be listed on BSE SME. The IPO constitute 26.45% of the post-IPO paid-up capital of the company. From the net proceeds of the issue, the company will utilize Rs. 38.00 cr. for working capital, Rs. 6.27 cr. for funding capex on additional plant and machinery, Rs. 41.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate

purposes.

The IPO is solely lead managed by Hem Securities Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue. HEM Group's Hem Finlease Pvt. Ltd., is a market maker, and also a syndicate member.

After issuing/converting initial equity capital at par value, the company issued further equity shares in the price range of Rs. 90.00 – Rs. 190.00 per share between March 2024, and December 2025. It has also issued bonus shares in the ratio of 1 for 1 in September 2024. The average cost of the acquisition of shares by the promoters is Rs. 4.88, and Rs. 5.00 per share.

Post-IPO, company's current paid-up equity capital of Rs. 18.06 cr. (18065000 equity shares) will stand enhanced to Rs. 23.47 cr. (23472200 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 460.06 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted total income/ net profit, of Rs. 215.02 cr. / Rs. 19.21 cr. (FY24), Rs. 213.45 cr. / Rs. 16.40 cr. (FY25), Rs. 267.89 cr. / Rs. 24.33 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods. The boosted profits for FY26 (Pre-IPO year) appears a window dressing to fetch fancy valuation for IPO. Rising trade receivables year-on-year, at Rs. 252.18 cr. as of March 31, 2026, against Rs. 153.77 cr. as of March 31, 2024, and its contingent liability at Rs. 94.64 cr. as of March 31, 2026, raise alarms.

For the last three fiscals, the company has reported an average EPS of Rs. 12.30 and an average RoNW of 38.88%. The issue is priced at a P/BV of 6.39 based on its NAV of Rs. 30.65 per share as of March 31, 2026 , but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 18.88, and based on FY25 earnings, the P/E stands at 27.96. The issue appears aggressively priced based on its recent average earnings.

The company has posted PAT Margins of 9.00% (FY24), 7.84% (FY25), 9.24% (FY26) and RoCE margins of 30.08%, 24.03%, 23.20%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

Merchant Banker's Track Record

This is the 54th mandate from Hem Securities Ltd., in the last three fiscals (including the ongoing one). Out of the last 10 listings, 2 opened at par, and the rest listed with a premium ranging from 3.70% to 90.00% on the listing date. The merchant banker has an average track record.

Conclusion / Investment Strategy

AIIL is engaged in the Indian Railway Rolling stock sector focusing on warranty maintenance of railway coaches' interiors. It enjoys the status of "Business Associate" under a "Navratna" PSU. As of June 30, 2026, its overall order book stood at Rs. 737.97 cr. Considering Railways upgradation plans, this company is heading for bright prospects ahead. Based on its recent average financial data, the issue appears aggressively priced. However, well-informed investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

Disclaimer: The information provided herein is solely for educational and informational purposes and does not constitute an offer, solicitation, or recommendation to buy or sell any securities. Readers are advised to consult a qualified financial advisor before making any investment decisions. Investments in the securities market are subject to market risks. The author does not intend to invest in the securities discussed.