

Admach Systems IPO

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- The company is engaged in designing and building specialized machines for Indian and Global engineering industry.
- It has an annualized capacity of 100 machines per year.
- The company posted boosted numbers from FY25 onwards, that raises eyebrows and concern over its sustainability going forward.
- Based on its recent financial numbers, the issue appears fully priced.
- Well-informed/cash surplus investors may park funds for medium term.

About the Company

Admach Systems Ltd. (ASL) designs and builds machines for the Indian and global engineering industry. The company offers customised solutions tailored to meet the unique needs of various industries majorly Steel Industry, Automobile Industry, Food Industry, Tooling Industry and other Engineering Industries. Its areas of specialization are special purpose machines, automation, assembly machines, packaging machines, product design and robotic material handling systems. The company manufactures, exports and supplies a range of customised special purpose machines.

Additionally, it provides comprehensive after-sales support, including maintenance, repair, and technical services, to ensure its products perform optimally throughout their lifecycle. The company exclusively provides services for the machines manufactured and supplied by it, both domestically and internationally. Domestic service charges are determined at the time of order finalization or as per mutually agreed terms with the customer.

The Company is committed to delivering innovative, high-quality products through a strong focus on research, design, and engineering. Maintaining strict quality control is central to its operations, ensuring the reliability, durability, and safety of products. ASL efficiently manages complex supply chains to source essential materials and components for manufacturing. As of March 31, 2025, more than 13 customers have been associated with it for longer than 15 years. It has served more than 34 customers in the last one year.

The Company has an installed production capacity of 100 units per year for its range of products, including automation systems for machine tools, press machines, special purpose machines, material handling systems, and various robotic and testing systems. In the financial year 2024-25 the Company executed 100 units. While in the preceding years i.e., in FY 2023-24 it executed 80 units and in FY 2022-23 it executed with 52 units produced, indicating a consistent increase in production

and utilization over the past three years. As of March 31, 2025, it had 58 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 1782600 equity shares to mobilize Rs. 42.60 cr. The company has announced the price band of Rs. 227 – Rs. 239 per share of Rs. 10 each. The IPO opens for subscription on December 23, 2025, and will close on December 26, 2025. The minimum application to be made is for 1200 shares and in multiple of 600 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 26.32% of post-IPO paid-up equity capital of the company. From the net proceeds of the issue, the company will utilize Rs. 15.50 cr. for working capital, Rs. 16.47 cr. for capex on purchase of new machinery with installation cost, and the rest for general corporate purpose.

The IPO is solely lead managed by Aftertrade Broking Pvt. Ltd., while Maashitla Securities Pvt. Ltd. is the registrar to the issue. Aftertrade Broking Pvt. Ltd. and NMM Securities Pvt. Ltd. are the market makers. NNM Securities Pvt. Ltd. is a syndicate member.

The company has issued/converted initial equity shares at par value, it has issued further equity shares at a fixed price of Rs. 206 per share in July 2024. The company has also issued bonus equity shares in the ratio of 3 for 1 in June 2022, 6 for 10 in March 2024, and 1 for 1 in October 2024. The average cost of acquisition of shares by the promoters is Rs. NIL, Rs. 0.57, and Rs. (2.36) per share.

Post-IPO, company's current paid-up equity capital of Rs. 4.99 cr. will stand enhanced to Rs. 6.77 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 161.87 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total revenue/net profit, of Rs. 13.18 cr. / Rs. 0.10 cr. (FY23), Rs. 19.80 cr. / Rs. 3.35 cr. (FY24), Rs. 53.52 cr. / Rs. 6.10 cr. (FY25). For Q1- FY26 ended on June 30, 2025, it earned a net profit of Rs. 3.02 cr. on a total revenue of Rs. 23.06 cr.

For the last three fiscals, the company has reported an average EPS of Rs. 8.81 (simple average), and an average RoNW of 34.00%. The issue is priced at a P/BV of 4.76 based on its NAV of Rs. 50.18 as of June 30, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute its FY26 super annualized earnings on post-IPO expanded equity base, then the asking price is at a P/E of 13.41, and based on its FY25 earnings, the P/E stands at 26.56. Thus, the issue appears fully priced based on inflated profits for fancy valuations.

The company has posted PAT margins of 0.74% (FY23), 17.01% (FY24), 11.43% (FY25), 13.09% (Q1-FY26), and RoCE Margins of 13.18%, 68.59%, 44.00%, 68.49%, respectively, for the referred periods.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has shown Affordable Robotic and Bemco Hydraulics., as its listed peers. They are currently trading at a P/E of 145.0, and 31.7 (as of December 19, 2025, 2025). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

MERCHANT BANKER'S TRACK RECORDS:

This is the 1st mandate from Aftertrade Broking in the ongoing fiscal, and has no past track records so far.

Conclusion / Investment Strategy

ASL is engaged in designing and building specialized machines for Indian and Global engineering industry. It has an annualized capacity of 100 machines per year. The company posted boosted numbers from FY25 onwards, that raises eyebrows and concern over its sustainability going forward. Based on its recent financial numbers, the issue appears fully priced. Tiny paid-up equity capital post-IPO indicates longer gestation period. Well-informed/cash surplus investors may park funds for medium 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.

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