IPO REVIEW

Core4 Engineers IPO

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- The company is engaged in EPCC services with prime focus of Indian Railways.
- It is also providing services for multiple domains.
- The company marked growth in its top and bottom lines, but bumper bottom lines FY26 onwards raise eyebrows and concern over its sustainability.
- With inflated profits, the issue appears lucratively priced based on P/E matric.
- Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About the Company

Core4 Engineers Ltd. (CEL) is an Engineering, Procurement, Construction and Commissioning ("EPCC") company engaged in providing integrated infrastructure solutions across multiple domains, with a primary focus on the railway infrastructure, power transmission & distribution, and water & wastewater treatment sectors. Its expertise spans the entire project lifecycle design, engineering, procurement, erection, testing, commissioning, and operation & maintenance ("O&M"). The company also operates an in-house manufacturing facility for High-Tension ("HT") and Low-Tension ("LT") electrical panels and compact substations, enabling it to offer customized, reliable, and cost-efficient products that complement its EPCC activities. CEL also undertakes sub-contracting assignments, providing on-ground execution support for a wide range of engineering projects.

India's EPC industry delivers services including design and engineering, procurement, civil works, installation, commissioning and operation and maintenance covering Railway EPC, Drinking Water & Wastewater Treatment, Power Distribution Panels and Compact Substation, Transmission and Distribution and SCADA and Automation. India's Railway EPC market grew from INR 16.2 thousand crore in FY 20 to INR 30.4 thousand crore in FY 25 and is expected to reach INR 50.5 thousand crore by FY 30. The drinking water and wastewater market is projected to reach INR 169.6 thousand crore by FY 30, supported by growth across panels, transmission and distribution and SCADA segments. Indian Infrastructure EPC Market is defined as the total domestic revenue generated from engineering, procurement, and construction (EPC) activities undertaken within India across Railway Infrastructure and Water Infrastructure segments, along with the related markets for HT/LT Power Distribution Panels, Compact Substations (CSS), and SCADA & Automation Systems. (Source: Ken Report)

CEL operates through five interlinked business segments, each contributing to its integrated infrastructure and engineering solutions framework. Incorporated with the vision of delivering

technically robust and cost-effective engineering solutions, it offers end-to-end project execution capabilities covering design, engineering, procurement, project management, construction, installation, testing and commissioning. As of June 30, 2026, it had overall 462 employees (including 400 floating Laborers. As of the filing of this offer document, it had an order book worth Rs. 285.83 cr.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 5894400 equity shares of Rs. 10 each to mobilize Rs. 54.82 cr. at the upper cap. The company has announced a price band of Rs. 88 – Rs. 93 per share. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The issue opens for subscription on October 15, 2026 and will close on or before October 19, 2026. The shares will be listed on BSE SME. The IPO constitute 28.50% of the post-IPO paid-up capital of the company. From the net proceeds of the issue, the company will utilize Rs. 40.48 cr. for working capital, Rs. 4.12 cr. for funding capex on acquisition of property comprising land and existing building for establishing new manufacturing facility and corporate office, and the rest for general corporate purposes.

The IPO is solely lead managed by Socradamus Capital Pvt. Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue. Mansi Share & Stock Broking Pvt. Ltd., is a market maker, and also a syndicate member.

After issuing initial equity capital at par value, the company issued further equity shares at a fixed price of Rs. 536 per share between October 2024, and January 2025. It has also issued bonus shares in the ratio of 4 for 1 in December 2025. The average cost of the acquisition of shares by the promoters is Rs. NA, Rs. 2.00 and Rs. 2.54 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 14.79 cr. (14788845 equity shares) will stand enhanced to Rs. 20.68 cr. (20683245 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 192.35 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. 33.63 cr. / Rs. 2.89 cr. (FY24), Rs. 34.60 cr. / Rs. 3.81 cr. (FY25), Rs. 91.79 cr. / Rs. 12.37 cr. (FY26). For Q1 of FY27 ended on June 30, 2026, it earned a net profit of Rs. 6.17 cr. on a total income of Rs. 45.77 cr. The company posted marginal growth in its top lines forFY24 and FY 25, but marked bumper growth for FY26 onwards that raise eyebrows and concern over its sustainability going forward. Its bumper profits from FY 2026 onwards appears to be a window dressing to pave the way for fancy valuations of the IPO.

Its trade receivables of Rs. 101.55 cr. as of June 30, 2026, raise alarm as it is higher than the top line for the said period. Its contingent liabilities stood at Rs. 10.85 cr. as of June 30, 2026.

For the last three fiscals, the company has reported an average EPS of Rs. 5.37 and an average RoNW of 34.17%. The issue is priced at a P/BV of 3.69 based on its NAV of Rs. 25.18 per share as of June 30, 2026, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY27 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 7.80, and based on FY26 earnings, the P/E stands at 15.55. The issue appears aggressively priced based on its recent average boosted earnings.

The company has posted PAT Margins of 8.63% (FY24), 11.15% (FY25), 13.54% (FY26), 13.51% (Q1-FY27), and RoCE margins of 32.71%, 23.59%, 37.78%, 13.23%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for any financial year. It has adopted a dividend policy in November 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown K2 Infragen, as its listed peer. It is currently trading at a P/E of 3.90 (as of October 19, 2026). However, they are not truly comparable on an apple-to-apple basis.

Merchant Banker's Track Record

This is the 8th mandate from Socradamus Capital Pvt. Ltd., in the last three fiscals. Out of the last 6 listings, 3 opened at discount, and the remaining 3 with premiums ranging from 17.65% to 90.00% on the date of listing. The merchant banker has an average track record.

Conclusion / Investment Strategy

CEL is engaged in EPCC services with prime focus of Indian Railways. It is also providing services for multiple domains. The segment is getting crowded with many big and small players dropping their hats in the fray. The company marked growth in its top and bottom lines, but bumper bottom lines FY26 onwards raise eyebrows and concern over its sustainability. The company’s order book stood at Rs. 285.83 cr., as of the date of filing this offer document. With inflated profits, the issue appears lucratively priced based on P/E matric. Only well-informed/cash surplus/risk seekers may park moderate 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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