

# Narmadesh Brass Industries IPO

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- The company is engaged in the manufacturing of diverse range of brass products.
- It caters to domestic and export markets.
- The company posted growth in its top lines, but bottom line marked inconsistency for the reported periods.
- Based on its recent financial data, the issue appears greedily priced.
- Tiny post-IPO equity base indicates longer gestation for migration.
- There is no harm in skipping this greedily priced offer.

## About the Company

Narmadesh Brass Industries Ltd. (NBIL) is engaged in manufacturing diverse range of brass products catering to both domestic and international market. Presently, the company operates through one manufacturing facility located in plot no 5, 8 & 9 at Jamnagar, Gujarat. Its current manufacturing setup has an installed capacity of Brass Billets of 4,320 mt per annum, Brass Rods of 4,320 mt per annum and Brass Components of 1,600 mt per annum. NBIL also offers casting and forging services related to brass components at our manufacturing facility. It maintains complete control over the manufacturing process, with every stage - from production to quality control and dispatch taking place within manufacturing facility.

Its product offering includes brass rods, brass billets, agricultural sprayer parts, garden fittings, ball valves, non-return valves (NRVs), turning components and plumbing fittings, sanitary fittings, brass compression fittings etc. Its Holding Company, Sprayking Limited is also engaged in similar line of business i.e., manufacturing brass components/ products. Post proposed expansion, its Brass components capacity will increase from 1600 mt to 1700 mt. Its operations have marked inconsistency in its domestic and export revenues. As of September 30, 2025, it had overall 99 employees on its payroll.

## Issue Details / Capital History

The company is coming out with its maiden IPO of 871200 equity shares of Rs. 10 each at a fixed price of Rs. 515 to mobilize Rs. 44.87 cr. The IPO opens for subscription on January 12, 2026, and will close on January 15, 2026. The issue consists of 700800 fresh equity shares and an Offer for Sale (OFS) of 170400 equity shares. The minimum application to be made is for 480 shares and in multiple of 240 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 28.10% of post-IPO paid-up equity capital of the company. The company is spending Rs.

3.50 cr. for the fresh issue of shares, and from the net proceeds of the issue, the company will utilize Rs. 14.50 cr. for repayment/prepayment of certain outstanding borrowings, Rs. 3.29 cr. capex on purchase of machinery and equipment, Rs. 10.20 cr. for working capital, and Rs. 4.60 cr. for general corporate purposes.

The IPO is solely lead managed by Aryaman financial Services Ltd., while KFin Technologies Ltd. is the registrar to the issue. JSK Securities and Services Pvt. Ltd. Is the market maker. The issue is underwritten to the tune of 15% by Aryaman Financial and 85% by JSK Securities and Services.

The company has issued initial equity shares at par value, and has issued further equity capital at a fixed price of Rs. 175 per share in July 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 10.00, and Rs. 51.25 per share.

Post-IPO, company's current paid-up equity capital of Rs. 2.40 cr. will stand enhanced to Rs. 3.10 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 159.69 cr.

## Financial Performance

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On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 60.09 cr. / Rs. 0.89 cr. (FY23), Rs. 79.06 cr. / Rs. 7.10. cr. (FY24), Rs. 88.05 cr. / Rs. 5.72 cr. (FY25). For H1 - FY26 ended on September 30, 2025, it earned a net profit of Rs. 4.01 cr. on a total income of Rs. 34.21 cr. Though it marked steady growth in its top lines, its bottom lines posted inconsistency.

For the last three fiscals, the company has reported an average EPS of Rs. 24.64, and an average RoNW of 68.10%. The issue is priced at a P/BV of 5.50 based on its NAV of Rs. 93.58 as of September 30, 2025, and at a P/BV of 2.58, based on its post-IPO NAV of Rs. 199.29 per share.

If we attribute its FY26 super annualized earnings on post-IPO expanded equity base, then the asking price is at a P/E of 19.91, and based on its FY25 earnings, the P/E stands at 27.90. Thus, the issue appears greedily priced.

The company has posted PAT margins of 1.49% (FY23), 9.00% (FY24), 6.52% (FY25), 11.74% (H1-FY26), and RoCE Margins of 11.20%, 37.05%, 23.29%, 13.31%, respectively for the referred periods.

## Dividend Policy

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

## Comparison with Listed Peers

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As per the offer document, the company has shown Poojawestern Metaliks, Siyaram Recycling, as its listed peers. They are currently trading at a P/E of 12.8, and 11.6 (as of January 09, 2026). However, they are not truly comparable on an apple-to-apple basis.

## MERCHANT BANKER'S TRACK RECORDS:

This is the 16th mandate from Aryaman Financial in the last three fiscals. From the last 10 listings, all closed with premium ranging from 0.83% to 20% on the listing date.

### **Conclusion / Investment Strategy**

NBIL is engaged in the manufacturing of diverse range of brass products. It caters to domestic and export markets. The company posted growth in its top lines, but bottom line marked inconsistency for the reported periods. Based on its recent financial data, the issue appears greedily priced. Tiny post-IPO equity base indicates longer gestation for migration. There is no harm in skipping this greedily priced offer.

### **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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