

PRE-IPO NOTE



(A) Company Overview

Established in 1947, Hindusthan Engineering & Industries Limited (HEIL) is the flagship company of the Hindusthan Group, a diversified Indian conglomerate. HEIL operates in three main business verticals:

- **Engineering** : Manufacturing railway wagons, rolling stock, steel castings, EOT cranes, and railway track components.
- **Chemicals** : Production of industrial chemicals like sodium cyanide and potassium cyanide.
- **Jute** : Manufacturing and sale of jute goods.

HEIL has **eight manufacturing units** across India, with key locations in West Bengal, Rajasthan, Haryana, and Madhya Pradesh. The Engineering segment, with units at Bamunari, Santragachi, and Tiljala, is the largest contributor to revenue.

(B) FY24 Highlights

Revenue Growth:

- Total revenue grew **57%** to ₹2,75,437 Lakhs (FY23: ₹1,75,616 Lakhs).
- Engineering segment revenue surged to ₹2,21,835 Lakhs (+104% YoY).

Profitability :

- Net Profit after Tax increased by **196%** to ₹2,07,28 Lakhs (FY23: ₹70,03 Lakhs).
- Improved financial ratios :
- **Debt Service Coverage Ratio** : 8.86 (FY23: 6.58).
- **Return on Equity** : 16% (FY23: 6%).

Operational Efficiency : Focused on cost management and modernizing equipment like energy-efficient EOT cranes.

(C) Business Contributions (FY24)

Segment	Revenue (₹ Lakhs)	YoY Change
Engineering	2,21,835	+104%
Chemicals	17,355	-16%
Jute	36,247	-21%

(D) Major Customers

Indian Railways, NTPC, Defence, Adani Group, Vedanta, DP World, Bangladesh Railways, and Tanzania Railway Corporation. The company has also exported products to South Korea, Australia, and North America.

(E) Key Risks

- **Audit Qualifications** : Issues with unapproved concessions, recoverability of loans, and litigation related to a subsidiary's power project (₹11,40.33 Lakhs expenditure pending allocation).
- **Market Fluctuations** : Decline in Jute (-21%) and Chemicals (-16%) segments due to volatile raw material prices.
- **Legal & Financial Risks** : Ongoing legal proceedings and exposure to credit and liquidity risks.

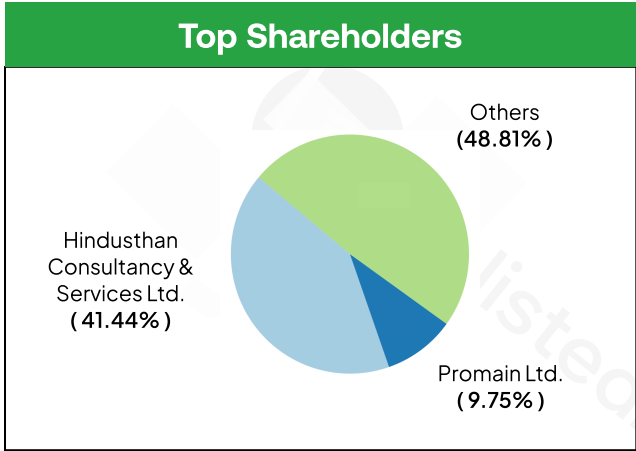
Conclusion

Hindusthan Engineering & Industries Limited has achieved significant growth in the **Engineering segment**, making it the dominant revenue driver. Despite challenges in Chemicals and Jute, the company's diversified business model, strong customer base, and commitment to modernization position it for sustainable growth.

Basic Parameters	
M Cap.	₹ 2574 Cr
CMP	₹ 1750
52 W H/L	₹ 1750 / ₹ 250
Face Value	10
No. of Shares	1.47 Cr.

Financials				
Particulars	FY21	FY22	FY23	FY24
Revenue	800	943	1756	2754
PBT	56	50	94	276
PAT	40	39	70	207
EPS	26.67	26	47.62	140.82

(Fig. in Cr)



(As on FY'24)

Valuation

Hindusthan Engineering & Industries Limited appears to be significantly undervalued based on its Price-to-Earnings (P/E) ratio of 12.43 and Price-to-Book (P/B) ratio of 1.83. With a market capitalization of ₹2574 crore and robust growth in FY24 PAT figures, the valuation metrics suggest considerable upside potential. Furthermore, the company's low Debt-to-Equity ratio of 0.29 and an impressive Return on Equity (ROE) of 14.8% indicate strong financial health, making it an attractive investment opportunity in the unlisted market. These factors highlight a disconnect between its current share price and intrinsic value, which could be attributed to underappreciation by the market.





**To Buy Hindusthan Engineering
Unlisted Shares**

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