

Press Release

Brickwork Ratings (BWR) assigns “BWR IPO Grade 2” to the proposed IPO of Midfield Industries Limited (MIL)

Midfield Industries Limited

**IPO Grading: BWR IPO Grade 2
(Below Average Fundamentals)**

Brickwork Ratings (BWR) has assigned ‘BWR IPO Grade 2’ to the proposed IPO of MIDFIELD INDUSTRIES LIMITED (MIL). Brickwork Ratings’ BWR IPO Grade 2 indicates below average fundamentals for the issue in relation to the other listed equity securities in India.

The grading factors in MIL’s management experience in Packaging Industry, established relationship with customers which includes well known companies, focus on end to end packaging solutions and non availability of substitutes for steel strapping. The grading is constrained by competitive nature of the industry, volatility in the raw material prices, low pricing power, weak second line of management and long working capital cycle. In the absence of funding or appraisal by a bank or term lending institution, the project cost is estimated by the company management.

MIL was incorporated in 1990 under the name “Midfield Steels Pvt. Ltd” The Company was promoted with the object of entering industrial packaging in India. In 1993, the company commenced manufacture of low tensile steel strapping at Hyderabad. In the year 2000 the company installed heat treatment line to manufacture high tensile steel strapping a facility at its Hyderabad facility. In 2007, the company set up unit at Roorkee, Uttaranchal to manufacture angle boards.

The industrial packaging industry is highly competitive and fragmented. The industry can be categorized based on the material used and industries serviced. Plastics, metals (steel, aluminum), glass and paper/board are some of the basic materials used in this industry.

MIL caters to the Bulk and Industrial packaging needs of manufacturing companies. It manufactures Steel Strapping (low & high tensile), Seals, Collated Nails and Corner Boards. MIL’s business is working capital intensive with average receivable days in the range of 155 – 207 for past 3 years. MIL’s suppliers of raw material and its clients are relatively large companies leaving MIL with little bargaining power.

MIL is undertaking three expansion projects of existing facilities at Hyderabad, Roorkee and Thane and green field projects at Sharjah (UAE). To meet the funding requirements, MIL plans to raise ~ Rs. 50 Crores by way of Initial Public Offering. The IPO comprises a issue of 45, 00,000 equity shares with Face Value of Rs.10 per share at a premium to be decided by book building process. Funds deployment will be done by the company.

Mr. Madhu Mohan Reddy (51 years) is the Chairman and Managing Director of MIL. Mr Reddy holds a Bachelors degree in commerce and Masters Degree in Business administration. He worked with ITW Signode India Limited for 12 years as Divisional Manager (Steel Strapping), before joining Midfield Industries in 1994. Mr Reddy brings rich experience in industrial packaging. He oversees the operations of the company and guides the strategies for the MIL’s growth.

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Disclaimer

Brickwork IPO Grading is neither an audit of the issuer by Brickwork nor a credit rating. IPO grading is a present assessment and research result of the analysis of fundamental of the equity issue in relation to other Indian Listed securities. Brickwork does not guarantee the completeness or accuracy of the information on which the grading is based. The Brickwork IPO grading depends on the information provided by the issuer or obtained by the relevant sources by Brickwork. A Brickwork IPO Grading is not a recommendation to buy/sell or hold the graded instruments. It does not comment on the issue price, future market price or relevance for a particular type of investor. Brickwork IPO Grading has a limited validity. BRICKWORK is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of BRICKWORK IPO Grading.