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16th Nov 2026

IPO NOTE

COMPANY NAME: WATRANA RENTALS LTD

Delhi-based company that rents out forklifts, reach trucks, stackers and lifts for working at height — often with its own operators — to factories and warehouses in 24 states

DETAILS OF THE ISSUE

100% FRESH ISSUE — NO OFS

All ₹120.10 cr goes into the company; the promoters sell no shares

Platform / method	**NSE Emerge (SME) · book-built**
Price band (face ₹10)	**₹232 – ₹245**
Issue size (at ₹245)	**₹120.10 cr · 49,02,000 sh**
— Fresh issue	**₹120.10 cr (100%)**
— Offer for sale	**Nil (0%)**
Lot · minimum application	**600 sh · ₹2,94,000 (1,200 sh)**
Opens → closes · lists	**19 → 23-Nov · 27-Nov-2026**
Lead manager (BRLM)	**Oneview Corporate Advisors**
Registrar	**Maashitla Securities**
Market maker	**Basan Equity Broking (5.14%)**
Post-issue market cap	**₹400.3 cr at ₹245**
Our fair value	**₹215 (range ₹180–290)**
P/E · P/BV post-issue	**13.7x FY26 · 1.7x**

WHAT THE COMPANY ACTUALLY DOES — IN PLAIN WORDS

Watrana Rentals (incorporated 2019; the promoter brothers Sanjeev and Rajeev Watrana have been in this trade since 2011) owns **2,679 machines (Jun-26)** — forklifts, reach trucks, battery stackers, pallet trucks and, since FY26, aerial work platforms (AWPs, lifts that carry workers to height). It rents them to factories and warehouses on monthly contracts and often supplies the driver too, which is why it employs **3,883 people (Jun-26)** across **515 customer sites**. Rental income was ₹185.3 cr, or 87.7% of FY26 revenue of ₹211.4 cr.

Customers rent to avoid the upfront cost (a new Toyota electric forklift costs ₹14–20 lakh, per the IPO quotations), repairs and hiring operators. The base is broad: **357 customers in FY26**, top ten only 25.7% of revenue — logistics and warehousing 21.6%, food and beverages 13.0%, other equipment firms 13.3%, tyres 12.4% (JK Tyre is a client). Gujarat gave 24.0% of FY26 revenue, Maharashtra 12.6%, Haryana 11.0%.

PRODUCT PORTFOLIO (SHARE OF FY26 REVENUE OF ₹211.4 CR)

Equipment rental (hiring)
87.7%
₹185.3 cr in FY26 (FY25: ₹162.4 cr, 90.5%), up 14.1%. Machines, often with operators. The core earner — **growing**.

Trading — machines & batteries
9.0%
₹19.0 cr in FY26 (FY25: ₹11.3 cr). New Hangcha units and used machines. Fell to ₹1.7 cr in Apr–Jun FY27 — **lumpy**.

Freight & manpower
3.3%
₹7.0 cr in FY26 (FY25: ₹5.8 cr). Transport and extra staff billed to customers. **Stable**.

The RHP does not give profit by segment. In Apr–Jun FY27 (3M) rental rose to 93.7% of revenue and trading fell to 3.1%, so the mix is moving towards the core rental business. About 43% of the fleet was older than five years at Jun-26.

THE ONE THING THAT EXPLAINS THIS COMPANY — IT RENTS OUT MACHINES AND THE PEOPLE TO DRIVE THEM, SO WAGES AND MACHINE PURCHASES DECIDE ITS PROFIT

What it is. Watrana is not a pure equipment lessor. Wages were **₹91.3 cr, or 43.2% of FY26 revenue** — more than depreciation (₹16.0 cr), interest (₹9.9 cr) and hire charges (₹12.4 cr) together. Watrana carries both the wage bill and the machine.

What it is worth, in rupees. The model earned a 19.1% return on capital employed (RoCE, operating profit on all money in the business) in FY26 — ₹49.0 cr on ₹257 cr. But growth must first be bought as machines: ₹188 cr of equipment in FY24–FY26 against ₹115 cr of operating cash, so **free cash flow (cash left after buying machines) was about –₹71 cr over three years**, filled by bank debt (₹93 cr → ₹164 cr) and ₹46 cr of interest-free promoter loans; ₹35 cr of these became shares at ₹245 on 27-Jul-2026.

What the trend really says. The owned fleet rose 134% (1,089 units in FY24 → 2,549 in FY26) while revenue rose 62%. Most of the FY26 jump was 642 used machines bought for ₹25.2 cr (about ₹3.9 lakh each) from **Watrana Traction Company, a promoter-group firm** that had been renting them to Watrana — ownership changed, revenue did not. RoCE slipped from 24.1% (FY24) to 19.1%.

The catch. The EBITDA margin (profit before interest, tax and depreciation) rose from 28.8% in FY25 to 33.9% in Apr–Jun FY27, but most of that is cost changing lines, not better pricing: hire charges paid to the promoter firm fell from ₹19.4 cr (FY25) to almost nil, and came back as depreciation and interest on the machines bought from it. **Profit before tax stayed at about 18.5% of revenue** — 18.6% (FY24), 18.3% (FY25), 18.5% (FY26), 19.3% (Apr–Jun FY27). Meanwhile wages jumped to **50.5% of revenue in Apr–Jun FY27** from 43.2% in FY26 while headcount rose only 1.3%, in line with the new labour codes notified on 21-Nov-2025. The 642-machine purchase was done without a formal purchase agreement and without e-way bills (RHP risk factor 4).

What would break it. Wage costs rising faster than rents; new machines standing idle (depreciation and interest run whether a machine is rented or not); or withdrawal of group support — bank loans are backed by a ₹62 cr corporate guarantee from Watrana Traction Pvt Ltd and by properties of the directors and group firms.

PROS & CONS OF THIS ISSUE

Key Positives	Key Concerns
Entire issue proceeds go to the company. 100% fresh issue: ₹98.1 cr (82%) buys 323 forklifts and reach trucks, 12 AWPs and 688 batteries, against vendor quotations.	**Growth needs continuous capital.** Free cash flow was negative in FY24, FY25 and FY26 (about –₹71 cr in total); the issue adds only about 12% to the fleet. Current ratio 0.45 (FY26).
Low customer concentration. 357 customers in FY26; top ten 25.7% of revenue; 515 sites in 24 states; no industry above 22%.	**Wage-heavy cost base.** Wages rose from 43.2% of revenue (FY26) to 50.5% (Apr–Jun FY27); margins are exposed to labour-code and minimum-wage changes.
Valuation in line with listed rental peers. 13.7x FY26 and 12.6x FY27E post-issue earnings, against Vision Infra at 12.3x (27-Oct-2026) and Sanghvi Movers at about 20x (13-Nov-2026).	**Return on equity falls sharply after the issue.** RoNW (profit on shareholders' money) falls from 34.1% (FY26) to about 12% (FY27E) after ₹143 cr of new equity.
Consistent profitable growth. Revenue grew 27.5% a year and profit 27.1% a year (FY24 → FY26); operating cash flow positive every year (₹48.7 cr in FY26).	**Growth slowing into the IPO.** Revenue growth fell from 37.9% (FY25) to 17.8% (FY26); Apr–Jun FY27 revenue of ₹53.5 cr annualises to ₹213.9 cr, roughly flat on FY26.
Promoters retain 70% with no pledge; debt falls. Promoters converted ₹35 cr of loans at ₹245 and sell nothing; debt-to-equity falls from 1.92x (FY26) to about 0.55x post-issue.	**Related-party dependence and compliance lapses.** ₹49.9 cr hire paid to the promoter firm (FY24–FY26); trademark owned by a group company; delayed statutory and EPF filings (RHP risk factors 9, 40).
Large and growing market. India's equipment-rental market for material handling is put at USD 2.33 bn (2026E), growing 13% a year to 2036P; Watrana holds about 1%.	**Pending ₹16 cr dispute and an ageing fleet.** A former LLP partner's ₹16 cr claim (55% of FY26 profit) names the company and promoters; 43% of machines are over five years old.

WHERE YOUR MONEY ACTUALLY GOES — THE OBJECTS OF THE ISSUE

Use of money	₹ cr	% of issue	Our read — does this help you as a future shareholder?
Buy material handling equipment (323 units)	65.02	54.1%	Helpful — about 12% more forklifts (180 in FY27, 143 in FY28); quotations, mainly Toyota; orders not yet placed.
Buy aerial work platforms (12 units)	14.58	12.1%	Mixed — about ₹1.2 cr per unit in an early-stage line; AWP rental grows only 6.4% a year (2026–36P).
Buy batteries (688 units)	18.52	15.4%	Mostly upkeep — spares cut downtime but add little new revenue.
General corporate purposes	≤10.00	≤8.3%	Unspecified; capped at ₹10 cr by SEBI rules.
Issue expenses (balance)	~11.97	~10.0%	Not disclosed in the RHP; about ₹12 cr is left after stated uses — high even for an SME issue.
Total — all fresh, no OFS	**120.10**	**100%**	Every rupee reaches the company; none repays debt or goes to the promoters.

FINANCIALS & OUR INDEPENDENT FORECAST (₹ CR UNLESS STATED)

Year	FY24	FY25	FY26	FY27E*	FY28E*
Revenue from operations	130.1	179.5	211.4	229.0	264.0
Revenue growth	51.1%	37.9%	17.8%	8.3%	15.3%
EBITDA	38.0	51.8	65.0	75.6	85.9
EBITDA margin	29.2%	28.8%	30.8%	33.0%	32.5%
Wages, % of revenue	41.7%	43.3%	43.2%	~47%	~47%
Profit after tax (PAT)	18.1	24.4	29.2	31.7	33.8
PAT margin	13.9%	13.6%	13.8%	13.8%	12.8%
EPS, ₹ (post-issue 1.634 cr sh)	11.05	14.95	17.84	19.38	20.66
RoNW (on closing equity)	56.5%	43.3%	34.1%	12.2%	11.5%
Debt-to-equity	2.91x	1.95x	1.92x	~0.5x	~0.5x
Operating cash flow	32.2	34.2	48.7	~58	~67
Capex (machines bought)	52.8	44.3	91.2	~94	~74
Free cash flow	–20.4	–9.2	–41.4	~–36	~–7
Receivable + unbilled days	91	94	89	~90	~90

Source: restated financials, RHP dated 11-Nov-2026 (₹ lakh converted to ₹ cr). *Our independent estimates, not company guidance. Apr–Jun FY27 (3M): revenue ₹53.5 cr, EBITDA ₹18.1 cr (33.9%), PAT ₹7.7 cr. FY27E/FY28E capex includes ₹98.1 cr paid from issue money. Receivable days FY24/25/26: 82/73/66. Inventory immaterial (₹2.6 cr, FY26).

PEER COMPARISON

No listed company rents forklifts with operators as its main business; the nearest are equipment renters of different size and mix.

Company (price date)	Mcap	P/E	P/BV	Revenue
Watrana (at ₹245)	₹400 cr	13.7x FY26	1.7x*	₹211 cr FY26
Vision Infra Equip. (27-Oct-26)	₹814 cr	12.3x TTM	3.5x	₹607 cr TTM
Sanghvi Movers (13-Nov-26)	₹3,198 cr	~20x TTM	~2.3x	~₹1,070 cr TTM
Seemax Resources (30-Oct-26)	n.a.	16.1x FY26	3.8x	₹15 cr FY26
LEAP India (27-Oct-26)	₹5,463 cr	87.6x TTM	3.6x	₹730 cr TTM

Sources: Value Research (Vision Infra, LEAP, 27-Oct-2026); ICICI Direct, Finology (Sanghvi, 13-Nov-2026); RHP (Seemax, 30-Oct-2026 close). TTM = last twelve months. *On our estimate of post-issue book value, ₹144.6 per share (RHP leaves it blank). Vision rents construction equipment, Sanghvi cranes, LEAP pallets (growth premium; reference only).

FORECAST RATIONALE — HOW WE GOT TO FY27E AND FY28E

1. Starting point. FY26 revenue ₹211.4 cr, PAT ₹29.2 cr. Apr–Jun FY27 runs at ₹213.9 cr of revenue and ₹30.7 cr of PAT a year — roughly flat. Hire charges (₹12.4 cr in FY26) have gone but wages have risen, so we build from the Apr–Jun FY27 cost structure, not FY26.

2. Existing fleet. Rental income of ₹50.1 cr in Apr–Jun FY27 was 8% above the FY26 quarterly average, and the company keeps adding loan-funded machines (about 470 net new units in FY26 besides the promoter-firm purchase). We model FY27E rental income of ₹212 cr, +14%, the same pace as FY26.

3. Machines funded by the issue. ₹98.1 cr buys 180 units and 12 AWPs in FY27 and 143 units in FY28 — about 12% more machines. Money arrives late Nov-2026, so they earn for about a quarter of FY27E. At the FY26 average of ₹7.3 lakh rent per machine a year (₹185.3 cr ÷ 2,549) and ₹25 lakh per AWP (our assumption), the full uplift is about ₹26 cr a year; we include about ₹12 cr in FY28E. Trading is held at ₹10–11 cr (₹19.0 cr in FY26) after a weak Apr–Jun. Revenue: ₹229 cr FY27E (+8%), ₹264 cr FY28E (+15%).

4. Profitability. EBITDA margin 33.0% (FY27E) and 32.5% (FY28E) — the Apr–Jun FY27 level of 33.9% trimmed for wages (held near 47% of revenue). Depreciation rises to ~₹23.5 cr and ~₹30 cr (about 9% a year on new machines); interest stays near ₹11 cr as issue money pays for them; tax 25.6%. PAT ₹31.7 cr and ₹33.8 cr; EPS ₹19.4 and ₹20.7.

5. Left out; how conservative. We exclude rent rises beyond wage pass-through, AWP demand beyond the 12 funded units, and faster collection of ₹21.2 cr unbilled revenue (Jun-26). Profit growth of ~9% and ~6% is far below FY24–FY26's 27% a year, because capacity rises only ~12% and depreciation starts before full rents.

6. How we get to fair value ₹215. Relative P/E is the main method as profits are steady; no DCF, because free cash flow has been negative every year and depends on capex choices. Peer composite about 16x (Vision Infra 12.3x, Sanghvi ~20x, Seemax 16.1x; LEAP's 87.6x excluded); a 25% discount for SME illiquidity, promoter-group dealings, wage exposure and negative free cash flow, partly offset by low concentration, gives **12x on FY27E EPS ₹19.4 = ₹233**. Book-value check: ~12% post-issue return on equity against a 14% cost of equity justifies ~1.1x the Mar-27E book of ₹159 = **₹175**. Weighted 70:30 = **₹215**. Bear: 10x FY26 EPS ₹17.8 = ₹180. Bull: 14x FY28E ₹20.7 = ₹290. The gap between methods shows the price assumes the new equity soon earns the old ~19% RoCE.

7. What would break it. Wages outpacing rents; slow deployment of new machines; unpaid plus unbilled bills rising above ~90 days of revenue; an adverse award in the ₹16 cr arbitration.

PROMOTER HOLDING & SHAREHOLDING AFTER THE IPO

Shareholding	Pre-issue	Post-issue
Promoter & promoter group	100.00%	**70.00%**
Public — anchors (if fully allotted)	—	8.48%
Public — other new IPO investors	—	21.52%
Total shares outstanding	114.39 lakh	163.41 lakh
Dilution from the fresh issue	—	30.0%
Promoter shares pledged	Nil	Nil
Free float tradable on listing day	—	~21.5% (₹86 cr)

- **Control does not change.** The two promoter brothers hold 35.0% each after the issue; there are no outside shareholders before it, no pledge, and the promoters sell nothing.
- **Promoter cost vs offer price.** Weighted average cost ₹30.61 per share against ₹245 asked. Their only purchase in the past year: 14.29 lakh shares at ₹245 on 27-Jul-2026, by converting ₹35 cr of interest-free loans — the top of the band. A 1,000-for-1 bonus issue (28-Sep-2024) created most of their holding.
- **Unlock dates** (allotment 25-Nov-2026): anchors — half from 25-Dec-2026, rest from 23-Feb-2027; promoters' holding above the 20% minimum — half (~40.8 lakh sh) from 25-Nov-2027, half from 25-Nov-2028; the 20% minimum (~32.7 lakh sh) from 25-Nov-2029.
- **Anchors.** Up to 13.86 lakh shares (~₹34 cr) are bid on 18-Nov-2026, 40% reserved for mutual funds, insurers and pension funds; names were not known on 16-Nov-2026.

INDUSTRY — HOW IT IS EXPECTED TO PERFORM

SIZE (INDIA, MHE RENTAL)
USD 2.33 bn → 7.90 bn
2026E → 2036P; Infomerics report commissioned by the company, cited in the RHP

GROWTH
13.0% a year
MHE rental, 2026–36P — faster than the overall MHE market (12.0%); AWP rental only 6.4%

STRUCTURE
Fragmented · ~1% share
Organised renters, maker-led rental arms and regional operators; price often decides (RHP)

Outlook. Warehouses, e-commerce hubs and factories increasingly rent forklifts to save capital and hand off repairs and staffing. The RHP's industry report, commissioned by the company, projects India's material-handling rental market to grow from USD 2.33 bn (2026E) to USD 7.90 bn (2036P), about 13% a year; AWP rental only 6.4%. With FY26 revenue of about USD 24 mn (~1% share), Watrana's limit is not demand but how fast it can buy and deploy machines and pass wage rises on. **Competition:** the RHP names no rivals; it describes organised renters, makers' rental arms, regional operators and small owners, with price often deciding. Watrana is a service-layer renter that buys from makers such as Toyota, Hangcha, BYD, Dingli and JCB; it does not manufacture. The promoters' firm Watrana Traction Company rented in the same market until FY26; a 10-year non-compete was signed on 12-Aug-2025.

Investors may consider subscribing if

Long-term investment horizon. Suitable for investors holding three years or more who want a profitable equipment renter with 357 customers (FY26) and low concentration, and who accept a full price of 12.6x FY27E earnings.

Comfort with a capital- and labour-heavy model. Growth must be bought (free cash flow about –₹71 cr, FY24–FY26) and wages (50.5% of revenue, Apr–Jun FY27) are the main margin risk; RoCE (19.1%, FY26) should be tracked each half-year.

Confidence in quick deployment of the new fleet. If the 323 machines and 12 AWPs are rented out fast at fleet-average rents, our bull case of ₹290 (14x FY28E EPS), about 18% above the offer price, becomes achievable.

Investors may consider avoiding if

Seeking a discount to fair value. At ₹245, the issue is priced about 14% above our fair value of ₹215; only the bull case (₹290) supports the offer price, while the bear case (₹180) implies about 27% downside.

Applying only for listing-day gains. Bidding opens 19-Nov-2026, so no exchange subscription data exist as on 16-Nov-2026; with no headroom to fair value and a ~21.5% free float (₹86 cr), any gain would rest on demand alone — a trade, not an investment.

Governance is a priority. ₹49.9 cr of hire paid to a promoter firm (FY24–FY26); 642 machines bought from it without a formal agreement; a group-owned trademark; group guarantees behind bank loans; delayed statutory and EPF filings.

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4. Fees to RA may be paid by the client through any of the specified modes like cheque, online bank transfer, UPI, etc. Cash payment is not allowed. Optionally the client can make payments through Centralized Fee Collection Mechanism (CeFCoM) managed by BSE Limited (i.e. currently recognized RAASB).
5. The RA is required to abide by the applicable regulations/ circulars/ directions specified by SEBI and RAASB from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. The RA will endeavor to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.
6. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. No scheme of this nature shall be offered to the client by the RA.
7. The RA cannot guarantee returns, profits, accuracy, or risk-free investments from the use of the RA's research services. All opinions, projections, estimates of the RA are based on the analysis of available data under certain assumptions as of the date of preparation/publication of research report.
8. Any investment made based on recommendations in research reports are subject to market risks, and recommendations do not provide any assurance of returns. There is no recourse to claim any losses incurred on the investments made based on the recommendations in the research report. Any reliance placed on the research report provided by the RA shall be as per the client's own judgment and assessment of the conclusions contained in the research report.
9. The SEBI registration, Enlistment with RAASB, and NISM certification do not guarantee the performance of the RA or assure any returns to the client.
10. For any grievances,

    Step 1: the client should first contact the RA using the details on its website or following contact details: (RA to provide details as per 'Grievance Redressal / Escalation Matrix')

    Step 2: If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in

    Step 3: The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at https://smartodr.in
11. Clients are required to keep contact details, including email id and mobile number/s updated with the RA at all times.
12. The RA shall never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. Never share such information with anyone including RA.

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