



| IPO Details | | Company Background | | | | |
|--|---|---|---------------|-------------------|---------------|---------------|
| Opening Date | Dec 20, 2023 | <ul style="list-style-type: none"> ○ Azad Engineering Limited was originally incorporated in the year 1983 and has its registered office in Hyderabad, Telangana. ○ Azad Engineering Limited is a manufacturer of aerospace components and turbines. ○ The Company's components have been supplied to countries such as USA, China, Europe, Middle East, and Japan. ○ Company's diversified product ranges across energy, aerospace and defence, and oil and gas industries. ○ As of 30th September 2023, the Company had 1,300 employees on its payroll. | | | | |
| Closing Date | Dec 22, 2023 | | | | | |
| Stock Exchange | BSE, NSE | | | | | |
| Lot Size | 28 Shares | | | | | |
| Issue Price | ₹ 499 to ₹ 524 per share | | | | | |
| Issue Size | Aggregating up to 740 Cr. | | | | | |
| Fresh Issue | Aggregating up to 240 Cr. | | | | | |
| Offer for Sale | Aggregating up to 500 Cr. | | | | | |
| Application Amount (Retail) | Min. Inv. - ₹ 14,672 (28 shares) Max. Inv. - ₹ 1,90,736 (364 shares) | | | | | |
| IPO Objective | | Market Capitalization (In Cr.) | | | | |
| Funding capital expenditure of the Company. | | Pre-Issue | | Post-Issue | | |
| Repayment/prepayment, in part or full of certain of the borrowings availed by the Company. | | ₹ 2,858 | | ₹ 3,098 | | |
| General corporate purposes. | | Financial Summary (In Cr.) | | | | |
| Pre-Issue Shareholding | | For the Period Ended | Mar-21 | Mar-22 | Mar-23 | Sep-23 |
| Category | No. of Shares | % of Total Shares | | | | |
| Promoter & Promoter Group | 4,28,67,570 | 78.61% | | | | |
| Public | 1,16,65,272 | 21.39% | | | | |
| Promoter of the Company | | Total Assets | 256.05 | 404.32 | 589.21 | 636.63 |
| 1 | Mr. Rakesh Chopdar | Net Assets | 90.89 | 120.01 | 203.99 | 230.54 |
| Competitive Strengths | | Total Borrowings | 87.71 | 197.18 | 300.60 | 324.94 |
| 1 | Engineered for success and a preferred name in the manufacturing of highly engineered, complex and mission and life critical high precision components for global OEMs despite growing competition from China, Europe, USA and Japan. | Total Revenue | 125.03 | 199.26 | 261.52 | 169.54 |
| 2 | Supplying to OEMs with high global market penetration. | Profit After Tax | 11.50 | 29.46 | 8.47 | 26.89 |
| 3 | Long-standing and deep customer relationships. | Tentative Timeline | | | | |
| 4 | Advanced manufacturing facilities with a diverse range of products and solutions with focus on innovation and cost Competitiveness. | Opening Date | | | | Dec 20, 2023 |
| 5 | Consistent track record of financial performance. | Closing Date | | | | Dec 22, 2023 |
| 6 | Experienced promoters and management. | Basis of Allotment | | | | Dec 26, 2023 |
| | | Initiation of Refunds | | | | Dec 27, 2023 |
| | | Credit of Shares to Demat | | | | Dec 27, 2023 |
| | | Listing Date | | | | Dec 28, 2023 |

Company Background and Analysis

The Company was originally incorporated in the year 1983. The company is one of the key manufacturers of the qualified product lines supplying to global original equipment manufacturers (“OEMs”) in the energy, aerospace and defence, and oil and gas industries, manufacturing highly engineered, complex and mission and life-critical components. Company manufactures complex and highly engineered precision forged and machined components that are mission and life-critical and hence, some of company products have a “zero parts per million” defects requirement.

Company’s products include 3D rotating airfoil/ blade portions of turbine engines and other critical components for (a) gas, nuclear and thermal turbines used in industrial applications or energy generation, and (b) defence and civil aircrafts and spaceships. The demand for such precision, forged and machined components is driven by requirements relating to energy turbines (industrial, gas, nuclear and coal), aircrafts (commercial and military), amongst others.

Company has four advanced manufacturing facilities in Hyderabad, Telangana, India, capable of producing high precision forged and machined components with a total manufacturing area of approximately 20,000 square metres. Further, company have two manufacturing facilities in the pipeline at (a) Tuniki Bollaram village in Siddipet district, Telangana and (b) Mangampet village, Sangareddy district, Telangana, with a total manufacturing area of 94,898.78 square metres and 74,866.84 square metres, respectively.

The table below sets out the details of the revenue of the Company earned from purchase orders in relation to the products of the Company:

(Amount in Cr.)

| Industry and Product Particulars | September 30, 2023 | | Financial Year 2023 | | Financial Year 2022 | | Financial Year 2021 | |
|----------------------------------|--------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | Amt | (%) | Amt | (%) | Amt | (%) | Amt | (%) |
| Energy | 140.88 | 88.75 | 219.04 | 87.03 | 165.07 | 84.88 | 110.54 | 90.08 |
| Airfoil/ blade | 114.29 | 72.00 | 198.02 | 78.68 | 145.82 | 74.99 | 96.21 | 78.39 |
| Non-airfoil | 26.59 | 16.75 | 21.02 | 8.35 | 19.25 | 9.90 | 14.33 | 11.68 |
| Aerospace and defence | 13.69 | 8.62 | 22.53 | 8.95 | 20.28 | 10.43 | 7.59 | 6.19 |
| Hydraulic system | 3.50 | 2.21 | 7.54 | 2.99 | 2.18 | 1.12 | 0.29 | 0.23 |
| APU/ engine | 0.73 | 0.46 | 1.95 | 0.77 | 1.24 | 0.64 | 1.88 | 1.53 |
| Airfoil/ blade | - | - | - | - | 3.04 | 1.56 | - | - |
| Engine | 0.41 | 0.26 | 1.91 | 0.76 | 0.01 | 0.01 | 0.00 | 0.00 |
| Generator | 0.01 | 0.01 | 0.28 | 0.11 | 0.17 | 0.09 | 0.70 | 0.57 |
| Engineering charges | 0.07 | 0.04 | 0.43 | 0.17 | 0.32 | 0.17 | 0.29 | 0.23 |
| Propulsion system | 0.61 | 0.38 | 1.85 | 0.74 | 0.92 | 0.47 | 0.73 | 0.59 |
| Structural joints | - | - | 0.05 | 0.02 | - | - | 0.03 | 0.02 |
| Missile | - | - | 0.05 | 0.02 | - | - | 0.03 | 0.02 |
| Others | 3.51 | 2.21 | 9.69 | 3.85 | 7.84 | 4.03 | 2.64 | 2.15 |
| Oil and gas | 0.67 | 0.42 | 0.37 | 0.15 | 1.28 | 0.66 | 1.93 | 1.57 |
| Drilling services | 158.75 | 100.00 | 251.68 | 100.00 | 194.47 | 100.00 | 122.72 | 100.00 |
| Scrap | 140.88 | 88.75 | 219.04 | 87.03 | 165.07 | 84.88 | 110.54 | 90.08 |
| Others | 114.29 | 72.00 | 198.02 | 78.68 | 145.82 | 74.99 | 96.21 | 78.39 |
| Total | 26.59 | 16.75 | 21.02 | 8.35 | 19.25 | 9.90 | 14.33 | 11.68 |

Company serves a broad range of customers both in the Indian and overseas markets. The table below sets out the details of company’s total revenue from contracts with customers with geographical location outside India:

| | September 30, 2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--------------------------|--------------------|-------------|-------------|-------------|
| Outside India (in ₹ Cr.) | 142.38 | 202.31 | 151.82 | 100.73 |
| Outside India % (in %) | 89.69 | 80.38 | 78.07 | 82.08 |

Business Strategies

- 1. Leverage company's industry-leading capabilities by continuing to diversify customer base and increase penetration and wallet share with existing customers by entering into new component lines.**

Company intends to continue to expand customer base by leveraging relationship with existing customers in India and globally, while simultaneously pursuing opportunities to develop new relationships. Company aims to continue to maintain strong track-record of repeat orders from existing customers as well as expand and strengthen relationships as part of organic growth efforts.

- 2. Augment manufacturing capabilities, including by way of inorganic acquisitions, to better serve customers and to build scale, while delivering state of the art execution.**

As of September 30, 2023, company have four manufacturing facilities in Hyderabad, Telangana in India which are spread across approximately 20,000 square metres and have a combined annual installed capacity of 6,42,310 hours per annum, annual actual production of 5,78,316 hours per annum and capacity utilization of 90% per annum. Company proposes to fund capital expenditure requirements of Company through the Net Proceeds towards the purchase of plant and machinery for existing manufacturing facilities.

- 3. Strengthening core capabilities across company's focus industries.**

Company intends to continue to strengthen their capabilities across the focus industries by continuing to strengthen and expand their existing relationships with current customers and by acquiring more strategic customers across focus industries.

- 4. Further reduce operating costs, improve operating efficiencies and deploy new technologies.**

The company aim to offer quality products at optimal prices to customers and believe this will enable them to maintain long-term relationship with customers. Company believes that innovation, research and development capabilities and fast supply chain Leadtime are key factors that distinguish them from competitors both in India and globally.

Competitive Scenario and Peer Mapping

Competition

The company competition from larger global manufacturers. Company competes with manufacturers from China, Europe, USA and Japan. However, there are significant barriers to entry in the business of manufacturing qualified product lines in the energy, aerospace and defence, and oil and gas industries, manufacturing highly engineered, complex and mission and life-critical components.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

| Particulars | Azad Engineering Limited | MTAR Technologies Limited | Paras Defence and Space Technologies Limited | Dynamatic Technologies Limited | Triveni Turbine Limited |
|----------------------------|--------------------------|---------------------------|--|--------------------------------|-------------------------|
| | 31st Mar 2023 | 31st Mar 2023 | 31st Mar 2023 | 31st Mar 2023 | 31st Mar 2023 |
| Net Profit Margin | 3.37% | 18.15% | 16.82% | 3.27% | 15.46% |
| EBITDA Margin | 28.72% | 26.88% | 26.17% | 13.98% | 18.83% |
| Return on Capital Employed | 4.51% | 18.81% | 10.30% | 12.45% | 27.04% |
| Return on Equity | 2.09% | 16.75% | 8.72% | 7.93% | 25.36% |
| EPS (INR) | 1.79 | 33.84 | 9.21 | 67.48 | 6.06 |

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

| Particulars | Azad Engineering Limited | MTAR Technologies Limited | Paras Defence and Space Technologies Limited | Dynamatic Technologies Limited | Triveni Turbine Limited |
|----------------------------|--------------------------|---------------------------|--|--------------------------------|-------------------------|
| | 31st Mar 2022 | 31st Mar 2022 | 31st Mar 2022 | 31st Mar 2022 | 31st Mar 2022 |
| Net Profit Margin | 15.15% | 18.94% | 15.00% | 1.20% | 31.69% |
| EBITDA Margin | 32.02% | 29.19% | 28.89% | 13.73% | 18.90% |
| Return on Capital Employed | 18.97% | 14.21% | 10.50% | 11.53% | 15.90% |
| Return on Equity | 12.35% | 11.73% | 7.14% | 3.94% | 31.54% |
| EPS (INR) | 6.49 | 19.79 | 6.90 | 24.40 | 8.36 |

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

| Particulars | Azad Engineering Limited | MTAR Technologies Limited | Paras Defence and Space Technologies Limited | Dynamatic Technologies Limited | Triveni Turbine Limited |
|----------------------------|--------------------------|---------------------------|--|--------------------------------|-------------------------|
| | 31st Mar 2021 | 31st Mar 2021 | 31st Mar 2021 | 31st Mar 2021 | 31st Mar 2021 |
| Net Profit Margin | 9.37% | 18.70% | 1.11% | -1.97% | 14.51% |
| EBITDA Margin | 22.94% | 33.74% | 10.50% | 11.36% | 21.19% |
| Return on Capital Employed | 15.89% | 14.08% | 8.00% | 5.52% | 19.66% |
| Return on Equity | 6.38% | 9.64% | 21.26% | -5.98% | 16.01% |
| EPS (INR) | 2.53 | 14.98 | 5.05 | -34.49 | 3.17 |

Based on the above analysis, the company's profitability margins are almost at par when compared to its peer companies. RoCE and ROE are relatively lower when compared to the peer companies and the EPS is at par when compared on an average basis for FY 2023.

Industry Overview

Exhibit 1: Nuclear power generation capacity (GW) and Number of nuclear reactors (2017-22)

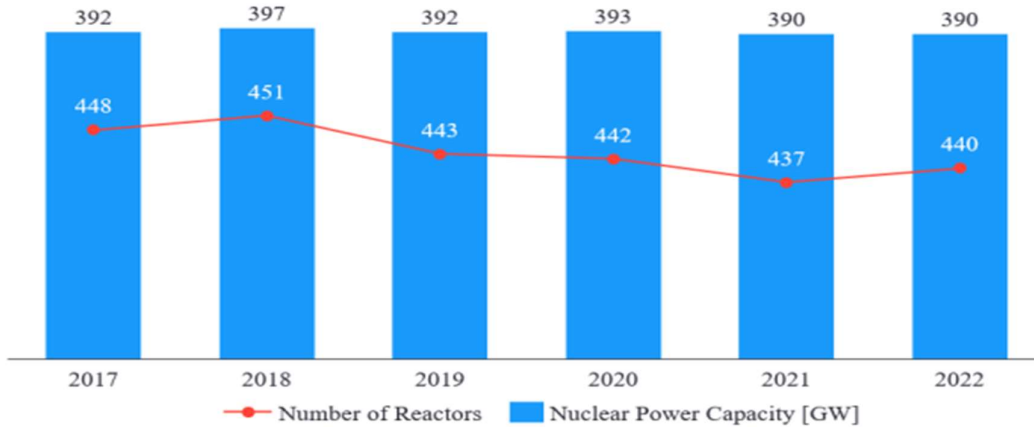


Exhibit 2: Nuclear power generation capacity by country (%)

Nuclear power generation capacity by country (%)

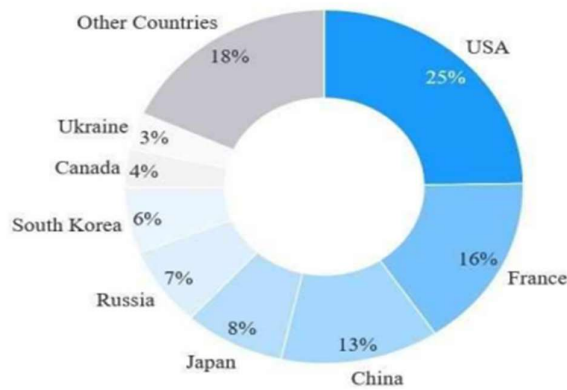
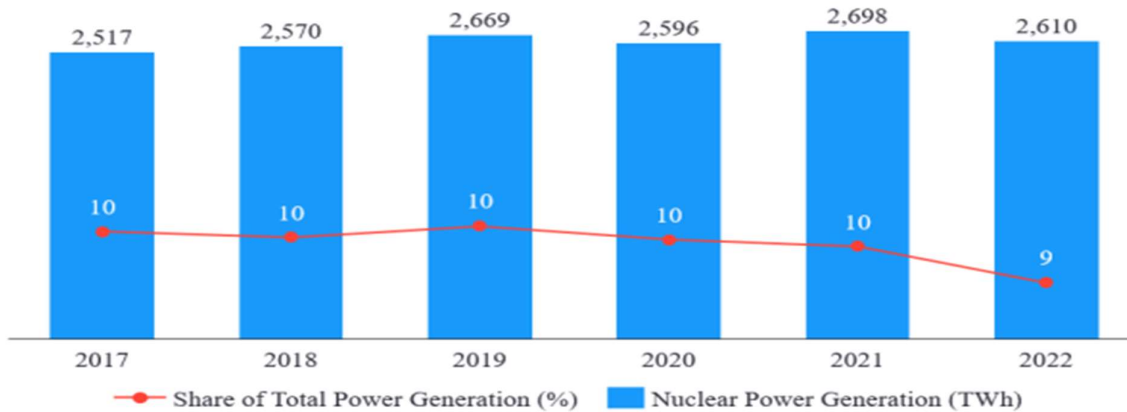


Exhibit 3: Nuclear power generation (TWh) and its share in overall power generation (%) (2017-22)



(Source: ibef.com)

Global Nuclear Energy Industry

In 2022, the global nuclear power generation capacity was 390 GW. For the last 5-6 years, capacity has stayed nearly flat. This is mostly owing to the higher capital expenditure necessary to construct them, as well as the significant costs associated with the storage and disposal of hazardous radioactive waste. The number of reactors has likewise been decreasing, from 448 in 2017 to 440 in 2022. Because of increased competition from more cost-effective renewable energy sources, the future of nuclear power with the currently used large reactors is in doubt though it is a cleaner form of generation when compared to fossil fuels.

The United States has the highest installed capacity that amounts to 25% of the global nuclear capacity, followed by France and China at 16% and 13% respectively. Despite a steady increase in nuclear power generation over the past decade, its proportion in the global energy mix has experienced a gradual decline. In 2022, nuclear power supplied 2,610TWh, accounting for 9% of the total power generation. Meanwhile, non-hydroelectric renewable sources, such as solar, wind, and biofuel, have witnessed substantial growth, with their share doubling in recent years.

India's nuclear power generation capacity

Currently, India operates twenty-two nuclear reactors with a combined capacity of 6.8 GW, translating to roughly 2% of the global capacity. Operational nuclear power plants in India.

| Plant name | Number of reactors | Gross power (MW) | Type |
|----------------------------------|--------------------|------------------|------------|
| Kaiga Power Plant, Karnataka | 4 | 220MW x 4 | PHWR |
| Kakrapar Power Plant, Gujarat | 2 | 220MW x 2 | PHWR |
| Kudankulam Power Plant, TN | 2 | 1000MW x 2 | PWR |
| Madras Atomic Power Plant, TN | 2 | 220MW x 2 | PHWR |
| Narora Atomic Power Plant, UP | 2 | 220MW x 2 | PHWR |
| Rajasthan Atomic Power Plant, RJ | 6 | 1,180MW | PHWR |
| Tarapur Atomic Power Plant, MH | 4 | 1,400MW | PHWR & BWR |

There has been a YoY increase in the amount of power generated which stood at 46 TWh in 2022. The share of total power generated hasn't changed much which hovers around 2.5%. Dependency on fossil fuel has remained mostly same contributing majority of the overall power generation in the country. However, energy from renewable sources like solar and wind has increased in the last couple of years.

(Source: prospectus)



Key Managerial Personnel

Rakesh Chopdar is the Chairman and CEO of the Company. He has completed his education until the 10th standard from Trinity Public School, Hyderabad, Telangana. He has been involved with the Company since 2003 and has more than two decades of experience in engineering and manufacturing activities.

Jyoti Chopdar is the Whole-Time Director of the Company. She has passed the examination for bachelor's degree in arts from the Kurukshetra University. She has been associated with the Company for over eight years and is actively involved in the Company's general administrative activities.

Vishnu Pramodkumar Malpani is the Whole-Time Director of the Company. He holds a bachelor's degree in technology from the Indian Institute of Technology, Guwahati, Assam. He has also completed the executive education programme on finance for non-finance managers from the Indian School of Business. He has been associated with the Company for over three years.

Ronak Jajoo is the Chief Financial Officer of the Company. He has passed the examination for his bachelor's degree in business administration from Jai Narain Vyas University, Jodhpur. He has also passed the examination for a post graduate degree in business management from N. L. Dalmia Institute of Management Studies and Research, Mumbai.

Ful Kumar Gautam is the Company Secretary and Compliance Officer of the Company. He has passed the examination in relation to bachelor's degree in commerce (insurance) from Loyola Academy Degree & P.G. College and is an associate member of the Institute of Company Secretaries of India. He is also an associate member of the Insurance Institute of India.

To conclude, the company has 1 individual promoter. He has vast experience in the fields in which the company operates. However, educational qualification is lacking. The other Key Managerial persons have decent experience in the fields in which the company operates. The remaining directors have good knowledge in the fields which help in the growth of the business.



Financial Snapshot

| Profit and Loss Statement | | | | (In Cr.) |
|--|---------------|---------------|---------------|-----------------|
| Particulars | FY 21 | FY 22 | FY 23 | Sep-23 |
| Revenue from Operations | 122.72 | 194.47 | 251.68 | 158.75 |
| Other Income | 2.31 | 4.80 | 9.85 | 10.79 |
| Total Income | 125.03 | 199.26 | 261.52 | 169.54 |
| Expenses | | | | |
| Cost of raw materials consumed | 22.22 | 37.61 | 49.52 | 28.96 |
| Changes in inventories of finished goods, work-in-process and Stock-in-Trade | -8.41 | -16.85 | -19.37 | -9.06 |
| Employee benefits expense | 32.60 | 46.27 | 59.27 | 33.77 |
| Finance Costs | 5.35 | 13.62 | 52.38 | 21.86 |
| Depreciation and Amortization expense | 8.87 | 13.31 | 16.58 | 9.84 |
| Other expenses | 48.16 | 65.17 | 89.98 | 52.55 |
| Total Expenses | 108.79 | 159.13 | 248.36 | 137.92 |
| Earnings Before Interest, Taxes, Depreciation & Amortization | 28.15 | 62.27 | 72.28 | 52.53 |
| EBITDA Margin | 23% | 32% | 29% | 33% |
| Profit before exceptional and extraordinary items and tax | 16.24 | 40.13 | 13.16 | 31.61 |
| Exceptional items | - | - | - | - |
| Profit/(Loss) before tax | 16.24 | 40.13 | 13.16 | 31.61 |
| Tax Expense | | | | |
| Current Tax | 4.15 | 8.67 | 2.57 | 5.52 |
| Tax pertaining to earlier years | - | - | 0.24 | - |
| Deferred Tax Charge/(Credit) | 0.59 | 2.01 | 1.87 | -0.80 |
| Total Tax Expense | 4.74 | 10.68 | 4.69 | 4.73 |
| Profit/(Loss) for the year | 11.50 | 29.46 | 8.47 | 26.89 |
| Net Profit Margin | 9% | 15% | 3% | 16% |

| Balance Sheet | | | | (In Cr.) |
|---------------------------------|---------------|---------------|---------------|-----------------|
| Particulars | FY 21 | FY 22 | FY 23 | Sep-23 |
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 121.08 | 144.40 | 216.65 | 214.93 |
| Right of use asset | - | - | - | 2.88 |
| Capital work-in-progress | - | 23.66 | 37.99 | 44.47 |
| Financial Assets | | | | |
| (i)Other Financial Assets | 3.44 | 3.12 | 3.37 | 2.07 |
| Other non-current assets | 5.55 | 65.48 | 47.57 | 54.52 |
| Total non-current assets | 130.07 | 236.65 | 305.58 | 318.87 |
| Current Assets | | | | |
| Inventories | 34.29 | 57.38 | 86.06 | 105.66 |



| Balance Sheet | | | | (In Cr.) |
|---|---------------|---------------|---------------|-----------------|
| Financial Assets | | | | |
| (i) Trade Receivables | 52.58 | 74.63 | 118.66 | 133.36 |
| (ii) Cash and Cash Equivalents | 1.77 | 4.43 | 19.41 | 20.18 |
| (iii) Other Bank Balances | 15.41 | 13.25 | 33.33 | 14.48 |
| (iv) Other financial assets | 1.23 | - | 0.09 | 3.11 |
| Other current assets | 20.70 | 17.99 | 26.08 | 40.98 |
| Total Current assets | 125.98 | 167.67 | 283.63 | 317.76 |
| Total Assets | 256.05 | 404.32 | 589.21 | 636.63 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share Capital | 1.51 | 1.51 | 1.65 | 9.91 |
| Other Equity | 89.38 | 118.49 | 202.34 | 220.63 |
| Total Equity | 90.89 | 120.01 | 203.99 | 230.54 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial Liabilities | | | | |
| (i) Borrowings | 41.46 | 122.55 | 220.86 | 213.71 |
| (ii) Lease liabilities | - | - | - | 2.05 |
| Provisions | 1.41 | 2.25 | 2.56 | 3.21 |
| Deferred tax liabilities (net) | 9.77 | 11.63 | 13.59 | 12.81 |
| Total Non-current liabilities | 52.63 | 136.44 | 237.01 | 231.77 |
| Current liabilities | | | | |
| Financial Liabilities | | | | |
| (i) Borrowings | 46.25 | 74.63 | 79.74 | 111.22 |
| (ii) Lease Liabilities | - | - | - | 0.27 |
| (iii) Trade Payables | | | | |
| -total outstanding dues of micro enterprises and small enterprises | 2.62 | 3.25 | 2.53 | 2.49 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 34.68 | 39.30 | 45.00 | 39.45 |
| (iv) Other Financial Liabilities | 7.58 | 15.81 | 12.34 | 14.05 |
| Provisions | 0.65 | 1.08 | 2.24 | 2.95 |
| Other current liabilities | 16.83 | 5.40 | 3.86 | 3.28 |
| Current tax liabilities (net) | 3.91 | 8.42 | 2.49 | 0.61 |
| Total Current liabilities | 112.52 | 147.88 | 148.21 | 174.32 |
| Total Liabilities | 165.15 | 284.31 | 385.22 | 406.09 |
| Total Equity and Liabilities | 256.05 | 404.32 | 589.21 | 636.63 |

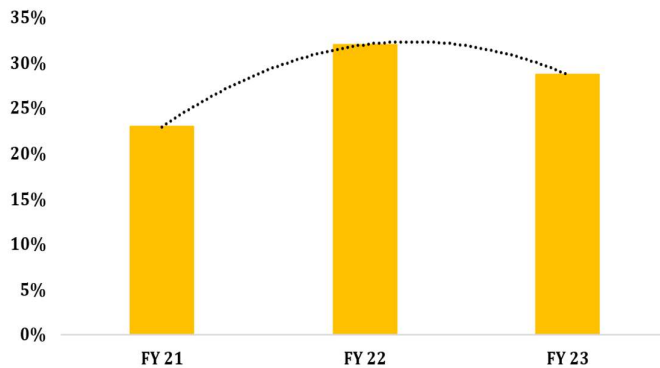


| Cash Flow Statement | | | | (In Cr.) |
|---|--------------|--------------|--------------|-----------------|
| Particulars | FY 21 | FY 22 | FY 23 | Sep-23 |
| Net Cash Flow from Operating Activities | 4.77 | 20.94 | -10.21 | -8.59 |
| Net Cash Flow from Investing Activities | -34.71 | -114.20 | -101.15 | 13.91 |
| Net Cash Flow from Financing Activities | 23.62 | 95.91 | 126.34 | -4.56 |

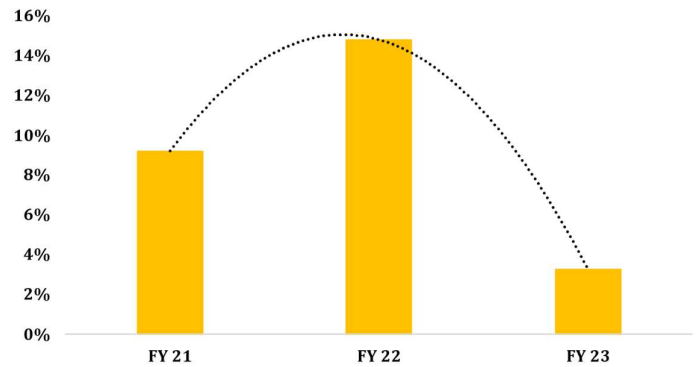
| Ratio Sheet | | | | |
|------------------------------------|--------------|--------------|--------------|---------------|
| Particulars | FY 21 | FY 22 | FY 23 | Jun-23 |
| <u>Per Share Data</u> | | | | |
| Diluted EPS | 1.49 | 2.27 | 3.42 | 2.24 |
| BV per share | 10.26 | 11.73 | 13.96 | 31.54 |
| <u>Operating Ratios</u> | | | | |
| EBITDA Margins | 15% | 12% | 13% | 14% |
| PAT Margins | 5% | 5% | 6% | 6% |
| Inventory days | 410.92 | 329.50 | 319.28 | 346.99 |
| Debtor days | 3.83 | 2.39 | 1.08 | 1.57 |
| Creditor days | 27.87 | 23.04 | 19.03 | 22.03 |
| <u>Return Ratios</u> | | | | |
| RoCE | 21% | 25% | 30% | 15% |
| RoE | 10% | 13% | 16% | 7% |
| <u>Valuation Ratios (x)</u> | | | | |
| EV/EBITDA | 7.60 | 6.78 | 6.11 | 9.39 |
| Market Cap / Sales | 2.54 | 1.72 | 1.48 | 1.56 |
| P/E | 36.91 | 24.23 | 16.08 | 24.59 |
| Price to Book Value | 5.36 | 4.69 | 3.94 | 1.74 |
| <u>Solvency Ratios</u> | | | | |
| Debt / Equity | 1.21 | 1.17 | 1.10 | 0.53 |
| Current Ratio | 1.81 | 1.79 | 1.84 | 1.84 |
| Quick Ratio | 0.13 | 0.06 | 0.04 | 0.05 |
| Asset Turnover | 0.77 | 1.03 | 1.09 | 0.25 |
| Interest Coverage Ratio | 1.85 | 2.25 | 2.65 | 2.52 |

Financial Charts

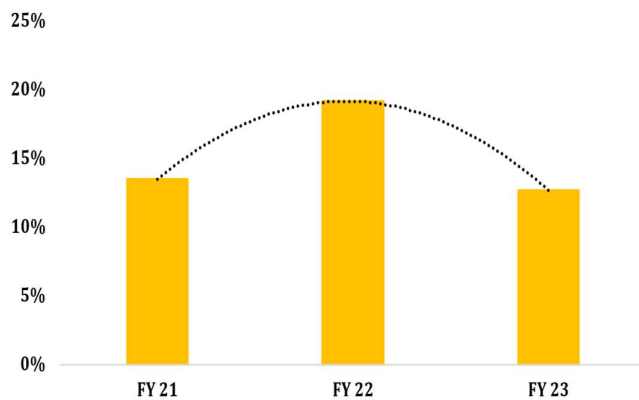
EBITDA Margin



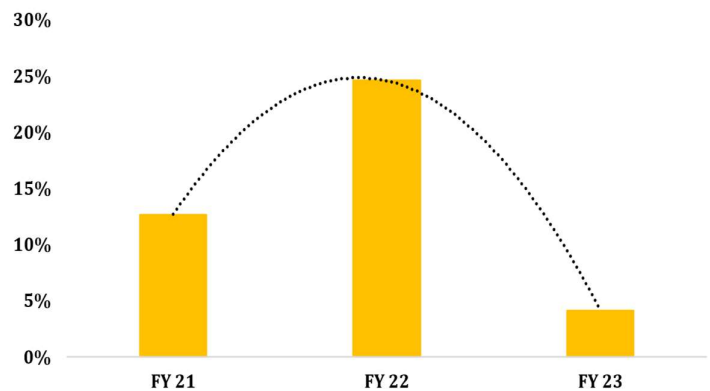
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The Company, and Promoters are involved in certain legal proceedings and potential litigation amounting to 26.914 Crore. Any adverse decision in such proceedings may render them liable to liabilities/penalties and may adversely affect the business and the results of operations.
2. The global nature of Company's operations exposes them to numerous risks that could materially affect business, results of operations, financial condition, cash flows and future prospects.
3. Company have had negative cash flows in prior periods and may continue to have negative cash flows in the future.
4. Company has contingent liabilities amounting to Rs. 10.33 Crore and Capital commitments amounting to Rs. 75.48 Crore.

Track Record of Lead Manager

The lead manager to the issue is Axis Capital Limited, ICICI Securities Limited, SBI Capital Markets Limited and Anand Rathi Securities Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

Axis Capital Limited -

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|----------------------------------|-------------------|----------------------------|--------------------|------------|
| 1. | Inox India Limited | 1459.32 | 660.00 | December 21, 2023 | 939.90 |
| 2. | Flair Writing Industries Limited | 593.00 | 304.00 | December 01, 2023 | 349.95 |
| 3. | ASK Automotive Limited | 834.00 | 282.00 | November 15, 2023 | 238.00 |
| 4. | JSW Infrastructure Limited | 2,800.01 | 119.00 | October 03, 2023 | 214.35 |
| 5. | Signatureglobal (India) Limited | 730.00 | 385.00 | September 27, 2023 | 807.70 |

The company has had 45 mandates in the past three years (Including the Current Year)

ICICI Securities Limited -

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|--------------------------------------|-------------------|----------------------------|-------------------|------------|
| 1. | Fedbank Financial Services Limited | 1,092.26 | 140.00 | November 30, 2023 | 939.90 |
| 2. | Gandhar Oil Refinery (India) Limited | 500.69 | 169.00 | November 30, 2023 | 566.45 |
| 3. | ASK Automotive Limited | 834.00 | 282.00 | November 15, 2023 | 1,351.70 |
| 4. | Protean eGov Technologies Limited | 490.33 | 792.00 | November 13, 2023 | 141.35 |
| 5. | ESAF Small Finance Bank Limited | 463.00 | 60.00 | November 10, 2023 | 280.85 |

The Company has had 48 mandates in the past three years (Including the Current Year)

SBI Capital Markets Limited -

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|--|-------------------|----------------------------|--------------------|------------|
| 1. | Indian Renewable Energy Development Agency Ltd | 2150.21 | 32.00 | November 29, 2023 | 109.84 |
| 2. | Updater Services Limited | 7640.00 | 300.00 | October 04, 2023 | 310.60 |
| 3. | JSW Infrastructure Limited | 2800.00 | 119.00 | October 03, 2023 | 214.35 |
| 4. | Yatra Online Limited | 775.24 | 142.00 | September 28, 2023 | 137.65 |
| 5. | Senco Gold Limited | 405.00 | 317.00 | July 14, 2023 | 723.55 |

The company has had 18 mandates in the past three years (including the current year).

Anand Rathi Securities Limited -

| Sr. No. | Company Name | Issue Size in Cr. | Issue Price/Share (In INR) | Listing Date | CMP* (INR) |
|---------|--|-------------------|----------------------------|-------------------|------------|
| 1. | Electronics Mart India Limited | 500.00 | 59.00 | October 17, 2022 | 226.90 |
| 2. | Anand Rathi Wealth Limited | 660.01 | 550.00 | December 14, 2021 | 2,185.50 |
| 3. | Paras Defence and Space Technologies Limited | 170.78 | 175.00 | October 01, 2021 | 848.00 |

The company has had 03 mandates in the past three years (including the current year)

*CMP for the above-mentioned companies is taken as of 22nd September 2023.

As per the offer document, out of all the above-mentioned mandates Fedbank Financial Services Limited and Updater Services Ltd has opened at discount, Protean eGov Technologies Limited has opened at par and the rest all has opened at premiums on the listing date.



Recommendation

The company has been in the industry since 1983 and has vast experience in the industry. The company has seen consistency in the increase of both top-line but has seen a decline in bottom-line financials in FY-23.

The PE on an annualised and post-IPO basis is 65.49 times which seems to be highly overvalued by looking at the performance of the peer company. The P/E on average for the peer companies is 49.48 times.

The management outlook of the company is decent. The financial outlook of the company is decent with a decent increase in the profitability margins. With the planned expansion of 2 new manufacturing facilities the company can see good growth in the future. Whereas, at the given P/E **Risk Averse investors should wait and Risk Seekers should apply** to this IPO.



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