



IPO Details		Company Background				
<b>Opening Date</b>	Jan 19, 2024	<ul style="list-style-type: none"> <li>EPACK Durable Limited was originally incorporated in the year 2019 and has its registered office in Greater Noida, Uttar Pradesh, India.</li> <li>The company is in the business of manufacturing of room air conditioners (“RAC”) and small domestic appliances (“SDA”), and its components.</li> <li>The small domestic appliances company currently design, and manufacture include induction cooktops, mixer grinders, and water dispensers.</li> <li>Further, the components manufactured by the company are heat exchangers, cross flow fans, axial fans, sheet metal press parts, injection moulded components, copper fabricated products, PCBAs, universal motors and induction coils for captive consumption as well as part of product offerings to customers.</li> <li>As of 30<sup>th</sup> September 2023, the Company had 807 employees on its payroll.</li> </ul>				
<b>Closing Date</b>	Jan 23, 2024					
<b>Stock Exchange</b>	NSE, BSE					
<b>Lot Size</b>	65 Shares					
<b>Issue Price</b>	₹218 to ₹230 per share					
<b>Issue Size</b>	Aggregating up to 640.05 Cr.					
<b>Fresh Issue</b>	Aggregating up to 400.00 Cr.					
<b>Offer for Sale</b>	Aggregating up to 240.05 Cr.					
<b>Application Amount (Price at Upper Band)</b>	Min. Inv. - ₹ 14,950 (65 shares) Max. Inv. - ₹ 194,350 (845 shares)					
IPO Objective						
1. Funding capital expenditure for the expansion / setting up of manufacturing facilities.						
2. Repayment and/or prepayment in part or in full of certain outstanding loans of the Company.						
3. General corporate purposes.						
Pre-Issue Shareholding						
Category	No. of Shares	% of Total Shares				
Promoter & Promoter Group	5,12,48,484	65.36%				
Public	2,71,58,903	34.64%				
Promoter of the Company						
1. Bajrang Bothra						
2. Laxmi Pat Bothra						
3. Sanjay Singhania						
4. Ajay DD Singhania						
Competitive Strengths						
1. Long-standing relationships with established customers, with potential to expand customer base.						
2. Among the key manufacturers in the fast-growing RAC and SDA manufacturing industries.						
3. Advanced vertically integrated manufacturing operations with product portfolio aimed at capturing the full spectrum of the RAC and SDA value chain.						
4. Robust product development and design optimisation capabilities.						
5. Experienced Promoters supported by senior management team with proven track record of performance.						
		Market Capitalization		(In Cr.)		
		Pre-Issue	Post-Issue			
		₹ 1,803	₹ 2,203			
		Financial Summary				(In Cr.)
For the Period Ended	Mar-21	Mar-22	Mar-23	Sept-23		
<b>Total Assets</b>	520.37	1,076.68	1,464.16	1,071.45		
<b>Net Assets</b>	68.91	121.87	313.62	478.31		
<b>Total Borrowings</b>	238.56	383.98	492.45	369.57		
<b>Total Revenue</b>	739.66	927.34	1,540.25	616.32		
<b>Profit After Tax</b>	7.80	17.43	31.97	2.65		
		Tentative Timeline				
<b>Opening Date</b>				Jan 19, 2024		
<b>Closing Date</b>				Jan 23, 2024		
<b>Basis of Allotment</b>				Jan 24, 2024		
<b>Initiation of Refunds</b>				Jan 25, 2024		
<b>Credit of Shares to Demat</b>				Jan 25, 2024		
<b>Listing Date</b>				Jan 29, 2024		



### Company Background and Analysis

EPACK Durable Limited was incorporated on April 20, 2019, upon the conversion of M/s E-Vision, a partnership firm (constituted in 2005 pursuant to the partnership deed dated July 16, 2005). The company is the second largest room air conditioner original design manufacturer (“ODM”) in India in terms of number of units (indoor units + outdoor units) manufactured in Fiscal 2023 through the ODM route. The company is in the business of manufacturing room air conditioners (“RAC”) and small domestic appliances (“SDA”), and its components. The Company operates in the RAC industry and the SDA industry, which are sub-sets of the consumer durables market.

Company’s product portfolio currently comprises the following:

1. Room air conditioners: Company designs and manufactures complete RACs, comprising (i) window air conditioners (“WACs”), including window inverter air conditioners, (ii) indoor units (“IDUs”) and (iii) outdoor units (“ODUs”, which combined with IDUs form split air conditioners (“SACs”)) with specifications ranging from 0.75 ton to 2 ton, across a range of energy ratings and types of refrigerants. Company also manufactures split inverter air conditioners.
2. Small domestic appliances: Company currently designs and manufactures induction cooktops, mixer-grinders, and water dispensers.
3. Components: Company manufactures heat exchangers, cross flow fans, axial fans, sheet metal press parts, injection moulded components, copper fabricated products, PCBAs, universal motors and induction coils for captive consumption as well as part of product offerings to customers.

Revenue bifurcation from the sale of RACs and SDAs is given below for the FY Ended 2021, 2022, 2023, and the Period ended September 2023 -

(Amount in Cr.)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Sale of RACs	639.08	88.48	754.85	83.51	1,280.71	85.47	481.63	80.98
Sale of SDAs	83.18	11.52	149.10	16.49	217.76	14.53	113.09	19.02
<b>Total</b>	<b>722.26</b>	<b>100.00</b>	<b>903.95</b>	<b>100.00</b>	<b>1,498.47</b>	<b>100.00</b>	<b>594.72</b>	<b>100.00</b>

Company’s manufacturing facilities are situated at Dehradun, Uttarakhand and Bhiwadi, Rajasthan, having an aggregate manufacturing capacity as on March 31, 2023, of (i) 0.90 million IDUs, 0.66 million ODUs, 0.36 million ODU Kits and 0.42 million WACs, and (ii) 0.11 million water dispensers, 1.2 million induction cooktops and 0.30 million mixer grinders, and components thereof. Company has also recently commenced operations at Sri City Manufacturing Facility. The annual manufacturing capacity of the Sri City Manufacturing Facility as on December 15, 2023, (i) 0.66 million IDUs and 0.66 million ODUs, and (ii) 0.65 million induction cooktops, and components thereof.

Company has established long-standing relationships with various established customers. The table below sets out some of company’s key customers:

Products	Customers
Room air conditioners	Blue Star Limited, Daikin Airconditioning India Private Limited, Carrier Midea India Private Limited, Voltas Limited, Havells India Limited, Haier Appliances (India) Private Limited, Infiniti Retail Limited, and Godrej and Boyce Manufacturing Company Limited, among others.
Small domestic appliances	Bajaj Electricals Limited, BSH Household Appliances Manufacturing Private Limited, and Usha International Limited, among others.



To conclude, the company has vast experience in the industry in which the company operates. Since 2003, company has been on a journey of evolution, where it initially started as an OEM for RAC brands. Driven by its focus on product development and innovation, evolved into an ODM partner for RACs for its customers.

### **Business Strategies**

- 1. Expanding existing product portfolio, including RAC and SDA components product portfolio -**  
While the company seeks to continue to strengthen its existing RAC product portfolio, company intends to further diversify SDA product portfolio with products with a focus on increased growth and profitability. For instance, company intends to expand its product portfolio beyond room air conditioner products to semi commercial air conditioner products and domestic air coolers. In addition, company intends to expand SDA product portfolio with products such as hair dryers, induction water heaters and Nutri blenders, tower fans, kitchen chimneys and dual ICTs.
- 2. Continue to drive operational efficiencies through expansion of integrated manufacturing capabilities and continued investment in R&D infrastructure -**  
The Company intends to continue to invest in manufacturing infrastructure and to enable further innovation, improve operational efficiencies, increase customer satisfaction and improve sales and profitability. In addition, company will focus on optimizing and automating manufacturing processes to improve returns, while ensuring that company's strategies are aligned with its current environmental, social and governance objectives.
- 3. Increase wallet share with existing customers and continued focus to expand customer base -**  
The Company intends to rely on continuing R&D endeavours and reputation for quality and innovation to help increase wallet share and product portfolio with existing customers. Company has built long-standing relationships with some of its customers. Going forth, company intends to continue to leverage sales and marketing network, diversified product portfolio and industry standing to establish relationships with new multinational, regional and local customers and expand customer base.
- 4. Further explore initiatives to strengthen control over supply chain -**  
The company intends to continue exploring options to reduce dependence on external suppliers. Company's efforts to reduce its dependence on imports would also help it improve inventory management and cost efficiencies, which would in turn reduce the manufacturing costs. In addition, reduced dependence on imports would also help reduce exposure to foreign currency fluctuations.

### **Competitive Scenario and Peer Mapping**

#### **Competition**

The company operate in a competitive environment and expects to face greater competition from existing competitors. Company competes with different companies depending on the market and type of product and based on its ability to fulfil contractual obligations including the timely delivery of products manufactured by them and the price and quality of such products. Company also competes with large multinational companies and smaller regionally based competitors. Further, company may face price pressures from its customers who aim to produce their products at competitive costs. While there are significant barriers to entry to the RAC and SDA manufacturing industry, company's competitors may win market share from it by providing what may be perceived to be more advanced technologies, better designs and quality or lower cost solutions to customers. The bargaining power with the suppliers is high in the sector in which the company operates.

### Peer Analysis

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

Particulars	EPACK Durable Limited	Amber Enterprises India Ltd	PG Electroplast Limited	Dixon Technologies (India) Ltd	Elin Electronics Ltd
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	2.08%	2.37%	3.56%	2.09%	2.51%
EBITDA Margin	6.51%	6.09%	8.19%	4.26%	6.05%
Return on Capital Employed	14.62%	10.14%	20.40%	23.23%	7.86%
Return on Equity	5.75%	8.59%	19.44%	19.84%	5.48%
EPS (INR)	4.71	46.66	34.08	42.90	5.40

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

Particulars	EPACK Durable Limited	Amber Enterprises India Ltd	PG Electroplast Limited	Dixon Technologies (India) Ltd	Elin Electronics Ltd
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	1.89%	2.64%	2.43%	1.78%	3.56%
EBITDA Margin	7.44%	6.61%	8.00%	3.59%	7.22%
Return on Capital Employed	17.78%	7.45%	12.86%	19.46%	22.65%
Return on Equity	9.10%	6.40%	8.65%	19.06%	12.87%
EPS (INR)	3.47	32.41	17.40	32.05	9.20

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

Particulars	EPACK Durable Limited	Amber Enterprises India Ltd	PG Electroplast Limited	Dixon Technologies (India) Ltd	Elin Electronics Ltd
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	1.06%	2.74%	1.11%	2.48%	4.06%
EBITDA Margin	5.71%	7.46%	10.50%	4.53%	7.77%
Return on Capital Employed	10.10%	7.02%	8.00%	25.41%	21.83%
Return on Equity	8.70%	5.17%	21.26%	21.68%	13.36%
EPS (INR)	1.62	24.22	5.90	27.28	49.13

**Industry Overview**

Exhibit 1: Global consumer durables industry size, value in USD billion, growth in %, CY2017-CY2027E.

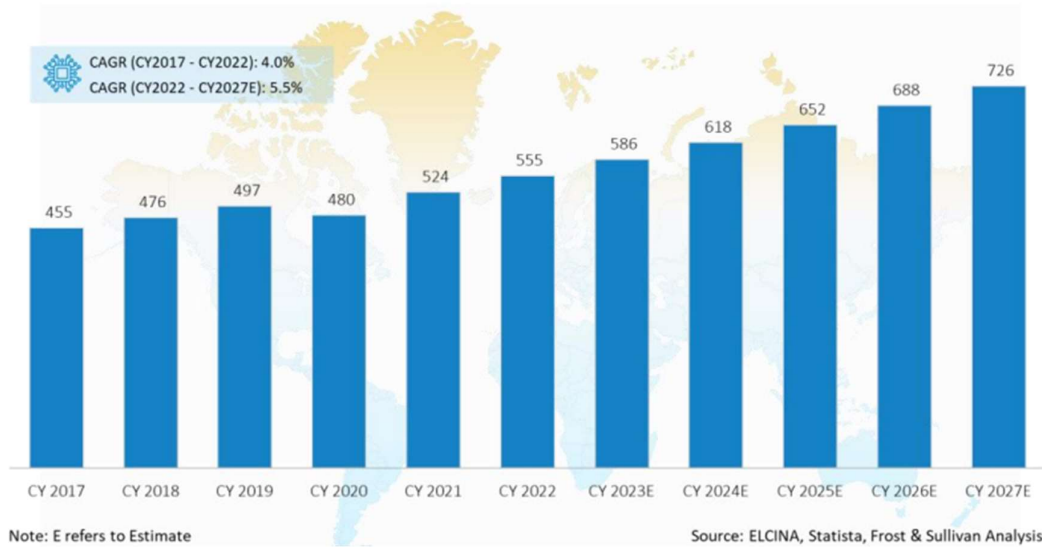
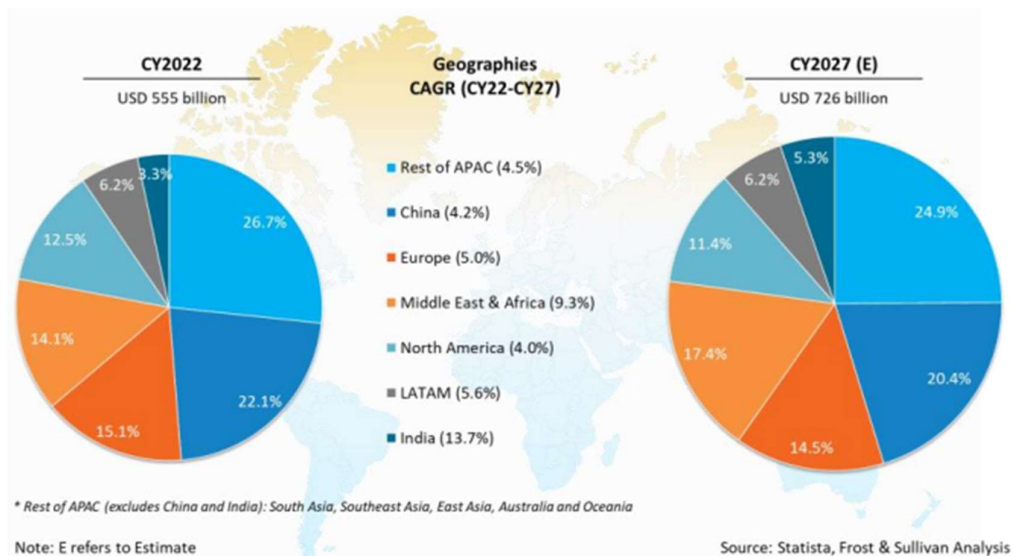


Exhibit 2: Global consumer durables market - Segmentation by geography, value in USD billion, growth in %, CY2022 and CY2027E.



(Source: prospectus)

## **Indian Consumer Durables Industry Analysis**

The Indian consumer durables market is broadly segregated into urban and rural markets and is attracting marketers from across the world. The sector comprises a huge middle class, a relatively large affluent class and a small economically disadvantaged class. The sector includes consumer electricals such as fans, kitchen and cooking appliances, lighting devices, as well as white goods such as washing machines, televisions, refrigerators, and air conditioners.

Market share in the consumer durables industry is moving from the unorganised to the organised sector. According to estimates, 30% of the total market is still unorganised, which provides listed Indian players with a significant opportunity to further increase their market share going forward. Artificial intelligence and manufacturing automation will be important future trends as consumer awareness increases regarding technology advancements and their applications across multiple sectors.

Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favourable population composition and increasing disposable income. In FY23 (April-November), electronics exports grew by 13.8%, the highest in the last 6 years. With robust growth, India aims to achieve electronics manufacturing worth US\$ 300 billion in electronics exports of US\$ 120 billion by FY26.

### **Market Size**

By 2025, India's Consumer Electronics and Appliances Industry is predicted to be the fifth largest in the world. The Indian Appliances and Consumer Electronics (ACE) market is predicted to nearly double in the next 3 years, reaching approximately US\$ 17.93 billion (Rs. 1.48 lakh crore) by 2025.

Indian appliances and consumer electronics industry stood at US\$ 9.84 billion in 2021 and is expected to more than double to reach Rs. 1.48 lakh crore (US\$ 21.18 billion) by 2025. Electronics hardware production in the country stood at US\$ 87 billion in 2022. India's consumer electronics and home appliances market is set to grow by US\$ 2.3 billion between 2022 and 2027, registering a CAGR of 1.31%.

As of 2021, the refrigerator, washing machines and air conditioner market in India were estimated at around US\$ 3.82 billion, US\$ 8.43 billion and US\$ 3.84 billion, respectively. The market size of air conditioners is expected to grow to 165 lakh units by 2025 from 65 lakh units in 2019, while refrigerators' market size is expected to grow to 275 lakh units by 2025 from 145 lakh units in 2019.

India's Exports for Refrigerators, Air Conditioners, LEDs and Washing Machines amounted to US\$ 571 million (Rs. 4,732.54 crore) in FY21. Refrigerator Market in India to increase to US\$ 6.7 billion by FY26 from US\$ 3.8 billion in FY21 at a CAGR of 9.5%.

India's Imports for Refrigerators, Air Conditioners, LEDs and Washing Machines amounted to US\$ 1.74 billion (Rs. 14,421.40 crore) in FY21. Air Conditioner Market in India to increase to US\$ 9.8 billion by FY26 from US\$ 3.8 billion in FY21 at a CAGR of 20.8%.

The White Goods market is estimated to cross US\$ 21 billion by 2025 expanding at a CAGR of 11%. Domestic manufacturing contributes nearly US\$ 4.6 billion on average to this industry.

(Source: ibef.org)



## Key Managerial Personnel

**Bajrang Bothra**, aged 66 years, is one of the Promoters and the Chairman and Whole-time Director on the Board. He oversees the business operations and management of the Company. He has a master's degree in commerce from Shri Ram College of Commerce, University of Delhi, Delhi. He has approximately 27 years of experience in the electronics manufacturing sector. He is currently the chairman of the MSME council of the Consumer Electronics and Appliances Manufacturers Association ("CEAMA") (and a co-opted member of CEAMA executive committee), a patron of the Jain International Trade Organisation Administrative Training Foundation and the trustee of Bhagwan Mahavir Relief Foundation Trust.

**Laxmi Pat Bothra**, aged 62 years, is one of the Promoters and is also a Non-Executive Director on the Board. He holds a diploma in mechanical engineering from Board of Technical Education, Delhi, with approximately 27 years of experience in the electronics manufacturing sector. He supports the overall administration of the Company.

**Sanjay Singhania**, aged 49 years, is one of the Promoters and is also a Wholetime Director on the Board. He holds a bachelor's degree in commerce (with major in accountancy) from Gauhati University, Guwahati, Assam and was graded in the first class, and a master's degree in business administration from Swinburne University of Technology, Victoria, Australia. He has approximately 24 years of experience in the electronics manufacturing sector. He provides support to finance, accounts, legal, information technology and human resources departments.

**Ajay DD Singhania**, aged 48 years, is one of the Promoters and is also the Managing Director and Chief Executive Officer of the Company. He holds a bachelor's degree in technology (in electrical engineering) from Regional College of Engineering, Himachal Pradesh University, Hamirpur, Himachal Pradesh, and was placed in the first division, and a master's degree in business administration from University of Scranton, Pennsylvania. He is a Paul Harris Fellow of the Rotary Foundation of the Rotary International. He has also completed a certificate course in 'Executing Growth Strategies' from the Wharton School, University of Pennsylvania, and an executive programme from the Indian School of Business demonstrating his commitment to continuous learning and honing his leadership skills. He has approximately 24 years of experience in the electronics manufacturing sector. He oversees the sales and marketing, production, supply chain management, and R&D departments of the Company.

**Nikhil Mohta**, aged 46 years, is a Nominee Director (nominee of India Advantage Fund S4 I acting through its investment manager, ICICI Venture Funds Management Company Limited) on the Board of the Company. He holds a bachelor's degree in commerce from Shri Ram College of Commerce, University of Delhi, Delhi, and a post-graduate diploma in management from Indian Institute of Management, Ahmedabad, Gujarat. He is currently the senior director of private equity of ICICI Venture Funds Management Company Limited and was previously associated with McKinsey & Company and Carlyle India Advisors Private Limited.

**Vibhav Niren Parikh**, aged 44 years, is a nominee of Augusta Investments Zero Pte. Ltd. and a Non-Executive Director on the Board of the Company. He is currently a Managing Director at Affirma Capital Investment Advisor India Private Limited. He has been an entrepreneur, investment banker, and private equity investment professional with 22 years of experience in business leadership, client relationships, transaction execution, and investment management at various financial establishments.

**Jyotin Mehta**, aged 65 years, is an Independent Director of the Company. He holds a bachelor's degree in commerce from University of Bombay, Mumbai, Maharashtra, having graduated with a gold medal for highest marks in accounting and auditing. He is a fellow member of the Institute of Chartered Accountants of India having passed the final examination with third rank, a fellow of the Institute of Company Secretaries



of India and a fellow of the Institute of Cost Accountants of India. He has approximately 40 years of experience in the audit and finance.

**Kailash Jain**, aged 66 years, is an Independent Director of the Company. He holds a bachelor's degree in commerce from Rajasthan University, Jaipur, Rajasthan and a bachelor's degree in law from University of Delhi, Delhi. He has previously been awarded with the vice-chairman's shield while serving as the Regional Provident Fund Commissioner, Delhi. He has approximately 37 years of experience in the civil services and administration sector.

**Krishnamachari Narasimhachari**, aged 66 years, is an Independent Director of the Company. He holds a bachelor's degree in commerce from University of Delhi, Delhi, a master's degree in commerce from University of Delhi, Delhi, and a post graduate diploma in human resource management from Indira Gandhi National Open University, New Delhi. He is an associate of the Indian Institute of Bankers and has received an award in general business (finance) from the University of California. He has approximately 39 years of experience in the banking sector.

**Priyanka Gulati**, aged 46 years, is an Independent Director of the Company. She is an associate of the Institute of the Chartered Accountants of India. She was awarded the Outstanding Woman Entrepreneur of the Year at the third FLO Women Awards of 2017-2018 by FICCI, and the Businesswoman of the Year at the Future Women Leaders' Summit and Awards 2018. She has approximately 17 years of experience in handling managerial functions.

**Sameer Bhargava**, aged 60 years, is an Independent Director of the Company. He holds a bachelor's degree in engineering (mechanical) from Bangalore University, Bengaluru, Karnataka, and a master's degree in business administration from R.A. Podar Institute of Management, University of Rajasthan, Jaipur, Rajasthan. He has approximately 36 years of experience in the heating, ventilation and air conditioners, precision engineering, and white goods manufacturing sectors.

**Shashank Agarwal**, aged 55 years, is an Independent Director of the Company. He holds a bachelor's degree in engineering (mechanical) from Manipal Institute of Technology, Karnataka. He has approximately 14 years of experience in the marketing sector. He is currently the managing director in Salasar Techno Engineering Limited.

To conclude, the company has four promoters, all four promoters have vast experience in the industry the company operates in. The Remaining Directors of the company also have good knowledge and experience in their respective fields which helps in the overall growth of the company.





**Financial Snapshot**

<b>Profit and Loss Statement</b>					<b>(In Cr.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
Revenue from Operations	736.25	924.16	1,538.83	614.80	
Other Income	3.41	3.18	1.42	1.52	
<b>Total Income</b>	<b>739.66</b>	<b>927.34</b>	<b>1,540.25</b>	<b>616.32</b>	
<b>Expenses</b>					
Cost of material consumed	654.96	798.45	1,298.79	505.15	
Purchases of stock-in-trade	-	-	29.65	13.77	
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	-5.87	-4.11	-4.35	8.64	
Employee benefits expense	16.99	23.26	33.38	20.99	
Finance Costs	25.58	29.38	31.46	17.89	
Depreciation and Amortization expense	8.99	16.30	26.08	16.07	
Other expenses	28.13	37.76	78.85	29.29	
<b>Total Expenses</b>	<b>728.78</b>	<b>901.04</b>	<b>1,493.84</b>	<b>611.78</b>	
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>42.03</b>	<b>68.80</b>	<b>100.16</b>	<b>36.41</b>	
<b>EBITDA Margin</b>	<b>5.71%</b>	<b>7.44%</b>	<b>6.51%</b>	<b>5.92%</b>	
<b>Profit before share of profit/(loss) of associate, exceptional items and tax</b>	<b>10.88</b>	<b>26.30</b>	<b>46.41</b>	<b>4.54</b>	
<b>Share of profit/(loss) of associate</b>	<b>-</b>	<b>-</b>	<b>-0.81</b>	<b>-0.57</b>	
<b>Profit before exceptional and extraordinary items and tax</b>	<b>10.88</b>	<b>26.30</b>	<b>45.60</b>	<b>3.97</b>	
<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-1.55</b>	<b>-</b>	
<b>Profit/(Loss) before tax</b>	<b>10.88</b>	<b>26.30</b>	<b>44.05</b>	<b>3.97</b>	
Tax Expense					
Current Tax	2.76	7.70	10.45	0.74	
Prior Year Tax	0.15	0.04	0.08	0.15	
Deferred Tax Charge	0.16	1.12	1.55	0.43	
<b>Total Tax Expense</b>	<b>3.07</b>	<b>8.87</b>	<b>12.08</b>	<b>1.32</b>	
<b>Profit/(Loss) for the year</b>	<b>7.80</b>	<b>17.43</b>	<b>31.97</b>	<b>2.65</b>	
<b>Net Profit Margin</b>	<b>1.05%</b>	<b>1.88%</b>	<b>2.08%</b>	<b>0.43%</b>	

<b>Balance Sheet</b>					<b>(In Cr.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	81.04	237.93	323.55	336.15	
Capital work-in-progress	-	8.49	91.52	144.14	
Goodwill	-	0.46	0.46	0.46	
Other intangible assets	0.01	0.17	0.20	0.17	
Right of use assets	34.89	88.24	95.05	139.38	
Investments accounted for using equity method	-	-	1.76	1.19	
Financial Assets					
-Investments	-	3.06	3.06	3.06	
-Loans	-	-	4.61	4.61	
-Other financial assets	1.55	2.32	1.98	2.25	
Income tax assets (net)	-	1.44	4.18	9.32	
Other non-current assets	1.45	7.66	67.14	52.40	
<b>Total Non-Current assets</b>	<b>118.93</b>	<b>349.77</b>	<b>593.50</b>	<b>693.13</b>	



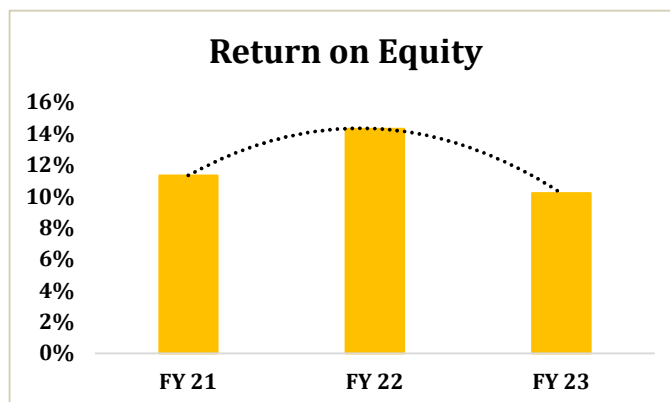
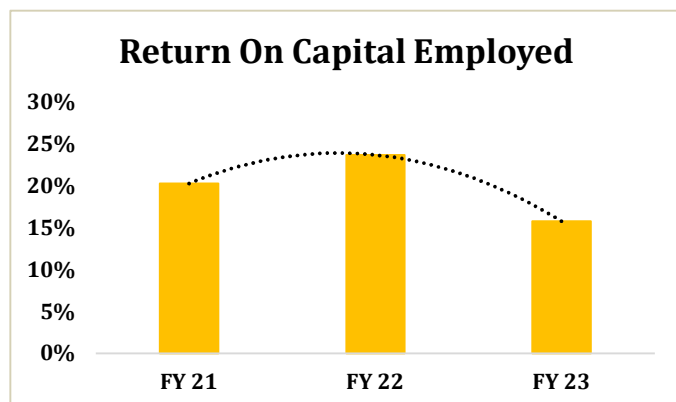
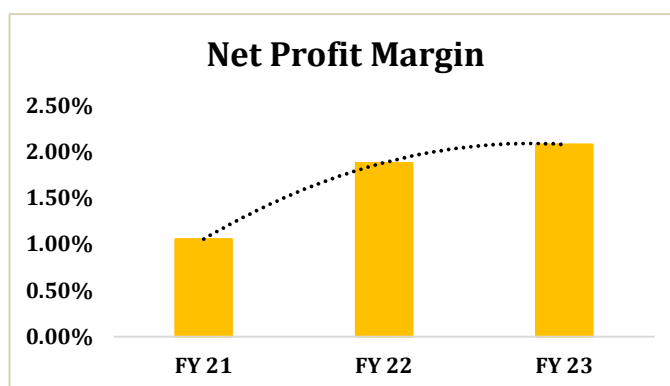
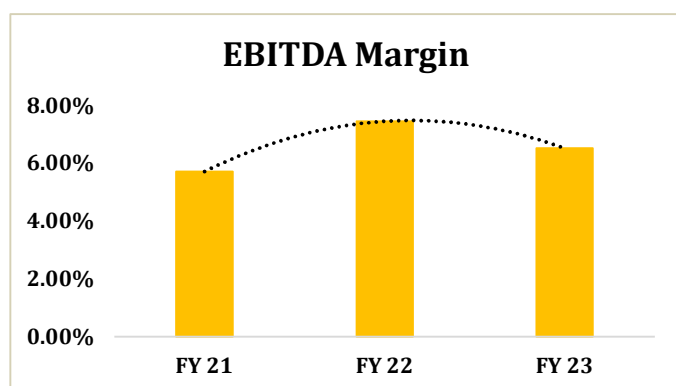
<b>Balance Sheet</b>				<b>(In Cr.)</b>
<b>Current Assets</b>				
Inventories	140.47	277.30	293.67	189.11
Financial Assets				
-Investments	-	-	-	-
-Trade Receivables	234.18	356.20	479.09	137.77
-Cash and Cash Equivalents	3.65	24.15	60.02	10.47
-Other Bank Balances	7.89	34.82	15.44	0.13
-Loans	2.21	2.59	1.28	8.14
-Other financial assets	0.15	0.64	-	1.28
Other current assets	12.90	31.23	21.17	31.42
<b>Total Current assets</b>	<b>401.44</b>	<b>726.91</b>	<b>870.66</b>	<b>378.32</b>
<b>Total Assets</b>	<b>520.37</b>	<b>1,076.68</b>	<b>1,464.16</b>	<b>1,071.45</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	48.17	52.09	52.09	52.09
Instruments entirely equity in nature	-	-	18.82	29.86
Other Equity	20.74	69.78	242.71	396.36
<b>Total Equity</b>	<b>68.91</b>	<b>121.87</b>	<b>313.62</b>	<b>478.31</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
-Borrowings	67.71	59.62	113.58	137.31
-Lease liabilities	18.46	25.82	25.98	43.87
Provisions	0.95	1.97	2.82	3.37
Deferred tax liabilities (net)	6.89	12.43	13.91	14.28
<b>Total Non-current liabilities</b>	<b>94.02</b>	<b>99.85</b>	<b>156.28</b>	<b>198.83</b>
<b>Current liabilities</b>				
Financial Liabilities				
-Borrowings	170.85	324.36	378.87	232.26
-Lease liabilities	5.25	5.62	6.46	16.22
-Trade Payables				
total outstanding dues of micro enterprises and small enterprises	9.98	18.14	19.22	4.22
total outstanding dues of creditors other than micro enterprises and small enterprises	141.95	315.80	369.85	117.12
-Other Financial Liabilities	12.34	174.58	191.74	17.74
Other Current Liabilities	15.43	15.31	27.49	5.40
Provisions	1.65	1.07	0.63	1.33
Current tax liabilities (Net)	-	0.10	-	-
<b>Total Current liabilities</b>	<b>357.44</b>	<b>854.97</b>	<b>994.25</b>	<b>394.30</b>
<b>Total Liabilities</b>	<b>451.45</b>	<b>954.81</b>	<b>1,150.54</b>	<b>593.14</b>
<b>Total Equity and Liabilities</b>	<b>520.37</b>	<b>1,076.68</b>	<b>1,464.16</b>	<b>1,071.45</b>

<b>Cash Flow Statement</b>				<b>(In Cr.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
Net Cash Flow from Operating Activities	47.42	-28.94	18.83	158.07
Net Cash Flow from Investing Activities	-6.69	-204.19	-217.50	-62.15
Net Cash Flow from Financing Activities	-42.54	253.55	234.55	-145.47

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23*</b>
<b>Per Share Data</b>				
Diluted EPS	1.62	3.47	4.71	0.71
BV per share	7.19	12.72	30.77	73.24
<b>Operating Ratios</b>				
EBITDA Margins	1.05%	1.88%	2.08%	0.55%
PAT Margins	5.71%	7.44%	6.51%	6.01%
Inventory days	69.64	109.52	69.66	56.29
Debtor days	116.10	140.68	113.64	41.01
Creditor days	81.47	133.35	108.34	54.26
<b>Return Ratios</b>				
RoCE	20%	24%	16%	5%
RoE	11%	14%	10%	1%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	7.23	7.00	7.26	12.83
Market Cap / Sales	2.99	2.38	1.43	1.79
P/E	141.98	66.28	48.83	324.51
Price to Book Value	31.97	18.08	7.47	3.14
<b>Solvency Ratios</b>				
Debt / Equity	2.49	2.68	1.22	0.37
Current Ratio	1.12	0.85	0.88	0.96
Quick Ratio	0.73	0.53	0.58	0.48
Asset Turnover	1.41	0.86	1.05	0.57
Interest Coverage Ratio	1.29	1.79	2.35	1.14

\*Annualized Figures

### Financial Charts





### **Key Risk Factors**

1. A significant portion of company's revenue is generated from top five customers the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their requirement for products could adversely affect company's business, results of operations, financial condition and cash flows.
2. Company's business is substantially dependent on the availability of raw materials, and company depends on its top 10 suppliers for the supply of raw materials. Any of such parties could fail to meet their obligations, which may have a material adverse effect on the business, results of operations and financial condition.
3. Statutory Auditors have included a qualification in the auditor's report on company's audited standalone financial statements and audited consolidated financial statements for the Fiscal ended March 31, 2022.
4. There are certain outstanding legal proceedings involving the Company, Promoters, Directors, and Subsidiaries amounting to Rs. 2.06 Cr. which, if determined against, could have a material adverse effect on the business, cash flows, financial condition and results of operations.
5. The company has contingent liabilities and capital commitments amounting to Rs. 1.37 cr. which could materially and adversely affect the business, results of operations and financial condition.
6. The company has had negative operating cash flow for the FY ended 2022. Sustained negative cash flow in future could adversely impact the business, financial condition and results of operations.

### Track Record of Lead Manager

The BRLMs to the issue is Axis Capital Limited, Dam Capital Advisors Limited and ICICI Securities Limited. A table has been set below highlighting the details of the IPO of the last 5 companies handled by the BRLMs in recent times –

#### Axis Capital Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Azad Engineering Limited	740.00	524.00	December 28, 2023	665.35
2.	Happy Forgings Limited	1,008.59	850.00	December 27, 2023	963.00
3.	Muthoot Microfin Limited	960.00	291.00	December 26, 2023	230.25
4.	Inox India Limited	1,459.32	660.00	December 21, 2023	852.75
5.	Flair Writing Industries Limited	593.00	304.00	December 01, 2023	335.30

The company has had 49 mandates in the past three years (Including the Current Year)

#### Dam Capital Advisors Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Credo Brands Marketing Limited	549.77	280.00	December 27, 2023	267.90
1.	ESAF Small Finance Bank Limited	463.00	60.00	November 10, 2023	69.28
2.	JSW Infrastructure Limited	2,800.00	119.00	October 03, 2023	209.85
3.	Yatra Online Limited	775.00	142.00	September 28, 2023	173.25
4.	Rishabh Instruments Limited	490.78	441.00	September 11, 2023	569.05

The company has had 18 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.	Innova Captab Limited	570.00	448.00	December 29, 2023	518.85
2.	Azad Engineering Limited	740.00	524.00	December 28, 2023	665.35
3.	Credo Brands Marketing Limited	549.78	280.00	December 27, 2023	267.90
4.	Muthoot Microfin Limited	960.00	291.00	December 26, 2023	230.25
5.	Inox India Limited	1,459.32	660.00	December 21, 2023	852.75

The company has had 55 mandates in the past three years (including the current year)

\*CMP for the above-mentioned companies is taken as of 18<sup>th</sup> January 2023.

As per the offer document, from the above-mentioned mandates, all the mandates are opened at a premium, except Muthoot Microfin Limited and Yatra Online Limited on the listing date.



### Recommendation

The company has been in the industry since 2005 and thus has vast experience in the industry. The company has had good growth in its revenue but has seen a decline in its margins for the period ended Sep-23. The company faces high competition. The management outlook of the company is good.

The P/E on a post-IPO and annualized basis is around 324.51 times which makes it aggressively priced by looking at the performance of the company and its peers. The Sector P/E is 76.8 times.

The company is among the key manufacturers in the fast-growing room air conditioners (“RAC”) and small domestic appliances (“SDA”) manufacturing industries and has advanced vertically integrated manufacturing operations with product portfolio aimed at capturing the full spectrum of the RAC and SDA value chain. Whereas the company has seen a decline in its operating margin in FY 23 and for the period ended Sep-23, along with a steep decline in its net profit margin for the period ended Sep-23, which has impacted its P/E ratio on a post-IPO and annualized basis as mentioned above. Therefore, we suggest **Risk Averse investors should wait and Risk Seekers should apply** to this IPO.



### **Disclaimer**

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