



Vodafone Idea Limited FPO

IPO Note

Recco - **AVOID**



IPO Details		Company Background				
Opening Date	Apr 18, 2024	<ul style="list-style-type: none"> Vodafone Idea Limited was originally incorporated in the year 1995 as 'Birla Communications Limited' and has its registered office in Gandhinagar, Gujarat, India. The company offers voice, data, enterprise and other value-added services ("VAS"), including short messaging services and digital services across 2G, 3G and 4G technologies. The company also offers connectivity services to enterprise customers. The company carry inter-service area voice traffic and incoming and outgoing international voice traffic on the network, which is facilitated through interconnections with the active licenses. As of December 31st, 2023, the Company had 12,598 employees on its payroll. 				
Closing Date	Apr 22, 2024					
Stock Exchange	NSE, BSE					
Lot Size	1,298 Shares					
Issue Price	₹10 to ₹11 per share					
Issue Size	Aggregating up to 18,000 Cr.					
Fresh Issue	Aggregating up to 18,000 Cr.					
Offer for Sale	-					
Application	Min. Inv. - ₹ 14,278 (1,298 shares)					
Amount (Price at Upper Band)	Max. Inv. - ₹ 1,99,892 (18,172 shares)					
IPO Objective						
1. Purchase of equipment for the expansion of the network infrastructure by a. setting up new 4G sites b. expanding the capacity of existing 4G Sites and new 4G sites c. setting up new 5G sites.						
2. Payment of certain deferred payments for spectrum to the DoT and the GST thereon.						
3. General corporate purposes.						
Pre-Issue Shareholding		Market Capitalization (In Cr.)				
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue		
Promoter & Promoter Group	24,51,50,33,148	48.91%	₹ 55,132	₹ 73,132		
Public	25,60,47,87,227	51.09%				
Promoter of the Company		Financial Summary (In Cr.)				
Kumar Mangalam Birla, Hindalco Industries Limited, Grasim Industries Limited, Birla TMT Holdings Private Limited, Vodafone International Holdings B.V., Al-Amin Investments Limited, Asian Telecommunication Investments (Mauritius) Limited, CCII (Mauritius), Inc., Euro Pacific Securities Ltd, Vodafone Telecommunications (India) Limited, Mobilvest, Prime Metals Ltd, Trans Crystal Ltd, Omega Telecom Holdings Private Limited, and Usha Martin Telematics Limited.		For the Period Ended	Mar-21	Mar-22	Mar-23	Dec-23
		Total Assets	20,34,806	19,40,291	20,72,427	19,08,018
		Net Assets	-3,82,280	-6,19,648	-7,43,591	-9,79,319
		Total Borrowing	2,28,948	1,49,669	1,22,959	21,81,710
		Total Revenue	4,21,264	3,86,449	4,24,885	3,21,256
		Profit After Tax	-4,42,331	-2,82,454	-2,93,011	-2,35,638
Competitive Strengths		Tentative Timeline				
1. Large Subscriber Base.		Opening Date		Apr 18, 2024		
2. Extensive Telecommunication Network.		Closing Date		Apr 22, 2024		
3. Existing Network Built on 5G-Ready Architecture.		Basis of Allotment		Apr 23, 2024		
4. Large Enterprise Customer Base.		Initiation of Refunds		Apr 24, 2024		
5. Extensive Distribution and Service Network.		Credit of Shares to Demat		Apr 24, 2024		
6. Strong Promoter Support, and Experienced Management Team.		Listing Date		Apr 25, 2024		

Company Background and Analysis

Vodafone Idea Limited was incorporated on March 14, 1995. The company offers voice, data, enterprise and other value-added services (“VAS”), including short messaging services and digital services across 2G, 3G and 4G technologies. The company also offers connectivity services to enterprise customers. The company holds active licenses for national long-distance (“NLD”), international long-distance (“ILD”) and internet service provider (“ISP”), and registration for infrastructure provider (“IP-1”) services. The company carry inter-service area voice traffic and incoming and outgoing international voice traffic on the network, which is facilitated through interconnections with the active licenses. The company is the third largest telecommunications service provider in India based on subscriber base. According to the GSMA Intelligence Database, the company is the sixth largest cellular operator globally in terms of number of subscribers in a single country of operations.

The company’s Products and Services –

1. **Voice Services** – The company offers mobile voice telecommunications services to subscribers throughout India, and through roaming arrangements in various countries outside India. The voice service coverage includes over 1.2 billion individuals in more than 487,000 towns and villages in India. The company also offer 4G and voice-over LTE (“VoLTE”) services across all 22 service areas.
2. **Data Services** – The company offers mobile data telecommunications services in India and through roaming arrangements in countries outside India. The company have a mobile broadband footprint across all 22 service areas in India on 3G and/or 4G technologies. The broadband coverage is available in over 342,200 towns and villages in India.
3. **Other Value-Added Services** – Other VAS offerings include –
 - i) **Vi App** – It offers product bundling with content providers and includes a music streaming service accessible to all Vi App users. The company also offers a gaming service on the Vi App, offers a dedicated eSports platform on the Vi App, and has introduced live streaming of eSports tournaments for users.
 - ii) **Vi Movies and TV** – The company offers a diverse content library acquired through strategic collaborations with content creators and OTT platforms. The company also provides users of the Vi App with valuable job search resources with early access to new job postings through a strategic collaboration with a job search platform.

The following table sets out certain operational metrics -

	Unit	As of and for the quarter ended December 31, 2023	As of and for the quarter ended September 30, 2023	As of and for the quarter ended June 30, 2023
Subscriber Base (EoP) ⁽¹⁾	Million	215.2	219.8	221.4
Pre-paid Subs (% of EoP subscribers)	%	89.0%	89.5%	89.7%
Average Revenue per User (ARPU) Blended ⁽²⁾	₹	145	142	139
Average Minutes of Use per User	Minutes	614	613	627
Blended Churn	%	4.3%	4.1%	3.9%
Total Minutes of Use	Billion	401	406	420
Total Data Subscribers (2G + 3G +4G) ⁽³⁾	Million	137.4	137.2	135.9
4G Subscribers	Million	125.6	124.7	122.9
Total Data Volume (2G + 3G +4G)	Billion MB	6,004	6,119	6,002
Average Data Usage by 4G Subscriber	MB	15,738	16,186	16,041

To conclude, the company has vast experience in the industry in which the company operates. The company operates in the telecom industry. The company is one among the major players in the industry.



Business Strategies

1. Focused Investments to Drive Coverage and Capacity Expansion –

The company plans to deploy small cells in high-traffic areas of major cities within these service areas, further enhancing user experience. The company plans to improve the 4G coverage and capacity to enhance customer experience. The company also aims to further expand the LTE 900 and 2,100 MHz spectrum presence across 14 service areas through dynamic spectrum refarming and deployment of additional TDD and Massive MIMO sites.

2. Initiatives to Improve the Average Revenue Per User and Customer Retention –

The Company aims to expand the 4G network footprint in rural and semi-urban growth markets and enhance the average revenue per user (“ARPU”) by providing an improved network experience in the existing markets. To further grow the market share, the company aims to enter into strategic collaborations to develop and implement new products and services and scale up the share of the primary SIM in covered geographies by delivering differentiated propositions and an enhanced customer experience.

3. Focus on Business Services through Telco to Techco Transformation –

The Company is in the process of transitioning from a telco to a techno, offering a holistic range of technology services to the customers. Some of the key initiatives are -

1. Protect and Grow Connectivity - The company aims to enhance the Vi Business Plus Mobility service by offering mobile security features to safeguard sensitive data and mitigate cyber threats. The company recognizes the role of reliable and high-speed connectivity and aims to further grow the core connectivity infrastructure, ensuring seamless data and voice communication for all customers.
2. Strengthening Market Leadership in IoT – The company seeks to drive category growth through research and development initiatives around new IoT use cases, offering dedicated IoT lab and consultation services.
3. Invest in Next-Generation Services – The company is in the process of developing colocation and IaaS (Infrastructure-as-a-Service) services to accelerate digital transformation by simplifying and optimizing IT infrastructure management for businesses. The company also aims to streamline mobile device deployment, management, and security, and provide cybersecurity solutions through Vi Secure.
4. Segmented Go-To-Market Strategies – The company aims to drive segmented go-to-market strategies, focusing on acquiring a larger share of the large enterprise customer markets and prioritising growth of the SME and small office/home office markets. The company also aims to empower these businesses through digital adoption.

4. Strategic Collaborations to Monetize Digital Opportunities –

The company seeks to monetize digital opportunities by entering into strategic collaborations aimed at maximizing value for the customers. The company aims to expand the digital marketplace, capitalising on the Vi App’s significant user traffic. The company also aims to offer data insights, analytics, and other value-added services, thereby generating additional revenue streams.

Competitive Scenario and Peer Mapping

Competition

The Competition in the Indian telecommunications industry is intense, and the primary competitors are other telecommunication companies such as Bharti Airtel Limited, Reliance Jio Infocomm Limited, Bharat Sanchar Nigam Limited and Mahanagar Telephone Nigam Limited. The company also face increased competition from new entrants in the telecommunications industry in India. The company may also face increased competition as a result of consolidation among telecom operators in India. The threat of substitutes is high in the industry in which the company operates. The bargaining power with the consumers is low.

Peer Analysis

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

Particulars	Vodafone Idea Limited	Bharti Hexacom Limited	Reliance Jio Infocomm Limited	Bharti Airtel Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	-69.47%	8.35%	20.05%	5.93%
EBITDA Margin	39.82%	42.34%	51.81%	51.33%
Return on Capital Employed	-4.46%	17.73%	7.47%	11.12%
Return on Equity	14.84%	6.72%	24.65%	62.61%
EPS (INR)	-8.43	10.98	1.07	14.08

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

Particulars	Vodafone Idea Limited	Bharti Hexacom Limited	Reliance Jio Infocomm Limited	Bharti Airtel Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	-73.34%	30.98%	19.25%	3.49%
EBITDA Margin	42.07%	69.66%	49.18%	50.96%
Return on Capital Employed	-3.60%	30.43%	8.87%	11.77%
Return on Equity	18.10%	23.68%	16.71%	52.02%
EPS (INR)	-9.83	33.49	0.87	7.41

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

Particulars	Vodafone Idea Limited	Bharti Hexacom Limited	Reliance Jio Infocomm Limited	Bharti Airtel Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	-105.44%	-22.46%	1.11%	-13.42%
EBITDA Margin	-6.65%	15.44%	10.50%	36.54%
Return on Capital Employed	-15.17%	2.58%	8.00%	5.01%
Return on Equity	42.05%	-27.78%	21.26%	-262.25%
EPS (INR)	-15.40	-20.68	0.71	-27.05



Industry Overview

Exhibit 1: Global Rank

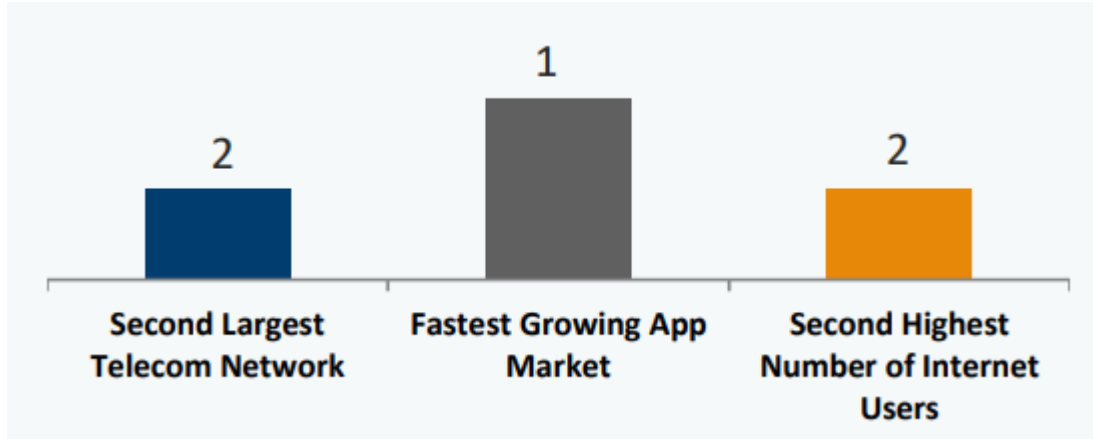
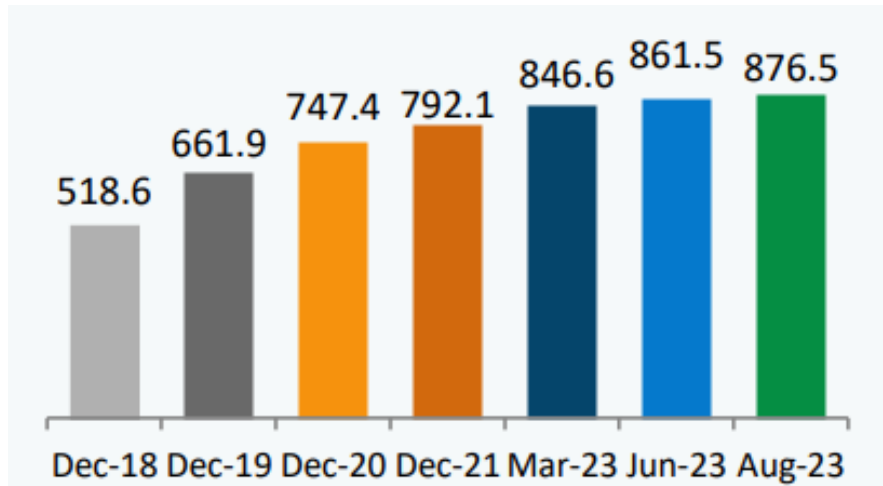


Exhibit 2: Broadband Subscribers (million)



(Source: ibef.org)



Indian Telecom Market -

As per GSMA Intelligence Database, India is the 2nd largest telecom market globally. As per TRAI Subscription report, India has 1,158.49 million reported wireless subscribers and 904.54 million total internet subscribers as of 31 December 2023, as per TRAI. The mobile telecommunications industry is an integral part of the Indian economy and has contributed to the economic growth and the GDP of the country. It also generates revenue for the Government and creates new jobs, directly and indirectly. The growth of the mobile telecommunications industry has had a positive influence on the overall economy over the past two decades.

The Indian mobile telecommunications industry is divided into 22 Service Areas – three in the metro category for the cities of Delhi, Mumbai and Kolkata, with 19 other service areas as defined by the Department of Telecommunications, Government of India (the “DoT”). These other service areas are further categorized as Circle ‘A’, Circle ‘B’ and Circle ‘C’ in descending order based on the relevant degree of affluence, infrastructure development and revenue potential across each service area.

Several factors have influenced growth of the mobile telecommunications industry in India and are expected, along with innovation, to drive future growth as well. As per TRAI Performance Indicator Report, between September 2016 and September 2023, the blended mobile average revenue per user (“ARPU”) per month has increased 1.24 times from ₹120.98 to ₹149.66. During the same period, the average wireless data per data subscriber per month increased 82.82 times and voice minutes of usage per subscriber per month increased 2.59 times. The marginal increase in tariffs was the outcome of a combination of factors including, rising competitive intensity, an increase in the proportion of pre-paid and rural subscribers. Indian ARPU is among the lowest in the world indicating higher scope for ARPU improvement to generate reasonable return on investment.

As of December 31, 2023, overall tele-density (wireless) was at 82.95%. In India wireless teledensity varies significantly across urban and rural areas. As of December 31, 2023, wireless teledensity in urban areas was 122.78% and in rural areas was 58.26% (Source: TRAI). Between March 2013 and March 2019, a yearly increase in teledensity of 2.5% was seen every year in urban areas and 2.8% in rural areas. However, teledensity in urban areas has declined from March 2019 due to closure of multiple telecom operators and consolidation of SIMs, but still remains high. Rural teledensity has marginally increased but remains low due to an untapped market.

Owing to the intense price competition in the market, the telecom industry in India has consolidated from over 10 companies in 2017 to 3 private and 1 public sector company, which is an optimal structure and encourages healthy competition. Between Financial Years 2014 and 2020, TRAI reported an increase in subscriber base by 200 million i.e., 33 million yearly, aided by increasing affordability of devices, low tariffs and digital adoption. This was despite the reduction of subscribers due to closure of multiple operators, reflecting a significantly higher real subscriber growth.

The launch of minimum recharge plan in December 2018 had further impacted the industry as it led to SIM consolidation with exit of several incoming only subscribers for the incumbent operators. Financial Years 2021 and 2022 witnessed very high amplitude and frequency of shifts due to multiple COVID waves, tariff hikes taking the minimum recharge from ₹39 to ₹99 and inflationary pressures due to global wars, leading to negative sentiment in the market. Despite this, the subscriber base increased by 32 million from Financial Year 2020 to 2022 at a rate of nearly 16 million subscribers yearly.

(Source: prospectus)

Key Managerial Personnel

Kumar Mangalam Birla, aged 54 years, is one of the Promoters, and Non-Executive Director of the Company. He is the chairman of the Aditya Birla group. He holds a bachelor's degree in commerce and a master's degree in business administration. He is a qualified chartered accountant. He has previously held several key positions on various regulatory and professional boards. He has been conferred prestigious awards such as the Padma Bhushan, India's third highest civilian honour, and also received the All-India Management Association's coveted Business Leader of the Decade Award in 2023.

Ravinder Takkar, aged 24 years, is the Non-executive Chairman of the Company. He holds a bachelor's degree in science. He also serves as a director on the boards of Indus Towers Limited and Cable and Wireless Global (India) Private Limited.

Anjani Kumar Agrawal, aged 26 years, is the Independent Director of the Company. He is a qualified chartered accountant and is an alumnus of INSEAD and Cambridge Institute for Sustainability Leadership. He is a fellow member of the Institute of Directors, India and also serves as a director on the boards of Firstsource Solutions Limited, Emami Limited, Aditya Birla Sunlife Trustee Private Limited, etc.

Arun Kumar Adhikari, aged 44 years, is the Independent Director of the Company. He holds a bachelor's degree in technology (chemical engineering), and a post-graduate diploma in management. He currently serves on the board of various companies, including Aditya Birla Fashion and Retail Limited, Ultratech Cement Limited, etc.

Ashwani Windlass, aged 63 years, is the Independent Director of the Company. He holds a bachelor's degree in commerce and a bachelor's degree in journalism. He also holds a master's in business administration. He serves as a director on the boards of Bata India Limited, Hitachi MGRM Net Limited, etc.

Himanshu Kapania, aged 51 years, is the Non-Executive Director of the Company. He holds a bachelor's degree in science (Engineering) and a post-graduate diploma in Management. He is the chairman of the FICCI Task Force on Privacy and Data Security.

Krishnan Ramachandran, aged 63 years, is the Independent Director of the Company. He holds a bachelor's degree in electrical engineering (honours) in electrical engineering and a postgraduate diploma in management.

Neena Gupta, aged 63 years, is the Independent Director of the Company. She has a bachelor's degree in arts (history) and has completed a bachelor's degree in law. She is currently serving as the group general counsel of InterGlobe Enterprises Private Limited.

Sateesh Govinda Kamath, aged 63 years, is the Non-Executive Director of the Company. He holds a bachelor's degree in commerce and is a qualified cost accountant from the Institute of Cost Accountants of India. He serves as the global finance director (markets) of Vodafone Group Services Limited. He is also a member of the supervisory board of VodafoneZiggo Group Holdings B.V.

To conclude, the company has 15 promoters, out of which there is only one individual promoter, and he has vast experience in the industry. The Remaining Directors of the company also have good knowledge and experience in their respective fields and in the fields directly linked to the operations of the company which helps in the overall growth of the company.

**Financial Snapshot**

Profit and Loss Statement				
(In Cr.)				
Particulars	FY 21	FY 22	FY 23	Dec-23
Revenue from Operations	41,952.20	38,515.50	42,177.20	32,044.90
Other Income	174.20	129.40	311.30	80.70
Total Income	42,126.40	38,644.90	42,488.50	32,125.60
Expenses				
Cost of trading goods	3.00	7.00	7.80	15.20
Employee benefit expenses	2,030.00	1,735.10	1,866.30	1,578.30
Network expenses and IT outsourcing cost	9,593.80	9,818.20	10,078.30	7,445.60
License fees and spectrum usage charges	4,129.50	4,198.80	4,002.10	2,768.20
Roaming and access charges	5,290.60	2,915.50	3,899.10	3,055.30
Subscriber acquisition and servicing expenditure	1,767.70	1,971.10	3,678.00	3,200.50
Finance Costs	17,998.10	20,980.80	23,354.30	19,485.20
Depreciation and amortisation expenses	23,638.50	23,584.30	23,049.70	16,882.20
Advertisement, business promotion expenditure and content cost	787.50	979.10	941.20	471.50
Other expenses	1,404.40	854.60	887.40	720.10
Total Expenses	66,643.10	67,044.50	71,764.20	55,622.10
Earnings Before Interest, Taxes, Depreciation & Amortization	-2,791.00	16,201.60	16,795.10	13,542.80
EBITDA Margin	-7%	42%	40%	42%
Profit before profit/ loss from joint venture, exceptional and extraordinary items and tax	-24,516.70	-28,399.60	-29,275.70	-23,496.50
Add : Share in profit/(loss) of joint venture	231.40	1.20	0.50	-2.90
Profit before exceptional and extraordinary items and tax	-24,285.30	-28,398.40	-29,275.20	-23,499.40
Exceptional items	-19,968.10	164.30	-22.40	755.50
Profit/(Loss) before tax	-44,253.40	-28,234.10	-29,297.60	-22,743.90
Tax Expense				
Current Tax	-18.00	17.30	11.50	820.60
Deferred Tax Expense / (credit)	-2.30	-6.00	-8.00	-0.70
Total Tax Expense	-20.30	11.30	3.50	819.90
Profit/(Loss) for the year	-44,233.10	-28,245.40	-29,301.10	-23,563.80
Net Profit Margin	-105%	-73%	-69%	-73%

Balance Sheet				
(In Cr.)				
Particulars	FY 21	FY 22	FY 23	Dec-23
ASSETS				
Non-Current Assets				
Property, Plant, and Equipment	57,570.40	53,632.70	59,821.10	54,410.30
Capital work-in-progress	599.60	323.90	300.30	556.10
Intangible assets	1,09,920.00	1,03,185.90	96,434.10	89,984.30
Intangible assets under development	6.30	40.40	17,576.10	17,604.90
Investments accounted for using the equity method	4.10	5.30	5.8	2.90
Financial Assets				
(i) Other non-current financial assets	7,732.30	8,849.20	8,850.10	7,104.60
Deferred Tax Asset (Net)	2.30	6.00	13.50	14.40
Other non-current assets	13,546.10	11,150.20	10,338.80	7,594.40
Total Non-Current assets	1,89,381.10	1,77,193.60	1,93,339.80	1,77,271.90
Current Assets				
Inventories	0.60	2.30	16.30	1.90



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Balance Sheet					(In Cr.)
Financial Assets					
(i) Trade Receivables	2,507.00	2,443.90	2,164.00	2,246.40	
(ii) Cash and Cash Equivalents	350.30	1,453.20	228.80	318.90	
(iii) Other Bank Balances	1,866.20	2,043.40	626.60	499.10	
(iv) Other financial assets	211.70	75.60	39.40	52.00	
(v) Loans to joint venture and others	0.90	-	-	-	
Current Tax Assets (net)	-	603.10	-	206.30	
Other current assets	9,097.50	10,214.00	10,778.50	10,156.00	
Total Current assets	14,034.20	16,835.50	13,853.60	13,480.60	
Assets held for sale	65.30	-	49.30	49.30	
Total Assets	2,03,480.60	1,94,029.10	2,07,242.70	1,90,801.80	
EQUITY AND LIABILITIES					
Equity					
Share Capital	28,735.40	32,118.80	48,679.70	48,679.70	
Other Equity	-66,963.40	-94,083.60	-1,23,038.80	-1,46,611.60	
Total Equity	-38,228.00	-61,964.80	-74,359.10	-97,931.90	
Liabilities					
Non-current liabilities					
Financial Liabilities					
(i) Long term borrowings					
-Loans from banks and others	6,484.60	2,836.30	935.10	-	
-Deferred payment obligations	1,50,930.90	1,73,114.50	1,88,355.00	1,95,276.20	
(ii) Lease liabilities	10,954.40	11,432.50	25,061.20	24,772.60	
(iii) Trade Payables	126.80	85.20	105.80	75.90	
(iv) Other financial liabilities	6,327.50	6,846.10	6,662.30	10,918.00	
Long term provisions	41.60	38.40	23.50	22.80	
Deferred tax liabilities (net)	2.20	-	-	-	
Other non-current liabilities	438.10	507.00	436.20	412.20	
Total Non-current liabilities	1,75,306.10	1,94,860.00	2,21,579.10	2,31,477.70	
Current liabilities					
Financial Liabilities					
(i) Short term borrowings	22,894.80	14,966.90	12,295.90	8,149.50	
(ii) Lease Liabilities	10,455.50	11,410.90	11,118.80	11,939.50	
(iii) Trade Payables	13,275.70	13,169.90	13,536.40	13,731.90	
(iv) Other Financial Liabilities	13,331.60	13,960.60	15,355.70	14,286.20	
Other current liabilities	6,399.10	7,601.80	7,701.10	8,591.80	
Short term provisions	45.80	23.80	14.80	31.6	
Current tax liabilities (Net)	-	-	-	525.50	
Total Current liabilities	66,402.50	61,133.90	60,022.70	57,256.00	
Total Liabilities	2,41,708.60	2,55,993.90	2,81,601.80	2,88,733.70	
Total Equity and Liabilities	2,03,480.60	1,94,029.10	2,07,242.70	1,90,801.80	

Cash Flow Statement					(In Cr.)
Particulars	FY 21	FY 22	FY 23	Dec-23	
Net Cash Flow from Operating Activities	15,639.70	17,387.00	18,868.70	13,245.10	
Net Cash Flow from Investing Activities	1,075.10	-5,730.30	-5,413.60	-1,691.90	
Net Cash Flow from Financing Activities	-16,731.40	-10,553.80	-14,679.50	-14,101.80	

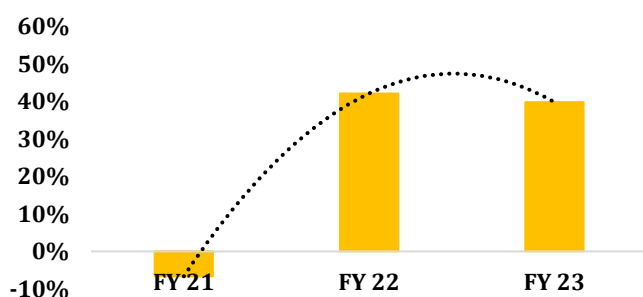


Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Dec-23*
Per Share Data				
Diluted EPS	-15.4	-9.83	-8.43	-4.95
BV per share	-5.75	-9.32	-11.18	-13.43
Operating Ratios				
EBITDA Margins	-6.65%	42.07%	39.82%	38.14%
PAT Margins	-105.00%	-73.09%	-68.96%	-76.83%
Inventory days	0.01	0.02	0.14	0.02
Debtor days	21.81	23.16	18.73	19.28
Creditor days	115.50	124.81	117.14	117.84
Return Ratios				
RoCE	-19.28%	-5.56%	-4.25%	-0.33%
RoE	115.71%	45.58%	39.40%	36.86%
Valuation Ratios (x)				
EV/EBITDA	5.62	-2.99	-3.71	6.45
Market Cap / Sales	1.74	1.90	1.73	1.71
P/E	-0.71	-1.12	-1.30	-2.22
Price to Book Value	-1.91	-1.18	-0.98	-0.82
Solvency Ratios				
Debt / Equity	-0.60	-0.24	-0.17	-21.94
Current Ratio	0.21	0.28	0.23	0.24
Quick Ratio	0.21	0.28	0.23	0.24
Asset Turnover	0.21	0.20	0.20	0.17
Interest Coverage Ratio	-1.47	-0.35	-0.27	-0.17

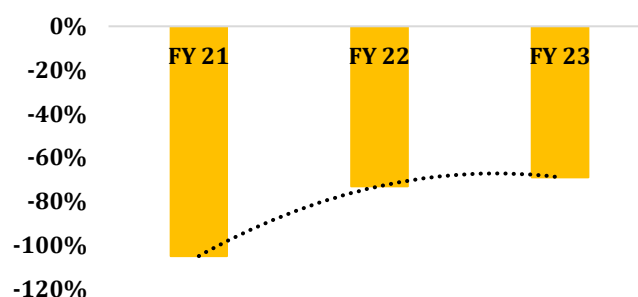
*Annualized Figures

Financial Charts

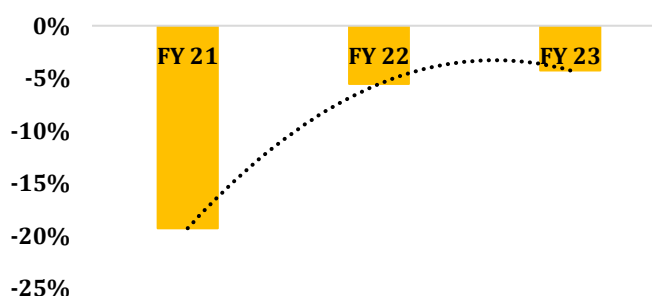
EBITDA Margin



Net Profit Margin



Return On Capital Employed





Key Risk Factors

1. There are outstanding legal proceedings involving the Company, and certain Subsidiaries, Promoters, Directors and Group Companies. The amount involved by the above-mentioned is Rs. 8.303 Cr. The amount involving the cases against the company is Rs. 61,508.5 Cr, against the subsidiaries is Rs. 246.3 Cr, and against the promoters is Rs. 12,761.406 Cr. Any adverse outcome in any of these proceedings may adversely affect the reputation, business, operations, financial condition and results of operations.
2. The company has had losses for FY ended 2021, 2022, 2023, and the Period Ended December 2022, and December 2023.
3. The company has a contingent liability amounting to Rs. 19,021.7 Cr, which could adversely affect the business, financial condition and results of operations.



Track Record of Lead Manager

The lead manager to the issue is Axis Capital Limited, SBI Capital Markets Limited, and Jefferies India Private Limited. A table has been set below highlighting the details of the IPO of the recent companies handled by the Lead Manager in recent times –

Axis Capital Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Bharti Hexacom Limited	4,275.00	570.00	April 12, 2024	813.00
2.	Gopal Snacks Limited	650.00	401.00	March 14, 2024	328.00
3.	Jana Small Finance Bank Limited	570.00	414.00	February 14, 2024	443.00
4.	Apeejay Surrendra Park Hotels Limited	920.00	155.00	February 12, 2024	202.00
5.	EPACK Durable Limited	640.05	230.00	January 30, 2024	184.00

Axis Capital Limited has had 29 mandates in the last two years.

From the above-mentioned mandates Apeejay Surrendra Park Hotels Limited and Bharati Hexacom Limited have opened at a premium and the remaining have opened at a discount on the listing day.

SBI Capital Markets Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Bharti Hexacom Limited	4,275.00	570.00	April 12, 2024	813.00
2.	R K Swamy Limited	423.56	288.00	March 12, 2024	278.00
3.	Entero Healthcare Solutions Limited	1,600.00	1,258.00	February 16, 2024	1,171.00
4.	Jana Small Finance Bank Limited	570.00	414.00	February 14, 2024	443.00
5.	Medi Assist Healthcare Services Limited	1,171.58	418.00	January 23, 2024	510.00

SBI Capital Markets Limited has had 15 mandates in the last two years.

From the above-mentioned mandates Medi Assist Healthcare Services Limited and Bharati Hexacom Limited have opened at a premium and the remaining have opened at a discount on the listing day.

Jefferies India Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Entero Healthcare Solutions Limited	1,600.00	1,258.00	February 16, 2024	1,171.00
2.	Concord Biotech Limited	1,551.00	741.00	August 18, 2023	1,560.00
3.	Mankind Pharma Limited	4,326.36	1,080.00	May 09, 2023	2,320.00
4.	KFin Technologies Limited	1,500.00	366.00	December 29, 2022	625.00
5.	Global Health Limited	2,205.57	366.00	November 16, 2022	1,398

SBI Capital Markets Limited has had 5 mandates in the last two years.

From the above-mentioned mandates Entero Healthcare Solutions Limited and Kfin Technologies Limited has opened at a discount and the remaining have opened at a premium on the listing day.

*CMP for the above-mentioned companies is taken as of 13th April 2024.



Recommendation

The company has been in the industry since 1995 and thus has vast experience in the industry. The company has had losses for all three Financial Years 2021, 2022, and 2023 and has continued the same for December 2023. The company's management overview is good.

The P/E on a post-IPO and annualized basis is negative and cannot be compared to the peer companies.

The company operates in a very competitive segment. The company has had losses for several years. The company does not have any unique strategies for improving the same. The company has certain material litigations which may affect future growth if materialized details of which are given in the risk factor of this report. The company's financial outlook is not satisfactory. Thus, at the current P/E, we recommend **AVOID** applying to this IPO.



Vodafone Idea Limited FPO

IPO Note

Recco - **AVOID**



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