

## IPO NOTE

### Issue Details

**Price Band: ₹ 102 to ₹ 108**

**Issue Opens on: August 22, 2023**

**Issue Closes on: August 24, 2023**

**Lot Size: 130 Shares & in Multiples thereafter**

### Issue Highlights

**Issue Size : ₹ 351 Cr.**

**No of Shares : 32,500,000**

**Face Value : ₹ 2**

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	162
Offer for Sale	189
<b>Total</b>	<b>351</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	175.50
HNI	15	52.65
Retail	35	122.85
<b>Total</b>	<b>100</b>	<b>351.00</b>

### Listing

**BSE & NSE**

### Lead Managers

- Pantomath Capital Advisors Pvt. Ltd.

### Registrar

Link Intime India Pvt Ltd.

### ANALYST

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### SALES

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## COMPANY OVERVIEW

Aeroflex Industries Ltd. (AIL) is a subsidiary of Sat Industries Limited, is a global flexible flow solutions company developing and manufacturing of environment friendly metallic flexible corrugated hoses, assemblies, and fittings for a diverse range of industrial sectors in both global as well as domestic market. AIL export products to more than 80 countries including Europe, USA and others. They supply products to a wide spectrum of industries for controlled flow of all forms of substances including air, liquid and solid. As on March 31, 2023, the company had more than 1,700 Product SKUs (Stock Keeping Units) in their product portfolio and had exported products to 51 countries.

AIL offers a range of metallic flexible corrugated hoses with diameters starting from ¼ inch to 14 inches. Our solutions are capable to handle varied environmental and work conditions and are designed to handle temperatures levels from negative 196 degrees celsius to 982 degrees celsius and pressure handling capacity of upto 300 bars.

The manufacturing facility of the company is located at Taloja, Navi Mumbai, in Maharashtra. Its diversified customer base comprises distributors, fabricators, MROs, OEMs, and companies operating in a wide range of industries. To further expand their international presence and serve export markets better, the Company has incorporated a wholly owned subsidiary in the United Kingdom (UK) in the name of "Aeroflex Industries Limited" in 2019. They have also appointed exclusive distributors in the United States and Brazil for sale and distribution of our products.

## HIGHLIGHTS

1. Global flexible flow solutions provider operating in addressable market, catering to diverse industry segments.
2. Export oriented business model.
3. Primary Manufacturer of flexible flow solutions (Make-in-India, Make-For-World) with no listed peers.
4. High entry and exit barriers.

## OBJECTS OF THE ISSUE

The Offer comprises the Offer for Sale and the Fresh Issue. Fresh issue of ₹ 162 Cr. and the Offer for Sale comprises of up to 1,75,00,000 Equity Shares.

### Objects of the Fresh Issue

1. Full or part repayment and/or prepayment of certain outstanding secured borrowings (₹ 32 Cr.).
2. Funding working capital requirements of the Company (₹ 84 Cr.).
3. General corporate purpose.

The Company will not receive any proceeds from Offer for Sale.

## OUR VIEW

Aeroflex Industries Limited (AIL) provides environment friendly metallic flexible flow solutions to critical global industrial eco-system. Despite being highly durable over other non-metallic materials for constant flow of substances, AIL's products require replacements due to reasons including operational efficiency, regulatory requirements and zero waste and leakage requirements after a certain period of time as per the customers' policies or applicable regulatory requirements.

On financial front, the Company revenue, EBITDA and PAT grew at CAGR of 36.43% , 55.54% and 123.97% between FY21-23. It operated on an EBITDA and PAT margin of 20.05% and 11.19% respectively for FY23. The ROE and ROCE stood at 26.43% and 31.91% respectively over the corresponding period. Also its Debt to Equity ratio improved from 0.90 to 0.39 from FY21 to FY23.

The company is following expansion strategies and has proven favourable revenue growth. At the same time there are risks concerned. AIL is Dependent and will continue to depend on their single manufacturing facility, any slowdown or shutdown in their manufacturing operations could have an adverse effect on their business. The Exports contributed 80% of revenue, any kind of geo-political uncertainty & Global economic slowdown may affect business performance of the company. It depends on third parties for the supply of raw material and delivery of products. Any kind of disruption in the supply of raw materials could impact their production and increase their costs.

The issue is priced at a P/BV of 10.82 based on its NAV of Rs. 9.98 as of March 31, 2023 and at upper price band of ₹ 108, P/E ratio stands at 41x.

Despite the concern, Having a monopoly in the business with no listed peers in India and future expansion plans with decent financials, investors with long term perspective can subscribe.

### Brief Financials

PARTICULARS	₹ in Millions		
	FY '23	FY '22	FY '21
Total Income	2,694.78	2,409.92	1,448.35
Total Expenditure	2,251.98	2,045.43	1,351.56
EBITDA	540.33	466.92	223.35
Profit before Tax	412.08	368.62	80.49
Profit after Tax	301.52	275.06	60.11
E.P.S.	2.64	2.41	0.53
P/E (x)	41	-	-
RONW (%)	26.43	31.90	10.24

### PRICE CHART (@ ₹ 108) (Retail Category)

LOT SIZE	Amount
130	14,040
260	28,080
390	42,120
520	56,160
650	70,200
780	84,240
910	98,280
1040	1,12,320
1170	1,26,360
1300	1,40,400
1430	1,54,440
1560	1,68,480
1690	1,82,520
1820	1,96,560

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	1,950	210,600
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	9,230	996,840
Above ₹ 10 Lakhs	9,360	1,010,880

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	29/08/2023
Initiation of refunds/unblocking ASBA Fund	30/08/2023
Credit of Equity Shares to demat accounts of Allottees	31/08/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	01/09/2023

For more details, Please refer RHP,

[https://www.sebi.gov.in/filings/public-issues/aug-2023/pyramid-technoplast-limited-rhp\\_75120.html](https://www.sebi.gov.in/filings/public-issues/aug-2023/pyramid-technoplast-limited-rhp_75120.html)

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