



IPO NOTE

AEROFLEX INDUSTRIES LIMITED

Rating:

SUBSCRIBE

(For Listing gain & Long term)



ISSUE OFFER

Issue Opens on	AUG 22, 2023
Issue Close on	AUG 24, 2023
Total IPO size (cr)	351.00
Fresh issue (cr)	162.00
Offer For Sale (cr)	189.00
Price Band (INR)	102-108
Market Lot	130
Face Value (INR)	2
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion		50%
NIB Portion		15%
Retail Portion		35%

SHAREHOLDING (No. of Shares)

Pre Issue

114,320,370

Post Issue

129,320,370

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	29-08-2023
Refunds/Unblocking ASBA Fund	30-08-2023
Credit of equity shares to DP A/c	31-08-2023
Trading commences	01-09-2023

Aeroflex Industries Limited manufacturers and suppliers of environment friendly metallic flexible flow solution products including braided hoses, unbraided hoses, solar hoses, gas hoses, vacuum hoses, braiding, interlock hoses, hose assemblies, lancing hose assemblies, jacketed hose assemblies, exhaust connectors, exhaust gas recirculation (EGR) tubes, expansion bellows, compensators, and related end fittings. The company supply its products to a wide spectrum of industries for controlled flow of all forms of substances including air, liquid and solid.

OBJECTS OF THE ISSUE

- Prepayment or repayment of certain outstanding borrowings.
- Funding working capital requirements of the company.
- General corporate purposes.

OUTLOOK & VALUATION

Aeroflex Industries Limited is a well-established company with strong financial growth, and it enjoys a monopoly in its business as there are high barriers to entry and exit. The company currently has no listed peers. It has an export-oriented business model, and it generates around 80% of its revenue from exports alone, but that exposes it to risks related to international operations. The company does not have any long-term contracts with either its supplier or customer, which is another concern related to this business.

Despite these concerns, Aeroflex's future strategies look promising. The company plans to expand its global and domestic businesses, and it is investing in new technologies to improve its products. We believe that these strategies have the potential to drive long-term growth and profitability for the company.

Overall, we believe that the Aeroflex Industries Limited IPO is a good investment opportunity. We recommend to SUBSCRIBE this IPO.



KEY MANAGERIAL PERSONNEL

01

Asad Daud

Managing Director & Chairman of the Company. He has over 12 years of experience in the manufacturing industry and has played an instrumental role in expanding the domestic and foreign operations of the Company.

02

Mustafa Abid Kachwala

Whole-time Director of the Company. He has been associated with the Company since 2010 and was re-designated as the Chief Financial Officer with effect from November 28, 2022. He currently looks after the financial affairs of the Company.

03

Kinjal Kamlesh Shah

Company Secretary and Compliance Officer of the Company. She is responsible for handling secretarial and compliance matters of the Company and was appointed as a Company Secretary with effect from December 07, 2021 and was appointed as a Compliance Officer with effect from May 20, 2022.

04

Pervez Akhter

Vice President – Sales & Marketing of the Company. He is associated with the Company since January 1, 2001, its foundation days. He has 32 years of combined experience in the automotive industry, sales and marketing and business development.



COMPANY PROFILE

- Flow solution products are required in fire sprinklers, gas supply, flow of air (conditioned / controlled) in aircrafts, fueling and hydraulics in aircrafts. Aeroflex Industries's capabilities to provide customized solutions up to the assemblies level enable them to tap flexible flow solutions value chain.
- The company export its products to more than 80 countries including Europe, USA and others. Majority of their revenue is derived from export of their products and their Company is a recognized two star export house by the Director General of Foreign Trade, Government of India.
- They are into metallic flexible flow solutions made of SS. They have recently developed products made of bronze as well. Their products replace flow solutions made of rubber and polymers. Metallic flexible flow solutions made with stainless steel produce significantly lower carbon emissions than those made with synthetic rubber making their products environment friendly and business model green & sustainable.
- Their manufacturing facility, located at Taloja, Navi Mumbai in the state of Maharashtra, is spread across 3,59,528 square feet of area and it has been duly certified.

COMPETITIVE STRENGTHS

- Global flexible flow solutions provider operating in addressable market, catering to diverse industry segments.
- Export oriented business model.
- Primary Manufacturer of flexible flow solution with no listed peers with advanced manufacturing facility and R&D infrastructure.
- High entry and exit barriers.
- Experienced and dedicated senior team across key functions.

KEY STRATEGIES

- Expand their portfolio of solutions to capitalize on large opportunities across industrial segments.
- Scale up their In-house Design and R&D efforts.
- Increase focus on global markets and enhance their international presence.
- Expand their domestic business to leverage the opportunities across industrial segments.
- Focus on Digitisation and Industry 4.0 initiatives to drive operational efficiencies and achieve synergies.

KEY CONCERNS

- The company derive major (80%) of its revenue from export operations. The company faces the risk of significant import duties or restrictions of the relevant jurisdictions.
- The company do not have any long term contract with any of its suppliers. Loss of any major suppliers, increase in the cost of raw material, or a shortfall in the availability or quality of such raw materials could adversely impact the business.
- The business is dependent and will continue to depend on their single manufacturing facility.
- The company do not have long term contracts with most of its customers and rely on purchase orders for delivery of the product.
- The company derive significant portion of its revenues from top five (05) customers located in India and globally.
- The company's promoter is involved in a tax proceedings which is currently pending.



COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

There are no listed companies in India that are engaged in a business similar to that of this Company accordingly it is not possible to provide an industry comparison in relation to this Company in India.

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	228.64	228.64	228.64
Other Equity	912.29	633.59	358.53
Net Worth	1,140.93	862.23	587.17
Total Borrowings	196.86	209.86	352.80
Revenue from Operations	2,694.61	2,408.00	1,447.74
EBITDA	540.33	466.92	223.35
Profit Before Tax	412.08	368.62	80.49
Net Profit for the year	301.52	275.06	60.11



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