



IPO DETAILS

#IPOology

IdeaForge Technology Limited

Issue Opens

26 June 2023, Monday

Issue Closes

29 June 2023, Thursday

Min. Lot Size

22 Shares

Issue Price Band

₹638 - ₹672

Industry

Drone Manufacturer

Issue Size

Fresh Issue: 3.57 mn
Eq shares (₹2,400mn)

OFS:

4.87 mn Eq shares
(₹3,272mn)

Face Value

₹10

Listing at

NSE, BSE



Rationale

Considering the FY23 Annualized EPS of Rs 7.68 on a post issue basis, the company is going to list at a P/E of 87.54x with a market cap of Rs. 28,002mn. whereas its peers namely MTAR technology, Data patterns and Astra microwave products are trading at a P/E of 58.52x, 84.95x, 52.27x.

We assign "Subscribe" rating to this IPO as company is pioneer and the pre-eminent market leader in the Indian UAS industry, with first-mover advantage and strong relationships with a diverse customer base. Also, it is available at reasonable valuation considering the future growth potential of the company.

Objectives of the issue

Repayment/prepayment of certain indebtedness availed by the company;

Funding working capital requirements,

Investment in product development, and

General corporate purposes

Rating

SUBSCRIBE

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IdeaForge Technology Limited

Company Overview

Idea forge technology is the pioneer and the pre-eminent market leader in the Indian unmanned aircraft systems (“UAS”) market, with a market share of approximately 50% in FY22.

The company manufactures Unmanned Aircraft Vehicles for Mapping, Security & Surveillance. These drones are capable of a wide range of mining area planning, and mapping applications.

Their product portfolio consists of (a) hardware, which primarily includes UAVs, payloads, batteries, chargers and communication, (b) software and embedded sub-systems, which includes the GCS software, and (c) solutions, which enables industry/ application specific software that enhances the value

Two Main Software

BlueFire Live

BlueFire Touch



Achievement

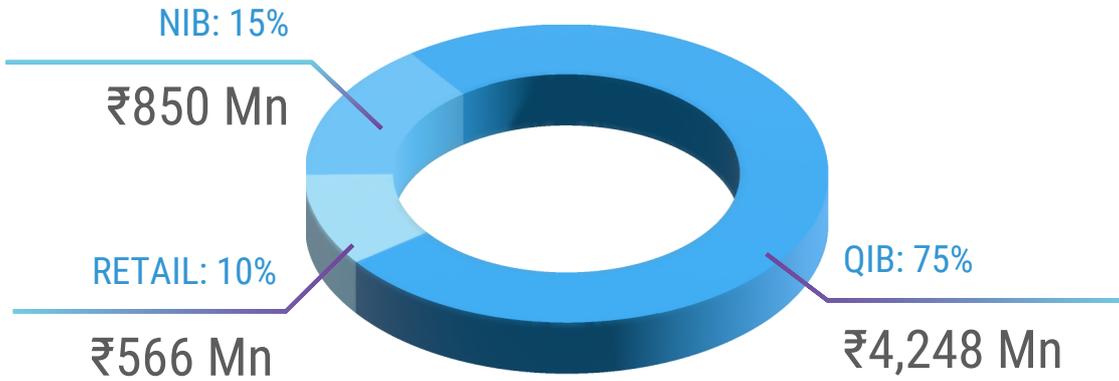
The company has been ranked 7th globally in the dual-use category (civil and defense) drone manufacturers as per the report published by Drone Industry Insights in December 2022



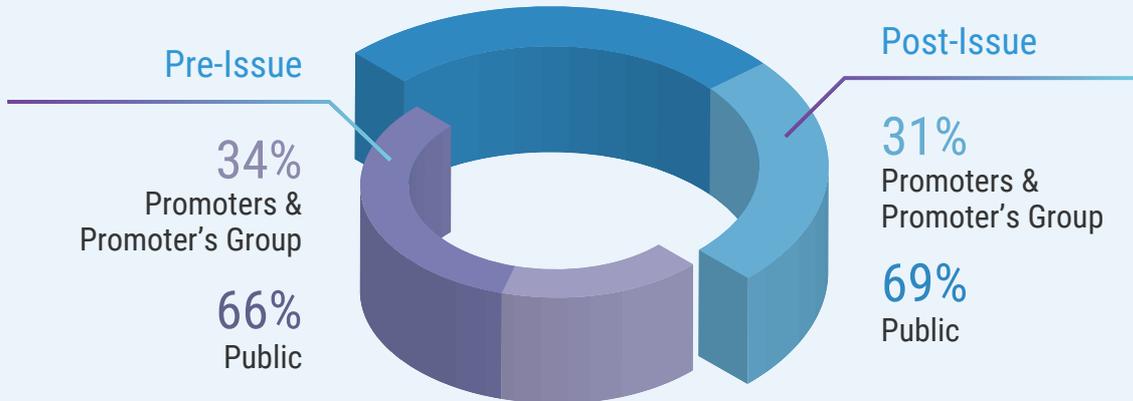
IdeaForge Technology Limited

Issue Details

Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



599 Mn

Authorised Equity
Share Capital



381 Mn

Paid-Up Capital
(Pre-Offer)



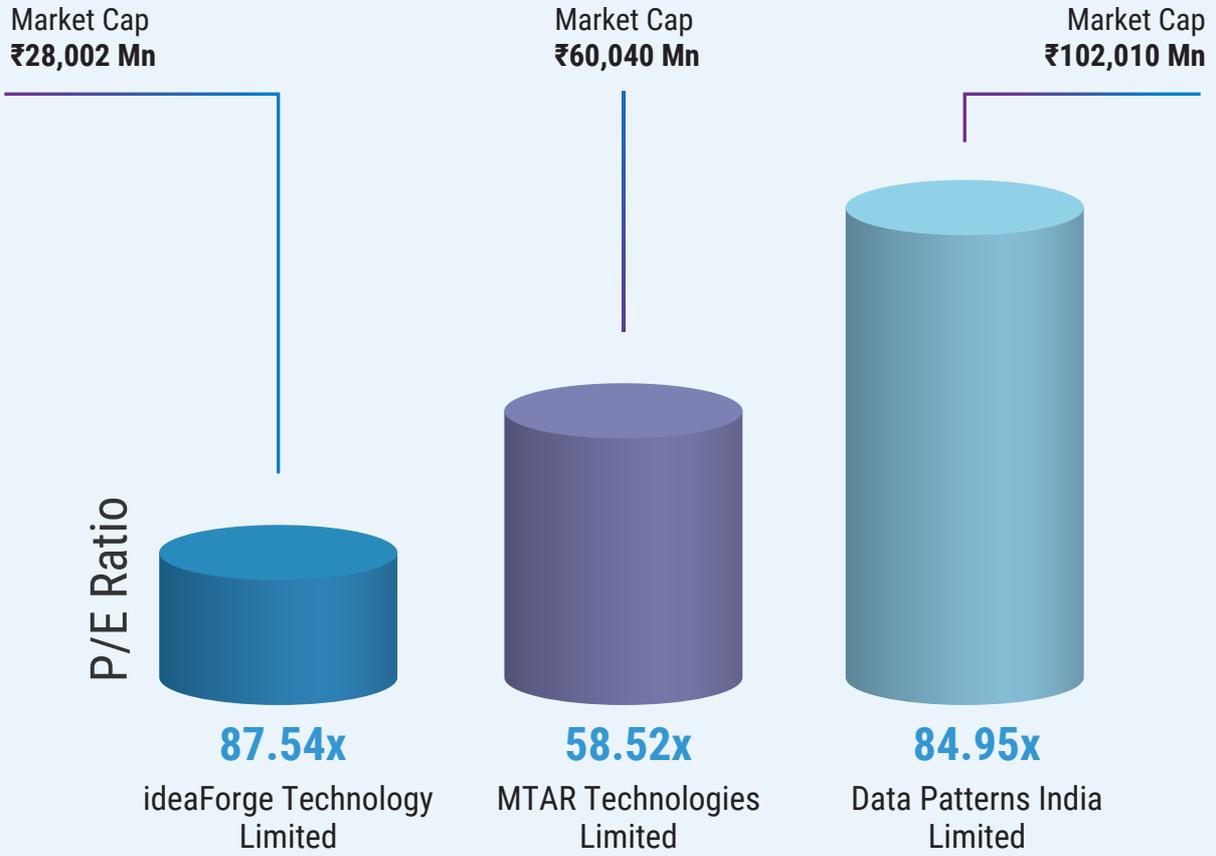
417 Mn

Paid-Up Capital
(Post-Offer)



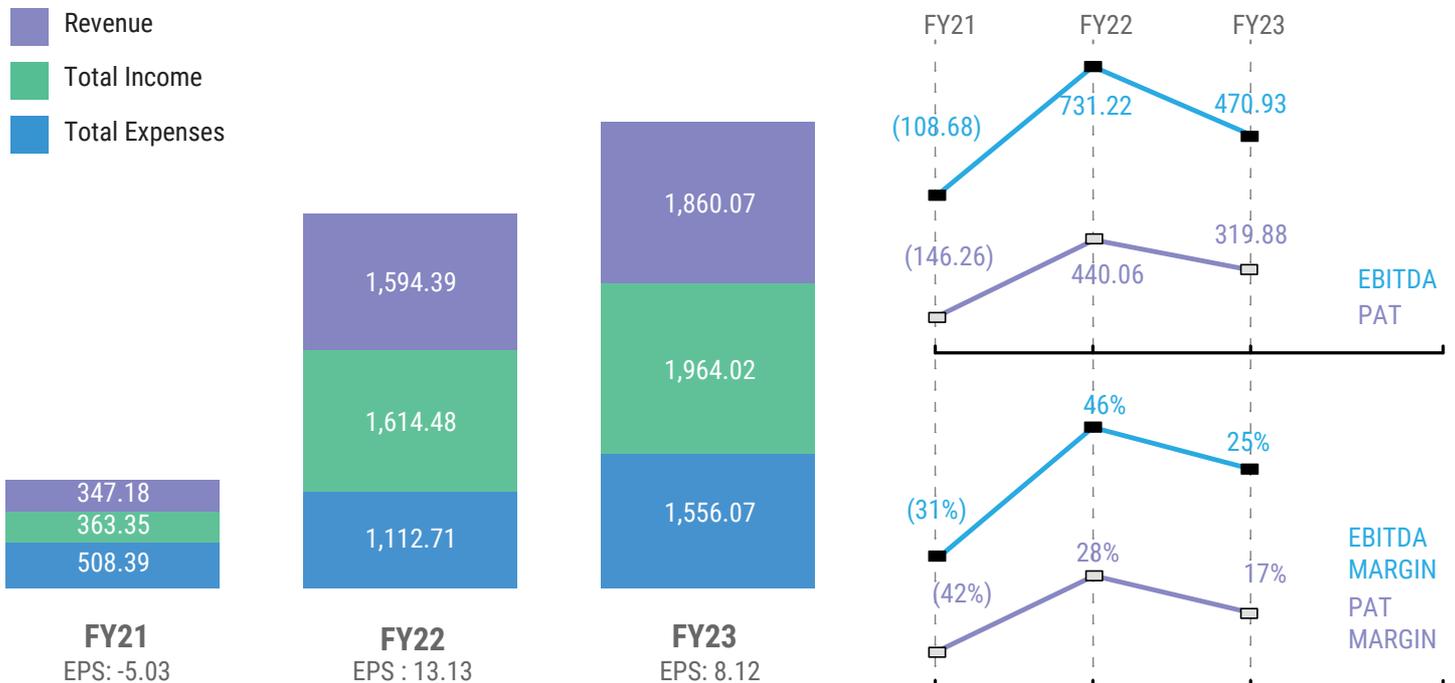
IdeaForge Technology Limited

Valuations and Peer Comparison



Market Cap data of listed securities as on June 22, 2023

Financial Snapshot (in ₹ Mn)





IdeaForge Technology Limited

Business Insights



Competitive Strengths

- Pioneer and the pre-eminent market leader in the Indian UAS industry, with first-mover advantage
- Diversified product portfolio with a robust technology stack and track record of successful outcomes in critical use cases
- Strong relationships with a diverse customer base
- Significant product development capabilities powering software and solutions and product differentiators
- In-house design to delivery capabilities
- Strong management capabilities with a demonstrated ability to deliver robust financial performance



Business Strategy

- Continue to invest in product innovation, engineering and design
- Expanding into international markets
- Expand product portfolio and cater to new end-use applications and industries
- Focus on indigenization
- Expand business services and software revenue through 'as a Service' offerings
- Pursue strategic investment and acquisition opportunities



Risks

- They have sustained negative cash flows from operating activities in the past and may experience earnings declines or operating losses or negative cash flows from operating activities in the future.
- Their products are complex and technologically advanced and could have unknown defects or errors
- Their business is dependent on single manufacturing facility, and are subject to certain risks in manufacturing process. Any slowdown or shutdown in manufacturing operations could have an adverse effect on business, financial condition and results of operations

Promoters and Management Details

Ankit Mehta - Chief Executive Officer and Whole-Time Director

Rahul Singh - Vice President–Engineering and Whole-Time Director

Ashish Bhat - Vice President–Research & Development and Whole-Time Director