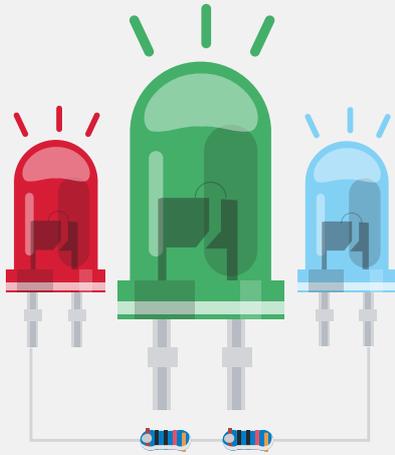




IPO DETAILS

#IPOology

IKIO Lighting Ltd.



Issue Opens

6 June 2023, Tuesday

Issue Closes

8 June 2023, Thursday

Min. Lot Size

52 Shares

Issue Price Band

₹270 - ₹285

Industry

Electronic Components

Issue Size

Fresh Issue:
12.28mn Eq shares
(₹3,500mn)

OFS:

9mn Eq shares
(₹2,565mn)

Face Value

₹10

Listing at

NSE, BSE

Rationale

Considering the FY23 Annualized EPS of Rs 5.97 on a post issue basis, the company is going to list at a P/E of 47.77x with a market cap of Rs. 22,025mn. whereas its peers namely Dixon Technologies, Amber Enterprises, Syrma SGS Technology and Elin Electronics are trading at a P/E of 92.6x, 46.8x, 57.2x, 26x.

We assign "Subscribe (With Caution)" rating to this IPO as company has diverse product basket with focus on high-margin areas and is poised to capture growth of LED market. However client concentration risk particularly Signify Innovations India Limited contributing 70%/91%/95%/96%, to their overall revenue in 9M-FY23/FY22/FY21/FY20 keeps us cautious from a long-term perspective.

Objectives of the issue

Repayment/ prepayment, in full or part, of certain borrowings availed by the Company and its Subsidiaries on consolidated basis;

Investment in wholly owned Subsidiary, IKIO Solutions Private Limited, for setting up a new facility at Noida, Uttar Pradesh

General corporate purposes

Rating

SUBSCRIBE
(With Caution)

APPLY NOW



IKIO Lighting Ltd

Company Overview

The company is an Indian manufacturer of light emitting diode (“LED”) lighting solutions. They are focused on sustainability and providing low energy LED products to help India meet its sustainability goals

Products

LED lighting

Refrigeration lights

**ABS (acrylonitrile
butadiene styrene) piping**

Other Products

Their largest customer is Signify Innovations India Limited, erstwhile Philips Electronics India Limited (“Signify (Philips)”), which according to Frost & Sullivan in Fiscal 2022 had a 50% market share in India’s functional decorative lighting category and a 10% market share in India’s true-blue decorative lighting.



Design-Driven Manufacturing

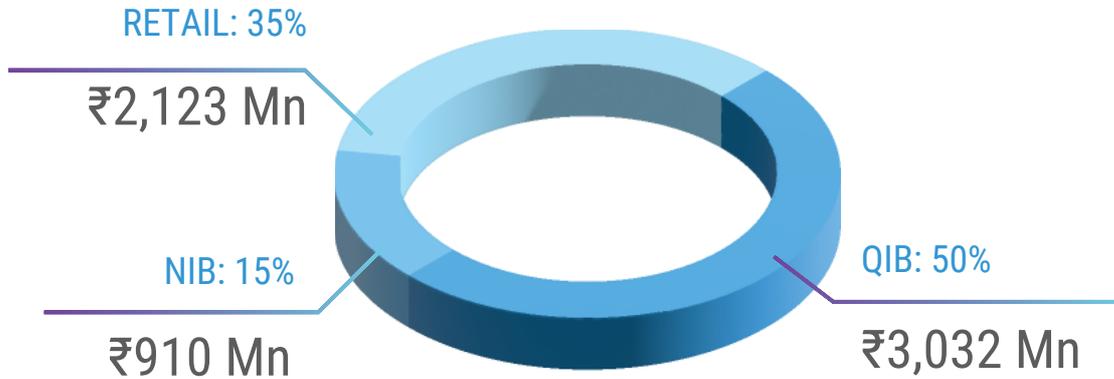
The company is primarily an Original Design Manufacturer (ODM). They design, develop, manufacture and supply products to customers. Thereon, the customers further distribute the products under their own brands. Alongside, they also work with the customers to develop, manufacture and supply products as designed by the customers.



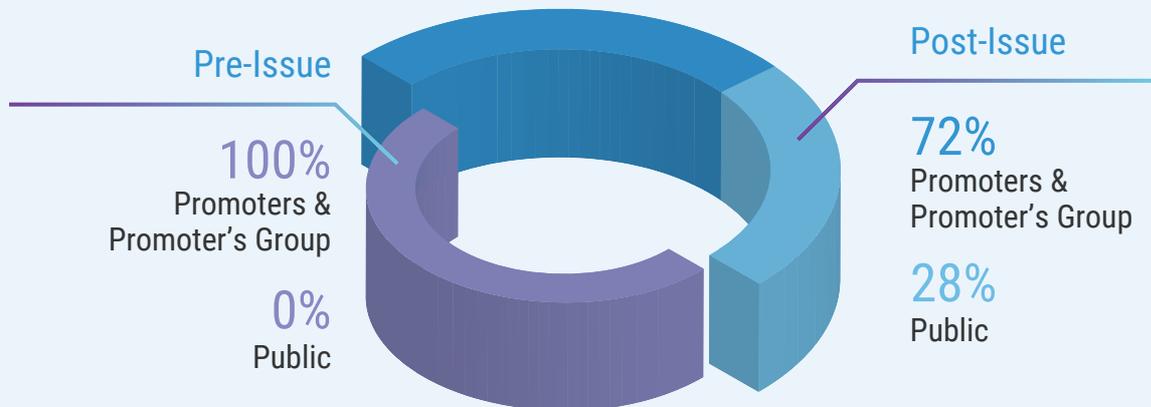
IKIO Lighting Ltd

Issue Details

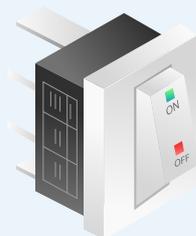
Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



1000 Mn

Authorized Equity Share Capital



650 Mn

Paid-Up Capital (Pre-Offer)



773 Mn

Paid-Up Capital (Post-Offer)



IKIO Lighting Ltd

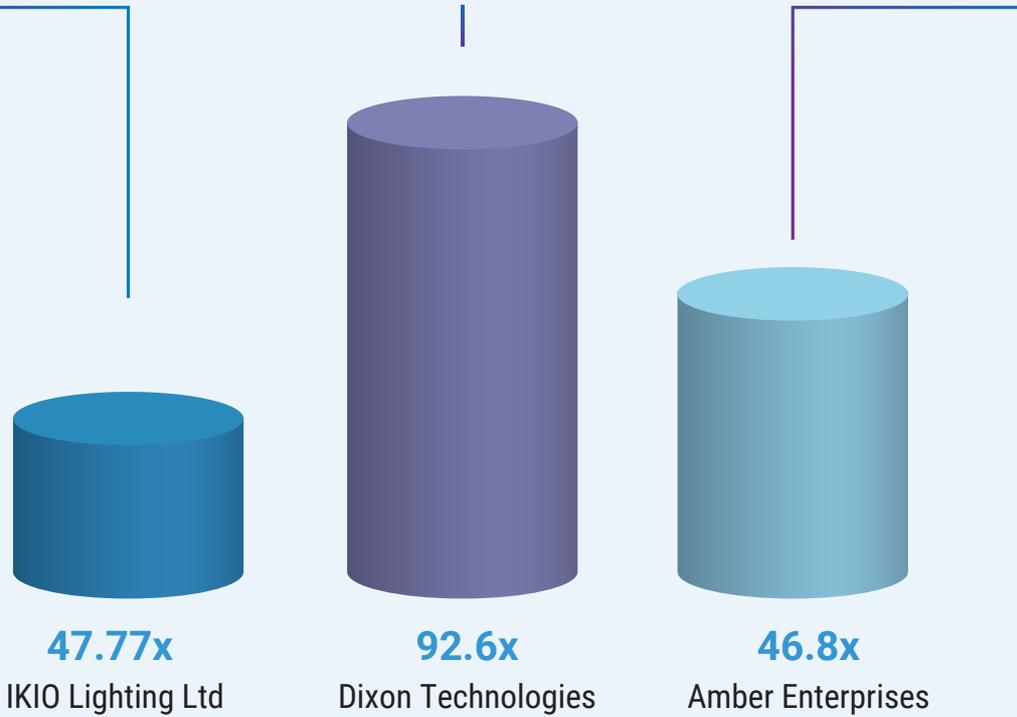
Valuations and Peer Comparison

Market Cap
₹22,025 Mn

Market Cap
₹2,37,650 Mn

Market Cap
₹74,040 Mn

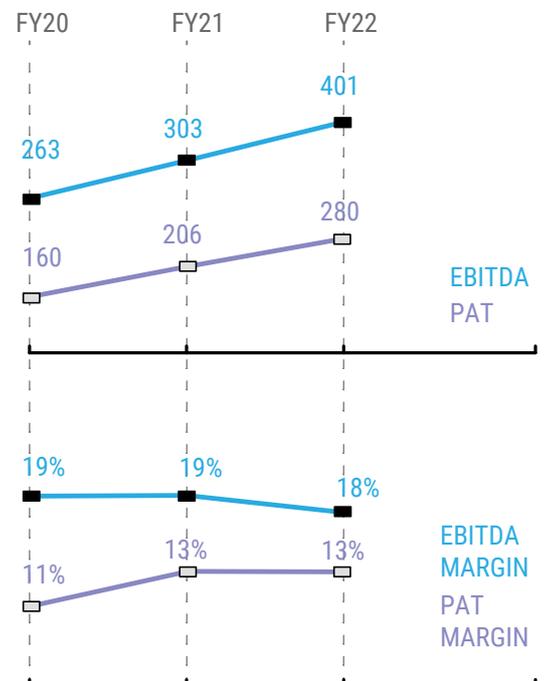
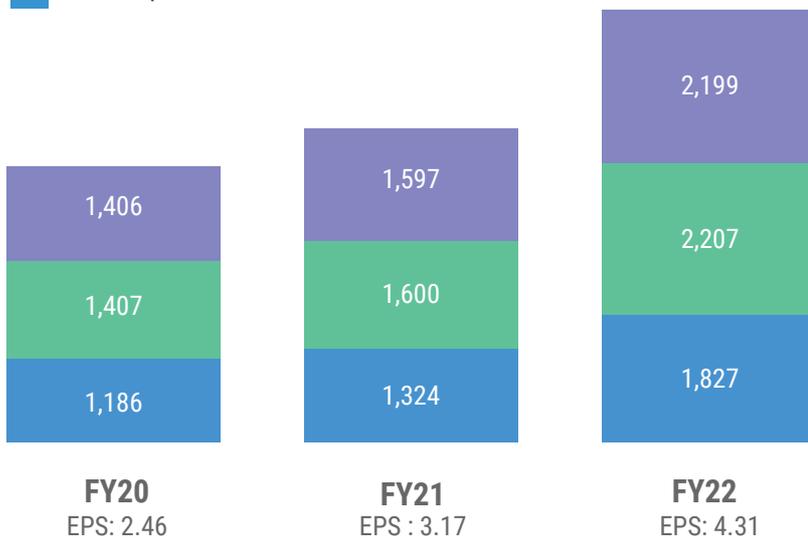
P/E Ratio



Market Cap data of listed securities as on June 05, 2023

Financial Snapshot (in ₹ Mn)

- Revenue
- Total Income
- Total Expenses





IKIO Lighting Ltd

Business Insights



Competitive Strengths

- Poised to capture growth of LED market.
- Diverse product basket with focus on high-margin areas.
- Long-term relationships with leading industry customers.
- Strong focus on R&D.
- Established infrastructure with backward integration.
- Strong and consistent financial performance.
- Experienced Promoters and Management Team.



Business Strategy

- Expand into new product lines.
- Expand their manufacturing capacities for their existing and new product lines.
- Diversify their customer base and expand across geographies.
- The company continues to invest in R&D and expand their ODM business.
- The company continues to focus on sustainability through ESG investments.



Risks

- They heavily rely on a single customer, Signify Innovations India Limited (formerly Philips India), and more than 85% of their revenue comes from their top twenty customers. Any cancellations, delays, or order reductions from these top customers could significantly harm their business, financial condition, and results.
- They have experienced negative cash flows from operating activities in Fiscal 2022 and Fiscal 2021.
- The company acknowledges the cyclical nature of its markets, vulnerable to economic downturns, which may impact its business.

Promoters and Management Details

Hardeep singh - Managing Director and Chairman

Surmeet Kaur - Whole-Time Director

Sanjeet Singh - Whole-Time Director