

INOX INDIA LIMITED

14-12-2023 to 18-12-2023

Industry: Industrial Equipment

Price Band: ₹ 627 - 660

Recommendation: Subscribe for Listing Gains

Post Implied Market Cap: ₹ 5,691 - 5,990 Cr

Key Data

| | |
|-----------------------|---------------|
| Issue Size (₹ Cr) | 1,386 - 1,459 |
| Fresh (₹) | 0 |
| OFS (₹) | 1,386 - 1,459 |
| No of shares offered | 2,21,10,995 |
| Face Value (₹ /share) | 2 |
| Bid Lot | 22 |

About the Company

Inox India Limited (Inox India), a part of the Inox Group, is a leading provider of cryogenic equipment, holding the position of the largest supplier in India based on Fiscal 2023 revenue. With over 30 years of expertise, they specialize in the design, engineering, manufacturing, and installation of cryogenic solutions. Their offerings range from standard cryogenic tanks to bespoke technology, catering to various industries, including industrial gases, LNG, green hydrogen, energy, steel, healthcare, aviation, and more. In Fiscal 2023, they emerged as the top exporter of cryogenic tanks from India. Notably, Inox India achieved a significant milestone by being the first Indian company to manufacture a trailer-mounted hydrogen transport tank in collaboration with ISRO. The company has a global footprint, exporting products and services to 66 countries. With three manufacturing facilities and an Installed Capacity of 3,100 Equivalent Tank Units, Inox India has established a reputable brand, INOXCVA, known for engineering expertise, quality products, and customer service.

Indicative Timetable

| | |
|------------------------------------|-------------|
| Activity | On or about |
| Finalisation of Basis of Allotment | 19-12-2023 |
| Refunds/Unblocking ASBA Fund | 20-12-2023 |
| Credit of equity shares to DP A/c | 20-12-2023 |
| Trading commences | 21-12-2023 |

Investment Rationale

- Leading Indian supplier and exporter of cryogenic equipment and solutions:** Company operates in a specialized and technologically intensive industry, providing a comprehensive range of cryogenic equipment across various sectors. With over 30 years of industry presence, they have built a reputation for consistent product quality and have invested in product development and engineering capabilities, allowing customization to meet specific customer requirements. Leveraging these competitive advantages and their established brand, the company aims to capitalize on the growing demand for cryogenic storage tanks and equipment within their global customer base.
- Large portfolio of specialized cryogenic equipment engineered to global quality standards:** Inox India specializes in offering comprehensive cryogenic solutions encompassing design, engineering, manufacturing, and installation of both standard and customized equipment and systems. Their products find application across various industries, including industrial gases, LNG liquefaction plants, and liquid hydrogen. With a focus on specialized engineering and stringent industry certifications, the company has built a reputable brand, INOXCVA. In Fiscal 2023, they boasted an Installed Capacity of 3,100 Equivalent Tank Units, 2.4 million disposable cylinders, and secured 14 certifications from international markets, showcasing their expertise and global recognition.
- Diversified domestic and international customer base across industry sectors:** Company serves a diverse clientele in various industries, offering cryogenic storage, distribution, and transportation equipment and systems. Their customer base spans corporate and government entities in sectors such as energy, industrial gases, LNG and LCNG, steel, medical and healthcare, chemicals and fertilizers, pharmaceuticals, aviation and aerospace, and construction, among others. The company has successfully delivered their equipment and systems to over 1,201 domestic customers and over 228 international customers, showcasing their broad reach and expertise across three divisions.
- Strong product development and engineering focus:** The company's foundation rests on in-house product development and engineering. Over the past three fiscal years, their dedicated team has successfully created various innovative solutions, including cryogenic containers meeting ISO standards, LNG fuel stations, LNG/LCNG fuel stations, LNG fuel tanks, cryogenic biological storage, and beverage kegs.

Shareholding (No. of shares)

| | |
|--------------------------------|-------------|
| Pre-Issue | 9,07,63,500 |
| Post Issue (Lower price band) | 9,07,63,500 |
| Post Issue (Higher price band) | 9,07,63,500 |

Shareholding Pattern

| | % |
|------------------------------------|--------|
| Promoters: | |
| Pre Issue | 91.51% |
| Post Issue | 67.67% |
| Promoters Group: | |
| Pre Issue | 7.79% |
| Post Issue | 7.33% |
| Public - Other Selling S/h: | |
| Pre Issue | 0.24% |
| Post Issue | 0.18% |
| Public -Others: | |
| Pre Issue | 0.46% |
| Post Issue | 24.82% |

Issue Breakup

| | |
|--------|-----|
| QIB | 50% |
| NIB | 15% |
| Retail | 35% |

Risk

- Client concentration.
- Sharp increase in component or raw material cost.
- 100% OFS

MView

We believe Inox India Ltd gives investors an opportunity to invest in a prominent provider of cryogenic equipment in the specialized and technologically intensive cryogenic equipment industry. We think as a leading Indian supplier and exporter of cryogenic equipment and solutions with 30 years of industry experience with a recognized brand INOXCVA and a reputation for consistent quality products, company is poised to capitalize on the increasing global demand for cryogenic storage tanks and equipment within its well-established customer base. By looking at the financials the company has shown a strong growth between fiscal 2022 and 2023 with a 31.81%/23.40% in revenue from operations and 35.8%/17% in net profit. On Valuation parse at upper price band of ₹ 660/-, the issue is asking for a Market Cap of ₹ 5990 Cr. Based on annualized FY24 earnings and fully diluted post-IPO paid-up capital, the company is asking a P/E of 28.98x which seems the valuations are fully priced by looking at the revenue and profit growth. Investors should also look at IPO offers which come with 100% OFS i.e ₹ 1459/- cr issue which is an area of concern for new investors, but due to the company's strategic position in niche market with global footprint and commitment to innovations may command higher valuation multiple. Given Inox India's robust foundation in product development, coupled with a focus on quality and customization, sets the stage for continued success in the evolving cryogenic equipment landscape. Hence, we recommend investors to "Subscribe" the IPO with listing gain perspective only.

Other Details

BRLMs: Axis Capital, ICICI Securities

Registrar: KFin Technologies Ltd.

Listing: BSE & NSE

Research Analyst

Rajan Shinde

Rajan.shinde@mehtagroup.in

022-61507142



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

| Particulars ₹ (in Cr) | As at Sept' 30 | | As at March' 31 | | |
|---------------------------|----------------|-----------|-----------------|--------|--------|
| | 2023 (06) | 2023 (06) | 2023 | 2022 | 2021 |
| Equity Share Capital | 18.15 | 18.15 | 18.15 | 18.15 | 9.08 |
| Reserve as stated | 536.09 | 461.79 | 531.32 | 484.13 | 362.44 |
| Net Worth as stated | 554.24 | 479.94 | 549.48 | 502.28 | 371.51 |
| Revenue From Operations | 564.61 | 486.8 | 965.90 | 782.71 | 593.80 |
| Revenue Growth % | 15.98% | - | 23.40% | 31.81% | - |
| EBITDA | 145.74 | 119.88 | 222.65 | 188.63 | 149.7 |
| EBITDA Margin (%) | 25.13% | 24.24% | 22.6% | 23.47% | 24.58% |
| Profit Before Tax | 136.17 | 112.04 | 205.05 | 174.21 | 131.07 |
| Net Profit for the Period | 103.34 | 83.42 | 152.71 | 130.5 | 96.11 |
| Net Profit Margin (%) | 17.82% | 16.87% | 15.52% | 16.24% | 15.78% |
| EPS (₹) | 11.39 | 9.19 | 16.83 | 14.38 | 10.59 |
| RONW(%) | 18.64% | 17.38% | 27.79% | 25.98% | 25.87% |
| NAV (₹) | 61.06 | 52.88 | 60.54 | 55.34 | 40.93 |
| ROCE (%) | 23.75% | 22.57% | 36.53% | 33.70% | 35.15% |

Source: Company RHP



MSEARCH

DISCLAIMER & DISCLOSURE

This Report is published by Mehta Equities Limited (hereinafter referred to as "MEL") for registered client circulation only. MEL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH00000552. MEL is a registered broker with the Securities & Exchange Board of India (SEBI) and registered with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments, Multi Commodity Exchange of India (MCX), National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), is registered with SEBI for providing PMS services and distribute third party PMS product and also member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

MEL a "Research Entity" under SEBI (Research Analyst) Regulations 2014 has independent research teams working with a Chinese wall rule with other business divisions of MEL as mentioned above.

MEL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. MEL, its associates or Research analyst or his relatives do not hold any financial interest in the subject company. MEL or its associates or Research analysts do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. MEL or its associates or Research Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

MEL or its associates or Research analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Research analyst during the past twelve months. MEL or its associates have not received any compensation or other benefits from the company covered by Research analyst or third party in connection with the research report. Research Analyst has not served as an officer, director or employee of Subject Company and MEL / Research analyst has not been engaged in market making activity of the subject company.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. MEL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader. This research has been prepared for the general use of the clients of MEL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MEL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MEL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. MEL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MEL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. MEL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, MEL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of MEL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither MEL, nor its directors, employees, or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Analyst Certification: Research Analyst the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the Research analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The Research analyst is principally be responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

MEHTA EQUITIES LTD

BSE: - Membership Clearing No. 122 - SEBI Regn. No. INB010683856, NSE: - Membership Clearing No. 13512-
SEBI Regn. No. INB231351231, NSE FO SEBI Regn. No. INF231351231, CIN No: U65990MH1994PLC078478
MSEI: - Membership Clearing No. 51800 - SEBI Regn. No. INB261351234 SEBI registered RA Reg No INH000000552
Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli, Mumbai 400 018, India
Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: info@mehtagroup.in, Website: www.mehtagroup.in

Compliance Officer: Prakash Joshi

Email Id: compliance@mehtagroup.in

Phone No +91 22 61507180

For grievance redressal contact Customer Care Team Email: help.kyc@mehtagroup.in Phone: + 91 22 61507154