

## IPO NOTE

### Issue Details

<b>Price Band:</b> ₹ 627 to ₹ 660
<b>Issue Opens on:</b> December 14, 2023
<b>Issue Closes on:</b> December 18, 2023
<b>Lot Size:</b> 22 Shares & in Multiples thereafter

### Issue Highlights

<b>Issue Size:</b>	₹ 1,459.32 Cr.
<b>No of Shares:</b>	22,110,955
<b>Face Value:</b>	₹ 2

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	1,459.32
<b>Total</b>	<b>1,459.32</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	729.66
HNI	15	218.90
Retail	35	510.76
<b>Total</b>	<b>100</b>	<b>1,459.32</b>

### Listing

**BSE & NSE**

### Lead Managers

- Axis Capital Limited
- ICICI Securities Limited

### Registrar

**KFin Technologies Limited**

### ANALYST

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## COMPANY OVERVIEW

Inox India Ltd. is the largest supplier of cryogenic equipment in India by revenue in Fiscal 2023. It has over 30 years of experience offering solutions across design, engineering, manufacturing and installation of equipment and systems for cryogenic conditions. Their offering includes standard cryogenic tanks and equipment, beverage kegs, bespoke technology, equipment and solutions as well as large turnkey projects which are used in diverse industries such as industrial gases, liquified natural gas ("LNG"), green hydrogen, energy, steel, medical and healthcare, chemicals and fertilizers, aviation and aerospace, pharmaceuticals and construction. In addition, they manufacture a range of cryogenic equipment utilised in global scientific research projects. They were the largest exporter of cryogenic tanks from India in terms of revenue in Fiscal 2023.

They were the first Indian company to manufacture a trailer mounted hydrogen transport tank, which was designed jointly with the Indian Space Research Organisation ("ISRO"). The business comprises of three divisions: (i) Industrial Gas; (ii) LNG; (iii) Cryo Scientific. They have a diversified customer base across industry sectors and geographies. From FY21 to September 30, 2023 they provided equipment and systems to 1,255 domestic customers and 254 international customers across three divisions. Further they exported their products and delivered services to 66 countries. It has three manufacturing facilities located at (i) Kalol in Gujarat, (ii) the Kandla Special Economic Zone ("Kandla SEZ") in Gujarat and (iii) Silvassa in the Union Territory of Dādra and Nagar Haveli.

## HIGHLIGHTS

1. Leading Indian supplier and exporter of cryogenic equipment and solutions
2. Large portfolio of specialized cryogenic equipment engineered to global quality standards
3. Diversified domestic and international customer base across industry sectors
4. Strong product development and engineering focus
5. Healthy financial performance to support growth

## OBJECTS OF THE ISSUE

1. To carry out the Offer for Sale of up to 22,110,955 Equity Shares by the Selling Shareholders
2. To achieve the benefits of listing the Equity Shares on the Stock Exchanges

The company will not receive any proceeds from the Offer.

## OUR VIEW

INOXCVA has firmly established itself as a global market leader in the demanding sector of vacuum insulated cryogenic equipment. One of the largest manufacturers of both standard and customized cryogenic equipment, designed for the storage, distribution, and transfer of cryogens. These cryogens include Helium, Hydrogen, Nitrogen, Oxygen, Argon, CO<sub>2</sub>, N<sub>2</sub>O, LNG, and Ethylene.

By expanding the product portfolio to include a fully integrated product presence in each major segment, they expect to capture market share. The type of technology and expertise required in the line of business pose a strong barrier to entry. They plan to focus their expansion in North America, South America, Europe, Africa, Korea and Japan. They are also ramping up current business in the Middle East, Southeast Asia, India and the SAARC region. The company is planning to set up a serial production facility to produce these stainless-steel beverage kegs at Savali, near Vadodara. The company is undertaking the IPO entirely OFS for reaping listing benefits. As at FY23, their Order Book was ₹ 10,031.51 million. The company is virtually debt-free. The company is highly impacted by volatility in steel prices. They face stiff competition from established global players.

The revenue CAGR for the period FY21-23 stood at about 27.54%. The company operated on an EBITDA margin of 22.62% and PAT margin of 15.52% for year ended FY23. The number was 25.13% and 17.82% respectively for H1FY24. Generating an ROE and ROCE of 27.79% and 36.53% respectively for FY23. It's Debt Equity Ratio, reduced from 0.18x in FY21 to 0.02x in FY23 and stood at 0.08x in HYFY24.

The issue is priced at a P/BV of 10.81 based on its NAV of Rs. 61.06 as of September 30, 2023. The issue appears fully priced as it is asking for a PE multiple of 39.22x on the upper end of the price band and using diluted EPS for FY23 (₹ 16.83) and a PE of 28.97x annualizing diluted EPS for H1FY24 (₹ 11.39).

However, being the 1<sup>st</sup> listed player and its unique position within the clean energy sector, its consistent dividend history, and its capable future growth prospects with the presence in the national and international market, the company outlook appears favorable. Investors may apply for the issue with a long-term view.

### Brief Financials

PARTICULARS	As at September 30, 2023	₹ in Million		
		FY '23	FY '22	FY '21
Total Income	5,799.95	9,841.99	8,037.13	6,089.92
Total Expenditure	4,438.23	7,791.50	6,295.06	4,779.27
EBITDA	1,457.40	2,226.51	1,886.31	1,496.98
Profit before Tax	1,361.72	2,050.49	1,742.07	1,310.65
Profit after Tax	1,033.37	1,527.14	1,304.98	961.07
E.P.S. (Diluted)	11.39*	16.83	14.38	10.59
P/E (x) (Diluted)	-	39.23	-	-
RONW (%)	18.64*	27.79	25.98	25.87

\* Not Annualized

### PRICE CHART (@ ₹ 660) (Retail Category)

LOT SIZE	Amount
22	14,520
44	29,040
66	43,560
88	58,080
110	72,600
132	87,120
154	101,640
176	116,160
198	130,680
220	145,200
242	159,720
264	174,240
286	188,760

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	308	203,280
Big HNI	1,518	1,001,880

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	19/12/2023
Initiation of refunds/unblocking ASBA Fund	20/12/2023
Credit of Equity Shares to demat accounts of Allottees	20/12/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	21/12/2023

**For more details, Please refer RHP,**

[\(SEBI | Inox India Limited - RHP\)](#)

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### **SEBI Registration No. INH00000867**

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