

# Paras Defence & Space Technologies IPO: Offers short to long-term benefits

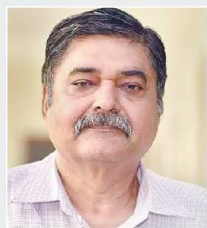
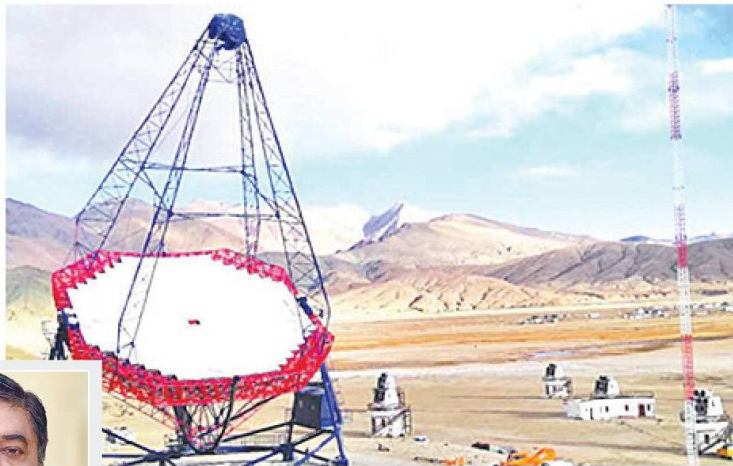
PARAS Defence and Space Technologies Ltd is tapping the capital markets with its fresh issue for Rs 140.6 crores and an offer for sale of 17,24,490 equity shares in a price band of Rs 165-175. The issue at the top end of the band would raise Rs 170.78 crores. The issue opens on Tuesday (September 21) and closes on Thursday (September 23).

The company is into the business of designing, developing and manufacturing a wide range of defence and space engineering products and solutions. They are a leading IDDM indigenously designed developed and manufactured company. India is the third largest spender on defence in the world and post the Atmanirbhar Bharat program is a God send opportunity for Indian companies.

The company has partnered with leading technology companies and deals with the who's who in defence and defence related equipment in the country. The company makes heavy engineered products, defence and space optics and defence electronics, EMP (electromagnetic pulse) solutions and Niche Technologies.

Paras Defence is one of the few companies in India making optics for the defence and space industry and the only one having designing capabilities. The company makes electronics for defence applications which are rugged and have to perform under extreme conditions such as very high and freez-

**The company has partnered with leading technology companies and deals with the who's who in defence and defence related equipment in the country**



Arun Kejriwal

ing temperatures, rugged consoles and other such electronic equipment. The heavy engineering division has the capability to machine tough and difficult components using advanced metalurgy like titanium and making not only parts, but assemblies and turnkey solutions.

EMP is becoming a new threat and a typical example of the same would have been the entire neutralising of all electronics through an attack on the electromagnetics of the weaponry. This was well explained in the James Bond movie, Goldeneye. Like hacking of computers and networks is a normal thing, damage of weaponry through



EMP attack would be the new weapon in coming times and Paras has the capability and expertise in building such systems to protect the same from attacks.

The company has developed niche technologies to manufacture diverse products such as deployable antennas, avionic suits, military winches, capsule size drones and many other products.

Their ability to respond to the need of the hour and come up with solutions makes then the go to company by the various government arms associated with defence and space in the country.

Through their subsidiaries they have established worldwide relationships for drone applications used in surveillance and various other applications. Paras Aerospace is involved in the activity of providing drone services. Paras Anti-Drone is into the business of handling space sub-systems and satellites. Opel Technologies is into the business of cost-effective global sourcing and offering direct import options to the customers. Paras Green Optics is into the business of manufacturing of optical domes and large optics.

The company reported revenues of Rs 144.60 crores for the year ended March 2021 and a net profit of Rs 15.78 crores. The EPS was Rs 5.55 for the year. The PE multiple for the offer is 29.72-31.53 times its March 21 earnings. The size of the company is currently small but has the potential to multiply its top line going forward. The company has an order book of Rs 304 crs which would be executed in the next 15-18 months if not earlier.

Paras Defence is into the niche business catering to defence and space optics and has already secured a foothold in the fast-developing drone market. Its accreditation with leading companies like BEL, DRDO, ISRO and HAL makes it a unique play. The fact that

India is the 3rd largest spender on Defence equipment in the world and the ambitious make in India program make the company a must invest opportunity.

The company is small, has a decent

**The company is among few companies in India making optics for the defence and space industry and the only one having designing capabilities. The company makes electronics for defence applications which are rugged and have to perform under extreme conditions such as very high and freezing temperatures, rugged consoles and other such electronic equipment**

exposure to a new and promising product portfolio which could easily make the company have its topline multiply multi-times in the next three-five years. The size of the issue being less than Rs 250 crores would see the shares trade for the first ten trading sessions in the Trade-to-trade segment where there is a five per cent daily cap on stock movement. Further all trades must result in delivery. There are immediate gains available on listing, in the short to medium term and also in the longer term. Investors should have this stock in their portfolio.

*(The author is the founder of Kejriwal Research and Investment Services, an advisory firm)*