

**Paras Defence And Space Technologies Ltd.**
**Sector Defence**
**Issue Highlights**

|                         |                          |
|-------------------------|--------------------------|
| <b>Issue Open</b>       | September 21, 2021       |
| <b>Issue Close</b>      | September 23, 2021       |
| <b>Issue Price</b>      | Rs. 165 - Rs. 175 /Share |
| <b>Total Issue Size</b> | Rs. 170.8 Cr             |
| Of which                |                          |
| <b>Offer for Sale</b>   | Rs. 30.2 Cr              |
| <b>Fresh Issue</b>      | Rs. 140.6 Cr             |
| <b>Face Value</b>       | Rs. 10 / share           |
| <b>Market Lot</b>       | 85 Equity Shares         |
| <b>Issue Type</b>       | Book Built Issue         |

**Offer Structure**

|                          |     |
|--------------------------|-----|
| <b>QIB Category</b>      | 50% |
| <b>Retail category</b>   | 35% |
| <b>Non-Institutional</b> | 15% |

**Lead Book Running Managers**

- Anand Rathi Advisors Ltd.

**Registrar To The Offer**

- Link Intime India Private Ltd.

**About the Company**

Paras Defence and Space Technologies (Paras) engaged in designing, developing, manufacturing and testing a wide range of defence and space engineering products and solutions. It is one of the leading 'Indigenously Designed Developed and Manufactured' category private sector companies in India, which caters to four major segments of the Indian defence sector i.e. defence and space optics, defence electronics, electro-magnetic pulse protection solution and heavy engineering. It is also the sole Indian supplier of critical imaging components such as large size optics and diffractive gratings for space applications in India. The company has five principal categories of product offerings: defence and space optics, defence electronics, EMP protection, heavy engineering for defence and niche technologies. It has two manufacturing facilities in Maharashtra, located at Nerul in Navi Mumbai and Ambernath in Thane. Its R&D capabilities include product design, product engineering, product simulation, prototyping and testing. Some of its customer base includes government arms and notable Indian public and private sector companies including BEL, HAL, BDL, Hindustan Shipyard Limited, Electronic Corporation of India Limited, TCS, Solar Industries India.

**Objects of the Issue**

- Purchase of machinery and equipment
- Funding incremental working capital requirements
- Repayment or prepayment of all or a portion of certain borrowings/ outstanding loan facilities availed by the company
- General corporate purposes

**Valuation**

The outlays by the Indian Government on the defence optics, defence electronics, EMP protection solution and heavy engineering segment is expected to increase from approximately USD 3.21 billion in 2021 to over USD 14.5 billion by 2031 due to extensive fleet recapitalisation, C4ISR orientation and greater indigenous supply preferences. The cumulative market in the same time frame is expected to be approximately USD 99.4 billion.

The company stands to benefit given its wide range of products and solutions for defence as well as space applications. It is one of the few manufacturers in India with comprehensive in-house capabilities of designing, developing and manufacturing optics for space and defence applications in India. It places a strong emphasis on R&D which has helped the company develop a wide range of products and solutions in the defence and space sector. Paras is well-positioned to benefit from the government's "Atmanirbhar Bharat" and "Make in India" initiatives.

Going forward, Paras intends to expand its production capacity, strengthen its foothold in India's growing market and also increase its international presence. Further, it would continue to focus on innovation and development which will be crucial to remaining competitive. It also plans to diversify its products and solutions portfolio through R&D and partnering with overseas technology companies with specialized technologies in the field of defence and space sector. The financial performance of the company has been muted over the last three years due to several challenges in the sector. **Key risk:** i) Decline in allocation to defence and space budget by the government, ii) Top 5 customers account for ~60% of revenues.

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**Statements on ownership and material conflicts of interest , compensation– Research Analyst (RA)**

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

| S. No. | Statement                                                                                                                                                                                                                                                    | Answer           |    |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----|
|        |                                                                                                                                                                                                                                                              | Yes              | No |
|        |                                                                                                                                                                                                                                                              | Tick appropriate |    |
|        |                                                                                                                                                                                                                                                              | Yes              | No |
|        | I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]                                                                                                           |                  | No |
|        | I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance? |                  | No |
|        | I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?                                                                                         |                  | No |
|        | I/we have received any compensation from the subject company in the past twelve months?                                                                                                                                                                      |                  | No |
|        | I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?                                                                                                                                             |                  | No |
|        | I/we have received any compensation for brokerage services from the subject company in the past twelve months?                                                                                                                                               |                  | No |
|        | I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?                                                                                                               |                  | No |
|        | I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?                                                                                                                        |                  | No |
|        | I/we have served as an officer, director or employee of the subject company?                                                                                                                                                                                 |                  | No |
|        | I/we have been engaged in market making activity for the subject company?                                                                                                                                                                                    |                  | No |

**Nature of Interest ( if answer to F (a) above is Yes :**

.....

**Name(s) with Signature(s) of RA(s).**

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

| SS.No. | Name(s) of RA. | Signatures of RA | Serial Question of question which the signing RA needs to make a separate declaration / answer | Yes | No. |
|--------|----------------|------------------|------------------------------------------------------------------------------------------------|-----|-----|
|        |                |                  |                                                                                                |     |     |
|        |                |                  |                                                                                                |     |     |

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