



IPO INSIGHTS



Issue Dates

Opens: 21-09-2021 | Closes: 23-09-2021

IPO Note	One of the leading 'Indigenously Designed, Developed and Manufactured (IDDM) Category Indian Private Sector Company in defence and engineering segment, Healthy Order Book Position, Reasonably Priced.
Rating	★★★ - GOOD

IPO SNAPSHOT

Issue Size	₹ 170.78 Crores
Issue Type	Fresh Issue & Offer For Sale
Fresh Issue	₹ 140.60 Crores
Offer for Sale	₹ 30.18 Crores
Face Value Per Share	₹ 10
Price Band Per Share	₹ 165 - ₹ 175
Minimum Lot Size	85 shares
Listing On	BSE & NSE
Pre-Issue Paid-Up Capital	₹ 30.97 Crores
Post-Issue Paid-Up Capital	₹ 38.91 Crores

COMPANY INTRODUCTION

- Paras Defence and Space Technologies are primarily engaged in the designing, developing, manufacturing, and testing of a variety of defence and space engineering products and solutions. The company has five major product category offerings - Defence & Space Optics, Defence Electronics, Heavy Engineering, Electromagnetic Pulse Protection Solutions, and Niche Technologies.
- It is the only Indian company with the design capability for space-optics and opto-mechanical assemblies and is one of the leading providers of optics for various Indian defence and space programs.
- It also delivers customized turnkey projects in the defence segment. The company has partnered with some of the leading technology companies around the world to indigenize advanced technologies in the defence and space sectors for the Indian market.
- The company has 2 manufacturing plants in Maharashtra and is in the process of expanding its current manufacturing facility at Nerul in Navi Mumbai..

OBJECTS OF THE ISSUE

- Fund Capital Expenditure Requirements
- Fund Incremental Working Capital Requirements
- Repayment or Prepayment of all or portion of certain borrowings/outstanding loan facilities availed by the company
- General Corporate Purposes

FINANCIAL SUMMARY (₹ in Crores, unless otherwise stated)

Particulars	FY 2019	FY 2020	FY 2021	YoY	2-Yrs CAGR
Total Revenue	154.40	147.04	143.33	-3%	-4%
Net Profit	18.97	19.66	15.79	-20%	-9%
Diluted EPS (₹)	6.74	6.92	5.55	-20%	-9%

Sources: Red Herring Prospectus & ACE Equity

PROMOTERS

- Sharad Virji Shah
- Munjal Sharad Shah



HIGHLIGHTS

- One of the Leading Indigenously Designed Developed and Manufactured “IDDM”
- Engaged in Designing, Developing, Manufacturing & Testing of wide range of defence and space engineering products and solutions
- Caters to 5 Major segments viz. defence and space optics, defence electronics, electro-magnetic pulse protection solution, Heavy Engineering, Niche Technologies
- 2 Manufacturing facilities in India
- Order Book as on Jun 2021 amounts to 305 Crores
- Customer includes Government arms and notable Indian public and private sector companies include BEL, HAL, TCS, Astra-Rafael Comsys Pvt. Ltd., Chaban (Israel), Advanced Mechanical and Optical systems (Belgium), Green Optics and Tae Young Optics Company Ltd.(South Korea), etc.
- Well-positioned to benefit from the Government's Atmanirbhar Bharat and Make in India initiatives

RECOMMENDATION

- On the upper price band of Rs 175 and last 3 years average EPS of Rs 6.2, the P/E ratio works out 28x.
- If we take FY21 EPS of Rs 5.55, the P/E ratio works out to 31x.
- Company is asking IPO price in the P/E range of 28x to 31x.
- The current order book position of the company is Rs. 304 crore
- There are no listed peers doing similar business. However, if we consider this P/E in general, it is reasonably priced.

DISCLAIMER

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