



IPO INSIGHTS



Pritika Engineering Components Ltd

Issue Dates - Opens: 25-11-2022 | Closes: 30-11-2022

IPO Note	<ol style="list-style-type: none"> Engaged in manufacturing of precision machined components and various other components for Automobile Industry Significantly levered alongwith very low net profit margins Primary object of the issue is for an investment in a new unit set-up by its wholly owned subsidiary MCL Capital-extensive business Marquee Clientele: Mahindra, Ashok Leyland, SML Isuzu, Swaraj, Eicher Motors, Escorts Sudden boost in financials and sustainability of margins raises concern
Rating	★★ (Average)

IPO SNAPSHOT

Issue Size	₹ 9.42 Crores
Issue Type	Fresh Issue
Fresh Issue	9.42
Offer for Sale	-
Face Value Per Share	₹ 10
Price Band Per Share	₹ 29
Minimum Lot Size	4000 shares
Listing On	NSE Emerge
Registrar to the Issue	Link Intime Private Ltd

IPO SNAPSHOT – Pritika Engineering Components Ltd

About the Company	<ul style="list-style-type: none"> ▪ Incorporated on February 28, 2018 ▪ Engaged in manufacturing of precision machined components used in automotive industry ▪ Caters mainly to the tractor and trucks alongwith other commercial vehicles in the automotive industry ▪ Supplies directly to the OEMs through the promoter company Pritika Auto Industries Ltd. and group company Pritika Industries Ltd. ▪ Also manufactures various Tractors and Automobile components like End Cover, Cover Sealed Brake, Differential Case, Cover Hydraulic Lift, Cover Transcase, Front Wheel hub, Fly Wheel Housing, Rear Axle Casings, Hydraulic Lift Covers, Brake Housing & Front Engine Supports etc. ▪ The promoter company is listed on BSE and NSE as Pritika Auto Industries Ltd. ▪ Marquee Clientele: Mahindra, Swaraj, Eicher, Escorts, SML Isuzu, Ashok Leyland etc. 																														
Competitive Strengths	<ul style="list-style-type: none"> ▪ Quality standards ▪ Wide product range and product segments ▪ Legacy Business Process & Management ▪ Strong & experienced R&D team 																														
Financials (₹ in Crores)	<table border="1"> <thead> <tr> <th>Particulars</th> <th>31-3-2020</th> <th>31-3-2021</th> <th>31-3-2022</th> <th>Y-o-Y</th> </tr> </thead> <tbody> <tr> <td>Revenue from Operations</td> <td>21.67</td> <td>32.07</td> <td>53.60</td> <td>67.13%</td> </tr> <tr> <td>EBITDA</td> <td>2.57</td> <td>3.15</td> <td>6.34</td> <td>100.85%</td> </tr> <tr> <td>EBITDA Margin</td> <td>11.86%</td> <td>9.82%</td> <td>11.83%</td> <td></td> </tr> <tr> <td>Profit After Tax</td> <td>0.13</td> <td>0.38</td> <td>5.46</td> <td>Abnormal Growth</td> </tr> <tr> <td>Profit After Tax Margin</td> <td>0.60%</td> <td>1.18%</td> <td>10.19%</td> <td></td> </tr> </tbody> </table> <p>Debt to Equity = 1.51</p>	Particulars	31-3-2020	31-3-2021	31-3-2022	Y-o-Y	Revenue from Operations	21.67	32.07	53.60	67.13%	EBITDA	2.57	3.15	6.34	100.85%	EBITDA Margin	11.86%	9.82%	11.83%		Profit After Tax	0.13	0.38	5.46	Abnormal Growth	Profit After Tax Margin	0.60%	1.18%	10.19%	
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Valuation	<ul style="list-style-type: none"> ▪ Attributing FY22 Earnings P/E = 4.05 																														
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Promoters	<ul style="list-style-type: none"> ▪ Pritika Auto Industries Ltd. 																														
Objects of the issue	<ul style="list-style-type: none"> ▪ Investment in relation to the new unit set up by our wholly owned subsidiary, Meeta Castings Limited (MCL); ▪ General Corporate purposes 																														
Risks	<ul style="list-style-type: none"> ▪ There is one outstanding criminal litigation against the promoter ▪ 99% of revenue is generated from only 3 customers ▪ In past several years company has made capex in increasing the manufacturing capacities but only 55% of the capacity is utilized ▪ Margins are very subdued but has rose quite well (Excluding FY 22) which shows room for further growth ▪ Profit for fiscal year 2022 is 5.4 crores which is 15x more than the previous fiscal because of the sale of an investment which is also reflected in margins ▪ P/E of 4.05 is calculated considering FY22 earnings which is not very reliable because of the above stated reason. 																														

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