

IPO Details	
Opening Date	Dec 19, 2023
Closing Date	Dec 21, 2023
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price	₹ 93 per share
Issue Size	Aggregating up to 80.68 Cr.
Fresh Issue	Aggregating up to 55.80 Cr.
Offer for Sale	Aggregating up to 24.88 Cr.
Application Amount	₹ 1,11,600

IPO Objective	
To meet Working Capital Requirements.	
Pursuing Inorganic Growth.	
General Corporate Purpose.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,74,00,001	100.00%
Public	-	-

Promoter of the Company	
1	Ayesspea Holdings and Investments Private Limited
2	Garuda Television Private Limited
3	Pravin Kumar Brijendra Kumar Agarwal

Competitive Strengths	
1	Experienced Management Team.
2	High standard of product quality and customer service.
3	In-house R&D, tool room and continuous new product development.
4	Offering a variety of products to meet the needs of different customers.

Company Background	
○	Electro Force (India) Limited was originally incorporated in the year 2010 and has its registered office in Maharashtra, India.
○	The company offers end-to-end product solutions to its customers under the B2B model wherein they provide services ranging from designing, manufacturing, quality testing and packaging to logistics.
○	The company specializes in designing and manufacturing precision sheet metal components, high-speed metal stamping components, plastic injection mouldings, insert and over moulding, sub-assemblies and value-added services for diverse industries like electronics, lighting and other engineering industries in India.
○	As of 31 st October 2023, the Company had 31 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 162	₹ 218

Financial Summary (In Lacs)				
For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
Total Assets	1,719.96	4,783.38	7,231.51	7,827.00
Net Assets	171.47	1,035.73	1,835.33	2,546.41
Total Borrowings	586.53	878.26	-	-
Total Revenue	1,587.13	3,443.55	3,028.82	2,314.19
Profit After Tax	-223.70	864.25	799.61	711.09

Tentative Timeline	
Opening Date	Dec 19, 2023
Closing Date	Dec 21, 2023
Basis of Allotment	Dec 22, 2023
Initiation of Refunds	Dec 26, 2023
Credit of Shares to Demat	Dec 26, 2023
Listing Date	Dec 27, 2023

Company Background and Analysis

The Company was originally incorporated on 14, June 2010. The company is an ISO 9001:2015-certified company that designs and manufactures electrical components, and metal / plastic contact parts, and supplies these products to the industry players via a business-to-business (B2B) model. The company has been a supplier of high-grade precision metal electrical contact parts and components, connectors and assemblies for applications in electronics, lighting, switchgear and allied industries in India.

The company's manufacturing unit is located at Vasai in Maharashtra. The company offer end-to-end product solutions to customers under the B2B model wherein they provide services ranging from designing, manufacturing, quality testing and packaging to logistics. The company also offers products in the intermediate stages to many of its customers. The company believes that they specialize in designing and manufacturing precision sheet metal components, high-speed metal stamping components, plastic injection mouldings, insert and over moulding, sub-assemblies and value-added services for diverse industries like electronics, lighting and other engineering industries in India.

The company's product offering, and capabilities include Product Design, Prototyping, and Process development for precision sheet metal components, plastic products, and assemblies for the electrical and switchgear industry. The company's core manufacturing capabilities include High-speed sheet metal stamping, Injection and insert moulding, Progressive cold forging, High-frequency welding, and Automated and manual assembly and testing.

The company's products bifurcation of Stamping Components are as follows –

- i) Components for Electrical MCB's (Miniature Circuit Breakers)
- ii) Components for Electrical 63A Manual Changeover Switch
- iii) Components for Electrical MCCB & RCB's
- iv) Components for Brushless DC Motors
- v) Components for Electrical Motor Starters
- vi) Components for Electrical Control Gears
- vii) Components for Electrical Switches and Lighting Industry
- viii) Plastic Components

The industry-wise revenue for six six-month period ended September'23, fiscal 2021, 2022 and 2023 were as follows: -

(Amount in Cr.)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Electricals and Electronics Industry	1,533.66	97.42	3,389.40	98.54	2,962.71	97.94	2,310.43	100.00
Motors used in medical devices	32.96	2.09	49.75	1.45	61.83	2.04	-	0.00
Food packaging Industry	7.66	0.49	0.50	0.01	0.50	0.02	-	0.00
Total Sale	1,574.28	100.00	3,439.65	100.00	3,025.04	100.00	2,310.43	100.00

To conclude, the company was incorporated in the year 2010. The company generates the majority of its revenue from the Electricals and Electronics Industry.

Business Strategies

1. Operational Effectiveness -

The company, to reduce costs and gain a competitive advantage over the competition, the company is striving to increase operational effectiveness. The company have re-designed material flow in the factory for inward and outward movements of goods which contributed to operational efficiency by reducing the time taken for loading and unloading of goods.

2. Quality Control -

The company ensures that the products meet high standards of quality and precision which is essential in the electrical components manufacturing industry.

3. Invest in infrastructure and technology -

The company believes in making investments to continually improve the quality of the products though and has not made any major investments. The company intends to continue to strive towards upgrading and modernisation of the infrastructure.

4. Diversification into new industries -

The company intends to enhance the product offerings from the current product portfolio to be able to cater to more industries, thereby helping to diversify the customer base.

5. Entry into new geographies

The company intends to enhance the reach, to other markets based on market intelligence, by setting up a few offices at strategic locations keeping in mind the electronics and allied products manufacturing bases in such geographies.

Competitive Scenario and Peer Mapping

Competition

The company operates in a competitive atmosphere. The competition varies by market, geographic area and type of products. The company may face stiff competition from domestic as well as global markets as the dynamic changes. The industry is fragmented with many small and medium-sized companies and entities, which manufacture some of these products at various levels, which may adversely affect the business operation and financial condition. The company has a low barrier to entry. The bargaining power with the customers is high in the sector in which the company operates. The bargaining power with the suppliers is moderate in this sector.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

Particulars	Electro Force (India) Limited	Centum Electronics Limited	RIR Power Electronics Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	26%	1%	10%
EBITDA Margin	38%	8%	14%
Return on Capital Employed	58%	10%	12%
Return on Equity	44%	3%	18%
EPS (INR)	4.60	7.62	8.58

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

Particulars	Electro Force (India) Limited	Centum Electronics Limited	RIR Power Electronics Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	25%	-7%	7%
EBITDA Margin	33%	9%	11%
Return on Capital Employed	55%	8%	11%
Return on Equity	83%	-26%	11%
EPS (INR)	4.97	-23.70	4.04

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

Particulars	Electro Force (India) Limited	Centum Electronics Limited	RIR Power Electronics Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	-14.2%	1.5%	4.4%
EBITDA Margin	-9.8%	10.8%	9.5%
Return on Capital Employed	-30.4%	10.5%	6.6%
Return on Equity	-130.5%	5.4%	6.0%
EPS (INR)	-1.29	13.32	1.91

Industry Overview

Exhibit 1: Segmentation of ESDM Market (FY19)

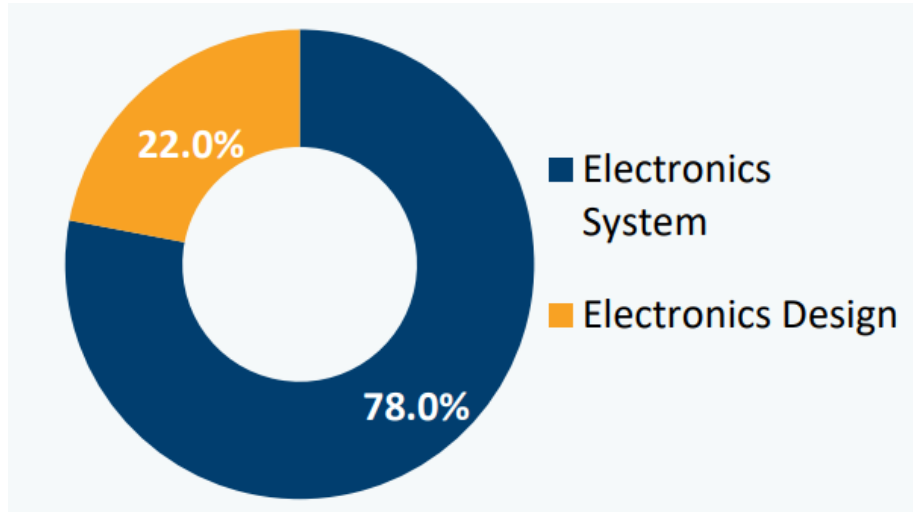
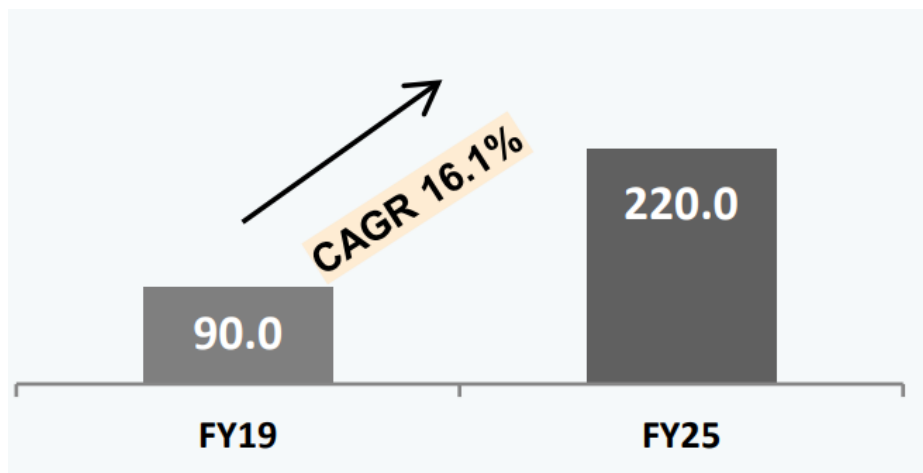


Exhibit 2: Electronics System Design and Manufacturing (ESDM) in India (US\$ billion)



(Source: ibef.org)

Electronics System Design and Manufacturing Industry in India -

The Indian electronics system design and manufacturing (ESDM) sector is one of the fastest growing sectors in the economy and is witnessing a strong expansion in the country. The ESDM market in India is well known internationally for its potential for consumption and has experienced constant growth. The ESDM market in India is well known internationally for its potential for consumption and has experienced constant growth.

Indian manufacturers are attracting the attention of multinational corporations due to shifting global landscapes in electronics design and manufacturing capabilities, as well as cost structures. Companies from all over the world are striving to develop local capacities in India not only to serve the domestic market but also to cater to international markets. The Electronics System Design & Manufacturing (ESDM) industry includes electronic hardware products and components relating to information technology (IT), office automation, telecom, consumer electronics, aviation, aerospace, defence, solar photovoltaic, nano electronics and medical electronics.

The industry also includes design-related activities such as product designing, chip designing, Very Large-Scale Integration (VLSI), board designing and embedded systems. India witnessed a substantial spike in demand for electronic products in the last few years; this is mainly attributed to India's position as second-largest mobile phone manufacturer worldwide and surge in internet penetration rate. The Government of India attributes high priority to electronics hardware manufacturing, as it is one of the crucial pillars of Make in India, Digital India and Start-up India programmes.

The Electronics System Design & Manufacturing (ESDM) sector plays a vital role in the government's goal of generating US\$ 1 trillion of economic value from the digital economy by 2025. With various government initiatives aiming to boost domestic manufacturing, India has already started witnessing initial movement with increased production and assembly activities across products such as mobile phones and other consumer electronics.

The Indian electronics manufacturing industry is projected to reach US\$ 520 billion by 2025. The demand for electronic products is expected to rise to US\$ 400 billion by 2025 from US\$ 33 billion in FY20. Electronics market has witnessed a growth in demand with market size increasing from US\$ 145 billion in FY16 to US\$ 215 billion in FY19—the market witnessed a growth of 14% CAGR from 2016-19. Electronics system market is expected to witness 2.3x demand of its current size (FY19) to reach US\$ 160 billion by FY25. The top products under the ESDM sector with the highest CAGR include IT/OA at 54%, followed by industrial electronics at 38% and automotive electronics at 10%.

(Source: prospectus)

Key Managerial Personnel

Pravin Kumar Brijendra Kumar Agarwal, aged 52, is the Promoter of the company. He has over twenty-five (25) years of experience in various businesses like Construction & Development, Hospitality and Management Services.

Arvind Sharma, aged 37, is the Chairman and non-executive Director of the Company. He is a Diploma Holder in Electronics and Telecommunications Engineering. He has over 13 years of experience in the engineering and Project Quantity Management, Daily Work progress and he is currently responsible for overall management and affairs of the Company.

Saideep Shantaram Bagale, aged 38, is the Whole-Time Director of the company. He is diploma in mechanical engineering. He is associated with the company since its inception. He looks into every aspect of the company and day to day operations.

Priyanka Yadav, aged 31, is the Independent Director of the Company. She is a member of the Institute of Company Secretaries of India. She holds a bachelor's degree in laws. She has experience in compliance, secretarial and legal advisory. She has an experience of over Five (5) years in the secretarial compliances.

Dilip Kumar Swarnkar, aged 29, is the Independent Director of the company. He is a member of the Institute of Company Secretaries of India. He holds a bachelor's degree in commerce. He has experience in compliance, secretarial and legal advisory. He has an experience of over Six (6) years. He is a currently Practicing Company Secretary

Santosh Kumar Palaria, aged 72, is the Independent Director of the Company. He is undergraduate. He is also associated with other company working in same industry. He has more than 4 (four) decades of experience in electronics component Sector.

To conclude, the company has 3 promoters out of which only one is an individual promoter who is not associated with the management. The Directors of the company have good experience in the industry directly linked to the industry and in the fields which help in the growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
Revenue from Operations	1,574.28	3,439.65	3,025.04	2,310.43
Other Income	12.85	3.90	3.78	3.76
Total Income	1,587.13	3,443.55	3,028.82	2,314.19
Expenses				
Cost of Material Consumed	1,197.25	2,006.87	2,558.31	886.51
Change in inventories of finished goods, work in progress and stock in trade.	261.68	-0.17	-998.70	188.97
Employee benefits expense	122.57	123.53	108.41	57.65
Finance costs	6.19	1.40	0.23	0.75
Depreciation and Amortization expense	79.20	83.69	69.84	32.09
Other expenses	147.42	168.78	222.19	197.98
Total Expenses	1,814.31	2,384.10	1,960.28	1,363.95
Earnings Before Interest, Taxes, Depreciation & Amortization	-154.64	1,140.64	1,134.83	979.32
EBITDA Margin	-10%	33%	38%	42%
Profit/(Loss) before tax	-227.18	1,059.45	1,068.54	950.24
Tax Expense				
Current Tax	-	234.29	273.56	240.14
Deferred Tax	-3.48	-39.09	-4.63	-0.99
Total Tax Expense	-3.48	195.20	268.93	239.15
Profit/(Loss) for the year	-223.70	864.25	799.61	711.09
Net Profit Margin	-14%	25%	26%	31%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	500.00	500.00	1,740.00	1,740.00
Reserve and Surplus	(328.53)	535.73	95.33	806.41
Total Equity	171.47	1,035.73	1,835.33	2,546.41
2. non-current liabilities				
Long Term Borrowings	586.53	878.26	-	-
Deferred Tax Liabilities				
Long Term Provisions	10.25	9.39	10.63	10.63
Total non-current liabilities	596.78	887.65	10.63	10.63
3. Current liabilities				
Financial Liabilities				
Short-term borrowings				
Trade payables				
Due to MSME	323.01	231.35	153.17	230.37
Due to Others	71.73	200.37	236.87	255.44
Other Current Liabilities	526.25	2,201.14	4,674.95	4,222.50
Short-term Provisions	30.71	227.15	320.55	561.65
Total Current liabilities	951.70	2,860.01	5,385.54	5,269.96
Total Liabilities	1,548.48	3,747.66	5,396.17	5,280.59
Total Equity and Liabilities	1,719.95	4,783.39	7,231.50	7,827.00
ASSETS				
1. non-current assets				
Property, Plant and Equipment				
Tangible Assets	732.18	335.92	302.96	309.34

Balance Sheet					(In Lacs)
Intangible Assets	5.05	5.05	5.05	5.05	5.05
Non-Current Investments	-	-	-	-	-
Long-term Loans and Advances	16.85	17.19	17.19	18.09	18.09
Deferred Tax Assets	3.48	42.57	47.20	48.19	48.19
Total non-current assets	757.56	400.73	372.40	380.67	380.67
2. Current assets					
Inventories	208.39	204.24	1,270.21	1,093.45	1,093.45
Trade receivables	559.45	395.75	667.35	530.52	530.52
Cash and Bank Balances	63.16	1,028.52	93.69	117.72	117.72
Short-term loans and advances	131.40	2,754.14	4,827.86	5,704.64	5,704.64
Other Current Assets					
Total Current assets	962.40	4,382.65	6,859.11	7,446.33	7,446.33
Total Assets	1,719.96	4,783.38	7,231.51	7,827.00	7,827.00

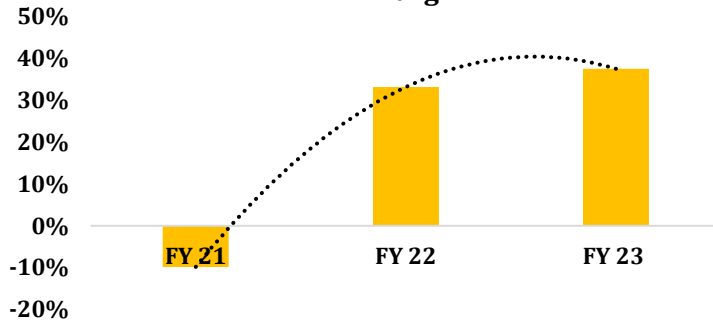
Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Net Cash Flow from Operating Activities	302.77	358.89	-23.18	60.40	60.40
Net Cash Flow from Investing Activities	-367.01	316.13	-33.16	-35.61	-35.61
Net Cash Flow from Financing Activities	43.32	290.33	-878.48	-0.75	-0.75

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	-1.29	4.97	4.6	6.08
BV per share	0.73	4.43	7.84	37.77
Operating Ratios				
EBITDA Margins	-9.82%	33.16%	37.51%	42.39%
PAT Margins	-14.09%	25.10%	26.40%	30.73%
Inventory days	48.32	21.67	153.26	86.61
Debtor days	129.71	42.00	80.52	42.02
Creditor days	124.84	78.69	54.22	98.92
Return Ratios				
RoCE	-30%	55%	58%	21%
RoE	-130%	83%	44%	16%
Valuation Ratios (x)				
EV/EBITDA	-	0.78	1.53	4.45
Market Cap / Sales	13.82	6.33	7.19	4.71
P/E	-	18.71	20.22	15.30
Price to Book Value	126.91	21.01	11.86	2.46
Solvency Ratios				
Debt / Equity	3.42	0.85	0.00	0.00
Current Ratio	1.01	1.53	1.27	1.41
Quick Ratio	0.79	1.46	1.04	1.21
Asset Turnover	0.92	0.72	0.42	0.30
Interest Coverage Ratio	-37.78	754.96	4,630.39	1,262.97

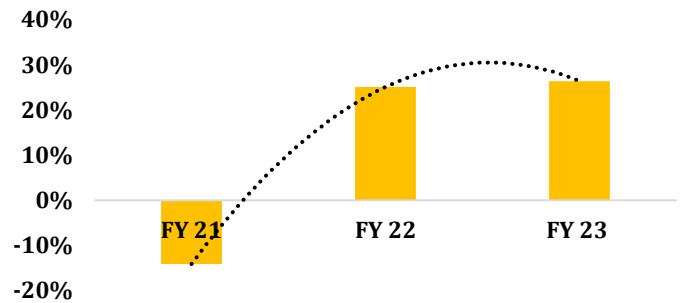
*Ratio sheet for Sep-23 is annualized.

Financial Charts

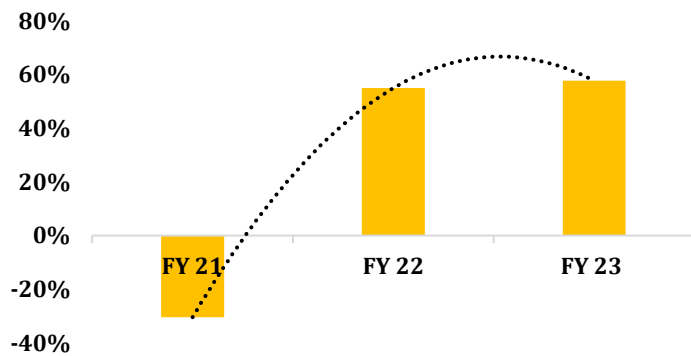
EBITDA Margin



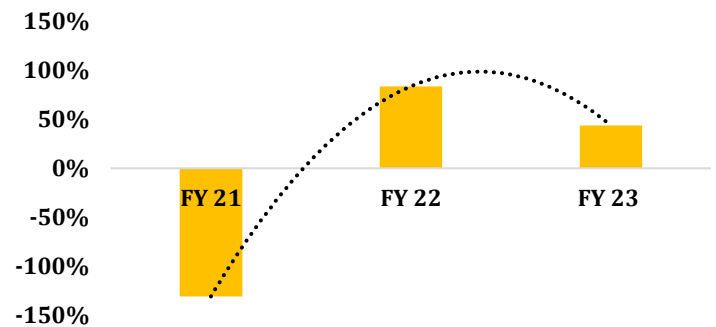
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. There are certain outstanding legal proceedings involving the Company, Promoters and Directors amounting to Rs. 862.57 lakhs. Any failure to defend these proceedings successfully may have an adverse effect on the financial conditions, business, reputation and result of ongoing operations.
2. The Company had negative operating cash flows for FY 2023. Sustained negative cash flow could impact the growth and business.

Track Record of Lead Manager

The lead manager to the issue is First Overseas Capital Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

First Overseas Capital Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Graphisads Limited	53.41	111.00	December 13, 2023	89.5
2.	Shanthala FMCG Products Limited	16.07	91.00	November 03, 2023	101.00
3.	On Door Concepts Limited	31.18	208.00	November 01, 2023	196.00
4.	Pyramid Technoplast Limited	153.05	166.00	August 29, 2023	191.00
5.	Synoptics Technologies Limited	54.03	237.00	July 13, 2023	127.00
6.	Cell Point (India) Limited	50.34	100.00	June 28, 2023	41.6
7.	Kore Digital Limited	18.00	180.00	June 14, 2023	451.00
8.	Nirman Agri Genetics Limited	20.30	99.00	March 28, 2023	274.00
9.	SVJ Enterprises Limited	6.12	36.00	March 09, 2023	57.3
10.	Amanaya Ventures Limited	2.76	23.00	March 09, 2023	15.0

*CMP for the above-mentioned companies is taken as of 20th December 2023.

As per the offer document, First Overseas Capital Limited has had 18 mandates in the last three years (including the current year). For First Overseas Capital Limited, 1 opened at par, 1 opened at discount, and all the remaining mandates have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2010 and has good experience in the industry. The company's management overview is satisfactory. The company also faces significant competition in the industry.

The P/E on a post-IPO basis is 15.34 times which seems to be fairly priced by looking at the performance of the company. The sector P/E is 67.4 times.

The company has seen a sudden surge from negative to positive in the bottom line of its financials which may or may not sustain going forward. The company does not seem to have a proper growing trend. The company faces significant competition in this industry. The company does not provide any unique products. The financial outlook of the company is showing exponential growth which may or may not take place. Thus, we believe there is no harm in avoiding this IPO. Thus, we recommend **AVOID** applying to this IPO.

Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.