

ALL ABOUT



SECTOR - CONSUMER DURABLES

Issue Opens - DEC 20, 2022 TO DEC 22, 2022

Price Band

₹234 to ₹247

Face Value

₹5

Lot Size

60 SHARES

Issue Size

₹475.00 CR

Issue Type

BOOK BUILT

Research@ganeshstock.com

Important Events

Issue Size

₹475 CR.

Fresh Issue

₹175.00 Cr

Offer for Sale

₹300.00 Cr

Basis of Allotment

Dec 27, 2022

Initiation of Refunds

Dec 28, 2022

Credit of Shares to Demat

Dec 29, 2022

Landmark IPO Listing Date

Dec 30, 2022

Promoters

- MANGI LALL SETHIA (CHAIRMAN AND WHOLETIME DIRECTOR)
- KAMAL SETHIA (MANAGING DIRECTOR)
- SANJEEV SETHIA AND SUMIT SETHIA (WHOLETIME DIRECTOR)
- KAMAL SINGH BAID (INDEPENDENT DIRECTOR)

Promoters collectively hold **53.98%** of the Equity Share .



ABOUT COMPANY

IFounded in 1969, Elin Electronics Ltd is a leading Electronic Manufacturing Services ("EMS") manufacturer of end-to-end product solutions for lighting, fan and kitchen appliance brands. small and large in India, and is also one of the largest electric motor manufacturers in India. Based on the overall market, Elin Electronics Ltd is expected to be the largest player in this category, with a market share of 12% in fiscal 2021.

Elin Electronics Ltd manufactures and assembles a wide range of products and provides end-to-end product solutions. The company serves both original equipment manufacturer ("OEM") and original design manufacturer ("ODM") business models. Under the OEM model, the company manufactures and supplies products based on designs developed by customers, who then distribute these products under their own brands. Under the ODM model, in addition to manufacturing, the EMS company also conceptualizes and designs products that are then marketed to potential customers under their brand. Elin Electronics Ltd has developed ODM capabilities related to lighting products and small appliances.



PRODUCT PORTFOLIO

LED lighting, fans and switches; small appliances; fractional horsepower motors

medical diagnostic cartridges; plastic moulded and sheet metal parts and components and

other miscellaneous products such as terminal block, stainless steel blade, die casting and radio sets.

OBJECTS OF THE OFFER

THE NET PROCEEDS FROM THE ISSUE WILL BE UTILISED TOWARDS:

- REPAYMENT/ PREPAYMENT, IN FULL OR PART, OF CERTAIN BORROWINGS AVAILED BY OUR COMPANY.**
- FUNDING CAPITAL EXPENDITURE TOWARDS UPGRADING AND EXPANDING OUR EXISTING FACILITIES AT (I) GHAZIABAD, UTTAR PRADESH AND (II) VERNA GOA**



TRACK RECORD OF FINANCIAL PERFORMANCE

Particulars	FY22	FY21	FY20
Revenue	1093.8	862.4	785.6
EBITDA	79.9	69	56.2
PAT	39.1	34.9	27.5
Total Assets	532.6	508.3	387.6
Share Capital	20.4	6.8	6.8
Total Borrowings	102.3	113.8	69.9
Net cash generated from / (used in) operating activities	51.3	-33.6	76.8
Net cash from / (used in) investing activities	-27.8	-4.9	-42.4
Net cash flow from / (used in) financing activities	-24.1	34.2	-28.4
Net increase (decrease) in cash and cash equivalents	-0.7	-4.4	6

- **EPS WAS 8.53 FOR THE FY21 AND RONW 6.84%**
- **EBIT MARGINS 6.0% , 6.6% , 6.0% FOR THE FY 22 , FY21 & FY19.**
- **ROCE WAS 15.8%, 14.9%, 15.4% AND ROE 13.9% , 14.2% , 12.93% FY 22 , FY21 AND FY 20**



STRENGTHS

- Market positions are established in key verticals, including leadership in fractional horsepower engines.
- Diversified products lead to a risk-free business model.
- Strong relationship with famous customers.
- Consistent and strong track record of financial performance.
- Extended operation in medical diagnostic cartridges.

RISKS

- Depends heavily on certain key customers for a significant portion of revenue.
- Depends heavily on securing solid, long-term purchase commitments from customers.
- Volatility in operating income depends on seasonality.
- An increase, delay or disruption of any form of transportation or policy may affect the supply of materials to suppliers.



Valuation and Outlook

THE PRICE RANGE OF THE ISSUE, IN TERMS OF VALUATION, INR 234 - 247 PER SHARE. THE P/E RATIO IS AROUND 28.95X BASED ON A PRICE RANGE ABOVE INR 247 WITH EPS OF 8.53X

ACCORDING TO DHRP, THE LISTED COMPANIES IN INDIA THAT ENGAGE IN A BUSINESS SIMILAR TO THAT OF THE COMPANIES ARE

S.NO	NAME	P/E
1.	DIXON TECHNOLOGIES (INDIA) LTD	187
2.	AMBER ENTERPRISES INDIA LIMITED	134

EEL IS ASKING FOR AN EV/S MULTIPLE OF 1X (TO ITS TTM SALES) AND P/E OF 28.95 AT HIGHER PRICE BANDS, WHICH IS LESS THAN THE PEER AVERAGE OF 2.1X AND 160X.

WE THINK THE IPO IS REASONABLY PRICED IN LIGHT OF THE FAVOURABLE GOVERNMENT POLICY FOR THE ELECTRONICS MANUFACTURING INDUSTRY, EEL'S POSITIONING WITHIN ITS PRODUCT VERTICAL, AND THE SIGNIFICANT GROWTH POTENTIAL. AS A RESULT, WE RATE THE ISSUE AS "SUBSCRIBE."

TO PROFIT FROM LISTING GAINS AND ADD THE COMPANY TO THEIR PORTFOLIO FOR LONG-TERM INVESTMENTS,