

Rating: Subscribe for long term

Issue Offer

OFS of 22,110,955 up to INR 14.6 bn by Promoters group taking the total issue size at INR 14.6 bn

Issue Summary

| | |
|-----------------------------|---------------|
| Price Band (INR) | 627-660 |
| Face Value (INR) | 2 |
| Implied Market Cap (INR Mn) | 59,904 |
| Market Lot | 22 |
| Issue Opens on | Dec, 14, 2023 |
| Issue Close on | Dec, 18, 2023 |
| No. of share pre-issue | 90,763,500 |
| No. of share post issue | 90,763,500 |
| Listing | NSE / BSE |
| Issue Break-up (%) | |
| QIB Portion | ≤50 |
| NII (HNI) Portion | ≥15 |
| Retail Portion | ≥35 |

Book Running Lead Managers

ICICI Securities Ltd

Axis Capital Limited

Registrar

Kfin Technologies Limited

Shareholding Pattern

| | Pre-Issue | Post-Issue |
|-----------------|-----------|------------|
| Promoters | 99.30% | 75.46% |
| Public & Others | 0.70% | 24.54% |

Objects of the issue

- Experience the benefits of having shares listed on Stock Exchanges.
- Increase visibility, enhance brand image, and establish a public market.

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Incorporated in 1976, Inox India Ltd is a top cryogenic equipment manufacturer, offering standard and customized solutions for industries such as LNG, green hydrogen, and aerospace. Inox India Ltd provides a range of offerings including standard cryogenic tanks and equipment, beverage kegs, custom technology, equipment, and solutions, as well as large turnkey projects which are utilized across various industries such as industrial gases, LNG, green hydrogen, energy, steel, medical and healthcare, chemicals and fertilizers, aviation and aerospace, pharmaceuticals, and construction. The company manufactures cryogenic equipment for global scientific research projects.

Investment Rationale

Leading Indian provider and exporter of cryogenic equipment and solutions: The company emerged as the largest supplier of cryogenic equipment in India, with exports spanning 66 countries, it has positioned itself to capitalize on global opportunities, adhering to international standards in equipment design and manufacturing. The company claimed the top spot as the leading exporter of cryogenic tanks from India.

Wide range of specialized cryogenic equipment designed to meet global quality standards: The company offers complete solutions, including design, engineering, manufacturing, and installation of both standard and customized cryogenic equipment and systems. These solutions cater to various industries, including energy, industrial gases, LNG and LCNG, steel, medical and healthcare, chemicals and fertilizers, aviation and aerospace, pharmaceuticals, and construction. The company has a wide range of products for mobile applications in transportation fuels and has a track record of supplying storage equipment globally, including to the United States, East Asia, European research institute, and South Korea.

Seeking market leadership across its entire product value chain: The company is committed to expanding its product offerings in each segment, providing customers with end-to-end solutions. The company aims to diversify its portfolio to include integrated products in major segments, covering storage, transportation, distribution, and end-use. In the industrial gas sector, the company plans to provide various systems, including solutions for hydrogen fuelling infrastructure and extended storage equipment. The company is in the final testing stage for a helium IMO tank, intending to offer it in both domestic and international markets.

Extending their reach in both cryogenic and non-cryogenic equipment business to global markets: The company is looking to grow globally by offering competitively priced standard equipment and exploring the production of stainless-steel metal containers. They aim to distribute their cryobiological containers internationally. In the non-cryogenic equipment sector, the company is expanding its beverage keg business to include stainless steel containers for various applications, such as beer storage. Collaborations, like the technology license agreement with Supermonete SRL of Italy, are part of their strategy, and they plan to set up a production facility near Vadodara.

Outlook & Valuation: Inox India Ltd aims to capitalize on the global demand for cryogenic equipment, especially in LNG and hydrogen markets. The company plans involve expanding the product range internationally, including manufacturing stainless-steel containers and distributing cryobiological containers worldwide. The company is evaluating new facilities and forming alliances for large projects is part of the strategy. The company aligns with national goals for cleaner fuels in line with the Paris Agreement. The company plans to shift revenue towards large turnkey projects, strengthen system engineering for clean energy transitions. There's also a sustained emphasis on product development and engineering to meet emerging industry needs. Collaborating with government initiatives for hydrogen economy development is part of the overall outlook. At the upper band of INR 660, the issue is valued at an P/E of 39.2x based on FY23 EPS of INR 16.8. We are recommending "Subscribe for Long Term" for this issue.

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Stock Rating Scale

| | |
|------------|-------------|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

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