

IPO NOTE

Issue Details

Price Band: ₹ 668 to ₹ 704

Issue Opens on: December 20, 2024

Issue Closes on: December 24, 2024

Lot Size: 21 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 1,250.00

No of Shares: 1,77,55,680

Face Value: ₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	1,250.00
Total	1,250.00

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	625.00
HNI	15	187.50
Retail	35	437.50
Total	100	1,250.00

Listing

BSE & NSE

Lead Managers

- Axis Bank limited
- BNP Paribas
- Nuvama Wealth Management Limited

Registrar

Link Intime India Private Ltd

Contact Details

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COMPANY OVERVIEW

Carraro India is one of the leading independent Tier 1 suppliers of axles, transmission systems and gears for the agricultural tractor and construction vehicle industries in India. Carraro India, the Indian subsidiary of the Carraro Group, is a major global player in the driveline systems industry, particularly for off-highway vehicles like tractors and construction vehicle. They support the full value chain of services as a solution provider for axles, transmission systems, gears and other related components with in-house product design manufacturing capabilities. They also supply gears mainly used in industrial and automotive markets, spare parts which are primarily loose components of agricultural tractors and construction vehicles and other products which are non-core parts of agricultural tractors and construction vehicles.

They have been present in India for 27 years and have developed an extensive network with local and international customers and suppliers based in India. It is one of the leading suppliers in the market supplying key OEMs such as Mahindra Farm division and Swaraj, Tata Hitachi, Escorts Kubota Ltd., Sonalika, Bull Machine, TAFE, ACE, John Deere India Pvt Ltd, Caterpillar, Doosan and CNH across the agricultural and construction vehicle manufacturing sector.

As of March 31, 2024, the Company has established itself as the market leader in providing transmission systems for tractors transmission systems up to 150 horsepower and four-wheel-drive capabilities.

HIGHLIGHTS

1. One of the leading tier 1 suppliers of transmissions systems and a key supplier of axles in the agricultural tractor and construction vehicle industries in India
2. Customer-centric, one-stop shop offering customized solutions to a longstanding OEM customer base
3. Longstanding relationships with marquee local and international supplier base
4. Strong, in-house R&D capabilities with proprietary IP rights to facilitate innovation of future-ready products
5. Technologically advanced manufacturing plants with large production capacities

OBJECTS OF THE ISSUE

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges
2. To carry out the Offer for Sale of Equity Shares of face value of ₹ 10 each aggregating to ₹ 1,250 Cr. The company will not receive any proceeds from Offer for sale.

OUR VIEW

Established in 1997, Carraro India is technology driven integrated supplier that develops complex engineering products and solutions for their original equipment manufacturer ("OEM") customers. They own and operate 2 manufacturing plants in Pune, Maharashtra, India. As of September 30, 2024, they supply to 38 manufacturers in India and also supplied to manufacturers internationally.

The company has developed expertise in the agricultural tractor and construction vehicle industry in India and have developed a network of 220 suppliers based in 8 states in India and 58 suppliers internationally. As of March 31, 2024, the company has established itself as the market leader in providing transmission systems for tractors transmission systems up to 150 horsepower and four-wheel-drive capabilities.

However, risks to consider are dependence on the Carraro Group for brand licensing, procurement, and support, Intense competition, raw material price volatility, significant related party transactions, seasonal fluctuations in tractor sales, and increased operating costs, which could impact performance and share price volatility.

On the financial front, the Revenue and PAT CAGR for the period FY22-24 grew at around 9% and 67% respectively. The company operated on an EBITDA margin of 8.3% and PAT margin of 3.5% for FY24. The number was 10.96% and 5.44% respectively for H1FY25.

The issue is priced at a P/BV of 9.54 based on its NAV of Rs. 73.78 as of September 30, 2024 and is asking for a PE multiple of 64x on the upper end of the price band and using diluted EPS for FY24 (₹ 11) and if we attribute FY25 earnings, then the asking price is at P/E of 40x which seems fully priced when compared with average industry P/E which is at around 55.8x.

Carraro India is one of the leading suppliers in the market supplying key OEMs. Also, with proven track record of the financials and a rapid demand surge in construction vehicles and rapid urbanisation and infrastructure development initiatives will fuel the company's growth. Looking at all the factors, risks, opportunities and valuation, investors can invest in the issue with Long term horizon.

Brief Financials

PARTICULARS	As at Sept. 30, 2024			₹ in Lakhs
		FY '24	FY '23	FY '22
Total Income	9,227.39	18,065.47	17,332.98	15,200.53
Total Expenditure	8,558.22	17,221.75	16,677.10	14,893.19
EBITDA	1,010.96	1,499.95	1,248.11	828.63
Profit before Tax	669.17	843.72	655.88	307.34
Profit after Tax	497.34	625.63	625.63	625.63
E.P.S. (Diluted)	8.75*	11.00	8.52	3.94
P/E (x) (Diluted)	-	64	-	-
RONW (%)	11.85*	16.91	14.36	7.66

* Not Annualised

PRICE CHART (@ ₹ 704) (Retail Category)

LOT SIZE	Amount
21	14,784
42	29,568
63	44,352
84	59,136
105	73,920
126	88,704
147	1,03,488
168	1,18,272
189	1,33,056
210	1,47,840
231	1,62,624
252	1,77,408
273	1,92,192

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	294	2,06,976
Big HNI	1,428	10,05,312

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	26/12/2024
Initiation of refunds/unblocking ASBA Fund	27/12/2024
Credit of Equity Shares to demat accounts of Allottees	27/12/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	30/12/2024

For more details, Please refer RHP,

https://listing.bseindia.com/Download/8888888/PreAnchor/RHP_20241218165102.pdf

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