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#### Issue Details

Issue Details	
Issue Size (Value in Rs. million, Upper Band)	4,750
Fresh Issue (No. of Shares in Lakhs)	70.85
Offer for Sale (No. of Shares in Lakhs)	121.46
Bid/Issue opens on	20-Dec-22
Bid/Issue closes on	22-Dec-22
Face Value	Rs.5
Price Band	Rs.234-247
Minimum Lot	60

#### Objects of the Issue

**Fresh Issue: Rs.1,750 Million (Upper Band)**

**Offer for Sale: Rs.3,000 Million (Upper Band)**

Book Running Lead Managers	
JM Financial ltd	
Axis capital ltd	
Registrar to the Offer	
KFin Technologies Limited	

Capital Structure (Million)	Aggregate Value
Authorised share Capital	5000.00
Subscribed paid up Capital (Pre-Offer)	425.73
Paid up capital (Post - Offer)	496.58

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	54.0%	32.9%
Public	46.0%	67.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

#### Financials

Particulars (Rs. In Mn)	Q1 FY23	FY22	FY21	FY20
Revenue	6,044.6	10,937.5	8,623.8	7,855.8
Operating expenses	5,613.8	10,147.4	7,959.0	7,301.3
EBITDA	430.8	790.2	664.8	554.6
Other Income	2.9	9.1	25.2	7.9
EBIDT	433.6	799.3	690.0	562.4
Interest	74.2	127.0	96.8	117.0
Depreciation	83.7	143.5	118.4	94.3
PBT	275.8	528.7	474.9	351.1
Tax	69.1	137.3	126.4	76.2
<b>Consolidated PAT</b>	<b>206.7</b>	<b>391.5</b>	<b>348.6</b>	<b>274.9</b>
Minority/other adj.	-	-	-	-
<b>Consolidated PAT</b>	<b>207</b>	<b>391</b>	<b>349</b>	<b>275</b>
EPS	5.06	9.59	8.5	6.7
Ratios				
EBITDAM	7.1%	7.2%	7.7%	7.1%
PATM	3.4%	3.6%	4.0%	3.5%
Sales growth		26.8%	9.8%	-

#### Company Description

Elin Electronics Ltd is one of the oldest (53 years-founded in 1969) electronics manufacturing services ("EMS") manufacturer of end-to-end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India, and are one of the largest fractional horsepower motors manufacturers in India. Based on the overall market, Elin is projected to be the largest players in this category, with a market share of 12% in Fiscal 2021. In addition, it is also one of the key players in LED lighting and flashlight with EMS market share of approximately 7% in Fiscal 2021, and are one of the key players in small appliances vertical with EMS market share of 10.7% in Fiscal 2021.

Elin manufactures and assemble a wide array of products and provide end-to-end product solutions and it serves under both original equipment manufacturer ("OEM") and original design manufacturer ("ODM") business models. Under the OEM model, they manufacture and supply products basis designs developed by their customers, who then further distribute these products under their own brands. Under the ODM model, in addition to manufacturing, Elin conceptualize and design the products which are then marketed to their customers' prospective customers under their brands. They have developed ODM capabilities with respect to lighting products and small appliances.

#### Elin's key diversified portfolio in EMS includes the following:

- **LED lighting, fans and switches** including lighting products, ceiling, fresh air and TPW fans, and modular switches and sockets;
- **Small appliances** such as dry and steam irons, toasters, hand blenders, mixer grinders, hair dryer and hair straightener;
- **Fractional horsepower motors**, which is used in mixer grinder, hand blender, wet grinder, chimney, air conditioner, heat convector, TPW fans etc.;
- **Other miscellaneous products** such as terminal block for air conditioners, stainless steel blade for mixer grinders, die casting, radio sets.

Elin has 3 manufacturing facilities which are strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). Elin has backward integration of their major manufacturing processes.

#### Valuation:-

The EMS player Elin Electronics has survived almost five decades in the industry from manufacturing tape deck mechanism for cassette players to LED lighting/fans/switches, fractional horsepower motors, small appliances etc. Elin continues to evolve and upgrade across its product verticals and drives strength from its robust R&D capabilities, diverse product verticals/customer base and its backward integrated manufacturing prowess.

The demand for motor-driven appliances including small and kitchen appliances is on the rise. Rising disposable income, electrification across India, decreasing prices due to increasing competition, upcoming new and additional manufacturing facilities to boost the demand for household appliances, and government initiatives such as power for all and housing for all programmes are key growth drivers for the company.

On the valuations front Elin Electronics seems to be reasonably valued at a FY22 PE of 31.3x post-issue and 29.7x its FY23 annualized earnings (post issue) as compared to Dixon Technologies & Amber Enterprises which are trading at P/E of 140.4x & 62.8x respectively. As Elin's Revenue/PAT is growing at a robust CAGR of 18%/19% respectively (FY20-22) with an even robust industry outlook coupled with consistent margins we recommend "SUBSCRIBE-Long Term" rating to this IPO.

Elin Electronics Ltd is one of the oldest (53 years-founded in 1969) electronics manufacturing services ("EMS") manufacturer of end-to-end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India, and are one of the largest fractional horsepower motors manufacturers in India. Based on Elin's overall market, It is projected to be the largest players in this category, with a market share of 12% in Fiscal 2021. In addition, it is also one of the key players in LED lighting and flashlight with EMS market share of approximately 7% in Fiscal 2021, and are one of the key players in small appliances vertical with EMS market share of 10.7% in Fiscal 2021.

Elin manufactures and assemble a wide array of products and provide end-to-end product solutions and it serves under both original equipment manufacturer ("OEM") and original design manufacturer ("ODM") business models. Under the OEM model, they manufacture and supply products basis designs developed by their customers, who then further distribute these products under their own brands. Under the ODM model, in addition to manufacturing, Elin conceptualize and design the products which are then marketed to their customers' prospective customers under their brands. They have developed ODM capabilities with respect to lighting products and small appliances.

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In addition to their EMS offerings, Elin also manufactures medical diagnostic cartridges for use in diagnostic devices, and plastic moulded and sheet metal parts and components, largely for customers in the auto ancillary and consumer durables sectors. They manufacture and sell fractional horsepower motors in their own brand name "Elin". Elin offers innovative solutions to their customers, which include leading international and national consumer electronics brands. Their comprehensive solution suite includes global sourcing, fabrication of components and parts, captive manufacturing and assembly, quality testing, packaging and logistics support, which enables them to partner with leading consumer electronics and appliances brands in India.

Elin has decades of experience in EMS sector. Since inception, they have expanded their product portfolio, customer base and gained technological expertise in designing and manufacturing of their products. In 1973, Elin commenced manufacturing of tape deck mechanism for use in audio cassette players. In 1977, They commenced manufacturing of motors as a backward integration. In 1999, they started manufacturing of small appliances. In 2001, they commenced manufacturing of LED lighting and subsequently progressed into manufacturing of flashlights in 2007. In 2019, they started manufacturing fans. The most recent product vertical that they have entered is the manufacturing of medical diagnostic cartridges, which they commenced in 2019. In the past, they have also manufactured, in collaboration with well-known global companies, tape deck mechanism, motors and compact disc mechanism.

Elin has 3 manufacturing facilities which are strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). As on October 31, 2022, their large-scale setup included 157 units of molding machines and 105 units of power presses which enable them bringing efficiencies and economies of scale. The modern and state-of-art manufacturing facilities are equipped with high quality machinery, assembly lines and full power backup for 100% capacity that enable them to meet the quality requirements of their customers in a timely manner. Elin has backward integration of their major manufacturing processes. They have developed in-house capabilities in SMT lines, die and mould manufacturing, injection moulding, sheet metal components, semi-automated motor assembly, testing labs and surface coating. Company's tool room has sophisticated machinery to produce quality tools and dies which in turn supports quality components and sub-assemblies.

**Elin has a well-diversified product verticals across variety of EMS products ranging from applications in Lighting to Appliances to Medical Devices.-Revenue from operations grew at a CAGR of 18% over FY 20- FY 22**

Particulars	Period or Fiscal ended						As of 30 <sup>th</sup> Sep, 2022	CAGR (Fiscal 2020 to Fiscal 2022)
	2020	% of Total Revenue	2021	% of Total Revenue	2022	% of Total Revenue		
LED lighting, fans and switches	2,928.1	37.3%	2,557.8	29.7%	3,326.1	30.4%	1,888.2	6.6%
Small appliances	1,939.0	24.7%	1,933.7	22.4%	2,550.9	23.3%	1,491.7	14.7%
Fractional horsepower motors	1,190.5	15.2%	1,844.0	21.4%	2,369.0	21.7%	1,136.2	41.1%
Other EMS products	301.4	3.8%	296.4	3.4%	309.4	2.8%	178.7	1.3%
<b>EMS</b>	<b>6,358.9</b>	<b>80.9%</b>	<b>6,631.9</b>	<b>76.9%</b>	<b>8,555.5</b>	<b>78.2%</b>	<b>4,694.7</b>	
<b>Medical diagnostic cartridges</b>	<b>42.3</b>	<b>0.5%</b>	<b>421.0</b>	<b>4.9%</b>	<b>167.3</b>	<b>1.5%</b>	<b>80.7</b>	98.8%
<b>Moulded and sheet metal parts and components</b>	<b>1,097.2</b>	<b>14.0%</b>	<b>1,233.0</b>	<b>14.3%</b>	<b>1,635.3</b>	<b>15.0%</b>	<b>1,054.6</b>	22.1%
<b>Others</b>	<b>357.4</b>	<b>4.5%</b>	<b>338.0</b>	<b>3.9%</b>	<b>579.4</b>	<b>5.3%</b>	<b>214.6</b>	27.3%
<b>Total Revenues</b>	<b>7,855.8</b>	<b>100%</b>	<b>8,623.8</b>	<b>100%</b>	<b>10,937.5</b>	<b>100%</b>	<b>6,044.6</b>	<b>18.0%</b>

**Key Products-**

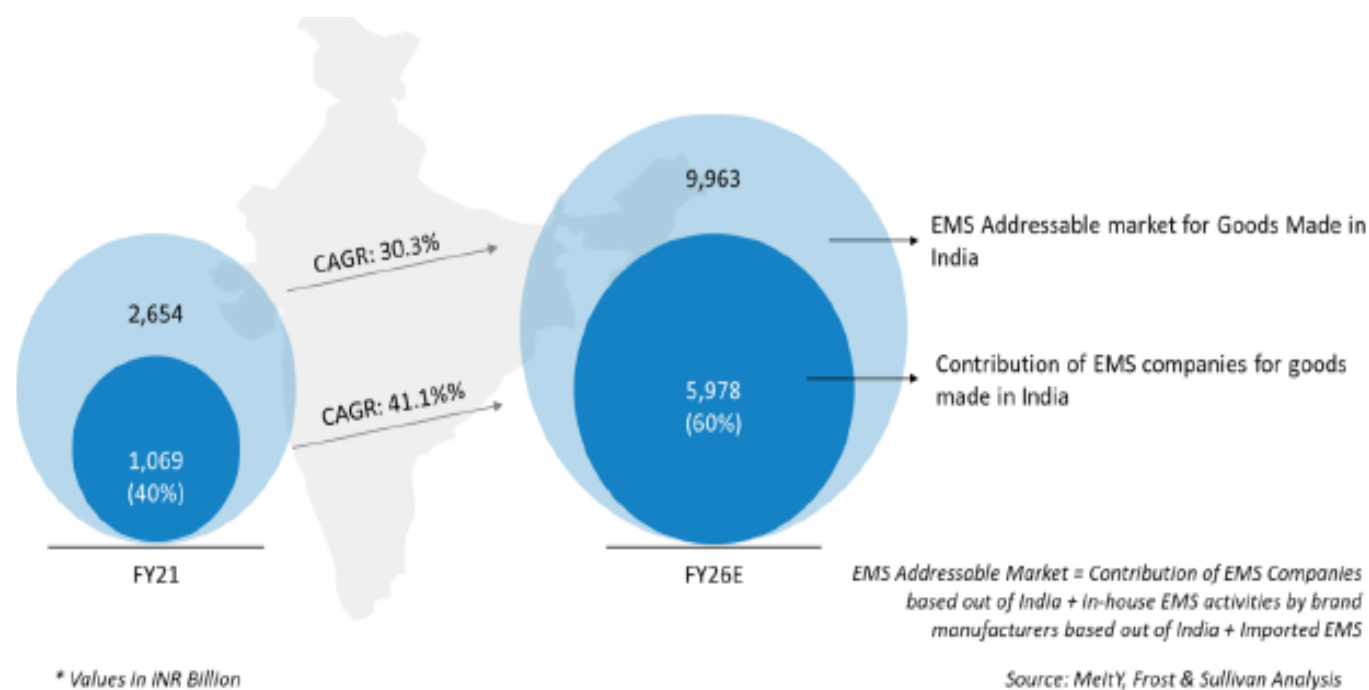
Back in 1969 Elin started with manufacturing of Cassette decks and has evolved and entered into manufacturing of several product categories since then and it not only survived but thrived by adapting changing dynamics of electric products and is aspiring to continue doing the same.

Products	Year of Launch	Selected Product Image
<b>LED Lighting, Fans and Switches</b>		
LED Lights	2001	
LED Flashlights	2007	
Miscellaneous lighting products	2020	
Fans	2019	
<b>Small Appliances</b>		
Mixer Grinder	2012	
Bar Blender	2015	
Hair Dryer	2015	
Hair Straightener	2015	
Iron	2011	
Toaster	2015	
<b>Fractional horsepower motors</b>	1977	
<b>Other EMS Products</b>		
Terminal block	2015	
Stainless steel blade	2019	
Die casted product	2001	
Miscellaneous	-	
<b>Medical diagnostic cartridges</b>	2019	
<b>Moulded and sheet metal parts and components</b>		
Sheet metal	2014	
Injection moulded plastic parts	2014	
Dies tools and moulds	2014	
Other spare parts and products	2014	



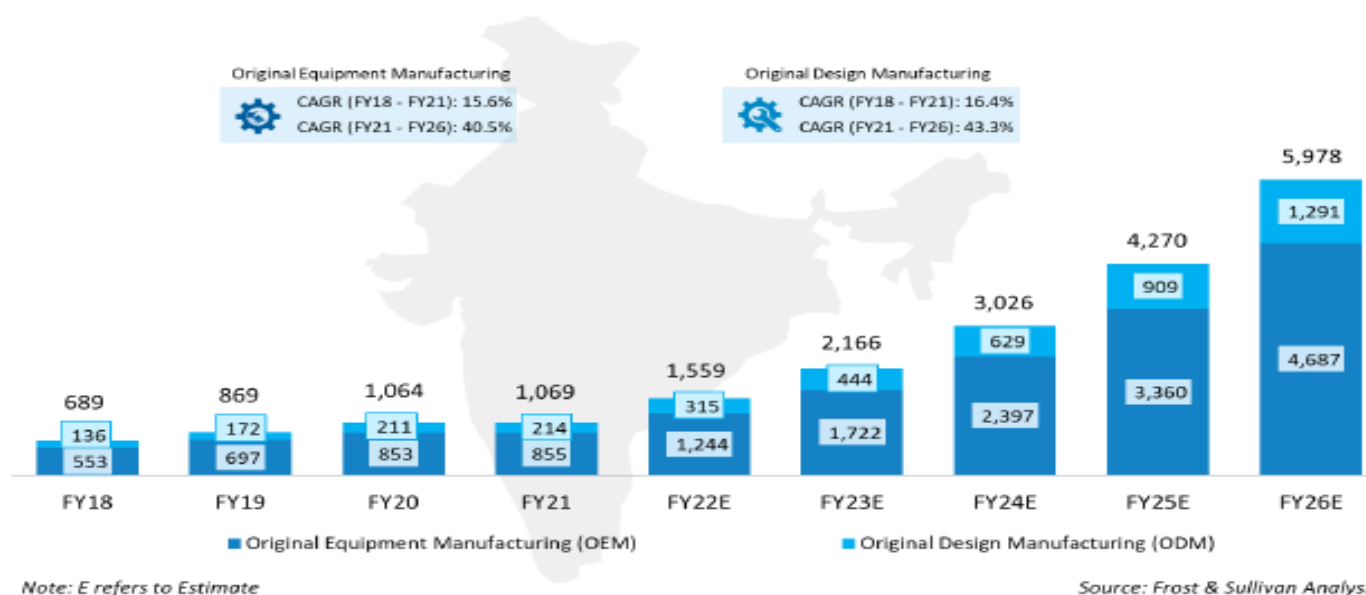
**EMS Market- A high growth opportunity**

The total addressable EMS market in India was valued at ₹ 2,654 billion (USD 36 billion) in Fiscal 2021, and is expected to grow to ₹ 9,963 billion (USD 135 billion) in Fiscal 2026 with a CAGR of 30.3%. However, the contribution of Indian EMS companies is around 40%, which is valued at ₹ 1,069 billion (USD 14 billion) in Fiscal 2021, which is expected to grow at 41.1% CAGR to reach ₹ 5,978 billion (USD 81 billion) by Fiscal 2026. (Source: F&S Report).

**EMS addressable market vs. Contribution of EMS companies for goods made in India, value in ₹ billion, Fiscal 2021 and Fiscal 2026E (map not to scale)**

The expansion of India's EMS industry is fuelled by a variety of factors, including an increase in consumer electronics and appliances consumption as well as lighting segment. Other significant reasons driving the growth are raising labour costs in other parts of the world and a trend among large OEMs to outsource manufacturing rather than invest in their own infrastructure. Due to the size, complexity, and high level of competition in the Indian market, OEMs are focusing more on marketing and aftermarket activities, leaving the production to contract manufacturers. EMS companies are better positioned to adapt to frequent technology changes, and economies of scale allow for stringer pricing negotiations with raw material suppliers.

Most brands prefer engaging EMS partners for contract manufacturing, but the ODM model is slowly gaining traction in India, where brands collaborate with ODMs on product development. Many EMS players are gradually expanding to provide complete design services in addition to contract manufacturing/ original equipment manufacturing. Embracing ODM model of partnership with EMS partners coupled with venturing into new product segments is propelling OEMs to pursue EMS engagement. High volumes will influence EMS/ODM to bring in the component ecosystem locally and enhance domestic capabilities of component sourcing thus making the electronics ecosystem stronger.

**Indian EMS market break-up by OEM vs. ODM, value in ₹ billion, India, Fiscal 2018-Fiscal 2026E (As of FY22 Elin's OEM vs ODM was 92%/8%)**

**Competitive Strengths of Elin Electronics Ltd****1. Established market position in key verticals including leadership in fractional horsepower motors-**

Elin is a leading electronics manufacturing services ("EMS") manufacturer of end-to-end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India. Set forth below is the summary of its key product segments and market position in India with expected growth of EMS production for the period indicated:

With its robust R&D set up, It designs, manufacture and sell range of fractional horsepower motors including universal motor, exhaust fan motor, cooler motor, table fan motor, synchronous motor, sub pump and fan blower motor. Customers of Elin's fractional horsepower motors are spread across multiple industries including small kitchen appliances, electric fans and air conditioners. Elin has substantial backward integration in manufacturing of fractional horsepower motors which includes press machines and moulding machines to manufacture sheet metal and plastics part which are used in fractional horsepower motors.

It continues to enhance production of fractional horsepower motors by purchase of machinery and equipment. In addition, it continue to enhance production of metal parts, moulded parts, tools and cartridge assembly, which will result in enhanced backward integration and increased production across Elin's product verticals. Further, in June 2022, The Company also received approval under the Production Linked Incentive ("PLI") Scheme for White Goods (Air Conditioners and LEDs) for manufacturing of specified eligible products in the LED (components) target segment, and with a committed investment of ₹ 100 million. Elin believes that this will enable it to claim incentives under the PLI scheme, subject to satisfying the eligibility and other conditions thereunder. The demand for motor-driven appliances including small and kitchen appliances is on the rise.

Rising disposable income, electrification across India, decreasing prices due to increasing competition, upcoming new and additional manufacturing facilities to boost the demand for household appliances, and government initiatives such as power for all and housing for all programmes such as Pradhan Mantri Awas Yojana are key growth drivers of the demand for fractional horsepower motors in India.

**2. Diversified products resulting in a de-risked business model**

Elin has catered their customers across multiple product verticals. They have a diverse product, product vertical and customer base. Philips, Bosch and Panasonic are their customers in both fractional horsepower motors and small appliances verticals. Their diverse product portfolio enables them to balance out any impact or risk incurred with respect to any single product, product vertical or customer. They are also able to develop designs which are customised to customer specific requirements through their ODM capabilities.

**3. Entrenched relationships with a marquee customer base**

Elin has established and will continue to focus on strengthening their longstanding relationships with well-known domestic and multi-national customers across their product verticals. Out of their Top-20 customers as at September 30, 2022, they have been serving 11 customers for over 10 years, and have been serving 16 customers for over 5 years. Company's high customer retention capabilities are due to their one-stop-shop facilities and consistently maintaining high standards of manufacturing quality of products in a timely manner. Elin typically enters into a general purchasing agreement for specific products with their customers which is valid for 3 years and renewed thereafter. Within this period, products are manufactured and sold on a purchase order basis. They follow stringent process in customer acquisition and retention for both new and existing products.

As of FY22 Elin's top-5 customers contributed 63.2% of its top line and top-10 customers contributed 77.1% of its top line as compared to FY20 where top-5 and top-10 customers contributed 69% and 80.8% respectively. In Fiscals 2020, 2021 and 2022 and 7 month period ended October 31, 2022, Elin catered 327, 387, 342 and 297 customers, respectively. Further, their customers are well established players in the industry. Major customers were Signify (LED lighting and fans), Philip, Havells, Eveready and Molbio. Elin has been able to establish and maintain long-term relationship with their marquee customers for different products. They started their relationship with Philips by manufacturing radio in 2001 and subsequently started manufacturing small appliances for them. Currently, Elin also manufactures lighting products and fractional horsepower motors for Philips and Preethi (owned by Philips).

**4. High degree of backward integration resulting in higher efficiencies, enhanced quality of products and customer retention capability.**

Elin has placed strong focus on expanding their technological expertise in manufacturing of their products integrating their services, and thereby increasing the efficiencies, becoming an ideal partner for their customers and maintaining an edge over their competitors.

Company's capabilities which enable them to provide end-to-end solutions are:

- **In-house manufacturing of components and sub-assemblies:** In-house manufacturing for die and mold, sheet metal components, plastic molded components, aluminium die casting and surface coating.
- **State-of-art manufacturing facilities:** Modern and state of the art manufacturing facilities equipped with high quality machinery, assembly lines and full power backup for 100% capacity. As on October 31, 2022, their large-scale setup includes 157 moulding machines, and 104 power presses helps them bring efficiencies and economies of scale.
- **PCB assembly:** 6 fully automatic assembly lines of surface mount technology (SMT) with 304,000 CPH capacity per hour.

Elin also has captive manufacturing of fractional horsepower motors and other products such sheet metal, plastic moulding parts, tools and dies, sole plates for irons, stainless steel blades for mixer grinder etc. as for usage in their other product verticals such as small appliances. Backward integration provides them the benefit of greater control on the manufacturing process, quality and the corresponding benefits of cost efficiencies thereby improving their margins.

## 5. Consistent and strong track record of financial performance

Company's presence in product segments with growing demand, marquee customer base and continuous focus on efficiency and productivity have enabled them to deliver consistent and strong financial performance. Elin has a strong balance sheet with net worth of ₹320.15 crore as of September 30, 2022 and have been able to maintain a low debt position. As of September 30, 2022, they had total long-term borrowing of ₹ 50.17 crore, while their interest coverage ratio was 4.72 times.

Particulars	Period/fiscal ended			
	30th Sep,2022	31st March, 2022	31st March, 2021	31st March, 2020
Revenue from operations	6044.6	10937.5	8623.8	7855.8
Net worth	3201.5	3030.7	2622.5	2277.5
EBITDA	433.6	799.3	690.0	562.4
EBITDA Margin (%)	7.17%	7.31%	8.00	7.16%
Profit after Tax	206.7	391.5	348.6	274.9
PAT margin (%)	3.42%	3.58%	4.03%	3.50%
ROE (%)	6.63%	13.85%	14.23%	12.88%
ROCE (%)	8.09%	15.82%	14.9%	15.40%
Asset turnover ratio	1.03	2.05	1.7	2.03
Net working capital days	46	46	53	48
Debt to equity ratio	0.32	0.32	0.42	0.27
Interest coverage ratio	4.72	5.16	5.91	4.00

### Strategies:-

#### ➤ **Enhance customer base and relationships through cross-selling and product development:**

Elin intends to increase cross-selling of their product to increase customer base in various product verticals and expand into new or adjacent product verticals with their existing customers. Following is the select cross-selling expansion instances with their marquee customers:

- **Philips:** Elin started their relationship with Philips by manufacturing radio in 2001 and subsequently started manufacturing small appliances for them. Currently, they also manufacture lighting products and fractional horsepower motors for Philips and Preethi (owned by Philips).
- **Signify (erstwhile Philips):** Elin started their relationship with Signify (erstwhile Philips) in 2002. They have expanded their relationship with Signify from manufacturing lighting products to manufacture fans as well for them.
- **Panasonic:** Elin started their relationship with Panasonic in 2007. They have expanded their relationship with Panasonic from manufacturing fractional horsepower motors to manufacture complete irons for them.
- **Usha:** Elin started their relationship with Usha in 2014. They have expanded their relationship with Usha from manufacturing fractional horsepower motors to manufacture mixer grinders and recently fans for them.
- **Bosch:** Elin started their relationship with Bosch in 2020. They have expanded their relationship with Bosch from manufacturing fractional horsepower motors to manufacture complete mixer grinder for them.

Elin continues to expand into new product categories as it has been selected as manufacturing partner by Philips for trimmers. Revenues from Philips for trimmers is expected to commence in Fiscal 2023.

#### ➤ **Expand ODM share of the business**

Elin has developed ODM capabilities with respect to lighting products and small appliances. Their primary ODM capabilities are as follows:

- **Lighting products:** Capabilities in baton lights, down lights, flashlights, wall lights and linear lights. ODM customers in this vertical include Signify and Eveready.
- **Small appliances:** Capabilities in irons and mixer grinders. ODM customers in this vertical include Philips, Panasonic, Usha and Faber.

Elin is also able to retain marquee customers through their ODM capabilities. They have catered to 6 ODM customers between Fiscals 2020, 2021 and 2022 and 7 month period ended October 31, 2022. Elin intends to capitalise on their existing OEM experience and increase their customer base and product portfolio through ODM projects with strong R&D setup and capabilities.

➤ **Augmenting the R&D capabilities**

Elin has set-up centralized R&D centre in Ghaziabad (Uttar Pradesh) focusing on the research and development of engineering product designing, die and mould designing, electronic circuit designing and prototype designing. Their R&D unit was recognised by DSIR in the year 1992 and recently such recognition was renewed until March 31, 2024. The R&D centre is enabled for product design with 3-dimensional software, 2-dimensional designing software and PCB designing. They also have plastic flow simulation software and magtrol motor tester. The R&D facility is involved in proto-typing, tool making, product testing and reliability testing.

As of October 31, 2022, they have 2 product designers, 2 PCB designer, 2 press tool designer, 3 motor designers, 4 process designers, 6 tooling engineers and 6 mold designer among their total 171 employees working at the R&D centre. Further, they have outsourced industrial design concept to approved designers. At the R&D centre, Elin has a tool room that enables them to create the tooling for their product development for both OEM and ODM. In addition, they are able to suggest cost optimizations in contract manufacturing as well to their customers. Through their focus on R&D and developing products with their customers, they will be able to continually innovate and refresh their products in line with the demands of their customers as well as end-user preferences for better comfort, quality, performance and aesthetics in their products.

➤ **Expanding operations in medical diagnostics cartridges and manufacturing facilities**

Elin commenced manufacturing medical cartridges in the year 2019 in their facility in Goa. They are currently supplying to Molbio Diagnostics Pvt Ltd, a leading player in diagnostic devices which has its own patented technology in Rapid Point of Care equipment that is used for DNA and mRNA extraction and is available to individual labs, hospitals, and government hospitals. This product vertical contributed 1.53% of the revenue from operations is Fiscal 2022. Elin has planned capital expenditure for construction of building and purchase of machinery which will assist in expansion of medical diagnostics cartridges assembly line. They plan to purchase cartridge assembly line and moulding machine to enhance production of medical diagnostics cartridges. They currently propose to double their existing production capacity for medical diagnostic cartridges from 35,000 units per day to 70,000 units per day, as well as focus on manufacturing of other medical diagnostic market.

➤ **Focus on one-stop-shop facility with increased degree of backward integration**

Elin's high customer retention capabilities are due to, among others, their one-stop-shop facilities. With the strong R&D capabilities and backward integration, they are largely an integrated one-stop-shop facility for their customers. They have enhanced their backward integration over the years. In 2019, they installed in-house die casting and coating facility to manufacture aluminum sole plates which is one of the primary raw component for irons. This has resulted in enhanced profitability, improved quality and savings on logistics cost. Further, in 2020, they started manufacturing stainless steel blades in-house with a high-quality manufacturing setup which is used for mixer grinders. Now, they are selling stainless steel blades as standalone product to various other mixer grinder manufacturers. They continue to purchase various equipment and machinery to further enhance their moulding capacity, automation of moulding machines and motor assembly process, among others.

**Competition & Peer Comparison:**

Elin operates in a competitive industry, with participants in the organized and the unorganized sector. Many segments within the electronic manufacturing space have low barriers to entry or exit, leading to a market with a very high degree of fragmentation. They continue to compete with international and domestic manufacturers engaged in the manufacture and supply of lighting products, small appliances and fractional horsepower motors as well as from players in the unorganized sector. Some of the major competitors of Elin product category wise are as follows.

- **Small appliances:** Smile Electronics, PG Electroplast and Indic.
- **Fractional horsepower motors:** Marathon and Amber (PICL).
- **LED lighting and flashlights:** Dixon and RK Lighting.
- **Fans:** Yash Electronics, Tiberwala and KKG Industries.
- **Sheet metal:** JBM Auto, Panse Auto, Autoline Stamping, SM Auto and Delco Industries.
- **Plastic moulding:** Varroc Engineering, Plastic Opium, Motherson Sumi, Magna Styr, Prakash Plastics, Affy India, SSI Moulds, BDI Group, Multitek and Ashuman Auto.



**Key Revenue & Ratios comparison:** Elin's margins stand out among big players like Dixon Technologies & Amber Enterprises however they are low as compared to Industrial EMS players like Syrma SGS and Kaynes Technologies.

Particulars	As of FY22				
	Elin Electronics	Dixon Technologies	Amber Enterprises	Syrma SGS Tech	Kaynes Technologies
Revenue	10,937.5	1,06,970.8	42,064.0	12,666.5	7,062.5
EBITDA Margin (%)	7.30%	3.6%	7.3%	11.30%	13.80%
PAT Margin (%)	3.60%	1.80%	2.60%	6%	5.90%
ROCE (%)	15.80%	20.30%	6.90%	15.00%	22.30%
Asset turnover ratio (x)	2.05	3	0.99	1.2	1.32
Net working capital days	46	9	32	86	134
Debt to equity ratio (x)	0.32	0.37	0.75	0.22	0.81

#### Key Risks:

- **Highly dependent on certain key customers** for a substantial portion of its revenues (**Top-5 customers 65.4% of total revenues as of FY22**). Loss of relationship with any of these customers may have a material adverse effect on Elin's profitability and results of operations.
- **No long-term volume purchase commitments** from customers further, any breach of the conditions under the contracts with customers may adversely affect its business and results of operations.
- **Any increase in the cost of raw material or components**, delay, interruption or reduction in the supply of raw materials to manufacture its products may adversely affect its business.

#### Valuation:

The Electronic Manufacturing Services (EMS) player Elin Electronics has survived almost five decades in the industry from manufacturing tape deck mechanism for cassette players to LED lighting/fans/switches, fractional horsepower motors, small appliances etc. Elin continues to evolve and upgrade across its product verticals and drives strength from its robust R&D capabilities, diverse product verticals/customer base and its backward integrated manufacturing prowess.

The demand for motor-driven appliances including small and kitchen appliances is on the rise. Rising disposable income, electrification across India, decreasing prices due to increasing competition, upcoming new and additional manufacturing facilities to boost the demand for household appliances, and government initiatives such as power for all and housing for all programmes are key growth drivers for the company.

#### Peer Comparison: (As of 31<sup>st</sup> March 2022)

Name of the company	Total Income for the year end March 2022 (₹ in million)	Face value (₹ per share)	PE	EPS for Fiscal Year 22		NAV (Rs per share)	Return on average net worth (%)
				Basic	Diluted		
Elin Electronics Limited	10,937.5	5	95.2	9.59	9.59	74.2	12.9%
<b>PEER GROUP</b>							
Dixon Technologies Ltd	13,966.2	2	140.4	32.3	32.0	168.1	19.1%
Amber Enterprises Ltd	5544.5	10	62.8	32.4	32.4	526.2	6.3%

On the valuations front Elin Electronics seems to be reasonably valued at a FY22 PE of 31.3x post-issue and 29.7x its FY23 annualized earnings (post issue) as compared to Dixon Technologies & Amber Enterprises which are trading at P/E of 140.4x & 62.8x respectively. As Elin's Revenue/PAT is growing at a robust CAGR of 18%/19% respectively (FY20-22) with an even robust industry outlook coupled with consistent margins we recommend **"SUBSCRIBE-Long Term"** rating to this IPO.



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Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

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