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Prospectus and receiving observations from SEBI, alleging misreporting in our financial statements and non-compliance with applicable law in relation to leasehold land and other aspects. These complaints by third parties may adversely affect our reputation and business.

- 14) Risk of inventories management: Operating inefficiencies, inventory management risks, and raw material price volatility may adversely impact financial performance and sustainability. Inventories form major part of our total assets. Any failure on our part to effectively manage our inventories may result in an adverse effect on our operating results and financial condition. Full details of our Inventories for last 3 financial years are entailed below:
- (₹ in millions)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	Q1 FY 2024-25
Raw Material	729.92	795.01	836.99	829.51
Work In Progress	438.25	458.65	476.81	445.97
Finished Goods	466.81	375.19	334.72	383.35
Total	1,634.98	1,628.85	1,648.53	1,658.83

15) Other Risk:

- Average cost of acquisition of equity shares for our Promoters is in the range of ₹ 2.11 to ₹ 3.67 per share and Issue Price at higher end of the price band is ₹215.00 per share.
- Our Company has issued 1,900,000 Equity Shares during the last twelve months at a price of ₹ 185/- per share via Pre-IPO (Private Placement), which is lower than the Offer Price. Full details of Pre-IPO placement are given below:

Date of Allotment	Name of the Allottees	No. of Equity Shares
April 16, 2024	Hathor Corporate Advisors LLP	300,000
	Own Infracon Pvt. Ltd.	150,000
	Garishma Daga	150,000
April 30, 2024	Nabs Vriddhii LLP	250,000
May 24, 2024	Finavenue Growth Fund	211,800
	Niveshaay Hedgehogs LLP	225,000

Date of Allotment	Name of the Allottees	No. of Equity Shares
May 24, 2024	Arun Goel	106,000
	Udit Sehgal	106,000
	Adhiraj Swarup Agarwal	106,000
	VM Finserve and Asset Management	106,000
	Tatvam Trade	81,000
	Mohd Jazib Khan	54,100
May 29, 2024	Udit Sehgal	54,100
Total		1,900,000

- The Price/Earnings ratio (P/E) based on diluted EPS for FY 2023-24 at the higher end of the Price Band is as high as 51.81 as compare to Industry average 42.10.
- Based on the lower end and higher end of the Price Band, the total market valuation of the Company will be ₹9,802.53 million and ₹10,331.09 million respectively.
- Weighted Average Return on Net Worth for last three full financial years is 5.06%.
- Market Value at higher end of the Price Band to Total Turnover for the FY 2023-24 is 2.75 times.
- Weighted average cost of acquisition (“WACA”):** Floor Price and Cap Price vis-à-vis Weighted Average Cost of Acquisition (“WACA”) based on primary issuances / secondary transactions during the last three years are as given below:

Past Transactions	WACA	IPO Floor Price – ₹ 204	IPO Cap Price – ₹215
WACA of Primary issuance*	₹ 185/-	1.10 times	1.16 times
WACA of Secondary transactions**	Nil	NA	NA

*Excluding the shares issued under issuance of bonus shares

** Excluding the shares acquired / sold, via gift deed.

- The BRLM associated with the Issue (Aryaman Financial Services Limited) has handled 15 public issues (3 Main Board & 12 SME Issue) in the past 3 financial year, out of which 4 issues (2 Main Board & 2 SME Issue) closed below the Issue Price on listing date.

BID/OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE* : MONDAY, DECEMBER 30, 2024

BID/OFFER OPENS ON : TUESDAY, DECEMBER 31, 2024

BID/OFFER CLOSES ON** : THURSDAY, JANUARY 02, 2025

*Our Company may, in consultation with the BRLM, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Issue Opening Date.

**UPI mandate end time and date shall be at 5.00 pm on the Bid/ Offer Closing Date.

BASIS FOR OFFER PRICE

The Price Band, Floor Price and Offer Price will be determined by our Company and the Selling Shareholder, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of the quantitative and qualitative factors described below. Investors should also refer to “Our Business”, “Risk Factors”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 156, 27, 231 and 337, respectively, of the Red Herring Prospectus, to have an informed view before making an investment decision

Qualitative Factors: Some of the qualitative factors and our strengths which form the basis for the Offer Price are: • Fully Integrated and established Manufacturing Setup • Well educated and experienced management • In-house NBFC Setup • Manufacturing Wide Range of Products. For more details on qualitative factors, refer to chapter “Our Business-Our Strengths” on page no. 156 of the Red Herring Prospectus.

Quantitative Factors: Some of the information presented below relating to our Company is derived from the Restated Financial Statements. For more details on financial information, investors please refer the chapter titled “Financial Information” on page no. 231 of the Red Herring Prospectus.

Investors should evaluate our Company taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

1) Basic and Diluted Earnings / Loss Per Share (“EPS”) as adjusted for changes in capital:

Year ended March 31,	Basic & Diluted	
	EPS (in ₹)	Weights
2024	4.15	3
2023	4.09	2
2022	3.65	1
Weighted Average	4.05	
For three months period ended June 30, 2024*	0.63	

* Not Annualised

Notes:

- The face value of each Equity Share is ₹ 10 each
- Basic Earnings per share = Restated Consolidated Net profit after tax attributable to equity shareholders / Weighted average number of equity shares outstanding during the period/year.
- Diluted Earnings per share = Restated Consolidated Net profit after tax attributable to equity shareholders / Weighted average number of potential equity shares outstanding during the period/year.
- Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / Total of weights.
- The above statement should be read in conjunction with Significant Accounting Policies and Notes to Restated Consolidated Financial Statement of the “Financial Information” beginning on page no. 231 of the Red Herring Prospectus.

2) Price/Earning (“P/E”) ratio in relation to price band of ₹ 204 to ₹ 215 per Equity Share:

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
Based on basic and diluted EPS for Fiscal 2024	49.16	51.81

3) Industry Peer Group P/E ratio

Particulars	P/E Ratio
Highest	47.42
Lowest	36.79
Industry Average	42.10

Notes:

- The industry high and low has been considered from the industry peer set provided later in this section. The industry average has been calculated as the average P/E of the industry peer set disclosed in this section.
- The industry P / E ratio mentioned above is as per the closing rate as on November 29, 2024, quoted on BSE.

4) Return on Net worth (RoNW)

Year ended March 31,	RoNW (%)	Weight
2024	4.92%	3
2023	5.29%	2
2022	4.99%	1
Weighted Average	5.06%	
For the three months period ended June 30, 2024*	0.72%	

* Not Annualised

Notes:

- Weighted average = Aggregate of year-wise weighted Net Worth divided by the aggregate of weights i.e. [(Net Worth x Weight) for each year] / [Total of weights]
- Return on Net Worth (%) = Net profit after tax as restated, attributable to the owners of the Company / Net worth as restated as at period/year end.
- “Net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, miscellaneous expenditure not written off, as per the restated balance sheet, but does not include reserves created out of revaluation of assets, capital reserve, foreign currency translation reserve, write-back of depreciation as on June 30, 2024, March 31, 2024, 2023 and 2022.

5) Net Asset Value (NAV)

Financial Year	NAV (₹)
NAV as at June 30, 2024	86.75
After the Offer:	
- At Floor Price	107.74
- At Cap Price	109.70
- At Offer Price	•

Notes:

- Offer Price per Equity Share will be determined on conclusion of the Book Building Process
- Net asset value per share= Net worth as restated / Number of Equity Shares as at period/year end

6) Key Performance Indicators

All the KPIs disclosed below have been approved by a resolution of our Audit Committee dated October 05, 2024 and the Audit Committee has confirmed that it has verified the audited details of all the KPIs pertaining to the Company that have been disclosed to earlier investors at any point of time during the stub period and three years period prior to the date of filing of the Red Herring Prospectus, if any. During the stub period and three years period prior to the date of filing of the Red Herring Prospectus, no fresh allotment was made except for issuance of equity shares on bonus issue and Pre-IPO (Private Placement) as disclosed in this section and section entitled “Capital Structure” on page no 77 of the Red Herring Prospectus. Further, the KPIs herein have been certified by M/s. Deepak Jindal & Co., Statutory Auditor, by their certificate dated October 05, 2024. For further details, please refer to the sections entitled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages no. 156 and 337 respectively of the Red Herring Prospectus.

(₹ in Millions, except percentages and ratios)

Particulars	As on 30 June 2024*	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from Operations	749.59	3,752.32	3,707.59	3,520.84
EBIDTA ⁽¹⁾	126.55	625.16	587.18	520.69
EBIDTA Margin (%) ⁽²⁾	16.88%	16.66%	15.84%	14.79%
Restated profit for the period / year	24.54	155.95	153.72	137.19
Restated profit for the period / year Margin (%) ⁽³⁾	3.27%	4.16%	4.15%	3.90%
Return on Equity (“RoE”) (%) ⁽⁴⁾	0.74%	5.13%	5.44%	5.12%
Return on Capital Employed (“RoCE”) (%) ⁽⁵⁾	1.73%	8.96%	8.84%	7.96%
Net Debt / EBITDA Ratio	18.82	4.10	4.75	5.24

*Not annualised

Notes:

(1) EBITDA is calculated as restated profit for the period / year plus tax expense plus depreciation and amortization plus finance costs plus exceptional items.

(2) EBITDA Margin is calculated as EBITDA divided by revenue from operations.

(3) Restated profit for the period / year margin is calculated as restated profit for the period / year divided by revenue from operations.

(4) RoE is calculated as Net profit after tax divided by Average Equity.

(5) RoCE is calculated as Earnings before interest and taxes (EBIT) divided by Capital Employed.

(6) Net Debt= Long term borrowings plus Short term borrowings less cash and cash equivalent

We shall continue to disclose these KPIs, on a quarterly basis, along-with the financial results for a period of at least till the proceeds of the objects have been fully utilized. We confirm that the ongoing KPIs would be certified by the statutory auditor of our Company.

Explanation for the Key Performance Indicators

Revenue from operations: Revenue from operations represents the total turnover of the business as well as provides information regarding the year over year growth of our Company.

EBITDA: EBITDA is calculated as Restated profit / loss for the period plus tax expense plus depreciation and amortization plus finance costs and any exceptional items. EBITDA provides information regarding the operational efficiency of the business of our Company.

EBITDA margin: EBITDA Margin the percentage of EBITDA divided by revenue from operations and is an indicator of the operational profitability of our business before interest, depreciation, amortization, and taxes.

Restated profit for the period / year: Restated profit for the period / year represents the profit / loss that our Company makes for the financial year or during the given period. It provides information regarding the profitability of the business of our Company.

Restated profit for the period / year margin: Restated profit for the period / year Margin is the ratio of Restated profit for the period / year to the total revenue of the Company. It provides information regarding the profitability of the business of our Company as well as to compare against the historical performance of our business.

Return on Equity (“RoE”): RoE refers to Restated profit for the period / year divided by Equity for the period. Equity is calculated as average of closing balance of the total equity at the end of the period and opening balance of total equity at the beginning of the period. RoE is an indicator of our Company’s efficiency as it measures our Company’s profitability. RoE is indicative of the profit generation by our Company against the equity contribution.

Return on Capital Employed (“RoCE”): RoCE is calculated as Earnings before interest and taxes (EBIT) divided by Capital Employed by the Company for the period. RoCE is an indicator of our Company’s efficiency as it measures our Company’s profitability. RoCE is indicative of the profit generation by our Company against the capital employed.

Net Debt/ EBITDA: Net Debt to EBITDA is a measurement of leverage, calculated as a company’s interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. It shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.

7) Comparison of Key Performance Indicators with listed Industry Peers

Following is the listed peer group, which has been determined on the basis of listed public companies comparable in the similar line of segments in which our Company operates. Key Performance Indicators of our Company (IFEL) with listed peer Action Construction Equipment Limited (ACE) and Escorts Kubota Limited (ESCORTS) is given below.

June 30, 2024 - ₹ in Millions

Particulars	IFEL	ACE	ESCORTS
Revenue from Operations	749.59	7,342.60	23,099.50
EBIDTA	126.56	1,261.80	4,368.60
EBIDTA Margin (%)	16.88%	17.18%	13.38%
Restated profit for the period / year	24.54	841.80	2,931.30
Restated profit for the period / year Margin (%)	3.27%	11.46%	12.69%
Return on Equity (“RoE”) (%)	0.74%	N.A	N.A
Return on Capital Employed (“RoCE”) (%)	1.73%	N.A	N.A
Net Debt / EBITDA Ratio	18.82	N.A	N.A

N.A- Not Available

Fiscal 2024 (₹ in Millions)

Particulars	IFEL	ACE	ESCORTS
Revenue from Operations	3,752.32	29,138.00	88,496.20
EBIDTA	625.16	4,803.40	11,837.10
EBIDTA Margin (%)	16.66%	16.49%	13.38%
Restated profit for the period / year	155.95	3,261.98	10,490.80
Restated profit for the period / year Margin (%)	4.16%	11.26%	11.85%
Return on Equity (“RoE”) (%)	5.13%	30.55%	12.08%
Return on Capital Employed (“RoCE”) (%)	8.96%	36.76%	15.22%
Net Debt / EBITDA Ratio	4.10	-0.09	-0.17

Fiscal 2023 (₹ in Millions)

Particulars	IFEL	ACE	ESCORTS
Revenue from Operations	3,707.59	21,596.75	84,286.90
EBIDTA	587.17	2,620.34	7,775.20
EBIDTA Margin (%)	15.84%	12.13%	9.22%
Restated profit for the period / year	153.72	1,729.83	6,366.50
Restated profit for the period / year Margin (%)	4.15%	8.01%	7.55%
Return on Equity (“RoE”) (%)	5.44%	20.68%	7.78%
Return on Capital Employed (“RoCE”) (%)	8.84%	26.01%	10.28%
Net Debt / EBITDA Ratio	4.75	-0.06	-

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