

September 28, 2023
IPO Note
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Issue Details

Price Band: ₹ 51 to ₹ 54
Issue Opens on: September 29, 2023
Issue Closes on: October 4, 2023
Lot Size: 277 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 71.28 Cr.
No of Shares: 13,200,158
Face Value: ₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	71.28
Offer for Sale	-
Total	71.28

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	53.46
HNI	15	10.69
Retail	10	7.13
Total	100	71.28

Listing
BSE & NSE
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COMPANY OVERVIEW

Plaza Wires is engaged in the business of manufacturing and selling of wires, and selling and marketing of LT aluminium cables and fastmoving electrical goods ("FMEG") under their flagship brand "PLAZA CABLES" and home brands such as "Action Wires" and "PCG". It is one of the growing manufacturers in the wires and cables industry in northern region in India, and provide extensive range of wires and cables. Their product mix comprises different type of wires and cables, and FMEG such as electric fans, water heaters, switches and switchgears, PVC insulated electrical tape and PVC conduit pipe & accessories.

The company's key products in the wires and cables segment are building wires also known as house wires, single & multicore round flexible industrial cables and industrial cables for submersible pumps & motors up to 1.1kv grade. In 2016 and onwards, they entered into arrangements with third-party manufacturers and launched FMEG products such as electric fans, and water heaters. As part of after sales service for electric fans, they have tie ups with 20+ service centres in Uttar Pradesh, Uttarakhand, Jammu and Kashmir, Punjab, Haryana and Tamil Nadu. In 2021, it expanded the product portfolio by launching miniature circuit breakers and distribution board (DB) in the north and south India region.

The company sell products through a variety of distribution channels depending on the geography and industry norms and trends. Their business model includes 1) Dealer & distribution network to sell and promote products, including sales through C&F agents, 2) Securing government tenders for supply to government projects and 3) Direct sales to infrastructure projects

The company has over 1, 249 authorized dealers and distributors pan India and C & F agent in 1 states, viz. Punjab for the period ended on March 31, 2023.

HIGHLIGHTS

1. Product portfolio focused on various customer segments and markets
2. Distribution network

OBJECTS OF THE ISSUE

1. Funding the capital expenditure towards setting up of a new manufacturing unit for house wires, fire-resistant wires & cables, aluminum cables and solar cables to expand product portfolio. (₹ 24.41 Cr.)
2. Funding the working capital requirements of the Company. (₹ 22 Cr.)
3. General corporate purpose.

OUR VIEW

Plaza wires limited is over a Decade-Old Establishment engaged in manufacturing & marketing of wires, cables and fast-moving electrical goods (FMEGs) under the brand names of "Plaza Cables", "Action Wires" and "PCG".

The company intends to focus on advertising and sales promotion and major Brand building activities. Also, intends to expand its product range. Certain amount of the IPO proceeds to be used for this proposed manufacturing facilities.

The Business of the company however requires high working capital. It faces stiff competition from large domestics and international players having established brand names. In addition, fluctuations in prices of the raw materials affect its Smooth operations. The company stands to gain strong opportunities as Indian wires and cables industry is estimated to grow at the CAGR of 14.5% over FY22E to FY26P.

The revenue CAGR for the period FY21-23 stood at about 12.04%. It operated on an EBITDA margin of 8.6% and PAT margin of 4.11% for year ended FY23. Generating an ROE and ROCE of 14.15% and 15.57% respectively for FY23. The issue is priced at a P/BV of 3.11 based on its NAV of Rs. 17.37 as of March 31, 2023 and asking for a PE multiple of 21.95x on the upper end of the price band and using diluted EPS for FY23 (₹ 2.46) whereas, industry average PE is 24.43x.

The company's success depends on its ability to build the proposed manufacturing unit and expand its product portfolio, both of which are subject to risks and uncertainties. The company's parent, Plaza Cable Electric Pvt., is engaged in activities that are similar to its business. This may be a potential source of conflict of interest, which may have an adverse effect on its business.

Considering the pros and cons of the company, investors can avoid the issue.

Brief Financials

PARTICULARS	₹ in Million		
	FY '23	FY '22	FY '21
Total Income	1,825.95	1,769.37	1,455.95
Total Expenditure	1,722.62	1,683.02	1,395.00
EBITDA	156.99	131.87	108.62
Profit before Tax	103.33	86.35	60.95
Profit after Tax	75.10	59.54	42.44
E.P.S. (Diluted)	2.46	1.95	1.39
P/E (x) (Diluted)	21.95		
RONW (%)	14.15	13.08	10.75

PRICE CHART (@ ₹ 54) (Retail Category)

LOT SIZE	Amount
277	14,958
554	29,916
831	44,874
1,108	59,832
1,385	74,790
1,662	89,748
1,939	104,706
2,216	119,664
2,493	134,622
2,770	149,580
3,047	164,538
3,324	179,496
3,601	194,454

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	3,878	209,412
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	18,282	987,228
Above ₹ 10 Lakhs	18,559	1,002,186

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	09/10/2023
Initiation of refunds/unblocking ASBA Fund	10/10/2023
Credit of Equity Shares to demat accounts of Allottees	11/10/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	12/10/2023

For more details, Please refer RHP,
([GMJ \(plazawires.in\)](http://gmj.plazawires.in))

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