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₹700 CR PUBLIC ISSUE TO OPEN ON JUNE 27

Cyient DLM Fixes IPO Price Band at ₹250-265 Per Share

Press Trust of India

Mumbai: Contract manufacturer of high-end electronics Cyient DLM on Thursday said it has fixed the price band at ₹250-265 per share for its ₹700-crore initial public offering which will hit the market next Tuesday.

The Hyderabad-based company said the promoters/holding company will dilute 30% through the fully-primary issuance of 59.2 million shares and the holding company Cyient will retain 70% equity post-the public issue.

Investors can bid for a minimum of 56 equity shares and in multiples of 56 equity shares thereafter.

The company serves over 30 clients including famed names such as aerospace majors Honeywell and Thales, German industrial giant ABB, public sector defence major BEL, and the Goa-based medical equipment maker Molbio that makes RTPCR test kits and TB test kits among others.

Chairman Ganesh Venkat Krishna Bodanapu told PTI that the company's order book of ₹2,450 crore as of March 2023, executable over the next two years, has more than doubled from the immediate 12 trailing months.

The company, which is into electronics manufacturing, makes printed circuit boards, programmable logic controllers, central processing units, transmitters and receivers among others for these clients.

Managing director Rajendra Velagapudi told PTI that 40% of revenue currently come from domestic sales, and its Mysore plant primarily caters to domestic customers while the Hyderabad units are export-oriented units.

Velagapudi said the proceeds from the share sale will be used to repay term loans of ₹160 crore and ₹290 crore of working capital loans, and the rest to fund in-

cremental working capital requirements, and provisions for possible acquisitions.

The company closed FY23 with a top line of ₹832 crore, up from ₹720 crore, from which it earned ₹129 crore which was up from ₹113 crore in FY22. The company has a free cash balance of around ₹45 crore. The company said that 75% of the issue has been reserved for qualified institutional buyers (QIBs), 15% for non-institutional investors, and the remaining 10% for the retail category.

Axis Capital and JM Financial are the book running lead managers to the issue and the equity shares of the company will be listed on BSE and NSE.

The electronics manufacturing sector, especially in the contractual mode is growing fast in the country, given the government push for local manufacturing through the production linked incentives scheme, which among others, seeks to cash in on the China plus 1 strategy that most large companies are adopting since the pandemic driven supply chain disruptions.

The global electronics manufacturing sector is over \$1.15 trillion giant in 2022, up from \$880 billion in 2021, of which over 44.5% was controlled by China in 2022, marginally down from 46.7% in the previous year.

As against this Indian share was a paltry 7% in 2022 but sharp rise from 2.2% in the previous year, according to a recent Frost & Sullivan report.

In April a rival company Avalon Technologies based in Chennai opened the IPO street with a ₹865-crore issue but made a tepid debut.



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