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IPO Note
5th August 2025

Bhadora Industries Ltd.

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Rating: Subscribe for long term	
Issue Offer	

Fresh Issue of 5,400,000 equity shares amounting to INR 556.20 Mn

Issue Summary	
Price Band INR	97-103
Face Value INR	10
Implied Market Cap INR Mn.	1,915.8
Market Lot	1,200
Issue Opens on	Aug 4, 2025
Issue Close on	Aug 6, 2025
No. of share pre-issue	13,200,000
No. of share post issue	18,600,000
Listing	NSE SME

Issue Break-up %	
QIB Portion	≥ 50%
Retail Portion	≤ 35%
NII Portion	≤ 15%

Registrar

MUFG Intime India Pvt. Ltd. (Link Intime)

Book Running Lead Managers

Unistone Capital Pvt Ltd

Shareholding Pattern		
	Pre-Issue	Post-Issue
Promoters	92.42%	65.59%
Public & Others	7.58%	34.41%

Objects of the issue

- To part-finance a new cable manufacturing unit in Khargone, Madhya Pradesh.
- Funding working capital requirements of the Company
- General Corporate Purposes

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Bhadora Industries Ltd., founded in 1986 and based in Madhya Pradesh, is a leading manufacturer of industrial and power cables under the “Vidhut Cables” brand. Starting with PVC cables, it has grown to offer high-value products like LT Aerial Bunched, XLPE, high-voltage, and solar cables. Serving both government utilities and private EPC firms, the company has built a reputation for quality, innovation, and timely delivery. With its strategic shift toward high-margin, technology-driven solutions, Company is well-positioned to capitalize on India’s electrification, renewable energy, and infrastructure growth.

Investment Rationale

Multi-Phase Capacity Expansion Unlocking INR 900–950 Cr. Revenue Potential : Company currently operates at ~20,000 km capacity, of which 18,000 km is low-value service cable priced at INR 0.40–0.50 Cr./km, translating into INR 130–135 Cr. in annual revenue potential. The upcoming Unit-II at Panwa, MP (Phase 1 commissioning in Q2FY26) will add 1,600 km of higher-value LT & MV cables (up to 33 kV) with realisations of ~INR 2 Cr./km, delivering INR 300–350 Cr. incremental revenue in the first phase alone. Management’s Phase 2 & Phase 3 plans include manufacturing extra high-voltage cables (up to 220 kV), MVCC, and solar cables, taking the total cumulative revenue potential to INR 900–950 Cr. post-completion.

Margin Expansion from Business Mix Shift to High-Value Segments: The company has strategically reduced dependence on low-margin government contracts, which have fallen from 53% of revenue in FY23 to ~10% in FY25, while EPC contractors now contribute ~90% of sales. EPC clients not only offer higher margins but also better payment terms and repeat business potential. This shift, coupled with the introduction of higher-value cable products and tight cost controls, has lifted EBITDA margins from ~13% in FY24 to ~17% in FY25, with management targeting 20–22% margins over the next 4–5 quarters. The higher-value products (~INR 2 Cr./km) offer 3–4x realisations compared to existing lines, enabling sustained profitability improvement even without volume expansion.

Export Scale-Up to 25% Revenue Share : Exports currently account for 5–7% of FY25 revenue, but management aims to scale this to ~25% over the medium term. The phased export strategy includes targeting Africa and SAARC markets in Phase 1, expanding into the Middle East in Phase 2, and entering North America and Europe in Phase 3. At the targeted share, exports could generate INR 225–250 Cr. annually, significantly diversifying the revenue base and reducing exposure to domestic demand volatility. Export growth is also expected to enhance blended realisations due to higher international pricing, while leveraging favourable trade agreements and competitive manufacturing costs in India.

Strategic Location, Subsidy Benefits & Strong Financial Base: Company’s central Madhya Pradesh location provides a logistical advantage, allowing efficient supply to all parts of India while keeping transportation costs low (~1–1.5% of sales). The company is eligible for a 40% capital subsidy (no upper cap) over 6 years on plant, machinery, and building costs, along with a INR 5 Cr. infrastructure subsidy for utilities and a INR 0.50 Cr.. certification subsidy for domestic and international approvals. These incentives reduce capital intensity, shorten project payback, and improve ROCE. Financially, FY25 revenue grew 35% YoY to INR 110 Cr., NPM expanded to 9.8% (from 6.1% in FY24), ROE surged to 30.5%, and debt-to-equity improved from 2.3x in FY22 to 0.9x in FY25, giving the company ample room to fund its expansion without over-leveraging the balance sheet.

Valuation and View: **Bhadora Industries, with over three decades of operations, is transitioning from low-margin government orders to high-margin EPC and export markets while executing a multi-phase capacity expansion that will raise revenue potential from INR 130–135 Cr. to INR 900–950 Cr.. Margins are set to improve from ~17% in FY25 to 20–22% in the next 4–5 quarters, aided by high-value products and cost control. Exports are targeted to rise from 5–7% to ~25% of revenue (~INR 225–250 Cr. annually), supported by phased global market entry. Strategic central location, substantial subsidies, and a strong balance sheet position the company well for sustained growth. At the upper band of INR 103, the issue is valued at a P/E of 17.16x based on annualised FY25 EPS of INR 5.08. We recommend a “Subscribe for Long Term”. For this issue currently**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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