

**Rating: Subscribe**

**Issue Offer**

**Fresh Issue of 47,71,200 equity shares amounting to INR 415.1 Mn**

**Issue Summary**

Price Band INR	82-87
Face Value INR	10
Implied Market Cap INR Mn.	1563.0
Market Lot	1,600
Issue Opens on	Aug 22, 2025
Issue Close on	Aug 26, 2025
No. of share pre-issue	1,31,93,750
No. of share post issue	1,79,64,950
Listing	NSE Emerge

**Issue Break-up %**

QIB Portion	47.02%
Retail Portion	33%
NII Portion	14.15%
Market Maker Portion	5.84%

**Registrar**

MUFG Intime India Private Limited

**Book Running Lead Managers**

GYR Capital Advisors Private Limited

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoter & Promoter Group	97.73%	71.77%
Public & Others	2.27%	28.23%

**Objects of the issue**

- Funding capital expenditure to purchase plant and machinery
- Prepayment or repayment of all or a portion of outstanding borrowings
- Funding working capital requirements
- General Corporate Purposes

**Abhishek Jain**

[abhishek.jain@arihantcapital.com](mailto:abhishek.jain@arihantcapital.com)

022-422548871

**Natasha Singh**

[natasha.singh@arihantcapital.com](mailto:natasha.singh@arihantcapital.com)

022-42254876

Classic Electrodes (India) Limited, established 28 years ago, is a manufacturer of primarily MIG cables and electrodes providing a wide array of options including general purpose, low hydrogen, stainless steel, and hard facing electrodes. It operates from two manufacturing units in Dhulagarah, West Bengal and Jhajjar, Haryana wherein the latter focuses on MIG Wire production recently halting electrodes. Even though it recently closed its Bahadurgarh unit, the company has improved its product mix positioning itself well to capitalise on the higher margins and increasing promise of the MIG Wire segment looking to increase its capacity for production and maintaining a higher utilisation in the future to come.

**Investment Rationale**

**Strong and strategic product portfolio:** Company made a strategic decision to shift its product mix towards higher margin products such as SS MIG Wires and Electrodes seeing notable improvements in EBITDA margin as it rose to 11.85% in FY24 vs 5.65% in the previous year. The company offers all types of welding electrodes and MIG wires with the promoters of the company having decades of combined experience in these particular segments.

**Domestic revenue bifurcation and customer base:** Company primarily serves its customers through direct relations instead of distributor networks becoming less reliant on these intermediaries' viability. This also makes the company more domestically focused as 99.96% of revenue came from domestic sales in the period ended Feb'25. This further reflects in the company's tendency to secure repeat orders ensuring the top ten customers, who make up 68.43% of revenue in period ended Feb'25, remain with the firm. Finally, the firm also has established presence in 19 states indicating a strong geographic diversification and ability to reach wide markets.

**High installed capacity and improving utilization:** Company has 10,608 MT installed capacity for electrodes and 5,000 MT for MIG wire. With its identification of the expanding market in MIG wires, the company has already removed all electrode production in Unit II instead prioritizing MIG wire production. This saw a steady increase in capacity utilization as it reached 61.71% in period ended Feb'25 vs 53.72% in FY24. The proceeds will further be dedicated towards installing further capacity in a phased manner ensuring utilization remains at a steady level.

**Better margins vs peer firm:** Company identifies the main peer as D & H India Limited who posts similar top line numbers of INR 2,091.26 Mn in FY25 compared to company's INR 1,876.02 Mn for period ended Feb' 25. Despite this similarity, company does enjoy higher EBITDA margins of 10.24% compared to peer's indicating a favorable product mix and manufacturing optimization. Nonetheless, the RoCE does fall short at 17.68% against the peer's 20.44%. This is further exacerbated by the significantly higher debt-to-equity ratio of 1.23 v/s the peer's relatively low 0.39

**Valuation and View:** Classic Electrodes is driven by its entrenched market presence across 19 states, maintaining direct consumer relations and strong brand image; its diversified portfolio that has strategically shifted between the MIG wire and electrodes is only complemented by the two ISO-certified plants with in-house R&D and quality assurance systems, enabling efficiency, scale, and innovation; and its proven financial track record, with margins much higher than its peers and promising scale of capacity (and utilization) in the future. **At the upper band of INR 87, the issue is valued at a P/E ratio of 14.97x, based on Feb 25 PAT of FY25 EPS of INR 5.81. We are recommending a "Subscribe" for this issue currently.**

**Arihant Research Desk**

Email: [instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

Tel. : 022-42254800

**Head Office**

#1011, Solitaire Corporate Park  
Building No. 10, 1<sup>st</sup> Floor  
Andheri Ghatkopar Link Road  
Chakala, Andheri (E)  
Mumbai – 400093  
Tel: (91-22) 42254800

**Registered Office**

6 Lad Colony,  
Y.N. Road,  
Indore - 452003, (M.P.)  
Tel: (91-731) 4217100/101  
CIN: L66120MP1992PLC007182

**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%

**Research Analyst  
Registration No.****Contact****Website****Email Id**

**INH000002764**

**SMS: 'Arihant' to 56677**

[www.arihantcapital.com](http://www.arihantcapital.com)

[instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

**Arihant Capital Markets Ltd.**

1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E)  
Tel. 022-42254800

**Disclaimer:** This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice. ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE. ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

#### **Arihant Capital Markets Ltd.**

1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E)  
Tel. 022-42254800