

IPO Date	Sep 29, 2020 to Oct 1, 2020
Face Value	Rs 10 per equity share
IPO Price band	Rs 117 to Rs 120 per share
Issue Size	Total of Rs 61.2 Crores
Fresh issue	Rs 61.2 Crores
IPO Lot Size	125 shares
Lead Managers	Unistone Capital
Listing at	BSE and NSE

Likhitha Infrastructure Limited is an oil and gas pipeline infrastructure service provider in India. Its small size IPO of Rs 61.2 Crores only. Instead of coming through SME, this company has come as mainline IPO route.

Likhitha Infrastructure IPO Tentative Date / Timetable

Bid/Offer Opens On	Sep 29, 2020
Bid/Offer Closes On	Oct 1, 2020
Finalisation of Basis of Allotment	Oct 7, 2020
Initiation of Refunds	Oct 8, 2020
Credit of Shares to Demat Acct	Oct 9, 2020
IPO Shares Listing Date	Oct 12, 2020

Likhitha Infrastructure IPO Lot Size and Price (Retail)

Application	Lots	Shares	Amount (Cut-off)
Minimum	1	125	₹15,000
Maximum	13	1625	₹195,000

Company Financials

Here is the summary of the financial information of the company.

Fin. Year ending	Total Revenues (Rs in Crores)	Profits after tax (Rs in Crores)	Profit %
Mar-2018	886.0	71.6	8.1%
Mar-2019	1,405.4	178.5	12.7%
Mar-2020	1,627.9	198.7	12.2%

Its average EPS in the last 3 years is Rs 11.68 and FY2020 is Rs 13.59.

Reasons to invest in this IPO

1) Likhitha Infrastructure is engaged in providing oil & gas pipelines, city gas distribution projects, Cross-Country Pipeline Projects, and operations and maintenance services as well. Infact, it is the first company that has executed the first Trans-National Cross Country Hydrocarbon Pipeline Project between India and Nepal. There are no other company that is doing similar business.

2) The company posted strong revenue and margin growth in the last few years. Its revenues grew by 22% CAGR revenue from operations and 41% in profit during FY2018 to FY2020. Its order book as of July, 2020 was approx. Rs 950 crore.

Risk Factors of investing in this IPO

1) Its business is dependent on a few clients and the loss of, or a significant reduction in purchase orders from such clients could adversely affect its business and financials.

2) Some or all of its ongoing projects may not be completed within their agreed completion dates. Such delays may adversely affect business, results or operations and financial conditions.

3) Its business is subject to seasonal fluctuations.

4) Given the long-term nature of many of its projects, they face various implementation risks and its inability to successfully manage such risks may have an adverse impact on the functioning of its business.

5) For complete internal and external risk factors, you can refer the RHP of the company.

OUR View

1) On the upper price band of Rs 120 and EPS of Rs 13.59 for FY20, the P/E ratio works out to be 8.8x. 2) For last 3 years EPS of Rs 11.68, PE ratio is 10.2x.

3) Means, the company is asking the issue price of Rs 120 in the P/E range of 8.8x to 10.2x. This is reasonable.

4) There are no listed peers, hence we cannot ascertain whether the issue price is under priced or overpriced. It is a small company in MONOPOLY. We are looking for good listing Gains & investment for long term also.