

Leapfrog Engineering Services IPO

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- The company is engaged in EPCC contract works across the board.
- The company posted growth in its bottom lines despite declining top lines for recent years.
- The company is operating in a highly competitive segment.
- Based on its recent financial data, the issue appears fully priced.
- As of March 31, 2026, it had an order book worth Rs. 384.03 cr., with a lion share from export revenue.
- Well-informed investors may park funds for long term.

About the Company

Leapfrog Engineering Services Ltd. (LESL) is engaged in engineering, procurement, construction, and commissioning (EPCC) with a specialized focus on electrical, instrumentation, fire safety, modular substation and automation systems. It is an integrated Engineering Services Company that provides EPCC services for a wide range of industries, including Oil and Gas, Food processing, Pharma, Metals among others. With over 20 years of a strong, customer -focused approach and a continuous quest for outstanding quality, has unmatched capabilities across Electrical, Instrumentation, Automation, Fire Protection, Modular Substation and Project Execution. LESL has built a reputation for its expertise in developing large – scale projects including refineries, early productions facilities, gas sweetening facilities, petrochemical plants, pharma, food processing, metals, chemicals and fertilizers.

Its expertise spans a wide range of engineering solutions, making it a versatile and comprehensive service provider in the industry. The company caters to a highly diversified client base, delivering tailored solutions across numerous sectors. LESL's operations extend across multiple states within India and reach internationally, serving clients in many countries around the globe.

This extensive geographical reach, combined with its broad spectrum of services, enables it to address complex engineering challenges with precision and efficiency. Whether domestically or internationally, its commitment to quality and innovation has allowed the company to build strong, lasting relationships with clients from various industries, reinforcing its reputation as a trusted partner in delivering cutting-edge engineering solutions.

Over the years, the company has undergone a remarkable transformation, evolving from a small-scale enterprise into a thriving medium-sized business. This growth is a direct result of its unwavering commitment to continuous improvement, technology adoption, and customer-centricity. From modest beginnings, LESL has made extraordinary strides in the global market. In the last two financial years,

it has executed export orders worth over Rs. 225 crores, establishing itself as a prominent player both in India and globally. As of March 31, 2026, it had an order book worth Rs. 384.03 cr. (including export orders worth Rs. 327.14 cr.). As of April 30, 2026, it had 172 employees on its payroll, including 60 contractual employees.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 38484000 equity shares of Re. 1 each to mobilize Rs. 88.51 cr. at the upper cap. The IPO consists of 34608000 fresh equity shares worth Rs. 79.60 cr. at the upper cap, and an Offer for Sale (OFS) of 3876000 equity shares worth Rs. 8.91 cr. at the upper cap. The company has announced a price band of Rs. 21 - Rs. 23 per share of Re. 1 each. The minimum application to be made is for 12000 shares and in multiples of 6000 shares thereon, thereafter. The issue opens for subscription on June 17, 2026 and will close on June 19, 2026. The shares will be listed on BSE SME. The IPO constitute 27.14% of the post-IPO paid-up capital of the company. From the net proceeds of the fresh equity issue, it will utilize Rs. 27.00 cr. for capex towards setting up assembling unit, Rs. 36.05 cr. for working capital, and the rest for general corporate purposes.

The company has allocated 1.03% for QIBs, 5.00% for Market Maker, 60.07% for Retail investors and 38.90% for HNI investors.

The IPO is solely lead managed by Finshore Management Services Ltd., and Integrated Registry Management Services Pvt. Ltd. is the registrar to the issue. Anant Securities is the market maker. The issue is underwritten to the tune of 15% by Finshore Management Services Ltd., and 85% by Giriraj Stock Broking Pvt. Ltd.

After issuing initial equity capital at par value, it issued further equity shares at a fixed price of Rs. 24.00 per share in October 2024. It has also issued bonus shares in the ratio of 2 for 1 in November 2010, and 20 for 1 in May 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.01 per share.

Post-IPO, company's current paid-up equity capital of Rs. 10.72 cr. will stand enhanced to Rs. 14.18 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 326.12 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 105.38 cr. / Rs. 0.28 cr. (FY23), Rs. 162.88 cr. / Rs. 16.39 cr. (FY24), Rs. 137.37 cr. / Rs. 16.22 cr. (FY25). For 9M of FY26 ended on December 31, 2025, it earned a net profit of Rs. 14.18 cr. on a total income of Rs. 105.05 cr. The company marked quantum jump in its bottom lines from FY24 onward, that raise eyebrows, and also concern over its sustainability going forward. Surge in net profit on lower top line for FY25 is surprising. Declining trends in its top line for FY25 raise alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 1.33 and an average RoNW of 41.29%. The issue is priced at a P/BV of 3.66 based on its NAV of Rs. 6.29 per share as of December 31, 2025, but its post-IPO NAV data is missing from offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 17.29, and based on FY25 earnings, the P/E stands at 20.18. The issue appears fully priced based on its recent bumper earnings.

The company has posted PAT Margins of 0.27% (FY23), 10.38% (FY24), 12.05% (FY25), 14.04% (9M-FY26), and RoCE margins of 10.95%, 68.10%, 32.45%, 23.98%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Engineers India, Konstelec Engg., as its listed peers. They are currently trading at a P/E of 19.0, and 8.72 (as of June 12, 2026). However, they are not truly comparable on an apple-to-apple basis.

Merchant Banker's Track Record

This is the 22nd mandate from Finshore Management in the last four fiscals (including the ongoing one). Out of the last 10 listings, 6 opened at discount, 1 at par, and the rest with premium ranging from 0.64% to 9.09% on the date of listing.

Conclusion / Investment Strategy

LESL is engaged in EPCC contract works across the board. The company posted growth in its bottom lines despite declining top lines for recent years. The company is operating in a highly competitive segment. Based on its recent financial data, the issue appears fully priced. As of March 31, 2026, it had an order book worth Rs. 384.03 cr., with a lion share from export revenue. Well-informed investors may park funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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