



# IPO Report

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## Defrail Technologies Limited

Consumer Discretionary

**Price Band:** ₹70 to ₹74 per share  
**Bidding:** Jan 9, 2026 to Jan 13, 2026  
**Listing At:** BSE SME  
**Listing Date:** Jan 16, 2026

**ESG Rating:** Not Rated

### ESG Initiatives

- Company has not disclosed ESG related activities

### Details of the Issue

Lead Manager	NEXGEN Financial Solutions Pvt. Ltd.
Market Maker	Nikunj Stock Brokers Ltd.
Registrar	Maashitla Securities Pvt. Ltd.

### Promoter Holding

Pre-Issue	100.00%
Post-Issue	73.52%

### Offer Structure

Market Maker	94,400 shares
QIB	8,73,600 shares
Retail	6,24,000 shares
NII	2,68,800 shares
Fresh Issue	18,60,800 shares
Total Issue	₹13.77 Cr

### Financial Summary (₹ in Lakhs)

Particular	FY25	FY24
Revenue	6,176.78	71.71
EBITDA	578.16	14.24
PAT	341.82	10.54

### Minimum Application

Category	Lots	Shares	Amount
Retail	2	3,200	₹ 236,800
S-HNI	3-8	4,800-12,800	₹3,55,200-₹9,47,200
B-HNI	9	14,400	₹ 1,065,600

### Valuations

NAV(FY25)	17.66
EPS(Pre Issue)	6.62
P/E(Pre Issue)	11.18

### Promoters

Mr. Vivek Aggarwal, Mr. Abhishek Aggarwal, Ms. Ashi Aggarwal, and Mr. Dinesh Aggarwal

### Company Overview

Defrail Technologies Limited, incorporated in 2023, manufactures rubber hoses, profiles, beadings, and moulded rubber parts for automotive, railways, and defence applications. With operating roots dating back to 1980, the company consolidated Vikas Rubber Industries and Impex Hitech Rubber into a single entity in April 2024. It primarily operates on a B2B model, supplying bulk orders to automotive clients, while also serving government customers such as Indian Railways and defence authorities.

### Object of the Issue

- Capital Expenditure- Purchase of equipment/machineries: 795.95 lakhs
- Capital Expenditure- Purchase and installation of Solar Panel at our Manufacturing Plants: 173.25 lakhs
- General Corporate Purposes:

### Price Band Analysis

At the upper price band of ₹74, Defrail Technologies Limited is valued at a post-issue P/E of 15.21x (EPS ₹4.87) and a P/B of 4.19x, indicating a moderately premium valuation. The company operates in the rubber components and automotive ancillary segment, which is supported by steady demand from the automobile, railways, and defence sectors. Compared to listed peers, the valuation is relatively higher, reflecting expectations of stable order flows and margin improvement. Upside potential remains contingent on sustained demand from the automobile sector, raw material price stability, and consistent execution.

### Peer Comparison

Company Name	EPS (₹)	NAV (₹)	P/E	RONW (%)
Defrail Technologies Limited	6.62	17.66	11.18	77.01
Pentagon Rubber Limited	0.82	62.96	86.59	1.95
Gujrat Reclaim & Rubber Product Limited	6.36	339.08	265.72	1.73

### Risk Measures:

- The company derives a substantial majority of its revenue (approximately 92%-96%) from rubber hoses and assemblies. Any decline in demand for this product category due to changes in market trends, customer preferences, or technological advancements could materially and adversely impact revenues and profitability. This high product concentration increases revenue volatility and exposes the business to risks arising from disruptions in the rubber hose market.
- The company's business is highly dependent on the performance of the Indian automobile sector, which accounted for approximately 90.25% of revenue in FY25. Any slowdown in automobile demand, adverse regulatory changes, or developments that reduce the economic viability of supplying rubber products to this sector could materially and adversely affect the company's business, financial condition, and results of operations.

### Investment Rationale:

- The company has demonstrated strong financial efficiency, reporting an ROE of 73.72% and ROCE of 24.43% in FY25, reflecting effective utilization of shareholders' funds and capital employed. This performance is supported by healthy operating momentum, with revenue reaching ₹6,176.78 lakhs and PAT of ₹341.82 lakhs in FY25, underscoring improving profitability and returns.
- The company plans to deploy ₹795.95 lakhs toward automation-led equipment upgrades and ₹173.25 lakhs for solar installations, aimed at improving efficiency, lowering energy costs, and nearly doubling installed capacity at Plant 1 from 23.70 lakh kg to 47.40 lakh kg. In-house R&D and testing capabilities further strengthen product customization and quality, enabling compliance with stringent OEM and defence specifications and supporting sustainable growth.
- While the company offers growth potential, investors should note its elevated concentration risks, with a substantial portion of revenue derived from a limited customer base, a single product category, and the Indian automobile sector. Continued negative operating cash flows and high client dependence could impact financial flexibility, making performance sensitive to customer retention, sectoral cycles, and working capital management.

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## Financials (₹ in Lakhs, Except for Percentage & Ratios)

Particular	FY23	FY24	FY25
Revenue From Operations	3,362.18	71.71	6,176.78
EBITDA	213.79	14.24	578.16
EBITDA Margin (%)	6.36	19.86	9.29
PAT	87.66	10.54	341.82
PAT Margin (%)	2.61	14.70	5.53
EPS	-	21.09	6.62
Return on Equity (RoE%)	45.72	67.81	73.72
Return on Capital Employed (RoCE%)	23.68	-2.52	24.43
Debt to Equity Ratio	1.48	2.66	1.12

Source: RHP

## Product Wise Revenue Bifurcation (₹ in Lakhs)

Particulars	FY23	FY24	FY25
Rubber Hose and Assemblies	3,131.87	71.71	5,979.12
Rubber Profiles and Beadings	200.39	0.00	129.71
Rubber Mouldings	29.92	0.00	67.95
<b>Total</b>	<b>3,362.18</b>	<b>71.71</b>	<b>6,176.78</b>

## Customer concentration (% of Revenue)

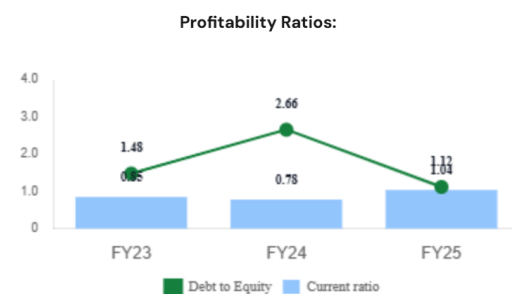
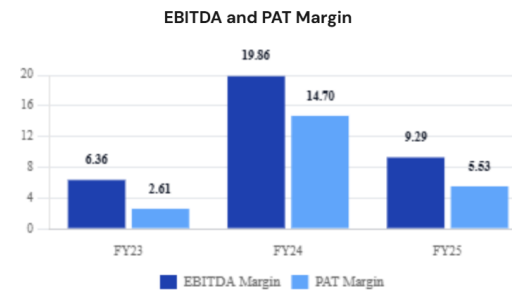
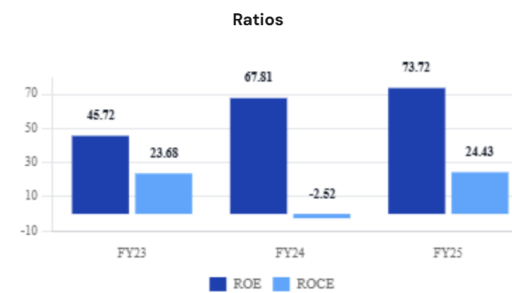
Particulars	FY23	FY24	FY25
Top 1 Customer	90.18	61.29	83.91
Top 5 Customers	99.42	100.00	96.61
Top 10 Customers	99.75	0.00	98.73

## About The Founder



Mr. Vivek Aggarwal is the Chairman, Managing Director, and Promoter of Defrail Technologies Limited. Associated with the company since its incorporation in October 2023, he was redesignated as Managing Director in July 2024. He holds a B.Com from Delhi University and an MBA in Marketing and Finance from IMT Ghaziabad, with over 16 years of experience in manufacturing rubber hoses, profiles, and moulded components.

## FINANCIAL HIGHLIGHTS



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