

Company Business

- Delta Autocorp Limited ("DAL"), incorporated in 2016, is in the business of manufacturing and selling electric 2W & 3W EVs. They use cutting-edge components sourced from reputable OEMs who adhere to the company's design and engineering specifications.
- Currently, the company operates through a wide network of dealers, and at present, focus is primarily on B2B transactions. Currently working with a more than 300 strong distribution network spread across 25 states & Union Territories of India.

Industry Analysis

The Indian automobile industry, specifically the two-wheeler segment, is a significant indicator of economic performance and is characterized by the following:

- Dominance of Two-Wheelers** : Driven by a growing middle class and a large young population, the two-wheeler segment leads in volume.
- Rural Market Focus**: Companies are increasingly exploring rural markets, further boosting industry growth.
- Government Initiatives**: Government initiatives like the FAME-II scheme promote electric vehicle adoption, creating growth opportunities for companies like DAL.
- EV Market Growth** : Driven by factors like rising fuel prices and environmental concerns, the electric vehicle market is experiencing robust growth, especially in the two-wheeler and three-wheeler segments.

Suppliers

Country	1 st April, 2024 to 31 st October, 2024	% of Total Purchase	21 Jul 23 to 31 March 24	% of Total Purchase	1 Apr 23 to 20 Jul 23	% of Total Purchase	2022-23	% of Total Purchase	2021-22	% of Total Purchase
China	337.65	9.95%	736.16	14.8%	197.48	14.19%	1678.89	26.92%	2379.67	44.72%
India	3056.38	90.05%	4237.29	85.2%	1194.23	85.81%	4558.00	73.08%	2941.87	55.28%
Total	3394.03	100%	4973.45	100%	1391.71	100%	6236.89	100%	5321.54	100%

IPO Details

DAL is proposing an IPO with the following key details:

- Offer Size :
Up to 42,00,000 equity shares
Rs. 54.60 Cr.
- Offer Structure :
 - Fresh Issue:**
Up to 38,88,000 equity shares
 - Offer for Sale: Up to 3,12,000 equity shares by the Selling Shareholder, Ankit Agarwal**
- Listing :
Proposed on the EMERGE Platform of the National Stock Exchange of India Limited (NSE)
- Price Band :
Rs. 123 to 130 Per Share

Objects of the Issue

DAL intends to use the net proceeds from the IPO for the following:

- Setting up an Electric Three-Wheeler Fabrication Plant & Painting Plant :
Expanding production capacity.
- Investment in New Product Development : **Fuels innovation and future growth.**
- Funding Working Capital Requirements : **Supports day-to-day operations and expansion.**
- General Corporate Purposes : **Offers flexibility for strategic initiatives.**
- Meeting Offer Expenses : **Covers costs associated with the IPO.**

Financials of the company

(Fig. in Cr)

Particulars	Oct 31, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	45.17	80.81	80.01	57.13
EBITDA	6.68	11.38	7.84	6.22
EBITDA Margins	14.77%	14.08%	9.74%	10.82%
PAT	4.80	8.21	5.13	4.20
PAT Margins	10.64%	10.15%	6.42%	7.36%
CFOA	-5.38	2.61	5.03	-3.70

Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Delta Autocorp (FY 2024)	80.81 Cr.	14.08%	10.15%	0.49	198.76 Cr.	24.21
Wardwizard Innovations & Mobility (TTM)	341 Cr.	8%	1.76%	1.78	998 Cr.	155

Positive and Negative Points

Positive

- ✦ **Focus on EV Market:** Positions the company to benefit from the high-growth potential of the electric vehicle industry in India.
- ✦ **Strategic Expansion Plans:** The IPO proceeds will fund capacity expansion and new product development, supporting future growth.

Negative

- ✦ **Dependence on Suppliers:** Reliance on external OEMs for components could pose supply chain risks. Supplier details are not explicitly mentioned in the sources.
- ✦ **Competition:** The EV market is becoming increasingly competitive, requiring DAL to maintain its edge.
- ✦ There has been no growth in sales since FY23.
- ✦ Company used to import key parts like plastic components, lights, chassis, and seats from China for assembly in India. However, since the molds are owned by another company, these parts are available to others, leading to similar scooter designs and making it hard to stand out.



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