



Retail Research	: IPO Note
Sector	: Auto Ancillary
Price Band (INR)	: 70 to 74
Issue Type	: Bookbuilding

About The Company

Defrail Technologies Limited ek public limited company hai jo 9 October 2023 ko incorporate hui, jiska Registrar Delhi & Haryana hai. Company ka CIN U30204HR2023PLC115548 hai. Company legal form me nayi hai, lekin iska business bilkul naya nahi hai. 1 April 2024 ko Defrail Technologies ne do well-established proprietorship firms M/s Vikas Rubber Industries (established in 1980, promoted by Mr. Dinesh Aggarwal) aur M/s Impex Hitech Rubber (established in 2008, promoted by Ms. Ashi Aggarwal) ka pura running business going concern basis par acquire kar liya. Is transfer me assets, liabilities, operations aur goodwill sab kuch Defrail Technologies Limited ko shift ho gaya, jis se company ko 40+ saal ka cumulative industry experience milta hai.

Company rubber parts aur components ka manufacturing karti hai, jisme rubber hoses & assemblies, rubber profiles & beadings aur rubber moulded parts shamil hain. In products ka use automobile industry, railways aur defence jaise critical sectors me hota hai. Defrail Technologies apne customers ko sirf products hi nahi deti, balki unke application ke hisaab se right product selection, custom design aur specific technical requirements me bhi support karti hai, jo company ko ek solution-oriented supplier banata hai.

Manufacturing infrastructure ke level par company ke paas Faridabad me do well-equipped plants hain ek Neemka, Tigaon Road, Sector 71 me aur doosra Sector 24 me. Company ka product portfolio kaafi diversified hai, jisme diesel & petroleum hose pipes, LPG hoses, nylon tubes, rubber gaskets & grommets, air intake hoses, EPDM rubber profiles, aluminium window rubber beadings aur rubber sponge profiles shamil hain. Production ke liye NBR, EPDM, chloroprene rubber jaise specialised raw materials use hote hain aur cold feed extruders, autoclaves, braiding machines jaise advanced machinery ke through process-driven manufacturing hoti hai.

Business model primarily B2B hai, jahan automobile companies se bulk orders ke through major revenue aata hai, jabki B2G segment me railways, defence aur government tenders (GeM portal ke through) se limited contribution hota hai. Company ISO 9001:2015 certified hai aur GeM par registered bhi hai, jo government orders ke liye eligibility ensure karta hai. Defrail Technologies ka long-term vision turnover ko double karna, exports ka contribution 25% tak le jana, R&D aur capacity expansion par focus karna, zero-defect lean manufacturing adopt karna aur stakeholders ke liye ek preferred supplier banna hai.

Issue Details	
IPO Open Date	09-Jan-26
IPO Close Date	13-Jan-26
Price Band (Rs)	70 to 74
Lot Size	1600 Shares
Issue Size (Rs Cr)	18,60,800 shares
Face Value	RS 10 per share
Sales Type	Fresh Capital
Issue Type	Bookbuilding IPO
Listing At	BSE, SME
Share Holding Pre Issue	51,63,620 shares
Share Holding Post Issue	70,24,420 shares
QIB	46.95%
Retail Share	33.53%
NII Share	14.45%
Promoter Holding Pre Issue	100.00%
Promoter Holding Post Issue	73.52%

Shareholding Pattern (%)	
Mr. Dinesh Aggarwal	24.24%
Ms. Ashi Aggarwal	72.85%

Objects of the Issue	Estimated Amount (INR Cr.)
Purchase of equipment/machineries	7.96
Purchase and installation of Solar Panel	1.73



RISK

1 Automobile Sector Dependence Risk:

Company ka business automobile sector par highly dependent hai, isliye auto slowdown, EV transition ya recession aane par orders, revenue, profitability aur cash flows negatively impact ho sakte hain.

2 Product Concentration Risk:

Company ka major revenue rubber hose & assemblies se aata hai, aur agar in products ki demand giri ya koi substitute aaya, to operating performance directly affect ho sakti hai.

3 Leased Property Risk:

Company ke manufacturing plants aur registered office leased hain, aur agar lease terminate hui ya rent significantly badha, to operations disrupt ho sakte hain.

4 Capacity Utilisation Risk:

Agar existing ya expanded capacity ka optimal utilisation nahi hua, to fixed costs badhenge aur margins par pressure aayega.

5 Fire NOC Pending Risk:

Plant 1 ke liye final Fire NOC pending hai, aur agar approval delay ya deny hua, to operations disturb ya temporarily suspend ho sakte hain.

6 Customer Concentration Risk:

Company ka revenue limited number of customers se aata hai, isliye kisi major customer ke order kam hone ya exit karne par revenue aur profitability hit ho sakti hai.

7 Supplier Concentration Risk:

Top suppliers par high dependence ke kaaran supply disruption, cost escalation aur production delay ka risk bana rehta hai.

8 Power Supply Risk:

Manufacturing units ke liye uninterrupted electricity zaroori hai, aur power cuts ya tariff hikes se costs aur production efficiency impact ho sakti hai.

9 Environmental & Regulatory Risk:

Rubber industry par strict environmental norms lagu hote hain, aur compliance cost badhne se margins aur business continuity par pressure aa sakta hai.

10 Negative Cash Flow Risk:

Company ke past me negative cash flows rahe hain, aur future me working capital mismanagement ya high capex se liquidity pressure aa sakta hai.

1 1 Geographical Concentration Risk:

Company ka major revenue Haryana se generate hota hai, isliye state-specific issues ya industrial slowdown ka direct impact ho sakta hai.

1 2 Contingent Liabilities Risk:

Company ki contingent liabilities future me actual liability ban sakti hain, jo financial position ko negatively affect kar sakti hain.

1 3 Legal Proceedings Risk:

Company, promoters aur management ke against pending legal cases adverse outcome par reputation, finances aur operations ko impact kar sakte hain.

1 4 Raw Material Price & Availability Risk:

Raw material prices fluctuate karti hain aur long-term supply contracts na hone ke kaaran cost unpredictability aur shortage ka risk rehta hai.

1 5 Inventory Management Risk:

Excess inventory cash block kar sakti hai aur shortage se order delays ho sakte hain, jo working capital aur revenue ko impact karta hai.

1 6 Statutory Compliance Delay Risk (ESI/EPF):

Past me ESI aur EPF filings me delay hua hai, jisse penalties aur legal exposure ka risk rehta hai.

1 7 Companies Act Compliance Risk:

Statutory filings me delay hone par company aur directors par regulatory action ya penalties lag sakti hain.



RISK

1 8 Manpower Intensive Business Risk:
Skilled aur semi-skilled labour ki shortage, strike ya wage hikes se production aur cost structure disturb ho sakta hai.

1 9 Intellectual Property Risk:
Company ke kuch IPs abhi registered nahi hain, jisse misuse aur brand protection ka risk rehta hai.

2 0 Insurance Coverage Risk:
Agar insurance coverage inadequate hui aur koi major accident ya disaster hua, to company ko heavy financial loss uthana pad sakta hai.

2 1 Unsecured Loan Recall Risk:
Unsecured lenders kisi bhi samay loan recall kar sakte hain, jisse sudden cash flow pressure aa sakta hai.

2 2 Manufacturing Disruption Risk:
Fire, machinery breakdown ya natural disaster se production halt ho sakta hai aur revenue par severe impact pad sakta hai.

2 3 Third-Party Logistics Dependence Risk:
Transportation ke liye third-party logistics par dependence supply chain disruption ka risk badhata hai.

2 4 Competitive Intensity Risk:
Industry me bade aur naye competitors ke kaaran pricing pressure aur margin compression ka risk bana rehta hai.

2 5 Promoter Lower Acquisition Cost Risk:
Promoters ne shares issue price se kaafi kam cost par liye hain, jisse listing ke baad selling pressure aa sakta hai.

2 6 Capex Execution Risk:
Plant & machinery ke orders abhi fully placed nahi hue hain, aur delay ya cost escalation se project returns impact ho sakte hain.

2 7 No Long-Term Customer Contracts Risk:
Zyada tar business purchase order basis par hone ke kaaran revenue visibility limited rehti hai.

2 8 License & Approval Renewal Risk:
Licenses aur approvals ke renewal me delay ya rejection se operations legally affect ho sakte hain.

2 9 Product Innovation Risk:
Industry trends ke saath timely innovation na hone par company market share lose kar sakti hai.

3 0 No Monitoring Agency Risk:
IPO funds ke liye monitoring agency na hone se fund utilisation governance risk thoda zyada ho jata hai.

3 1 Interest Rate Risk:
Interest rates badhne par finance cost aur profitability par pressure aa sakta hai.

3 2 Related Party Transaction Risk:
Related party transactions governance perception risk create kar sakti hain, chahe wo arm’s length par hi kyun na ho.

3 3 Director & KMP Benefit Risk:
Directors aur KMPs ko milne wale benefits minority shareholders ke interest par concern create kar sakte hain.

3 4 Educational Certificate Disclosure Risk:
Promoter ke educational certificates trace na hone se regulatory aur perception risk ho sakta hai.

3 5 Strategy Execution Risk:
Company ka growth management ki execution capability par depend karta hai, aur failure se performance impact ho sakti hai.

3 6 Key Person Dependence Risk:
Promoters aur senior management par high dependence ke kaaran unke exit se business continuity risk hota hai.



RISK

- 3

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Receivables Collection Risk:
Customer payment delays aur bad debts se working capital pressure badh sakta hai.
- 3

8

Internal Control Weakness Risk:
Weak internal controls se financial misreporting aur fraud detection failure ka risk hota hai.
- 3

9

Employee Misconduct Risk:
Employee fraud, negligence ya data theft se financial aur reputational damage ho sakta hai.
- 4

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Industry Data Reliability Risk:
DRHP me diya gaya industry data public sources par based hai, jiska accuracy guarantee nahi hai.
- 4

1

IPO Fund Utilisation Change Risk:
IPO proceeds ke utilisation me change hone par shareholder approval aur regulatory process delay la sakta hai.
- 4

2

Alternate Funding Risk:
IPO ke alawa koi alternate funding source identify na hone se project timelines delay ho sakte hain.
- 4

3

Conflict of Interest Risk:
Promoters aur group entities ke similar business me involvement se decision-making conflict aa sakta hai.
- 4

4

Future Dilution Risk:
Future fund raising se existing shareholders ka stake dilute ho sakta hai.
- 4

5

Marketing Effectiveness Risk:
Marketing initiatives effective na hone par brand visibility aur sales growth impact ho sakti hai.
- 4

6

Promoter Control Risk:
IPO ke baad bhi promoter control rehne se minority shareholders ke liye governance risk bana rehta hai.
- 4












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No Prior Trading History Risk:
Company ke shares pehle trade nahi hue hain, isliye listing ke baad volatility ka risk zyada hai.
- 4

8

IPO Price vs Market Price Risk:
IPO issue price listing ke baad ke market price ka indicator nahi hota.








PRODUCTS

Sr. No.	Product Name	Product Description	Pictorial Depiction
1.	Air Brake Hose Assemblies Feed Pipe (FP) & Break Pipe (BP)	High-performance hoses used in braking systems of commercial vehicles, designed to withstand high pressure and extreme temperatures, ensuring safety and durability.	
2.	Hydraulic Hoses	Flexible hoses used in hydraulic systems for transmitting fluid under high pressure, suitable for industrial and automotive applications.	
3.	Radiator Hose	A vital component in cooling systems, these hoses transport coolant between the engine and radiator, ensuring optimal temperature regulation.	
4.	Long Length Hoses	Flexible, durable hoses designed for applications requiring extended reach, used in industrial, agricultural, and construction settings.	
5.	Silicone Hoses	Heat-resistant hoses made from premium silicone, commonly used in automotive, industrial, and HVAC applications due to their flexibility and longevity.	
6.	Silicon Tubes	Flexible, non-toxic, and high-temperature-resistant tubes used in medical, food processing, and industrial applications.	
7.	Branch Hose	Used in automotive and industrial systems to distribute fluids (coolant, fuel, air) from one main line to multiple secondary lines.	
8.	Co-Extruded Hose	Offers durability, flexibility, and resistance to abrasion/chemicals; commonly used in air, water, and chemical transfer applications.	
9.	Diesel and Petroleum Hose Pipes	For safe transfer of diesel, petrol, and other fuels in vehicles, fuel stations, and industries.	
10.	Nylon Tubes	Widely used in pneumatic lines, fuel lines, hydraulic return lines, and chemical transfer.	
11.	LPG Hose Pipe	For domestic gas stoves, commercial burners, and industrial LPG supply.	

Sr. No.	Product Name	Product Description	Pictorial Depiction
1.	Rubber Beadings / Profiles	Sealing and cushioning elements made from high-quality rubber, used in automotive, construction, and industrial applications for vibration resistance and weatherproofing.	
2.	Aluminium Window Rubber Beading	Provides airtight, dustproof, and watertight sealing for aluminium doors and windows.	
3.	EPDM Rubber Profiles	Durable rubber profiles with excellent resistance to weather, UV, and chemicals, commonly used in sealing applications for doors, windows, and automotive industries.	
4.	Automotive Windshield Rubber Profile	Prevents water leakage, dust entry, and provides cushioning for the windshield.	
5.	Rubber Sponge	A lightweight, flexible material with excellent insulation and sealing properties, ideal for cushioning, soundproofing, and thermal insulation applications.	
6.	Glass Rubber Seal Beading	Used in vehicles, windows, and partitions to prevent rattling, leakage, and vibration.	
7.	Metal Rubber Insert	Commonly used in automotive mounts, vibration dampers, and sealing applications.	
8.	Silicon Rubber Profiles	For sealing, insulation, and thermal resistance in automotive, medical, and electrical industries.	
9.	Railway Beadings	Used for windows, doors, and panels in trains for sealing, vibration control, and durability.	

PRODUCTS

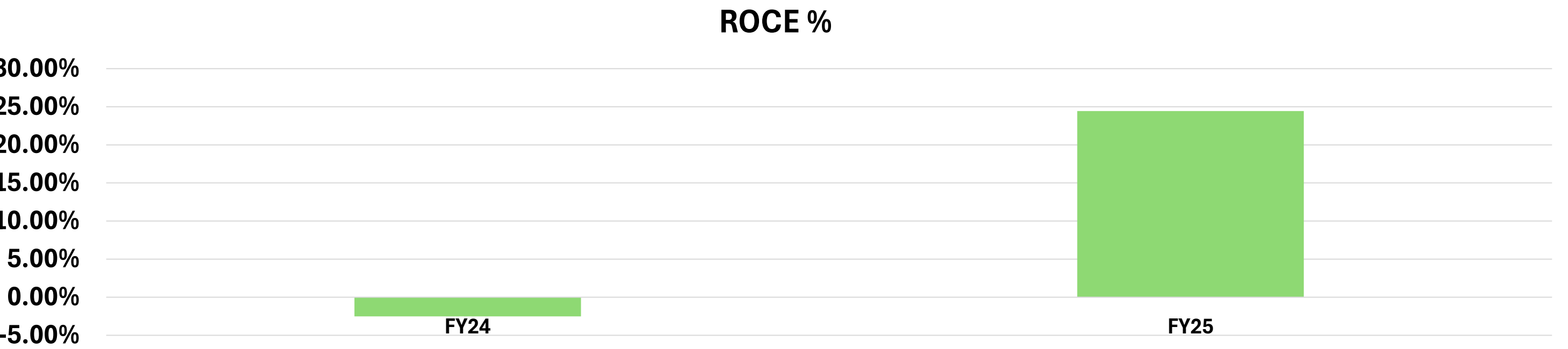
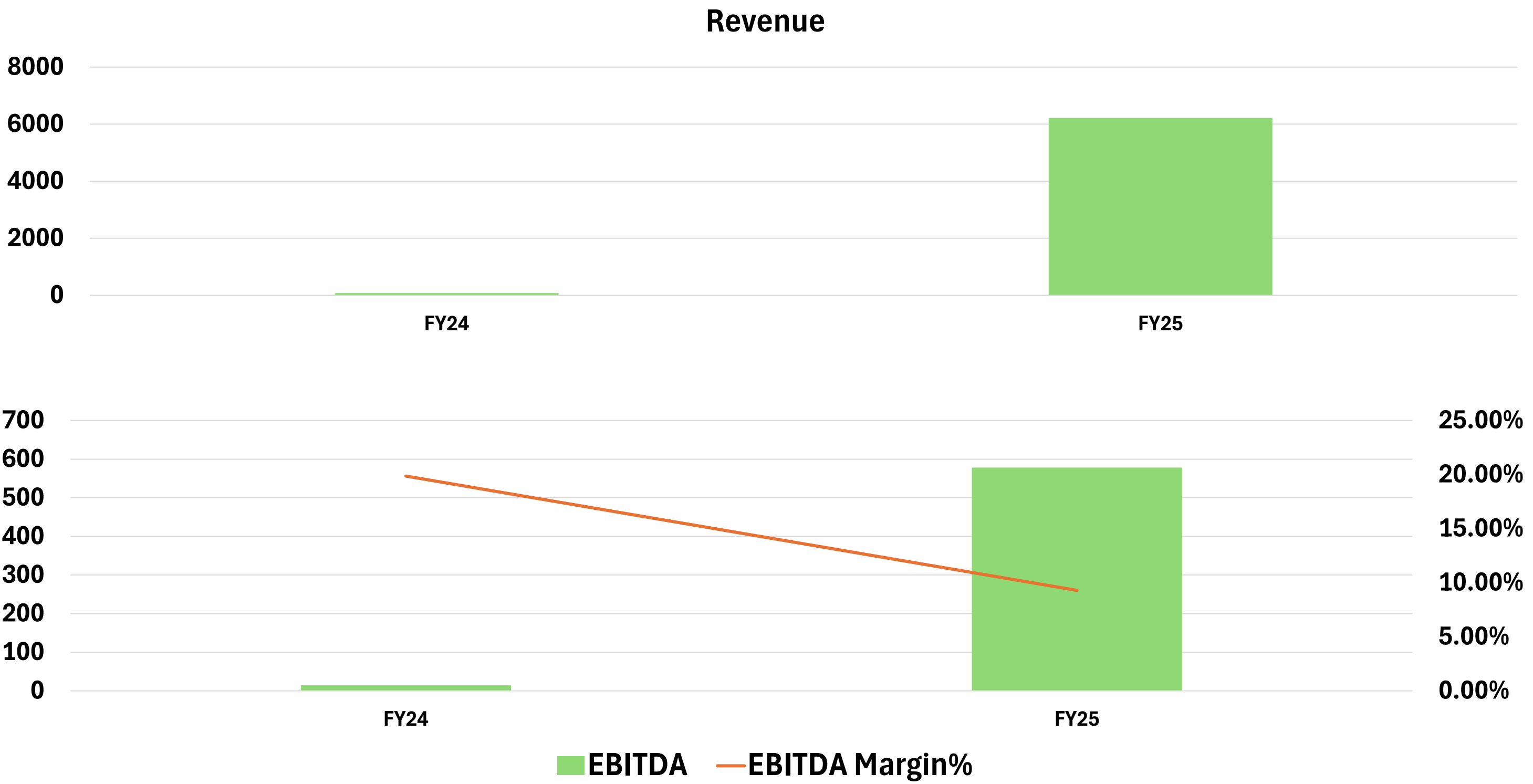
Sr. No.	Product Name	Product Description	Pictorial Depiction
1.	Rubber Bellows	Expandable rubber components used to protect mechanical parts from dust, moisture, and vibrations, ensuring extended equipment life.	
2.	Rubber Seals	Precision-moulded seals designed to prevent leaks and contamination in automotive, industrial, and hydraulic systems.	
3.	Rubber Bushes	Vibration-dampening components used in suspension systems, machinery, and industrial equipment to reduce wear and noise.	
4.	Rubber Gasket	A sealing component used to prevent leaks between two surfaces in engines, pipelines, and machinery, ensuring efficient operation.	
5.	Air Intake House	Supplies clean air to the engine intake system, improving performance and efficiency.	
6.	Anti Drain Back Valves	Maintains lubrication in automotive engines and hydraulic systems.	

7.	Customised Rubber	Used in specialized applications across automotive, industrial, and construction sectors.	
8.	Dust Cover	Prevents entry of dust, dirt, and moisture in automotive suspension, joints, and machinery.	
9.	Hose Holder	Prevents entry of dust, dirt, and moisture in automotive suspension, joints, and machinery.	
10.	Silicon O Ring	Provides leak-proof sealing in hydraulic, pneumatic, and mechanical assemblies.	
11.	Rubber Grommets	Protects cables, wires, or pipes passing through metal or hard surfaces from abrasion.	
12.	Elastomeric Pad	Used in bridges, railways, and heavy machinery to absorb vibration and distribute load.	
13.	Vestibules	Provides safe passage between train coaches while absorbing vibrations and ensuring sealing.	



DEFRAIL TECHNOLOGIES

FINANCIAL ANALYSIS





CASH FLOW

Particular	FY24	FY25
Cash flow from Operating activities	-5.39	-209.8
Cash flow from Investing activities	-29	-828.38
Cash flow from Financing activities	46.31	1,110.68

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