



**Choice**

Nurturing Financial Excellence

# IPO REPORT

**“SUBSCRIBE” to  
MTAR Technologies Ltd.**

A niche player, especially in the clean energy space

## Salient features of the IPO:

- MTAR Technologies Ltd.** (MTAR), the maker of nuclear, defence & aerospace equipment, fabrication facilities and fuel cells is planning to raise up to Rs. 5,950mn through an IPO, which opens on 3<sup>rd</sup> Mar. and closes on 5<sup>th</sup> Mar. 2021. The price band is Rs. 574 - 575 per share.
- On 16<sup>th</sup> Feb. 2021, MTAR has undertaken a pre-IPO placement of 1.85mn equity shares at Rs. 540 each, aggregating to Rs. 1,000mn.
- The issue is a combination of fresh and OFS issue. The company will not receive any fund from the OFS portion. Of the net proceeds from the fresh issue and from the pre-IPO placement, Rs. 630mn will be utilized for repayment/prepayment of the borrowings availed by it. Additional, Rs. 950mn will be used to fund the working capital requirement of the company. Residual amount will be used for general corporate purposes.

## Key competitive strengths:

- Precision engineering expertise with complex product manufacturing capability
- Wide product portfolio leading to long-standing relationships with the customers
- Modern technology at the state-of-the-art manufacturing facilities
- Strong and diversified supplier base for sourcing of raw materials
- Track record of growth in financial performance
- Experienced and qualified management team

## Risk and concerns:

- Subdued macro economic environment
- Revenue concentration risk
- Unfavorable raw material prices
- Working capital intensive business
- Unfavorable forex movements
- Intense competition

**Peer comparison and valuation:** There are no listed peers, having similar operating model. At higher price band of Rs. 575, MTAR is demanding a TTM P/E multiple of 56.5x (to its restated TTM EPS of Rs. 10.2).

## Below are few key observations of the issue: (continued in next page)

- The domestic precision engineering industry's turnover is estimated at Rs. 4,098bn in FY20, clocking a 7.1% CAGR between FY16-20. On the back of supportive government policies for manufacturing & engineering sectors, growth in the industrials and rise in penetration of high technology machinery for manufacturing, precision engineering is expected to log a growth of 6-7% CAGR over FY20-25 to reach a turnover of Rs. 5,550-6,550bn by FY25.
- The engineering manufacturing industry is very fragmented, but established players with developed technological expertise create entry barriers for new players, especially in precision engineering sectors such as defence, aerospace nuclear, space and aviation.
- MTAR, which supplies to companies such as Bharat Heavy Electricals Ltd., Hindustan Aeronautics Ltd., Advance System Laboratory (DRDO), Godrej and Boyce, ISRO and Nuclear Power Corporation of India (NPCIL); is engaged in the manufacturing and assembly of critical precision components with close tolerances of 5-10 microns through their competencies in precision machining, assembly, testing, quality control, and specialized fabrication.

Recommendation	SUBSCRIBE
Price band	Rs. 574 - 575 per share
Face value	Rs. 10
Shares for fresh issue	2.15mn shares
Shares for OFS	8.22mn shares
Fresh issue size	Rs. 1,233 - 1,235.2mn
OFS issue size	Rs. 4,720.7 - 4,729mn
Total issue size	10.37mn shares (Rs. 5,953.8 - 5,964.1mn)
Bidding date	3 <sup>rd</sup> Mar. - 5 <sup>th</sup> Mar. 2021
MCAP at higher price band	Rs. 17,687mn
Enterprise value at higher price band	Rs. 15,513mn
Book running lead manager	JM Financial Ltd. and IIFL Securities Ltd.
Registrar	KFin Technologies Pvt. Ltd.
Sector/Industry	Capital goods
Promoters	Mr. Parvat Srinivas Reddy, Mrs. P. Leelavathi, Mrs. K. Shalini, Mrs. D. Anitha Reddy, Mrs. C. Usha Reddy, Mrs. G. Kavitha Reddy, Mr. Anushman Reddy, Mrs. P. Kalpana Reddy, Mrs. Saranya Loka Reddy, Mr. A. Manogna and Mrs. M. Madhavi

Issue breakup		
Category	Percent of issue (%)	Number of shares (mn)
QIB portion	50%	5.19mn shares
Non institutional portion	15%	1.56mn shares
Retail portion	35%	3.63mn shares

Indicative IPO process time line	
Finalization of basis of allotment	10 <sup>th</sup> Mar. 2021
Unblocking of ASBA account	12 <sup>th</sup> Mar. 2021
Credit to demat accounts	15 <sup>th</sup> Mar. 2021
Commencement of trading	16 <sup>th</sup> Mar. 2021

Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	62.24%	50.25%
Public	37.76%	49.75%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Retail application money at higher cut-off price per lot	
Number of shares per lot	26
Application money	Rs. 14,950 per Lot

Analyst	
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## Peer comparison and valuation (Contd...):

- The company caters to end-use segments such as clean energy (fuel cell), nuclear, space & defence and aerospace industries. As on 31<sup>st</sup> Dec. 2020, MTAR's major product portfolio includes three kinds of products for the clean energy sector, 14 kinds of products for the nuclear sector and six kinds of products for the space & defence sectors. It has been the trusted supplier for ISRO, NPCIL and is involved in India's defence equipment supply chain for the last four decades. It is one of the key suppliers to Bloom Energy, which is the largest player in fuel energy space, as per 2019 revenues.
- MTAR's product includes import substitute components such as ball screws, roller screws, and water lubricated bearings. Other manufactured products include fuel machine head for nuclear reactors, liner tube and end fittings, sealing plug, shielding plug in nuclear reactor segment, precision components for liquid propulsion engines, actuators for LCA Tejas, critical front & rear shafts for fighter aircrafts, turbine nozzles & discs, landing gear pistons and other critical components for defence & aerospace segment.
- The company currently operates through seven manufacturing facilities, which are situated in Hyderabad. These facilities are equipped with advanced equipment to undertake precision machining, assembly, testing and quality control, specialized fabrication, brazing & heat treatment and other specialized processes.
- It is in the process of developing technology for roller screws, which is an import substitute and is used for a wide variety of applications in the nuclear and space & defence sector. Once the development is complete, MTAR will be the first Indian manufacturer of roller screws. The company is also planning to set up a specialized sheet metal fabrication facility for defence, aerospace and fuel cell sectors.
- Business from clean energy, nuclear and space & defence sector increased by 32.4%, -18.7% and 22.6% CAGR over FY18-20. Business contribution from these sectors stood at 66.3%, 14.7% and 19%, respectively, in FY20. As on 31<sup>st</sup> Dec. 2020, MTAR had an order book of Rs. 3,361.9mn, which is 1.4x of its TTM operating revenue and is expected to be executed in next 18 months. Clean energy, nuclear and space & defence sector contributed 23.9%, 27.7% and 47.8%, respectively to the order book. Its strong relationship with its customers can be demonstrated by the fact that repeat orders formed around 85% of the order book.
- With improving acceptance of the clean energy, the outlook of the sector seems to be bright. This sector seems to be the focus of MTAR for future business growth. Its sole customer Bloom Energy, is planning to expand its operations in South Korean market. Also MTAR has signed a MoU with a CPSE to deploy fuel cell technology in India by using natural gas as fuel.
- The government's indigenization efforts from the flagship Atmanirbhar Bharat initiative, is likely to boost the business growth of MTAR from the defence sector. The company has long term relationship and is the preferred supplier of NPCIL for the manufacturing of the equipment used in nuclear reactors. Thus with further expansion in the reactor capacity in the nuclear sector, MTAR is well placed to capitalize the opportunity. Also its association with ISRO for critical mission like Gaganyaan, Aditya-1 and Shukrayaan-1, among others is likely to aid in business growth in the medium term.
- On the back of higher demand of its products over FY18-20, MTAR reported a 15.7% CAGR rise in standalone top-line to Rs. 2,137.7mn in FY20. EBITDA and PAT increased by 34.9% and 140.3% CAGR to be at Rs. 579.7mn and Rs. 313.2mn, respectively, in FY20. Moreover, EBITDA and PAT margin expanded by 7ppts and 11ppts to be at 27.1% and 14.7%, respectively, in FY20. On TTM basis, standalone top-line was at Rs. 2,388.7mn with EBITDA and PAT margin of 28.3% and 15.5%.
- We forecast an 18.5% CAGR rise in standalone top-line over FY20-23 to Rs. 3,558.6mn in FY23E. EBITDA and PAT margin are expected to improve by 122bps and 264bps, respectively, to 28.3% and 17.3% in FY23E as compared to a level of 27.1% and 14.7% in FY20. RoIC and RoE is likely to expand from 8.5% and 7% in FY20 to 10.4% and 10.8%, respectively, in FY23E.

At higher price band of Rs. 575, MTAR is demanding a TTM P/E multiple of 56.5x (to its restated TTM EPS of Rs. 10.2). Considering the presence in the growth sectors like clean energy and space & defence sector and improving return ratios, we feel the demand valuation to be attractive. Thus we assign a **"SUBSCRIBE"** rating for the issue.

## About the issue:

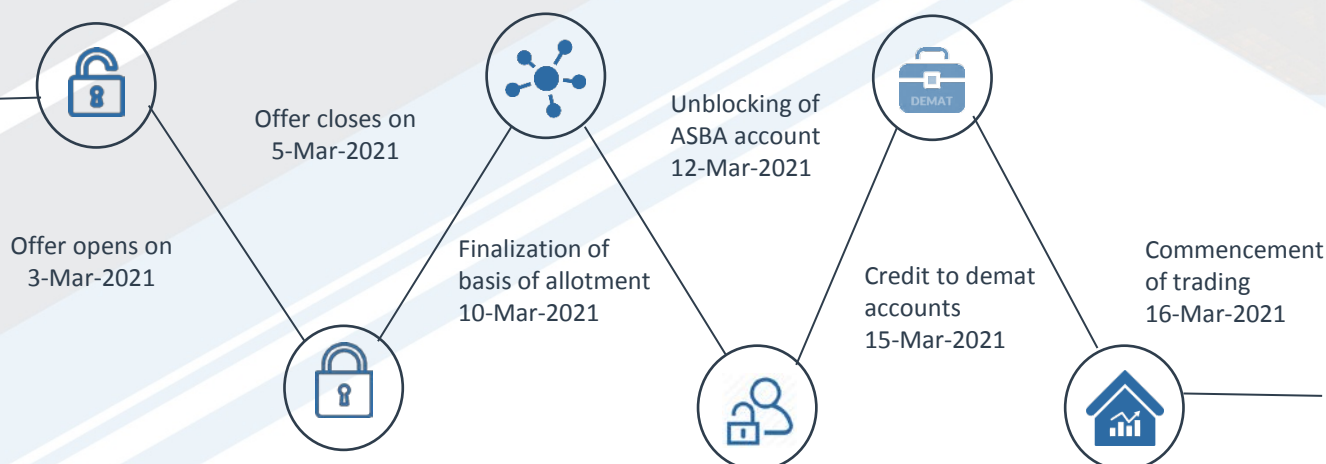
- MTAR is coming up with an initial public offering (IPO) with 10.37mn shares (fresh issue: 2.15mn shares; OFS shares: 8.22mn shares) in offering. The offer represents around 33.72% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 5,953.8 - 5,964.1mn.
- The issue will open on 3<sup>rd</sup> Mar. 2021 and close on 5<sup>th</sup> Mar. 2021.
- The issue is through book building process with a price band of Rs. 574 - 575 per share.
- On 16<sup>th</sup> Feb. 2021, MTAR has undertaken a pre-IPO placement of 1.85mn equity shares at Rs. 540 each, aggregating to Rs. 1,000mn.
- The issue is a combination of fresh and OFS issue. The company will not receive any fund from the OFS portion. Of the net proceeds from the fresh issue and from the pre-IPO placement, Rs. 630mn will be utilized to repay/prepayment of the borrowings availed by it. Additional, Rs. 950mn will be used to fund the working capital requirement of the company. Residual amount will be used for general corporate purposes.
- 50% of the net issue shall be allocated on a proportionate basis to qualified institutional buyers, while rest 15% and 35% is reserved for non-institutional bidders and retail investors, respectively.
- Promoter holds 62.24% stake in the company and post-IPO this will come down to 50.25%. Public holding will increase from current 37.76% to 49.75%.

### Pre and post issue shareholding pattern (%)

	Pre Issue	Post Issue (at higher price band)
Promoter & Promoter Group (%)	62.24%	50.25%
Public (%)	37.76%	49.75%

Source: Choice Equity Broking

## Indicative IPO process time line:





## Company introduction:

MTAR is a leading precision engineering solutions company engaged in the manufacture of mission critical precision components with close tolerances (5-10 microns), and in critical assemblies, to serve projects of high national importance, through its precision machining, assembly, testing, quality control, and specialized fabrication competencies, some of which have been indigenously developed and manufactured.

The company primarily serves customers in the clean energy, nuclear and space and defence, sectors. Since inception, MTAR has strived to grow continually, contributing to the Indian civilian nuclear power program, Indian space program, Indian and global defence & aerospace sector and to the global clean energy sector. Over the years, it has also developed import substitutes such as ball screws and water lubricated bearings that are specialized and used in the above the sectors. The engineering capability of the company has evolved over decades, thereby enabling it to consistently offer quality complex precision manufactured components & assemblies within stipulated timelines and at reasonable cost in most cases.

MTAR manufactures critical and differentiated engineered products with a healthy mix of developmental and volume-based production, customized to meet the specific requirements of its customers. The bids for the projects in the nuclear, space and defence sectors are invited by issuing tender enquiries, the qualification process for securing such tenders is extremely stringent as there is no scope for faults in such sectors. MTAR with its past experience in the supply of products, ability to meet specific technical requirements, reputation for quality & safety features present in its products, financial strength and the price competitiveness has not only strengthened its position in the market but also enabled MTAR to establish and maintain relationships with its customers.

In clean energy, MTAR is involved in the manufacturing of power units, specifically hot boxes and in the development and manufacturing of hydrogen boxes and electrolyzers. The company serves Bloom Energy Inc. with which it has been associated with for over nine years. During FY18, FY19 and FY20, and for the nine months ended 31<sup>st</sup> Dec. 2019 and for the nine months ended 31<sup>st</sup> Dec. 2020, MTAR's revenue from clean energy sector accounted for 49.1%, 61.4%, 64.3%, 71% and 49.3%, respectively, to the operating revenue.

The company has been serving customers in the nuclear sector for over 35 years and has established relationships with the Nuclear Power Corporation of India Ltd. It manufactures and supply specialized products such as fuel machining head, drive mechanisms, bridge and column and coolant channel assemblies, among others, not just for the new pressurized heavy water nuclear reactors, but also for refurbishment of the existing reactors. It has also supplied critical products such as grid plate, control plug and inclined fuel transfer machine for the prototype fast breeder reactor. During FY18, FY19 and FY20, and for the nine months ended 31<sup>st</sup> Dec. 2019 and for the nine months ended 31<sup>st</sup> Dec. 2020, revenue from customers belonging to the nuclear sector accounted for 28.9%, 13.1%, 14.3%, 7.3% and 27.1%, respectively, to the operating revenue.

MTAR is also a key supplier of mission critical assemblies and components to customers within the space & defence sectors for their programs of national importance. Through its decades long-standing relationships with customers such as the ISRO and DRDO, the company has been able to supply specialized products for various Indian space and defence missile programs. For instance, the company's offerings to ISRO comprised a wide variety of mission critical components & critical assemblies such as liquid propulsion engines, components & assemblies for cryogenic engines, specifically turbo pumps, booster pumps, gas generators & injector heads for such engines and electro-pneumatic modules to serve its space launch vehicles. Within the defence sector, MTAR undertook complex assemblies for the DRDO, including such as the base shroud assembly (for Agni missiles), and the assembly of secondary injection thrust vector control valves and hydraulic fin tip control valves. In addition, the company also supplied critical defence products such as aluminum weldments and other machined components to its international customers including, an Israeli defense technology company. During FY18, FY19 and FY20, and for the nine months ended 31<sup>st</sup> Dec. 2019 and for the nine months ended 31<sup>st</sup> Dec. 2020, revenue from the space & defence sectors accounted for 16.4%, 20.1%, 18.4%, 18.6% and 20.6%, respectively, to the operating revenue.

The company currently operates through seven manufacturing facilities, all situated in Hyderabad, Telangana. These facilities are equipped with advanced equipment to undertake precision machining, assembly, testing and quality control, specialized fabrication, brazing & heat treatment and other specialized processes.

**Competition:** MTAR operates in a competitive environment and expects to face greater competition from existing competitors located both in India and globally, and in particular from companies in the US and Germany. The company competes on the basis of its ability to fulfill the contractual obligations including the timely delivery of complex products manufactured and the price and quality of such products. MTAR has competitive edge with its precision engineered components and assemblies catered to the nuclear sector.

According to the company, its competitors in nuclear sector are Larsen & Toubro Heavy Engineering and Godrej & Boyce Manufacturing Company Ltd. and in the space & defence sectors are Larsen & Toubro, Godrej & Boyce Manufacturing Company Ltd., Hindustan Aeronautics Ltd., and Walchandnagar Industries. MTR was the sole supplier from the Indian market to Bloom Energy in FY20.

## Financial performance:

On the back of higher demand of its products over FY18-20, MTAR reported a 15.7% CAGR rise in standalone top-line to Rs. 2,137.7mn in FY20. Business from clean energy and space & defence sector increased by 32.4% and 22.6% CAGR, while business from the nuclear sector declined by 18.7% CAGR. As a percent of gross revenue, contribution from clean energy and space & defence sector increased from 52% and 17.4%, respectively, in FY18 to 66.3% and 19% in FY20. Despite the disturbances from the Covid-19 pandemic during the initial nine month of the current fiscal, the company reported a 16.5% Y-o-Y rise in the top-line. Consequently, on TTM basis, top-line stood at Rs. 2,388.7mn.

Net cost of material consumed (which is around 34-36% of the top-line) increased by 12.6% CAGR during FY18-20. Employee and other expenses increased by 7.6% CAGR and 17.5% CAGR, thereby leading to a 10.4% CAGR rise in total operating expenditure. Consequently, standalone EBITDA increased by 34.9% CAGR to be at Rs. 579.7mn in FY20. During FY18-20, EBITDA margin increased by 714bps to be at 27.1% in FY20. For the nine month ended FY21, EBITDA increased by 22.1% Y-o-Y with 136bps expansion in the margin. On TTM basis, EBITDA stood at Rs. 675.5mn with a margin of 28.3%.

Depreciation charge and finance costs increased by 3.7% and 3.2% CAGR over FY18-20, while on the back of higher foreign exchange gains, other income increased by 114.7% CAGR. This coupled with lower tax expenses, reported PAT increased by 140.3% CAGR over FY18-20 to Rs. 313.2mn in FY20. PAT margin improved by around 11ppts to be at 14.7% in FY20.

MTAR had a positive operating cash flow over FY18-20, which increased by 97.4% CAGR to Rs. 561.9mn in FY20. Average operating cash flow during the period was at around Rs. 375.7mn. Average RoIC and RoE stood at 13.5% and 10.9%, respectively, over FY18-20. The company has paid dividend in the last two years with an average dividend payout of around 33.7% over FY19-20.

Financial snapshot (Rs. mn)	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR (%)	Y-o-Y (%, Annual)	Y-o-Y (%, Nine months)
Revenue from operations	1,582.3	1,777.4	2,084.6	1,484.9	1,742.2	2,341.9	14.8%	17.3%	17.3%
Other operating revenue	13.7	59.3	53.2	36.9	30.5	46.8	97.0%	-10.4%	-17.2%
Total revenue	1,596.0	1,836.7	2,137.7	1,521.8	1,772.7	2,388.7	15.7%	16.4%	16.5%
EBITDA	318.8	537.2	579.7	434.5	530.3	675.5	34.9%	7.9%	22.1%
Adjusted PAT	54.2	379.1	313.2	224.5	280.7	369.3	140.3%	-17.4%	25.0%
Restated adjusted EPS	1.8	12.3	10.2	7.3	9.1	12.0	140.3%	-17.4%	25.0%
Cash flow from operating activities	144.2	421.1	561.9	346.5	(64.3)	151.1	97.4%	33.4%	-118.5%
NOPLAT	154.4	330.6	380.4	284.1	358.7	455.2	57.0%	15.1%	26.3%
FCF		234.0	195.8	270.0	164.5	276.7		-16.3%	-39.1%
RoIC (%)	7.7%	16.0%	16.9%	12.1%	14.1%	17.9%	919 bps	96 bps	201 bps
Revenue growth rate (%)		15.1%	16.4%		16.5%				
EBITDA growth rate (%)		68.5%	7.9%		22.1%				
EBITDA margin (%)	20.0%	29.2%	27.1%	28.5%	29.9%	28.3%	714 bps	(213) bps	136 bps
EBIT growth rate (%)		105.5%	8.1%		27.3%				
EBIT margin (%)	13.0%	23.1%	21.5%	22.6%	24.7%	23.1%	853 bps	(165) bps	209 bps
Restated adjusted PAT growth rate (%)		599.0%	-17.4%		25.0%				
Restated adjusted PAT margin (%)	3.4%	20.6%	14.7%	14.8%	15.8%	15.5%	1,125 bps	(599) bps	108 bps
Inventories turnover ratio (x)	3.8	4.4	3.7	2.6	2.2	3.0	-1.8%	-17.1%	-12.8%
Trade receivable turnover ratio (x)	3.3	3.7	3.8	2.6	2.4	3.3	8.2%	3.2%	-6.2%
Accounts payable turnover ratio (x)	11.7	18.7	11.7	7.6	12.2	16.4	0.0%	-37.5%	59.8%
Fixed asset turnover ratio (x)	1.0	1.1	1.3	0.9	1.0	1.4	11.2%	17.1%	11.9%
Total asset turnover ratio (x)	0.6	0.6	0.6	0.5	0.5	0.6	4.3%	2.6%	-0.2%
Current ratio (x)	1.7	1.6	1.5	1.8	1.7	1.7	-6.2%	-3.5%	-6.0%
Debt to equity (x)	0.1	0.1	0.1	0.1	0.3	0.3	16.4%	6.6%	308.7%
Net debt to EBITDA (x)	0.3	0.3	0.1	0.1	0.9	0.7	-44.0%	-68.5%	765.9%
RoE (%)	2.6%	16.1%	13.9%	9.4%	11.4%	15.0%	1,128 bps	(222) bps	204 bps
RoA (%)	1.9%	12.4%	9.0%	6.9%	7.3%	9.7%	711 bps	(338) bps	49 bps
RoCE (%)	9.5%	18.0%	19.7%	14.1%	16.3%	20.6%	1,022 bps	169 bps	223 bps

Source: Choice Equity Broking





## Competitive strengths:

- Precision engineering expertise with complex product manufacturing capability
- Wide product portfolio leading to long-standing relationships with the customers
- Modern technology at the state-of-the-art manufacturing facilities
- Strong and diversified supplier base for sourcing of raw materials
- Track record of growth in financial performance
- Experienced and qualified management team

## Business strategy:

- Continue to strengthen the existing product portfolio and diversify into products with attractive growth and profitability prospects
- Capitalize on upward trend of nuclear sector in India, increasing indigenization and policy initiatives in the defence sector, and commercialization of Indian space sector
- Focus on deepening and strengthening relationships with existing customers as well as catering to new customers
- Expand international presence including through increase in exports
- Grow the manufacturing capacity and increase market share through organic and inorganic routes
- Continue to strive for operational efficiencies, supply chain rationalization and effective planning



## Risk and concerns:

- Subdued macro economic environment
- Unfavorable government policies
- Revenue concentration risk
- Unfavorable raw material prices
- Working capital intensive business
- Unfavorable forex movements
- Intense competition

## Financial statements:

### Standalone profit and loss statement (Rs. mn)

	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR over FY18 - 20 (%)	Annual growth over FY19 (%)	Nine months growth (%)
<b>Total revenue</b>	<b>1,596.0</b>	<b>1,836.7</b>	<b>2,137.7</b>	<b>1,521.8</b>	<b>1,772.7</b>	<b>2,388.7</b>	<b>15.7%</b>	<b>16.4%</b>	<b>16.5%</b>
Cost of materials consumed	(659.8)	(655.3)	(872.6)	(638.5)	(748.1)	(982.1)	15.0%	33.1%	17.2%
Changes in inventories of work-in-progress	90.5	29.7	150.9	133.3	64.1	81.6	29.1%	408.0%	-51.9%
Excise duty on sale of goods	(29.8)	0.0	0.0			0.0	-100.0%		
Employee benefits expense	(446.1)	(435.1)	(516.3)	(377.2)	(374.4)	(513.5)	7.6%	18.7%	-0.7%
Other expenses	(232.1)	(238.9)	(320.2)	(204.9)	(184.1)	(299.3)	17.5%	34.0%	-10.2%
<b>EBITDA</b>	<b>318.8</b>	<b>537.2</b>	<b>579.7</b>	<b>434.5</b>	<b>530.3</b>	<b>675.5</b>	<b>34.9%</b>	<b>7.9%</b>	<b>22.1%</b>
Depreciation and amortization expense	(112.1)	(112.3)	(120.5)	(91.0)	(93.3)	(122.7)	3.7%	7.2%	2.4%
<b>EBIT</b>	<b>206.7</b>	<b>424.8</b>	<b>459.2</b>	<b>343.4</b>	<b>437.0</b>	<b>552.8</b>	<b>49.1%</b>	<b>8.1%</b>	<b>27.3%</b>
Finance costs	(44.6)	(44.6)	(47.5)	(27.3)	(48.3)	(68.6)	3.2%	6.6%	77.2%
Other income	9.5	22.4	43.7	11.4	7.2	39.5	114.7%	95.1%	-36.7%
Exceptional items		12.9				0.0			
<b>PBT</b>	<b>171.6</b>	<b>415.6</b>	<b>455.3</b>	<b>327.6</b>	<b>396.0</b>	<b>523.7</b>	<b>62.9%</b>	<b>9.6%</b>	<b>20.9%</b>
Tax expenses	(117.3)	(23.6)	(142.2)	(103.1)	(115.3)	(154.3)	10.1%	503.4%	11.8%
<b>Reported PAT</b>	<b>54.2</b>	<b>392.0</b>	<b>313.2</b>	<b>224.5</b>	<b>280.7</b>	<b>369.3</b>	<b>140.3%</b>	<b>-20.1%</b>	<b>25.0%</b>
<b>Adjusted PAT</b>	<b>54.2</b>	<b>379.1</b>	<b>313.2</b>	<b>224.5</b>	<b>280.7</b>	<b>369.3</b>	<b>140.3%</b>	<b>-17.4%</b>	<b>25.0%</b>

### Standalone balance sheet statement (Rs. mn)

	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR over FY18 - 20 (%)	Annual growth over FY19 (%)	Nine months growth (%)
Equity share capital	282.1	282.1	267.6	282.1	267.6	267.6	-2.6%	-5.2%	-5.2%
Other equity	1,773.1	2,067.7	1,983.2	2,110.4	2,188.6	2,188.6	5.8%	-4.1%	3.7%
Long term borrowings					89.6	89.6			
Long term provisions	29.9	5.6	23.8	4.3	33.0	33.0	-10.8%	327.5%	674.4%
Non current net deferred tax liabilities	87.9	0.3	53.1	40.6	99.5	99.5	-22.3%	16484.4%	145.1%
Trade payables	136.3	59.8	305.6	199.3	145.3	145.3	49.7%	411.0%	-27.1%
Short term borrowings	197.9	287.3	291.3	160.0	583.0	583.0	21.3%	1.4%	264.5%
Other short term financial liabilities			2.1	1.7	5.8	5.8			236.6%
Short term provisions	13.4	8.3	34.3	25.1	25.7	25.7	60.0%	315.7%	2.4%
Current net tax liabilities		11.7	9.2			0.0		-21.1%	
Other short term liabilities	289.7	328.8	492.5	448.5	381.1	381.1	30.4%	49.8%	-15.0%
<b>Total liabilities</b>	<b>2,810.3</b>	<b>3,051.6</b>	<b>3,462.7</b>	<b>3,271.9</b>	<b>3,819.1</b>	<b>3,819.1</b>	<b>11.0%</b>	<b>13.5%</b>	<b>16.7%</b>
Property, plant and equipment	1,522.0	1,620.5	1,549.6	1,577.0	1,550.3	1,550.3	0.9%	-4.4%	-1.7%
Intangible assets	0.3	1.4	1.4	1.1	8.7	8.7	111.8%	-2.8%	716.8%
Capital work-in-progress	18.4	56.2	117.3	100.8	188.6	188.6	152.3%	108.9%	87.2%
Investment in subsidiary			0.1	0.1	0.1	0.1			0.0%
Long term investments	0.1	0.1	0.1	0.1	0.1	0.1	0.0%	0.0%	0.0%
Other long term financial assets	113.2	226.6	33.0	24.0	72.0	72.0	-46.0%	-85.4%	200.3%
Non current net tax assets	22.8	15.8	6.2	14.4	14.7	14.7	-47.9%	-60.7%	1.6%
Other long term assets	38.2	41.4	39.9	46.7	46.3	46.3	2.2%	-3.7%	-0.8%
Inventories	419.3	410.7	754.6	592.7	791.5	791.5	34.1%	83.7%	33.5%
Trade receivables	489.7	504.2	616.4	588.8	731.2	731.2	12.2%	22.3%	24.2%
Other short term financial assets	47.3	23.7	16.7	16.9	28.1	28.1	-40.7%	-29.8%	66.3%
Cash and cash balances	90.8	107.7	232.4	117.9	215.4	215.4	60.0%	115.9%	82.7%
Other short term assets	48.2	43.4	95.1	191.6	172.3	172.3	40.4%	118.9%	-10.1%
<b>Total assets</b>	<b>2,810.3</b>	<b>3,051.6</b>	<b>3,462.7</b>	<b>3,271.9</b>	<b>3,819.1</b>	<b>3,819.1</b>	<b>11.0%</b>	<b>13.5%</b>	<b>16.7%</b>

Source: Choice Equity Broking



## Financial statements:

### Standalone cash flow statement (Rs. mn)

Particulars (Rs. mn)	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR over FY18 - 20 (%)	Annual growth over FY19 (%)	Nine months growth (%)
Cash flow before working capital changes	330.3	572.3	608.9	445.5	529.7	693.2	35.8%	6.4%	18.9%
Change in working capital	(160.8)	(56.9)	25.4	(30.6)	(505.4)	(449.4)		-144.7%	1553.2%
<b>Cash flow from operating activities</b>	<b>144.2</b>	<b>421.1</b>	<b>561.9</b>	<b>346.5</b>	<b>(64.3)</b>	<b>151.1</b>	<b>97.4%</b>	<b>33.4%</b>	<b>-118.5%</b>
Purchase of property, plant & equipment	(21.0)	(273.2)	(118.9)	(105.1)	(163.2)	(177.0)	137.9%	-56.5%	55.3%
<b>Cash flow from investing activities</b>	<b>(13.2)</b>	<b>(327.7)</b>	<b>(120.6)</b>	<b>(108.5)</b>	<b>(159.5)</b>	<b>(171.7)</b>	<b>202.0%</b>	<b>-63.2%</b>	<b>47.0%</b>
<b>Cash flow from financing activities</b>	<b>(137.9)</b>	<b>(74.9)</b>	<b>(413.5)</b>	<b>(324.7)</b>	<b>198.5</b>	<b>109.7</b>	<b>73.2%</b>	<b>452.4%</b>	<b>-161.1%</b>
<b>Net cash flow</b>	<b>(7.0)</b>	<b>18.5</b>	<b>27.8</b>	<b>(86.6)</b>	<b>(25.3)</b>	<b>89.1</b>		<b>50.0%</b>	<b>-70.8%</b>
Opening balance of cash and bank balances	97.6	89.2	107.7	108.5	135.5	21.9	5.0%	20.8%	24.9%
<b>Closing balance of cash and bank balances</b>	<b>90.7</b>	<b>107.7</b>	<b>135.4</b>	<b>21.9</b>	<b>110.2</b>	<b>111.0</b>	<b>22.2%</b>	<b>25.8%</b>	<b>403.9%</b>

### Standalone financial ratios

Particulars (Rs. mn)	FY18	FY19	FY20	9M FY20	9M FY21	TTM
Revenue growth rate (%)		15.1%	16.4%		16.5%	
EBITDA growth rate (%)		68.5%	7.9%		22.1%	
EBITDA margin (%)	20.0%	29.2%	27.1%	28.5%	29.9%	28.3%
EBIT growth rate (%)		105.5%	8.1%		27.3%	
EBIT margin (%)	13.0%	23.1%	21.5%	22.6%	24.7%	23.1%
PAT growth rate (%)		599.0%	-17.4%		25.0%	
PAT margin (%)	3.4%	20.6%	14.7%	14.8%	15.8%	15.5%
<b>Turnover ratios</b>						
Inventory days	268.9	242.1	294.7	316.8	312.4	320.8
Debtor days	112.0	98.7	95.7	104.5	111.4	111.7
Payable days	(87.4)	(57.2)	(92.4)	(106.5)	(57.3)	(58.9)
Cash conversion cycle	293.5	283.7	298.0	314.7	366.5	373.7
Fixed asset turnover ratio (x)	1.0	1.1	1.3	0.9	1.0	1.4
Total asset turnover ratio (x)	0.6	0.6	0.6	0.5	0.5	0.6
<b>Return ratios</b>						
RoE (%)	2.6%	16.1%	13.9%	9.4%	11.4%	15.0%
RoA (%)	1.9%	12.4%	9.0%	6.9%	7.3%	9.7%
RoCE (%)	9.5%	18.0%	19.7%	14.1%	16.3%	20.6%
<b>Per share data</b>						
Restated reported EPS (Rs.)	1.8	12.3	10.2	7.3	9.1	12.0
Restated DPS (Rs.)	0.0	2.8	4.6	5.5	2.6	1.7
Restated BVPS (Rs.)	66.8	76.4	73.2	77.8	79.9	79.9
Restated operating cash flow per share (Rs.)	4.7	13.7	18.3	11.3	(2.1)	4.9
Restated free cash flow per share (Rs.)		7.6	6.4	8.8	5.3	9.0
Dividend payout ratio	0.0%	22.3%	45.0%	75.7%	28.6%	13.9%

Note: Ratios calculated on pre-issue data; Source: Choice Equity Broking

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