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IPO REPORT



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HP Adhesives Ltd.

IPO UPDATE

14th Dec. 2021

Salient features of the IPO:

- **HP Adhesives Ltd.** (HPAL), a consumer adhesives & sealants company, is coming up with an IPO to raise Rs. 126cr, which opens on 15th Dec. and closes on 17th Dec. 2021. The price band is Rs. 262 - 274 per share.
- In the month of May and Jun. 2021, the company has executed couple of right issues, pursuant to which it has issued 0.123cr shares at Rs. 174.5 per share. It garnered Rs. 21.5cr from the right issue.
- The issue is a combination of fresh and OFS. The company will not receive any proceeds from the OFS part of the issue. From the fresh issue net proceeds, Rs. 26.6cr will be used to fund the proposed expansion of the manufacturing facility; Rs. 54cr will be utilized to meet the working capital requirements of the company.

Key competitive strengths:

- Consistently growing company with established brand presence
- Wide product portfolio and multiple SKUs
- Focusing on multiple end-user industries
- Extensive distribution network across India catering to customers
- Established presence in international markets
- Institutional sales to select large players
- Synergy of young and experienced management team with a committed employee base
- Efficient manufacturing set-up with scope for expansion
- Effective quality checks thereby reducing batch failure
- R&D set up for constant product improvement and new product development

Risk and concerns:

- Delay in the production capacity expansion
- Difficulty in expanding the distribution network and expansion into new regions
- Working capital intensive operations
- Unfavorable product-mix
- Difficulty in maintaining the profitability
- Competition

Below are the key highlights of the company:

- The adhesives & sealants market has clocked an 8-9% CAGR growth between FY15-20, driven by growth in major end-user sectors such as packaging, construction, electronics and woodworking. However, the market stagnated in FY21 because of the Covid-19 pandemic, de-growing at 1-2% CAGR to Rs. 134-136bn in FY21.
- Industrial adhesives formed 58-60% of the total market, while the rest was from the consumer/bazaar (retail) segment. The Rs. 53-55bn retail adhesives segment clocked 8-10% CAGR growth between FY15-20. Further it is anticipated to grow by 9-10% CAGR over FY21-26, driven by economic recovery and growth in end-user sector. In particular, demand is expected to recover in FY22, growing at 14-15%, on a low base of FY21. Overall, growth of the retail adhesives segment is expected to moderate and log a CAGR of around 8% between FY22-26.

Recommendation	**Subscribe with Caution**
Price band	Rs. 262 - 274 per share
Face value	Rs. 10
Shares for fresh issue	0.414cr shares
Shares for OFS	0.046cr shares
Fresh issue size	Rs. 108.5 - 113.4cr
OFS issue size	Rs. 12 - 12.5cr
Total issue size	0.460cr shares (Rs. 120.4 - 126cr)
Bidding date	15th Dec. - 17th Dec. 2021
MCAP at higher price band	Rs. 503cr
Enterprise value at higher price band	Rs. 414cr
Book running lead manager	Unistone Capital Pvt. Ltd.
Registrar	Bigshare Services Pvt. Ltd.
Sector	Specialty Chemicals
Promoters	Mrs. Anjana Haresh Motwani and Mr. Karan Haresh Motwani

Issue breakup

Category	Percent of issue (%)	Number of shares
QIB portion	75%	0.354cr shares
Non institutional portion	15%	0.069cr shares
Retail portion	10%	0.046cr shares

Indicative IPO process time line

Finalization of basis of allotment	22nd Dec. 2021
Unblocking of ASBA account	23rd Dec. 2021
Credit to demat accounts	24th Dec. 2021
Commencement of trading	27th Dec. 2021

Pre and post - issue shareholding pattern

	Pre-issue	**Post-issue**
Promoter & promoter group	95.31%	71.35%
Public	4.69%	28.65%
Total	**100.00%**	**100.00%**

Retail application money at higher cut-off price per lot

Number of shares per lot	50
Application money	Rs. 13,700 per Lot

Analyst

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Key highlights of the company (Contd…):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return (%)				TTM Total operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM Gross margin	TTM EBITDA margin	TTM PAT margin
					1 M	3 M	6 M	1 Y						
HP Adhesives Ltd.	**10**	**274**	**503**	**414**					**144**	**13**	**10**	**29.1%**	**8.9%**	**7.1%**
Pidilite Industries Ltd.	1	2,358	119,807	119,393	-2.8%	-1.7%	11.4%	43.9%	9,098	1,999	1,343	49.9%	22.0%	14.8%

Company name	3Y top-line growth (CAGR)	3Y EBITDA growth (CAGR)	3Y PAT growth (CAGR)	3Y average EBITDA margin	3Y average PAT margin	3Y capital employed growth (CAGR)	3Y CFO growth (CAGR)	3Y average working capital cycle (days)	3Y average fixed asset turnover (x)	3Y average RoE	3Y average RoIC
HP Adhesives Ltd.	**16.3%**	**21.2%**	**58.6%**	**8.0%**	**2.7%**	**221.2%**	**206.7%**	**90.4**	**7.5**		**56.6%**
Pidilite Industries Ltd.	1.5%	10.8%	10.6%	21.3%	14.6%	17.7%	28.4%	59.4	3.1	22.5%	22.0%

Company name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	TTM Total asset turnover ratio (x)	TTM RoE	TTM RoCE	TTM P / E (x)	TTM P / B (x)	EV / Sales (x)	EV / TTM EBITDA (x)	MCAP / TTM Sales (x)	TTM Earning yield
HP Adhesives Ltd.	**5.6**	**80.4**	**0.0**	**0.3**	**0.6**	**6.9%**	**6.3%**	**49.2**	**3.4**	**2.9**	**32.2**	**3.5**	**2.0%**
Pidilite Industries Ltd.	26.4	110.1	0.0	0.0	1.0	24.0%	27.8%	89.2	21.4	13.1	59.7	13.2	1.1%

Source: Choice Broking Research

- Woodwork application is the largest end-user in the retail adhesives, constituting around 55% of retail adhesives revenue in FY21. Among solvent-borne adhesives (a sub-segment in retail adhesives), PVC solvent cement market was at around 10.12% of retail adhesives. PVC solvent cement is mainly used for joining PVC pipes in the irrigation and building construction segments.
- While the PVC adhesives market is at an early-growth stage, competition has been growing with new companies entering the market. However, the organized sector dominates on the back of the increased brand awareness of end users. The market has both core manufacturers and pipes & fittings players who have entered the PVC adhesive manufacturing space.
- HPAL is a fast-growing multi-product, multi-category consumer adhesives and sealants company. For its largest product category - PVC solvent cement, the company is amongst the leading manufacturing companies in India in the retail space of the adhesive market. HPAL had 14-16% market share in the PVC adhesive market and generated around 70% of the revenue from these products in FY21.
- The company manufactures a wide range of adhesives & sealants such as PVC, cPVC & uPVC solvent cement, synthetic rubber adhesive, PVA adhesives, silicone sealant, acrylic sealant, gasket shellac, other sealants and PVC pipe lubricant; which are sold under brands like “Strong Weld” and “HP” across India through an extensive distribution network of distributors. As of 30th Sept. 2021, its distribution network comprised of four depots situated in Delhi, Kolkata, Bengaluru and Indore and more than 750 distributors, who cater to more than 50,000 dealers in India. The company also exports to several countries, through network of distributors and direct customers.
- HPAL also manufactures products for select large PVC pipe manufacturing companies under co-branding or private label on order basis. Additionally, it sells ancillary products like ball valves, thread seal, other tapes and FRP products for drainage and architectural solutions that are distributed through its distribution network.
- Adhesives and sealants manufactured by the company finds application for multiple purposes, such as plumbing & sanitary, drainage & water distribution, general purpose building/ construction and interior operations as well as for glazing operations, woodwork, footwear, automotive, foam-furnishing and other varied end usage.
- HPAL owned and operate one manufacturing facility in Raigad, Maharashtra with an aggregate estimated installed production capacity of 6,099 KLPA for solvent cement, 2,491 MTPA for other adhesives and 783 MTPA of sealants. The manufacturing facility is strategically located in close proximity to Jawaharlal Nehru Port Trust, from where the company receives imported raw materials as well as exports to international markets. During the FY21, it sold its products in 21 countries namely, Bahrain, Bangladesh, Ghana, Greece, Iraq, Kuwait, Mauritius, Nepal, Nigeria, Oman, Philippines, Qatar, Republic of Malawi, Saudi Arabia, Taiwan, Turkey, UAE, Uganda, UK, USA and Yemen. In FY21, exports operations contributed 17.2% to the total revenue.
- To capitalize on the growth opportunities, the company intends to expand the existing manufacturing facility with an additional unit, thereby increasing the production capacities of existing products and also commence the manufacture of epoxy adhesives and spray paint. Post-expansion, HPAL’s capacity is likely to increase to 8,267 KLPA for solvent cement and 11,908 MTPA for other adhesives & sealants by end of FY24.

Key highlights of the company (Contd…):

- On financial performance front, HPAL reported a strong business growth with improvement in the profitability. On the back of product portfolio expansion and improved demand from the end-user consumers over FY19-21, the company reported a top-line growth of 16.3% CAGR to Rs. 118.2cr in FY21. Total operating expenditure increased by 15.7% CAGR (lower than top-line growth), thereby leading to an EBITDA margin expansion of 82bps during the period to at 10.1% in FY21. EBITDA grew by 21.2% CAGR to Rs. 12cr in FY21. Depreciation charge increased by 60.9% CAGR, while on account of controlled working capital finances, finance costs declined by 19.2% CAGR. With relatively higher other income, pre-tax profit increased by 80.5% CAGR over FY19-21. During FY20, the company incurred an exceptional loss of Rs. 7.4cr, which was mainly due to resolution of the disputed sales tax. Consequently, HPAL reported a loss of Rs. 4.7cr in FY20. Excluding the impact of exceptional items, the company was profitable over FY19-21, with adjusted PAT growing by 58.6% CAGR to Rs. 10.1cr in FY21. Adjusted PAT margin expanded by 394bps during the period to at 8.5% in FY21.
- HPAL reported positive operating cash flows during FY19-21, which increased by 206.7% CAGR. Average operating cash flow during FY19-20 stood at Rs. 2.6cr, which spiked to Rs. 21.5% in FY21. Consolidated financial liabilities increased by 37.3% CAGR, with debt-to-equity ratio expanding from 1.7x in FY19 to 3.6x in FY21. RoE expanded from 27.3% in FY19 to 79.5% in FY21.
- On TTM basis, the company reported a top-line of Rs. 143.7cr, with EBITDA and PAT margins of 8.9% and 7.1%, respectively. Based on our quick estimate, over FY21-24E we are forecasting a top-line growth of 17.7% CAGR to Rs. 192.7cr in FY24E. EBITDA margin is likely to contract by 31bps, while mainly on account of lower other income, PAT margin to contract by 118bps over FY21-24E. RoIC and RoE to expand from 4.6% and 6.85 in FY21 to 6.1% and 7.9%, respectively, in FY24E.

Peer comparison and valuation: There is only one comparable peer i.e. Pidilite Industries Ltd. (Pidilite), having product profile similar to the company. Pidilite is the market leader with over 60-65% market share in the retail adhesive market and had TTM revenue of over Rs. 9,000cr as compared to HPAL's top-line of Rs. 144cr in FY21. Also, profitability of HPAL is lower as compared to Pidilite, thereby generating a caution on the company's future profitability margin trend.

At higher price band of Rs. 274, the company is demanding a TTM P/E multiple of 49.2x, which seems to be at premium considering the small business size. Thus, we assign a "**Subscribe with Caution**" rating for the issue.

IPO UPDATE

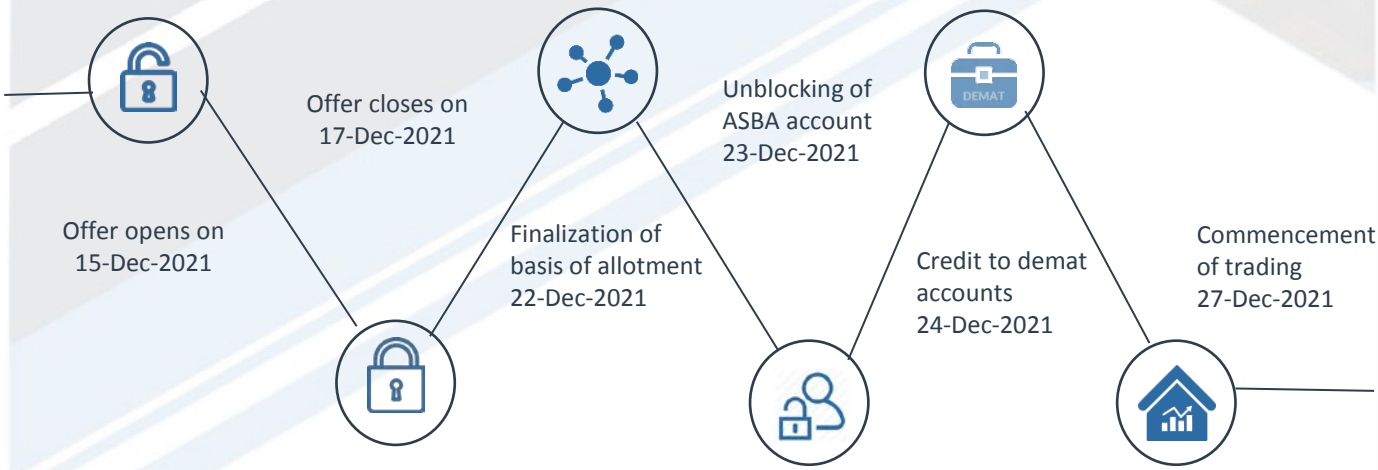
About the issue:

- HPAL is coming up with an IPO with 460cr shares (fresh issue: 0.414cr shares; OFS shares: 0.046cr shares) in offering. The offer represents around 25.02% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 120.4 - 126cr.
- The issue will open on 15th Dec. 2021 and close on 17th Dec. 2021.
- The issue is through book building process with a price band of Rs. 262 - 274 per share.
- In the month of May and Jun. 2021, the company has executed couple of right issues, pursuant to which it has issued 0.123cr shares at Rs. 174.5 per share. It garnered Rs. 21.5cr from the right issue.
- The issue is a combination of fresh and OFS. The company will not receive any proceeds from the OFS part of the issue. From the fresh issue net proceeds, Rs. 26.6cr will be used to fund the proposed expansion of the manufacturing facility; Rs. 54cr will be utilized to meet the working capital requirements of the company.
- 75% of the net issue are reserved for qualified institutional buyers, while 15% and 10% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter currently holds 95.31% stake in the company and post-IPO this will come down to 71.35%. Public holding will increase from current 4.69% to 28.65%.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	**Post-issue (at higher price band)**
Promoter & promoter group (%)	95.31%	71.35%
Public (%)	4.69%	28.65%

Source: Choice Equity Broking

Indicative IPO process time line:



Financial performance:

Performance over FY19-21: On financial performance front, HPAL reported a strong business growth with improvement in the profitability. On the back of product portfolio expansion and improved demand from the end-user consumers over FY19-21, the company reported a top-line growth of 16.3% CAGR to Rs. 118.2cr in FY21.

Total operating expenditure increased by 15.7% CAGR (lower than top-line growth), thereby leading to an EBITDA margin expansion of 82bps to at 10.1% in FY21. EBITDA grew by 21.2% CAGR to Rs. 12cr in FY21. Gross margin remained flat at around 34.8% during FY19-20, but contracted by 361bps in FY21, mainly on account of unfavorable sales-mix.

Depreciation charge increased by 60.9% CAGR, while on account of controlled working capital finances, finance costs declined by 19.2% CAGR. With relatively higher other income, pre-tax profit increased by 80.5% CAGR over FY19-21. During FY20, the company incurred an exceptional loss of Rs. 7.4cr, which was mainly due to resolution of the disputed sales tax. Consequently, HPAL reported a loss of Rs. 4.7cr in FY20. Excluding the impact of exceptional items, the company was profitable over FY19-21, with adjusted PAT growing by 58.6% CAGR to Rs. 10.1cr in FY21. Adjusted PAT margin expanded by 394bps during the period to at 8.5% in FY21.

HPAL reported positive operating cash flows during FY19-21, which increased by 206.7% CAGR. Average operating cash flow during FY19-20 stood at Rs. 2.6cr, which spiked to Rs. 21.5% in FY21. Consolidated financial liabilities increased by 37.3% CAGR, with debt-to-equity ratio expanding from 1.7x in FY19 to 3.6x in FY21. RoE expanded from 27.3% in FY19 to 79.5% in FY21.

On TTM basis, the company reported a top-line of Rs. 143.7cr, with EBITDA and PAT margins of 8.9% and 7.1%, respectively.

Financial snapshot (Rs. cr)	FY19	FY20	FY21	H1 FY21	H1 FY22	TTM	CAGR over FY19-21	Y-o-Y (Annual)
Revenue from operations	87.4	95.5	118.2	44.9	70.5	143.7	16.3%	23.8%
Gross profit	30.3	33.3	36.9	14.3	19.2	41.8	10.4%	10.9%
EBITDA	8.1	4.5	12.0	4.3	5.1	12.8	21.2%	166.5%
Reported PAT	4.0	(4.7)	10.1	2.9	3.1	10.2	58.6%	
Adjusted PAT	4.0	2.8	10.1	2.9	3.1	10.2	58.6%	263.6%
Restated reported EPS	2.2	1.5	5.5	1.6	1.7	5.6		
					0.407			
Cash flow from operating activities	2.3	2.8	21.5	6.9	(7.4)	7.1	206.7%	658.9%
NOPLAT	7.3	2.3	7.7	2.4	2.7	8.0	2.4%	238.5%
FCF		14.1	(22.1)		(20.7)			
RoIC (%)	56.9%	108.2%	24.6%	17.0%	5.4%	15.9%	(3,232) bps	(8,354) bps
Revenue growth rate (%)		9.2%	23.8%		56.9%			
Gross profit growth rate (%)		9.9%	10.9%		33.8%			
Gross profit margin (%)	34.7%	34.9%	31.3%	31.9%	27.2%	29.1%	(340) bps	(361) bps
EBITDA growth rate (%)		-44.8%	166.5%		20.5%			
EBITDA margin (%)	9.3%	4.7%	10.1%	9.5%	7.3%	8.9%	82 bps	543 bps
Restated reported PAT growth rate (%)		-30.8%	263.6%		5.7%			
Restated reported PAT margin (%)	4.6%	2.9%	8.5%	6.5%	4.4%	7.1%	394 bps	562 bps
Inventory days	92.8	97.0	114.4	120.8	118.2	120.6	11.0%	18.0%
Debtor days	93.6	80.7	65.9	77.6	73.5	73.1	-16.1%	-18.3%
Payable days	(93.1)	(87.6)	(92.5)	(84.2)	(91.7)	(93.6)	-0.3%	5.6%
Cash conversion cycle	93.2	90.1	87.8	114.2	100.0	100.2	-3.0%	-2.5%
Fixed asset turnover ratio (x)	10.0	8.0	4.6	3.9	2.2	4.4	-32.1%	-42.3%
Total asset turnover ratio (x)	1.5	1.7	1.3	0.7	0.7	1.4	-7.6%	-21.7%
Current ratio (x)	1.1	0.8	1.1	1.1	1.3	1.3	-0.2%	35.7%
Quick ratio (x)	0.7	0.4	0.5	0.6	0.7	0.7	-16.1%	16.9%
Total debt (Rs.)	24.4	38.0	46.0	37.9	36.6	36.6	37.3%	21.2%
Net debt (Rs.)	22.5	37.2	45.2	36.9	35.9	35.9	41.7%	21.4%
Debt to equity (x)	1.7	15.3	3.6	6.8	1.0	1.0	47.8%	-76.2%
Net debt to EBITDA (x)	2.8	8.3	3.8	8.7	7.0	2.8	16.9%	-54.4%
RoE (%)	27.3%	111.4%	79.5%	52.4%	8.3%	27.2%	5,218 bps	(3,189) bps
RoA (%)	7.1%	4.9%	11.2%	4.8%	3.0%	9.7%	415 bps	634 bps
RoCE (%)	45.4%	46.7%	30.2%	18.6%	7.1%	20.1%	(1,522) bps	(1,649) bps

Source: Choice Equity Broking



Competitive strengths:

- Consistently growing company with established brand presence
- Wide product portfolio and multiple SKUs
- Focusing on multiple end-user industries
- Extensive distribution network across India catering to customers
- Established presence in international markets
- Institutional sales to select large players
- Synergy of young and experienced management team with a committed employee base
- Efficient manufacturing set-up with scope for expansion
- Effective quality checks thereby reducing batch failure
- R&D set up for constant product improvement and new product development



Business strategy:

- Continue to introduce new product categories
- Further expand the distribution network across India and globally
- Further strengthen the brand image
- Expansion of manufacturing facility
- Increasing the size of the field staff will help secondary penetration
- Enhancing demand by incentivizing the product end-user
- Plant automation to improve productivity
- Technology integration for all business functions
- Continue to drive business based on people-centric policies and practices



Risk and concerns:

- Delay in the production capacity expansion
- Difficulty in expanding the distribution network and expansion into new regions
- Working capital intensive operations
- Unfavorable product-mix
- Difficulty in maintaining the profitability
- Competition

Financial statements:

Profit and loss statement (Rs. cr)								
	FY19	FY20	FY21	H1 FY21	H1 FY22	TTM	CAGR over FY19 - 21	Annual growth over FY20
Revenue from operations	**87.4**	**95.5**	**118.2**	**44.9**	**70.5**	**143.7**	**16.3%**	**23.8%**
Cost of materials consumed	(60.6)	(65.9)	(97.1)	(31.3)	(43.4)	(109.2)	26.5%	47.4%
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	3.5	3.7	15.9	0.7	(7.9)	7.2	112.6%	328.9%
Gross profit	**30.3**	**33.3**	**36.9**	**14.3**	**19.2**	**41.8**	**10.4%**	**10.9%**
Employee benefits expenses	(9.4)	(12.7)	(14.7)	(6.3)	(7.7)	(16.2)	25.3%	16.1%
Other expenses	(12.8)	(16.1)	(10.2)	(3.8)	(6.3)	(12.7)	-10.5%	-36.5%
EBITDA	**8.1**	**4.5**	**12.0**	**4.3**	**5.1**	**12.8**	**21.2%**	**166.5%**
Depreciation / amortization	(0.7)	(1.9)	(1.9)	(1.0)	(1.4)	(2.3)	60.9%	0.4%
EBIT	**7.4**	**2.6**	**10.1**	**3.2**	**3.7**	**10.6**	**16.6%**	**287.9%**
Finance cost	(3.9)	(2.9)	(2.6)	(1.1)	(1.7)	(3.2)	-19.2%	-13.4%
Other income	0.6	2.4	5.7	1.8	2.2	6.1	219.9%	135.5%
Exceptional items		(7.4)				0.0		
PBT	**4.1**	**(5.4)**	**13.2**	**3.9**	**4.2**	**13.5**	**80.5%**	**-346.8%**
Tax expenses	(0.1)	0.7	(3.2)	(1.0)	(1.1)	(3.3)	636.8%	-559.5%
Reported PAT	**4.0**	**(4.7)**	**10.1**	**2.9**	**3.1**	**10.2**	**58.6%**	
Adjusted PAT	**4.0**	**2.8**	**10.1**	**2.9**	**3.1**	**10.2**	**58.6%**	**263.6%**

Balance sheet statement (Rs. cr)								
	FY19	FY20	FY21	H1 FY21	H1 FY22	TTM	CAGR over FY19 - 21	Annual growth over FY20
Equity share capital	13.0	13.0	13.0	13.0	14.2	14.2	0.0%	0.0%
Other equity	1.7	(10.5)	(0.3)	(7.4)	23.3	23.3		-96.8%
Non current borrowings	1.0	1.3	19.4	10.3	10.5	10.5	329.5%	1358.3%
Non current lease liabilities	0.1	0.7	0.1	0.2	3.4	3.4	69.1%	-80.3%
Non current provisions	0.6	1.0	1.2	1.2	1.1	1.1	46.7%	17.7%
Trade payables	14.6	15.3	25.9	14.3	26.2	26.2	33.3%	69.6%
Current borrowings	22.5	33.3	22.8	23.7	19.2	19.2	0.7%	-31.4%
Current lease liabilities	0.1	0.4	0.2	0.4	1.4	1.4	110.1%	-37.4%
Other current financial liabilities	0.7	2.2	3.4	3.4	2.0	2.0	118.1%	52.8%
Current provisions	0.1		1.4		0.5	0.5	353.1%	
Current net tax liabilities			1.4	0.5	1.6	1.6		
Other current liabilities	2.5	0.1	1.3	1.6	1.4	1.4	-28.0%	1430.0%
Total liabilities	**56.7**	**56.8**	**89.8**	**61.2**	**104.9**	**104.9**	**25.8%**	**58.0%**
Property, plant and equipment	8.7	9.5	18.7	9.3	17.0	17.0	46.0%	96.3%
Intangible assets	0.0	0.1	0.2	0.2	0.2	0.2	480.4%	16.4%
Capital work-in-progress		1.2	6.5	1.2	10.9	10.9		443.8%
Right of use assets	0.0	1.1	0.4	0.6	4.8	4.8	249.6%	-66.7%
Non current financial assets	0.3	0.9	0.4	0.5	0.7	0.7	9.3%	-55.1%
Other non current assets	1.5	0.2	0.2	0.2	0.2	0.2	-67.5%	0.0%
Net deferred tax asset	1.7	2.4	1.7	2.5	1.3	1.3	1.8%	-29.1%
Inventories	14.5	18.5	32.4	20.5	33.7	33.7	49.4%	74.9%
Trade receivables	22.4	19.8	22.9	19.4	28.8	28.8	1.0%	15.5%
Cash and cash equivalents	1.9	0.8	0.8	1.0	0.7	0.7	-34.0%	9.8%
Current loans	0.8	1.2	1.2	1.2	1.1	1.1	19.1%	-4.8%
Current net tax assets	2.9	0.2				0.0		
Other current assets	1.8	0.9	4.5	4.4	5.7	5.7	56.3%	408.5%
Total assets	**56.7**	**56.8**	**89.8**	**61.2**	**104.9**	**104.9**	**25.8%**	**58.0%**

Source: Choice Equity Broking

Financial statements:

Cash flow statement (Rs. cr)								
	FY19	FY20	FY21	H1 FY21	H1 FY22	TTM	CAGR over FY19 - 21	Annual growth over FY20
Cash flow before working capital changes	8.7	(0.5)	17.7	6.1	7.3	19.0	42.6%	-3516.4%
Working capital changes	(5.1)	0.6	6.2	1.9	(14.0)	(9.7)		965.9%
Cash flow from operating activities	**2.3**	**2.8**	**21.5**	**6.9**	**(7.4)**	**7.1**	**206.7%**	**658.9%**
Purchase and construction of property, plant and equipment	(3.5)	(4.0)	(16.4)	(0.4)	(10.0)	(26.0)	115.2%	310.7%
Cash flow from investing activities	**(3.6)**	**(4.1)**	**(16.2)**	**(0.4)**	**(8.5)**	**(24.2)**	**112.6%**	**296.4%**
Cash flow from financing activities	**1.4**	**0.1**	**(5.2)**	**(6.2)**	**15.7**	**16.8**		
Net cash flow	**0.1**	**(1.2)**	**0.1**	**0.3**	**(0.1)**	**(0.3)**	**-23.5%**	
Opening balance of cash	1.8	1.9	0.8	0.8	0.8	1.0	-34.8%	-60.4%
Closing balance of cash	**1.9**	**0.8**	**0.8**	**1.0**	**0.7**	**0.7**	**-34.0%**	**9.8%**

Financial ratios						
Particulars (Rs. mn)	**FY19**	**FY20**	**FY21**	**H1 FY21**	**H1 FY22**	**TTM**
Revenue growth rate (%)		9.2%	23.8%		56.9%	
Gross profit growth rate (%)		9.9%	10.9%		33.8%	
Gross profit margin (%)	34.7%	34.9%	31.3%	31.9%	27.2%	29.1%
EBITDA growth rate (%)		-44.8%	166.5%		20.5%	
EBITDA margin (%)	9.3%	4.7%	10.1%	9.5%	7.3%	8.9%
EBIT growth rate (%)		-65.0%	287.9%		15.8%	
EBIT margin (%)	8.5%	2.7%	8.5%	7.1%	5.3%	7.4%
Restated reported PAT growth rate (%)		-30.8%	263.6%		5.7%	
Restated reported PAT margin (%)	4.6%	2.9%	8.5%	6.5%	4.4%	7.1%
Turnover ratios						
Inventories turnover ratio (x)	6.0	5.8	4.6	2.2	2.1	4.3
Trade receivable turnover ratio (x)	3.9	4.5	5.5	2.3	2.4	5.0
Accounts payable turnover ratio (x)	6.0	6.4	5.7	3.1	2.7	5.5
Fixed asset turnover ratio (x)	10.0	8.0	4.6	3.9	2.2	4.4
Total asset turnover ratio (x)	1.5	1.7	1.3	0.7	0.7	1.4
Return ratios						
RoE (%)	27.3%	111.4%	79.5%	52.4%	8.3%	27.2%
RoA (%)	7.1%	4.9%	11.2%	4.8%	3.0%	9.7%
RoCE (%)	45.4%	46.7%	30.2%	18.6%	7.1%	20.1%
Per share data						
Restated adjusted EPS (Rs.)	2.2	1.5	5.5	1.6	1.7	5.6
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	8.0	1.4	6.9	3.1	20.4	20.4
Operating cash flow per share (Rs.)	1.2	1.5	11.7	3.8	(4.0)	3.9
Free cash flow per share (Rs.)		7.7	(12.0)		(11.3)	
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

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