

# IPO Report

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**Hariom Pipe Industries Ltd.**



# IPO Report

## Salient features of the FPO:

- Hyderabad based steel product manufacturer, **Hariom Pipe Industries Ltd.** (HPIL), is coming up with an IPO to raise Rs. 130cr, which opens on 30<sup>th</sup> Mar. and closes on 5<sup>th</sup> Apr. 2022. The price band is Rs. 144 - 153 per share.
- The IPO only comprises of fresh issue of shares. From the net proceeds, Rs. 50cr will be utilized to fund the capital expenditure; Rs. 40cr will be used to fund the working capital requirement of the company. Residual funds will be used for general corporate purposes.
- In Dec. 2020, the company converted certain preference shares/loans into equity shares at a price of Rs. 36 per share. Moreover, in Mar. - May 2021, HPIL allotted certain equity shares on preferential basis to a group of individual investors at a price of Rs. 36 per share.

## Key competitive strengths:

- Integrated nature of operations
- Environment friendly manufacturing process
- Strategic location of manufacturing units
- Cost advantage in manufacturing products
- Competitive pricing of products
- Experienced & qualified team

## Risk and concerns:

- General economic slowdown
- Unfavorable government policies and regulations
- Volatility in the key raw material prices
- Difficulty in improving the plant utilization levels
- Unfavorable revenue-mix
- Business seasonality
- Difficulty in managing the debt levels
- Competition

## Below are the key highlights of the company:

- HPIL is an integrated manufacturer of mild steel (MS) pipes, scaffolding, HR strips, MS billets and sponge iron. Its MS pipes are sold under the brand name "Hariom Pipes". The company manufactures MS Pipes and scaffoldings of over 150 different specifications which directly or indirectly caters to the needs of sectors such as housing, infrastructure, agriculture, automotive, power, cement, mining, solar power, engineering etc.
- It uses iron ore to produce sponge iron, which is then processed across various stages to manufacture final products, thereby making the manufacturing backward integrated. HPIL's integrated plant at Mahabubnagar district (Unit-I) in Telangana manufactures finished steel products from iron scrap and sponge iron, while its other plant at Anantapur district (Unit-II) in Andhra Pradesh exclusively manufactures sponge iron (which in turn is mainly produced from iron ore sourced from Bellary, which is one of the hubs in South India for iron ore production).
- The iron ore required to produce sponge iron at Unit-II is mostly procured through the online bidding process. Most of the sponge iron produced at the Unit-II is transported to the Unit-I and used as a raw material for manufacturing MS billets, HR strips, MS pipes and scaffolding. According to the management, this integration of both the manufacturing units has led to efficient logistics & inventory management, procurement, energy savings and quality control. All these cumulatively resulted in better profitability for the company.

Recommendation	Subscribe with Caution
Price band	Rs. 144 - 153 per share
Face value	Rs. 10
Shares for fresh issue	0.850cr shares
Shares for OFS	Nil
Fresh issue size	Rs. 122.4 - 130.1cr
OFS issue size	N/a
Total issue size	0.850cr shares (Rs. 122.4 - 130.1cr)
Bidding date	30 <sup>th</sup> Mar. - 5 <sup>th</sup> Apr. 2022

MCAP at higher price band	Rs. 390cr
Enterprise value at higher price band	Rs. 349cr
Book running lead manager	ITI Capital Ltd.
Registrar	Bigshare Services Pvt. Ltd.
Sector	Iron & Steel Products
Promoters	Mr. Rupesh Kumar Gupta and Mr. Saitesh Gupta

Issue breakup		
Category	Percent of issue (%)	Number of shares
QIB portion	30%	0.255cr shares
Non institutional portion	35%	0.298cr shares
Retail portion	35%	0.298cr shares

Indicative IPO process time line	
Finalization of basis of allotment	8 <sup>th</sup> Apr. 2022
Unblocking of ASBA account	11 <sup>th</sup> Apr. 2022
Credit to demat accounts	12 <sup>th</sup> Apr. 2022
Commencement of trading	13 <sup>th</sup> Apr. 2022

Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	99.10%	66.03%
Public	0.90%	33.97%
<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	98
Application money	Rs. 14,994 per Lot

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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 (%)				FY21 Total operating revenue (Rs. cr)	FY21 EBITDA (Rs. cr)	FY21 PAT (Rs. cr)	FY21 Gross margin	FY21 EBITDA margin	FY21 PAT margin
					1 M	3 M	6 M	1 Y						
<b>Hariom Pipe Industries Ltd.</b>	<b>10</b>	<b>153</b>	<b>390</b>	<b>349</b>					<b>254</b>	<b>34</b>	<b>15</b>	<b>32.0%</b>	<b>13.5%</b>	<b>6.0%</b>
APL Apollo Tubes Ltd.	2	912	22,805	22,888	6.6%	-9.3%	7.0%	35.9%	8,500	679	360	15.7%	8.0%	4.2%
Gandhi Special Tubes Ltd.	5	331	402	334	2.0%	-8.9%	-26.9%	21.0%	114	45	36	66.9%	39.5%	31.8%
Goodluck India Ltd.	2	283	736	1,226	-4.2%	-18.9%	-4.6%	337.3%	1,572	116	30	28.8%	7.4%	1.9%
Hi-Tech Pipes Ltd.	10	510	622	901	-7.2%	-2.3%	0.0%	0.0%	1,341	71	23	9.7%	5.3%	1.7%
Jindal Saw Ltd.	2	90	2,870	6,466	3.0%	-11.2%	-20.0%	25.0%	10,664	1,185	319	43.5%	11.1%	3.0%
JTL Infra Ltd.	2	242	1,435	1,494	1.3%	11.2%	36.3%	151.1%	436	33	20	10.0%	7.5%	4.6%
Maharashtra Seamless Ltd.	5	548	3,673	4,362	4.9%	7.3%	70.4%	95.2%	2,308	465	98	39.6%	20.2%	4.2%
Man Industries (India) Ltd.	5	82	468	644	2.1%	-15.6%	-26.2%	6.2%	2,080	205	101	32.5%	9.9%	4.8%
Rama Steel Tubes Ltd.	5	326	548	608	-2.5%	26.1%	30.4%	377.3%	470	18	12	8.3%	3.9%	2.6%
Ratnamani Metals & Tubes Ltd.	2	2,543	11,884	11,339	13.4%	33.1%	15.8%	35.4%	2,298	400	276	36.0%	17.4%	12.0%
Surya Roshni Ltd.	10	416	2,261	2,925	-0.1%	-31.8%	-46.6%	18.0%	5,561	379	158	22.6%	6.8%	2.8%
Welspun Corp Ltd.	5	154	4,030	3,199	7.9%	-14.7%	20.6%	13.5%	6,747	760	619	36.0%	11.3%	9.2%
<b>Average</b>												<b>29.1%</b>	<b>12.3%</b>	<b>6.9%</b>

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 total asset turnover (x)	3Y average RoE	3Y average RoIC
<b>Hariom Pipe Industries Ltd.</b>	<b>37.9%</b>	<b>41.9%</b>	<b>37.4%</b>	<b>13.6%</b>	<b>5.6%</b>	<b>84.6%</b>	<b>80.0%</b>	<b>170.8</b>	<b>1.1</b>	<b>15.4%</b>	<b>12.2%</b>
APL Apollo Tubes Ltd.	9.0%	32.1%	55.9%	6.5%	3.1%	30.8%	65.3%	19.4	2.3	18.1%	19.1%
Gandhi Special Tubes Ltd.	-3.9%	-1.1%	-3.3%	35.4%	29.9%	-7.6%	2.1%	138.7	0.5	18.3%	19.3%
Goodluck India Ltd.	-2.7%	-3.9%	-2.3%	7.6%	2.0%	8.6%	-12.9%	98.3	1.6	9.3%	14.9%
Hi-Tech Pipes Ltd.	-0.7%	-2.7%	-8.7%	5.2%	1.8%	20.9%	14.4%	66.4	2.4	13.8%	17.0%
Jindal Saw Ltd.	-6.2%	-8.6%	-38.8%	11.8%	4.9%	2.5%	-0.3%	90.0	0.8	8.8%	9.6%
JTL Infra Ltd.	16.4%	17.7%	17.6%	7.3%	4.5%	52.7%	-0.2%	85.9	2.2	23.3%	24.4%
Maharashtra Seamless Ltd.	-13.0%	-16.5%	-35.3%	20.6%	5.0%	1.3%		74.7	0.5	4.4%	8.8%
Man Industries (India) Ltd.	-3.2%	7.8%	30.9%	9.1%	3.6%	4.9%		29.3	1.2	9.3%	17.6%
Rama Steel Tubes Ltd.	-3.4%	5.6%	21.6%	3.2%	1.5%	10.1%		63.9	2.0	7.5%	27.6%
Ratnamani Metals & Tubes Ltd.	-8.7%	-0.8%	4.5%	16.2%	11.0%	18.3%	-0.7%	109.7	1.1	16.2%	14.0%
Surya Roshni Ltd.	-3.5%	1.0%	14.5%	6.5%	2.2%	1.4%	112.0%	74.9	1.9	10.1%	12.4%
Welspun Corp Ltd.	-19.9%	46.6%		8.4%	5.0%	3.2%	6.9%	91.0	1.2	11.9%	8.5%
<b>Average</b>	<b>-3.3%</b>	<b>6.4%</b>	<b>5.2%</b>	<b>11.5%</b>	<b>6.2%</b>	<b>12.3%</b>	<b>20.7%</b>	<b>78.5</b>	<b>1.5</b>	<b>12.6%</b>	<b>16.1%</b>

Company name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	Total asset turnover ratio (x)	TTM RoE	TTM RoCE	TTM P / E (x)	P / B (x)	EV / TTM Sales (x)	EV / TTM EBITDA (x)	MCAP / TTM Sales (x)	TTM Earning yield
<b>Hariom Pipe Industries Ltd.</b>	<b>5.9</b>	<b>78.9</b>	<b>0.0</b>	<b>0.4</b>	<b>0.8</b>	<b>7.5%</b>	<b>11.1%</b>	<b>25.8</b>	<b>1.9</b>	<b>1.4</b>	<b>10.2</b>	<b>1.5</b>	<b>3.9%</b>
APL Apollo Tubes Ltd.	14.4	67.8	0.0	0.3	2.3	21.3%	24.6%	63.3	13.5	2.7	33.7	2.7	1.6%
Gandhi Special Tubes Ltd.	29.7	141.5	9.6	0.0	0.6	21.0%	22.9%	11.1	2.3	2.9	7.4	3.5	9.0%
Goodluck India Ltd.	11.6	147.4	0.0	1.3	1.4	7.8%	16.2%	24.5	1.9	0.8	10.5	0.5	4.1%
Hi-Tech Pipes Ltd.	18.7	168.0	0.2	1.4	2.2	11.1%	18.5%	27.3	3.0	0.7	12.7	0.5	3.7%
Jindal Saw Ltd.	10.0	218.4	2.0	0.6	0.7	4.6%	7.7%	9.0	0.4	0.6	5.5	0.3	11.1%
JTL Infra Ltd.	3.4	16.4	0.0	0.6	2.1	20.7%	28.2%	71.5	14.8	3.4	45.5	3.3	1.4%
Maharashtra Seamless Ltd.	14.6	492.4	2.5	0.3	0.4	3.0%	8.0%	37.5	1.1	1.9	9.4	1.6	2.7%
Man Industries (India) Ltd.	17.7	146.2	2.0	0.3	1.2	12.1%	18.1%	4.6	0.6	0.3	3.1	0.2	21.6%
Rama Steel Tubes Ltd.	7.4	59.5	0.0	0.8	1.9	12.4%	11.3%	44.3	5.5	1.3	33.2	1.2	2.3%
Ratnamani Metals & Tubes Ltd.	59.1	425.3	0.0	0.1	0.9	13.9%	15.7%	43.1	6.0	4.9	28.4	5.2	2.3%
Surya Roshni Ltd.	29.1	251.3	3.5	0.5	1.9	11.6%	16.5%	14.3	1.7	0.5	7.7	0.4	7.0%
Welspun Corp Ltd.	23.7	145.4	0.5	0.1	1.0	16.3%	12.0%	6.5	1.1	0.5	4.2	0.6	15.4%
<b>Average</b>			<b>1.7</b>	<b>0.5</b>	<b>1.4</b>	<b>13.0%</b>	<b>16.6%</b>	<b>29.8</b>	<b>4.3</b>	<b>1.7</b>	<b>16.8</b>	<b>1.7</b>	<b>6.8%</b>

Source: Choice Broking Research

- HPIL has embarked on a next phase of growth by building scale and expanding its product portfolio. From the IPO net proceeds, the company intends to utilize funds for expanding its MS pipe manufacturing capacity from existing 0.084mn tonnes to 0.132mn tonnes. Further, the furnace capacity is planned to expand from 0.096mn tonnes to 0.104mn tonnes. In terms of product portfolio expansion, it intends to further expand into value added products (like rust free MS pipes, softer finished MS pipes etc.), which have better margins and demand.
- HPIL primarily caters to the southern and western Indian markets. It is presently dealing with over 200 distributors & dealers in the state of Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Maharashtra, Dadra & Nagar Haveli & Puducherry. The company also sells MS pipes and scaffoldings to certain developers and contractors directly as B2B sales. Going forward it intends to expand its geographical reach by expanding into new markets.

### Key highlights of the company (Contd...):

- On financial performance front, over FY19-21, HPIL has reported a robust increase in business with almost stable profitability. Primarily on account of higher sales of manufacturing goods over FY19-21, the company reported 37.9% CAGR rise in total operating revenue to Rs. 254.1cr in FY21. With higher net cost of material consumed in FY21, gross profit increased by 28.2% CAGR with over 5ppts contraction in gross margin to 32% in FY21. Aided by lower other expenses (like employee expenses, power & fuel cost and other expenses), EBITDA increased by 41.9% CAGR to Rs. 34.3cr in FY21. EBITDA margin expanded by 74bps over the period to 13.5% in FY21. With increased capacity, depreciation charge increased by 70.4% CAGR, while on account of higher debt finance cost increased by 45.5% CAGR. Consequently, reported PAT increased by 37.4% CAGR to Rs. 15.1cr in FY21. Average PAT margin during the period stood at 5.6%.
- The company had a positive operating cash flow over FY19-21, which increased by 80% CAGR to Rs. 10.4cr in FY21. Average operating cash flow during the period was around Rs. 4.7cr. Total financial liabilities increased by 25.8% CAGR, however, debt-to-equity ratio improved from 1.6x in F19 to 1.3x in FY21. RoIC is in increasing trend with an average of 17.1% over FY19-21. Moreover average RoE stood at 20%.

**Peer comparison and valuation:** At the higher price band, HPIL is demanding an EV/S multiple of 1.4x (to its FY21 sales), which is at discount to the peer average of 1.7x. Annualizing the H1 FY22 revenue, the demanded EV/S multiple is less than 1x, thus the issue is attractively priced. With infrastructure creation being one of the key themes of the government to revive the economy, we feel that there will be no dearth of demand for HPIL's products. However, being a commodity play, we assign a "**Subscribe with Caution**" rating for the issue.

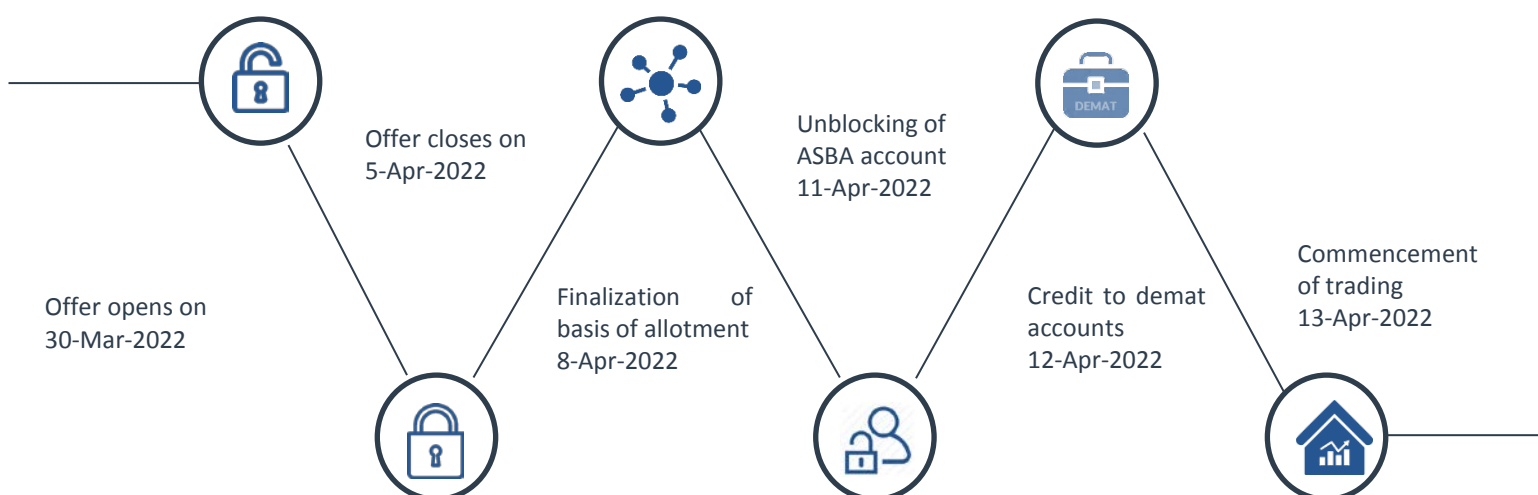
## About the issue:

- HPIL is coming up with an IPO with 0.850cr shares (fresh issue: 0.850cr shares; OFS shares: Nil) in offering. The offer represents around 33.4% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 122.4 - 130.1cr.
- The issue will open on 30<sup>th</sup> Mar. 2022 and close on 5<sup>th</sup> Apr. 2022.
- The issue is through book building process with a price band of Rs. 144 - 153 per share.
- The IPO only comprises of fresh issue of shares. From the net proceeds, Rs. 50cr will be utilized to fund the capital expenditure; Rs. 40cr will be used to fund the working capital requirement of the company. Residual funds will be used for general corporate purposes.
- 30% of the net issue are reserved for qualified institutional buyers, while 35% of the net issue is reserved each for non-institutional bidders and retail investors.
- Promoter currently holds 99.10% stake in the company and post-IPO this will come down to 66.03%. Public holding will increase from current 0.90% to 33.97%.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	99.10%	66.03%
Public	0.90%	33.97%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Financial performance:

**Performance over FY19-21:** On financial performance front, over FY19-21, HPIL has reported a robust increase in business with almost stable profitability.

Primarily on account of higher sales of manufacturing goods over FY19-21, the company reported 37.9% CAGR rise in total operating revenue to Rs. 254.1cr in FY21.

With higher net cost of material consumed in FY21, gross profit increased by 28.2% CAGR with over 5ppts contraction in gross margin to 32% in FY21. Aided by lower other expenses (like employee expenses, power & fuel cost and other expenses), EBITDA increased by 41.9% CAGR to Rs. 34.3cr in FY21. EBITDA margin expanded by 74bps over the period to 13.5% in FY21.

With increased capacity, depreciation charge increased by 70.4% CAGR, while on account of higher debt finance cost increased by 45.5% CAGR. Consequently, reported PAT increased by 37.4% CAGR to Rs. 15.1cr in FY21. Average PAT margin during the period stood at 5.6%.

The company had a positive operating cash flow over FY19-21, which increased by 80% CAGR to Rs. 10.4cr in FY21. Average operating cash flow during the period was around Rs. 4.7cr. Total financial liabilities increased by 25.8% CAGR, however, debt-to-equity ratio improved from 1.6x in F19 to 1.3x in FY21. RoIC is in increasing trend with an average of 17.1% over FY19-21. Moreover average RoE stood at 20%.

During H1 FY22, HPIL reported a top-line of Rs. 200.9cr with EBITDA and PAT margins of 12.7% and 6.4%, respectively.

Financial snapshot (Rs. cr)	FY19	FY20	FY21	H1 FY22	CAGR over FY19-21	Y-o-Y (Annual)
Revenue from operations	133.6	160.8	254.1	200.9	37.9%	58.1%
Gross profit	49.4	70.1	81.3	65.6	28.2%	15.9%
EBITDA	17.0	23.5	34.3	25.6	41.9%	46.0%
Reported PAT	8.0	7.9	15.1	12.9	37.4%	91.3%
Restated reported EPS	3.1	3.1	5.9	5.1	37.4%	91.3%
Cash flow from operating activities	3.2	0.5	10.4	(1.5)	80.0%	1919.8%
NOPLAT	11.6	15.0	22.1	15.9	37.9%	47.5%
FCF		3.3	(5.8)			
RoIC (%)	15.7%	17.5%	18.1%	12.2%	242 bps	64 bps
Revenue growth rate (%)		20.3%	58.1%			
Gross profit growth rate (%)		41.8%	64.6%			
Gross profit margin (%)	37.0%	43.6%	32.0%	32.6%	(503) bps	(1,163) bps
EBITDA growth rate (%)		37.9%	46.0%			
EBITDA margin (%)	12.7%	14.6%	13.5%	12.7%	74 bps	(112) bps
EBIT growth rate (%)		23.2%	53.0%			
EBIT margin (%)	11.1%	11.4%	11.0%	10.7%	(11) bps	(37) bps
Restated reported PAT growth rate (%)		-1.4%	91.3%			
Restated reported PAT margin (%)	6.0%	4.9%	6.0%	6.4%	(5) bps	104 bps
Inventory days	169.2	198.4	147.4	137.3	-6.7%	-25.7%
Debtor days	28.6	37.8	30.5	20.2	3.1%	-19.3%
Payable days	(33.4)	(45.6)	(20.3)	(13.3)	-22.1%	-55.5%
Cash conversion cycle	164.4	190.6	157.6	144.1	-2.1%	-17.3%
Fixed asset turnover ratio (x)	3.1	3.2	3.8	3.0	10.1%	16.7%
Total asset turnover ratio (x)	1.3	1.2	1.5	1.0	6.4%	27.1%
Current ratio (x)	2.1	1.7	2.1	1.9	0.2%	23.7%
Quick ratio (x)	0.7	0.6	0.5	0.4	-17.0%	-10.4%
Total debt (Rs.)	56.8	70.8	89.9	94.3	25.8%	26.9%
Net debt (Rs.)	52.8	69.1	89.0	94.0	29.8%	28.7%
Debt to equity (x)	1.6	1.5	1.3	1.1	-10.2%	-13.4%
Net debt to EBITDA (x)	3.1	2.9	2.6	3.7	-8.5%	-11.8%
RoE (%)	22.2%	16.4%	21.4%	15.4%	(85) bps	500 bps
RoA (%)	7.8%	5.7%	8.7%	6.5%	95 bps	305 bps
RoCE (%)	20.1%	21.2%	22.8%	16.5%	277 bps	160 bps

Source: Choice Equity Broking



#### Competitive strengths:

- Integrated nature of operations
- Environment friendly manufacturing process
- Strategic location of manufacturing units
- Cost advantage in manufacturing products
- Competitive pricing of products
- Experienced & qualified team

#### Business strategy:

- Expand the geographical network
- Organic growth by expansion of manufacturing capacity
- Upgrading existing manufacturing facilities
- Expanding product range to add more value-added products
- Increasing operational efficiency



#### Risk and concerns:

- General economic slowdown
- Unfavorable government policies and regulations
- Volatility in the key raw material prices
- Difficulty in improving the plant utilization levels
- Unfavorable revenue-mix
- Business seasonality
- Difficulty in managing the debt levels
- Competition

## Financial statements:

Profit and loss statement (Rs. cr)						
	FY19	FY20	FY21	H1 FY22	CAGR over FY19 - 21	Annual growth over FY20
<b>Revenue from operations</b>	<b>133.6</b>	<b>160.8</b>	<b>254.1</b>	<b>200.9</b>	<b>37.9%</b>	<b>58.1%</b>
Cost of materials consumed	(84.1)	(109.5)	(180.3)	(150.5)	46.4%	64.6%
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(0.1)	18.9	7.5	15.2		-60.5%
<b>Gross profit</b>	<b>49.4</b>	<b>70.1</b>	<b>81.3</b>	<b>65.6</b>	<b>28.2%</b>	<b>15.9%</b>
Employee benefits expense	(5.8)	(8.3)	(9.5)	(9.9)	27.9%	14.6%
Power and fuel	(25.2)	(36.5)	(33.8)	(27.2)	15.9%	-7.5%
Other expenses	(1.4)	(1.8)	(3.7)	(2.8)	61.1%	106.0%
<b>EBITDA</b>	<b>17.0</b>	<b>23.5</b>	<b>34.3</b>	<b>25.6</b>	<b>41.9%</b>	<b>46.0%</b>
Depreciation and amortization expenses	(2.2)	(5.2)	(6.3)	(4.0)	70.4%	21.2%
<b>EBIT</b>	<b>14.9</b>	<b>18.3</b>	<b>28.0</b>	<b>21.6</b>	<b>37.3%</b>	<b>53.0%</b>
Finance costs	(3.5)	(7.4)	(7.5)	(4.2)	45.5%	1.9%
Other income	0.3	0.4	0.7	0.3	46.3%	83.1%
<b>PBT</b>	<b>11.6</b>	<b>11.3</b>	<b>21.2</b>	<b>17.7</b>	<b>34.9%</b>	<b>87.2%</b>
Tax expenses	(3.6)	(3.4)	(6.1)	(4.8)	29.3%	77.5%
<b>Reported PAT</b>	<b>8.0</b>	<b>7.9</b>	<b>15.1</b>	<b>12.9</b>	<b>37.4%</b>	<b>91.3%</b>

Balance sheet statement (Rs. cr)						
	FY19	FY20	FY21	H1 FY22	CAGR over FY19 - 21	Annual growth over FY20
Equity share capital	13.2	13.2	17.0	17.0	13.2%	28.2%
Other equity	22.9	35.1	53.8	66.7	53.5%	53.5%
Non current borrowings	37.0	35.7	48.2	43.3	14.1%	35.2%
Non current provisions	0.1	0.2	0.2	0.3	37.9%	29.6%
Net deferred tax liabilities	1.0	2.2	3.6	3.4	93.5%	60.9%
Current borrowings	18.8	32.5	32.0	45.0	30.4%	-1.7%
Other current financial liabilities	1.0	2.6	9.7	6.0	217.0%	269.0%
Trade payables	7.7	14.9	4.3	10.0	-25.3%	-71.2%
Current provisions	0.1	0.0	0.0	0.0	-86.1%	-91.0%
Other current liabilities	0.4	1.7	2.7	3.1	162.3%	53.9%
Net current tax liabilities	1.2	1.5	2.3	3.9	38.8%	53.7%
<b>Total liabilities</b>	<b>103.4</b>	<b>139.7</b>	<b>173.7</b>	<b>198.8</b>	<b>29.7%</b>	<b>24.4%</b>
Property, plant and equipment	42.8	49.5	58.9	56.8	17.3%	19.0%
Capital work-in-progress		0.1	8.3	9.9		6518.3%
Other non current financial assets	0.0	0.5	0.5	0.5	353.1%	5.8%
Other non current assets	0.2	0.2	0.4	0.4	24.9%	106.1%
Inventories	39.0	59.5	80.1	103.2	43.3%	34.5%
Trade receivables	10.5	22.8	19.6	22.6	36.8%	-13.8%
Cash and cash equivalents	4.0	1.7	0.9	0.3	-53.0%	-47.3%
Other current financial assets	0.2	0.0	0.1	0.1	-41.4%	215.1%
Other current assets	6.6	5.4	5.0	5.1	-13.1%	-7.4%
<b>Total assets</b>	<b>103.4</b>	<b>139.7</b>	<b>173.7</b>	<b>198.8</b>	<b>29.7%</b>	<b>24.4%</b>

Source: Choice Equity Broking



## Financial statements (Contd...):

Cash flow statement (Rs. cr)						
	FY19	FY20	FY21	H1 FY22	CAGR over FY19 - 21	Annual growth over FY20
Cash flow before working capital changes	17.0	23.5	34.3	25.6	41.9%	45.9%
Working capital changes	(9.4)	(21.1)	(20.0)	(23.6)	45.6%	-5.3%
<b>Cash flow from operating activities</b>	<b>3.2</b>	<b>0.5</b>	<b>10.4</b>	<b>(1.5)</b>	<b>80.0%</b>	<b>1919.8%</b>
Purchase and construction of property, plant and equipment	(32.2)	(11.8)	(15.5)	(1.9)	-30.5%	31.2%
<b>Cash flow from investing activities</b>	<b>(31.9)</b>	<b>(12.0)</b>	<b>(23.5)</b>	<b>(3.2)</b>	<b>-14.2%</b>	<b>94.9%</b>
<b>Cash flow from financing activities</b>	<b>32.4</b>	<b>9.2</b>	<b>12.1</b>	<b>4.0</b>	<b>-38.9%</b>	<b>31.3%</b>
<b>Net cash flow</b>	<b>3.7</b>	<b>(2.3)</b>	<b>(1.0)</b>	<b>(0.7)</b>		<b>-58.9%</b>
Opening balance of cash	0.3	4.0	1.7	0.7	136.2%	-58.1%
<b>Closing balance of cash</b>	<b>4.0</b>	<b>1.7</b>	<b>0.7</b>	<b>0.1</b>	<b>-57.5%</b>	<b>-57.0%</b>

Financial ratios				
Particulars (Rs. mn)	FY19	FY20	FY21	H1 FY22
Revenue growth rate (%)		20.3%	58.1%	
Gross profit growth rate (%)		41.8%	64.6%	
Gross profit margin (%)	37.0%	43.6%	32.0%	32.6%
EBITDA growth rate (%)		37.9%	46.0%	
EBITDA margin (%)	12.7%	14.6%	13.5%	12.7%
EBIT growth rate (%)		23.2%	53.0%	
EBIT margin (%)	11.1%	11.4%	11.0%	10.7%
Restated reported PAT growth rate (%)		-1.4%	91.3%	
Restated reported PAT margin (%)	6.0%	4.9%	6.0%	6.4%
Turnover ratios				
Inventories turnover ratio (x)	3.4	3.3	3.6	1.9
Trade receivable turnover ratio (x)	12.7	9.7	12.0	8.9
Accounts payable turnover ratio (x)	17.3	14.2	26.4	20.0
Fixed asset turnover ratio (x)	3.1	3.2	3.8	3.0
Total asset turnover ratio (x)	1.3	1.2	1.5	1.0
Return ratios				
RoE (%)	22.2%	16.4%	21.4%	15.4%
RoA (%)	7.8%	5.7%	8.7%	6.5%
RoCE (%)	20.1%	21.2%	22.8%	16.5%
Per share data				
Restated adjusted EPS (Rs.)	3.1	3.1	5.9	5.1
DPS (Rs.)	0.0	0.3	0.0	0.0
BVPS (Rs.)	14.2	19.0	27.8	32.9
Operating cash flow per share (Rs.)	1.3	0.2	4.1	(0.6)
Free cash flow per share (Rs.)		1.3	(2.3)	
Dividend payout ratio	0.0%	10.0%	0.0%	0.0%

Source: Choice Equity Broking

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