

# IPO Report

Choice

## “Subscribe with Caution” to Kaynes Technology India Ltd.

Higher demanded valuation, only a concern



### Salient features of the IPO:

- **Kaynes Technology India Ltd.** (Kaynes), an electronics system design & manufacturing (ESDM) services company is coming up with an IPO to raise around Rs. 860cr, which opens on 10<sup>th</sup> Nov. and closes on 14<sup>th</sup> Nov. 2022. The price band is Rs. 559 - 587 per share.
- The IPO is a combination of fresh and OFS issue. Kaynes will not receive any proceeds from the OFS portion. Of the net proceeds from the fresh issue, around Rs. 149cr will be invested in a subsidiary for setting up a new facility, Rs. 130cr will be utilized for the repayment/prepayment of certain borrowings, Rs. 115cr will be used to fund the working capital requirement and Rs. 99cr will be utilized for funding the capacity expansion at the existing manufacturing facilities.
- On 12<sup>th</sup> and 14<sup>th</sup> Oct. 2022, Kaynes has undertaken a pre-IPO placement of 0.234cr equity shares at a price of Rs. 555.9 per equity share, aggregating to Rs. 130cr.

### Key competitive strengths:

- Internet-of-Things solutions enabled integrated electronics manufacturing player with an end-to-end capabilities across the ESDM spectrum
- Diversified business model with portfolio having applications across industry verticals
- Long-standing relationships with marquee customer base
- Global certifications for each industry vertical catered to and multiple facilities across India with advanced infrastructure
- Strong supply chain and sourcing network
- Track record of consistent financial performance
- Experienced promoters & senior management with extensive knowledge of the sector

### Risk and concerns:

- Unfavorable government policies & regulations
- Delay in the proposed capacity expansion
- Difficulty in implementing business and growth strategies
- Unfavorable sales-mix and sales realization
- Working capital intensive operations
- Unfavorable forex rate variation
- Competition

### Below are the key highlights of the company:

- The total domestic addressable ESDM market was Rs. 2,654bn in FY21, which is expected to grow by 30.3% CAGR between FY21-26 to reach a size of Rs. 9,963bn in FY26. The contribution from the domestic ESDM companies is expected to improve to 41.1% by FY26, compared to around 40% FY21 (Source: RHP).
- As per the Electronic Industries Association of India, there are nearly 700 companies offering services related to design & manufacturing of electronics products. While most of the companies offer pure play manufacturing /assembly services (also known as EMS companies), there are specialized ESDM companies such as Kaynes which offer services across the value chain including conceptual product design, components, products and solutions. EMS companies offer 'Build-to-Print' of either printed circuit board assembly (PCBA) only or complete product, whereas ESDM companies leverage their conceptual 'Embedded Design' capabilities to add value in electronics manufacturing.

### Issue details

Price band	Rs. 559 - 587 per share
Face value	Rs. 10
Shares for fresh issue	0.903 - 0.948cr shares
Shares for OFS	0.558cr shares
Fresh issue size	Rs. 530cr
OFS issue size	Rs. 312.2 - 327.8cr
Total issue size	1.461 - 1.507cr shares (Rs. 842.2 - 857.8cr)
Employee reservation	0.003cr shares (Rs. 1.5cr)
Net issue size	1.459 - 1.504cr shares (Rs. 840.7 - 856.3cr)
Bidding date	10 <sup>th</sup> Nov. - 14 <sup>th</sup> Nov. 2022
MCAP at higher price band	Rs. 3,413cr
Enterprise value at higher price band	Rs. 2,928cr
Book running lead manager	DAM Capital Advisors Ltd. and IIFL Securities Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector	Industrial Electronics
Promoters	Mr. Ramesh Kunhikannan, Mrs. Savitha Ramesh and RK Family Trust

### Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	50%	0.729 - 0.752cr shares
Non institutional portion	15%	0.219 - 0.226cr shares
Retail portion	35%	0.511 - 0.526cr shares

### Indicative IPO process time line

Finalization of basis of allotment	17 <sup>th</sup> Nov. 2022
Unblocking of ASBA account	18 <sup>th</sup> Nov. 2022
Credit to demat accounts	21 <sup>st</sup> Nov. 2022
Commencement of trading	22 <sup>nd</sup> Nov. 2022

### Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	79.78%	63.81%
Public	20.22%	36.19%
<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	25
Application money	Rs. 14,675 per lot

## 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						
Kaynes Technology India Ltd.	10	587	3,413	2,928					706	94	41	30.7%	13.3%	5.9%
Centum Electronics Ltd.	10	637	821	1,002	31.3%	52.0%	39.4%	5.0%	780	74	-31	61.3%	9.5%	-3.9%
Syrma SGS Technology Ltd.	10	286	5,030	5,148	-2.8%				1,020	97	56	29.5%	9.5%	5.4%
<b>Average</b>												<b>45.4%</b>	<b>9.5%</b>	<b>0.8%</b>

Company name	4Y top-line growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	4Y average EBITDA margin	4Y average PAT margin	4Y capital employed growth (CAGR)	4Y CFO growth (CAGR)	4Y average working capital cycle (days)	4Y average fixed asset turnover (x)	4Y average total asset turnover (x)	4Y average RoE	4Y average RoIC
Kaynes Technology India Ltd.	24.7%	38.8%	62.3%	11.0%	3.3%	31.8%		163.3	5.6	0.9	7.8%	13.9%
Centum Electronics Ltd.	-11.1%	-5.6%		9.1%	0.7%	-5.2%	27.0%	71.7	3.7	0.9	3.8%	10.9%
Syrma SGS Technology Ltd.	42.3%	32.0%	38.3%	12.5%	7.4%	88.8%	14.2%	20.1	4.1	1.0	25.7%	23.5%
<b>Average</b>	<b>15.6%</b>	<b>13.2%</b>	<b>38.3%</b>	<b>10.8%</b>	<b>4.1%</b>	<b>41.8%</b>	<b>20.6%</b>	<b>45.9</b>	<b>3.9</b>	<b>1.0</b>	<b>14.8%</b>	<b>17.2%</b>

Company name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	TTM fixed asset turnover ratio (x)	TTM 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
Kaynes Technology India Ltd.	7.1	148.4	0.0	0.2	5.9	0.6	4.8%	32.6%	82.3	4.0	4.1	31.3	4.8	1.2%
Centum Electronics Ltd.	(23.7)	158.3	2.0	1.2	3.1	0.8	-15.0%	11.3%	(26.9)	4.0	1.3	13.5	1.1	-3.7%
Syrma SGS Technology Ltd.	3.2	32.5	0.0	0.3	2.4	0.8	9.7%	12.6%	90.6	8.8	5.0	53.3	4.9	1.1%
<b>Average</b>				<b>1.0</b>	<b>0.8</b>	<b>0.8</b>	<b>-2.6%</b>	<b>11.9%</b>	<b>31.9</b>	<b>6.4</b>	<b>3.2</b>	<b>33.4</b>	<b>3.0</b>	<b>-1.3%</b>

Note: Financial data is for FY22 with IPO related adjustments; Source: Choice Broking Research

- Kaynes is an end-to-end and IoT solutions enabled integrated electronics manufacturing player, having capabilities across the spectrum of electronics system design & manufacturing services. It has experience in providing conceptual design, process engineering, integrated manufacturing and life-cycle support to major players in the automotive, industrial, aerospace & defence, outer-space, nuclear, medical, railways, internet-of-things, information technology and other sectors. Demand from these sectors is likely to grow at higher rate in the addressable ESDM market.
- According to the RHP, Kaynes was one of the first companies to offer design led electronics manufacturing to the OEMs using its mature embedded design capabilities. It has evolved into an ODM player in the fields of smart devices, IoT solutions, brushless drive technology and gallium nitride technology. The company offers optimized product solutions to customers in flexible volumes and higher complexity products across the verticals.
- Kaynes's business operations are classified into (i) OEM-Turnkey solutions-Box build, here it undertakes "Build-to-Print" or "Build-to-Specifications" of complex box builds, sub-systems and products across various verticals, (ii) OEM-Turnkey solutions-Printed circuit board assemblies, it undertakes turnkey electronics manufacturing services of PCBAs, cable harness, magnetics and plastics, (iii) ODM segment-the company offers services in smart metering technology, smart street lighting, brush less DC technology, inverter technology, gallium nitride based charging technology and providing IoT solutions for smart consumer appliances or devices IoT connected, and (iv) Product engineering & IoT solutions, here Kaynes offers conceptual design & product engineering services to the industrial and consumer sector. Its services include PCB cladding or electrical schematics-to-embedded design and submitting proof of concept-to-prototyping.
- As of FY22, Kaynes derived 33.6% and 29.8% of the business from the automotive and industrial sectors, respectively. Medical, railways and consumer sector contributed another 10.1%, 10.4% and 8.4%, respectively. Business from the IoT solutions were 5.3% of the revenue in FY22.
- The company through number of global OEMs, manufactures signaling system and passenger information system for the railway sector. It is approved by the Chittaranjan Locomotive Design Center for restoration of three phase locomotive electronics and also an authorized vendor for repairs for Delhi Metro Rail Corporation. In the medical sector, Kaynes is a major manufacturer of ventilators, respirators and diagnostic devices for the OEMs. With the improved adoption of digitization & industry 4.0 concepts by the industrial sector and growing significance of the electronics in the automotive sector, there will be higher demand for kaynes's products in future. More and more consumer appliance products are getting smarter and energy efficient, which will further drive its business.
- As of 30<sup>th</sup> Jun. 2022, Kaynes operated eight fungible manufacturing facilities, one design facility, two service centers and one packaging & dispatch facility located in Karnataka, Haryana, Himachal Pradesh, Tamil Nadu, Uttarakhand, Kerala and Maharashtra. Its facilities in Haryana and Tamil Nadu are strategically located in close proximity to major automotive OEMs which aids in reducing the logistics costs. One of its facilities in Karnataka is approved under the Electronics Hardware Technology Park Scheme and the Tamil Nadu facility is approved under 100% Export Oriented Unit Scheme. Both these schemes offer incentives similar to special economic zone.

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

- Kaynes has created a robust manufacturing systems & process that comply with global standards. Its facilities have 10 global accreditations (including vertical specific certifications), making it the most certified ESDM company in India. The company's products are approved by global product certification agencies like Underwriters Laboratories, Canadian Standards Association and TUV Rhineland. Kaynes is the first company in the domestic ESDM space with the National Aerospace and Defense Contractors Accreditation Program accreditation and among the few Indian companies to maintain this accreditation.
- With increasing demand of its product, the company has reported around 63% CAGR rise in the order book during FY19-22 to Rs. 1,516.6cr. Order book further increased to Rs. 2,266.3cr during Q1 FY23 which is around 3.2x of the FY22 revenue. According to the management, this order book is likely to be executed in next 18months. Thus to meet the expanded business, Kaynes is planning to expand its existing facility in Karnataka and Haryana and also set-up a new facility in Karnataka. The company intends to utilize around Rs. 250cr for the same from the net IPO proceeds.
- It has participated in the PLI scheme of the government and got approval for the PLI scheme for the white goods (air conditioner and LED Lights). The company has committed to make an investment of Rs. 50cr for the same. It has also applied for the design linked PLI scheme for the manufacturing of telecom & networking equipment, which is under consideration. The above proposed capacity expansion plan will help Kaynes in meeting the investment target for the PLI scheme.
- The company has established a long-term relationship with its customers across the sectors. As of 30<sup>th</sup> Jun. 2022, it has a diversified customer base of 229 customers across 21 countries in three continents including countries such as the United Kingdom, United States, Saudi Arabia and Germany. It has a balanced-mix of domestic and international customers including certain Fortune 500 companies, multinational corporations and start-ups. Few of its customers include companies such as Agappe Diagnostics Ltd., Canyon Aero (formerly Cobham Aerospace Communications), Frauscher Sensor Technology India Pvt. Ltd., Hitachi Rail STS India Pvt. Ltd., India Japan Lighting Pvt. Ltd., Siemens Rail Automation Pvt. Ltd., Iskraemeco India Pvt. Ltd. and Tonbo Imaging India Pvt. Ltd.
- On the back of robust demand its products & solutions, Kaynes reported a profitable business growth over FY19-22. The company is profitable every year since its inception in 1988. With 26.3% CAGR growth in the business from providing solution & services to OEMs, the company reported a 24.7% CAGR rise in consolidated operating revenue to Rs. 706.3cr in FY22. Net cost of revenue increased by 26.5% CAGR, (a rate higher than the top-line growth), leading to 295bps contraction in material margin. However, on account of relatively lower growth in the employee and other expenses, EBITDA margin expanded by 364bps to 13.3% in FY22. Consolidated EBITDA increased by 38.8% CAGR during FY19-22 to Rs. 93.7cr. With expansion in the business, depreciation charge and finance costs increased by 36.9% and 11% CAGR, respectively. As a result, reported increased by 62.3% CAGR to Rs. 41.4% in FY22. PAT margin expanded by 321bps during the period to 5.9%.
- The company reported a positive operating cash flow during the period, except for FY19. Average cash flow over FY20-22 stood at Rs. 31.4cr. Financial liabilities increased by 7% CAGR, however with better profitability, debt-to-equity ratio improved from 1.7x in FY19 to 1x in FY22. Pre-issue average RoIC and RoE stood at 18.2% and 11.7%, respectively, during the period.
- Based on our quick conservative estimates, we are forecasting a top-line growth of 46.5% CAGR over FY22-24E to Rs. 1,516.6cr. EBITDA margin to remain stable, while lower finance cost would expand the PAT margin by 85bps. Post-issue RoIC and RoE are estimated to expand by 296bps and 514bps, respectively, to 9.5% and 9.9% in FY24E.

**Peer comparison and valuation:** At higher price band, Kaynes is demanding an EV/Sales multiple of 4.1x, which is premium to the peer average. Thus the demanded valuation seems to be stretched. However considering the policy tailwinds for the EMS/ESDM sector, Kaynes's diversified business & customer profile and robust expansion in the order book, we assign a **"Subscribe with Caution"** rating for the issue.

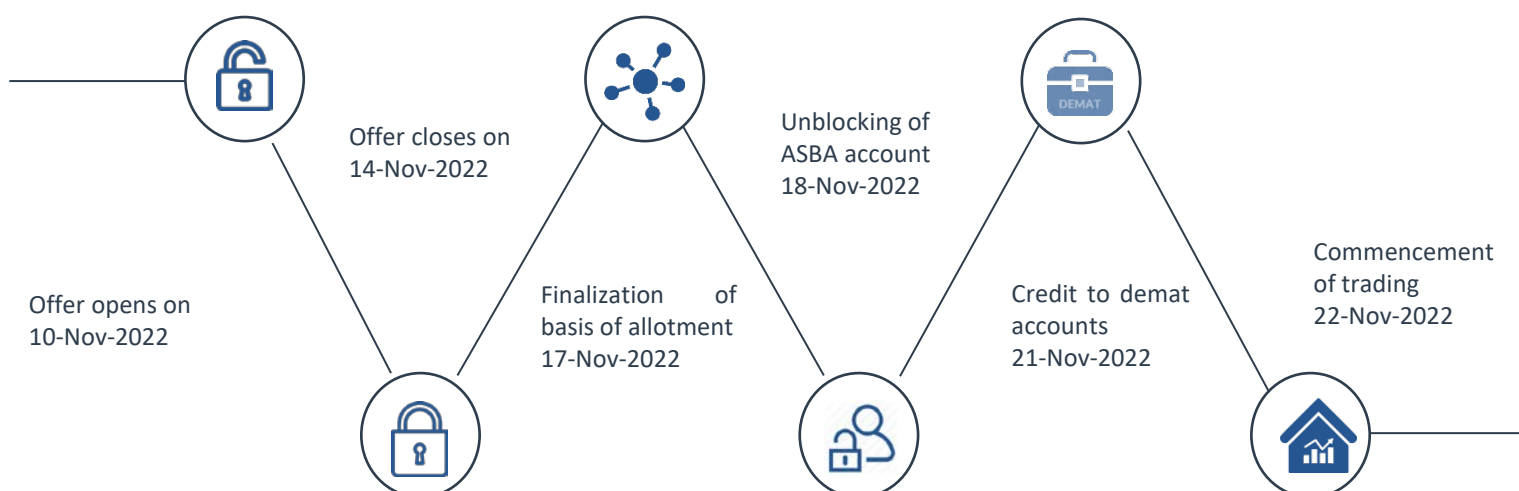
## About the issue:

- Kaynes is coming up with an IPO with 1.461 - 1.507cr shares (fresh issue: 0.903 - 0.948cr shares; OFS shares: 0.558cr shares) in offering. This offer represents around 25.13% - 25.71%% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 842.2 - 857.8cr.
- The issue will open on 10<sup>th</sup> Nov. 2022 and close on 14<sup>th</sup> Nov. 2022.
- The issue is through book building process with a price band of Rs. 559 - 587 per share.
- The IPO is a combination of fresh and OFS issue. Kaynes will not receive any proceeds from the OFS portion. Of the net proceeds from the fresh issue, around Rs. 149cr will be invested in a subsidiary for setting up a new facility, Rs. 130cr will be utilized for the repayment/prepayment of certain borrowings, Rs. 115cr will be used to fund the working capital requirement and Rs. 99cr will be utilized for funding the capacity expansion at the existing manufacturing facilities.
- On 12<sup>th</sup> and 14<sup>th</sup> Oct. 2022, Kaynes has undertaken a pre-IPO placement of 0.234cr equity shares at a price of Rs. 555.9 per equity share, aggregating to Rs. 130cr.
- 50% of the net issue are reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter currently holds 79.78% stake in the company and post-IPO this will come down to 63.81%. Public holding will increase from current 20.22% to 36.19%.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	79.78%	63.81%
Public	20.22%	36.19%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Pre-issue financial performance:

**Performance over FY19-22:** On the back of robust demand its products & solutions, Kaynes reported a profitable business growth over FY19-22. The company is profitable every year since its inception in 1988.

With 26.3% CAGR growth in the business from providing solution & services to OEMs, the company reported a 24.7% CAGR rise in consolidated operating revenue to Rs. 706.3cr in FY22. Business from the ODM services and Product engineering & IoT solutions increased by 25.2% and 4.9% CAGR, respectively, during FY19-22. Business from the OEMs contributed around 88-90% to the consolidated revenue. On vertical basis, business from the automotive and industrial sectors (which cumulatively contributed over 60% to the consolidated revenue) increased by 48.9% and 22% CAGR. Business from the medical sector increased by 66% CAGR, while business from railways declined by 8.1% CAGR during FY19-22.

Net cost of revenue increased by 26.5% CAGR, (a rate higher than the top-line growth), leading to 295bps contraction in material margin. However, on account of relatively lower growth in the employee and other expenses, EBITDA margin expanded by 364bps to 13.3% in FY22. Consolidated EBITDA increased by 38.8% CAGR during FY19-22 to Rs. 93.7cr.

With expansion in the business, depreciation charge and finance costs increased by 36.9% and 11% CAGR, respectively. As a result, reported increased by 62.3% CAGR to Rs. 41.4% in FY22. PAT margin expanded by 321bps during the period to 5.9%.

The company reported a positive operating cash flow during the period, except for FY19. Average cash flow over FY20-22 stood at Rs. 31.4cr. Financial liabilities increased by 7% CAGR, however with better profitability, debt-to-equity ratio improved from 1.7x in FY19 to 1x in FY22. Pre-issue average RoIC and RoE stood at 18.2% and 11.7%, respectively, during the period.

Consolidated pre-issue financial snapshot (Rs. cr)	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19-22	Y-o-Y (Annual)
<i>OEM - Turnkey solutions - Box build</i>	128.4	94.2	127.6	198.8	46.9	15.7%	55.8%
<i>OEM - Turnkey solutions - Printed circuit board assemblies</i>	190.5	229.0	250.9	443.6	132.7	32.5%	76.8%
<i>ODM</i>	14.2	7.6	18.4	27.8	9.9	25.2%	50.9%
<i>Product engineering and IoT solutions</i>	31.2	37.4	23.7	36.0	9.8	4.9%	52.1%
Revenue from operations	364.2	368.2	420.6	706.2	199.3	24.7%	67.9%
Gross profit	122.6	126.6	134.5	216.8	58.7	20.9%	61.2%
EBITDA	35.0	41.3	40.9	93.7	24.6	38.8%	129.1%
Reported PAT	9.7	9.5	9.4	41.4	9.9	62.3%	342.0%
Restated adjusted EPS	1.7	1.6	1.6	7.1	1.7	62.3%	342.0%
Cash flow from operating activities	(7.6)	45.2	27.7	21.1	(7.1)		-23.9%
NOPLAT	23.2	27.2	20.5	59.6	14.8	36.9%	190.2%
FCF		16.2	(14.6)	(16.4)			12.3%
RoIC (%)	17.9%	19.3%	11.7%	23.7%	5.6%	576 bps	1,199 bps
Revenue growth rate (%)		1.1%	14.2%	67.9%			
Gross profit growth rate (%)		3.3%	6.3%	61.2%			
Gross profit margin (%)	33.7%	34.4%	32.0%	30.7%	29.5%	(295) bps	(128) bps
EBITDA growth rate (%)		17.9%	-1.1%	129.1%			
EBITDA margin (%)	9.6%	11.2%	9.7%	13.3%	12.3%	364 bps	354 bps
EBIT growth rate (%)		10.2%	-6.5%	161.3%			
EBIT margin (%)	8.2%	8.9%	7.3%	11.4%	10.0%	319 bps	407 bps
Restated adjusted PAT growth rate (%)		-2.3%	-1.0%	342.0%			
Restated adjusted PAT margin (%)	2.7%	2.6%	2.2%	5.9%	5.0%	321 bps	364 bps
Inventory days	183.9	206.1	200.9	145.5	185.8	-7.5%	-27.6%
Debtor days	123.2	107.4	93.5	82.6	104.9	-12.5%	-11.7%
Payable days	(135.8)	(137.4)	(119.6)	(96.8)	(173.4)	-10.7%	-19.1%
Cash conversion cycle	171.3	176.0	174.8	131.3	117.3	-8.5%	-24.9%
Fixed asset turnover ratio (x)	6.9	4.9	4.7	5.9	1.6	-5.2%	27.0%
Total asset turnover ratio (x)	1.0	1.0	1.0	1.1	0.3	4.2%	13.1%
Current ratio (x)	1.3	1.3	1.4	1.4	1.3	0.7%	0.6%
Quick ratio (x)	0.8	0.6	0.7	0.7	0.7	-2.8%	10.5%
Total debt (Rs.)	160.9	159.2	155.0	196.8	216.2	7.0%	26.9%
Net debt (Rs.)	128.5	146.9	140.8	175.2	198.8	10.9%	24.5%
Debt to equity (x)	1.7	1.6	1.1	1.0	1.0	-17.6%	-13.1%
Net debt to EBITDA (x)	3.7	3.6	3.4	1.9	8.1	-20.1%	-45.7%
RoE (%)	10.5%	9.2%	6.8%	20.5%	4.7%	1,000 bps	1,370 bps
RoA (%)	2.7%	2.5%	2.2%	6.7%	1.3%	399 bps	442 bps
RoCE (%)	27.7%	23.4%	18.0%	32.6%	7.4%	487 bps	1,463 bps

Note: Pre-IPO financial and ratios; Source: Choice Equity Broking



### Competitive strengths:

- Internet-of-Things solutions enabled integrated electronics manufacturing player with an end-to-end capabilities across the ESDM spectrum
- Diversified business model with portfolio having applications across industry verticals
- Long-standing relationships with marquee customer base
- Global certifications for each industry vertical catered to and multiple facilities across India with advanced infrastructure
- Strong supply chain and sourcing network
- Track record of consistent financial performance
- Experienced promoters & senior management with extensive knowledge of the sector

### Business strategy:

- Focus on full product / box build capabilities
- Leverage research and development capabilities to continue to diversify product portfolio and provide value-added services
- Focus on expansion across each vertical to capitalize on industry opportunity
- Continue to expand customer base to focus on large customers
- Expand manufacturing capacity at the existing facilities and set-up additional strategically located facilities
- Further improve operational efficiency through backward integration of manufacturing facilities
- Pursue inorganic growth through selective partnerships and acquisitions



### Risk and concerns:

- Unfavorable government policies & regulations
- Delay in the proposed capacity expansion
- Difficulty in implementing business and growth strategies
- Unfavorable sales-mix and sales realization
- Working capital intensive operations
- Unfavorable forex rate variation
- Competition

## Financial statements:

Consolidated profit and loss statement (Rs. cr)							
	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19 - 22	Annual growth over FY21
<b>Revenue from operations</b>	<b>364.2</b>	<b>368.2</b>	<b>420.6</b>	<b>706.2</b>	<b>199.3</b>	<b>24.7%</b>	<b>67.9%</b>
Cost of materials consumed	(246.3)	(260.3)	(282.3)	(493.1)	(158.5)	26.0%	74.7%
Changes in inventories of finished goods and traded goods	4.7	18.7	(3.8)	3.7	18.0	-7.6%	
<b>Gross profit</b>	<b>122.6</b>	<b>126.6</b>	<b>134.5</b>	<b>216.8</b>	<b>58.7</b>	<b>20.9%</b>	<b>61.2%</b>
Employee benefit expenses	(43.4)	(42.4)	(45.9)	(60.2)	(18.4)	11.5%	31.2%
Other expenses	(44.1)	(42.8)	(47.7)	(62.9)	(15.8)	12.6%	31.9%
<b>EBITDA</b>	<b>35.0</b>	<b>41.3</b>	<b>40.9</b>	<b>93.7</b>	<b>24.6</b>	<b>38.8%</b>	<b>129.1%</b>
Depreciation and amortization expense	(5.1)	(8.4)	(10.1)	(13.2)	(4.6)	36.9%	30.6%
<b>EBIT</b>	<b>29.9</b>	<b>33.0</b>	<b>30.8</b>	<b>80.5</b>	<b>20.0</b>	<b>39.1%</b>	<b>161.3%</b>
Finance cost	(18.7)	(23.6)	(24.0)	(25.6)	(7.3)	11.0%	6.7%
Finance income	1.1	1.2	1.1	1.2	0.7	2.9%	17.0%
Other income	1.2	0.7	3.0	2.9	0.0	32.7%	-3.8%
<b>PBT</b>	<b>13.6</b>	<b>11.3</b>	<b>10.9</b>	<b>59.0</b>	<b>13.4</b>	<b>63.3%</b>	<b>442.9%</b>
Tax expenses	(3.8)	(1.9)	(1.1)	(17.4)	(3.4)	65.4%	1423.4%
<b>PAT before minority interest</b>	<b>9.7</b>	<b>9.4</b>	<b>9.7</b>	<b>41.7</b>	<b>10.0</b>	<b>62.4%</b>	<b>328.2%</b>
Minority interest	(0.0)	0.1	(0.4)	(0.2)	(0.2)	103.3%	-36.2%
<b>Reported PAT</b>	<b>9.7</b>	<b>9.5</b>	<b>9.4</b>	<b>41.4</b>	<b>9.9</b>	<b>62.3%</b>	<b>342.0%</b>

Consolidated balance sheet statement (Rs. cr)							
	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19 - 22	Annual growth over FY21
Equity share capital	6.8	6.8	6.8	46.2	46.2	89.3%	578.8%
Instruments entirely equity in nature			1.1	0.4	0.4		-64.9%
Other equity	85.9	95.9	130.8	156.0	166.2	22.0%	19.3%
Non controlling interest	0.7	0.5	0.9	1.1	1.3	19.6%	25.1%
Non current borrowings	36.9	30.3	31.4	37.6	40.1	0.7%	19.8%
Non current lease liabilities		9.0	6.4	16.3	19.2		153.8%
Net deferred tax liabilities	7.7	7.9	5.2	6.8	8.0	-4.0%	29.3%
Non current provisions	2.3	2.7	3.2	4.2	5.2	21.3%	30.4%
Trade payables	89.9	92.1	95.4	164.1	270.7	22.2%	71.9%
Current borrowings	118.7	113.6	108.1	131.9	146.3	3.6%	22.1%
Current lease liabilities		0.4	2.5	3.2	2.2		25.7%
Other current financial liabilities	5.2	6.0	6.6	7.7	8.5	13.9%	17.3%
Current net tax liabilities	0.7	0.8	1.6	15.6	17.2	177.0%	845.5%
Current provisions	0.6	0.3	0.7	1.0	1.1	16.4%	51.3%
Other current liabilities	7.7	11.9	18.6	30.3	30.8	57.8%	63.2%
<b>Total liabilities</b>	<b>363.3</b>	<b>378.1</b>	<b>419.4</b>	<b>622.4</b>	<b>763.3</b>	<b>19.7%</b>	<b>48.4%</b>
Property, plant and equipment	45.3	50.2	57.1	64.0	63.6	12.2%	12.1%
Intangible assets	5.0	4.5	12.7	29.0	27.3	80.2%	128.2%
Capital work-in-progress	2.2	5.0	1.0	4.4	4.6	26.3%	339.4%
Intangible assets under development		7.0	11.6	3.9	6.7		-66.4%
Right-of-use assets		8.6	7.9	18.1	19.7		129.9%
Goodwill	2.3	2.3	2.3	2.3	2.3	0.0%	0.0%
Non current investments	2.1	1.6	1.7	1.5	1.8	-10.8%	-10.2%
Non current loans & deposits	2.9	2.6	3.1	5.8	5.8	25.5%	85.1%
Other non current financial assets	0.9	1.3	1.3	3.5	3.3	56.8%	171.4%
Other non current assets	2.2	4.5	1.5	3.5	6.8	16.7%	142.4%
Inventories	121.8	151.1	163.9	226.4	290.1	23.0%	38.1%
Trade receivables	123.0	93.6	121.7	197.7	232.2	17.2%	62.4%
Cash and cash equivalents	32.4	12.3	14.3	21.6	17.4	-12.6%	51.5%
Current loans & deposits	6.4	5.1	1.8	1.7	2.9	-35.8%	-7.1%
Other current financial assets	0.3	0.7	0.2	0.3	0.5	-5.6%	35.6%
Other current assets	16.5	27.6	17.3	38.7	78.4	33.0%	123.6%
<b>Total assets</b>	<b>363.3</b>	<b>378.1</b>	<b>419.4</b>	<b>622.4</b>	<b>763.3</b>	<b>19.7%</b>	<b>48.4%</b>

Note: Pre-IPO financials; Source: Choice Equity Broking



## Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)							
	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19 - 22	Annual growth over FY21
Cash flow before working capital changes	36.8	42.7	44.2	96.7	24.6	38.0%	118.6%
Working capital changes	(37.9)	4.4	(13.7)	(74.2)	(31.7)	25.1%	441.4%
<b>Cash flow from operating activities</b>	<b>(7.6)</b>	<b>45.2</b>	<b>27.7</b>	<b>21.1</b>	<b>(7.1)</b>		<b>-23.9%</b>
Purchase of fixed assets and CWIP	(10.5)	(31.2)	(25.0)	(42.2)	(7.1)	58.9%	69.0%
<b>Cash flow from investing activities</b>	<b>(40.9)</b>	<b>(9.9)</b>	<b>(24.1)</b>	<b>(44.5)</b>	<b>(7.0)</b>	<b>2.9%</b>	<b>84.9%</b>
<b>Cash flow from financing activities</b>	<b>48.6</b>	<b>(35.4)</b>	<b>(1.3)</b>	<b>27.2</b>	<b>9.6</b>	<b>-17.5%</b>	
<b>Net cash flow</b>	<b>0.1</b>	<b>(0.1)</b>	<b>2.3</b>	<b>3.8</b>	<b>(4.6)</b>	<b>204.1%</b>	<b>65.8%</b>
Opening balance of cash	0.7	0.8	0.7	3.0	6.9	63.5%	310.9%
<b>Closing balance of cash</b>	<b>0.8</b>	<b>0.7</b>	<b>3.0</b>	<b>6.9</b>	<b>2.3</b>	<b>102.0%</b>	<b>125.4%</b>

Financial ratios					
Particulars	FY19	FY20	FY21	FY22	Q1 FY23
<b>Profitability ratios</b>					
Revenue growth rate (%)			1.1%	14.2%	67.9%
Gross profit growth rate (%)			3.3%	6.3%	61.2%
Gross profit margin (%)	33.7%	34.4%	32.0%	30.7%	29.5%
EBITDA growth rate (%)		17.9%	-1.1%	129.1%	
EBITDA margin (%)	9.6%	11.2%	9.7%	13.3%	12.3%
EBIT growth rate (%)		10.2%	-6.5%	161.3%	
EBIT margin (%)	8.2%	8.9%	7.3%	11.4%	10.0%
Restated reported PAT growth rate (%)		-2.3%	-1.0%	342.0%	
Restated reported PAT margin (%)	2.7%	2.6%	2.2%	5.9%	5.0%
<b>Turnover ratios</b>					
Inventories turnover ratio (x)	3.0	2.7	2.7	3.6	0.7
Trade receivable turnover ratio (x)	3.0	3.4	3.9	4.4	0.9
Accounts payable turnover ratio (x)	4.1	4.0	4.5	5.4	0.7
Fixed asset turnover ratio (x)	6.9	4.9	4.7	5.9	1.6
Total asset turnover ratio (x)	1.0	1.0	1.0	1.1	0.3
<b>Return ratios</b>					
RoIC (%)	17.9%	19.3%	11.7%	23.7%	5.6%
RoE (%)	10.5%	9.2%	6.8%	20.5%	4.7%
RoA (%)	2.7%	2.5%	2.2%	6.7%	1.3%
RoCE (%)	27.7%	23.4%	18.0%	32.6%	7.4%
<b>Per share data</b>					
Restated adjusted EPS (Rs.)	1.7	1.6	1.6	7.1	1.7
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	16.0	17.7	23.8	34.8	36.6
Operating cash flow per share (Rs.)	(1.3)	7.8	4.8	3.6	(1.2)
Free cash flow per share (Rs.)		2.8	(2.5)	(2.8)	
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Pre-IPO financial ratios; Source: Choice Equity Broking

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