

# IPO Report

Choice

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Concord Enviro Systems Ltd.



**Salient features of the IPO:**

- **Concord Enviro Systems Ltd.** (CESL), is a global water and wastewater treatment and reuse solutions provider, including zero-liquid discharge (ZLD) technology, is coming up with an IPO to raise around Rs. 483.6 - 500.3cr, which opens on 19<sup>th</sup> Dec. and closes on 23<sup>th</sup> Dec. 2024. The price band is Rs. 665 - 701 per share.
- This public issue is a combination of fresh issue (Rs. 175cr) and OFS (Rs. 308.60 - 325.3cr). From the fresh issue net proceeds, the company will be utilizing Rs. 25.0cr for Investment in our wholly owned Subsidiary, CEF for financing its capital expenditure requirements for the greenfield project to develop an assembly unit to assemble systems and plants for treatment of water, waste water and related membrane modules, Rs. 10.51cr for Investment in our wholly owned Subsidiary, Rochem Separation Systems (India) Private Ltd ("RSSPL") for financing its capital expenditure requirements for the brown field project, Rs. 3.28cr for funding capital expenditure requirements of the Company for purchase of plant and machinery, Rs. 50.0cr for repayment or prepayment, in full or part, of certain borrowings availed by the wholly owned Subsidiary, CEF. Rs. 20.0cr for Investment in wholly owned Subsidiary, CEF, for funding working capital requirements of CEF, Rs. 10.0cr for Investment in the joint venture, Roserve Enviro Private Limited to grow the pay per use/pay as you treat business, Rs 23.5cr for Investment in technology and other growth initiatives for access to new markets.
- Some of the promoter & promoter group (P&PG) entities are participating in the OFS and are offloading 0.045cr equity shares. One of the investors is also offloading 0.41cr equity shares. Post-IPO, the P&PG and public shareholders will have 51.39% and 48.61% stake in the company, respectively.

**Key competitive strengths:**

- Expertise in ZLD technology in India and well placed to harness global industry opportunities
- Established presence in large international markets
- Diversified customer base across multiple industries and geographies.
- Focus on innovation supported by R&D and design capabilities
- Promoters and management team delivering financial performance

**Risk and concerns:**

- General slowdown in the global economic activities
- Subsidiaries have incurred losses in past
- Low capacity utilization
- Dependent on R&D activities
- Competition
- Revenue concentration from top 10 customers

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

- The outlook for industrial water and wastewater management in India is promising, driven by growing water scarcity, stringent regulations, and the need for sustainable practices. The Indian water and wastewater treatment market valued at US\$ 2.1B in FY24 and is expected to grow at a CAGR of 13.5% during the FY24-29 period. Key trends include the adoption of advanced technologies like reverse osmosis membranes, membrane bioreactors, and forward osmosis, as well as the concept of wastewater recycling and zero discharge systems gaining traction in industries such as power, food and beverage, chemicals, and textiles.
- Incorporated in July 1, 1999, CESL is a global water and wastewater treatment and reuse solutions provider, including zero-liquid discharge (ZLD) technology.

**Issue details**

Price band	Rs. 665 - 701 per share
Face value	Rs. 5
Shares for fresh issue	0.249cr shares
Shares for OFS	0.464cr shares
Fresh issue size	Rs. 175.0cr
OFS issue size	Rs. 308.6 – 325.3cr
Total issue size	0.727 - 0.713cr shares (Rs. 483.6 – 500.3cr)
Bidding date	19 <sup>th</sup> Dec. – 23 <sup>th</sup> Dec. 2024
Implied MCAP at higher price band	Rs. 1,450.81Cr
Implied enterprise value at higher price band	Rs. 1,581.53Cr
Book running lead manager	Motilal Oswal Investment Advisors Limited and Equirus Capital Private Limited .
Registrar	Link Intime India Pvt. Ltd.
Sector	Water and Wastewater treatment solutions
Promoters	Prayas goel and prerak goel.

Category	Percent of issue (%)	Number of shares
QIB portion	50%	0.364cr - 0.357cr shares
Non institutional portion (Big)	10%	0.073cr - 0.071cr shares
Non institutional portion (Small)	5%	0.036cr - 0.036cr shares
Retail portion	35%	0.255cr - 0.250cr shares

**Indicative IPO process time line**

Finalization of basis of allotment	24 <sup>th</sup> Dec. 2024
Unblocking of ASBA account	26 <sup>th</sup> Dec. 2024
Credit to demat accounts	26 <sup>th</sup> Dec. 2024
Commencement of trading	27 <sup>th</sup> Dec. 2024

**Pre and post - issue shareholding pattern**

	Pre-issue	Post-issue
Promoter & promoter group	60.93%	51.39%
Public	39.07%	48.61%
Non-promoter & Non-public	0.00%	0.00%
<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	21
Application money	Rs. 14,721 per lot

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

Company name	FV (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs.)	6M Return (%)	12M Return (%)	FY24 Revenue (Rs. cr)	FY24 EBITDA (Rs. cr)	FY24 PAT (Rs. cr)	FY24 Gross Margin (%)	FY24 EBITDA margin (%)	FY24 PAT margin (%)
<b>Concord Enviro Systems Ltd.</b>	<b>5</b>	<b>701</b>	<b>1,450.81</b>	<b>1,581.53</b>	-	-	<b>497</b>	<b>69</b>	<b>41</b>	<b>42.0%</b>	<b>13.9%</b>	<b>8.3%</b>
Praj Industries Ltd.	2	827	15,198	15,154	18.8%	45.0%	3,466	372	283	43.4%	10.7%	8.2%
Ion Exchange (india) Ltd.	1	688	10,089	9,653	34.9%	16.2%	2,348	275	195	37.6%	11.7%	8.3%
Triveni Engineering & Industries Ltd.	1	460	10,096	11,442	9.0%	31.1%	5,220	627	395	31.0%	12.0%	7.6%
Va Tech Wabag Ltd	2	1,905	11,859	11,638	58.9%	195.0%	2,859	366	250	24.1%	12.8%	8.7%
Thermax Ltd.	2	4,851	57,802	58,104	-4.6%	63.6%	9,323	797	643	44.0%	8.5%	6.9%
Enviro Infra Engineers Ltd.	10	341	6,002	6,087			729	166	106	29.6%	22.8%	14.5%
<b>Average</b>										<b>35.0%</b>	<b>13.1%</b>	<b>9.0%</b>

Company name	3Y top-line growth (CAGR)	3Y EBITDA growth (CAGR)	3Y PAT growth (CAGR)	Average 3Y EBITDA margin	Average 3Y PAT margin	3Y average RoE	3Y average RoCE	Avg 3Y Receivable days	Avg 3Y Inventory Days	Avg 3Y Payable Days	Net Worth
<b>Concord Enviro Systems Ltd.</b>	<b>22.8%</b>	<b>13.6%</b>	<b>58.6%</b>	<b>14.2%</b>	<b>5.0%</b>	<b>7.0%</b>	<b>10.1%</b>	<b>134</b>	<b>137</b>	<b>-80</b>	<b>323</b>
Praj Industries Ltd.	21.6%	38.5%	37.4%	9.2%	7.1%	21.9%	29.8%	83	61	-94	1,299
Ion Exchange (india) Ltd.	22.0%	12.8%	9.7%	12.8%	9.5%	25.0%	32.3%	130	65	-179	1,096
Triveni Engineering & Industries Ltd.	10.3%	-0.7%	-3.5%	12.6%	2.7%	39.0%	30.8%	24	229	-39	2,881
Va Tech Wabag Ltd	-2.0%	25.1%	37.6%	10.5%	16.1%	8.2%	12.9%	201	4	333	1,967
Thermax Ltd.	23.3%	38.7%	43.6%	7.6%	5.9%	12.4%	15.0%	83	63	-126	4,620
Enviro Infra Engineers Ltd.	142.5%	232.7%	243.2%	19.7%	12.7%	56.6%	56.8%	47	9	-128	292
<b>Average</b>	<b>36.3%</b>	<b>57.8%</b>	<b>61.3%</b>	<b>12.1%</b>	<b>9.0%</b>	<b>27.2%</b>	<b>29.6%</b>	<b>95</b>	<b>72</b>	<b>-39</b>	

Company name	Total Debt	Cash	FY24 RoE (%)	FY24 RoCE (%)	P / E	P / B	EV / Sales	EV / EBITDA	MCAP / Sales	EPS (Rs.)	BVPS (Rs.)	D/E
<b>Concord Enviro Systems Ltd.</b>	<b>162</b>	<b>32</b>	<b>12.8%</b>	<b>14.4%</b>	<b>35.0</b>	<b>4.5</b>	<b>3.2</b>	<b>22.9</b>	<b>2.9</b>	<b>20.0</b>	<b>156</b>	<b>0.5</b>
Praj Industries Ltd.	169	213	24.1%	32.9%	53.7	11.7	4.4	40.7	4.4	15.4	71	0.1
Ion Exchange (india) Ltd.	152	588	21.1%	27.0%	51.7	9.2	4.1	35.1	4.3	13.3	75	0.1
Triveni Engineering & Industries Ltd.	1,424	78	14.2%	14.2%	25.5	3.5	2.2	18.2	1.9	18.0	132	0.5
Va Tech Wabag Ltd	289	510	14.8%	20.6%	47.4	6.0	4.1	31.8	4.1	40.2	316	0.1
Thermax Ltd.	1,277	975	15.5%	18.4%	89.9	12.5	6.2	72.9	6.2	54.0	388	0.3
Enviro Infra Engineers Ltd.	234	149	50.9%	47.3%	56.6	20.6	8.3	36.7	8.2	6.0	17	0.8
<b>Average</b>	<b>590.8</b>	<b>418.8</b>	<b>23.4%</b>	<b>26.7%</b>	<b>54.1</b>	<b>10.6</b>	<b>4.9</b>	<b>39.2</b>	<b>4.9</b>			<b>0.3</b>

Note: Considered financials for the period during FY22-24 (with IPO adjustments); Source: Choice Broking Research

- CESL provides water and wastewater treatment solutions, including zero-liquid discharge (ZLD) technology. The company offers integrated solutions covering design, manufacturing, installation, operation and maintenance (O&M), and digitalization with IoT. Its services include the manufacture and sale of water treatment systems, O&M services, consumables and spare parts, and the installation of compressed biogas plants (CBG). The company focuses on energy optimization and recovery, supporting industries in water conservation and sustainability. It serves both domestic and international customers across various industries.
- The company has built the business organically and have demonstrated healthy revenue and profitability. During the five-month period ended August 31, 2024 and FY24, FY23 and FY22, consolidated revenue from operations were Rs 2,06.17cr, Rs496.86cr, Rs343.22cr and Rs329.37 cr. During the five-month period ended August 31, 2024 and in FY24, FY23 and FY22, consolidated revenue from operations by geographical market outside India were Rs 91.53cr, Rs207.5cr, Rs 82.52cr and Rs74.04 cr.
- SECL revenue from operations from outside India increased by a CAGR of 67.41% from Rs.74.04cr in FY22 to Rs 207.52cr in FY 24. sales outside India contributed to 44.39%, 41.77%, 24.04% and 22.48% of our total revenue from operations as at and for the five-month period ended August 31, 2024 and for the FY24, FY 23 and FY22 respectively.
- As of the five-month period ended August 31, 2024, the Company Order Book was Rs 501.75cr, of which 74.50% comprises system and plant and module orders and 25.50% comprises after-sales revenue (including consumables and spares orders and O&M services orders).
- CESL have two manufacturing facilities, one at Vasai, Maharashtra, India and one in Sharjah, UAE. Vasai facility is located on leasehold and freehold land and Sharjah plant is held on a renewable annual lease.
- The Company's major international customers are Diageo Mexico Operaciones, S.A. De C.V. and AB Mauri. SECL have a history of high customer retention and derive a significant proportion of revenue from repeat business (recurring business generated from a customer in the last three fiscal years) which believe is built on company successful execution of prior engagements.
- The Company product and technology portfolio across the entire value chain of the wastewater reuse solutions provides their customers with lower costs of ownership during the product life cycle. This approach contrasts with the conventional sum-of-the-parts method, where products and equipment are combined from different manufacturers for building industrial wastewater reuse and Zero Liquid Discharge applications

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

- CESL inhouse capabilities span across the value chain including design, component manufacturing, installation and commissioning, O&M including digitalization solutions including IoT technology for analysis of customer data. As of FY24 CESL were among the top two largest ZLD solutions providers in India in terms of the revenue and through recycling solutions have been supporting their customers to achieve their water conservation and to achieve sustainability goals. In addition, CESL is one of the major Indian manufacturer of offshore desalination systems, which is well-positioned to contribute to expertise in Zero Liquid Discharge technology in India and well placed to harness global industry opportunities these efforts.
- As an integrated water treatment systems and plant provider with its own manufacturing facilities and O&M service offerings, CESL is well positioned to capitalise on opportunities in water reuse and ZLD markets in India and globally.
- CESL is an end-to-end solutions provider for the entire wastewater treatment needs of their customers across a diverse set of industries such as pharmaceutical, chemicals, food and beverage, defence and offshore, automotive and auto ancillaries, steel and textiles. Its end-to-end solutions encompass a range of integrated offerings. CESL develop and provide industry specific designs, cast their own membranes, and ensure that their systems and plants are fully integrated. Additionally, CESL also offers comprehensive O&M services to their customers. With 25 years of experience in design, CESL leverage the data collected from the plants and their extensive R&D activities. company also provide comprehensive operation and maintenance services to their customers including supply of consumables and spare parts.
- As of August 31, 2024, CESL serviced over 289 domestic customers and 21 international customers across a diverse set of industries such as pharmaceuticals, chemicals, food and beverage, defence and energy, automotive and auto ancillaries, steel and textiles, and have a presence in two countries. Company service both Indian and Multinational customers such as Diageo Mexico Operaciones, S.A. De C.V., Grasim Industries Limited, AB Mauri, Anthem Biosciences Private Limited, Bhopal Glues and Chemicals Private Limited, Kasyap Sweetners Private Limited, LANXESS India Private Limited, Puja Spintex Private Limited, SFC Environmental Technologies Private Limited, SMS Limited and Tagros Chemicals India Private Limited. Further we are currently executing projects for multinational companies like Diageo Mexico Operaciones, S.A. De C.V. that include implementing a ZLD solution for their distillery in La Barca, Jalisco, Mexico and a ZLD solution for another customer at their factory in New York, United States of America.

**Peer comparison and valuation:** Concord Enviro System Ltd. is one of the integrated water treatment systems and plant provider with its own manufacturing facilities and O&M service offerings, as of Fiscal 2024 CESL were among the top two largest ZLD solutions providers in India in terms of the revenue and through recycling solutions have been supporting their customers to achieve their water conservation and to achieve sustainability goals.

At the higher price band, CESL is demanding a P/E multiple of 35x, based on its FY24 EPS of RS.20, this valuation seems to be at a discount to its peer average. The company has demonstrated consistent performance over the years, with steadily increasing margins. As of August 31, 2024, the company's order book stands at Rs. 501.75cr which is 1.01x to its FY24 revenue. This reflects revenue's visibility for the company in the medium term. Considering all these factors, and overall positive outlook for the industry, we recommend **"SUBSCRIBE"** rating for this issue.

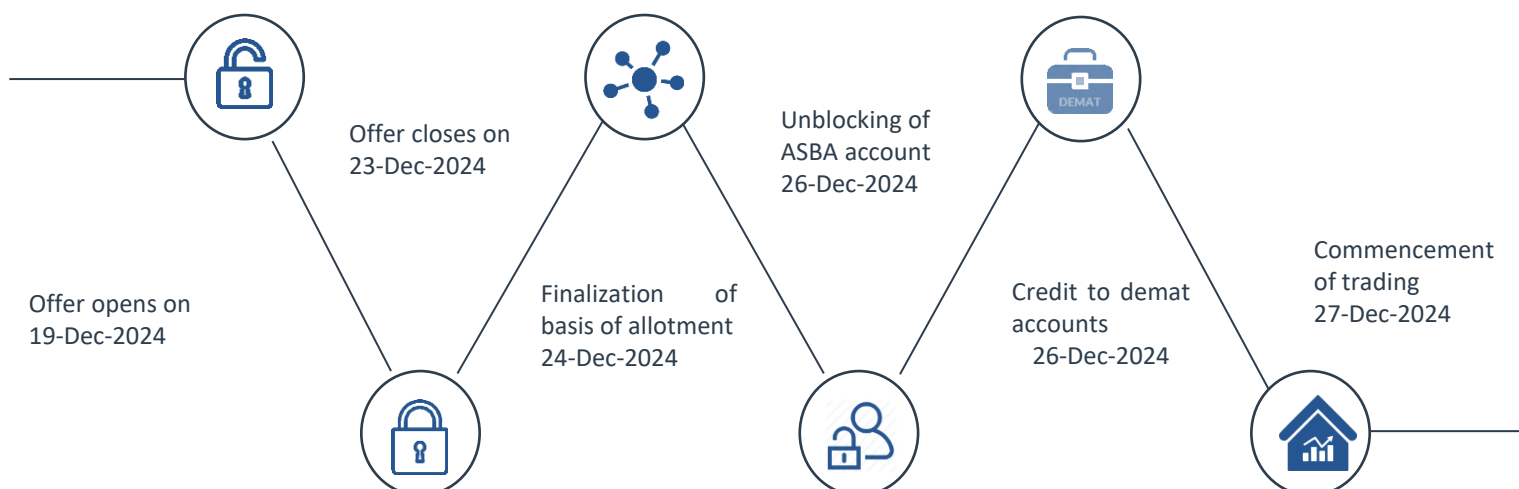
## About the issue:

- CESL is coming up with an IPO with 0.713cr shares (fresh issue: 0.249cr shares; OFS shares: 0.464cr shares) in offering. This offer represents 34.49% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 483.6 – 500.3cr.
- The issue is through book building process with a price band of Rs. 665 - 701 per share.
- Lot size comprises of 21 equity shares and in-multiple of 21 shares thereafter.
- The issue will open on 19<sup>th</sup> Dec. 2024 and close on 23<sup>rd</sup> Dec. 2024.
- This public issue is a combination of fresh issue (Rs. 175cr) and OFS (Rs. 308.60 - 325.3cr). From the fresh issue net proceeds, the company will be utilizing Rs. 25.0cr for Investment in our wholly owned Subsidiary, CEF for financing its capital expenditure requirements for the greenfield project to develop an assembly unit to assemble systems and plants for treatment of water, waste water and related membrane modules, Rs. 10.51cr for Investment in our wholly owned Subsidiary, Rochem Separation Systems (India) Private Ltd (“RSSPL”) for financing its capital expenditure requirements for the brown field project, Rs. 3.28cr for funding capital expenditure requirements of the Company for purchase of plant and machinery, Rs. 50.0cr for repayment or prepayment, in full or part, of certain borrowings availed by the wholly owned Subsidiary, CEF. Rs. 20.0cr for Investment in wholly owned Subsidiary, CEF, for funding working capital requirements of CEF, Rs. 10.0cr for Investment in the joint venture, Roserve Enviro Private Limited to grow the pay per use/pay as you treat business, Rs 23.5cr for Investment in technology and other growth initiatives for access to new markets.
- Some of the promoter & promoter group (P&PG) entities are participating in the OFS and are offloading 0.045cr equity shares. One of the investors is also offloading 0.46cr equity shares. Post-IPO, the P&PG and public shareholders will have 51.39% and 48.61% stake in the company, respectively.
- 50% of the net issue is reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	60.93%	51.39%
Public	39.07%	48.61%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Pre-issue financial performance:

**Performance over FY22-24:** The company's growth has improved, with total operating revenue reaching Rs. 496.9cr, reflecting a CAGR of 22.8% . CESL executed an export order from one of major international customers , amounting to Rs. 178.34 cr, which is one of the major reasons for an increase in its revenue in FY24.

The company has an increase in material costs as a percentage of revenue, with these costs growing at CAGR of 30.8%. This, combined with changes in inventory, led to a 703 bps decrease in the gross profit margin, bringing it down to 42%.

During this period, the company saw a decline in depreciation costs and increase in other income. These expenses, contributed to a significant 334 bps increased in the PAT margin, bringing it to 8.3% in FY24. Additionally, the reported PAT showed improved at a CAGR of 58.6%, reaching Rs. 41.1cr in FY24.

CESL has seen its borrowing decline over the years, leading to a -5.2% CAGR in its net debts. Due to which the debt-to-equity ratio has been declined from 0.7x in FY22 to 0.5x FY24. Pre-issue RoIC and RoE stood at 19.9% and 12.8%, respectively, in FY24.

Pre-issue financial snapshot (Rs. cr)	FY22	FY23	FY24	Q1FY25	CAGR over FY22-24	Y-o-Y (FY24 annual)
<b>Sale of Product</b>						
Sale of goods	230.7	216.9	328.1	138.9	19.3%	51.3%
Sales of Service	92.3	120.5	163.3	64.1	33.0%	35.5%
Lease rental income	4.2	3.7	3.4	2.1	-10.3%	-8.2%
other operating revenue	2.2	2.2	2.1	1.1	0.0%	0.0%
<b>Geographically</b>						
Sales in India	255.3	260.7	289.3	114.6	6.5%	11.0%
Sales Outside India	74.0	82.5	207.5	91.5	67.4%	151.5%
Revenue from operations	329.4	343.2	496.9	206.2	22.8%	44.8%
Gross profit	161.5	169.6	208.7	88.1	13.7%	23.1%
EBITDA	53.5	43.0	69.0	14.2	13.6%	60.3%
Reported PAT	16.5	5.5	41.4	0.5	58.6%	655.2%
Restated adjusted EPS	8.0	2.7	20.0	0.2	58.6%	655.2%
Cash flow from operating activities	49.0	117.4	(34.7)	(5.1)		-129.5%
NOPLAT	24.8	13.5	44.4	5.4	33.8%	229.6%
FCF	22.2	43.1	16.1	9.3	-14.7%	-62.6%
RoIC (%)	10.5%	6.3%	19.9%	2.2%	934bps	1,360bps
Revenue growth rate	-	4.2%	44.8%	-58.5%		
Gross profit growth rate	-	5.0%	23.1%	-57.8%		
Gross profit margin	49.0%	49.4%	42.0%	42.7%	(703)bps	(739)bps
EBITDA growth rate	-	-19.6%	60.3%	-79.4%		
EBITDA margin	16.2%	12.5%	13.9%	6.9%	(236)bps	135bps
Restated PAT growth rate	-	-66.7%	655.2%	-98.8%		
Restated PAT margin	5.0%	1.6%	8.3%	0.3%	334bps	674bps
Inventories days	148.9	151.2	111.6	68.2	-13.4%	-26.2%
Trade receivables days	149.4	120.0	131.9	54.9	-6.0%	9.9%
Trade payables days	(81.8)	(85.4)	(74.4)	(43.1)	-4.6%	-12.9%
Cash conversion cycle	216.5	185.8	169.1	80.0	-11.6%	-8.9%
Total asset turnover ratio	0.6	0.6	0.8	0.3	15.2%	34.0%
Current ratio	1.7	1.5	1.6	1.6	-3.1%	6.9%
Total debt	174.8	173.1	162.4	176.9	-3.6%	-6.2%
Net debt	145.5	90.7	130.7	159.5	-5.2%	44.1%
Debt to equity	0.7	0.6	0.5	0.6	-12.0%	-18.3%
Net debt to EBITDA	2.7	2.1	1.9	11.2	-16.5%	-10.1%
RoE	6.1%	2.0%	12.8%	0.2%	671bps	1,089bps
RoA	3.1%	1.0%	6.8%	0.1%	372bps	582bps
RoCE	8.8%	7.1%	14.4%	2.4%	560bps	734bps

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



### Competitive strengths:

- Expertise in ZLD technology in India and well placed to harness global industry opportunities
- Established presence in large international markets
- Diversified customer base across multiple industries and geographies.
- Focus on innovation supported by R&D and design capabilities
- Promoters and management team delivering financial performance

### Business strategy:

- Integrated solutions provider across design, manufacturing, installation, and maintenance.
- Cost-effective, end-to-end wastewater reuse solutions with in-house membrane manufacturing.
- Advanced IoT technology for real-time monitoring and preventive maintenance.
- Long-term relationships with top customers contribute a major share of revenue.



### Risk and concerns:

- General slowdown in the global economic activities
- Major product segments are sensitive to weather conditions
- Revenue are generated from a limited number of clients
- The company has subsidiaries that have incurred losses in Fiscals 2024 and 2022
- Competition
- Revenue concentration from top 10 customers

## Financial statements:

Restated consolidated profit and loss statement (Rs. cr)						
	FY22	FY23	FY24	Q1FY25	CAGR over FY22-24	Annual growth over FY23
<b>Revenue from operations</b>	<b>329.4</b>	<b>343.2</b>	<b>496.9</b>	<b>206.2</b>	<b>22.8%</b>	<b>44.8%</b>
Cost of material consumed	(131.3)	(141.4)	(224.4)	(90.6)	30.8%	58.7%
Purchase of stock-in-trade	(16.9)	(11.8)	(37.1)	(14.1)	48.2%	-10.9%
Changes in inventories of finished goods, work-in-progress & stock-in-trade	10.0	7.9	(1.3)	(4.3)	-	-116.3%
<b>Gross profit</b>	<b>161.5</b>	<b>169.6</b>	<b>208.7</b>	<b>88.1</b>	<b>13.7%</b>	<b>23.1%</b>
Employee benefits expenses	(52.0)	(57.9)	(71.0)	(32.7)	16.8%	22.7%
Other expenses	(56.0)	(68.7)	(68.7)	(41.2)	10.8%	0.1%
<b>EBITDA</b>	<b>53.5</b>	<b>43.0</b>	<b>69.0</b>	<b>14.2</b>	<b>13.6%</b>	<b>60.3%</b>
Depreciation & amortization expenses	(25.5)	(24.3)	(21.9)	(6.0)	-7.3%	-10.1%
<b>EBIT</b>	<b>28.0</b>	<b>18.7</b>	<b>47.1</b>	<b>8.2</b>	<b>29.7%</b>	<b>152.2%</b>
Finance costs	(18.5)	(18.8)	(17.8)	(8.6)	-2.0%	-5.1%
Other income	8.2	7.3	15.4	1.9	37.1%	111.8%
<b>PBT</b>	<b>18.5</b>	<b>7.6</b>	<b>44.0</b>	<b>0.8</b>	<b>54.1%</b>	<b>482.5%</b>
Tax expenses	(2.1)	(2.1)	(2.6)	(0.3)	11.6%	23.8%
<b>Reported PAT</b>	<b>16.5</b>	<b>5.5</b>	<b>41.4</b>	<b>0.5</b>	<b>58.6%</b>	<b>655.2%</b>

Restated consolidated balance sheet statement (Rs. cr)						
	FY22	FY23	FY24	Q1FY25	CAGR over FY22-24	Annual growth over FY23
Equity share capital	41.9	41.9	41.9	41.9	0.0%	0.0%
Other Equity	431.1	447.5	458.7	432.3	3.2%	2.5%
Non-current borrowings	327.7	460.2	355.5	330.2	4.2%	-22.8%
Non-current lease liabilities	0.5	0.5	0.2	0.2	-27.7%	-50.5%
Other non-current financial liabilities	0.2	0.2	1.1	0.9	164.9%	503.9%
Non-current provisions	1.3	2.1	2.3	2.3	31.5%	11.2%
Deferred Tax Liabilities (Net)	11.1	22.1	21.7	6.1	39.6%	-1.8%
Other non-current liabilities	0.9	0.7	0.5	0.5	-22.8%	-24.8%
Trade payables	574.3	399.9	630.2	232.9	4.8%	57.6%
Current borrowings	307.3	275.1	298.6	363.5	-1.4%	8.5%
Current lease liabilities	0.2	0.1	0.3	0.2	32.9%	407.3%
Other current financial liabilities	28.7	42.3	38.9	43.0	16.3%	-8.2%
Other current liabilities	4.1	45.5	137.6	95.8	477.1%	202.1%
Current provisions	4.3	4.9	4.1	4.7	-2.6%	-15.9%
Net current tax liabilities	-	0.6	0.1	-	-	-86.5%
<b>Total liabilities</b>	<b>1,733.5</b>	<b>1,743.5</b>	<b>1,991.7</b>	<b>1,554.6</b>	<b>7.2%</b>	<b>14.2%</b>
PP&E	666.3	865.0	848.6	842.3	12.9%	-1.9%
Capital work-in-progress	43.7	8.4	16.4	16.5	-38.8%	95.6%
Right-of-use assets	0.6	0.5	0.5	0.4	-10.7%	-5.6%
Intangible assets	0.1	0.9	0.7	0.7	143.7%	-25.5%
Intangible assets under development	6.6	8.7	12.4	12.9	36.8%	43.1%
Investments accounted for using the equity method	0.0	0.0	0.0	0.0	0.0%	0.0%
Non-current Trade Receivables	8.1	6.7	0.8	0.1	-68.9%	-88.4%
Other non-current financial assets	12.9	13.7	18.2	18.4	18.6%	32.9%
Other non-current assets	15.8	15.4	17.7	19.1	5.7%	14.9%
Inventories	652.3	519.3	805.2	435.4	11.1%	55.0%
Current Trade receivables	172.7	202.0	189.8	122.9	4.8%	-6.1%
Cash & cash equivalents	10.0	21.3	11.1	11.2	5.3%	-47.8%
Other bank balances	36.7	23.5	21.5	19.3	-23.5%	-8.7%
Other current financial assets	3.0	2.8	12.3	12.1	101.2%	340.0%
Other current assets	104.7	55.3	36.6	43.6	-40.9%	-33.9%
<b>Total assets</b>	<b>1,733.5</b>	<b>1,743.5</b>	<b>1,991.7</b>	<b>1,554.6</b>	<b>7.2%</b>	<b>14.2%</b>

Source: Choice Equity Broking



## Financial statements (Contd.):

Restated consolidated cash flow statement (Rs. cr)						
	FY22	FY23	FY24	Q1FY25	CAGR over FY22-24	Annual growth over FY23
Cash flow before working capital changes	32.1	31.8	12.4	(41.6)	-37.7%	-60.8%
Working capital changes	(86.3)	420.2	57.5	(4.5)	-	-86.3%
<b>Cash flow from operating activities</b>	<b>44.9</b>	<b>197.0</b>	<b>185.7</b>	<b>(14.5)</b>	<b>103.4%</b>	<b>-5.7%</b>
Purchase of fixed assets & CWIP	(50.4)	(217.3)	(55.3)	(6.7)	4.8%	-74.6%
<b>Cash flow from investing activities</b>	<b>(47.7)</b>	<b>(214.1)</b>	<b>(44.5)</b>	<b>(6.2)</b>	<b>-3.4%</b>	<b>-79.2%</b>
Dividend paid	-	0.2	-	-	-	-
<b>Cash flow from financing activities</b>	<b>6.0</b>	<b>28.4</b>	<b>(151.3)</b>	<b>20.8</b>	<b>-</b>	<b>-632.4%</b>
<b>Net cash flow</b>	<b>3.1</b>	<b>11.2</b>	<b>(10.2)</b>	<b>0.1</b>	<b>-</b>	<b>-190.3%</b>
Opening balance of cash	6.9	10.0	21.3	11.1	75.7%	112.2%
<b>Closing balance of cash from continuing operations</b>	<b>10.0</b>	<b>21.3</b>	<b>11.1</b>	<b>11.2</b>	<b>5.3%</b>	<b>-47.8%</b>

Financial ratios				
Particulars	FY22	FY23	FY24	Q1FY25
<b>Profitability ratios</b>				
Revenue growth rate	-	18.3%	-16.3%	-
Gross profit growth rate	-	22.7%	-19.2%	-
Gross profit margin	30.2%	31.3%	30.2%	13.6%
EBITDA growth rate	-	10.0%	-8.7%	-
EBITDA margin	7.8%	7.3%	7.9%	-2.3%
EBIT growth rate	-	13.3%	-23.4%	-
EBIT margin	5.0%	4.8%	4.4%	-4.7%
Restated PAT growth rate	-	2.8%	-37.4%	-
Restated PAT margin	1.1%	1.0%	0.7%	-5.0%
<b>Turnover ratios</b>				
Inventory turnover ratio	2.6	3.4	2.5	1.2
Trade receivable turnover ratio	9.4	10.3	8.4	4.2
Accounts payable turnover ratio	3.0	4.1	3.3	2.2
Fixed asset turnover ratio	2.4	2.5	1.9	0.6
Total asset turnover ratio	1.0	1.2	0.9	0.3
<b>Liquidity ratios</b>				
Current ratio	1.1	1.1	1.0	0.9
Quick ratio	0.4	0.4	0.2	0.3
Total debt	664.5	778.4	694.6	738.0
Net debt	617.8	733.6	662.0	707.6
Debt to equity	1.4	1.6	1.4	1.6
Net debt to EBITDA	4.6	5.0	5.0	-57.8
<b>Cash flow ratios</b>				
CFO to PAT	2.3	10.0	15.1	0.6
CFO to Capex	0.9	0.9	3.4	(2.2)
CFO to total debt	0.1	0.3	0.3	(0.0)
CFO to current liabilities	0.0	0.3	0.2	(0.0)
<b>Return ratios</b>				
RoIC (%)	7.0%	6.8%	9.4%	-2.1%
RoE (%)	4.0%	4.0%	2.5%	-5.5%
RoA (%)	1.1%	1.1%	0.7%	-1.7%
RoCE (%)	11.1%	10.3%	8.7%	-3.2%
<b>Per share data</b>				
Restated EPS (Rs.)	3.7	3.8	2.4	-5.1
DPS (Rs.)	-	0.0	-	-
BVPS (Rs.)	92.4	95.6	97.8	92.7
Operating cash flow per share (Rs.)	8.8	38.5	36.3	(2.8)
Dividend payout ratio	-	1.1%	-	-

Source: Choice Equity Broking

## IPO rating rationale

**Subscribe:** An IPO with strong growth prospects and valuation comfort.

**Subscribe for Long Term:** Relatively better growth prospects but with valuation discomfort.

**Avoid:** Concerns on both fundamentals and demanded valuation.

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