

IPO Report

Choice

“Subscribe with Caution” to DOMS Industries Ltd.

Dominant stationery player at a premium valuation



Salient features of the IPO:

- **DOMS Industries Ltd.** (Doms), a Gujarat based manufacturer of stationery & art products is coming up with an IPO to raise around Rs. 1,200cr, which opens on 13th Dec. and closes on 15th Dec. 2023. The price band is Rs. 750 - 790 per share.
- The IPO is a combination of fresh and OFS portion. From the OFS issue, the company will not receive any funds. From the fresh issue net proceeds, Doms will be utilizing Rs. 3,800cr for part-financing its ongoing capacity expansion plan. Rest of the net proceeds will be used for general corporate purposes.
- Couple of promoter & promoter group (P&PG) entities are participating in the OFS and offloading around 1.135cr shares (considering the higher price band). Post-IPO, P&PG will have 74.97% stake in the company, compared to 100% earlier. Consequently, public shareholding will increase from nil to 25.03%.

Key competitive strengths:

- Leadership position in the Indian 'stationery and art material' market with the widest range of products, driving rapid business growth
- Strong brand recall driven by high quality, innovative and differentiated products
- Robust manufacturing infrastructure, with a focus on backward integration to drive efficiencies
- Robust multi-channel distribution network with strong pan India presence
- Strategic partnership with F.I.L.A.- Fabbrica Italiana Lapis ed Affini S.p.A., enabling access to global markets and product know-how
- Experienced promoters and management team

Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Changing consumer demand and preferences
- Delay in the commissioning of new facilities
- Unfavorable product-mix and forex rates
- Volatilities in the raw material prices difficulty in maintaining the profitability
- Competition

Below are the key highlights of the company:

- The stationery & art materials market deals in a wide range of products & categories, comprising of paper products, writing instruments, computer stationery, school stationery, office stationery, stationery adhesives, art & craft products etc. Over 2016-2022, the global stationery & art materials market grew by 2% CAGR to USD 192bn in 2022 and further it is expected to expand by 2.8% CAGR to a market size of USD 220bn by 2027. The US and China region represented around 60%, while emerging markets like India has 2.4% share in the global stationery & art materials market. By 2027, India is anticipated to capture around 4% of the global stationery & art materials market. Over FY17-23, the Indian stationery & art materials market expanded by 3% CAGR to Rs. 38,500. However, over FY23-28E it is forecasted to expand by 13% CAGR to reach a size of Rs. 71,600cr. (Source: RHP)
- The domestic stationery & art materials market can be segmented into paper stationery (contributing 42% to the total market by value) and non-paper stationery products (with around 58% share). Paper stationery products can be further sub-divided into notebooks and papers, with notebooks accounting for the larger share by value. Non-paper stationery products can be sub-divided into writing instruments, office supplies, art & craft products etc., with writing instruments accounting for the larger share by value.

Issue details

Price band	Rs. 750 - 790 per share
Face value	Rs. 10
Shares for fresh issue	0.443 - 0.467cr shares
Shares for OFS	1.076 - 1.133cr shares
Fresh issue size	Rs. 350cr
OFS issue size	Rs. 850cr
Total issue size	1.519 - 1.6cr shares (Rs. 1,200cr)
Employee reservation	0.006 - 0.007cr shares (Rs. 5cr)
Net issue size	1.513 - 1.593cr shares (Rs. 1,195cr)
Bidding date	13 th Dec. - 15 th Dec. 2023
Implied MCAP at higher price band	Rs. 4,794cr
Implied enterprise value at higher price band	Rs. 4,559cr

Book running lead manager JM Financial Ltd., BNP Paribas, ICICI Securities Ltd. and IIFL Securities Ltd.

Registrar Link Intime India Pvt. Ltd.

Sector Stationary

Promoters Mr. Santosh Rasiklal Raveshia, Mr. Sanjay Mansukhlal Rajani, Mr. Ketan Mansukhlal Rajani, Mr. Chandni Vijay Somaiya, and F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	75%	1.134 - 1.195cr shares
Non institutional portion (Big)	10%	0.151 - 0.159cr shares
Non institutional portion (Small)	5%	0.076 - 0.08cr shares
Retail portion	10%	0.151 - 0.159cr shares

Indicative IPO process time line

Finalization of basis of allotment	18 th Dec. 2023
Unblocking of ASBA account	19 th Dec. 2023
Credit to demat accounts	19 th Dec. 2023
Commencement of trading	20 th Dec. 2023

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	100.00%	74.97%
Public	0.00%	25.03%
Non-promoter & Non-public	0.00%	0.00%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Number of shares per lot	18
Employee discount	Rs. 75 per equity share
Application money	Rs. 14,220 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				Total operating revenue (Rs. cr)	EBITDA (Rs. cr)	PAT (Rs. cr)	Gross margin	EBITDA margin	PAT margin
					1 M	3 M	6 M	1 Y						
DOMS Industries Ltd.	10	790	4,794	4,559					1,212	187	96	37.0%	15.4%	7.9%
Flair Writing Industries Ltd.	5	377	3,977	3,755					943	184	118	46.0%	19.5%	12.5%
Kokuyo Camlin Ltd.	1	168	1,683	1,730	30.5%	15.1%	45.4%	93.9%	775	54	24	37.0%	7.0%	3.1%
Linc Ltd.	10	702	1,044	1,032	-1.0%	-3.4%	-8.8%	73.6%	487	61	37	39.5%	12.6%	7.7%
Navneet Education Ltd.	2	144	3,262	3,511	3.0%	-10.8%	13.7%	8.5%	1,697	300	205	50.1%	17.7%	12.1%
Average												43.2%	14.2%	8.9%

Company name	3Y revenue 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 CFO / EBITDA	3Y average CFO / Capital employed	3Y average fixed asset turnover	3Y average total asset turnover (x)	3Y average RoE	3Y average RoIC
DOMS Industries Ltd.	73.5%	149.3%		11.0%	2.6%	21.4%	237.5%	65.8	72.2%	23.5%	2.8	1.2	5.3%	6.9%
Flair Writing Industries Ltd.	77.9%	181.4%	987.2%	14.7%	7.5%	14.4%	19.7%	184.4	126.1%	14.9%	2.8	0.9	10.9%	9.1%
Kokuyo Camlin Ltd.	38.6%	157.6%		4.1%	-0.5%	1.1%	-33.2%	106.3	303.6%	13.9%	3.8	1.4	0.4%	2.3%
Linc Ltd.	37.7%	145.3%		7.5%	3.3%	8.6%	-4.1%	71.7	209.4%	20.8%	4.4	1.5	8.9%	8.3%
Navneet Education Ltd.	42.6%	84.2%	91.3%	14.3%	8.5%	11.8%		206.5	104.7%	10.0%	4.7	0.9	10.6%	11.3%
Average	49.2%	142.1%	539.2%	10.2%	4.7%	9.0%	-5.9%	142.2	186.0%	14.9%	3.9	1.1	7.7%	7.7%

Company name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	Fixed asset turnover ratio (x)	Total asset turnover ratio (x)	RoE	RoCE	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning yield
DOMS Industries Ltd.	15.8	113.3	0.9	0.2	3.7	1.2	13.9%	39.3%	50.0	7.0	3.8	24.4	4.0	2.0%
Flair Writing Industries Ltd.	11.2	75.9	0.0	0.2	3.7	0.9	14.8%	30.9%	33.6	5.0	4.0	20.4	4.2	3.0%
Kokuyo Camlin Ltd.	2.4	26.2	0.0	0.2	5.6	1.8	9.3%	14.3%	69.0	6.4	2.2	31.8	2.2	1.4%
Linc Ltd.	25.1	119.1	1.8	0.0	5.4	1.8	21.1%	24.1%	27.9	5.9	2.1	16.8	2.1	3.6%
Navneet Education Ltd.	9.0	50.9	1.5	0.2	6.8	1.0	17.8%	20.7%	16.0	2.8	2.1	11.7	1.9	6.3%
Average			0.8	0.2	5.4	1.4	15.7%	22.5%	36.6	5.0	2.6	20.2	2.6	3.6%

Note: Financials during the period FY21-23; Source: Choice Broking Research

- In FY23, the domestic writing instrument market (comprising of pens, pencils, markers and highlighters) stood at Rs. 13,350cr, which is expected to grow by around 16% CAGR to a size of Rs. 27,750cr by FY28E. Pens had a share of around 80%, followed by Pencils with 12% share in FY23. Both Pens and Pencil market are price sensitive and are volume driven.
- During FY23, organized players (i.e. branded players) had around 36% share in the domestic stationery & art materials market. In the organized market, the top-10 branded players had around 75% share, of which Doms is the second largest player with around 12% share. In some of the product categories like pencils and mathematical instrument box, it had around 30% domestic market share in FY23. As of 30th Sept. 2023, it had a vast distribution-led business model comprising of 4,000+ distributors, 120+ super-stockists and 120,000+ retail touch points spread across pan-India.
- The company designs, develop, manufacture and sells a wide range of stationery & art products, primarily under its flagship brand "DOMS" in the domestic market as well as in over 45 countries internationally. Its focus on R&D, product engineering, backward integrated manufacturing operations and multi-channel pan-India distribution network has enabled it to achieve a strong brand recall amongst consumers.
- Doms offered "stationery & art material" products to consumers, which is classified across seven categories: (i) scholastic stationery (ii) scholastic art material (iii) paper stationery (iv) kits & combos (v) office supplies (vi) hobby & craft and (vii) fine art products. As of 30th Sept. 2023, the company had over 3,800 SKUs across these product categories. Some of its key products like scholastic stationery, scholastic art material, kits & combos and paper stationery products contributed 47.1%, 24.2%, 10.5% and 10.5%, respectively, to the total products sales in FY23. Wooden pencil is the largest product in terms of revenue, contributing 32.3% to its gross product sales.
- Leveraging its "DOMS" flagship brand, the company introduced new brands and sub-brands in the market. For instance, to capture the affordable market segment, it launched "C3" branded polymer black lead pencils, polymer colour pencils, erasers, sharpeners, chalks, etc. in 2012. Further, it launched "Amariz" (exclusively focusing on fine art products) in 2022 and "Fixy Fix" (exclusively focusing on range of glues & adhesives) in 2023. "DOMS" and "C3" branded products contributed 80.4% and 4% to the products sales in FY23.
- In 2012, Doms entered into a strategic partnership with FILA, a listed Italian multinational company, engaged in the supply of various art materials and stationery products. Pursuant to the partnership, Doms enhanced its R&D & technological capabilities and gained access to international markets (like key American and European markets) for distribution of its products. Further, Doms had an exclusive tie-up with FILA Group entities for distribution & marketing for all categories of their respective products, under their name and trademark, in India, Nepal, Bhutan, Sri Lanka, Bangladesh, Myanmar, and Maldives. Enhancing the partnership further, Doms manufactures certain products and also undertake OEM manufacturing for the FILA Group. In FY23, it generated 12.9% of the operating revenue from exports to the FILA Group and additionally, 8% from third party exports.

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

- As per RHP, Doms had the widest breadth of product categories amongst peers in India and is also amongst the few “stationery & art material” products companies globally with such a wide product breadth. Wide product categories coupled with presence across multiple price points has resulted it to be the fastest growing “stationery & art material” products company in India in terms of revenue over FY20-23.
- To continue its growth momentum, Doms has recently diversified into the manufacturing of ball point pens and refills. The company is also in the process of expanding its fine art product range. To further diversify its revenue stream, Doms acquired a minority stake in ClapJoy Innovations Pvt. Ltd., which is in the business of manufacturing & sale of toys, which are associated with the growing years of kids, children and young adults. To enhance the backward integration of manufacturing, it also acquired a majority stake in Micro Wood Pvt. Ltd., which is in the business of manufacturing tin & paper based packing material.
- Doms operated 13 fully integrated manufacturing facilities across Umbergaon (Gujarat) and one facility at Bari Brahma (Jammu & Kashmir). Its Umbergaon facility is spread over 34 acres of land and is one of the largest stationery manufacturing facilities in India. As of 31st Mar. 2023, it had an annual installed capacity to manufacture 4,735mn units. To further support the business growth, Doms has recently acquired 44 acres of land in adjacent to the Umbergaon facility.
- Doms business was heavily impacted by the Covid-19 pandemic. However, through its quality and attractive products, it reported a strong financial performance over FY21-23, characterized by profitable business growth. FY21 had a lower business base due to Covid-19 pandemic. On the back of improved demand across its key products and higher realization over FY21-23, the company 73.5% CAGR rise in consolidated total operating revenue, which stood at Rs. 1,211.9cr in FY23. Net cost of material consumed increased by 76.4% CAGR (a rate higher than top-line growth), led to a 208bps contraction in the gross profit margin. However, relatively lower employee and other expenses led to a 795bps expansion in EBITDA margin, which stood at 15.4% in FY23. Consolidated EBITDA increased by 149.3% CAGR during the period to Rs. 186.7cr. With increase in capacity, depreciation charge increased by 8.1% CAGR, while higher financial liabilities led to a 16.2% CAGR rise in finance costs. Pre-tax profit was at loss in FY21, due to Covid-19 pandemic. It reported a PAT of Rs. 14.4cr in FY22 and Rs. 95.8cr in FY23, compared to a net loss of Rs. 9cr in FY21. Doms reported positive operating cash flows during the period, which grew by 237.5% CAGR. Average operating cash flow stood at Rs. 79.8cr. Total financial liabilities increased by 3.5% CAGR, resulting to a debt-to-equity ratio of 0.5x in FY23, compared to 0.6x in FY21. Pre-issue RoIC and RoE stood at 28.5% and 28.4%, respectively, in FY23.

Peer comparison and valuation: With around 12% share, Doms is the second largest player in the domestic stationery & art materials market. Over the period, it has developed capabilities to offer quality and attractive products at attractive price levels, which is resulting in improved customer traction towards its products. In the near terms, venture into new revenue verticals (like pens writing instrument and expansion of innovative art stationary products) would be the growth driver.

At higher price band, Doms is demanding a P/E multiple of 50x (to its FY23 EPS of Rs. 15.8), which is at significant premium to the peer average. Considering valuation only as a concern, we assign a “**Subscribe with Caution**” rating for the issue.

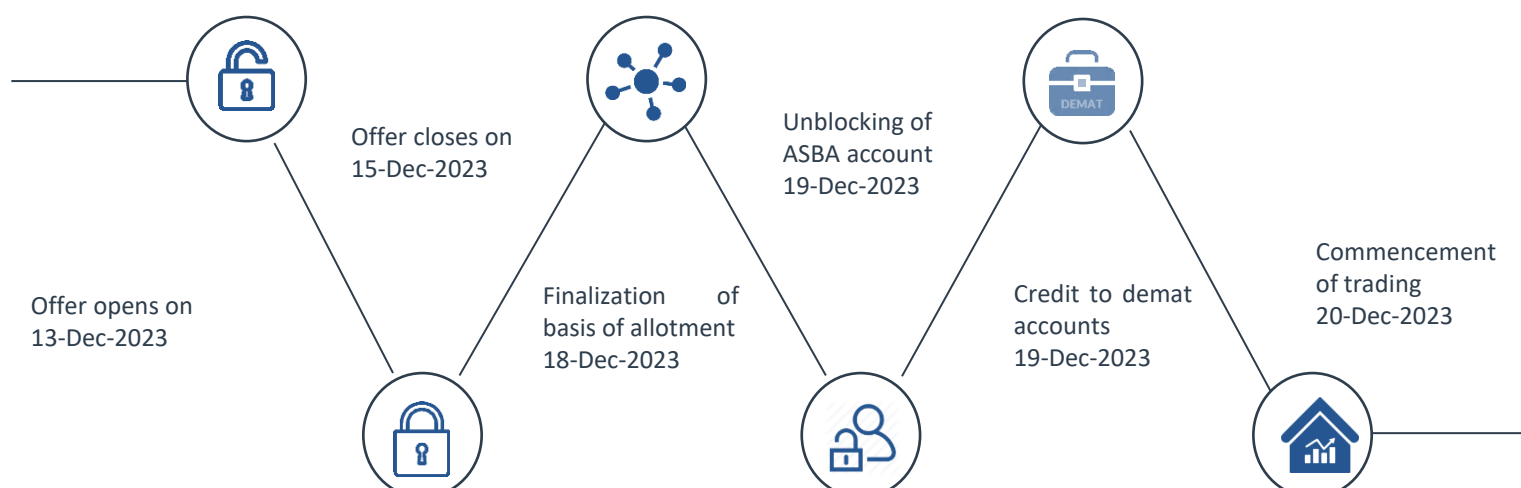
About the issue:

- Doms is coming up with an IPO with 1.519 - 1.6cr shares (fresh issue: 0.443 - 0.467cr shares; OFS shares: 1.076 - 1.133cr shares) in offering. This offer represents 25.03 - 26.27% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 1,200cr.
- The issue is through book building process with a price band of Rs. 750 - 790 per share.
- Lot size comprises of 18 equity shares and in-multiple of 18 shares thereafter.
- The issue will open on 13th Dec. 2023 and close on 15th Dec. 2023.
- The IPO is a combination of fresh and OFS portion. From the OFS issue, the company will not receive any funds. From the fresh issue net proceeds, Doms will be utilizing Rs. 3,800cr for part-financing its ongoing capacity expansion plan. Rest of the net proceeds will be used for general corporate purposes.
- Couple of promoter & promoter group (P&PG) entities are participating in the OFS and offloading around 1.135cr shares (considering the higher price band). Post-IPO, P&PG will have 74.97% stake in the company, compared to 100% earlier. Consequently, public shareholding will increase from nil to 25.03%.
- 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	100.00%	74.97%
Public	0.00%	25.03%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY21-23: Doms business was heavily impacted by the Covid-19 pandemic. However, through its quality and attractive products, it reported a strong financial performance over FY21-23, characterized by profitable business growth. FY21 had a lower business base due to Covid-19 pandemic.

On the back of improved demand across its key products and higher realization over FY21-23, the company 73.5% CAGR rise in consolidated total operating revenue, which stood at Rs. 1,211.9cr in FY23. Sales of products (which generated almost all the operating revenue) increased by 73.7% CAGR.

Net cost of material consumed increased by 76.4% CAGR (a rate higher than top-line growth), led to a 208bps contraction in the gross profit margin. However, relatively lower employee and other expenses led to a 795bps expansion in EBITDA margin, which stood at 15.4% in FY23. Consolidated EBITDA increased by 149.3% CAGR during the period to Rs. 186.7cr.

With increase in capacity, depreciation charge increased by 8.1% CAGR, while higher financial liabilities led to a 16.2% CAGR rise in finance costs. Pre-tax profit was at loss in FY21, due to Covid-19 pandemic. It reported a PAT of Rs. 14.4cr in FY22 and Rs. 95.8cr in FY23, compared to a net loss of Rs. 9cr in FY21.

Doms reported positive operating cash flows during the period, which grew by 237.5% CAGR. Average operating cash flow stood at Rs. 79.8cr. Total financial liabilities increased by 3.5% CAGR, resulting to a debt-to-equity ratio of 0.5x in FY23, compared to 0.6x in FY21. Pre-issue RoIC and RoE stood at 28.5% and 28.4%, respectively, in FY23.

Performance during H1 FY24: Doms reported a consolidated top-line of Rs. 761.8cr, with EBITDA and PAT margins of 16.7% and 9.3%, respectively.

Pre-issue consolidated financial snapshot (Rs. cr)	FY21	FY22	FY23	H1 FY24	CAGR over FY21-23	Y-o-Y (FY23 annual)
Scholastic stationery	191.0	327.0	568.8	354.4	72.6%	74.0%
Scholastic art material	97.5	166.4	292.8	203.0	73.3%	76.0%
Paper stationery	40.3	64.1	127.4	77.3	77.9%	98.7%
Kits & Combos	46.5	79.7	126.4	67.3	64.9%	58.6%
Office supplies	24.6	40.3	75.2	48.8	75.0%	86.7%
Hobby & Craft	0.4	0.6	15.7	11.3	550.2%	2334.4%
Fine art products	5.8	9.6	14.2	8.3	56.1%	47.3%
Others	7.0	5.4	11.3	6.5	26.6%	108.2%
Less: Discounts, incentives, rebates	(12.7)	(12.7)	(24.1)	(16.5)	37.8%	89.9%
Sale of products	400.4	680.4	1,207.7	760.3	73.7%	77.5%
Other operating revenues	2.5	3.2	4.2	1.5	31.2%	33.0%
Revenue from operations	402.8	683.6	1,211.9	761.8	73.5%	77.3%
Gross profit	157.5	251.5	448.5	302.9	68.8%	78.3%
EBITDA	30.0	69.7	186.7	127.4	149.3%	167.8%
Reported PAT	(9.0)	14.4	95.8	70.6		567.2%
Restated reported EPS	(1.5)	2.4	15.8	11.6		567.2%
Cash flow from operating activities	15.2	50.9	173.3	108.1	237.5%	240.1%
NOPLAT	(3.8)	22.6	108.2	78.0		378.6%
FCF		9.3	6.1			-34.5%
RoIC (%)	-1.4%	8.1%	28.5%	15.1%	2,990 bps	2,033 bps
Revenue growth rate		69.7%	77.3%			
Gross profit growth rate		59.7%	78.3%			
Gross profit margin	39.1%	36.8%	37.0%	39.8%	(208) Bps	22 bps
EBITDA growth rate		132.2%	167.8%			
EBITDA margin	7.5%	10.2%	15.4%	16.7%	795 bps	520 bps
Restated reported PAT growth rate			567.2%			
Restated reported PAT margin	-2.2%	2.1%	7.9%	9.3%	1,014 bps	581 bps
Inventory days	109.4	74.7	51.8	91.8	-31.2%	-30.7%
Trade receivables days	38.0	24.3	12.8	20.4	-42.0%	-47.5%
Trade payables days	(51.5)	(36.8)	(25.3)	(43.5)	-29.9%	-31.3%
Cash conversion cycle	95.9	62.2	39.2	68.8	-36.1%	-37.0%
Fixed asset turnover ratio	1.7	3.0	3.7	1.7	46.0%	25.0%
Total asset turnover ratio	0.9	1.4	1.9	0.9	46.7%	37.8%
Current ratio	1.2	1.2	1.2	1.2	2.5%	-0.4%
Quick ratio	0.5	0.4	0.4	0.5	-7.6%	-3.4%
Total debt	146.8	136.0	157.3	254.6	3.5%	15.6%
Net debt	117.8	120.3	115.6	204.7	-0.9%	-3.9%
Debt to equity	0.6	0.6	0.5	0.6	-13.9%	-15.3%
Net debt to EBITDA	3.9	1.7	0.6	1.6	-60.3%	-64.1%
RoE (%)	-3.9%	5.8%	28.4%	17.8%	3,225 bps	2,259 bps
RoA (%)	-2.0%	2.9%	15.0%	8.5%	1,695 bps	1,209 bps
RoCE (%)	-1.9%	11.1%	39.3%	20.5%	4,113 bps	2,811 bps

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



Competitive strengths:

- Leadership position in the Indian 'stationery and art material' market with the widest range of products, driving rapid business growth
- Strong brand recall driven by high quality, innovative and differentiated products
- Robust manufacturing infrastructure, with a focus on backward integration to drive efficiencies
- Robust multi-channel distribution network with strong pan India presence
- Strategic partnership with F.I.L.A.- Fabbrica Italiana Lapis ed Affini S.p.A., enabling access to global markets and product know-how
- Experienced promoters and management team

Business strategy:

- Expansion of manufacturing capacities
- Supplement product portfolio in order to expand the addressable market size and capture higher consumer wallet share
- Strengthen distribution network and expand modern trade channels
- Undertake inorganic growth through acquisitions or strategic partnerships
- Strengthening the 'DOMS' brands and enhance synergies
- Strengthen technology and data capabilities to drive business efficiencies



Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Changing consumer demand and preferences
- Delay in the commissioning of new facilities
- Unfavorable product-mix and forex rates
- Volatilities in the raw material prices and difficulty in maintaining the profitability
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)						
	FY21	FY22	FY23	H1 FY24	CAGR over FY21 - 23	Annual growth over FY22
Revenue from operations	402.8	683.6	1,211.9	761.8	73.5%	77.3%
Cost of material consumed	(232.1)	(425.1)	(742.7)	(433.8)	78.9%	74.7%
Purchase of stock-in-trade	(11.6)	(13.7)	(26.1)	(34.4)	50.3%	90.3%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1.6)	6.8	5.5	9.3		-19.2%
Gross profit	157.5	251.5	448.5	302.9	68.8%	78.3%
Employee benefit expenses	(71.1)	(101.4)	(141.8)	(102.5)	41.3%	39.8%
Other expenses	(56.4)	(80.4)	(120.1)	(72.9)	45.9%	49.3%
EBITDA	30.0	69.7	186.7	127.4	149.3%	167.8%
Depreciation and amortization expenses	(34.8)	(38.0)	(40.7)	(22.8)	8.1%	6.9%
EBIT	(4.7)	31.7	146.0	104.7		360.6%
Finance costs	(8.8)	(10.3)	(11.9)	(7.8)	16.2%	15.3%
Other income	6.0	2.6	4.6	2.4	-11.9%	76.6%
Net share of (loss)/profit equity accounted investees			0.0	(0.1)		
PBT	(7.6)	24.0	138.8	99.1		477.6%
Tax expenses	1.6	(6.9)	(35.9)	(25.2)		421.4%
PAT before minority interest	(6.0)	17.1	102.9	73.9		500.2%
Minority interest	(3.0)	(2.8)	(7.1)	(3.3)	53.6%	154.0%
Reported PAT	(9.0)	14.4	95.8	70.6		567.2%

Consolidated balance sheet statement (Rs. cr)						
	FY21	FY22	FY23	H1 FY24	CAGR over FY21 - 23	Annual growth over FY22
Equity share capital	0.4	0.4	0.4	56.3	0.0%	0.0%
Other equity	233.2	246.9	337.1	341.4	20.2%	36.5%
Minority interest	8.1	10.8	17.9	24.6	49.0%	65.1%
Non-current borrowings	5.3	5.0	18.9	89.7	89.7%	276.3%
Non-current lease liabilities	28.3	29.4	30.3	36.5	3.4%	3.0%
Non-current provisions	6.0	7.8	9.1	12.0	23.7%	16.8%
Trade payables	56.8	81.1	87.0	94.5	23.7%	7.2%
Current borrowings	92.0	79.9	81.1	86.7	-6.1%	1.6%
Current lease liabilities	8.1	8.7	9.5	11.6	8.4%	9.3%
Other current financial liabilities	13.1	13.1	17.5	30.2	15.4%	33.7%
Current provisions	1.1	1.9	3.6	7.7	85.0%	93.6%
Net current tax liabilities	0.4	4.8	7.4	15.4	320.8%	54.9%
Other current liabilities	4.8	7.7	20.0	23.1	104.3%	158.3%
Total liabilities	457.5	497.5	639.8	829.5	18.3%	28.6%
Property, plant & equipments	186.9	186.1	279.9	346.6	22.4%	50.4%
Intangible assets	0.5	0.2	0.1	0.1	-46.5%	-38.3%
Capital work-in-progress	3.1	4.0	6.9	2.3	50.3%	72.0%
Right-of-use assets	37.9	38.2	38.2	47.5	0.3%	-0.1%
Goodwill	3.3	2.0	2.0	62.4	-22.4%	0.0%
Non-current investments			1.5	1.4		
Other non-current financial assets	11.4	10.6	10.9	15.7	-2.1%	2.7%
Net deferred tax assets	0.3	1.2	3.2	5.1	225.0%	164.5%
Net other tax assets	1.0	1.1	0.3	1.1	-45.6%	-71.9%
Other non-current assets	5.8	9.3	17.4	20.4	74.1%	86.6%
Inventories	120.8	159.2	184.6	198.6	23.6%	16.0%
Trade receivables	41.9	49.2	35.6	49.7	-7.8%	-27.5%
Cash & cash equivalents	29.0	15.8	41.7	49.9	19.9%	164.5%
Current loans	0.5	0.6	0.8	0.8	29.2%	37.9%
Other current assets	15.2	19.9	16.6	27.8	4.5%	-16.9%
Total assets	457.5	497.5	639.8	829.5	18.3%	28.6%

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

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)						
	FY21	FY22	FY23	H1 FY24	CAGR over FY21 - 23	Annual growth over FY22
Cash flow before working capital changes	32.3	74.8	192.4	131.1	144.0%	157.2%
Working capital changes	(14.9)	(20.7)	15.4	(1.6)		
Cash flow from operating activities	15.2	50.9	173.3	108.1	237.5%	240.1%
Purchase of fixed assets and CWIP	(23.0)	(34.9)	(137.0)	(134.7)	143.9%	292.7%
Cash flow from investing activities	(18.7)	(33.7)	(135.9)	(128.3)	169.3%	303.1%
Cash flow from financing activities	24.9	(30.6)	(12.4)	34.2		-59.5%
Net cash flow	21.4	(13.4)	25.0	14.0	8.0%	
Opening balance of cash	1.3	22.7	9.3	34.3	169.5%	-59.0%
Closing balance of cash	22.7	9.3	34.3	48.2	22.9%	268.4%

Consolidated financial ratios				
Particulars	FY21	FY22	FY23	H1 FY24
Profitability ratios				
Revenue growth rate		69.7%	77.3%	
Gross profit growth rate		59.7%	78.3%	
Gross profit margin	39.1%	36.8%	37.0%	39.8%
EBITDA growth rate		132.2%	167.8%	
EBITDA margin	7.5%	10.2%	15.4%	16.7%
EBIT growth rate			360.6%	
EBIT margin	-1.2%	4.6%	12.0%	13.7%
Restated reported PAT growth rate			567.2%	
Restated reported PAT margin	-2.2%	2.1%	7.9%	9.3%
Turnover ratios				
Inventory receivable turnover ratio	3.3	4.9	7.0	3.8
Trade receivable turnover ratio	9.6	15.0	28.6	15.3
Accounts payable turnover ratio	7.1	9.9	14.4	8.1
Fixed asset turnover ratio	1.7	3.0	3.7	1.7
Total asset turnover ratio	0.9	1.4	1.9	0.9
Return ratios				
RoIC (%)	-1.4%	8.1%	28.5%	15.1%
RoE (%)	-3.9%	5.8%	28.4%	17.8%
RoA (%)	-2.0%	2.9%	15.0%	8.5%
RoCE (%)	-1.9%	11.1%	39.3%	20.5%
Per share data				
Restated adjusted EPS (Rs.)	(1.5)	2.4	15.8	11.6
DPS (Rs.)	0.0	0.0	0.9	1.5
BVPS (Rs.)	38.5	40.7	55.6	65.5
Operating cash flow per share (Rs.)	2.5	8.4	28.6	17.8
Free cash flow per share (Rs.)		1.5	1.0	
Dividend payout ratio	0.0%	0.0%	5.8%	13.2%

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

IPO rating rationale

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

Subscribe with Caution: Relatively better growth prospects but with valuation discomfort.

Avoid: Concerns on both fundamentals and demanded valuation.

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