

# IPO Report

Choice

“SUBSCRIBE” to

**Denta Water And Infra Solutions Ltd.**

Attractively priced issue.



**Salient features of the IPO:**

- **Denta Water And Infra Solutions Ltd.** (DWISL), one of the key players in the field of water engineering, procurement, and construction ("EPC") services, is coming up with an IPO to raise around Rs. 209.25 - 220.50cr, which opens on 22<sup>nd</sup> Jan. and closes on 24<sup>th</sup> Jan. 2025. The price band is Rs. 279 - 294 per share.
- The IPO solely comprises of fresh issue (Rs. 209.25 - 220.50cr). From the fresh issue net proceeds, the company will be utilizing Rs. 150cr to meet working capital requirements of the company; and residual proceeds will be used for general corporate purposes.
- Consequently, post-IPO, the P&PG and public shareholders will have 71.91% and 28.09% stake in the company, respectively.

**Key competitive strengths:**

- Established expertise in water management projects with special focus on ground water recharging
- In-house expertise in designing and engineering of water management infrastructure projects
- Established track record for project execution
- Efficient Business Model
- Strong Management Team
- Strong order book

**Risk and concerns:**

- General slowdown in the global economic activities
- Geographical Risk
- Volatility in Profitability and margins
- Delay in project execution or order cancellations
- Competition

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

- The India Water and Wastewater Treatment market is expected to grow at a CAGR of 6.20% in terms of value to reach USD 23,849.806mn in 2033 from USD 13,101.158mn in 2023. Based on region, south India is expected to have major share in the water and wastewater treatment market with a CAGR of 6.24% in terms of value.
- According to Government of India Census, 2022, the region's expanding population, rapid urbanization rate exceeding 33% annually, and robust industrial growth are creating an unprecedented demand for advanced water management solutions.
- The total annual ground water recharge is 449.08 billion cubic meters (bcm), with natural discharges amounting to 41.89 bcm. Consequently, the Annual Extractable Ground Water Resources are 407.21 bcm. The primary source of this recharge is rainfall, contributing 270.78 bcm or 60% of the total recharge, with 54% occurring during the monsoon and 6% during the non-monsoon seasons. The remaining 40%, equivalent to 178.31 bcm, comes from secondary sources like canal seepage, irrigation return flow, and water conservation structures.
- Established in 2016, DWISL has emerged as one of the key players in the field of water EPC services. With a meritorious track record in infrastructure project installations, including groundwater recharging through recycled water, DWISL has been a contributor to addressing the rising demand for water-related solutions in the country. In addition, it also undertake construction projects in the field of railways and highways. It is one of the few companies in India having experience and expertise in design, installation, commissioning, operations and maintenance of ground water recharging using recycled water.
- The company is awarded contracts through transparent competitive bidding process undertaken by the State and Central Governments. Further, it also undertake contracts as sub-contractors from various private parties.

**Issue details**

Price band Rs. 279 - 294 per share

Face value Rs. 10

Shares for fresh issue 0.75cr shares

Shares for OFS Nil

Fresh issue size Rs. 209.25 - 220.50cr

OFS issue size Nil

Total issue size 0.75cr shares  
(Rs. 209.25 – 220.50cr)Bidding date 22<sup>nd</sup> Jan – 24<sup>th</sup> Jan. 2025

Implied MCAP at higher price band Rs. 785cr

Implied enterprise value at higher price band Rs. 547cr

Book running lead manager SMC Capitals Ltd.

Registrar Integrated Registry Management Services Pvt. Ltd.

Sector Water Supply &amp; Management

Promoters Sowbhagyamma, Sujith T R, C Mruthyunjaya Swamy And Hema H M.

Category	Percent of issue (%)	Number of shares
QIB portion	50%	0.375cr shares
Non institutional portion (Big)	10%	0.075cr shares
Non institutional portion (Small)	5%	0.038cr shares
Retail portion	35%	0.263cr shares

**Indicative IPO process time line**

Finalization of basis of allotment	27 <sup>th</sup> Jan. 2025
Unblocking of ASBA account	28 <sup>th</sup> Jan. 2025
Credit to demat accounts	28 <sup>th</sup> Jan. 2025
Commencement of trading	29 <sup>th</sup> Jan. 2025

**Pre and post - issue shareholding pattern**

	Pre-issue	Post-issue
Promoter & promoter group	100.00%	71.91%
Public	0.00%	28.09%
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	50
Application money	Rs. 14,700

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

Company name	FV (Rs.)	CMP (Rs.)	MCAAP (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 (%)
Denta Water & Infra	10	294	785	547	-	-	239	79	60	36.3%	33.2%	25.0%
Va Tech Wabag Ltd	2	1,484	9,230	9,021	14.4%	143.0%	2,856	366	250	24.1%	12.8%	8.8%
EMS Ltd	10	846	4,695	4,646	11.0%	83.0%	793	204	153	30.9%	25.7%	19.3%
Enviro Infra Engineers Ltd	10	266	4,677	4,762	-	-	729	166	106	29.6%	22.8%	14.5%
Vishnu Prakash R Punglia Ltd	10	261	3,258	3,563	18.9%	22.6%	1,474	210	122	18.5%	14.2%	8.3%
<b>Average</b>										<b>25.8%</b>	<b>18.9%</b>	<b>12.7%</b>

Company name	Total Debt	Cash	FY24 RoE (%)	FY24 RoCE (%)	P / E	P / B	EV / Sales	EV / EBITDA	MCAAP / Sales	EPS (Rs.)	BVPS (Rs.)	D/E
Denta Water & Infra	1	238	14.6%	51.4%	13.1	1.9	2.3	6.9	3.3	22.4	153.2	0.0
Va Tech Wabag Ltd	428	637	12.7%	20.6%	36.9	4.7	3.2	24.6	3.2	40.2	316.1	0.2
EMS Ltd	71	120	19.1%	30.3%	30.7	5.9	5.9	22.8	5.9	27.6	144.0	0.1
Enviro Infra Engineers Ltd	234	149	36.3%	47.3%	44.2	16.0	6.5	28.7	6.4	6.0	16.6	0.8
Vishnu Prakash R Punglia Ltd	396	91	16.9%	24.7%	26.7	4.5	2.4	17.0	2.2	9.8	57.7	0.5
<b>Average</b>			<b>21.3%</b>	<b>30.7%</b>	<b>34.6</b>	<b>7.8</b>	<b>4.5</b>	<b>23.3</b>	<b>4.4</b>			<b>0.4</b>

Company name	4Y top-line growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	Average 4Y EBITDA margin	Average 4Y PAT margin	4Y average RoE	4Y average RoCE	Avg 4Y Receivable days	Avg 4Y Inventory Days	Avg 4Y Payable Days	Net Worth
Denta Water & Infra	95.2%	75.3%	75.2%	40.2%	30.1%	55.9%	30.6%	36	13	20	409
Va Tech Wabag Ltd	0.3%	18.7%	35.3%	9.8%	4.3%	8.1%	12.9%	188	4	367	1,966
EMS Ltd	33.8%	27.3%	28.6%	28.7%	20.8%	24.7%	33.3%	86	47	512	799
Enviro Infra Engineers Ltd	80.5%	122.8%	127.5%	21.5%	14.2%	49.2%	48.9%	69	8	162	292
Vishnu Prakash R Punglia Ltd	44.9%	67.1%	85.9%	12.0%	6.4%	28.3%	27.1%	70	79	179	721
<b>Average</b>	<b>39.9%</b>	<b>59.0%</b>	<b>69.3%</b>	<b>18.0%</b>	<b>11.4%</b>	<b>27.5%</b>	<b>30.6%</b>	<b>103</b>	<b>34</b>	<b>305</b>	

Note: Considered financials for the period during FY21-24 (with IPO adjustment); Source: Choice Broking Research

- Notably, DWISL played a substantial role in the first phase of the KC Valley project, contributing to Bengaluru's reputation as the second-largest city globally in terms of treated wastewater quantity. The company's significant involvement in the "Jal Jeevan Mission" of the Government of India reflects its commitment to critical water management initiatives. Furthermore, the company secured contracts for lift irrigation projects in various regions. Their growth is inherently linked to the nation's infrastructure development, with a focus on design and engineering consultancy that aligns with the ongoing and anticipated projects in the Karnataka Government's water management sector.
- It participate in tenders for developing projects such as infrastructure for ground water recharging, lift irrigation, infrastructure for supplying drinking water to various habitations under "Jal Jeevan Mission" on a competitive basis.
- It renders a range of services from "concept-to-commissioning" and beyond to various water management projects to the clients by leveraging it's diverse experience, core competencies and using the technical know-how. Over the years, the company has developed the expertise for servicing the clients at each stage of project development cycle. The services for any given project include any one or a combination of (i) preliminary investigations and reconnaissance; (ii) feasibility studies, (iii) planning and project formulation; (iv) field surveys and testing of soil; (v) design; (vi) tender bidding consultancy; (vii) project management and construction supervision; (viii) formulation of operation and maintenance guidelines; (ix) engineering procurement consultancy, turnkey projects; etc. regarding water management projects.
- DWISL concept-to-commissioning services cater to a variety of sub-sectors and services in its domain areas, including some of the key areas comprising of ground water recharging, dams and reservoir engineering, lift irrigation, water supply and sanitation and urban and rural development. The company has implemented an asset-light business model by outsourcing critical construction equipment, which reduces capital requirements and maintenance costs, while subcontractors provide the necessary manpower and equipment support for its projects.
- Since incorporation, the company has completed 32 projects of water management infrastructure for Government of Karnataka ("GoK"). It has successfully completed projects involving the filling up of numerous tanks and check dams, showcasing its proficiency in managing water resources efficiently. As on November 30, 2024, DWISL procured direct contracts (as consortium partner) worth Rs. 774cr, direct contracts (independent) worth Rs. 46.9cr and sub-contracts worth of Rs. 465.7cr in ground water recharge (GWR) projects.
- As on November 30, 2024, it has 17 ongoing projects constituting an aggregate contract value of Rs. 1,100.4cr, out of which Rs. 1,066.7cr is in relation to water management projects; and Rs. 33.6cr is in relation to infrastructure projects including railways (improvement of infrastructure) and roadways (roads and bridges construction). As on November 30, 2024, out of total contract value of Rs. 1,100.4cr it has completed work amounting to Rs. 347.9cr and outstanding order book is of Rs. 752.4cr.

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

- While majority of their projects are on sub-contracts basis, company also form project specific unincorporated joint ventures for certain projects including the Byrapura & Hiremagaluru LIS project, KC Valley Phase-2 project, BLR East LIS project have been undertaken by the company through un-incorporated joint ventures or consortiums. As on November 30, 2024, DWISL has executed 32 water management infrastructure projects, where the company has undertaken 11 projects as the main contractor, 1 project has been undertaken under a consortium / joint venture arrangement and 20 projects have been undertaken under a sub-contract arrangement with the main contractor.
- Over the years, the company has built a specialized team of 8 engineers for the design, engineering, and construction of water conveyance systems for groundwater recharge using secondary treated sewage and fresh water. Additionally, it has a team of 42 engineers in civil, mechanical, and electrical fields for project execution. DWISL also collaborate with third-party consultants, including the Indian Institute of Science, Bangalore, and industry experts such as X Impasse Groups and Jalavahini Management Services Private Limited, to ensure compliance with government standards and quality requirements.
- DWISL believes that geographical diversification will reduce reliance on specific states and enable the company to capitalize on opportunities in water management, particularly GWR projects. The company plans to expand into regions like Gujarat, Madhya Pradesh, Maharashtra, and Uttar Pradesh to explore new prospects beyond Karnataka.

**Peer comparison and valuation:** DWISL is one of the key players in the field of water EPC with majority of the projects in the state of Karnataka. It is awarded contracts through transparent competitive bidding process undertaken by the State and Central governments and also undertakes contracts as sub-contractors from various private parties. As on November 30, 2024, the company has successfully completed 32 projects of water management infrastructure and has 17 ongoing projects.

At higher price band, DWISL is demanding a P/E multiple of 13.1x, based on its FY24 EPS of Rs. 22.4, this valuation seems to be at a discount compared to its peer average. The company has shown growth in both its top and bottom line however, the margins have been impacted. As of November 30<sup>th</sup> 2024, company's order book stands at Rs. 752cr which is 3.2x to its FY24 revenue. This reflects revenue's visibility for the company in the medium term. Going forward, we believe DWISL has strong long term growth potential, supported by government initiatives in the Water Supply & Management sector and the overall positive outlook for the industry. Thus, we recommend a **"SUBSCRIBE"** rating for the issue.

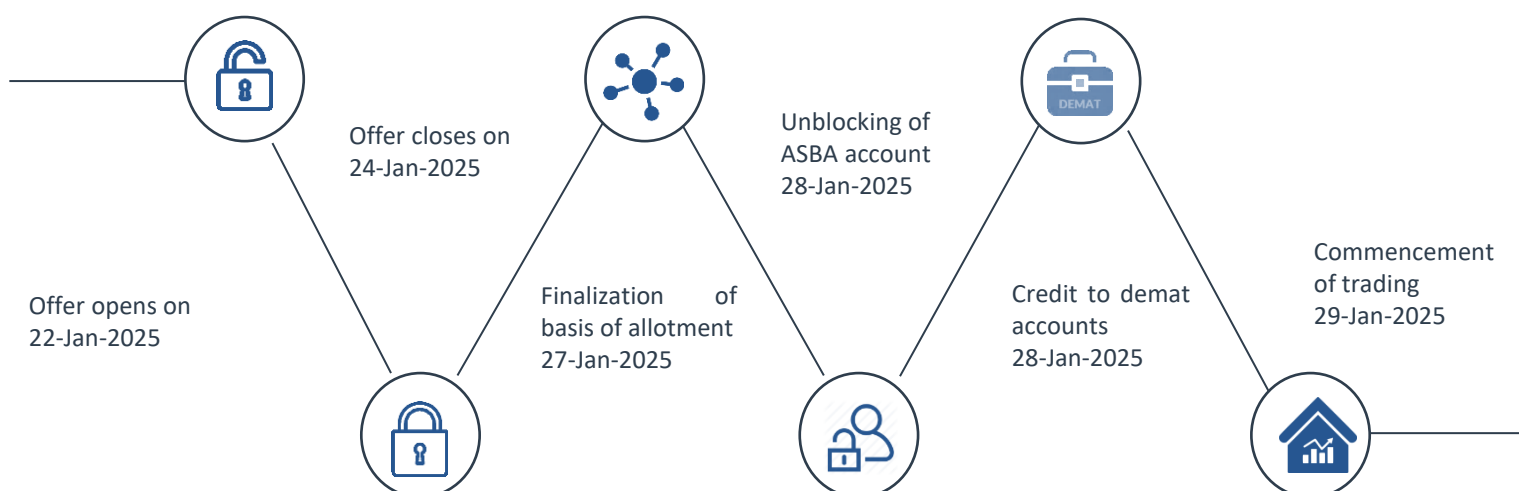
## About the issue:

- DWISL is coming up with an IPO with 0.75cr shares (fresh issue: 0.75cr shares; OFS shares: Nil) in offering. This offer represents 28.09% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 209.25 - 220.5cr.
- The issue is through book building process with a price band of Rs. 279 - 294 per share.
- Lot size comprises of 50 equity shares and in-multiple of 50 shares thereafter.
- The issue will open on 22<sup>nd</sup> Jan. 2025 and close on 24<sup>th</sup> Jan. 2025.
- The IPO solely comprises of fresh issue (Rs. 209.25 - 220.5cr). From the fresh issue net proceeds, the company will be utilizing Rs. 150cr to meet working capital requirements of the company; and residual proceeds will be used for general corporate purposes.
- Consequently, post-IPO, the P&PG and public shareholders will have 71.91% and 28.09% 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	100.0%	71.91%
Public	0.00%	28.09%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Pre-issue financial performance:

**Performance over FY21-24:** During this period, the company has seen significant growth, fueled by an increase in orders from the state government, particularly the Government of Karnataka, as well as other entities like municipal corporations in the state.

The company has experienced substantial growth, with total operating revenue reaching Rs. 238.6cr, reflecting a CAGR of 95.2%. This growth is attributed to an increase in orders for water treatment, road, and railway construction services.

The company experienced an increase in material costs as a percentage of revenue, with a CAGR of 106.6%. As a result, the gross profit margin declined by 1,000 bps, bringing it to 36.3% in FY24. Additionally, an increase in employee and other expenses led to a 1,262 bps decrease in the EBITDA margin, which decline to 33.2%. Consequently, consolidated EBITDA grew by a CAGR of 75.3%, reaching Rs. 79.1cr in FY24. This downfall contributed to a decline in the PAT margin, which decreased by 959 bps to 25% in FY24. The reported PAT rose by a CAGR of 75.2%, reaching Rs. 59.7cr in FY24.

DWISL's borrowings have been on the same pace over the years and with rising profitability, its debt-to-equity ratio has remained same as 0.01x in FY24. Pre-issue RoIC and RoE stood at 40.0% and 36.4%, respectively, in FY24.

Pre-issue financial snapshot (Rs. cr)	FY21	FY22	FY23	FY24	H1FY25	CAGR over FY21-24 Y-o-Y (FY24 annual)	
<b>Revenue Bifurcation</b>							
<b>Billed Revenue</b>							
Water Management	24.0	94.3	148.8	183.4	50.9	97.0%	23.3%
Irrigation	5.0	4.4	1.3	0.1	0.0	-77.8%	-95.8%
Roads	0.0	0.0	2.4	4.5	0.0	-	89.8%
Operations and Maintenance	0.0	0.0	0.1	0.3	0.0	-	133.3%
Miscellaneous	0.5	19.6	13.9	7.8	0.6	153.5%	-44.1%
Railway Work	0.0	0.0	0.0	0.2	1.3	-	-
<b>Total</b>	<b>29.4</b>	<b>118.3</b>	<b>166.6</b>	<b>196.3</b>	<b>52.9</b>	<b>88%</b>	<b>17.9%</b>
<b>Un-Billed Revenue</b>							
Water Management	2.9	1.2	7.5	39.9	44.4	140%	429.4%
Irrigation	-	-	-	-	-	-	-
Roads	-	-	0.2	1.0	1.5	-	542.5%
Operations and Maintenance	-	-	-	-	-	-	-
Miscellaneous	0.0	0.0	0.1	0.0	0.0	0.0	-100.0%
Railway Work	0.0	0.0	0.0	1.4	(1.0)	-	-
<b>Total</b>	<b>2.9</b>	<b>1.2</b>	<b>7.7</b>	<b>42.3</b>	<b>44.9</b>	<b>144.3%</b>	<b>445.9%</b>
<b>Grand Total</b>	<b>32.1</b>	<b>119.6</b>	<b>174.3</b>	<b>238.6</b>	<b>97.8</b>	<b>94.7%</b>	<b>36.9%</b>
<b>Revenue Bifurcation</b>							
<b>Sale of Services</b>							
Contract	22.2	97.5	155.1	190.1	52.5	105%	22.6%
Project Management Consulting Service	6.5	20.4	11.1	5.8	0.0	-3.8%	-47.6%
Unbilled Revenue	2.9	1.2	7.7	42.3	44.9	144.2%	445.9%
<b>Other Operating revenue</b>							
Rental	0.4	0.4	0.4	0.4	0.4	0.2%	0.0%
<b>Total</b>	<b>32.1</b>	<b>119.6</b>	<b>174.3</b>	<b>238.6</b>	<b>97.8</b>	<b>95.2%</b>	<b>36.9%</b>
<b>Revenue from operations</b>	<b>32.1</b>	<b>119.6</b>	<b>174.3</b>	<b>238.6</b>	<b>97.8</b>	<b>95.2%</b>	<b>36.9%</b>
Gross profit	14.8	52.7	69.8	86.6	37.5	80.0%	24.0%
EBITDA	14.7	51.8	67.0	79.1	32.8	75.3%	18.2%
Reported PAT	11.1	38.3	50.1	59.7	24.2	75.2%	19.2%
Restated adjusted EPS	4.2	14.4	18.8	22.4	9.1	75.2%	19.2%
Cash flow from operating activities	26.9	(7.80)	51.5	26.9	(46.8)	-0.1%	-47.7%
NOPLAT	11.1	38.3	49.1	57.7	23.7	73.1%	17.5%
FCF	10.9	(40.9)	(113.2)	(8.1)	(61.2)	-190.5%	-92.9%
RoIC (%)	70.8%	70.6%	58.0%	40.0%	-17.4%	(3,083)bps	(1,800)bps
Revenue growth rate	0.0%	272.8%	45.8%	36.9%	0.0%	-	(892)bps
Gross profit growth rate	0.0%	254.8%	32.5%	24.0%	0.0%	-	(847)bps
Gross profit margin	46.3%	44.1%	40.1%	36.3%	38.3%	(1,000)bps	(375)bps
EBITDA growth rate	0.0%	252.8%	29.2%	18.2%	0.0%	-	(1,106)bps
EBITDA margin	45.8%	43.3%	38.4%	33.2%	33.5%	(1,262)bps	(525)bps
Restated PAT growth rate	0.0%	252.6%	28.7%	18.1%	0.0%	-	(1,063)bps
Restated PAT margin	34.6%	32.1%	28.7%	25.0%	24.7%	(959)bps	(372)bps
Inventories days	13.0	6.9	10.3	19.9	41.2	15.4%	92.8%
Trade receivables days	41.9	26.2	38.3	37.2	18.8	-3.9%	-3.0%
Trade payables days	(38.9)	(10.7)	(14.4)	(16.4)	(8.1)	-25.1%	13.6%
Cash conversion cycle	15.9	22.3	34.2	40.7	51.9	36.7%	18.9%
Total asset turnover ratio	0.8	2.0	1.4	1.1	0.4	12.6%	-23.3%
Current ratio	1.4	8.5	4.5	3.2	5.7	32.0%	-28.4%
Total debt	0.0	0.0	1.2	0.9	0.7	163.7%	-25.2%
Net debt	(25.8)	(13.6)	(34.8)	(11.7)	0.2	-23.2%	-66.3%
Debt to equity	0.0	0.0	0.0	0.0	0.0	21.6%	-52.4%
Net debt to EBITDA	(1.8)	(0.3)	(0.5)	(0.1)	0.0	-56.2%	-71.5%
RoE	69.0%	70.4%	47.9%	36.4%	12.8%	(3,263)bps	(1,157)bps
RoA	26.3%	63.2%	40.6%	27.2%	11.0%	88bps	(1,349)bps
RoCE	-150.8%	126.4%	95.1%	51.4%	17.2%	2,021bps	(4,370)bps

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



#### Competitive strengths:

- Established expertise in water management projects with special focus on ground water recharging
- In-house expertise in designing and engineering of water management infrastructure projects
- Established track record for project execution
- Efficient Business Model
- Strong Management Team
- Strong order book

#### Business strategy:

- Leverage core competencies in execution of water management projects
- Expanding geographical area of operations
- Pursue other segments within infrastructure development space
- Expansion into other geographies for reuse of discharge water:



#### Risk and concerns:

- General slowdown in the global economic activities
- Geographical Risk
- Volatility in Profitability and margins
- Delay in project execution or order cancellations
- Competition



## Financial statements:

Restated consolidated profit and loss statement (Rs. cr)							
	FY21	FY22	FY23	FY24	H1FY25	CAGR over FY21-24	Annual growth over FY23
<b>Revenue from operations</b>	<b>32.1</b>	<b>119.6</b>	<b>174.3</b>	<b>238.6</b>	<b>97.8</b>	<b>95.2%</b>	<b>36.9%</b>
Cost of material consumed	(17.2)	(66.9)	(104.5)	(152.0)	(60.3)	106.6%	45.4%
<b>Gross profit</b>	<b>14.8</b>	<b>52.7</b>	<b>69.8</b>	<b>86.6</b>	<b>37.5</b>	<b>80.0%</b>	<b>24.0%</b>
Employee benefits expenses	(0.1)	(0.1)	(1.1)	(3.6)	(2.6)	252.0%	221.6%
Other expenses	(0.1)	(0.8)	(1.7)	(3.9)	(2.1)	262.6%	122.4%
<b>EBITDA</b>	<b>14.7</b>	<b>51.8</b>	<b>67.0</b>	<b>79.1</b>	<b>32.8</b>	<b>75.3%</b>	<b>18.2%</b>
Depreciation and amortization expenses	(0.0)	(0.1)	(0.4)	(0.5)	(0.3)	226.0%	30.7%
<b>EBIT</b>	<b>14.7</b>	<b>51.7</b>	<b>66.6</b>	<b>78.6</b>	<b>32.5</b>	<b>75.0%</b>	<b>18.1%</b>
Finance costs	(0.0)	0.0	(0.1)	(0.5)	(0.1)	169.2%	445.2%
Other income	0.0	0.1	1.4	3.2	0.7	0.0%	127.6%
<b>PBT</b>	<b>14.6</b>	<b>51.8</b>	<b>67.9</b>	<b>81.4</b>	<b>33.1</b>	<b>77.1%</b>	<b>19.8%</b>
Tax expenses	(3.5)	(13.5)	(17.8)	(21.7)	(8.9)	82.9%	21.6%
<b>Reported PAT</b>	<b>11.1</b>	<b>38.3</b>	<b>50.1</b>	<b>59.7</b>	<b>24.2</b>	<b>75.2%</b>	<b>19.2%</b>

Restated consolidated balance sheet statement (Rs. cr)							
	FY21	FY22	FY23	FY24	H1FY25	CAGR over FY21-24	Annual growth over FY23
Equity share capital	4.8	4.8	4.8	19.2	19.2	58.7%	300.0%
Other equity	11.3	49.6	99.7	145.1	169.3	134.2%	45.4%
Non Controlling Interest	0.0	0.0	0.1	0.1	0.0	0.0%	9.4%
Non-current borrowings	0.0	0.0	0.9	0.5	0.4	126.9%	-36.4%
Non-current provisions	0.0	0.0	0.0	0.1	0.2	128.2%	205.7%
Deferred Tax Liabilities	0.1	0.1	0.1	0.2	0.2	51.4%	85.4%
Other Non-Current Liabilities	0.4	0.3	0.3	0.3	0.3	-11.7%	0.0%
Trade payables	3.4	3.6	10.2	11.2	4.4	48.6%	10.4%
Current borrowings	0.0	0.0	0.3	0.3	0.3	0.0%	8.3%
Current provisions	0.0	0.1	0.1	23.7	17.2	1891.0%	21426.4%
Net current tax liabilities	2.3	1.1	1.2	7.5	7.4	48.0%	533.0%
Other current liabilities	19.9	1.1	5.6	11.7	1.5	-16.2%	107.6%
<b>Total liabilities</b>	<b>42.2</b>	<b>60.6</b>	<b>123.3</b>	<b>219.8</b>	<b>220.3</b>	<b>73.3%</b>	<b>78.3%</b>
Property, plant & equipments	5.6	10.1	24.3	24.5	24.3	63.2%	0.8%
Other Intangible assets	0.0	0.0	0.0	0.0	0.0		118.2%
Non-current investments	0.0	0.0	0.0	0.0	10.1	-100.0%	-100.0%
Non-current Loans	0.0	0.0	6.6	6.9	0.0		3.5%
Other non-current financial assets	0.5	0.5	9.4	9.7	5.1	169.0%	3.2%
Other non-current assets	0.4	0.0	5.0	4.4	4.4	126.8%	-12.2%
Inventories	1.1	3.4	6.5	19.5	22.4	157.9%	200.3%
Trade receivables	3.7	13.5	23.2	25.5	10.2	90.5%	10.0%
Cash & cash equivalents	25.9	13.6	35.9	12.6	0.5	-21.4%	-65.0%
Bank Balances Other than Cah & Cash Equivalents	0.0	0.0	0.4	50.4	17.2		12128.6%
Other current financial assets	0.0	8.8	0.5	3.9	1.3		638.1%
Other current assets	5.0	10.8	11.3	62.5	124.9	131.8%	451.1%
<b>Total assets</b>	<b>42.2</b>	<b>60.6</b>	<b>123.3</b>	<b>219.8</b>	<b>220.3</b>	<b>73.3%</b>	<b>78.3%</b>

Source: Choice Equity Broking



## Financial statements (Contd...):

Restated consolidated cash flow statement (Rs. cr)							
	FY21	FY22	FY23	FY24	H1FY25	CAGR over FY21-24	Annual growth over FY23
Cash flow before working capital changes	14.7	51.8	67.7	80.6	33.0	76.4%	19.0%
Working capital changes	13.4	(45.0)	1.4	(38.4)	(70.8)	-242.1%	-2774.0%
Cash flow after working capital changes	28.1	6.8	69.2	42.2	(37.8)	14.5%	-39.0%
<b>Cash flow from operating activities</b>	<b>27.0</b>	<b>(7.8)</b>	<b>51.5</b>	<b>26.9</b>	<b>(46.8)</b>	<b>-0.1%</b>	<b>-47.7%</b>
Purchase of fixed assets & CWIP	(0.2)	(45.2)	(146.4)	(6.8)	(0.1)	209.7%	-95.3%
<b>Cash flow from investing activities</b>	<b>(0.5)</b>	<b>(4.5)</b>	<b>(29.6)</b>	<b>0.6</b>	<b>1.8</b>	<b>-202.3%</b>	<b>-101.9%</b>
Dividend paid							
<b>Cash flow from financing activities</b>	<b>(1.0)</b>	<b>(0.0)</b>	<b>0.8</b>	<b>(0.8)</b>	<b>(0.3)</b>	<b>-6.0%</b>	<b>-197.7%</b>
Net cash flow	25.5	(12.3)	22.7	26.6	(45.3)	1.5%	17.1%
Opening balance of cash	0.4	25.9	13.6	36.3	63.0	340.8%	167.5%
<b>Closing balance of cash from continuing operations</b>	<b>25.9</b>	<b>13.6</b>	<b>36.3</b>	<b>63.0</b>	<b>17.7</b>	<b>34.5%</b>	<b>73.4%</b>

Financial ratios					
Particulars	FY21	FY22	FY23	FY24	H1FY25
<b>Profitability ratios</b>					
Revenue growth rate	0.0%	272.8%	45.8%	36.9%	0.0%
Gross profit growth rate	0.0%	254.8%	32.5%	24.0%	0.0%
Gross profit margin	46.3%	44.1%	40.1%	36.3%	38.3%
EBITDA growth rate	0.0%	252.8%	29.2%	18.2%	0.0%
EBITDA margin	45.8%	43.3%	38.4%	33.2%	33.5%
EBIT growth rate	0.0%	252.6%	28.7%	18.1%	0.0%
EBIT margin	45.7%	43.3%	38.2%	33.0%	33.2%
Restated PAT growth rate	0.0%	245.3%	30.7%	19.2%	0.0%
Restated PAT margin	34.6%	32.1%	28.7%	25.0%	24.7%
<b>Turnover ratios</b>					
Inventory turnover ratio	28.2	53.2	35.4	18.3	4.4
Trade receivable turnover ratio	8.7	14.0	9.5	9.8	9.6
Accounts payable turnover ratio	9.4	34.1	25.3	22.3	22.2
Fixed asset turnover ratio	5.7	11.9	7.2	9.7	4.0
Total asset turnover ratio	0.8	2.0	1.4	1.1	0.4
<b>Liquidity ratios</b>					
Current ratio	1.4	8.5	4.5	3.2	5.7
Quick ratio	1.3	7.9	4.1	2.8	5.0
Total debt	0.0	0.0	1.2	0.9	0.7
Net debt	(25.8)	(13.6)	(34.8)	(11.7)	0.2
Debt to equity	0.0	0.0	0.0	0.0	0.0
Net debt to EBITDA	(1.8)	(0.3)	(0.5)	(0.1)	0.0
<b>Cash flow ratios</b>					
CFO to PAT	2.4	(0.2)	1.0	0.5	(1.9)
CFO to Capex	117.2	(0.2)	0.4	3.9	
CFO to total debt	573.6	-	44.7	31.2	(66.0)
CFO to current liabilities	1.1	(1.3)	3.0	0.5	(1.5)
<b>Return ratios</b>					
RoIC (%)	70.8%	70.6%	58.0%	40.0%	14.0%
RoE (%)	69.0%	70.4%	47.9%	36.4%	12.8%
RoA (%)	26.3%	63.2%	40.6%	27.2%	11.0%
RoCE (%)	-150.8%	126.4%	95.1%	51.4%	17.2%
<b>Per share data</b>					
Restated EPS (Rs.)	4.2	14.4	18.8	22.4	9.1
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	6.0	20.4	39.2	61.5	70.6
Operating cash flow per share (Rs.)	10.1	(2.9)	19.3	10.1	(17.5)
Free cash flow per share (Rs.)	4.1	(15.3)	(42.4)	(3.0)	(22.9)

## 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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