

# IPO Report

Choice

“SUBSCRIBE” to

**Deepak Builders & Engineers India Ltd.**

Growing potential, with improved margins.



**Salient features of the IPO:**

- **Deepak Builders & Engineers India Ltd.** (DBEIL), is an integrated engineering and construction company, specializing in execution and construction of administrative & institutional buildings, hospitals and medical colleges, industrial building, historical memorial complex, stadium and sports complex, residential complex and various developmental and other construction activity, is coming up with an IPO to raise around Rs. 245.9 - 260.0cr, which opens on 21<sup>st</sup> Oct. and closes on 23<sup>rd</sup> Oct. 2024. The price band is Rs. 192 - 203 per share.
- This public issue is a combination of fresh issue (Rs. 205.4 - 217.2cr) and OFS (Rs. 40.5 - 42.8cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 30.0cr for repayment or prepayment, in full or part, of certain borrowings availed by the company and Rs. 111.9cr for funding of working capital requirements of the company. Residual proceeds will be used for general corporate purposes.
- Some of the promoter & promoter group (P&PG) entities is participating in the OFS and offloading 0.211cr equity shares. Post-IPO, the P&PG and public shareholders will have 72.50% and 27.50% stake in the company, respectively.

**Key competitive strengths:**

- Decent order book with a government client base
- Continuous Focus on equipment ownership
- Strong financial performance
- Experienced Promoters and Strong Senior Management Expertise

**Risk and concerns:**

- General slowdown in the global economic activities
- Major revenue concentration from government and government controlled entities
- Projects concentration in the state of Punjab
- Revenue are generated from a limited number of clients
- Competition

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

- India's construction industry is growing rapidly and is expected to reach USD 1.4 trillion by 2025, contributing 8%-10% of the country's GDP. This is a major increase from its current size of around USD 820 billion, highlighting the sector's strong potential. Over the next six years, the industry is expected to double in size. By 2030, the construction sector's contribution to India's GDP could reach 15%, making it a key driver of the economy.
- The Indian government's ambitious Gati Shakti National Master Plan is key to driving the construction industry forward. With strong growth driven by both government initiatives and private sector involvement, the future of the Indian construction industry looks promising. Continued focus on technology, sustainable practices, and workforce development will be essential to fully realizing the industry's potential and supporting India's broader economic growth.
- Incorporated on September 11, 2017, DBEIL is a full-service engineering and construction company. It specializes in building a wide range of structures, including administrative and institutional buildings, hospitals, medical colleges, industrial facilities, historical memorials, sports stadiums, residential complexes, and various other development projects. While construction is its core expertise, DBEIL has also expanded into infrastructure projects such as building flyovers, rail under bridges, rail over bridges, approach roads, and redeveloping railway stations. These construction and infrastructure projects form the backbone of the company's services.

**Issue details**

Price band	Rs. 192 - 203 per share
Face value	Rs. 10
Shares for fresh issue	1.070cr shares
Shares for OFS	0.211cr shares
Fresh issue size	Rs. 205.4 - 217.2cr
OFS issue size	Rs. 40.5 - 42.8cr
Total issue size	1.281 cr shares (Rs. 245.9 - 260.0cr)
Bidding date	21 <sup>st</sup> Oct. - 23 <sup>rd</sup> Oct. 2024
Implied MCAP at higher price band	Rs. 946cr
Implied enterprise value at higher price band	Rs. 900cr

Book running lead manager Fedex Securities Pvt. Ltd.

Registrar KFin Technologies Ltd.

Sector Civil construction

Promoters Deepak Kumar Singal and Sunita Singal

Category	Percent of issue (%)	Number of shares
QIB portion	50%	0.640cr shares
Non institutional portion (Big)	10%	0.128cr shares
Non institutional portion (Small)	5%	0.064cr shares
Retail portion	35%	0.448cr shares

**Indicative IPO process time line**

Finalization of basis of allotment	24 <sup>th</sup> Oct. 2024
Unblocking of ASBA account	25 <sup>th</sup> Oct. 2024
Credit to demat accounts	25 <sup>th</sup> Oct. 2024
Commencement of trading	28 <sup>th</sup> Oct. 2024

**Pre and post - issue shareholding pattern**

	Pre-issue	Post-issue
Promoter & promoter group	100.00%	72.50%
Public	0.00%	27.50%
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	73
Application money	Rs. 14,819 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>Deepak Builders &amp; Engineers India Ltd.</b>	<b>10</b>	<b>203</b>	<b>946</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>511</b>	<b>112</b>	<b>60</b>	<b>30.6%</b>	<b>21.9%</b>	<b>11.8%</b>
Ircon International Ltd	2	214	20,127	17,713	-12.3%	49.7%	12,331	925	930	10.9%	7.5%	7.5%
Ahluwalia Contracts (India) Ltd	2	1,140	7,637	6,962	-0.1%	65.1%	3,855	388	375	19.0%	10.1%	9.7%
PSP Projects Ltd	10	634	2,513	2,743	-8.8%	-14.6%	2,462	262	124	17.1%	10.6%	5.0%
ITD Cementation India Ltd	1	568	9,758	9,751	51.8%	183.0%	7,718	745	274	35.1%	9.7%	3.6%
B.L.Kashyap & Sons Ltd	1	84	1,882	2,159	23.5%	30.7%	1,245	110	53	33.3%	8.8%	4.3%
<b>Average</b>										<b>23.1%</b>	<b>9.3%</b>	<b>6.0%</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
<b>Deepak Builders &amp; Engineers India Ltd.</b>	<b>18.1%</b>	<b>49.0%</b>	<b>67.2%</b>	<b>14.0%</b>	<b>6.4%</b>	<b>24.7%</b>	<b>24.6%</b>	<b>93</b>	<b>78</b>	<b>79</b>	<b>377</b>
Ircon International Ltd	32.1%	22.4%	33.5%	7.9%	7.6%	13.6%	18.8%	31	10	695	5,871
Ahluwalia Contracts (India) Ltd	24.8%	36.1%	69.5%	9.5%	6.6%	17.3%	26.8%	67	35	181	1,600
PSP Projects Ltd	25.7%	24.7%	15.3%	12.0%	6.9%	19.1%	25.2%	63	25	196	915
ITD Cementation India Ltd	41.4%	51.8%	157.8%	8.3%	2.1%	9.6%	18.2%	61	36	240	1,494
B.L.Kashyap & Sons Ltd	17.8%	20.4%		8.4%	0.6%	3.4%	11.0%	141	128	140	497
<b>Average</b>	<b>28.4%</b>	<b>31.1%</b>	<b>69.0%</b>	<b>9.2%</b>	<b>4.8%</b>	<b>12.6%</b>	<b>20.0%</b>	<b>73</b>	<b>47</b>	<b>291</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>Deepak Builders &amp; Engineers India Ltd.</b>	<b>172</b>	<b>217</b>	<b>16.0%</b>	<b>31.8%</b>	<b>15.7</b>	<b>2.5</b>	<b>1.8</b>	<b>8.0</b>	<b>1.8</b>	<b>13.0</b>	<b>81</b>	<b>0.5</b>
Ircon International Ltd	2,570	4,984	15.8%	20.1%	21.6	3.4	1.4	19.1	1.6	9.9	62	0.4
Ahluwalia Contracts (India) Ltd	105	780	23.4%	38.4%	20.4	4.8	1.8	17.9	2.0	56.0	239	0.1
PSP Projects Ltd	455	225	13.6%	19.0%	20.3	2.7	1.1	10.5	1.0	31.3	231	0.5
ITD Cementation India Ltd	889	896	18.3%	27.8%	35.6	6.5	1.3	13.1	1.3	15.9	87	0.6
B.L.Kashyap & Sons Ltd	310	33	10.7%	14.3%	35.5	3.8	1.7	19.6	1.5	2.4	22	0.6
<b>Average</b>			<b>16.4%</b>	<b>23.9%</b>	<b>26.7</b>	<b>4.3</b>	<b>1.5</b>	<b>16.1</b>	<b>1.5</b>			<b>0.4</b>

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

- Since its incorporation, DBEIL has steadily expanded its ability to handle larger and more complex projects. One of its early projects, awarded by PWD Haryana in 2018, involved the construction of a flyover with an underpass and service roads at Atul Kataria Chowk (Old Delhi - Jaipur Road), with a total contract value of Rs. 51.4cr. More recently, the company secured its first industrial building project from Indian Oil Corporation Limited (IOCL) in Panipat, Haryana, for the construction of a plant building, with a contract value of Rs. 532.9cr.
- The company consistently invests in modern construction equipment, focusing on acquiring machinery of the same class and brand. This approach simplifies operator training, reduces equipment downtime, and minimizes maintenance costs. With multiple ongoing projects, having easy access to such equipment is crucial for timely project execution and securing new contracts. This accessibility allows the company to take on complex projects and complete them efficiently and profitably. As of June 30, 2024, DBEIL owns and maintains 398 major pieces of equipment, including concrete mixers, boom pumps, transit mixers, JCBs, rollers, mobile tower cranes, and containers, among others.
- DBEIL manages construction and infrastructure projects as an EPC (Engineering, Procurement, and Construction) contractor, offering services either on a fixed-sum turnkey basis or an item-rate/percentage basis. In an EPC contract, the company is responsible for all aspects of the project, including surveying, investigation, design, engineering, procurement, construction, operation, and maintenance. It also ensures compliance with all contract obligations. In item-rate or percentage-rate contracts (also known as unit-price or schedule contracts), the company provides rates for specific tasks based on a predetermined schedule of quantities given by the client. In these cases, the client also supplies the design and drawings.
- During FY22, the company's EPC projects generated Rs. 75.73cr, accounting for 20.86% of the total revenue. This increased to Rs. 82.92cr (19.13% of revenue) in FY23 and further to Rs. 209.17cr (40.90% of revenue) in FY24. For the three-month period ending June 30, 2024, the EPC projects contributed Rs. 47.16cr, representing 44.87% of the revenue. Similarly, item-rate/percentage-based projects contributed Rs. 224.42cr (61.82% of revenue) in FY22. In FY23, this rose slightly to Rs. 264.42cr (61% of revenue), while in FY24 it stood at Rs. 262.80cr (51.39% of revenue). For the three-month period ending June 30, 2024, these projects contributed Rs. 31.31cr, which made up 29.79% of the revenue.
- Currently, the company has twelve (12) ongoing projects, including seven (7) EPC projects and five (5) item-rate/percentage rate contracts. Of its total ongoing projects, its Construction Projects comprises of four (4) hospital and medical college projects, one (1) administrative & institutional buildings; one (1) industrial building; and its Infrastructure Projects comprises of four (4) projects relating to upgradation/development/redevelopment of Railway Station and related work, and two (2) roads & bridges projects relating to rail over bridges. Further, DBEIL also undertake operation and maintenance ("O&M") activities in accordance with its contractual obligations under the projects.

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

- DBEIL's construction business mainly focuses on projects awarded by government, semi-government, and government-controlled organizations. These projects include the construction and development of administrative and institutional buildings, hospitals and medical colleges, historical memorial complexes, industrial buildings, stadiums and sports complexes, residential complexes, and other developmental activities. In its infrastructure division, DBEIL primarily handles road and railway projects. Between FY22 and FY24, the company successfully completed 12 projects, including 3 hospitals and medical college buildings, 3 developmental and other construction activities, 3 road projects, 1 stadium and sports complex, 1 residential complex, and 1 administrative and institutional building.
- In FY22, revenue from government, semi-government, and related entities was Rs. 300.15cr, representing 82.68% of the total revenue. In FY23, this increased to Rs. 347.34cr, making up 80.13% of total revenue, and in FY24, it further rose to Rs. 472.0cr, accounting for 92.30% of revenue. For the three-month period ending June 30, 2024, the revenue from these projects stood at Rs. 78.47cr, which was 74.66% of the total revenue.
- As of June 30, 2024, DBEIL's order book totals Rs. 1,380.3cr, compared to Rs. 1,112.6cr for FY24, Rs. 1,657.8cr for FY23, and Rs. 719.6cr for FY22. In the current order book, projects awarded by the Railways account for 66.03%, while the industrial building project from IOCL contributes 25.05%. Additionally, hospital and medical projects awarded by government entities collectively make up 4.38% of the total order value.
- As of June 30, 2024, the company has an active order book comprising several projects distributed across different states. In Punjab, there are four projects, accounting for 30.87% of the total order book. Haryana has three projects, representing 40.15% of the total. Rajasthan and Uttarakhand each have one project, contributing 1.71% and 0.18%, respectively. The National Capital Territory of Delhi hosts two projects, which make up 26.67% of the order book, while the Union Territory of Chandigarh has one project, contributing 0.41%.

**Peer comparison and valuation:** DBEIL is an EPC company where it undertakes both construction & Infrastructure projects. It has diversified itself in undertaking specialized structural work which includes roads and railways development and redevelopment. During FY22-24, the company has completed various projects which has positively reflected in both revenue and profitability. The company has grown its order book to Rs. 1,380cr. The company began its journey in the northern state of Punjab, where the local governments have prioritized infrastructure development, launching initiatives to enhance connectivity, promote tourism, and create new economic opportunities.

At a higher price band, DBEIL is demanding a P/E multiple of 15.7x (to its FY24 EPS of Rs. 13), which is at a discount to its peer average. Recently, the company has improved its margins by effectively controlling costs. Majority of the company's projects are government-related. Going forward, we believe DBEIL has strong long-term growth potential, supported by government initiatives in the construction sector and the overall positive outlook for the industry. Thus, we recommend a **"SUBSCRIBE"** rating for this issue.

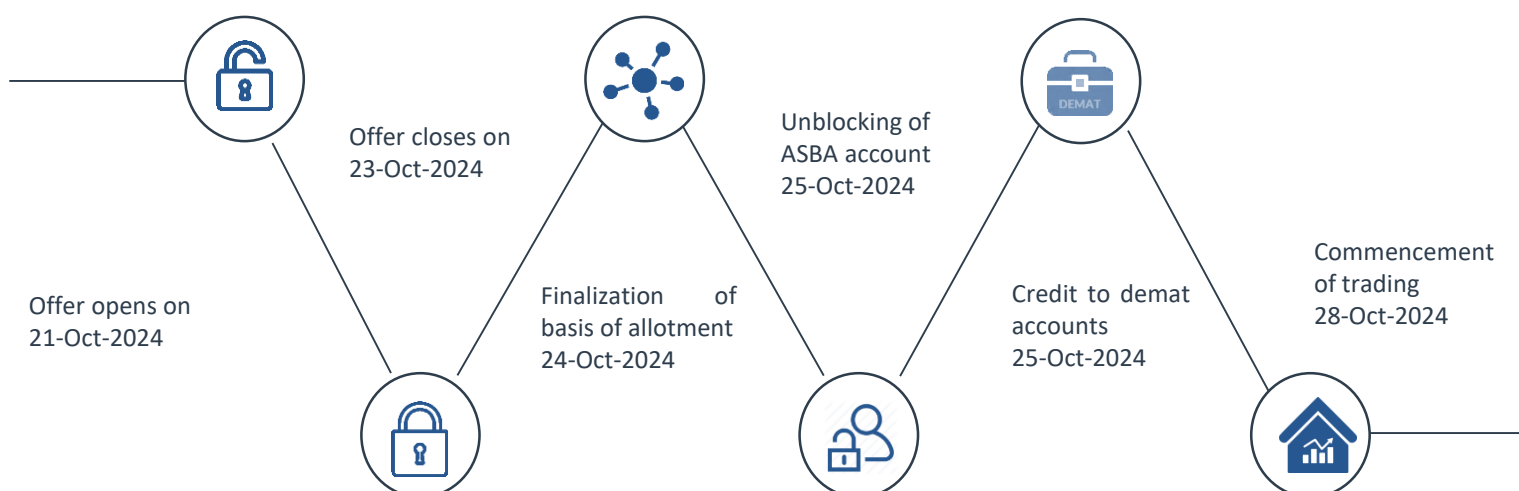
## About the issue:

- DBEIL is coming up with an IPO with 1.281cr shares (fresh issue: 1.07cr shares; OFS shares: 0.211cr shares) in offering. This offer represents 27.50% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 245.95 - 260.04cr.
- The issue is through book building process with a price band of Rs. 192 - 203 per share.
- Lot size comprises of 73 equity shares and in-multiple of 73 shares thereafter.
- The issue will open on 21<sup>st</sup> Oct. 2024 and close on 23<sup>rd</sup> Oct. 2024.
- This public issue is a combination of fresh issue (Rs. 205.4 - 217.2cr) and OFS (Rs. 40.5 - 42.8cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 30.0cr for repayment or prepayment, in full or part, of certain borrowings availed by the company and Rs. 111.9cr for funding of working capital requirements of the company. Residual proceeds will be used for general corporate purposes.
- Some of the promoter & promoter group (P&PG) entities is participating in the OFS and offloading 0.211cr equity shares. Post-IPO, the P&PG and public shareholders will have 72.50% and 27.50% 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	100.00%	72.50%
Public	0.00%	27.50%
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, DBEIL has completed numerous projects and diversified into specialized structural work. The company has also extended its operations to various states, which has contributed to growth in its order book and positively impacted both its revenue and profitability.

The company has demonstrated steady growth, with total operating revenue reaching Rs. 511.4cr, showing a CAGR of 18.1%. This progress is mainly due to an increase in its order book and successful project execution.

The company faced a significant decrease in material costs as a percentage of revenue, with these costs growing at CAGR of 6.5%. This has led to a 1,191 bps increase in gross profit margin, bringing it up to 30.6%. Additionally, a reduction employee expenses helped improve the EBITDA margin, which rose by 1,103 bps to 21.9%. In absolute terms, the consolidated EBITDA grew significantly, with CAGR of 49.0%, reaching Rs. 112.2cr in FY24.

During this period, DBEIL increased its other income. Combined with reduced operating expenses, this resulted in a significant 765 bps increase in the PAT margin, bringing it to 11.8% in FY24. Moreover, the reported PAT grew at an impressive CAGR of 67.2%, reaching Rs. 60.4cr in FY24.

DBEIL's borrowings have steadily increased over the years, resulting in a 34.0% CAGR in its financial liabilities. This rise has led to a slight increase in the company's debt-to-equity ratio, from 1.0x in FY21 to 1.1x in FY24. Pre-issue RoIC and RoE stood at 36.4% and 37.7%, respectively, in FY24.

Pre-issue financial snapshot (Rs. cr)	FY21	FY22	FY23	FY24	Q1FY25	CAGR over FY21-24	Y-o-Y (FY24 annual)
Administrative & Institution	4.0	2.2	0.0	2.5	0.0	-15.3%	
Hospitals and medical college	147.8	164.7	223.2	172.3	32.1	5.2%	-22.8%
Sports & Stadiums Complex	11.2	9.2	0.0	4.3	0.0	-27.1%	
Developmental and other Construction Activity	52.7	23.2	30.1	3.3	0.0	-60.4%	-89.2%
Residential Buildings	0.0	60.0	24.3	2.7	0.8		-88.8%
Industrial Building	0.0	0.0	50.7	101.8	6.1		100.6%
Road Projects	215.7	259.3	328.4	286.9	38.9	10.0%	-12.6%
Railway Projects	0.0	0.0	0.0	0.0	0.0		
Sale of Material	76.1	40.9	16.1	9.9	0.0	-49.4%	-38.7%
Revenue from operations	310.8	363.1	433.5	511.4	105.1	18.1%	18.0%
Gross profit	58.2	64.3	77.2	156.7	39.9	39.1%	102.8%
EBITDA	33.9	41.9	50.9	112.2	30.2	49.0%	120.5%
Reported PAT	12.9	17.7	21.4	60.4	14.2	67.2%	182.4%
Restated adjusted EPS	2.8	3.8	4.6	13.0	3.1	67.2%	182.4%
Cash flow from operating activities	5.9	0.6	12.9	(26.8)	6.4		-308.4%
NOPLAT	22.0	28.5	33.8	77.6	17.5	52.3%	129.8%
FCF		33.9	(28.7)	18.5			-164.3%
RoIC (%)	22.2%	30.9%	23.0%	36.4%	6.9%	1,421 bps	1,338 bps
Revenue growth rate		16.8%	19.4%	18.0%			
Gross profit growth rate		10.4%	20.2%	102.8%			
Gross profit margin	18.7%	17.7%	17.8%	30.6%	37.9%	1,191 bps	1,281 bps
EBITDA growth rate		23.7%	21.3%	120.5%			
EBITDA margin	10.9%	11.6%	11.7%	21.9%	28.7%	1,103 bps	1,020 bps
Restated PAT growth rate		36.6%	21.1%	182.4%			
Restated PAT margin	4.2%	4.9%	4.9%	11.8%	13.5%	765 bps	688 bps
Inventories days	28.9	47.1	100.7	136.6	205.7	67.8%	35.7%
Trade receivables days	126.5	102.3	81.4	60.6	85.2	-21.8%	-25.6%
Trade payables days	(75.3)	(73.6)	(84.0)	(83.1)	(117.4)	3.3%	-1.1%
Cash conversion cycle	80.1	75.8	98.0	114.1	173.5	12.5%	16.4%
Total asset turnover ratio	1.3	1.1	1.0	0.9	0.2	-10.5%	-5.1%
Current ratio	1.4	1.3	1.5	1.7	1.7	4.7%	12.9%
Quick ratio	1.2	0.8	0.6	0.7	0.8	-16.0%	11.7%
Total debt	71.4	85.0	106.2	171.6	172.8	34.0%	61.6%
Net debt	66.6	84.7	103.0	171.5	171.6	37.1%	66.4%
Debt to equity	1.0	1.0	1.1	1.1	1.0	0.9%	1.5%
Net debt to EBITDA	2.0	2.0	2.0	1.5	5.7	-8.0%	-24.5%
RoE	18.9%	20.9%	21.3%	37.7%	8.2%	1,881 bps	1,645 bps
RoA	5.3%	5.5%	4.8%	10.8%	2.2%	550 bps	605 bps
RoCE	24.0%	23.7%	19.0%	31.8%	7.7%	788 bps	1,281 bps

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

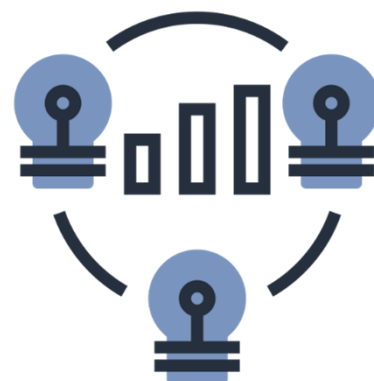


### Competitive strengths:

- Decent order book with a government client base
- Continuous Focus on equipment ownership
- Strong financial performance
- Experienced Promoters and Strong Senior Management Expertise

### Business strategy:

- Establish the position in Northern India and expand its foot print in other geographies
- Constant expansion of pre-qualification and bid capacities
- Further enhance the project execution capabilities
- Leverage core competencies with enhanced in-house integration



### Risk and concerns:

- General slowdown in the global economic activities
- Major revenue concentration from government and government controlled entities
- Projects concentration in the state of Punjab
- Revenue are generated from a limited number of clients
- Competition



## Financial statements:

Restated profit and loss statement (Rs. cr)							
	FY21	FY22	FY23	FY24	Q1FY25	CAGR over FY21-24	Annual growth over FY23
<b>Revenue from operations</b>	<b>310.8</b>	<b>363.1</b>	<b>433.5</b>	<b>511.4</b>	<b>105.1</b>	<b>18.1%</b>	<b>18.0%</b>
Cost of material consumed	(222.2)	(249.3)	(289.1)	(268.4)	(49.9)	6.5%	-7.2%
Construction Expenses	(30.3)	(49.5)	(67.1)	(86.4)	(15.3)	41.8%	28.6%
<b>Gross profit</b>	<b>58.2</b>	<b>64.3</b>	<b>77.2</b>	<b>156.7</b>	<b>39.9</b>	<b>39.1%</b>	<b>102.8%</b>
Employee benefits expenses	(20.8)	(16.5)	(20.4)	(31.3)	(6.1)	14.6%	53.4%
Other expenses	(3.5)	(5.9)	(5.9)	(13.1)	(3.5)	55.6%	121.4%
<b>EBITDA</b>	<b>33.9</b>	<b>41.9</b>	<b>50.9</b>	<b>112.2</b>	<b>30.2</b>	<b>49.0%</b>	<b>120.5%</b>
Depreciation & amortization expenses	(3.3)	(3.6)	(5.6)	(7.2)	(1.6)	29.8%	28.8%
<b>EBIT</b>	<b>30.6</b>	<b>38.3</b>	<b>45.3</b>	<b>105.0</b>	<b>28.6</b>	<b>50.8%</b>	<b>131.8%</b>
Finance costs	(13.9)	(16.5)	(18.6)	(28.6)	(6.6)	27.2%	53.7%
Other income	1.3	1.9	2.0	5.3	1.2	60.9%	166.3%
<b>PBT</b>	<b>18.0</b>	<b>23.7</b>	<b>28.7</b>	<b>81.8</b>	<b>23.2</b>	<b>65.5%</b>	<b>184.7%</b>
Tax expenses	(5.1)	(6.1)	(7.3)	(21.4)	(9.0)	61.2%	191.6%
<b>Reported PAT</b>	<b>12.9</b>	<b>17.7</b>	<b>21.4</b>	<b>60.4</b>	<b>14.2</b>	<b>67.2%</b>	<b>182.4%</b>

Restated balance sheet statement (Rs. cr)							
	FY21	FY22	FY23	FY24	Q1FY25	CAGR over FY21-24	Annual growth over FY23
Equity share capital	35.9	35.9	35.9	35.9	35.9	0.0%	0.0%
Other equity	32.4	48.8	64.7	124.2	138.2	56.5%	92.1%
Non-current borrowings	25.7	31.5	33.2	80.4	71.8	46.2%	142.4%
Non-current lease liabilities	0.0	0.0	0.0	3.5	3.4		
other financial liabilities	0.9	1.0	1.5	0.7	0.8	-7.6%	-52.6%
Non-current provisions	0.0	0.5	0.7	0.9	0.9		33.0%
Other non-current liabilities	32.9	39.6	103.1	82.6	118.8	36.0%	-19.9%
Deferred Tax liabilities (Net)	4.8	4.5	2.4	1.8	1.7	-28.0%	-23.4%
Trade payables	64.1	82.4	117.2	115.7	137.1	21.7%	-1.3%
Current borrowings	41.1	48.2	63.4	72.6	81.3	20.9%	14.6%
Current lease liabilities	0.0	0.0	0.0	0.1	0.1		
other financial liabilities	3.6	4.3	8.1	14.2	15.3	58.1%	75.9%
Current provisions	0.0	0.0	0.2	0.3	0.3		17.5%
Other current liabilities	1.7	25.5	18.6	16.9	18.8	116.3%	-9.0%
Current Tax liabilities (Net)	0.0	0.0	0.4	8.9	16.7		
<b>Total liabilities</b>	<b>243.2</b>	<b>322.2</b>	<b>449.3</b>	<b>558.8</b>	<b>641.1</b>	<b>32.0%</b>	<b>24.4%</b>
Property, Plant and Equipment	50.6	50.9	50.9	54.0	52.9	2.2%	6.2%
Right-of-use assets	0.0	0.0	0.0	10.5	10.3		
Investments	0.1	0.1	0.0	0.1	0.1	1.5%	
other financial assests	29.8	46.3	66.7	74.9	75.0	35.9%	12.4%
Other non-current assets	3.6	23.0	27.8	41.7	41.5	125.6%	49.7%
Inventories	24.6	69.1	170.0	212.9	240.2	105.2%	25.2%
Trade receivables	107.7	95.8	97.5	72.3	99.5	-12.5%	-25.9%
Cash & cash equivalents	4.8	0.2	3.2	0.1	1.3	-73.7%	-97.3%
Current Tax assets (net)	0.7	1.8	0.0	0.0	0.0	-100.0%	
Other current assets	21.2	34.9	33.3	92.3	120.4	63.4%	177.6%
<b>Total assets</b>	<b>243.2</b>	<b>322.2</b>	<b>449.3</b>	<b>558.8</b>	<b>641.1</b>	<b>32.0%</b>	<b>24.4%</b>



## Financial statements (Contd...):

Restated cash flow statement (Rs. cr)							
	FY21	FY22	FY23	FY24	Q1FY25	CAGR over FY21-24	Annual growth over FY23
Cash flow before working capital changes	28.0	40.8	48.5	112.2	29.9	58.8%	131.2%
Working capital changes	(17.0)	(32.4)	(28.5)	(126.0)	(22.2)	95.0%	342.8%
<b>Cash flow from operating activities</b>	<b>5.9</b>	<b>0.6</b>	<b>12.9</b>	<b>(26.8)</b>	<b>6.4</b>		<b>-308.4%</b>
Purchase of fixed assets and CWIP	(3.5)	(5.2)	(13.4)	(13.5)	(0.5)	56.8%	0.8%
<b>Cash flow from investing activities</b>	<b>(3.4)</b>	<b>(5.2)</b>	<b>(13.1)</b>	<b>(11.1)</b>	<b>(0.6)</b>	48.6%	<b>-15.0%</b>
<b>Cash flow from financing activities</b>	<b>1.5</b>	<b>0.0</b>	<b>3.2</b>	<b>34.9</b>	<b>(4.7)</b>	<b>183.6%</b>	
<b>Net cash flow</b>	<b>4.0</b>	<b>(4.5)</b>	<b>2.9</b>	<b>(3.1)</b>	<b>1.2</b>		<b>-205.2%</b>
Cash and cash equivalents at the beginning of the year	0.8	4.8	0.2	3.2	0.1	61.1%	1231.9%
<b>Closing balance of cash from continuing operations</b>	<b>4.8</b>	<b>0.2</b>	<b>3.2</b>	<b>0.1</b>	<b>1.3</b>	<b>-73.7%</b>	<b>-97.3%</b>

Financial ratios					
Particulars	FY21	FY22	FY23	FY24	Q1FY25
<b>Profitability ratios</b>					
Revenue growth rate		16.8%	19.4%	18.0%	
Gross profit growth rate		10.4%	20.2%	102.8%	
Gross profit margin	18.7%	17.7%	17.8%	30.6%	37.9%
EBITDA growth rate		23.7%	21.3%	120.5%	
EBITDA margin	10.9%	11.6%	11.7%	21.9%	28.7%
EBIT growth rate		25.2%	18.2%	131.8%	
EBIT margin	9.9%	10.6%	10.5%	20.5%	1.2%
Restated PAT growth rate		36.6%	21.1%	182.4%	
Restated PAT margin	4.2%	4.9%	4.9%	11.8%	13.5%
<b>Turnover ratios</b>					
Inventory turnover ratio	12.6	7.7	3.6	2.7	0.4
Trade receivable turnover ratio	2.9	3.6	4.5	6.0	1.1
Accounts payable turnover ratio	4.8	5.0	4.3	4.4	0.8
Fixed asset turnover ratio	6.1	7.1	8.5	7.9	1.7
Total asset turnover ratio	1.3	1.1	1.0	0.9	0.2
<b>Liquidity ratios</b>					
Current ratio	1.4	1.3	1.5	1.7	1.7
Quick ratio	1.2	0.8	0.6	0.7	0.8
Total debt	71.4	85.0	106.2	171.6	172.8
Net debt	66.6	84.7	103.0	171.5	171.6
Debt to equity	1.0	1.0	1.1	1.1	1.0
Net debt to EBITDA	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.5</b>	<b>5.7</b>
<b>Cash flow ratios</b>					
CFO to PAT	0.5	0.0	0.6	(0.4)	0.5
CFO to Capex	1.7	0.1	1.0	(2.0)	12.4
CFO to total debt	0.1	0.0	0.1	(0.2)	0.0
CFO to current liabilities	0.1	0.0	0.1	(0.1)	0.0
<b>Return ratios</b>					
RoIC (%)	22.2%	30.9%	23.0%	36.4%	6.9%
RoE (%)	18.9%	20.9%	21.3%	37.7%	8.2%
RoA (%)	5.3%	5.5%	4.8%	10.8%	2.2%
RoCE (%)	24.0%	23.7%	19.0%	31.8%	7.7%
<b>Per share data</b>					
Restated EPS (Rs.)	2.8	3.8	4.6	13.0	3.1
BVPS (Rs.)	14.7	18.2	21.6	34.4	37.4
Operating cash flow per share (Rs.)	1.3	0.1	2.8	(5.8)	1.4

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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