

# IPO Report

Choice

**“Subscribe for Long Term” to  
International Gemmological Institute (India) Ltd.**

Highly priced issue.



### Salient features of the IPO:

- International Gemmological Institute (India) Ltd.** (IGI India), is the company providing services related to the certification and accreditation of natural diamonds, laboratory-grown diamonds, studded jewelry and colored stones as well as the offering of educational programs, is coming up with an IPO to raise around Rs. 4,225cr, which opens on 13<sup>th</sup> Dec. and closes on 17<sup>th</sup> Dec. 2024. The price band is Rs. 397 - 417 per share.
- This public issue is a combination of fresh issue (Rs. 1,475cr) and OFS (Rs. 2,750cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 1,300.0cr for Payment of the purchase consideration for the acquisition of the IGI Belgium Group and IGI Netherlands Group from the company’s promoter. Residual proceeds will be used for general corporate purposes.
- The promoter & promoter group (P&PG) entity is participating in the OFS and is offloading 6.595cr – 6.927cr equity shares. Post-IPO, the P&PG and public shareholders will have 76.55% and 23.45% stake in the company, respectively.

### Key competitive strengths:

- Global Market Leader in Certification Services for the Rapidly Expanding Laboratory-Grown Diamond Industry
- Comprehensive Certification and Accreditation Services for a Diverse Customer Base Across the Value Chain
- Education initiatives that support spreading awareness, building customer partnerships and the company’s brand
- Proven Track Record of Driving Growth in Revenue, Margins, and Returns

### Risk and concerns:

- Reliance on Information Technology Systems and Risks of Disruptions or Security Breaches
- Risks Related to Grading Process, Fraud Prevention, and Quality Control Challenges
- Laboratories concentrated in Gujrat and Maharashtra
- Impact of Economic, Political, and Market Conditions
- Unfavorable foreign currency exchange rates
- Competition

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

- China, India, and the USA emerge as the leading consumption markets in the global jewelry landscape, collectively contributing to a 74% market share in Calendar Year 2023 (CY23) in terms of value, which is expected to rise to 79% by CY28. This growth is expected to be primarily fueled by India, which is projected to grow at a CAGR of 12% until CY28, 2.5x of the global jewelry growth rate.
- Diamond-studded jewelry, the second-largest segment in India, contributing 15% to the overall market in CY23, is expected to drive India’s jewelry market by growing at a projected 20% CAGR from CY23 to CY28.
- The advent of lab-grown diamonds (LGDs), which have 70-80% lower selling prices than natural diamonds on a per-carat basis in CY23, is enabling growth in the market. LGD prices have declined by 37% from CY20 to CY23.
- Of the total number of diamonds, the penetration of certification for natural diamonds is 65% in CY23, with IGI having a global market share of 42% in terms of the no. of studded jewelry certifications in CY23. The certification penetration for LGDs is higher at 70% in CY23. The overall natural diamond certificate generation is expected to rise by 3% till CY28. LGD Certification is leading the certification growth by volume expected to rise by 25%. Overall, an estimated 22-26 mn certifications were issued in CY23, which is projected to grow at a CAGR of 5-10% till CY28.

### Issue details

Price band	Rs. 397 - 417 per share
Face value	Rs. 2
Shares for fresh issue	3.537 - 3.715cr shares
Shares for OFS	6.595cr - 6.927cr shares
Fresh issue size	Rs. 1,475.0 cr
OFS issue size	Rs. 2,750.0 cr
Total issue size	10.132cr – 10.642cr shares (Rs. 4,225.0 cr)
Employee reservation	0.0048cr – 0.0050cr shares (Rs. 2.0cr)
Net issue size	10.127cr – 10.637cr shares (Rs. 4223cr)
Bidding date	13 <sup>th</sup> Dec. – 17 <sup>th</sup> Dec. 2024
Implied MCAP at higher price band	Rs. 18,020.85 Cr
Implied enterprise value at higher price band	Rs. 16,286.97 Cr
Book running lead manager	Axis Capital Ltd., Kotak Mahindra Capital Company Ltd., Morgan Stanley India Company Pvt. Ltd., and SBI Capital Markets Ltd.
Registrar	Kfin Technologies Ltd.
Sector	Gemstone and Jewellery
Promoters	BCP ASIA II TOPCO PTE. LTD.

Category	Percent of issue (%)	Number of shares
QIB portion	75%	7.595cr – 7.978cr shares
Non institutional portion (Big)	10%	1.013cr – 1.064cr shares
Non institutional portion (Small)	5%	0.506cr - 0.532cr shares
Retail portion	10%	1.013cr - 1.064cr shares

### Indicative IPO process time line

Finalization of basis of allotment	18 <sup>th</sup> Dec. 2024
Unblocking of ASBA account	19 <sup>th</sup> Dec. 2024
Credit to demat accounts	19 <sup>th</sup> Dec. 2024
Commencement of trading	20 <sup>th</sup> Dec. 2024

### Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	100.00%	76.55%
Public	0.00%	23.45%
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	35 shares
Employee discount	Rs. 39 per share
Application money	Rs. 14,595 per lot

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

- India is the world's largest center for cutting and polishing diamonds, accounting for 95% of the world's total polished diamonds in volume terms in CY23. This is primarily due to the low labor costs and an abundance of skilled artisans, talent accumulated with Surat, which has been a diamond trading center for several decades. In India, Surat is the primary hub of cutting and polishing diamonds, contributing to more than 90% of India's total volume of CPD in CY23.
- Currently, IGI India, along with IGI Belgium and IGI Netherlands, are held by the Promoter, BCP Asia II TopCo Pte. Ltd. IGI Belgium and IGI Netherlands, along with their respective subsidiaries, manage the operations of the IGI business outside of India and Türkiye. Post-acquisition, IGI India will become the 100% shareholder of IGI Belgium and IGI Netherlands, thereby assuming responsibility for the global operations of the IGI business.
- Since May 2023, IGI has been wholly owned by BCP Asia II TopCo Pte. Ltd., which is an affiliate of funds managed and/or advised by affiliates of Blackstone, the world's largest alternative asset manager, based on assets under management of USD 1,107.63 bn as of September 30, 2024.
- **The Pre-Acquisition Group** (IGI group operating in India and Türkiye): Incorporated in February 1999, IGI India's primary business is the provision of services related to the certification and accreditation of natural diamonds, laboratory-grown diamonds, studded jewelry and colored stones as well as the offering of educational programs.
- IGI India holds approximately 50% market share globally in terms of number of certifications of diamonds, studded jewelry and colored stones for CY23. As of September 30, 2024, IGI India has the largest pan-India laboratory network among its global peers for grading lab-grown diamond, the Pre-Acquisition Group has 19 IGI laboratories in India and 1 in Türkiye which perform certification services.
- The key services/offering of the Pre-Acquisition Group are: Comprehensive diamond grading, Evaluating the quality and authenticity of colored stones, Grading and assessment of finished jewelry pieces, Conducting educational programs and courses.
- IGI India was the first to provide certification and accreditation services among our global peers in 1999 and was the first international laboratory for diamonds, studded jewelry and colored stones certification to be established. As the largest certification services provider for laboratory-grown diamonds in India, IGI India serves more than 5 Indian growers of laboratory-grown diamonds.
- Over the years, the company has strengthened its relationships with the customers and stakeholders through various initiatives such as introducing co-branded reports, in-factory laboratory set-ups, mobile laboratory set-ups, and continually expanding our suite of certification and accreditation services.
- Company's model has enabled the Pre-Acquisition Group to deliver a demonstrated track record of growth and profitability. For the nine-months period ended September 30, 2024 and 2023, and for CY23, CY22 and CY21, revenue from operations of the Pre-Acquisition Group was Rs. 596.36cr, Rs.453.79cr, Rs.638.53cr, Rs.490.99cr and Rs.364.69cr, respectively, representing a CAGR of 32.32% from CY2021 to CY2023.
- **The Post-Acquisition Group:** For the certification and accreditation of LGD, the fastest growing sub-segment within the overall jewelry market with a CAGR of approximately 19% from CY19 to CY23, IGI is the global leader with approximately 65% of the market share based on the number of certifications for CY23. As of September 30, 2024, IGI has a global network of 31 branches which are equipped with IGI laboratories across 10 countries and 18 schools of gemology across 6 countries, the largest number of laboratories and schools established.
- As per the ProForma financial information, revenue from operations of the Post-Acquisition Group, for the nine-months period ended September 30, 2024 and for CY23, was Rs. 788.16cr and Rs. 898.01cr, respectively. EBITDA for the same period was Rs. 441.71cr and Rs. 496.00cr, and PAT was Rs. 316.83cr and Rs. 330.85cr, respectively.
- Additionally, in 2018, IGI introduced the Dcheck System that enables it to differentiate between laboratory-grown diamonds and natural diamonds in loose as well as in mounted condition. To support the laboratory-based services, IGI offers digital solutions through online platforms including IGI's website and application programming interface ("API"), for customers and their end-consumers to access their respective grading reports. These are accessible through a QR code in the grading reports.
- IGI's global education platform, the IGI Schools of Gemology, enables the group to promote the IGI brand, raise awareness about the need for certification in the diamonds, studded jewelry and colored stones industry, and helps upskill industry professionals. It provides a range of courses spanning the study of polished and rough diamonds, colored stone grading, jewelry design and retail support courses along with a graduate gemologist diploma (IGI, G.G.).
- Increase in sales of LGDs, where approximately 70% of LGDs are being certified globally in CY23, and surging demand for LGDs and is expected to lead to increased certification requirements to approximately 85% of LGDs by CY28.
- In terms of certification, the loose stones and studded jewelry certification market is estimated at Rs. 46 - 54 bn in CY23. An estimated 22 - 26 mn certifications were issued in CY23, which is expected to grow at a CAGR of 5% to 10% from CY23 to CY28, with laboratory-grown diamonds certification leading the certification growth by volume and is expected to increase by approximately 25% in CY28.

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

- The certification and accreditation services we provide to the customers for diamonds mainly come in the form of a Natural Diamond Report or Laboratory Grown Diamond Report depending on the diamond type. IGI's diamond reports include details such as whether the diamond is of natural or laboratory-grown origin and will document all aspects of the diamond's value setting 4Cs.
- IGI's Jewelry Report describes the article, identifying all mounted colored stones as well as precious metal content and purity stamps, if present. For jewelry pieces with diamond center stones, its shape, cutting style, measurements and 4Cs assessments are provided in the Jewelry Reports, as mounting permits. For jewelry pieces with color center stones, its species, variety, shape, cutting style, measurements, color, transparency, and other relevant gemological details are provided in the Jewelry Reports, as mounting permits.
- The company's Colored Stone Report identifies certain details of a colored stone, including its species and variety and characteristics. A detailed photograph is included, and the country of origin will be stated in the report if this can be conclusively ascertained by gemological analysis.

**Peer comparison and valuation:** IGI India is a globally recognized leader in certifying and grading natural diamonds, laboratory-grown diamonds, studded jewelry, and colored stones, as well as offering educational programs. The company has demonstrated consistent figures in both revenue and profit in the reported periods and is also a dividend-paying entity.

There are no listed comparable peers having business model similar to IGI. At the upper end of its price range, IGI India is demanding a P/E multiple of 43.7x, based on its TTM EPS of Rs. 9.5, and an EV/Sales multiple of 20.9x, which suggests it is highly priced based on the company's margins and return ratios. With India holding a 95% share of the global diamond polishing market by volume, IGI, as the market leader, is well-positioned to benefit from this dominance in the long term. However, despite the high valuations, the industry's positive growth trends may support IGI's future prospects. Thus, we recommend a **"Subscribe for Long Term"** rating for this issue.

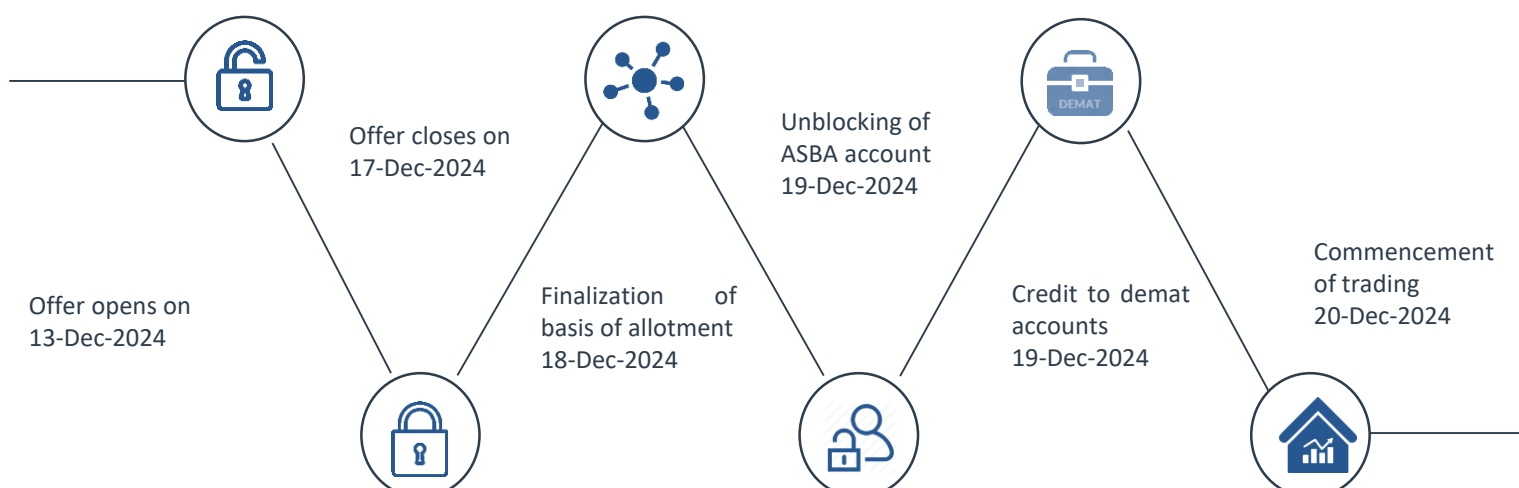
## About the issue:

- IGI India is coming up with an IPO with 10.132 – 10.642cr shares (fresh issue: 3.537 – 3.715cr shares; OFS shares: 6.595 – 6.927cr shares) in offering. This offer represents 23.45% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 4,225cr.
- The issue is through book building process with a price band of Rs. 397 – 417 per share.
- Lot size comprises of 35 equity shares and in-multiple of 35 shares thereafter.
- The issue will open on 13<sup>th</sup> Dec. 2024 and close on 17<sup>th</sup> Dec. 2024.
- This public issue is a combination of fresh issue (Rs. 1,475cr) and OFS (Rs. 2,750cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 1,300.0cr for Payment of the purchase consideration for the acquisition of the IGI Belgium Group and IGI Netherlands Group from the company's promoter. Residual proceeds will be used for general corporate purposes.
- The promoter & promoter group (P&PG) entity is participating in the OFS and is offloading 6.595cr – 6.927cr equity shares. Post-IPO, the P&PG and public shareholders will have 76.55% and 23.45% stake in the company, respectively.
- 75% of the net issue is reserved for qualified institutional buyers, while 15% and 10% 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%	76.55%
Public	0.00%	23.45%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Pre-issue financial performance:

**Performance over CY21-23:** On the financial performance front, Pre-Acquisition group has reported a robust profitable growth in the business during CY21-23, due to an increase in sales volume, with the number of reports generated.

The company's growth has increased, with total operating revenue reaching Rs. 638.5cr, reflecting a CAGR of 32.3%, due to an increase in the certifications of LGDs and no. of enrolments in the courses.

The gross profit margin was maintained at 99.5% in CY23. With relatively, lower employee expenses, EBITDA margin expanded by 451bps to 70.5%. Consequently, consolidated EBITDA increased by 36.8% CAGR to Rs. 450.1cr in CY23. This in turn leads to a 382bps increase in the PAT margin, rising it to 50.0% in CY23 and a rise in the reported PAT by a CAGR of 37.6%, reaching Rs. 324.7cr in CY23.

The pre-acquisition group has increased borrowings which led to the debt-to-equity ratio rising to 1.1x in CY23. Pre-issue RoIC and RoE stood at 73.7% and 63.8%, respectively, in CY23.

**Performance during 9M period ending 30 September' 2024:** Continuing with the CY23 profitable growth momentum, IGI has reported a 31.4% Y-o-Y rise in the consolidated revenue to Rs 596.4cr. With the decline in the employee expenses, EBITDA and PAT margin expanded by 116bps and 207bps, respectively to 72% and 54.7% in the period.

On TTM basis, consolidated revenue stood at Rs. 781.1cr, with EBITDA and PAT margin of 71.4% and 52.8%, respectively.

Pre-issue financial snapshot (Rs. cr)	CY21	CY22	CY23	9M period ending September 30, 2023	9M period ending September 30, 2024	TTM	CAGR over CY21-23	Annual growth over CY22
<b>Certification and Accreditation</b>	<b>357.4</b>	<b>477.7</b>	<b>620.7</b>	<b>441.1</b>	<b>585.7</b>	<b>765.3</b>	<b>31.8%</b>	<b>29.9%</b>
<i>Laboratory-grown diamonds</i>	128.7	205.0	333.9	233.8	351.6	451.6	61.1%	62.9%
<i>Natural diamonds</i>	118.4	122.1	122.4	93.0	115.7	145.1	1.7%	0.2%
<i>Studded jewelry and coloured stones</i>	110.4	150.6	164.4	114.2	118.4	168.5	22.0%	9.2%
<i>Education</i>	2.5	3.9	5.4	4.5	3.7	4.5	47.3%	38.4%
<i>Traded Goods</i>	2.5	2.4	3.5	3.4	1.6	1.7	19.1%	44.6%
<b>Revenue from operations</b>	<b>364.7</b>	<b>491.0</b>	<b>638.5</b>	<b>453.8</b>	<b>596.4</b>	<b>781.1</b>	<b>32.3%</b>	<b>30.0%</b>
Gross profit	363.0	489.0	635.2	451.0	593.8	778.0	32.3%	29.9%
EBITDA	240.6	335.2	450.1	321.3	429.2	558.0	36.8%	34.3%
Reported PAT	171.5	241.8	324.7	238.7	326.1	412.1	37.6%	34.3%
Restated adjusted EPS	4.0	5.6	7.5	5.5	7.5	9.5	37.6%	34.3%
Cash flow from operating activities	193.4	194.2	297.3	198.2	327.5	426.5	24.0%	53.1%
NOPLAT	165.8	237.6	319.7	236.0	310.2	394.3	38.9%	34.6%
FCF	174.4	150.4	235.3	222.5	172.0	380.7	-	56.5%
RoIC (%)	68.6%	68.4%	73.7%	57.3%	54.8%	69.6%	509bps	528bps
Revenue growth rate	-	34.6%	30.0%	-	31.4%	-	-	(458)Bps
Gross profit growth rate	-	34.7%	29.9%	-	31.7%	-	-	(480)Bps
Gross profit margin	99.5%	99.6%	99.5%	99.4%	99.6%	99.6%	(4)bps	(10)Bps
EBITDA growth rate	-	39.3%	34.3%	-	33.6%	-	-	(499)bps
EBITDA margin	66.0%	68.3%	70.5%	70.8%	72.0%	71.4%	451bps	223bps
Restated PAT growth rate	-	40.9%	34.3%	-	36.6%	-	-	(662)bps
Restated PAT margin	47.0%	49.2%	50.9%	52.6%	54.7%	52.8%	382bps	162bps
Inventories days	0.2	0.1	0.3	0.5	0.7	0.7	26.1%	126.6%
Trade receivables days	34.1	36.1	48.8	69.0	59.1	61.0	19.6%	35.2%
Trade payables days	(14.5)	(7.4)	(4.2)	(3.3)	(4.1)	(4.3)	-46.2%	-42.8%
Cash conversion cycle	19.8	28.9	44.9	66.2	55.6	57.4	50.7%	55.4%
Total asset turnover ratio	1.1	1.3	1.3	0.8	0.8	1.0	5.2%	-6.4%
Current ratio	3.6	7.1	5.6	5.8	5.2	5.2	24.6%	-21.0%
Total debt	18.8	28.9	54.1	53.6	81.2	81.2	69.4%	87.4%
Net debt	(17.6)	(5.2)	(62.6)	(47.8)	60.9	60.9	88.4%	1111.0%
Debt to equity	0.1	0.1	0.1	0.1	0.1	0.1	17.0%	24.8%
Net debt to EBITDA	(0.1)	(0.0)	(0.1)	(0.1)	0.1	0.1	37.8%	801.7%
RoE	70.7%	71.3%	63.8%	53.0%	50.7%	64.0%	(691)bps	(750)bps
RoA	53.7%	66.4%	64.2%	44.1%	42.0%	53.1%	1,051bps	(219)bps
RoCE	100.6%	96.2%	103.4%	81.5%	63.8%	83.0%	280bps	719bps

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



### Competitive strengths:

- Global Market Leader in Certification Services for the Rapidly Expanding Laboratory-Grown Diamond Industry
- Comprehensive Certification and Accreditation Services for a Diverse Customer Base Across the Value Chain
- Education initiatives that support spreading awareness, building customer partnerships and the company's brand
- Proven Track Record of Driving Growth in Revenue, Margins, and Returns

### Business strategy:

- Maintain leadership position in certification of laboratory-grown diamonds
- Expand presence in the natural diamond and studded jewelry and colored stone vertical
- Expand global laboratory network
- Leverage strength in education to increase awareness as well as build trust and transparency
- Continue to invest in technology including AI to improve processes



### Risk and concerns:

- Reliance on Information Technology Systems and Risks of Disruptions or Security Breaches
- Risks Related to Grading Process, Fraud Prevention, and Quality Control Challenges
- Laboratories concentrated in Gujrat and Maharashtra
- Impact of Economic, Political, and Market Conditions
- Unfavorable foreign currency exchange rates
- Competition

## Financial statements:

Restated consolidated profit and loss statement (Rs. cr)								
	CY21	CY22	CY23	9M period ending September 30, 2023	9M period ending September 30, 2024	TTM	CAGR over CY21- 23	Annual growth over CY22
<b>Revenue from operations</b>	<b>364.7</b>	<b>491.0</b>	<b>638.5</b>	<b>453.8</b>	<b>596.4</b>	<b>781.1</b>	<b>32.3%</b>	<b>30.0%</b>
Purchase of stock-in-trade	(1.5)	(2.0)	(3.9)	(3.5)	(3.3)	(3.7)	59.9%	93.9%
Changes in inventories of stock-in-trade	(0.2)	(0.0)	0.6	0.7	0.7	0.6	-	-3488.9%
<b>Gross profit</b>	<b>363.0</b>	<b>489.0</b>	<b>635.2</b>	<b>451.0</b>	<b>593.8</b>	<b>778.0</b>	<b>32.3%</b>	<b>29.9%</b>
Employee benefits expenses	(73.5)	(87.6)	(97.1)	(70.9)	(84.1)	(110.3)	14.9%	10.8%
Other expenses	(48.8)	(66.1)	(88.0)	(58.8)	(80.5)	(109.7)	34.3%	33.1%
<b>EBITDA</b>	<b>240.6</b>	<b>335.2</b>	<b>450.1</b>	<b>321.3</b>	<b>429.2</b>	<b>558.0</b>	<b>36.8%</b>	<b>34.3%</b>
Depreciation & amortization expenses	(12.5)	(11.5)	(13.2)	(9.9)	(10.9)	(14.1)	2.6%	14.2%
<b>EBIT</b>	<b>228.2</b>	<b>323.7</b>	<b>437.0</b>	<b>311.4</b>	<b>418.3</b>	<b>543.9</b>	<b>38.4%</b>	<b>35.0%</b>
Finance costs	(1.7)	(2.6)	(3.3)	(1.9)	(1.8)	(3.2)	39.3%	25.6%
Other income	9.6	8.3	10.1	5.4	23.1	27.8	2.7%	21.5%
<b>PBT</b>	<b>236.0</b>	<b>329.4</b>	<b>443.8</b>	<b>315.0</b>	<b>439.7</b>	<b>568.5</b>	<b>37.1%</b>	<b>34.7%</b>
Tax expenses	(64.5)	(87.6)	(119.0)	(76.3)	(113.6)	(156.4)	35.8%	35.9%
<b>Reported PAT</b>	<b>171.5</b>	<b>241.8</b>	<b>324.7</b>	<b>238.7</b>	<b>326.1</b>	<b>412.1</b>	<b>37.6%</b>	<b>34.3%</b>

Restated consolidated balance sheet statement (Rs. cr)								
	CY21	CY22	CY23	9M period ending September 30, 2023	9M period ending September 30, 2024	TTM	CAGR over CY21-23	Annual growth over CY22
Equity share capital	0.4	0.4	0.4	0.4	79.4	79.4	0.0%	0.0%
Other Equity	242.2	338.7	508.6	449.6	564.1	564.1	44.9%	50.2%
Non-current lease liabilities	12.7	21.1	22.7	24.2	21.1	21.1	33.7%	7.7%
Non-current employee benefit obligations	4.0	4.4	7.5	9.4	11.1	11.1	37.3%	69.8%
Deferred Tax Liabilities (Net)	4.0	5.8	0.0	0.0	0.2	0.2	-89.1%	-99.2%
Trade payables	14.5	5.2	9.5	5.5	9.1	9.1	-19.3%	80.6%
Current lease liabilities	3.6	5.6	7.9	8.3	8.0	8.0	0.0%	41.2%
Other current financial liabilities	2.5	2.2	23.5	21.1	52.1	52.1	205.0%	985.9%
Other current liabilities	21.0	20.1	18.1	17.9	20.2	20.2	-7.1%	-9.6%
Current employee benefit obligations	3.0	4.4	5.0	4.8	0.4	0.4	29.5%	14.6%
Net current income tax liabilities	11.8	1.2	-	-	10.0	10.0	-	-
<b>Total liabilities</b>	<b>319.7</b>	<b>409.0</b>	<b>603.2</b>	<b>541.2</b>	<b>775.6</b>	<b>775.6</b>	<b>37.4%</b>	<b>47.5%</b>
PP&E	65.4	71.4	75.2	72.9	76.8	76.8	7.2%	5.3%
Right-of-use assets	24.1	35.5	38.8	40.9	37.0	37.0	26.7%	9.3%
Capital work-in-progress	-	0.2	20.2	16.0	35.2	35.2	-	7995.6%
Other intangible assets	3.5	3.1	3.1	2.7	2.6	2.6	-6.1%	-1.0%
Intangible assets under development	-	-	-	-	2.9	2.9	-	-
Other non-current financial assets	2.5	2.5	79.6	57.1	102.9	102.9	464.5%	3117.7%
Net income tax assets	-	-	12.1	9.4	0.3	0.3	-	-
Other non-current assets	19.0	20.5	13.5	5.6	3.2	3.2	-15.7%	-34.2%
Inventories	0.2	0.1	0.8	0.9	1.4	1.4	116.3%	426.6%
Current Trade receivables	34.1	63.1	107.8	116.0	130.5	130.5	77.8%	70.9%
Cash & cash equivalents	36.5	34.0	116.7	101.4	20.3	20.3	78.9%	242.8%
Other bank balances	127.0	165.2	121.7	104.8	319.8	319.8	-2.1%	-26.3%
Other current financial assets	5.0	5.5	7.4	5.1	17.4	17.4	21.7%	32.7%
Other current assets	2.4	7.8	6.5	8.6	25.3	25.3	65.0%	-16.3%
<b>Total assets</b>	<b>319.7</b>	<b>409.0</b>	<b>603.2</b>	<b>541.2</b>	<b>775.6</b>	<b>775.6</b>	<b>37.4%</b>	<b>47.5%</b>

Source: Choice Equity Broking



## Financial statements (Contd...):

Restated consolidated cash flow statement (Rs. cr)								
	CY21	CY22	CY23	9M period ending September 30, 2023	9M period ending September 30, 2024	TTM	CAGR over CY21-23	Annual growth over CY22
Cash flow before working capital changes	241.6	335.2	457.7	324.9	432.3	565.1	37.6%	36.5%
Working capital changes	0.1	(44.5)	(27.4)	(39.5)	(14.1)	(2.0)	-	-38.4%
<b>Cash flow from operating activities</b>	<b>193.4</b>	<b>194.2</b>	<b>297.3</b>	<b>198.2</b>	<b>327.5</b>	<b>426.5</b>	<b>24.0%</b>	<b>53.1%</b>
Purchase of fixed assets & CWIP	(3.9)	(10.3)	(37.9)	(23.4)	(13.2)	(27.7)	210.6%	268.4%
<b>Cash flow from investing activities</b>	<b>(12.7)</b>	<b>(43.1)</b>	<b>(66.0)</b>	<b>(13.2)</b>	<b>(227.6)</b>	<b>(280.4)</b>	<b>127.9%</b>	<b>53.3%</b>
<b>Cash flow from financing activities</b>	<b>(171.5)</b>	<b>(153.8)</b>	<b>(148.8)</b>	<b>(119.0)</b>	<b>(197.4)</b>	<b>(227.2)</b>	<b>-6.8%</b>	<b>-3.2%</b>
<b>Net cash flow</b>	<b>9.2</b>	<b>(2.7)</b>	<b>82.5</b>	<b>66.0</b>	<b>(97.5)</b>	<b>(81.1)</b>	<b>199.4%</b>	<b>-3200.8%</b>
Foreign currency translation difference of foreign operations	-	0.2	0.2	1.4	1.2	1.4	-	-12.1%
Opening balance of cash	27.3	36.5	34.0	34.0	116.7	34.0	11.7%	-6.7%
<b>Closing balance of cash from continuing operations</b>	<b>36.5</b>	<b>34.0</b>	<b>116.7</b>	<b>101.4</b>	<b>20.3</b>	<b>(45.7)</b>	<b>78.9%</b>	<b>242.8%</b>

Financial ratios						
Particulars	CY21	CY22	CY23	9M period ending September 30, 2023	9M period ending September 30, 2024	TTM
<b>Profitability ratios</b>						
Revenue growth rate	-	34.6%	30.0%	-	31.4%	-
Gross profit growth rate	-	34.7%	29.9%	-	31.7%	-
Gross profit margin	99.5%	99.6%	99.5%	99.4%	99.6%	99.6%
EBITDA growth rate	-	39.3%	34.3%	-	33.6%	-
EBITDA margin	66.0%	68.3%	70.5%	70.8%	72.0%	71.4%
EBIT growth rate	-	41.9%	35.0%	-	34.3%	-
EBIT margin	62.6%	65.9%	68.4%	68.6%	70.1%	69.6%
Restated PAT growth rate	-	40.9%	34.3%	-	36.6%	-
Restated PAT margin	47.0%	49.2%	50.9%	52.6%	54.7%	52.8%
<b>Turnover ratios</b>						
Inventory turnover ratio	2265.2	3230.2	1425.3	525.8	412.1	539.8
Trade receivable turnover ratio	10.7	10.1	7.5	3.9	4.6	6.0
Accounts payable turnover ratio	25.1	49.7	86.8	81.8	65.2	85.4
Fixed asset turnover ratio	3.9	4.8	5.2	3.4	3.9	5.2
Total asset turnover ratio	1.1	1.3	1.3	0.8	0.8	1.0
<b>Liquidity ratios</b>						
Current ratio	3.6	7.1	5.6	5.8	5.2	5.2
Quick ratio	3.6	7.1	5.6	5.8	5.1	5.1
Total debt	18.8	28.9	54.1	53.6	81.2	81.2
Net debt	(17.6)	(5.2)	(62.6)	(47.8)	60.9	60.9
Debt to equity	0.1	0.1	0.1	0.1	0.1	0.1
Net debt to EBITDA	(0.1)	0.0	(0.1)	(0.1)	0.1	0.1
<b>Cash flow ratios</b>						
CFO to PAT	1.1	0.8	0.9	0.8	1.0	1.0
CFO to Capex	49.2	18.9	7.8	8.5	24.7	15.4
CFO to total debt	10.3	6.7	5.5	3.7	4.0	5.3
CFO to current liabilities	3.4	5.0	4.6	3.4	3.3	4.3
<b>Return ratios</b>						
RoIC (%)	68.6%	68.4%	73.7%	57.3%	54.8%	69.6%
RoE (%)	70.7%	71.3%	63.8%	53.0%	50.7%	64.0%
RoA (%)	53.7%	66.4%	64.2%	44.1%	42.0%	53.1%
RoCE (%)	100.6%	96.2%	103.4%	81.5%	63.8%	83.0%
<b>Per share data</b>						
Restated EPS (Rs.)	4.0	5.6	7.5	5.5	7.5	9.5
DPS (Rs.)	3.4	3.4	3.2	2.6	4.4	5.0
BVPS (Rs.)	5.6	7.8	11.8	10.4	14.9	14.9
Operating cash flow per share (Rs.)	4.5	4.5	6.9	4.6	7.6	9.9
Free cash flow per share (Rs.)	4.0	3.5	5.4	5.1	4.0	8.8
Dividend payout ratio	86.3%	60.4%	43.0%	47.1%	58.2%	52.7%

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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