

IPO Report

Choice

“SUBSCRIBE” to

Waaree Energies Ltd.

Growing demand with increasing profitability



Salient features of the IPO:

- **Waaree Energies Ltd. (WEL)**, is a manufacturer of solar PV modules in India with the largest aggregate installed capacity of 12 GW, is coming up with an IPO to raise around Rs. 4,284.9 - 4,321.4cr, which opens on 21st Oct. and closes on 23rd Oct. 2024. The price band is Rs. . 1,427 - 1,503 per share.
- The IPO is a combination of fresh issue (Rs. 3,418 - 3,600cr) and OFS portion of (Rs. 685.0 - 721.4cr). From the fresh issue net proceeds, the company will be utilizing Rs. 2,775cr to Partly finance the cost of establishing the 6GW of Ingot Wafer, Solar Cell and Solar PV Module manufacturing facility in Odisha, India by way of an investment in their wholly owned subsidiary, Sangam Solar One Pvt. Ltd. ("Project"). Residual proceeds will be used for general corporate purposes.
- Few of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.435cr shares. Consequently, post-IPO, the P&PG and public shareholders will have 64.3% and 35.7% stake in the company, respectively.

Key competitive strengths:

- Largest Solar PV module manufacturer in India
- Advanced manufacturing facilities with global accreditations.
- Consistent track record of financial performance
- Diversified base of global and Indian customers with a large order book
- Extensive pan-India retail network
- Experienced senior management team

Risk and concerns:

- General slowdown in the global economic activities.
- Customer concentration risk
- Natural and catastrophic events may lower energy production
- Their 4 out of 5 operations is in Gujarat, exposing them to regional risks.
- A significant portion of the company's raw materials is imported from China, making it vulnerable to trade restrictions
- The proposed project relies on government subsidies
- Competition

Below are the key highlights of the company:

- In FY23, India saw a significant rise in solar module exports, driven by global restrictions on Chinese goods, allowing Indian manufacturers to meet market demand. With strong government support, India added 13 GW of solar capacity in 2023, over 15 GW in 2024, and 7.4 GW in the first five months of Fiscal 2025, bolstering its position in the renewable energy sector.
- Between FY24 and FY29, India's per capita electricity consumption is projected to grow at 5-7% CAGR, driven by robust GDP growth. As the fastest-growing economy, India's power demand will surge, with solar PV investments rising as a cost-effective generation option. To meet Net Zero targets by 2050, annual capacity deployment must triple by 2030, with generation expected to increase by 25% from 2022 to 2030.
- WEL stands as India's largest manufacturer of solar photovoltaic (PV) modules, boasting an impressive installed capacity of 12 GW as of June 30, 2024. Founded in 2007, the company is committed to delivering sustainable energy solutions that are both cost-effective and environmentally friendly.
- The company provides an extensive range of solar PV modules, utilizing both multicrystalline and monocrystalline technologies. The product line includes high-efficiency solutions such as Mono PERC and bifacial modules, catering to a variety of customer needs. The company is at the forefront of technological advancements, incorporating emerging technologies like Tunnel Oxide Passivated Contact (TopCon), which minimizes energy loss and enhances efficiency, positioning WEL's products as leading solutions in the market.

Issue details

Price band	Rs. 1,427 – 1,503 per share
Face value	Rs. 10
Shares for fresh issue	2.522 - 2.395cr shares
Shares for OFS	0.48cr shares
Fresh issue size	Rs. 3,600cr
OFS issue size	Rs. 685.0 - 721.4cr
Total issue size	2.875 - 3.00cr shares (Rs. 4,284.96 - 4,321.44cr)
Bidding date	21 st Oct. - 23 rd Oct. 2024
Implied MCAP at higher price band	Rs. 43,179 cr
Implied enterprise value at higher price band	Rs. 37,452 cr

Book running lead manager
Axis Capital Ltd., IIFL Security Ltd. Jefferies India Pvt Ltd., Nomura Financial Advisory and security Pvt. Ltd., SBI Capital Market Ltd., Intensive Fiscal Services Pvt. Ltd., and ITI Capital Ltd.

Registrar
Link Intime India Pvt. Ltd.

Sector
Other electrical equipment

Promoters
Hitesh Chimanlal Doshi, Viren Chimanlal Doshi, Pankaj Chimanlal Doshi and Waaree Sustainable Finance Pvt. Ltd.

Category	Percent of issue (%)	Number of shares
QIB portion	50%	1.438 - 1.501cr shares
Non institutional portion (Big)	10%	0.287 - 0.300cr shares
Non institutional portion (Small)	5%	0.144 - 0.150cr shares
Retail portion	35%	1.006 - 1.051cr shares

Indicative IPO process time line

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

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	71.80%	64.30%
Public	28.20%	35.70%
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	9 shares
Application money	Rs. 13,527 per lot

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

Company name	FV (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs.)	6M Return (%)	12M Return (%)	TTM Revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM Gross Margin (%)	TTM EBITDA margin (%)	TTM PAT margin (%)
Waaree energy Ltd.	10	1,503	43,179	37,452	-	-	11,478	1,659	1,337	20.9%	14.5%	11.7%
Websol energy system Ltd.	10	1,250	5,425	5,608	4.0%	22.6%	137	38	(94)	56.8%	27.7%	-68.6%
Premier energies Ltd.	1	1,118	50,422	51,421	-7.8%	48.1%	4,190	765	398	27.4%	18.3%	9.5%
Average										42.1%	23.0%	-29.6%

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 Receivables days	Avg 4Y Inventory Days	Avg 4Y Payable Days	Net Worth
Waaree energy Ltd.	80.0%	154.3%	203.5%	8.7%	5.9%	22.5%	18.4%	17	75	56	7,688
Websol energy system Ltd.	-44.7%			-11.3%	-115.7%	4.9%	4.8%	35	299	607	108
Premier energies Ltd.	64.9%	78.7%	107.8%	11.0%	2.0%	13.0%	12.3%	56	76	115	646
Average	10.1%	78.7%	107.8%	-0.2%	-56.8%	8.9%	8.5%	46	188	361	

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
Waaree energy Ltd.	1,653	7,379	17.4%	22.5%	32.3	5.6	3.3	22.6	3.8	46.5	268	0.2
Websol energy system Ltd.	184	1		-14.3%	(57.7)	50.2	40.9	147.6	39.6	(21.7)	25	1.7
Premier energies Ltd.	1,402	403	61.6%	25.5%	126.7	78.1	12.3	67.2	12.0	8.8	14	2.2
Average			61.6%	5.6%	34.5	64.1	26.6	107.4	25.8			1.9

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

- WEL has seen export sales constitute 57.64% of its revenue in Fiscal 2024. The export market is dominated by United States almost 99% of its total exports and other market includes Canada, Italy, and Turkey, facilitating diversification and stability in its revenue streams. In Fiscal 2024, WEL achieved record exports of 6,077 MW, an 87% increase year-on-year, driven by favorable international pricing and supportive U.S. policies aimed at reducing reliance on foreign imports.
- WEL is establishing a 1.6 GW solar PV module manufacturing facility in Houston, Texas. This strategic move aims to take advantage of local market incentives, with plans to expand the facility to 3 GW by Fiscal 2026 and 5 GW by Fiscal 2027.
- The company has secured Rs. 1,923.240cr under the Government of India's Production Linked Incentive (PLI) Scheme. This funding will aid in the establishment of a fully integrated 6GW facility in Odisha, set to commence operations by Fiscal 2027. WEL plans to enhance its operational efficiency by manufacturing its own solar cells. This initiative will reduce reliance on external suppliers and is expected to become operational by the end of Fiscal 2025 at the Chikhli Facility.
- The company emphasizes stringent quality control across its manufacturing operations, supported by NABL-accredited laboratories and certifications like ISO 9001:2015. This commitment to quality enhances product reliability and customer trust. WEL is continuously upgrading its manufacturing technology, transitioning from multicrystalline to more efficient products like Mono PERC and TopCon modules, ensuring competitiveness in a rapidly evolving market.
- In addition to manufacturing, WEL provides comprehensive Engineering, Procurement, and Construction (EPC) solutions. The company has successfully commissioned over 1.82 GW of solar projects, showcasing its expertise in various installation types. WEL has built a robust pan-India retail network, growing its franchisee count from 253 in March 2023 to 369 by June 2024. This expansion enhances product visibility and enables direct customer engagement.
- WEL has cultivated a diverse customer base, including over 1,067 clients in India alone. This extensive network supports robust revenue generation and mitigates risks associated with market dependency. As of mid-2024, WEL boasts a substantial order book totaling 16.66 GW. This extensive backlog not only ensures revenue certainty but also minimizes risks associated with potential customer loss.
- Due to increased sales from capacity expansion, the company's total income rose from Rs. 2,945.8cr in Fiscal 2022 to Rs. 68,60.3cr in Fiscal 2023, and further to Rs. 11,632.7cr in Fiscal 2024. For the three months ending June 30, 2023, and June 30, 2024, income was Rs. 3,414.9cr and Rs. 3,496.4cr, respectively. Revenue from operations grew at a CAGR of 99.83%, reaching Rs. 11,397.6cr in Fiscal 2024, while net worth surged from Rs. 427.1cr in March 2022 to Rs. 40,748.37 mn in March 2024.
- The company's competitiveness hinges on securing stable, cost-effective supplies of solar cells, glass, and aluminum. Strong supplier relationships are crucial, as most solar cells are imported from China and Southeast Asia. Price volatility and changes in import duties can affect costs and profit margins. If material price increases can't be offset by product price hikes, lower margins may result.

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

- The regulatory and policy landscape for the company is evolving, heavily influenced by Government of India (GoI) and state government policies supporting renewable energy, especially solar. These policies include incentives for solar generation and legislation aimed at increasing demand for renewable sources. For instance, government projects are required to source solar modules from select suppliers on the ALMM list. Favorable state regulations provide attractive returns on investments in solar projects, supported by incentives such as preferential tariffs, reduced transmission charges, the PLI scheme for high-efficiency modules, tax benefits, and accelerated depreciation for solar assets.
- Over the past decade, solar PV manufacturing has seen significant geographical changes. To reach end users, module manufacturers utilize distributor networks and franchisees, as retail consumers are price-sensitive and prefer local support. Growing awareness is driving interest in solar installations, making a strong distribution network essential for customer relationships. The company is well-positioned to compete due to its backward integration into solar cell manufacturing, plans to expand into wafers and ingots, and a comprehensive range of PV modules. With over 16 years of experience, it aims to effectively compete in a landscape of increasing competition that may affect pricing, margins, and market share.
- To effectively reach residential, commercial, and industrial consumers, solar module manufacturers rely on distributor networks and franchisees. Retail consumers tend to be price-sensitive due to smaller project sizes and shorter payback periods. WEL boasts 388 unique franchisees across India, providing end-to-end product and service solutions, enhancing last-mile connectivity and consumer awareness, especially in tier-1 and tier-2 cities. Vikram Solar's network spans over 40 cities and 600+ locations nationwide, while Adani Solar, in partnership with Roofsol Energy, distributes its panels to over 2,500 towns across India.
- In FY 2023-2024, the company conducted multiple private placements, allotting a total of 1.818 cr shares at a price of Rs. 550 each. Quest Portfolio Services Private Limited emerged as the key allottee, acquiring a 4.35% stake in the company. Other notable allottees included SPL Packaging LLP, Kushal J. Khandwala, and Minosha India Limited, among others.

Peer comparison and valuation: Over the years, WEL has significantly expanded its aggregated installed capacity from 4GW to 12GW and became the largest manufacturer of solar PV modules in India. The company has also increased its presence in export market, particularly in USA. With successfully increasing its customer base, and its product sales, the company has grown in both of its top and bottom line.

At the higher price band, WEL is seeking an EV/Sales ratio of 3.3x, which is at a discount to its peer average. With pro-active regulations, policy support and commitments towards renewables energy by the government, the domestic solar manufacturing market is likely to witness an accelerated growth trajectory in the long-term. Going forward, in order to reduce its dependency on imported solar cell and third-party supplier in India, the company's strategy of backward integration includes manufacturing its own solar cell which will be utilized for captive consumption towards the manufacturing of its solar PV modules, resulting in increased profit margins. Thus, we recommend a **"SUBSCRIBE"** rating for this issue.

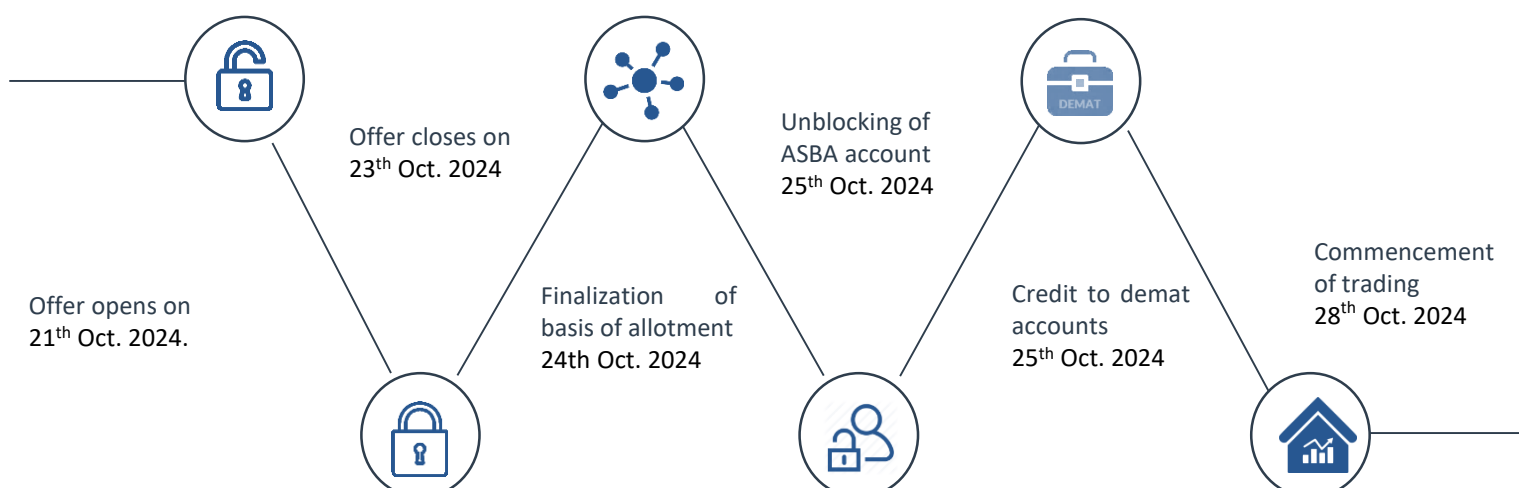
About the issue:

- WEL is a combination of fresh issue (Rs. 3,418 - 3,600cr) and OFS portion of (Rs. 685.0 - 721.4cr). This offer represents 10.01% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 4,284.96 - 4,321.44cr.
- The issue is through book building process with a price band of Rs. 1,427- 1,503 per share.
- Lot size comprises of 9 equity shares and in-multiple of 9 shares thereafter.
- The issue will open on 21st Oct. 2024 and close on 23rd Oct. 2024.
- The IPO is a combination of fresh issue (Rs. 3,418 – 3,600cr) and OFS portion of (Rs. 685.0 - 721.4cr). From the fresh issue net proceeds, the company will be utilizing Rs. 2,775cr to Partly finance the cost of establishing the 6GW of Ingot Wafer, Solar Cell and Solar PV Module manufacturing facility in Odisha, India by way of an investment in their wholly owned subsidiary, Sangam Solar One Pvt. Ltd. (“Project”). Residual proceeds will be used for general corporate purposes.
- Few of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.435cr shares. Consequently, post-IPO, the P&PG and public shareholders will have 64.3% and 35.7% 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	71.80%	64.30%
Public	28.20%	35.70%
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, WEL has grown its revenue by increasing sales of its manufactured products and sale of service the increase can also be attributed to a significant increase in export sale which went from 23.05% of its total revenue in FY22 to 57.64% in FY24. The company bids for both EPC and O&M projects through a competitive bidding process, percentage of bids won in 2023 and 2024 where 21.43% and 20% respectively. They caters through Direct Sales to Utilities and Enterprises, Export sale, Retail Sales through extensive franchisee network among others.

The company has experienced steady growth, with total operating revenue reaching Rs. 1,574.4cr, reflecting a CAGR of 154.3%. This increase is largely due to higher sales of manufactured products and services, in both domestic and export market. Additionally, sale of solar power product comprise of around 90% of its revenue, Others include sale of service and sale of engineering, procurement and construction project totaling 3% and 6% of the revenue respectively.

The company faced a small increase in material costs as a percentage of revenue, with these costs growing at CAGR of 9.25%. And a positive changes in inventory, led to a 567 bps increase in the gross profit margin, bringing it up to 20.9%. A reduction in other expenses also helped improve the EBITDA margin, which rose by CAGR of 8.91% to 13.8%. In absolute terms, the consolidated EBITDA grew significantly, reaching Rs. 1,574.4cr in FY24.

During this period, the company saw a increase in other income. These savings, combined with lower operating expenses as a percentage of revenue, contributed to a significant increase in the PAT margin with a CAGR of 8.85%, bringing it up to 11.2% in FY24. Additionally, the reported PAT showed substantial growth, reaching Rs. 1,274.4cr in FY24. Despite this increase in debt, the company's profitability has improved, which has contributed to a decrease in debt-to-equity ratio. This ratio decreased from 1.2x in FY21 to 0.4x in FY24. Pre-issue RoCE and RoE stood at 22.5% and 11.3%, respectively, in FY24.

Performance during Q1 FY25: continuing with the FY24 profitable growth momentum, WEL reported a 2.4% Y-O-Y rise in consolidated revenue to Rs.3408.9cr. With further decline in the cost of key raw materials, EBITDA and PAT margin expanded by 216bps and 160bps, respectively, to 16.2% and 11.8% in Q1FY25 compared to 14% and 10.2% during Q1FY24

On TTM basis, consolidated revenue stood at 11,478.2cr, EBITDA and PAT margin of 14.5% and 11.7%, respectively.

Pre-issue financial snapshot (Rs. cr)	FY21	FY22	FY23	FY24	Q1FY24	Q1FY25	TTM	CAGR over FY21-24	Y-o-Y (FY24 annual)
Sale of solar power product	1,792.0	2,578.2	5,792.6	9,994.0	3,005.7	3,039.7	10,028.0	77.3%	72.5%
sale of services	10.5	103.7	472.3	502.3	187.3	123.4	438.4	263.2%	6.4%
sale- engineering, procurement and construction project	133.1	147.2	330.4	846.3	123.0	226.2	949.5	85.3%	156.1%
Generation of electricity from renewal sources	6.2	14.5	12.7	28.6	4.9	11.1	34.9	66.7%	125.7%
Other operating revenue	11.3	10.6	142.9	26.4	7.5	8.4	27.3	32.8%	-81.5%
Revenue from operations	1,953.0	2,854.3	6,750.9	11,397.6	3,328.3	3,408.9	11,478.2	80.0%	68.8%
Gross profit	297.7	465.8	1,434.5	2,383.8	623.4	826.5	2,586.9	100.1%	66.2%
EBITDA	95.7	110.9	834.6	1,574.4	467.6	552.5	1,659.3	154.3%	88.6%
Reported PAT	45.6	79.6	500.3	1,274.4	338.3	401.1	1,337.2	203.5%	154.7%
Restated adjusted EPS	1.6	2.8	17.4	44.4	11.8	14.0	46.5	203.5%	154.7%
Cash flow from operating activities	71.7	700.9	1,560.2	2,305.0	647.3	458.2	2,115.9	218.0%	47.7%
NOPLAT	46.26	45.53	480.17	1204.39	303.78	360.43	920.11	196.4%	150.8%
FCF	(269.2)	(108.4)	(900.9)	1,291.4	(1,753.4)	(1,441.2)	1,278.1	-268.7%	-243.3%
RoIC (%)	0.10	0.08	0.23	0.47	0.11	0.07	0.17	3,726 bps	2,402 bps
Revenue growth rate		46.1%	136.5%	68.8%		2.4%			
Gross profit growth rate		56.5%	207.9%	66.2%		32.6%			
Gross profit margin	15.2%	16.3%	21.2%	20.9%	18.7%	24.2%	0.23	567 bps	(34) bps
EBITDA growth rate		15.9%	652.3%	88.6%		16.1%			
EBITDA margin	4.9%	3.9%	12.4%	13.8%	14.0%	16.2%	0.14	1,620 bps	891 bps
Restated PAT growth rate		74.7%	528.1%	154.7%		18.6%			
Restated PAT margin	2.3%	2.8%	7.4%	11.2%	10.2%	11.8%	0.12	900 bps	377 bps
Inventories days	68.8	57.9	87.8	84.8	61.5	70.3	84.7	7.2%	-3.4%
Trade receivables days	22.1	13.5	11.0	20.6	14.0	28.8	34.7	-2.4%	87.7%
Trade payables days	(66.7)	(57.0)	(53.2)	(46.5)	(28.7)	(49.2)	(59.2)	-11.3%	-12.4%
Cash conversion cycle	24.1	14.4	45.6	58.8	46.7	50.0	60.2	34.6%	29.0%
Total asset turnover ratio	1.51	1.28	0.91	1.01	0.41	0.28	0.96	-12.6%	10.7%
Current ratio	1.23	0.90	1.11	0.83	1.17	1.39	1.39	-12.5%	-25.8%
Total debt	429.2	509.2	1,204.7	1,652.6	1,276.2	1,440.4	1,440.4	56.7%	37.2%
Net debt	319.0	142.9	(531.7)	1,409.8	(728.7)	(2,345.3)	(2,345.3)	64.1%	-365.2%
Debt to equity	1.2	1.2	0.7	0.4	0.5	0.3	0.3	-30.8%	-38.3%
Net debt to EBITDA	3.3	1.3	(0.6)	0.9	(1.6)	(4.2)	(1.4)	-35.5%	-240.6%
RoE	12.9%	18.6%	27.2%	31.2%	12.4%	8.9%	29.8%	4,453 bps	3,334 bps
RoA	3.5%	3.6%	6.7%	11.3%	4.1%	3.3%	11.2%	1,596 bps	938 bps
RoCE	9.7%	11.3%	30.0%	22.5%	13.4%	8.2%	23.3%	1,820 bps	(5,509) bps

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



Competitive strengths:

- Largest Solar PV module manufacturer in India
- Advanced manufacturing facilities with global accreditations
- Consistent track record of financial performance
- Diversified base of global and Indian customers with a large order book
- Extensive pan-India retail network
- Experienced senior management team

Business strategy:

- Implements strategic backward integration
- Diversify and grow export market
- Maintain leadership position in commercial, industrial and residential segment
- Maintain leadership position in the utility and enterprise modules market
- Focus on technology upgrades
- Organic and inorganic expansion opportunities



Risk and concerns:

- General slowdown in the global economic activities
- Customer concentration risk
- Natural and catastrophic events may lower energy production
- Their 4 out of 5 operations is in Gujarat, exposing them to regional risks.
- A significant portion of the company's raw materials is imported from China, making it vulnerable to trade restrictions
- The proposed project relies on government subsidies
- Competition

Financial statements:

Restated consolidated profit and loss statement (Rs. cr)

	FY21	FY22	FY23	FY24	Q1FY24	Q1FY25	TTM	CAGR over FY21-24	Annual growth over FY23
Revenue from operations	1,953.0	2,854.3	6,750.9	11,397.6	3,328.3	3,408.9	11,478.2	80.0%	68.8%
Cost of material consumed	(1,251.3)	(1,793.9)	(5,897.3)	(8,356.5)	(2,535.4)	(1,796.3)	(7,617.3)	88.3%	41.7%
Purchase of stock-in-trade	(422.6)	(459.2)	(260.7)	(965.3)	(71.2)	(206.6)	(1,100.7)	31.7%	270.3%
Other Mfg, procurement and construction expenses	(54.5)	(71.7)	(165.3)	(254.0)	(62.0)	(69.2)	(261.3)	67.1%	53.7%
Changes in inventories of FGs, WIP & stock-in-trade	73.1	(63.6)	1,006.9	562.0	(36.3)	(510.3)	88.0	-179.2%	-106.5%
Gross profit	297.7	465.8	1,434.5	2,383.8	623.4	826.5	2,586.9	100.1%	66.2%
Employee benefits expenses	(48.1)	(56.9)	(123.8)	(177.2)	(32.3)	(63.3)	(208.2)	54.4%	-81.8%
Other expenses	(153.9)	(298.0)	(476.1)	(632.2)	(123.6)	(210.7)	(719.3)	60.2%	32.8%
EBITDA	95.7	110.9	834.6	1,574.4	467.6	552.5	1,659.3	154.3%	88.6%
Depreciation & amortization expenses	(32.3)	(43.3)	(164.1)	(276.8)	(56.9)	(75.8)	(295.7)	104.6%	68.6%
EBIT	63.5	67.7	670.5	1,297.6	410.7	476.7	1,363.6	173.5%	93.5%
Finance costs	(30.9)	(40.9)	(82.3)	(139.9)	(40.1)	(33.7)	(133.5)	65.4%	70.1%
Other income	30.0	91.6	109.5	235.2	86.7	87.5	236.0	98.7%	114.8%
Exceptional items	4.1	0.0	(20.6)	341.3	0.0	0.0	341.3		
PBT	66.5	118.4	677.2	1,734.2	457.4	530.5	1,807.4	196.5%	156.1%
Tax expenses	(20.9)	(38.7)	(176.9)	(459.8)	(119.1)	(129.4)	(470.1)	180.0%	160.0%
Reported PAT	45.6	79.6	500.3	1,274.4	338.3	401.1	1,337.2	203.5%	154.7%

Restated consolidated balance sheet statement (Rs. cr)

	FY21	FY22	FY23	FY24	Q1FY24	Q1FY25	TTM	CAGR over FY21-24	Annual growth over FY23
Equity share capital	197.1	197.1	243.4	263.0	253.2	263.1	263.1	10.1%	8.1%
Other equity	155.4	230.5	1,595.0	3,824.9	2,464.6	4,221.6	4,221.6	190.9%	139.8%
Minority interest	40.2	12.2	23.4	60.7	25.6	67.7	67.7	14.7%	158.8%
Non-current borrowings	188.8	189.0	145.8	102.6	129.9	93.5	93.5	-18.4%	-29.6%
Non-current lease liabilities	44.4	42.7	38.1	207.5	35.9	224.3	224.3	67.2%	445.3%
other financial liabilities	0.0	0.0	0.0	51.3	0.0	48.8	48.8		
Deferred tax liabilities	8.8	26.4	47.9	37.1	79.7	36.8	36.8	61.5%	-22.6%
other non-current liabilities	1.4	0.4	327.7	1,235.5	89.5	964.0	964.0	864.5%	277.0%
Non-current provisions	32.6	41.4	69.3	108.1	84.3	120.4	120.4	49.2%	56.1%
Trade payables	357.2	534.8	1,431.6	1,475.2	1,062.5	1,862.2	1,862.2	60.4%	3.0%
Current borrowings	92.4	124.1	127.7	214.7	103.4	167.8	167.8	32.4%	68.2%
Current lease liabilities	5.9	7.6	8.7	28.6	8.8	27.7	27.7	68.9%	227.0%
supplier's credit/ Letter of credit acceptances	76.5	57.7	585.8	538.6	634.7	388.2	388.2	91.6%	-8.1%
other financial liabilities	21.2	88.1	298.7	509.3	363.5	490.1	490.1	188.7%	70.5%
Current provisions	0.2	1.6	27.9	224.5	178.2	208.0	208.0	968.6%	704.8%
Net current tax liabilities	13.3	19.7	85.4	289.8	141.3	380.1	380.1	179.1%	239.4%
Other current liabilities	57.8	663.9	2,363.5	2,142.4	2,514.1	2,425.3	2,425.3	233.4%	-9.4%
Total liabilities	1,293.2	2,237.4	7,419.9	11,313.7	8,169.2	11,989.5	11,989.5	106.1%	52.5%
PP&E and intangible assets	232.1	564.8	991.2	1,149.4	1,191.3	1,145.4	1,145.4	70.5%	16.0%
Capital work-in-progress	1.2	122.7	537.0	1,341.3	571.2	1,610.2	1,610.2	946.9%	149.8%
Right-of-use assets	48.1	46.5	100.2	287.0	97.6	443.2	443.2	81.4%	186.5%
Investment property	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0%	0.0%
Intangible assets	6.2	6.6	7.2	6.8	7.1	6.7	6.7	2.9%	-5.5%
Intangible assets under development	1.5	1.1	0.1	0.1	0.1	0.1	0.1	-54.0%	0.7%
Goodwill on consolidation	7.0	6.3	6.3	6.3	6.3	6.3	6.3	-3.4%	0.0%
Investments	82.0	10.0	0.0	0.0	0.0	0.0	0.0		
Trade receivables (non current)	5.2	4.5	0.0	0.0	0.0	0.0	0.0		
Security deposit	4.8	5.4	9.9	23.1	10.1	21.8	21.8	68.5%	133.5%
other financial assets	34.5	36.1	157.4	90.9	202.3	187.3	187.3	38.1%	-42.3%
deferred tax assets	3.8	18.0	14.3	83.2	50.3	78.8	78.8	180.5%	482.8%
Income Tax asset	3.3	1.5	0.1	0.1	0.1	0.1	0.1	-69.4%	34.3%
Other non-current assets	92.9	69.4	112.9	312.1	164.4	209.5	209.5	49.8%	176.5%
Inventories	368.0	538.2	2,708.9	2,585.5	2,273.6	2,663.7	2,663.7	91.5%	-4.6%
current investment	33.4	133.2	31.1	71.1	555.8	12.1	12.1	28.6%	129.1%
Trade receivables	118.2	92.5	312.6	971.4	515.9	1,090.5	1,090.5	101.8%	210.7%
Cash & cash equivalents	12.8	139.2	253.7	121.4	107.3	195.7	195.7	111.6%	-52.1%
Other bank balances	97.4	227.2	1,482.8	3,657.7	1,897.5	3,590.0	3,590.0	234.9%	146.7%
Current loans	47.9	16.1	13.7	24.7	13.4	20.8	20.8	-19.9%	80.4%
Other current financial assets	24.9	45.6	53.5	76.4	69.1	55.8	55.8	45.4%	42.8%
Other current assets	67.7	152.3	620.0	504.3	428.4	651.1	651.1	95.3%	-18.7%
Assets held for sales	0.0	0.0	6.8	0.5	6.8	0.0	0.0		-93.1%
Total assets	1,293.2	2,237.4	7,419.9	11,313.7	8,169.2	11,989.5	11,989.5	81.9%	4.8%

Financial statements (Contd...):

Restated consolidated cash flow statement (Rs. cr)									
	FY21	FY22	FY23	FY24	Q1FY24	Q1FY25	TTM	CAGR over FY21-24	Annual growth over FY23
Cash flow before working capital changes	116.0	192.4	941.0	2,048.5	531.9	582.1	2,098.7	160.4%	117.7%
Working capital changes	(22.9)	534.4	719.6	591.6	182.4	(88.7)	320.4	-395.8%	-17.8%
Cash flow from operating activities	71.7	700.9	1,560.2	2,305.0	647.3	458.2	2,115.9	218.0%	47.7%
Purchase of fixed assets & CWIP	(197.9)	(496.5)	(865.4)	(1,342.3)	(312.5)	(401.7)	(1,431.5)	89.3%	55.1%
Cash flow from investing activities	(250.2)	(674.9)	(2,093.8)	(3,340.3)	(1,264.6)	(297.9)	(2,373.6)	75.1%	55.1%
Dividend paid	0.0	(4.8)	(2.7)	(5.3)	0.0	0.0	(5.3)		
Cash flow from financing activities	157.3	98.5	642.5	909.2	464.6	(92.9)	351.7	79.5%	41.5%
Net cash flow	(21.2)	124.5	108.9	(126.0)	(152.7)	67.4	94.1	81%	-216%
Opening balance of cash	33.9	12.8	139.2	253.7	253.7	121.4	121.4	95%	82%
Effect of exchange rate fluctuation	0.1	2.0	5.6	(6.2)	6.4	6.8	(5.7)		-211%
acquisition/ cessation	0.0	(0.1)	(0.0)	0.0	0.0	0.0	0.0		
Closing balance of cash from continuing operations	12.8	139.2	253.7	121.4	107.3	195.7	209.7	112%	-52%

Financial ratios							
Particulars	FY21	FY22	FY23	FY24	Q1FY24	Q1FY25	TTM
Profitability ratios							
Revenue growth rate		46.1%	136.5%	68.8%		2.4%	
Gross profit growth rate		56.5%	207.9%	66.2%		32.6%	
Gross profit margin	15.2%	16.3%	21.2%	20.9%	18.7%	24.2%	22.5%
EBITDA growth rate		15.9%	652.3%	88.6%		16.1%	
EBITDA margin	4.9%	3.9%	12.4%	13.8%	14.0%	16.2%	14.5%
EBIT growth rate		6.7%	890.8%	93.5%		16.1%	
EBIT margin	3.2%	2.4%	9.9%	11.4%	12.3%	14.0%	11.9%
Restated PAT growth rate		74.7%	528.1%	154.7%		8.7%	
Restated PAT margin	2.3%	2.8%	7.4%	11.2%	-3.6%	-3.8%	-4.1%
Turnover ratios							
Inventory turnover ratio	5.3	6.3	4.2	4.3	1.5	1.3	4.3
Trade receivable turnover ratio	16.5	27.1	33.3	17.8	6.5	3.1	0.0
Accounts payable turnover ratio	5.5	6.4	6.9	7.8	3.1	1.8	6.2
Fixed asset turnover ratio	6.7	3.8	4.1	4.1	1.8	1.1	3.6
Total asset turnover ratio	1.5	1.3	0.9	1.0	0.4	0.3	1.0
Liquidity ratios							
Current ratio	1.2	0.9	1.1	0.8	1.2	1.4	1.4
Quick ratio	1.2	0.9	1.1	0.8	1.2	1.4	1.4
Total debt	429.2	509.2	1,204.7	1,652.6	1,276.2	1,440.4	1,440.4
Net debt	319.0	142.9	(531.7)	1,409.8	(728.7)	(2,345.3)	(2,345.3)
Debt to equity	1.2	1.2	0.7	0.4	0.5	0.3	0.3
Net debt to EBITDA	3.3	1.3	(0.6)	0.9	(1.6)	(4.2)	(1.4)
Cash flow ratios							
CFO to PAT	1.6	8.8	3.1	1.8	1.9	1.1	(4.5)
CFO to Capex	0.4	1.4	1.8	1.7	2.1	1.1	(1.5)
CFO to total debt	0.2	1.4	1.3	1.4	0.5	0.3	1.5
CFO to current liabilities	0.1	0.5	0.3	0.4	0.1	0.1	0.5
Return ratios							
RoC (%)	9.7%	7.7%	22.9%	47.0%	11.2%	6.5%	16.6%
RoE (%)	12.9%	18.6%	27.2%	31.2%	12.4%	8.9%	29.8%
RoA (%)	3.5%	3.6%	6.7%	11.3%	4.1%	3.3%	11.2%
RoCE (%)	9.7%	11.3%	30.0%	22.5%	13.4%	8.2%	23.3%
Per share data							
Restated EPS (Rs.)	1.6	2.8	17.4	44.4	11.8	14.0	46.5
DPS (Rs.)	0.0	0.2	0.1	0.2	0.0	0.0	0.0
BVPS (Rs.)	12.3	14.9	64.0	142.3	94.6	156.1	156.1
Operating cash flow per share (Rs.)	2.5	24.4	54.3	80.2	22.5	15.9	73.7
Dividend payout ratio	0.0%	6.0%	0.5%	0.4%	0.0%	0.0%	0.0

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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