

IPO Report

Choice

**“Subscribe for Long Term” to
Laxmi Dental Ltd.**

Highly priced issue.



Salient features of the IPO:

- **Laxmi Dental Ltd.** (LDL), India’s only end-to-end integrated dental products company in India, is coming up with an IPO to raise around Rs. 670.579 – 698.058cr, which opens on 13th Jan. 2025 and closes on 15th Jan. 2025. The price band is Rs. 407 - 428 per share.
- This public issue is a combination of fresh issue (Rs. 138.0cr) and OFS (Rs. 532.58 – 560.06cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 22.98cr for Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the Company; Rs. 4.6cr for Investment in certain Subsidiaries for the repayment/prepayment, in full or in part, of certain outstanding borrowings; Rs. 43.51cr for Funding the capital expenditure requirements for purchase of new machinery for the Company; and Rs. 25.0cr for Investment in the Subsidiary, Bizdent Devices Pvt. Ltd., for the capital expenditure requirements for the purchase of new machinery. Residual proceeds will be utilized for general corporate purpose.
- Some of the promoter & promoter group (P&PG) entities are participating in the OFS and are offloading 0.063cr equity shares. Few investors are also offloading 1.25cr shares. Post-IPO, the P&PG and public shareholders will have 42.68% and 57.32% stake in the company, respectively.

Key competitive strengths:

- The only integrated dental products company in India, well-positioned to capture industry tailwinds
- Second largest player in domestic laboratory business and largest export laboratory with increasing adoption of digital dentistry
- Vertically integrated diverse branded product portfolio
- Large Dental Network providing LDL with competitive advantage in the market
- Robust technologically advanced capabilities with stringent regulatory compliance ensuring high quality standards
- Experienced management team with significant industry experience

Risk and concerns:

- Heavy reliance on qualified and experienced dental technicians and skilled laboratory staff
- Exposed to the risk of exchange rate fluctuations
- Lack of long term purchase orders or commitments from Dental Networks
- Business is concentrated in certain jurisdictions both globally and domestically
- Criminal proceedings under Indian Penal Code, 1860 and Prevention of Corruption Act, 1988 are pending against promoters and the company
- Competition

Below are the key highlights of the company:

- The dental care services include the provision of cosmetic, preventive and restorative dental care services by licensed dentists to patients. The Global Dental Care Services market is estimated to grow from \$506.8Bn in FY23 to \$840.8Bn in FY30, growing at a CAGR of 7.5%.
- India's dental care services market is estimated to be \$3.4Bn in FY23 and is expected to grow at a rate of 12.6% to reach \$7.8Bn in FY30. The Indian Dental Market is vast comprising of over 5,000 Dental Laboratories and 306 Dental Institutes.
- Incorporated on July 8, 2004, LDL offers a comprehensive portfolio of dental products, including custom-made crowns and bridges, branded dental products such as clear aligners, thermoforming sheets and aligner related products as a part of aligner solutions, and pediatric dental products.

Issue details

Price band	Rs. 407 - 428 per share
Face value	Rs. 2
Shares for fresh issue	0.322 - 0.339cr shares
Shares for OFS	1.309cr shares
Fresh issue size	Rs. 138.0cr
OFS issue size	Rs. 532.58 – 560.06cr
Total issue size	1.63 – 1.65cr shares (Rs. 670.58 – 698.06cr)
Bidding date	13 th Jan – 15 th Jan. 2025
Implied MCAP at higher price band	Rs. 2,352.38cr
Implied enterprise value at higher price band	Rs. 2,270cr

Book running lead manager	Nuvama Wealth Management Ltd., Motilal Oswal Investment Advisors Ltd., SBI Capital Markets Ltd.
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Registrar	MUFG Intime India Pvt. Ltd.
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Sector	Dental Equipment & Supplies
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Promoters	Rajesh Vrajlal Khakhar, Sameer Kamlesh Merchant, And Dharmesh Bhupendra Dattani
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Category	Percent of issue (%)	Number of shares
QIB portion	75%	1.223 – 1.236cr shares
Non institutional portion (Big)	10%	0.163 – 0.165cr shares
Non institutional portion (Small)	5%	0.081 – 0.082cr shares
Retail portion	10%	0.163 – 0.165cr shares

Indicative IPO process time line

Finalization of basis of allotment	16 th Jan. 2025
Unblocking of ASBA account	17 th Jan. 2025
Credit to demat accounts	17 th Jan. 2025
Commencement of trading	20 th Jan. 2025

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	46.56%	42.68%
Public	53.44%	57.32%
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	33
Application money	Rs. 14,124

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 (%)
Laxmi Dental Ltd.	2	428	2,352	2,271	-	-	194	24	25	74.9%	12.3%	13.0%
Poly Medicure Ltd.	5	2,690	27,270	27,297	28	83	1,375	362	258	64.9%	26.3%	18.8%
Vasa Denticity Ltd.	10	708	1,133	1,119	27	15	170	19	15	27.0%	11.2%	8.8%
Average										46.0%	18.8%	13.8%

Company name	3Y top-line growth (CAGR)	3Y EBITDA growth (CAGR)	3Y PAT growth (CAGR)	Average 3Y EBITDA margin	Average 3Y PAT margin	3Y average RoE	3Y average RoCE	Avg 3Y Receivable days	Avg 3Y Inventory Days	Avg 3Y Payable Days	Net Worth
Laxmi Dental Ltd.	18.9%	109.6%	-	7.3%	-1.1%	-17.6%	1.8%	48	62	54	180
Poly Medicure Ltd.	22.1%	29.8%	32.5%	24.5%	16.9%	16.3%	20.0%	70	59	97	1,470
Vasa Denticity Ltd.	48.6%	78.0%	73.2%	9.0%	7.3%	88.1%	73.3%	11	77	31	68
Average	35.4%	53.9%	52.8%	16.8%	12.1%	52.2%	46.7%	40.52	68.03	63.77	

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
Laxmi Dental Ltd.	57	139	14.0%	17.8%	93.2	13.0	11.7	95.4	12.2	4.6	32.8	0.3
Poly Medicure Ltd.	174	147	17.6%	23.6%	105.6	18.5	19.9	75.4	19.8	25.5	145.1	0.1
Vasa Denticity Ltd.	0	14	22.1%	45.0%	78.5	17.3	6.6	58.9	6.7	9.0	40.9	0.0
Average			19.8%	34.3%	92.1	17.9	13.2	67.2	13.2			0.1

Note: Considered financials for the period during FY22-24; Source: Choice Broking Research

- LDL provides diverse portfolio of dental offerings that can be classified segment wise as (a) laboratory offerings such as metal-free zirconia and intraoral scanners, (b) aligner solutions (under the brands Illusion Aligners and Taglus), (c) paediatric dental products.
- LDL's primary branded dental product offerings include (a) range of branded premium zirconia crowns and bridges "Illusion Zirconia", (b) intraoral scanners 'iScanPro', (c) clear aligners 'Illusion Aligners', (d) thermoforming sheets and aligner related products as a part of aligner solutions under 'Taglus' and (e) paediatric dental products offered by Kids-E-Dental LLP.
- Company's non-branded dental products include the laboratory offerings such as porcelain fused to metal ("PFM") crowns, bridges, and dentures.
- LDL is one of the very few companies in India to manufacture and supply thermoforming sheets, thermoforming machines, dental consumables, biocompatible resins for 3D printing under the Aligner Solutions portfolio. Branded product portfolio in this segment includes "Illusion Alligners" and "Taglus". Total units sold under this category of portfolio are 10,14,083 which constitutes 54.31% of total units sold. In terms of revenue it is Rs. 35.796cr which is 31.10% of the total revenue.
- Laxmi Dental's Illusion Aligners brand offers clear aligners which are customised by laser marking indicating the unique specifications of our end customers. It was launched in 2021, and is the first Indian brand to receive 510(k) clearance from US FDA in 2021 to market Clear Aligner and the company is the largest indigenous manufacturer of Clear Aligners in India with a Business-to-Business-to-Consumer (B2B2C) business model.
- The company has adopted B2B2C business model for sale of the customised clear aligner solutions while offering a flexible 'pay as you go' model along with the upfront payment model, making aligners more affordable to the end customers. Adoption of a B2B2C model involves sale of clear aligners through Dental Network who in turn offer the dental products to end customers, which has helped the company grow rapidly owing to its already established Dental Network with reach of over 22,000 dental clinics, dental companies and dentists between FY22 to September 30, 2024.
- Primary dental products offered by domestic laboratory are focused on prosthesis such as metal free crowns including Illusion Zirconia premium crowns, PFM crowns, dentures. The laboratory has also launched iScanPro, branded intraoral scanners in India. Total units of products sold under Laboratory offerings is 381,209 which constitute 20.42% of total units and in terms of revenue it is Rs. 72.96cr which is 63.07% of total revenue. In FY24, Metal-free products of dental laboratory business contributed to 53.70% of the total revenue from Indian market and 36.31% of total revenue from international markets.
- The company also entered the paediatric dental market through the Jointly Controlled Entity Kids-E-Dental LLP by acquiring a 60% stake in 2021. In terms of revenue from operations as of March 31, 2024, it is one of the leading paediatric dental product brands in India. Kids-E-Dental LLP is the only Indian company specialized in paediatric dental products and manufacturing of pre-formed metal free paediatric dental crowns.
- Total units of products sold under Paediatric segment is 4,45,358 which constitute 23.85% of total units and in terms of revenue it is Rs. 6.742cr which is 5.83% of total revenue. The Indian paediatric dental crown market is estimated to grow from \$63.9mn in FY23 to \$164.8mn in FY30 at a higher rate of 14.5% compared to the global market which is estimated to grow from \$2.1bn in FY23 to \$3.5bn in FY30 at a rate of 7.5%.
- In this segment, it offers a comprehensive range of paediatric products, including pre-formed branded paediatric crowns, Silver Diamide Fluoride ("SDF"), space maintainers, fissure sealant, reinforced splint and mineral trioxide aggregate. Further, it has partnered with a leading paediatric dental company for distribution of Bioflx crowns manufactured by them globally across 81 countries. Kids-E-Dental LLP generated revenue from operations of Rs. 16.00cr, Rs. 26.67cr, Rs. 7.93cr, and Rs. 2.18cr in six month period ended September 30, 2024 and FY24, FY23, and FY22 respectively.
- LDL has six manufacturing facilities, three of which are located in Mira Road with a total built up area of 57,244.4 square feet, two in Boisar with a total built up area of 84,606.2 square feet, and one in Kochi. Also it has five supporting facilities two of which are located in Mumbai, and one each in Delhi, Bengaluru, and Ahmedabad with manufacturing capabilities.

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

- As on Sept 30, 2024, actual Production capacity in SKU for Laboratory Offerings is 407,613 with 87.10% capacity utilization. Similarly, out of actual 182,850 units and 436,852 units of Aligner products and Paediatric Crown Products, 32.37% and 53.93% is actually being utilised for the respective products segment.
- With market presence of more than 20 years, reinforced by a large Dental Network with a reach of over 22,000 dental clinics, dental companies and dentists over the six month period ended September 30, 2024 and last three Fiscals, the company has catered to global and domestic demand by exporting its dental products to more than 95 countries and selling across 320 cities in India between FY22 to September 30, 2024. It continues to engage and deepen the relationship with Dental Network through hands-on workshops, in-clinic branding, key opinion leader tie-ups, and product trainings.
- Laxmi Dental is one among the few vertically integrated players globally with backward integrated (that is manufacturing the raw materials to designing of dental products) and forward integrated (that is offering solutions for treatment planning) business model.

Peer comparison and valuation: LDL is an end-to-end integrated dental products company, offering custom-made crowns and bridges, clear aligners, thermoforming sheets and aligner related products as a part of aligner solutions, and paediatric dental products. The growth of the industry is being driven by increasing prevalence of Oral Health disorders such as Dental Caries, Malocclusion and Periodontal diseases among the population, and greater demand for general and specialized dental care due to growing awareness.

At the upper end of its price range, LDL is demanding a P/E multiple of 93.2x, based on its FY24 EPS of Rs. 4.6, and an EV/Sales multiple of 11.7x, this valuation seems to be fully priced compared to its peers. The company is well-positioned for growth in the coming period, driven by the increasing demand and awareness in the dental care industry, the introduction of new product lines, and the adoption of advanced technologies. However, challenges such as the potential impact of exchange rate fluctuations, reliance on skilled dental technicians, and other risk factors persist. Thus, we recommend a **“Subscribe for Long Term”** rating for issue.

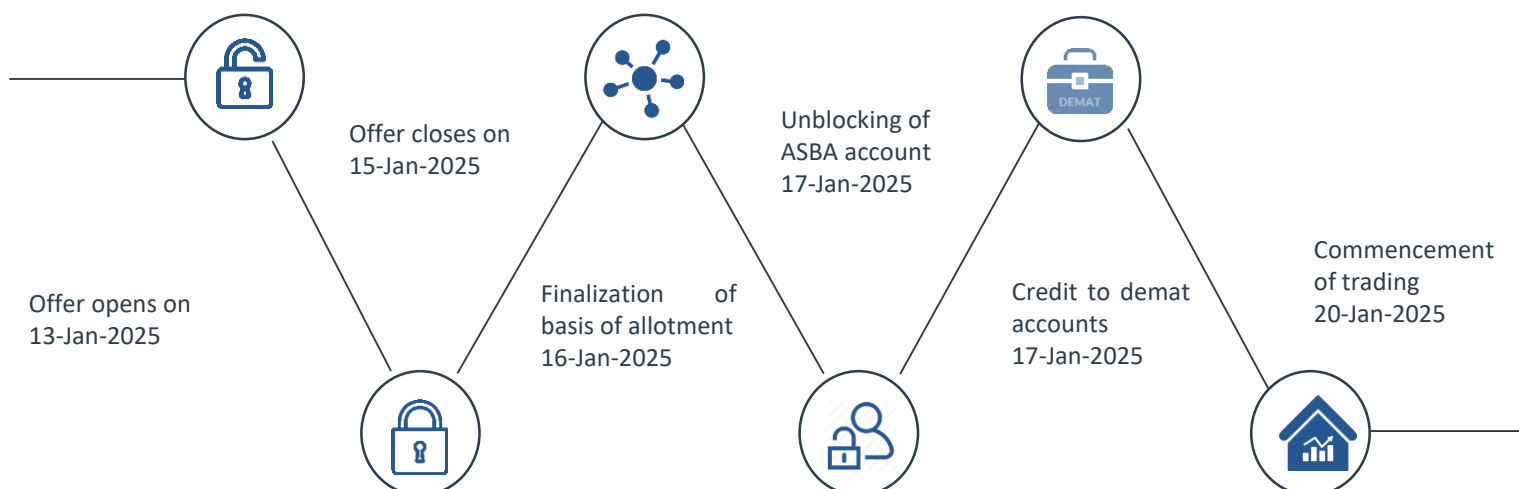
About the issue:

- LDL is coming up with an IPO with 1.631 – 1.647cr shares (fresh issue: 0.322 – 0.339cr shares; OFS shares: 1.309cr shares) in offering. This offer represents 29.67% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 670.579 – 698.058 cr.
- The issue is through book building process with a price band of Rs. 407 - 428 per share.
- Lot size comprises of 33 equity shares and in-multiple of 33 shares thereafter.
- The issue will open on 13th Jan. 2025 and close on 15th Jan. 2025.
- This public issue is a combination of fresh issue (Rs. 138.0cr) and OFS (Rs. 532.58 – 560.06cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 22.98cr for Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the Company; Rs. 4.6cr for Investment in certain Subsidiaries for the repayment/prepayment, in full or in part, of certain outstanding borrowings; Rs. 43.51cr for Funding the capital expenditure requirements for purchase of new machinery for the Company; and Rs. 25.0cr for Investment in the Subsidiary, Bizdent Devices Pvt. Ltd., for the capital expenditure requirements for the purchase of new machinery. Residual proceeds will be utilized for general corporate purpose.
- Some of the promoter & promoter group (P&PG) entities are participating in the OFS and are offloading 0.063cr equity shares. Few investors are also offloading 1.25cr equity shares. Post-IPO, the P&PG and public shareholders will have 42.68% and 57.32% 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	46.56%	42.68%
Public	53.44%	57.32%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY22-24: During this period, the company has experienced significant growth, due to increases in revenue from operations, primarily constituting revenue from sales of branded dental products and laboratory offerings.

The company's business has experienced growth, with total operating revenue rising to Rs. 193.6cr, reflecting CAGR of 18.9%. This growth can be attributed to an increase in the overall sales for dental products and the dental clinical services segments. The company experienced an increase in material and inventory cost as a percentage of revenue but a significant decrease in purchase of stock in trade. As a result, the gross profit margin increased by 393bps, bringing it to 74.9% in FY24.

However, a reduction in employee and other expenses led to a 834bps increase in the EBITDA margin, which rose to 12.3%. Consequently, consolidated EBITDA grew by a CAGR of 109.6%, reaching Rs. 23.8cr in FY24. This growth contributed significantly to the PAT margin, which increased by 2,668bps to 13% in FY24 from -13.6% in FY22. The reported PAT rose Rs. 25.2cr in FY24 from Rs. (18.7)cr in FY22.

LDL has increased its borrowings over the years, but with rising profitability, its debt-to-equity ratio has improved, decreasing from 2.1x in FY22 to 1.3x in FY24. Pre-issue RoIC and RoE stood at 36.8% and 59.4%, respectively, in FY24.

Pre-issue financial snapshot (Rs. cr)	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Y-o-Y (FY24 annual)
Revenue bifurcation by product categories						
Sales and services for dental products and related services	127.4	153.2	185.0	112.8	20.5%	20.8%
Sale and services from dental clinical services	2.1	5.7	6.4	2.9	73.7%	11.4%
Others	7.4	2.7	2.1	1.1	-46.5%	-21.7%
Revenue bifurcation geographically						
India	75.5	108.8	129.2	78.1	30.8%	18.7%
USA	36.7	29.5	37.2	22.1	0.6%	25.8%
UK	8.1	11.6	13.7	8.5	30.2%	18.6%
Others	9.2	9.0	11.4	7.0	11.3%	26.5%
Revenue from operations	136.8	161.6	193.6	116.8	18.9%	19.8%
Gross profit	97.2	119.8	145.1	88.5	22.2%	21.1%
EBITDA	5.4	9.0	23.8	22.7	109.6%	165.4%
Reported PAT	(18.7)	(4.2)	25.2	22.7	-	-706.0%
Restated adjusted EPS	(3.4)	(0.8)	4.6	4.1		
Cash flow from operating activities	(2.0)	14.4	8.2	1.4	-	-823.9%
NOPLAT	(5.7)	(2.3)	17.7	12.9	-	-868.6%
FCF	(6.7)	4.3	9.5	11.7	-	120.4%
RoIC (%)	-14.2%	-6.4%	36.8%	17.1%	5,107bps	4,322bps
Revenue growth rate	-	18.1%	19.8%	-	-	164bps
Gross profit growth rate	-	23.3%	21.1%	-	-	(225)bps
Gross profit margin	71.0%	74.1%	74.9%	75.8%	393bps	81bps
EBITDA growth rate	-	65.6%	165.4%	-	-	9,979bps
EBITDA margin	4.0%	5.5%	12.3%	19.5%	834bps	675bps
Restated PAT growth rate	-	-77.7%	-706.0%	-	-	(62,832)bps
Restated PAT margin	-13.6%	-2.6%	13.0%	19.5%	2,668bps	1,561bps
Inventories days	78.7	60.7	46.2	36.1	-23.4%	-23.9%
Trade receivables days	54.3	46.1	42.7	66.0	-11.3%	-7.2%
Trade payables days	71.1	55.5	36.1	20.9	-28.7%	-34.9%
Cash conversion cycle	61.9	51.2	52.8	81.1	-7.7%	3.0%
Total asset turnover ratio	1.3	1.6	1.7	0.7	12.2%	3.3%
Current ratio	1.0	0.9	1.0	1.5	1.1%	10.9%
Total debt	44.0	44.8	57.2	56.2	14.0%	27.8%
Net debt	43.6	44.1	56.9	56.0	14.3%	28.9%
Debt to equity	2.1	2.5	1.3	0.8	-19.7%	-46.5%
Net debt to EBITDA	8.1	4.9	2.4	2.5	-45.5%	-51.4%
RoE	-88.7%	-23.4%	59.4%	34.0%	14,808bps	8,281bps
RoA	-18.2%	-4.2%	21.8%	14.4%	4,002bps	2,602bps
RoCE	-7.1%	-5.3%	17.8%	16.9%	2,482bps	2,306bps

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



Competitive strengths:

- The only integrated dental products company in India, well-positioned to capture industry tailwinds
- Second largest player in domestic laboratory business and largest export laboratory with increasing adoption of digital dentistry
- Vertically integrated diverse branded product portfolio
- Large Dental Network providing LDL with competitive advantage in the market
- Robust technologically advanced capabilities with stringent regulatory compliance ensuring high quality standards
- Experienced management team with significant industry experience

Business Strategy:

- Deepen the penetration amongst existing Dental Network while also expanding Dental Network
- Continue to scale up branded product offerings
- Undertakes product enhancements of existing dental products and launch new dental products
- Enhance manufacturing capacities with increasing focus on automation and adoption of new technologies
- Continue to follow a multi-channel approach in marketing



Risk and concerns:

- Heavy reliance on qualified and experienced dental technicians and skilled laboratory staff
- Exposed to the risk of exchange rate fluctuations
- Lack of long term purchase orders or commitments from Dental Networks
- Business is concentrated in certain jurisdictions both globally and domestically
- Criminal proceedings under Indian Penal Code, 1860 and Prevention of Corruption Act, 1988 are pending against promotes and the company
- Competition

Financial statements:

Restated consolidated profit and loss statement (Rs. cr)						
	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Annual growth over FY23
Revenue from operations	136.8	161.6	193.6	116.8	18.9%	19.8%
Cost of material consumed	(30.6)	(30.6)	(46.4)	(26.2)	23.1%	51.6%
Purchase of stock-in-trade	(10.1)	(10.1)	(3.8)	(2.5)	-38.3%	-61.9%
Changes in inventories of finished goods, work-in-progress & stock-in-trade	1.0	(1.1)	1.8	0.5	30.3%	-260.5%
Gross profit	97.2	119.8	145.1	88.5	22.2%	21.1%
Employee benefits expenses	(53.1)	(65.3)	(71.5)	(38.3)	16.1%	9.4%
Other expenses	(38.7)	(45.5)	(49.8)	(27.5)	13.4%	9.3%
EBITDA	5.4	9.0	23.8	22.7	109.6%	165.4%
Depreciation & amortization expenses	(8.4)	(11.0)	(11.9)	(6.8)	19.2%	8.6%
EBIT	(3.0)	(2.0)	11.9	16.0	-	-683.9%
Finance costs	(3.6)	(4.1)	(5.0)	(2.6)	17.8%	21.0%
Other income	1.2	2.2	1.7	1.1	18.0%	-22.8%
PBT & Exceptional items	(5.3)	(3.9)	8.6	14.5	-	-320.1%
Exceptional items	(9.4)	(0.4)	(0.1)	6.6	-90.5%	-75.7%
PBT	(14.7)	(4.3)	8.5	21.1	-	-300.0%
Tax expenses	(2.4)	(0.2)	9.4	(2.9)	-	-5109.0%
PAT	(17.1)	(4.4)	17.9	18.2	-	-503.3%
Share in PAT of Joint Ventures	(0.1)	0.6	8.9	5.3	-	1376.4%
PAT from continuing operations	(17.2)	(3.8)	26.8	23.4	-	-797.4%
PAT from discontinuing operations	(1.5)	(0.3)	(1.6)	(0.7)	5.0%	406.3%
Reported PAT	(18.7)	(4.2)	25.2	22.7	-	-706.0%

Restated consolidated balance sheet statement (Rs. cr)						
	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Annual growth over FY23
Equity share capital	0.3	0.3	0.3	5.6	-	-
Other Equity	20.8	17.5	42.2	61.4	42.5%	141.1%
Non-Controlling Interest	1.9	1.7	2.1	0.2	5.9%	24.7%
Non-current borrowings	10.4	11.3	15.1	22.0	20.8%	34.0%
Non-current lease liabilities	6.2	4.1	3.4	2.1	-26.2%	-16.9%
Non-current other financial liabilities	1.2	1.0	0.8	0.7	-16.3%	-15.3%
Non-current provisions	2.7	3.5	3.5	3.8	15.0%	2.0%
Trade payables	26.6	22.5	15.8	13.6	-23.0%	-29.8%
Current borrowings	19.3	20.1	26.9	18.9	18.2%	33.5%
Current lease liabilities	2.8	3.2	4.4	4.0	24.0%	36.5%
Other current financial liabilities	4.1	5.1	6.6	8.5	26.3%	29.6%
Other current liabilities	6.2	6.2	10.9	13.2	32.8%	75.3%
Short Term provisions	0.3	0.1	0.6	0.9	35.4%	437.8%
Net current tax liabilities	-	-	0.4	3.3	-	-
Group's liabilities associated with assets classified as held for sale	-	-	1.5	-	-	-
Total liabilities	102.7	96.5	134.5	158.2	14.4%	39.3%
PP&E	30.0	31.3	36.4	39.4	10.2%	16.5%
Right of use assets	8.7	6.9	7.2	5.5	-8.9%	4.8%
Investment Property	0.8	0.8	0.7	0.0	-4.0%	-4.0%
Other Intangible Assets	0.3	1.1	1.6	1.8	139.6%	42.3%
Investment in Joint Ventures & Associates	0.1	0.3	5.6	6.5	516.9%	1770.7%
Other Financial Assets	2.5	2.5	2.6	4.1	0.6%	3.2%
Income tax assets (net)	0.3	0.4	0.0	0.4	-68.2%	-91.6%
Other non-current assets	-	-	-	0.1	-	-
Deferred tax assets (net)	0.1	0.2	11.3	9.3	813.4%	7260.8%
Inventories	29.5	24.2	24.7	23.4	-8.5%	2.0%
Trade receivables	20.4	20.4	24.9	42.8	10.6%	21.9%
Cash & cash equivalents	1.1	1.0	0.7	1.0	-18.5%	-27.1%
Other Bank Balances	0.4	0.6	0.3	0.2	-15.2%	-55.8%
Short Term Loans	0.6	0.3	0.3	0.4	-36.6%	-21.7%
Other current financial assets	4.0	0.9	1.4	2.4	-40.3%	51.5%
Other current assets	3.9	5.7	11.9	20.8	73.6%	108.8%
Group's Assets classified as held for sale (C)	-	-	5.0	-	-	-
Total assets	102.7	96.5	134.5	158.2	14.4%	39.3%

Source: Choice Equity Broking

Financial statements (Contd...):

Restated consolidated cash flow statement (Rs. cr)						
	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Annual growth over FY23
Cash flow before working capital changes	7.1	10.7	24.7	23.2	87.2%	52.0%
Working capital changes	(9.0)	4.0	(15.6)	(23.5)	31.2%	-144.0%
Cash flow from operating activities	(2.0)	14.4	8.2	1.4	-	-823.9%
Purchase of fixed assets & CWIP	(9.4)	(8.9)	(14.0)	(7.9)	22.0%	-4.8%
Cash flow from investing activities	3.0	(9.4)	(14.4)	0.9	-	-408.8%
Dividend paid						
Cash flow from financing activities	(4.0)	(1.5)	1.0	0.7	-	-64.0%
Net cash flow	(3.0)	3.6	(5.3)	3.0	33.6%	-220.7%
Effects of exchange rate changes on cash	(0.0)	(0.1)	(0.2)	0.1	118.1%	218.9%
Opening balance of cash	(10.9)	(13.9)	(10.4)	(15.9)	-2.1%	27.7%
Closing balance of cash from continuing operations	(13.9)	(10.4)	(15.9)	(12.8)	7.0%	-25.0%
Financial ratios						
Particulars	FY22	FY23	FY24	H1FY25		
Profitability ratios						
Revenue growth rate	-	18.1%	19.8%			
Gross profit growth rate	-	23.3%	21.1%			
Gross profit margin	71.0%	74.1%	74.9%			75.8%
EBITDA growth rate	-	65.6%	165.4%			
EBITDA margin	4.0%	5.5%	12.3%			19.5%
EBIT growth rate	-	-32.0%	-683.9%			
EBIT margin	-2.2%	-1.3%	6.1%			13.7%
Restated PAT growth rate	-	-77.7%	-706.0%			
Restated PAT margin	-13.6%	-2.6%	13.0%			19.5%
Turnover ratios						
Inventory turnover ratio	4.6	6.0	7.9			5.0
Trade receivable turnover ratio	6.7	7.9	8.5			2.7
Accounts payable turnover ratio	5.1	6.6	10.1			8.6
Fixed asset turnover ratio	3.4	4.0	4.5			2.5
Total asset turnover ratio	1.3	1.6	1.7			0.7
Liquidity ratios						
Current ratio	1.0	0.9	1.0			1.5
Quick ratio	0.5	0.5	0.7			1.1
Total debt	44.0	44.8	57.2			56.2
Net debt	43.6	44.1	56.9			56.0
Debt to equity	2.1	2.5	1.3			0.8
Net debt to EBITDA	8.1	4.9	2.4			2.5
Cash flow ratios						
CFO to PAT	0.1	(3.5)	0.3			0.1
CFO to Capex	(0.2)	1.6	0.6			0.2
CFO to total debt	(0.0)	0.3	0.1			0.0
CFO to current liabilities	(0.0)	0.3	0.1			0.0
Return ratios						
RoIC (%)	-14.2%	-6.4%	36.8%			17.1%
RoE (%)	-88.7%	-23.4%	59.4%			34.0%
RoA (%)	-18.2%	-4.2%	21.8%			14.4%
RoCE (%)	-7.1%	-5.3%	17.8%			16.9%
Per share data						
Restated EPS (Rs.)	(3.4)	(0.8)	4.6			4.1
DPS (Rs.)	-	-	-			-
BVPS (Rs.)	3.8	3.2	7.7			12.2
Operating cash flow per share (Rs.)	(0.4)	2.6	1.5			0.3
Free cash flow per share (Rs.)	(1.2)	0.8	1.7			2.1

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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