

# IPO Report

Choice

**“Subscribe with Caution” to  
Shree Tirupati Balajee Agro Trading Company Ltd.**

Fully priced issue



### Salient features of the IPO:

- **Shree Tirupati Balajee Agro Trading Company Ltd.** (STBATCL), is engaged in the business of manufacturing and selling of Flexible Intermediate Bulk Containers (FIBCs) and offer a wide range of packaging solutions to its clients, is coming up with an IPO to raise around Rs. 159.4 - 169.7cr, which opens on 05<sup>th</sup> Sep. and closes on 09<sup>th</sup> Sep. 2024. The price band is Rs. 78 - 83 per share.
- The IPO is a combination of fresh issue (Rs. 115.1 - 122.4cr) and OFS portion (of Rs. 44.4 - 47.2). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 31.5cr for repayment or prepayment, in part or full, of certain of its outstanding borrowings availed by the company, Rs. 20.8cr for investment in its subsidiaries HPPL, STBFL and JPPL for repayment or prepayment, in part or full, of certain of outstanding borrowings availed, Rs. 13.5cr for funding incremental working capital requirements of the company, and Rs. 10.7cr for investment in its subsidiaries HPPL, STBFL, and JPPL for funding working capital requirements. Residual proceeds will be used for general corporate purposes.
- One of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.569cr shares. Consequently, post-IPO, the P&PG and public shareholders will have 65.42% and 34.58% stake in the company, respectively.

### Key competitive strengths:

- Diverse customer base
- Cost-Effectiveness of FIBCs
- Multi- product portfolio
- Quality Standard Certifications & Quality Tests
- Experienced Promoter and senior management team
- Multi-market Company
- Its Product Development Capabilities
- Growing Demand for Sustainable Packaging Solutions

### Risk and concerns:

- General slowdown in the global economic activities
- Geographical concentration of business
- Volatile fluctuations in crude oil prices
- Under-utilization of its manufacturing capacities
- Negative cash flow from its operating, investing, and financing
- Foreign currency exchange rate fluctuations
- Competition

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

- According to the Indian Flexible Intermediate Bulk Container Association (IFIBCA), the FIBC market in India has experienced significant growth of nearly 38% in last 10 years. FIBCs are widely used for storing and transporting food products due to their lightweight, easy handling, and space-saving stackability. As a leading exporter of food products, India relies on food-grade FIBCs for shipping goods to international markets. However, the FIBC industry saw a slight decline in production by about 3.3% Y-O-Y in 2022, but rebounded with an 8% increase in 2023. By the end of 2024, production is expected to reach approximately 151.1 mn units. The FIBC market was valued at 926 mn USD in 2023 and has grown at a CAGR of 6.7% between 2020 and 2023.
- Incorporated on August 23, 2001, STBATCL specializes in manufacturing and selling FIBCs and other industrial packaging products, such as woven sacks, woven fabric, narrow fabric, and tapes. The company serves both the Indian domestic market and international clients. STBATCL provides customized bulk packaging solutions for a wide range of industries, including chemicals, agrochemicals, food, mining, waste disposal, agriculture, lubricants, and edible oils.

Issue details	
Price band	Rs. 78 - 83 per share
Face value	Rs. 10
Shares for fresh issue	1.475cr shares
Shares for OFS	0.569cr shares
Fresh issue size	Rs. 115.1 - 122.4cr
OFS issue size	Rs. 44.4 - 47.2cr
Total issue size	2.044cr shares (Rs. 159.4 - 169.7cr)
Bidding date	05 <sup>th</sup> Sep. - 09 <sup>th</sup> Sep. 2024
Implied MCAP at higher price band	Rs. 677cr
Implied enterprise value at higher price band	Rs. 807cr
Book running lead manager	PNB Investment Services Ltd, and Unistone Capital Pvt. Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector	Packaging
Promoters	Binod Kumar Agarwal

Category	Percent of issue (%)	Number of shares
QIB portion	50%	1.022cr shares
Non institutional portion (Big)	10%	0.204cr shares
Non institutional portion (Small)	5%	0.102cr shares
Retail portion	35%	0.715cr shares

Indicative IPO process time line	
Finalization of basis of allotment	10 <sup>th</sup> Sep. 2024
Unblocking of ASBA account	11 <sup>th</sup> Sep. 2024
Credit to demat accounts	11 <sup>th</sup> Sep. 2024
Commencement of trading	12 <sup>th</sup> Sep. 2024

Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	88.38%	65.42%
Public	11.62%	34.58%
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	180
Application money	Rs. 14,940 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 (%)
Shree Tirupati Balajee Agro Trading Company Ltd.	10	83	677	807	-	-	540	62	36	30.5%	11.5%	6.7%
Commercial Syn Bags Ltd	10	66	267	371	-14.7%	7.7%	288	27	8	44.3%	9.4%	2.8%
Emmbi Industries Ltd	10	128	227	382	19.0%	43.8%	377	37	10	36.5%	9.8%	2.7%
Rishi Techtex Ltd	10	62	46	69	30.4%	142.9%	112	7	1	26.4%	6.3%	0.9%
<b>Average</b>										<b>35.7%</b>	<b>8.5%</b>	<b>2.1%</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
Shree Tirupati Balajee Agro Trading Company Ltd.	16.2%	28.6%	44.2%	9.3%	4.4%	17.3%	18.6%	44	162	23	295
Commercial Syn Bags Ltd	10.6%	1.3%	-12.6%	10.1%	4.2%	12.5%	11.1%	38	74	28	129
Emmbi Industries Ltd	11.2%	9.7%	7.7%	10.3%	3.0%	7.6%	10.0%	59	84	51	170
Rishi Techtex Ltd	11.4%	11.9%	-	6.0%	0.7%	3.3%	7.7%	44	96	41	31
<b>Average</b>	<b>11.1%</b>	<b>7.6%</b>	<b>-2.5%</b>	<b>8.8%</b>	<b>2.6%</b>	<b>7.8%</b>	<b>9.6%</b>	<b>47</b>	<b>85</b>	<b>40</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
Shree Tirupati Balajee Agro Trading Company Ltd.	260	130	12.2%	22.2%	18.8	2.3	1.5	13.0	1.3	4.4	36	0.9
Commercial Syn Bags Ltd	109	5	6.2%	6.5%	33.1	2.1	1.3	13.7	0.9	2.0	32	0.8
Emmbi Industries Ltd	156	1	5.9%	8.4%	22.6	1.3	1.0	10.3	0.6	5.7	96	0.9
Rishi Techtex Ltd	25	1	3.2%	8.3%	45.7	1.5	0.6	9.9	0.4	1.4	42	0.8
<b>Average</b>			<b>5.1%</b>	<b>7.7%</b>	<b>33.8</b>	<b>1.6</b>	<b>1.0</b>	<b>11.3</b>	<b>0.6</b>			<b>0.9</b>

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

- Its FIBC products are designed to meet the specific packaging and transportation needs of these industries, offering a streamlined alternative that simplifies the loading and unloading of vessels, containers, and trucks, ultimately reducing labor requirements. The company has been providing its services for over 20 years, managing its operations through its subsidiaries: Honourable Packaging Private Limited (HPPL), Shree Tirupati Balajee FIBC Limited (STBFL), and Jagannath Plastics Private Limited (JPPL). It also has an in-house R&D team dedicated to offering customized solutions to meet customer needs. The company's commitment to innovation is evident through its R&D efforts, which have resulted in one granted patent and two pending patents (Source: Care Edge Report).
- The company's products are designed to meet the specific needs and preferences of its customers. To ensure high quality, checks are performed at multiple stages of production, allowing for the quick identification and correction of any defects. Additionally, the products undergo rigorous testing, such as tensile testing, UV testing, surface resistance testing (Type C), rig testing, and drop testing. These tests confirm that the products meet industry standards for safety, durability, and environmental sustainability before being delivered to clients. The company is committed to high-quality manufacturing and strict adherence to industry standards.
- FIBCs, typically made from polypropylene (PP), are woven fabric bags designed to carry between 500 kg and 2,000 kg of dry and mobile products. Commonly used for items like grains, seeds, salt, chemicals, sand, clay, and cement, FIBCs offer a range of advantages. They are cost-effective, easy to handle, and resistant to chemicals, making them an efficient alternative to traditional bulk packaging options like paper-based products.
- FIBCs not only reduce packaging weight, leading to lower transportation costs, but they are also space-efficient as they can be folded and compressed for storage. This has driven increasing adoption in various industries, particularly in the Asia-Pacific (APAC) region. Sectors such as food and beverage, chemicals, pharmaceuticals, construction, and metals & mining are gradually shifting to FIBCs due to their cost savings and improved handling efficiency.
- STBATCL is committed to being a comprehensive solution for all FIBC packaging needs, with a strong focus on expanding in this area. Its products are logistic solutions for diverse industry and the success of its business does not depend upon a few sectors. With a diverse product portfolio, STBATCL is equipped to adapt to the unique needs of its customers. The company specializes in producing a wide range of bags and liners, customized according to customer specifications, and provides printing services to enhance the visual appeal of the bags.
- The company has a strong presence in both international and domestic markets, with customers spread across the globe. Its products are exported to 38 countries, and within India, the company supplies its products nationwide. In FY2023, STBATCL exported approximately 3.8 mn FIBC bags from its Units I and II. The company's major export destinations include the USA, Germany, Australia, the UK, Singapore, Canada, France, New Zealand, Chile, Sweden, Switzerland, Spain, and Malaysia, covering six continents.

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

- The company operates five strategically located manufacturing facilities in Indore, Madhya Pradesh. The location of its units is in proximity to Mumbai, Maharashtra and major industrial zones having good connectivity to ports, airports, and highways, which enhances our capability of supplying its products in time and on a cost-effective basis to its clients. The company's manufacturing facilities cover an area of 21,613 Sq. Mtr., and has an installed extrusion capacity of approximately 2,300 metric tons per month, with a current utilization of around 2,200 metric tons per month. Equipped with modern machinery, optimized layouts, and automated processes, its facilities ensure high-quality production and efficient operations.
- The Indian FIBC industry is small and highly fragmented. In FY23, the top 10 companies in this sector contributed to about 45% of the total industry revenues. The market consists of many players spread across different regions, with most of them competing mainly on price. The growth of the FIBC industry is driven by factors such as industrialization, infrastructure development, trade activities, and specific industry needs. Consequently, the industry is highly competitive, with many manufacturers and suppliers operating both regionally and internationally.
- The company has a diverse product portfolio, offering a wide range of bags, which has significantly contributed to its revenue. Over the years, the contribution of different products to the overall revenue has varied where in FY21, FIBC products generated Rs. 243.1cr, accounting for 70.7% of the revenue. In FY22, this increased to Rs. 347.8cr (78.3% of revenue). However, in FY23, the contribution decreased slightly to Rs. 322.8cr (67.9%), and further to Rs. 277.7cr in FY24, representing 51.5% of the revenue. In FY21, woven sacks contributed Rs. 22.8cr, which was 6.6% of the revenue. The contribution remained relatively stable in FY22 with Rs. 22.4cr (5%), increased in FY23 to Rs. 30.5 cr (6.4%), and then slightly decreased to Rs. 24.3cr in FY24, making up 4.5% of the revenue.
- In FY21, woven fabrics & narrow fabrics has generated Rs. 15.2cr, representing 4.4% of the revenue. However, in FY22, the contribution dropped to Rs. 4cr (0.9%), increased to Rs. 9.1cr in FY23 (1.9%), and then surged to Rs. 115cr in FY24, accounting for 21.3% of the revenue. In FY21, the Tape products did not generate any revenue. However, in FY22, they contributed Rs. 0.7cr, accounting for 0.2% of the total revenue. This increased significantly in FY23, generating Rs. 37.6cr, which was 7.9% of the revenue. By FY24, the revenue was Rs. 22.7cr, representing 4.2% of the total revenue. For other products, including items like liner, container liner, thread, multifilament yarn, filler cord, and treated polymers, the revenue contributions in FY21, was Rs. 62.6cr, making up 18.2% of the revenue. In FY22, they contributed Rs. 69.2cr, which was 15.6% of the revenue. This figure rose slightly in FY23, with a contribution of Rs. 75.4cr, or 15.9% of the revenue. By FY24, the revenue from these other products reached Rs. 99.8cr, accounting for 18.5% of the total revenue.
- The company's revenue from domestic sales has shown significant fluctuations over the past few years. In FY21, domestic sales contributed Rs. 110.9cr, representing 32.3% of the total sales. This decreased to Rs. 69.1cr in FY22, making up 15.6% of the total sales. However, in FY23, domestic sales surged to Rs. 170.6cr, accounting for 35.9% of the total, and further increased to Rs. 275.0cr in FY24, representing 51% of the total sales. On the other hand, export sales have followed a different trend. In FY21, export sales generated Rs. 232.8cr, contributing 67.7% of the total sales. This figure increased to Rs. 375.1cr in FY22, making up 84.4% of the total sales. However, in FY23, export sales decreased to Rs. 304.9cr, representing 64.1% of the total, and further declined to Rs. 264.7cr in FY24, accounting for 49% of the total sales.

**Peer comparison and valuation:** STBATCL provides a comprehensive selection of bulk packaging solutions to its clients, including a variety of FIBC bags and other industrial packaging products such as woven sacks, fabrics, narrow fabrics, and tapes. These products cater to various industries both in India and internationally. The company's success is not reliant on any single sector, as it serves a diverse range of markets. STBATCL has expanded its domestic presence and experienced growth in sales, which has positively impacted both its revenue and profitability.

At the higher price range, STBATCL is seeking an EV/Sales ratio of 1.5x, which is significantly premium to the peer average. We believe all the positives seemed to be priced in the demanded valuation. The company's performance is closely tied to the growth of its end industries; any negative impact on these sectors could affect the company's business. Thus, we recommend a **"Subscribe with Caution"** rating for this issue.

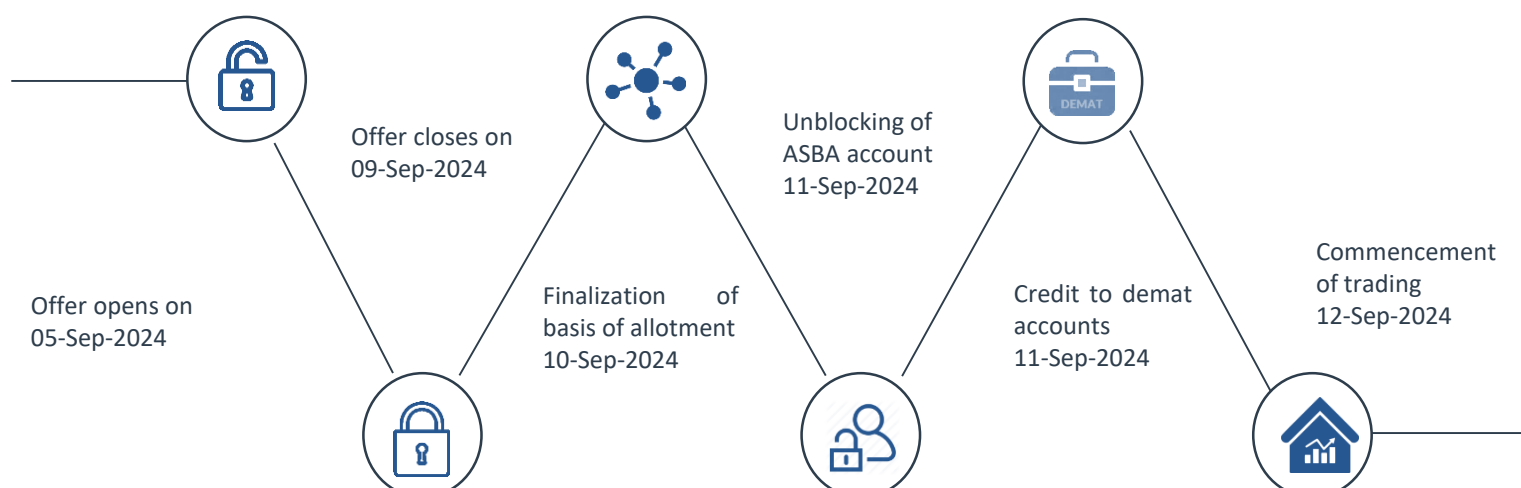
## About the issue:

- STBATCL is coming up with an IPO with 2.044cr shares (fresh issue: 1.475cr shares; OFS shares: 0.569) in offering. This offer represents 25.06% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 159.4 - 169.7cr.
- The issue is through book building process with a price band of Rs. 78 - 83 per share.
- Lot size comprises of 180 equity shares and in-multiple of 180 shares thereafter.
- The issue will open on 05<sup>th</sup> Sep. 2024 and close on 09<sup>th</sup> Sep. 2024.
- The IPO is a combination of fresh issue (Rs. 115.1 - 122.4cr) and OFS portion (of Rs. 44.4 - 47.2). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 31.5cr for repayment or prepayment, in part or full, of certain of its outstanding borrowings availed by the company, Rs. 20.8cr for investment in its subsidiaries HPPL, STBFL and JPPL for repayment or prepayment, in part or full, of certain of outstanding borrowings availed, Rs. 13.5cr for funding incremental working capital requirements of the company, and Rs. 10.7cr for investment in its subsidiaries HPPL, STBFL, and JPPL for funding working capital requirements. Residual proceeds will be used for general corporate purposes.
- One of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.569cr shares. Consequently, post-IPO, the P&PG and public shareholders will have 65.42% and 34.58% 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	88.38%	65.42%
Public	11.62%	34.58%
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, STBATCL has grown its revenue by increasing sales of its manufactured products and expanding its domestic presence. The company caters to a wide range of industries, including construction, agriculture, industrial products, chemicals, fertilizers, cement, mining, animal feed, and processed food, among others.

The company has experienced steady growth, with total operating revenue reaching Rs. 539.7cr, reflecting a CAGR of 16.2%. This increase is largely due to higher sales of manufactured products and services, particularly in the domestic market. Additionally, specific segments, such as woven fabrics and narrow fabrics, have shown significant growth with a CAGR of 96.4%, while other segments have grown at a CAGR of 16.8%.

The company faced a significant increase in material costs as a percentage of revenue, with these costs growing at CAGR of 20.2%. This, combined with changes in inventory, led to a 433 bps decline in the gross profit margin, bringing it down to 30.5%. On the positive side, a reduction in other expenses helped improve the EBITDA margin, which rose by 300 bps to 11.5%. In absolute terms, the consolidated EBITDA grew significantly, with CAGR of 28.6%, reaching Rs. 61.9cr in FY24.

During this period, the company saw a reduction in depreciation costs and increase in other income. These savings, combined with lower operating expenses, contributed to a significant 319 bps increase in the PAT margin, bringing it up to 6.7% in FY24. Additionally, the reported PAT showed substantial growth, reaching Rs. 36.0cr in FY24.

STBATCL has steadily increased its borrowing over the years, leading to a 9% CAGR in its financial liabilities. Despite this increase in debt, the company's profitability has improved, which has contributed to maintaining a stable debt-to-equity ratio. This ratio decreased from 2.5x in FY21 to 1.5x in FY24. Pre-issue RoIC and RoE stood at 17.2% and 20.8%, respectively, in FY24.

Pre-issue financial snapshot (Rs. cr)	FY21	FY22	FY23	FY24	CAGR over FY21-24	Y-o-Y (FY24 annual)
FIBC	243.1	347.8	322.8	277.7	4.5%	-14.0%
Woven Sacks	22.8	22.4	30.5	24.3	2.1%	-20.3%
Woven Fabrics & Narrow Fabric	15.2	4.0	9.1	115.0	96.4%	
Tape	0.0	0.7	37.6	22.7		-39.5%
Others	62.6	69.2	75.4	99.8	16.8%	32.3%
Revenue from operations	343.8	444.2	475.4	539.7	16.2%	13.5%
Gross Profit	119.9	144.6	167.0	164.8	11.2%	-1.3%
EBITDA	29.1	30.9	48.0	61.9	28.6%	28.9%
Reported PAT	12.0	13.7	20.7	36.1	44.2%	74.1%
Restated adjusted EPS	1.5	1.7	2.5	4.4	44.2%	74.1%
Cash flow from operating activities	(16.6)	(22.2)	36.9	(26.5)	16.8%	-171.8%
NOPLAT	18.7	18.7	32.3	41.8	30.8%	29.6%
FCF	0	(8.0)	13.1	(18.2)		-238.9%
RoIC (%)	13.9%	11.6%	17.9%	17.2%	321 bps	(78) bps
Revenue growth rate		29.2%	7.0%	13.5%		
Gross profit growth rate		20.6%	15.5%	-1.3%		
Gross profit margin	34.9%	32.6%	35.1%	30.5%	(433) bps	(459) bps
EBITDA growth rate		6.1%	55.4%	28.9%		
EBITDA margin	8.5%	7.0%	10.1%	11.5%	300 bps	137 bps
Restated PAT growth rate		13.6%	51.7%	74.1%		
Restated PAT margin	3.5%	3.1%	4.4%	6.7%	319 bps	233 bps
Inventories days	190.0	153.3	151.9	153.4	-6.9%	1.0%
Receivable days	49.8	39.0	38.1	48.7	-0.7%	27.8%
Trade payables days	(44.1)	(23.9)	(9.8)	(14.7)	-30.8%	49.2%
Cash conversion cycle	195.6	168.5	180.1	187.4	-1.4%	4.0%
Fixed asset turnover ratio	5.6	6.1	6.3	6.1	2.8%	-4.3%
Total asset turnover ratio	1.0	1.1	1.2	1.0	2.0%	-13.8%
Current ratio	1.4	1.4	1.5	1.6	5.4%	3.2%
Quick ratio	0.6	0.5	0.5	0.7	6.9%	37.9%
Total debt	201.0	252.5	234.7	260.2	9.0%	10.9%
Net debt	192.4	241.6	225.3	252.4	9.5%	12.0%
Debt to equity	2.5	2.7	2.1	1.5	-15.2%	-29.4%
Net debt to EBITDA	6.6	7.8	4.7	4.1	-14.8%	-13.1%
RoE	14.7%	14.8%	18.8%	20.8%	610 bps	205 bps
RoA	3.4%	3.5%	5.3%	7.0%	353 bps	170 bps
RoCE	16.0%	13.4%	21.7%	21.6%	554 bps	(18) bps

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



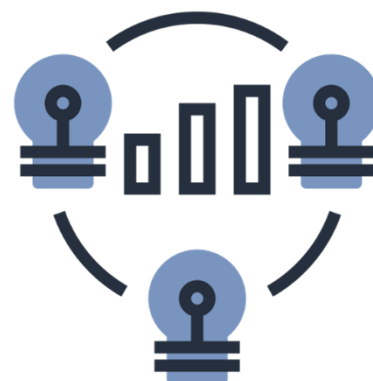


### Competitive strengths:

- Diverse customer base
- Cost-Effectiveness of FIBCs
- Multi- product portfolio
- Quality Standard Certifications & Quality Tests
- Experienced Promoter and senior management team
- Multi-market Company
- Its Product Development Capabilities
- Growing Demand for Sustainable Packaging Solutions

### Business strategy:

- Focus on core competence
- Multi- Location Facilities
- Developing the new product line
- Global and Domestic Presence
- Continue to improve operating efficiencies through technology enhancements.
- Recycling



### Risk and concerns:

- General slowdown in the global economic activities
- Geographical concentration of business
- Volatile fluctuations in crude oil prices
- Under-utilization of its manufacturing capacities
- Negative cash flow from its operating, investing, and financing
- Foreign currency exchange rate fluctuations
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## Financial statements:

Consolidated profit and loss statement (Rs. cr)						
	FY21	FY22	FY23	FY24	CAGR over FY21-24	Annual growth over FY23
<b>Revenue from operations</b>	<b>343.8</b>	<b>444.2</b>	<b>475.4</b>	<b>539.7</b>	<b>16.2%</b>	<b>13.5%</b>
Cost of materials consumed	(238.5)	(286.2)	(317.9)	(414.2)	20.2%	30.3%
Purchase of stock-in-trade	0.0	(15.6)	(1.0)	0.0	0.0%	-100.0%
Changes in inventories of finished goods and work in progress	14.6	2.2	10.5	39.3	39.1%	274.1%
<b>Gross profit</b>	<b>119.9</b>	<b>144.6</b>	<b>167.0</b>	<b>164.8</b>	<b>11.2%</b>	<b>-1.3%</b>
Employee benefits expenses	(25.6)	(31.5)	(33.6)	(32.5)	8.3%	-3.3%
Other expenses	(65.1)	(82.2)	(85.3)	(70.3)	2.6%	-17.5%
<b>EBITDA</b>	<b>29.1</b>	<b>30.9</b>	<b>48.0</b>	<b>61.9</b>	<b>28.6%</b>	<b>28.9%</b>
Depreciation and amortization expenses	(6.1)	(7.2)	(5.8)	(6.9)	4.5%	19.0%
<b>EBIT</b>	<b>23.1</b>	<b>23.8</b>	<b>42.2</b>	<b>55.0</b>	<b>33.6%</b>	<b>30.2%</b>
Finance costs	(12.5)	(16.0)	(17.8)	(20.7)	18.3%	16.2%
Other income	4.3	9.6	2.7	13.2	45.1%	386.8%
<b>PBT</b>	<b>14.9</b>	<b>17.3</b>	<b>27.1</b>	<b>47.4</b>	<b>47.2%</b>	<b>75.0%</b>
Tax expenses	(2.8)	(3.7)	(6.4)	(11.4)	58.8%	77.9%
<b>Reported PAT</b>	<b>12.0</b>	<b>13.7</b>	<b>20.7</b>	<b>36.1</b>	<b>44.2%</b>	<b>74.1%</b>

Consolidated balance sheet statement (Rs. cr)						
	FY21	FY22	FY23	FY24	CAGR over FY21-24	Annual growth over FY23
Equity share capital	1.1	1.1	1.2	66.8	287.8%	5670.4%
Other equity	80.5	91.1	109.1	106.2	9.7%	-2.6%
Total attributable to non-controlling interest	23.1	26.2	30.7	37.6	17.7%	22.3%
Non-current borrowings	37.5	60.7	51.7	38.3	0.7%	-25.9%
Non-current lease liabilities	1.4	1.4	1.3	1.3	-3.1%	-3.4%
Other financial liabilities	0.0	0.0	0.0	0.0	0.0%	0.0%
Provisions	3.4	4.0	3.1	2.9	-5.7%	-6.8%
Deferred tax liabilities (net)	1.3	1.5	2.3	2.3	22.0%	-2.0%
Trade payable	41.6	16.6	9.0	34.3	-6.2%	280.2%
Current borrowings	153.6	179.4	172.1	205.4	10.2%	19.3%
Other financial liabilities	0.0	0.0	0.0	0.1	12.9%	290.5%
Other current liabilities	3.8	4.5	3.4	10.8	41.2%	212.4%
Current provisions	1.1	2.4	3.0	1.6	11.2%	-48.1%
Current tax liabilities (net)	0.6	2.9	5.4	9.4	154.5%	73.4%
<b>Total liabilities</b>	<b>349.0</b>	<b>391.9</b>	<b>392.5</b>	<b>516.9</b>	<b>14.0%</b>	<b>31.7%</b>
Property, plant & equipments	51.1	56.3	51.3	71.5	11.9%	39.5%
Capital work-in-progress	8.4	14.1	22.0	15.9	23.5%	-27.9%
Right-of-use assets	1.1	1.1	1.0	0.9	-5.4%	-5.7%
Intangible Assets	0.0	0.8	0.7	0.7	0.0%	-12.5%
Intangible assets under development	0.9	0.0	0.0	0.0	-100.0%	0.0%
Financial Investments	0.4	0.6	0.9	1.1	43.7%	17.1%
Loans & Advances	2.6	2.6	2.6	0.0		
Other financial assets	11.5	22.3	16.0	10.6	-2.8%	-33.9%
Inventories	178.9	194.1	201.5	252.1	12.1%	25.1%
Trade receivables	46.9	48.2	51.1	92.9	25.6%	81.8%
Cash & cash equivalents	4.3	8.7	5.1	0.3	-58.4%	-94.0%
Bank balances other than cash and cash equivalents	4.4	2.2	4.3	7.5	19.9%	74.7%
Loans & Advances	2.4	11.2	4.1	30.9	135.5%	658.5%
Other current assets	36.3	29.8	31.9	32.6	-3.5%	2.1%
<b>Total assets</b>	<b>349.0</b>	<b>391.9</b>	<b>392.5</b>	<b>516.9</b>	<b>14.0%</b>	<b>31.7%</b>



## Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)						
	FY21	FY22	FY23	FY24	CAGR over FY21-24	Annual growth over FY23
Cash flow before working capital changes	23.7	30.9	48.0	61.9	37.8%	28.9%
Working capital changes	(37.1)	(49.7)	(5.5)	(77.0)	27.5%	1289.9%
<b>Cash flow from operating activities</b>	<b>(16.6)</b>	<b>(22.2)</b>	<b>36.9</b>	<b>(26.5)</b>	<b>16.8%</b>	<b>-171.8%</b>
Purchase of fixed assets and CWIP	(21.6)	(17.9)	(8.4)	(17.0)	-7.6%	102.2%
<b>Cash flow from investing activities</b>	<b>(26.7)</b>	<b>(6.8)</b>	<b>(8.3)</b>	<b>(11.1)</b>	<b>-25.4%</b>	<b>33.9%</b>
<b>Cash flow from financing activities</b>	<b>27.5</b>	<b>32.9</b>	<b>(33.9)</b>	<b>31.8</b>	<b>4.9%</b>	<b>-193.8%</b>
Loss/Gain on remeasurement of the defined benefit plan	(0.0)	0.5	1.6	1.0	-611.2%	-35.5%
<b>Net cash flow</b>	<b>(15.8)</b>	<b>4.5</b>	<b>(3.6)</b>	<b>(4.8)</b>	<b>-32.9%</b>	<b>31.1%</b>
Cash and cash equivalent at the beginning of the year	20.1	4.3	8.7	5.1	-36.7%	-41.8%
<b>Closing balance of cash from continuing operations</b>	<b>4.3</b>	<b>8.7</b>	<b>5.1</b>	<b>0.3</b>	<b>-58.4%</b>	<b>-94.0%</b>

Financial ratios				
Particulars	FY21	FY22	FY23	FY24
<b>Profitability ratios</b>				
Revenue growth rate			29.2%	13.5%
Gross profit growth rate			20.6%	-1.3%
Gross profit margin	34.9%	32.6%	35.1%	30.5%
EBITDA growth rate		6.1%	55.4%	28.9%
EBITDA margin	8.5%	7.0%	10.1%	11.5%
EBIT growth rate			77.8%	30.2%
EBIT margin	6.7%	5.3%	8.9%	10.2%
Restated PAT growth rate		13.6%	51.7%	74.1%
Restated PAT margin	3.5%	3.1%	4.4%	6.7%
<b>Turnover ratios</b>				
Inventory turnover ratio	1.9	2.4	2.4	2.4
Accounts payable turnover ratio	8.3	15.3	37.2	24.9
Fixed asset turnover ratio	5.6	6.1	6.3	6.1
Total asset turnover ratio	1.0	1.1	1.2	1.0
<b>Liquidity ratios</b>				
Current ratio	1.4	1.4	1.5	1.6
Quick ratio	0.6	0.5	0.5	0.7
Total debt	201.0	252.5	234.7	260.2
Net debt	192.4	241.6	225.3	252.4
Debt to equity	2.5	2.7	2.1	1.5
Net debt to EBITDA	6.6	7.8	4.7	4.1
<b>Cash flow ratios</b>				
CFO to PAT	(1.4)	(1.6)	1.8	(0.7)
CFO to Capex	(0.8)	(1.2)	4.4	(1.6)
CFO to total debt	(0.1)	(0.1)	0.2	(0.1)
CFO to current liabilities	(0.1)	(0.1)	0.2	(0.1)
<b>Return ratios</b>				
RoIC (%)	13.9%	11.6%	17.9%	17.2%
RoE (%)	14.7%	14.8%	18.8%	20.8%
RoA (%)	3.4%	3.5%	5.3%	7.0%
RoCE (%)	16.0%	13.4%	21.7%	21.6%
<b>Per share data</b>				
Restated EPS (Rs.)	1.5	1.7	2.5	4.4
BVPS (Rs.)	10.0	11.3	13.5	21.2
Operating cash flow per share (Rs.)	(2.0)	(2.7)	4.5	(3.2)

Source: Choice Equity Broking

## IPO rating rationale

**Subscribe:** An IPO with strong growth prospects and valuation comfort.

**Subscribe with Caution:** Relatively better growth prospects but with valuation discomfort.

**Avoid:** Concerns on both fundamentals and demanded valuation.

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