

NOVEMBER 09, 2022

## IPO Note

**KAYNES TECHNOLOGY INDIA LTD (KTIL)****NOT RATED**

(Note: All the information in this note is taken from RHP)

(For private circulation only)

**Offer Details**

The offer consists of offer for sale of up to 55,84,664 equity shares by the Selling Shareholders and Fresh issue of Rs530 cr. The price band is in the range of Rs.559-587/share. The total size of the issue is ~Rs858 cr at upper level of price band.

**Offer details**

Particulars	Details
Price Band	Rs.559 to Rs.587 per equity share
Face Value	Rs10/share
Opening Date <sup>^</sup>	10-Nov-22
Closing Date	14-Nov-22
No. of shares pre-issue (nos. Cr)	4.9
Fresh Issue (nos. Cr)*	0.9
Offer for sale (nos. Cr)	0.6
No. of shares post-issue (nos. Cr)	5.8
Fresh Issue size (Rs Cr)	530
Offer for sale size (Rs Cr)*	328
Issue size (Rs Cr)*	858
Bid Lot size	25 Equity share and in multiple of 25 equity share thereafter.
Book building	
QIB: (including Anchor)	50%
Non-Institutional	15%
Retail	35%
Listing	BSE & NSE
BRLM	DAM Capital Advisors Limited/ IIFL Securities Limited.
Registrar to the issue	Link Intime India Private Limited.

Source: Company's RHP; <sup>^</sup>The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date 9th November 2022, \*At upper price band

**Objects of the offer**

The offer comprises of the Fresh Issue and the Offer for Sale. The company will not receive any proceeds from the Offer for Sale. The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table.

**Objects of the offer**

Particulars	Amount (Rs cr)
Repayment/ prepayment, in full or part, of certain borrowings availed by the Company	130.0
Funding capital expenditure towards expansion of existing manufacturing facility at Mysuru, Karnataka, and near its existing manufacturing facility at Manesar, Haryana	98.9
Investment in its wholly owned Subsidiary, Kaynes Electronics Manufacturing Private Limited, for setting up a new facility at Chamarajanagar, Karnataka	149.3
Funding working capital requirements of the Company	114.7
General corporate purposes & Offer related expenses*	NA
<b>Total</b>	<b>NA</b>

Source: Company RHP, \*To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

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### Shareholding Pattern

Category	Pre-offer	Post-offer*
Promoters & Promoter group	79.8%	63.8%
Public	20.2%	36.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company RHP, \*At upper level of price band

### Selling shareholders

Name	Type	Total shares offered (Nos)
Ramesh Kunhikannan	Promoter Selling Shareholder	2,084,664
Freny Firoze Irani	Investor Selling Shareholder	3,500,000
<b>Total</b>		<b>5,584,664</b>

Source: Company RHP.

### Business Overview

Kaynes Technology India Ltd (KTIL) is an end-to-end and IoT solutions enabled integrated electronics manufacturing player, having capabilities across the entire spectrum of electronics system design and manufacturing (“ESDM”) services. The company has experience in providing conceptual design, process engineering, integrated manufacturing and life-cycle support for major players in the automotive, industrial, aerospace and defence, outer-space, nuclear, medical, railways, Internet of Things (“IoT”), Information Technology (“IT”) and other segments.

KTIL’s business is classified based on the stage of services that it provides to its customers. KTIL classifies its operations under the following business verticals:

**OEM – Turnkey Solutions – Box Build (“OEM – Box Build”):** The company undertakes “Build To Print” or “Build to Specifications” of complex box builds, sub-systems and products across various industry verticals.

**OEM – Turnkey Solutions – Printed Circuit Board Assemblies (“PCBAs”) (“OEM – Turnkey Solutions”):** The company undertakes turnkey electronics manufacturing services of PCBAs, cable harness, magnetics and plastics ranging from prototyping to product realization including mass manufacturing.

**ODM:** KTIL offers ODM services in smart metering technology, smart street lighting, brush less DC (“BLDC”) technology, inverter technology, gallium nitride based charging technology and providing IoT solutions for making smart consumer appliances or devices IoT connected.

**Product Engineering and IoT Solutions:** KTIL offers conceptual design and product engineering services in industrial and consumer segments. Its services include PCB cladding or electrical schematics to embedded design and submitting proof of concept to prototyping. It also offers connected product engineering and solutions. It also provides end-to-end IoT and cloud enablement solutions and offer IoT data and analytics platform and vertical IoT solutions.

### Revenue from operations across various service segments

Services	FY20		FY21		FY22		Q1FY23	
	(Rs cr)	% of Revenue	(Rs cr)	% of Revenue	(Rs cr)	% of Revenue	(Rs cr)	% of Revenue
OEM – Turnkey Solutions – Box Build	942.07	25.58%	1,276.25	30.34%	1,988.21	28.15%	468.68	23.52%
OEM – Turnkey Solutions – Printed Circuit Board Assemblies	2,290.02	62.19%	2,509.07	59.65%	4,436.19	62.81%	1,326.96	66.59%
ODM	76.18	2.07%	184.21	4.38%	278.04	3.94%	98.99	4.97%
Product Engineering and IoT solutions	374.11	10.16%	236.74	5.63%	360.06	5.10%	98.03	4.92%
<b>Total</b>	<b>3,682.38</b>	<b>100.00%</b>	<b>4,206.27</b>	<b>100.00%</b>	<b>7,062.49</b>	<b>100.00%</b>	<b>1,992.67</b>	<b>100.00%</b>

Source: Company RHP

The company operates eight strategically located manufacturing facilities across India in the states of Karnataka, Haryana, Himachal Pradesh, Tamil Nadu, and Uttarakhand. Its facilities are located in proximity to its customers, allowing them to service their requirements efficiently and cost-effectively. Certain of its manufacturing facilities are approved under the Electronics Hardware Technology Park Scheme of Software Technology Park of India, Bengaluru and 100% Export Oriented Unit Scheme of Madras Export Processing Zone, Chennai, Tamilnadu that offer incentives similar to a special economic zone. As of June 30, 2022, KTIL had a combined capacity to assemble over 150 cr (on an annualized basis) components for the period and have an exclusive line for 'Green Manufacturing' that is compliant with Directive 2002/95/EC Restriction of Hazardous Substances ("RoHS"). As of June 30, 2022, its manufacturing infrastructure also includes one design facility and two service centres. The company has a dedicated research and development facility located within its facility at Mysuru, Karnataka – Unit - I.

The company has long-term relationships with a large customer base diversified across verticals and geographies. In the three months ended June 30, 2022, it served 229 customers in 21 countries globally and multiple industry verticals such as automotive, aerospace and defence, industrial, railways, medical and IT / ITES. KTIL collaborates with its customers through the entire product life-cycle and after-sales and end-of-life services including assisting with concept creation, product development, prototyping, testing and mass manufacturing. This results in customers shortening their product development and time-to-market cycles.

### Key financial performance metrics

Particulars	FY20	FY21	FY22	Q1FY23
Revenue from Operations (Rs cr)	368.24	420.63	706.25	199.27
Gross Margins (%)	34.37%	31.98%	30.70%	29.48%
EBITDA (Rs cr)	41.33	40.89	93.67	24.57
EBITDA Margin (%)	11.22%	9.72%	13.26%	12.33%
Restated Profit After Tax (Rs cr)	9.36	9.73	41.68	10.05
PAT Margin (%)	2.54%	2.31%	5.90%	5.04%
RoE (%)	10.51%	8.08%	24.50%	4.78%*
RoCE (%)	14.42%	13.47%	24.44%	5.54%*
Net Worth (Rs cr)	95.758	136.51	201.82	212.00
Asset Turnover (x)	4.02	3.68	4.79	1.34*
Net Working Capital day	121	117	98	122#
Debt/Equity (x)	1.5	1.02	0.84	0.88
Inventory Turnover Ratio (x)	2.7	2.67	3.62	3.1

Source: Company RHP, Notes: \* Not annualized # Annualised

## Strengths

### Internet of Things (“IoT”) solutions enabled integrated electronics manufacturing player with end-to-end capabilities across the Electronics System Design and Manufacturing spectrum

KTIL has an end-to-end and IoT solutions enabled integrated electronics manufacturing player, having capabilities across the spectrum of ESDM services (Source: F&S Report). It is engaged in concept co-creation with its customers followed by product realization and life-cycle support. The company possesses the ability to manufacture complex products through innovative engineering across various industry verticals. It operates its canvas-to-cloud industrial internet of things (“IIoT”) solutions through its Subsidiary, Kemsys. Its value proposition is to assist OEMs to transform their legacy products into smart systems by incorporating combination of sensors, micro-processors, software, and connectivity technologies in multiple ways.

### Services offering



Source: Company RHP

### Diversified business model with portfolio having applications across industry verticals.

The company has a wide-ranging product portfolio having applications across industry verticals such as automotive, telecom, aerospace and defence, space, medical, IoT and industrial, each of which are individually growing (Source: F&S Report). Its diverse portfolio limits its exposure to downturns associated with a particular vertical. It also ensures that its revenues are consistent across periods on account of its customers serving different industry verticals with different business or industry cycles.

### Revenue from operations across the various end-use industry verticals

Industry	FY20		FY21		FY22		Q1FY23	
	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue
Automotive	74.7	20.3%	100.4	23.9%	237.0	33.6%	82.3	41.3%
Industrial	117.8	32.0%	139.4	33.1%	210.5	29.8%	53.2	26.7%
Aerospace, Defence, Outer-space and Nuclear	20.0	5.4%	13.6	3.2%	17.8	2.5%	0.7	0.3%
Medical	23.0	6.2%	46.2	11.0%	71.2	10.1%	11.1	5.6%
Railways	63.1	17.1%	59.6	14.2%	73.1	10.4%	20.2	10.1%
IoT / IT and others	40.3	11.0%	24.7	5.9%	37.5	5.3%	9.9	5.0%
Consumer	29.3	8.0%	36.8	8.7%	59.1	8.4%	21.9	11.0%
<b>Total</b>	<b>368.2</b>	<b>100.0%</b>	<b>420.6</b>	<b>100.0%</b>	<b>706.2</b>	<b>100.0%</b>	<b>199.3</b>	<b>100.0%</b>

Source: Company RHP

### Long-standing relationships with marquee customer base

The company has a diversified customer base and served 229 customers in 21 countries across three continents in the three months ended June 30, 2022. Its customers span multiple sectors, ranging from electronics, to automotive, to healthcare, industrial and IoT. The company has a balanced mix of domestic and international customers including certain Fortune 500 companies, multinational corporations and start-ups. Its customers include Agappe Diagnostics Limited, Canyon Aero (formerly Cobham Aerospace Communications) ("Canyon AERO"), Frauscher Sensor Technology India Private Limited, Hitachi Rail STS India Private Limited, India Japan Lighting Private Limited, Siemens Rail Automation Private Limited, Iskraemeco India Private Limited and Tonbo Imaging India Private Limited.

The company has low customer revenue concentration and its reliance on any single customer is limited. No customer contributed to over 15% of its revenue from operations in the last three Fiscals and in the three months ended June 30, 2022. In FY20, FY21 and FY22, and in Q1FY23, its top 10 customers generated Rs197.4cr, Rs193.6cr, Rs360.3 cr and Rs125.1 cr, of its revenue from operations, respectively and accounted for 53.61%, 46.03%, 51.02% and 62.81%, respectively, of its revenue from operations in such periods. The value of each customer order has been increasing from an average order size of Rs14.9 lakh in FY20 to an average order size of Rs55.3 lakh in FY22, at a CAGR of 92.44%.

### Geographical breakup of exports revenue

Particulars (Rs cr)	FY20	FY21	FY22	Q1FY23
North America	27.6	30.6	44.3	4.5
Europe	31.2	36.1	79.1	16.5
South East Asia	3.7	6.3	5.2	1.1
Others	13.1	34.8	12.6	5.7
<b>Total</b>	<b>75.5</b>	<b>107.8</b>	<b>141.2</b>	<b>25.3</b>

Source: Company RHP

### Global certifications for each industry vertical catered to and multiple facilities across India with advanced infrastructure

Over the years, the company has focused on creating robust manufacturing systems and processes. KTIIL adheres to global standards and have obtained various global certifications. This ensures that its processes comply with customer specific, industry specific, statutory health and safety, as well as environmental and social and governance requirements. Its systems and processes are also certified by global certification bodies that helps them to serve its customers stringent quality specifications and assists in new customer acquisition.

As of June 30, 2022, KTIIL operates various facilities comprising eight manufacturing facilities, one design facility, two service centers and one packaging and dispatch facility across located in Karnataka, Haryana, Himachal Pradesh, Tamil Nadu, Uttarakhand, Kerala and Maharashtra. Its facilities at Manesar, Haryana, Chennai, Tamil Nadu and Parwanoo, Himachal Pradesh are strategically located in close proximity to its customers which in its experience helps reduce logistics costs, increase its efficiency and ensure minimal capital expenditures. Its facilities are scalable allowing them to expand its capacity within a short time period without incurring significant capital expenditure.

### Strong supply chain and sourcing network

The company possesses a mature and reliable supply chain network. The company has long-term relationships with its vendors within India and outside India, that has led to improvement in credit terms over the years. As of June 30, 2022, it works with over 871 vendors and source materials from various regions including North America, Europe, Singapore as well as locally within India. Its top 10 suppliers have an average relationship period of over 10.80 years, as of June 30, 2022.

### Track record of consistent financial performance

The company has been delivering consistent financial performance, despite the impact of the COVID-19 pandemic on its business operations. Its revenue from operations has grown at a CAGR of 38.49% from Rs368.2 cr in FY20 to Rs706.2cr in FY22 and was Rs199.3 cr in Q1FY23, while its EBITDA has grown at a CAGR of 50.54% from Rs41.3 cr as of FY20 to Rs93.7 cr as of FY22 and was Rs24.6 cr, respectively, in the three months ended June 30, 2022. The company has been profitable for every year since inception. The company believes that its operational and financial performance will allow them to capitalize on the tailwinds in the electronics industry.

### Experienced Promoters and senior management with extensive knowledge of the sector

KTIL is led by an experienced management team. Its Managing Director and Promoter, Ramesh Kunhikannan, is a firstgeneration entrepreneur, and has more than three decades of experience in the ESDM industry. KTIL's management team includes its Chairperson and Whole-time Director, Savitha Ramesh, who has over two decades of experience in operations management, and its Whole-time Director and Chief Financial Officer, Jairam Paravastu Sampath, who possesses over three decades of experience in manufacturing, operations, sales and marketing. Its other key management personnel have been with the Company for more than 15 years.

### Key Managerial Personnel

Management	Profile
Ramesh Kunhikannan,	He is the Promoter and Managing Director of the Company. He has been associated with the Company since incorporation. He holds a bachelor's degree in electrical engineering from National Institute of Engineering, Mysore. He has over 33 years of experience in the electronic manufacturing services industry. He oversees the management function of the Company and together with its senior management is responsible for the implementation of strategy in respect of such management function.
Savitha Ramesh	She is the Promoter, Chairperson and Whole-time Director of the Company. She has been associated with the Company since incorporation. She holds a bachelor's degree in commerce from the University of Madras. She has over 25years of experience in electronic manufacturing services industry. She is responsible for the overall implementation of the manufacturing process and controls compliant with different standard across the Company.
Jairam Paravastu Sampath	He is the Whole-time Director and Chief Financial Officer of the Company. He has been associated with the Company since 2011. He holds a bachelor of technology degree in mechanical engineering from the Indian Institute of Technology Madras and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 30 years of experience in manufacturing, operations, sales and marketing. He was the vice president of TVS Group and the chief marketing officer of iPath Technologies Private Limited.
Rajesh Sharma	He is the Chief Executive Officer of the Company. He has been a part of the Company since December 20, 2021. He holds a bachelor's degree in commerce from Bangalore University. He is also an associate member of the Institute of Chartered Accountants of India. He has over 15 years of experience in accounting and finance. He was previously associated with the Syngene International Limited as the vice-president, Allergan India Private Limited as director-finance, Cryo Save (India) Private Limited as the managing director, Siemens VDO Automotive Limited.

Source: Company RHP

## Strategies

### **Focus on full product / box build capabilities**

As an ESDM player catering to OEMs through in-house build of test fixtures, provide product reliability at closer proximity with faster turn-around time, delivering complex prototypes in shorter lead times and setting-up product or box build manufacturing with zero defects will ensure more customers with larger revenue share. In addition, as an integrated manufacturing player, providing almost all the services in-house from electronics to tooling, sheet metal, magnetics, cable harness, test benches will increase the share of box build which it believes will positively impact revenue and margins.

In FY20, FY21 and FY22, and in the three months ended June 30, 2022, KTIL's box build customers contributed Rs94.2 cr, Rs127.6 cr, Rs198.8 cr and Rs46.87 cr, and accounted for 25.58%, 30.34%, 28.15% and 23.52% of its revenue from operations in the respective periods.

The company intends to deploy up to Rs248.2 cr from the Net Proceeds to fund capital expenditure towards upgrading and expanding its existing facility at Mysuru, Karnataka – Unit - I, and near its existing facility at Manesar, Haryana, and to set up a new facility at Chamarajanagar, Karnataka. KTIL believes this will allow them to build high value-added consumer electronic product portfolio, and expand its business with customers for full box build.

### **Leverage its research and development capabilities to continue to diversify product portfolio and provide value-added services**

KTIL intends to leverage on its experience and capabilities of its in-house design and research and development team to further its ODM capabilities. ODM services allows to design and develop a product for a customer as per stated specifications and features and thereby develop and control supply chain along with the manufacturing process. As of June 30, 2022, its design, research and development team comprised 19 employees and has capabilities to provide end-to-end support, including verifying and developing conceptual designs received from customers and converting such designs into deliverable products by improving the designs, recommending suitable raw materials and testing of trial products.

### **Focus on expansion across each vertical to capitalize on industry opportunity**

KTIL intends to undertake vertical-focused expansion, to expand its business using different strategies for different business verticals. KTIL believes that its diverse customer base and its relationships with them across verticals, along with recent Indian government schemes including loan schemes like the Karnataka New Industry Policy and other government grants, significantly aids in its vertical focused expansion strategy.

KTIL intends to expand its order book by scaling its opportunity across its customer verticals. Its diversified products and customer base over the years, backed by its end-to-end integrated business model and its manufacturing capabilities has led to its order book growing from Rs352.2 cr as of March 31, 2020 to Rs1516.6 cr, as of March 31, 2022. As on June 30, 2022, KTIL had an order book of Rs22,66.3 cr, with orders from several customers across business verticals. Currently, the company is involved in several projects in its different business verticals like smart-meters, automotive lighting, electronic control units, hand-held diagnostic hardware, IOT driven smart solutions, dispensing solutions and avionic electronics.

**Continue to expand its customer base to focus on large customers**

Over the last three Fiscals and in the three months ended June 30, 2022, The company has been able to consistently grow its customer base. In FY20, FY21 and FY22, and Q1FY23, KTIL served 283, 292, 346 and 229 customers, respectively, across its different business verticals. With the growing customer demand for its products, it intends to capitalize on this strong industry tailwind by continuing to grow its customer base.

**Expand manufacturing capacity at its existing facilities and set-up additional strategically located facilities**

As of June 30, 2022, The company has eight manufacturing facilities located in Karnataka, Haryana, Himachal Pradesh, Tamil Nadu, and Uttarakhand. In order to support its growth strategy across India, KTIL intends to set up an additional manufacturing facility at Chamarajnagar, Karnataka and undertake significant expansion at its current facility at Mysuru, Karnataka – Unit - I and near its existing facility at Manesar, Haryana. KTIL also intends to expand its existing manufacturing facilities to increase its manufacturing capacity. To support its growth strategy, land has been allotted for the construction of its facility at Chamarajnagar, Karnataka. Certain of these facilities will also benefit from subsidized land grants and tax incentives.

**Further improve operational efficiency through backward integration of manufacturing facilities**

In order to improve its operational efficiency, KTIL intends to implement comprehensive backward integration measures by manufacturing in-house components like bare printed circuit boards and get into deep competencies in design of integrated circuits, chip sets and system on chips to leverage complete backward integration for supporting component development. The company believes these backward integration measures will allow to reduce its dependence on third party components, reduce lead time on account of synchronization of actual requirements leading to faster utilization of remaining components, better management of its material inventory, and contribute to higher margins.

**Pursue inorganic growth through selective partnerships and acquisitions**

The company intends to pursue inorganic growth opportunities through selective strategic acquisitions to complement the scale of its operations and growth in recent periods. As part of its foray into the consumer electronics segment, it intends to pursue strategic acquisitions and investments and other strategic alliance partnerships within the ESDM sector that are complementary to its current and future business verticals. KTIL believes that these partnerships will complement its existing marketing approach, expand into newer geographies such as the United States and Middle East and North Africa by addressing additional business verticals and augment its coverage of electronic product servicing into the consumer segment.



## Key risk factors

- KTIL's business is dependent on the sale of products of its customers. Its top 10 customers accounted for 53.61%, 46.03%, 51.02% and 62.81% of its revenue from operations in Fiscal 2020, 2021 and 2022, and the three months ended June 30, 2022, respectively. Revenue contribution from its top 1, top 5 and top 10 customers has fluctuated in the last three Fiscals. Further, there has been a decline in the proportion of new customers The company has added in the last three Fiscals. In addition, it does not have firm commitment agreements with its customers. The loss of one or more such customers or a reduction in demand for their products could adversely affect its business, results of operations, financial condition and cash flows.
- Increasing competition in the electronics system design and manufacturing industry may create pressures of pricing and market share that may adversely affect the company's business, prospects, results of operations, cash flows and financial condition.
- The company has had negative net operating cash flows in the past and may continue to have negative cash flows in the future. It had negative cash flows from operating activities of Rs (7.1) cr in the three months ended June 30, 2022. Any negative cash flows in the future would adversely affect its cash flow requirements, which may adversely affect its ability to operate its business and implement its growth plans, thereby affecting its financial condition.
- KTIL relies on the constant supply of semiconductors from overseas market for manufacturing of its products. The imported raw materials accounted for 64.46% of its total purchases of raw materials in Fiscal 2022. Any shortage or issues in timely availability of semiconductors or any particular semiconductor components required for the manufacturing of its products or fluctuations in the exchange rate between the Rupee and other currencies, could affect its business, financial condition, results of operations and prospects.
- The company is reliant on the demand from various industries such as automotive, railways, industrial, medical, information technology, Internet of Things, aerospace and defense, of which automotive and industrial industries accounted for 63.36% of its revenue from operations in Fiscal 2022. Any downturn in these industries could have an adverse impact on its business, growth and results of operations.
- The company has significant working capital requirements. Its net working capital requirements as of March 31, 2020, 2021 and 2022, and June 30, 2022, was Rs179.0 cr, Rs193.7 cr, Rs264.5 cr and Rs291.0 cr, respectively. If the company experiences insufficient cash flows to fund its working capital requirements or if it is not able to provide collateral to obtain letters of credit and bank guarantees in sufficient quantities, there may be an adverse effect on its business, cash flows and results of operation.
- Pricing pressure from customers may affect its gross margin, profitability and ability to increase its prices, which in turn may materially adversely affect its business, results of operations and financial condition.

## Financials

### Restated consolidated statement of assets and liabilities

Particulars (Rs cr)	FY20	FY21	FY22	Q1FY23
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	50.2	57.1	64.0	63.6
Capital work-in-progress	5.0	1.0	4.4	4.6
Intangible assets	4.5	12.7	29.0	27.3
Intangible under development	7.0	11.6	3.9	6.7
Rights-of-Use Assets	8.6	7.9	18.1	19.7
Goodwill	2.3	2.3	2.3	2.3
Financial assets				
(i) Investments	1.6	1.7	1.5	1.8
(ii) Loans and deposits	2.6	3.1	5.8	5.8
(iii) Other financial assets	1.3	1.3	3.5	3.3
Other non-current assets	4.5	1.5	3.5	6.8
<b>Total non-current assets</b>	<b>87.7</b>	<b>100.2</b>	<b>136.1</b>	<b>141.7</b>
Current Assets				
Inventories	151.1	163.9	226.4	290.1
Financial assets:				
i) Trade receivables	93.6	121.7	197.7	232.2
ii) Cash and cash equivalents	0.7	3.1	6.9	2.3
iii) Bank balances other than cash and cash equivalents	11.5	11.2	14.7	15.1
iv) Loans and deposits	5.1	1.8	1.7	2.9
v) Other financial assets	0.7	0.2	0.3	0.5
Other current assets	27.6	17.3	38.7	78.4
<b>Total current assets</b>	<b>290.5</b>	<b>319.2</b>	<b>486.4</b>	<b>621.5</b>
<b>TOTAL ASSETS</b>	<b>378.1</b>	<b>419.4</b>	<b>622.4</b>	<b>763.3</b>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Equity Share Capital	6.8	6.8	46.2	46.2
Instruments entirely equity in nature	-	1.1	0.4	0.4
Other Equity	95.9	130.8	156.0	166.2
Non-controlling interest	0.5	0.9	1.1	1.3
<b>Total equity</b>	<b>103.2</b>	<b>139.6</b>	<b>203.7</b>	<b>214.0</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial Liabilities				
i) Borrowings	9.8	17.1	29.3	32.5
ii) Lease liabilities	9.0	6.4	16.3	19.2
Deferred Tax Liabilities (Net)	7.9	5.2	6.8	8.0
Long Term Provisions	2.7	3.2	4.2	5.2
Total non-current liabilities	29.4	32.0	56.6	64.9
Current Liabilities				
Financial Liabilities:				
i) Short-term borrowings	134.0	122.4	140.3	153.8
ii) Trade payables				
- Total outstanding dues of micro enterprises and small enterprises	5.3	6.6	4.8	7.4
- Total outstanding dues to other than micro enterprises and small enterprises	86.8	88.8	159.3	263.3
iii) Other financial liabilities	6.0	6.6	7.7	8.5
iv) Lease liabilities	0.4	2.5	3.2	2.2
Current tax liabilities (net)	0.8	1.6	15.6	17.2
Other current liabilities	11.9	18.6	30.3	30.8
Short-term provisions	0.3	0.7	1.0	1.1
Total Current Liabilities	245.4	247.8	362.1	484.3
<b>Total Liabilities</b>	<b>274.9</b>	<b>279.8</b>	<b>418.7</b>	<b>549.3</b>
<b>Total Equity and Liabilities</b>	<b>378.1</b>	<b>419.4</b>	<b>622.4</b>	<b>763.3</b>

Source: Company RHP

### Restated consolidated statement of profit and loss

Particulars (Rs cr)	FY20	FY21	FY22	Q1FY23
<b>Revenue from operations</b>	<b>368.2</b>	<b>420.6</b>	<b>706.2</b>	<b>199.3</b>
Finance Income	1.2	1.1	1.2	0.7
Other Income	0.7	3.0	2.9	0.0
Total Income (A)	370.2	424.7	710.4	200.0
Expenses				
Cost of materials consumed	260.3	282.3	493.1	158.5
Changes in inventories of Finished goods and traded goods	-18.7	3.8	-3.7	-18.0
Employee Benefit Expenses	42.4	45.9	60.2	18.4
Finance Cost	23.6	24.0	25.6	7.3
Depreciation and amortization expense	8.4	10.1	13.2	4.6
Other Expenses	42.8	47.7	62.9	15.8
Total Expenses (B)	358.9	413.8	651.3	186.5
Restated profit before tax (A-B)=C	11.3	10.9	59.0	13.4
Tax Expenses				
Income taxes - Current tax	2.0	3.6	15.3	3.5
- Earlier year tax adjustments	0.0	-	-	-
Deferred tax Charge/ (Credit)	0.0	-2.5	2.0	-0.1
Total tax expense (D)	1.9	1.1	17.4	3.4
<b>Restated profit after tax (C - D)=E</b>	<b>9.4</b>	<b>9.7</b>	<b>41.7</b>	<b>10.0</b>
Other comprehensive income for the period/year, net of tax (F)	0.6	-0.5	-0.2	-0.1
<b>Restated total comprehensive income for the period / year, of tax (E+F)</b>	<b>10.0</b>	<b>9.2</b>	<b>41.5</b>	<b>10.0</b>
<b>Diluted Earnings per share (nominal value of Rs. 10 each)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>	<b>0.2</b>

Source: Company RHP

### Restated consolidated statement of cash flows

Particulars (Rs cr)	FY20	FY21	FY22	Q1FY23
Net Cash flow From Operating Activities (A)	45.2	27.7	21.1	-7.1
Net Cash flow From Investing Activities (B)	-9.9	-24.1	-44.5	-7.0
Net Cash flow From Financing Activities (C)	-35.4	-1.3	27.2	9.6
Net Increase in Cash & Cash Equivalents (A+B+C)	-0.1	2.3	3.8	-4.6
Cash & Cash Equivalent At The Beginning Of The Year	0.8	0.7	3.1	6.9
Cash & Cash Equivalent At The End Of The Year	0.7	3.1	6.9	2.3

Source: Company RHP

## RATING SCALE (PRIVATE CLIENT GROUP)

### Definitions of ratings

<b>BUY</b>	–	We expect the stock to deliver more than 15% returns over the next 12 months
<b>ADD</b>	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
<b>REDUCE</b>	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
<b>SELL</b>	–	We expect the stock to deliver < -5% returns over the next 12 months
<b>NR</b>	–	<b>Not Rated.</b> Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
<b>SUBSCRIBE</b>	–	We advise investor to subscribe to the IPO.
<b>RS</b>	–	<b>Rating Suspended.</b> Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
<b>NA</b>	–	<b>Not Available or Not Applicable.</b> The information is not available for display or is not applicable
<b>NM</b>	–	<b>Not Meaningful.</b> The information is not meaningful and is therefore excluded.
<b>NOTE</b>	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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