



KRISHNA DEFENCE AND ALLIED INDUSTRIES LTD.

FORMERLY KNOWN AS KRISHNA ALLIED INDUSTRIES LIMITED

DEFENCE | SECURITY | DAIRY | MEGA KITCHEN

Date: - 16.11.2022

To,  
National Stock Exchange of India Limited  
Exchange Plaza,  
Bandra Kurla Complex  
Bandra (East),  
Mumbai - 400 051

**Symbol: - KRISHNADEF**  
**ISIN: - INE0J5601015**

**Subject: Update on earnings for the half year ended on September 30, 2022.**

Respected Sir,

The update on the earnings of the Company for the half year ended on September 30, 2022, is enclosed herewith.

Kindly take the above information on your records.

Thanking you

Yours faithfully

For Krishna Defence and Allied Industries Limited

Ankur Ashwin Shah  
Managing Director  
DIN: - 01166537

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# H1 FY23 Shareholders' Letter and Results

NOVEMBER 16, 2022



## OUR CAPABILITIES STATEMENT

- 25+ years of experience in advance engineering and development of new and innovative products.
- Strong foothold and well recognized in Defence, Homeland Security & Dairy Sectors.

## GOAL

- To develop indigenized and import substitute products using advance engineering technologies.
- To contribute towards the MAKE IN INDIA and ATMANIRBHAR BHARAT Mission



**Krishna Defence and Allied Industries Ltd.**

**Registered Office:** Office No. 344, A To Z Industrial Estate, Lower Parel (W), Mumbai - 400013, Maharashtra, India.

**H1 FY23 Earnings update**

**Revenue from Operations** reported at **₹195.48 Mn** in **H1 FY23**

**EBITDA** stands at **₹32.20 Mn** in **H1 FY23** up by **8.09%** ↑

**PAT** at **₹16.40 Mn** in **H1 FY23** up by **34.26%** ↑

**Mumbai, 16<sup>th</sup> November 2022:** Krishna Defence & Allied Industries (KDAIL), among India's fast emerging Companies with comprehensive in-house capabilities for the verticals it functions in, namely Defence, Homeland Security & Dairy Equipment announced in its Board meeting held on 11<sup>th</sup> November 2022 that the Company has inter-alia considered and approved the Un-audited financial results of the Company for half year ended on 30<sup>th</sup> September 2022.

**Consolidated income statement highlights for H1 FY23 v/s H1 FY22**

Particulars (₹ Mn)	H1 FY23	H1 FY22	YoY%
Revenue from Operations	195.48	207.16	-5.64%
Other Income	5.39	2.66	
<b>Total Revenue</b>	<b>200.87</b>	<b>209.82</b>	
Total Expenses excluding Depreciation, Amortization & Finance Cost	163.28	177.37	
<b>EBITDA</b>	<b>32.20</b>	<b>29.79</b>	<b>8.09%</b>
<b>EBITDA Margin (%)</b>	<b>16.47%</b>	<b>14.38%</b>	<b>209 bps</b>
Depreciation & Amortization	9.61	6.98	
Finance Cost	5.23	8.84	
<b>PBT before Exceptional Item</b>	<b>22.75</b>	<b>16.63</b>	
Exceptional Items	-	-	
<b>PBT</b>	<b>22.75</b>	<b>16.63</b>	
Tax	6.35	4.42	
<b>PAT</b>	<b>16.40</b>	<b>12.22</b>	<b>34.26%</b>
Other comprehensive profit / loss	-	-	
<b>Net PAT</b>	<b>16.40</b>	<b>12.22</b>	
<b>PAT Margin %</b>	<b>8.39%</b>	<b>5.90 %</b>	<b>249 bps</b>
<b>Diluted EPS</b>	<b>1.43</b>	<b>1.45</b>	

## Financial performance comparison – H1 FY23 v/s H1 FY22:

- Revenue from operations dipped marginally from ₹207.16 Mn in H1 FY22 to ₹195.48 Mn in H1 FY23 primarily impacted by subdued performance in the dairy vertical. However, our defence vertical continued to showcase superior performance led by solid and steady demand for our existing and new products.
- The EBITDA increased from ₹29.79 Mn in H1 FY22 to ₹32.20 Mn in H1 FY23 and EBITDA margins increased from 14.38 % to 16.47% in H1FY23 due to concentrated efforts of management to increase share of defence revenue which yield superior EBITDA margins. Higher scale of operations also led to economies of scale.
- Net profit stood at ₹16.40 Mn in H1 FY23, compared to ₹12.22 Mn in H1 FY22. PAT Margins have increased from 5.90% in H1 FY22 to 8.39% in H1 FY23.

## CASH FLOW & BALANCE SHEET ANALYSIS

Particulars (₹ Mn)	H1 FY23	H1 FY22
Net Cash Generation from operation	(61.92)	48.01
Net Cash Generated/ (Used in) investing activity	44.38	(19.72)
Net Cash Generated/ (Used) from Financing activity	17.83	(28.38)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>0.29</b>	<b>(0.09)</b>

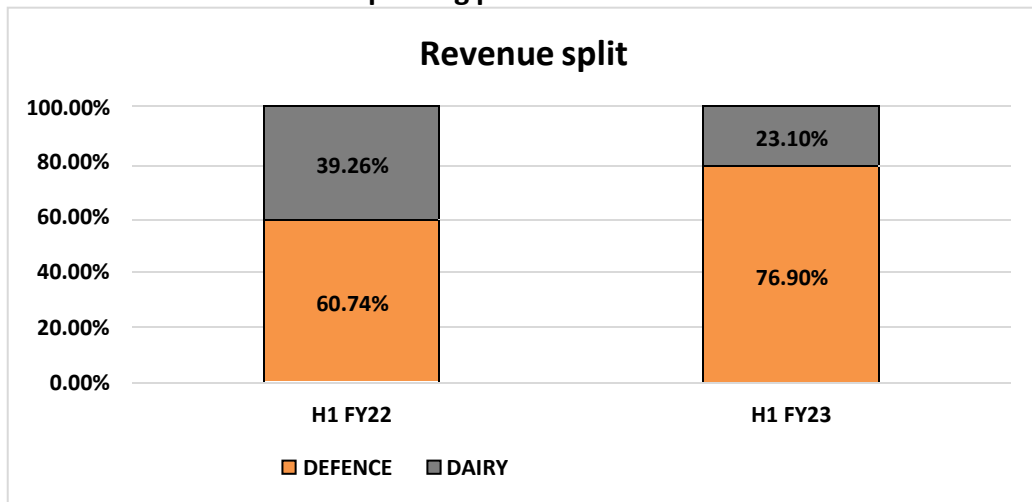
Particulars (₹ Mn)	As on 30.09.2022	As on 30.09.2021	Particulars (₹ Mn)	As on 30.09.2022	As on 30.09.2021
<b>Assets</b>			<b>Equity &amp; liabilities</b>		
<b>Non-current assets</b>			<b>Equity</b>		
Fixed Assets & others	129.26	141.04	Equity Share Capital	114.48	84.00
Non-Current Investments	0.10	0.10	Reserves and Surplus	215.62	108.48
Loans and Advances	0.78	1.68	<b>Total equity</b>	<b>330.10</b>	<b>192.48</b>
Other Non-Current Assets	12.26	6.94	<b>Non-current liabilities</b>		
<b>Total non-current assets</b>	<b>142.40</b>	<b>149.76</b>	Borrowings	67.17	122.78
<b>Current Assets</b>			Deferred Tax Liabilities	3.17	2.92
Inventories	203.47	159.78	Long Term Provisions	0.94	0.51
			<b>Total non-current Liabilities</b>	<b>71.28</b>	<b>126.21</b>
Trade Receivables	145.89	121.96	<b>Current Liabilities</b>		
Cash and bank	99.82	99.41	Borrowings	113.99	112.94
Other Current Assets	10.03	37.24	Trade Payables	74.96	98.63
Loans and Advances	9.25	12.24	Other Current liabilities	16.11	39.52
<b>Total current assets</b>	<b>468.46</b>	<b>430.63</b>	Short-Term Provisions	4.42	10.61
			<b>Total current liabilities</b>	<b>209.48</b>	<b>261.70</b>
<b>TOTAL ASSETS</b>	<b>610.86</b>	<b>580.39</b>	<b>TOTAL LIABILITIES</b>	<b>610.86</b>	<b>580.39</b>

**Financial Performance Comparison – H1 FY23 v/s H1 FY22:**

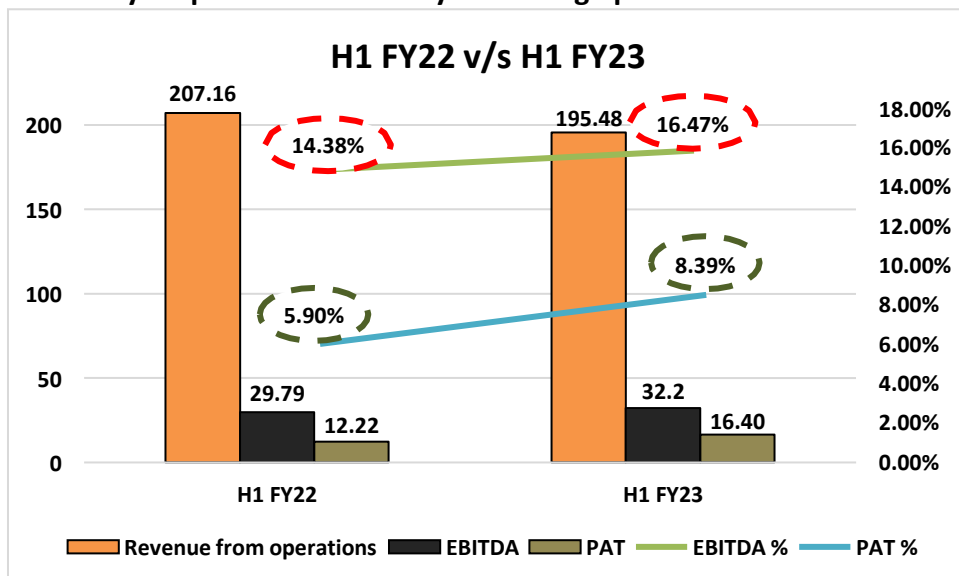
- Total Property, plant and equipment stood at ₹ 129.26 Mn in H1 FY23 from ₹ 141.04 Mn in H1 FY22.
- Net Current Asset stood at ₹ 258.98 Mn in H1 FY23, compared to ₹ 168.93 Mn in H1 FY22.
- Long term borrowings stood at ₹67.17 Mn in H1 FY23, compared to ₹ 122.78 Mn in H1 FY22 and Short-term borrowings at ₹ 113.99 Mn in H1 FY23 compared to ₹ 112.94 Mn in H1 FY22.
- Debt Equity ratio improved to 0.55x in H1 FY23 compared to 1.22x in H1 FY22.
- Cash flow from operations stands at ₹ (61.92) Mn for H1 FY23 and was ₹ 48.06 Mn for H1 FY22.

**Performance snapshot:**

**Improving product mix**



**Half year performance led by increasing operational efficiencies**



All figures are in ₹Mn

## **Recent Notable Developments**

- MoU signed with IIT Bombay through its National Centre of Excellence in Technology for Internal Security (“NCETIS”) to conduct research and development for the creation of tech-enabled products in the arena of internal security for ensuring public safety.
- In September, 2022 the Company had an opportunity to take part in the Antique Investor Conference-“Defence Conference 2022”, where KDAIL was the youngest participating company giving it a great opportunity to be recognized.

## **Management Comments:**

**Commenting on the performance of H1 FY23, Mr. Ankur Shah, MD and the management team said:** *“We are happy to announce our H1 FY23 results wherein we have showcased resilient financial performance. The revenue from operations stands at ₹ 195.48 Mn H1 FY23 compared to ₹ 207.16 Mn in H1 FY22, implying a -5.64% degrowth, primarily due to subdued performance of our dairy vertical. However, our defence vertical continues to showcase robust growth led by new product introductions, higher demand for existing products created by the Government’s focus on indigenous manufacturing of defence equipment and concentrated efforts to increase share of defence revenues. The EBITDA and PAT margins have inched to 16.47%, growing by 209 bps and 8.39% growing by 249 bps respectively, owing to the increase in scale of operations in highermargin defence vertical yielding economies of scale.*

*At KDAIL, our mission is to support the Indian Navy by providing highly advanced solutions created using extensive R&D. Our constant endeavor is to participate in the growing indigenousdefence components manufacturing drive to make a truly **ATMARNIRBHAR BHARAT** and contribute to the **MAKE IN INDIA** mission. We are optimisticabout the Indian Navy’s current focus on building new warships which will provide us with greater opportunities, thereby providing us with a long runway for growth.*

*Further, we would like to highlight the following updates with respect to our individual business verticals:*

### **Defence vertical:**

*In the defence vertical, KDAIL continues to leverage on its strong R&D, manufacturing and technological capabilities to design, engineer, prototype and test new products suited to meet end user expectations and develop a repertoire of product offerings. We firmly believe that ournation’s talent pool, technology and resources are capable of meeting domestic demands while simultaneously possessing immense export capabilities.*

*Recently, our defence vertical bagged an order worth ~Rs. 240 Mn showcasing trust in our manufacturing capabilities and R&D prowess. This new order strengthens our position in the vertical and shows the trust placed in us by our clients. It will help us improve margins and give boost to our healthy order book.*

*Further, the demand outlook looks robust buoyed by the increased outlay for the Navy by the Union Government which gives KDAIL a long runway for growth and a platform to showcase its’*

capabilities.

**Homeland security vertical:**

*With the homeland security vertical, our purpose is to create products that empowers homeland security personnel with tech enabled products to enhance overall level of surveillance in the nation. In view to deploy newer technology for enhancing surveillance across the nation, our homeland security vertical is developing products and collaborating with industry leaders. Adding to that, we have signed a MoU with IIT Bombay aiming at conducting a feasibility study to create tech-based internal security products and deliver them through the same channel. These focused efforts will enable us to expedite launch of newer products in the market, generate first mover advantage and scale revenues faster.*

**Dairy equipment vertical:**

*In Dairy vertical we continue to calibrate our product offerings and focus on higher margin products a result of same is reflected in our increasing dairy vertical margins.*

*Our overall focus for the Company remains very much aligned with our long-term vision of creating KDAIL a superior precision engineering company focused on creating highly advanced Defence and homeland security products.*

*We would like to thank our staff for their ongoing efforts and our investors/ stakeholders for their ongoing support and encouragement as we go forward in grasping the growth prospects that lay ahead of us."*

**Management guidance:**

- The management has an extremely favorable outlook for FY23 and is looking at a **40 to 50% growth in the top line** of the business from FY22.
- The multi-fold revenue growth on the back of scaling up of all the verticals is expected to expand **EBITDA margins by ~150 bps**.
- **PAT margins** to grow **by ~100 bps** from the margins of FY22 due to increase in scale of operations & effective utilization of infrastructural capacities.

**About Krishna Defence and Allied Industries Limited:**

Krishna Defence & Allied Industries Limited ("KDAIL") formerly known as Krishna Allied Industries Ltd. is among India's fast emerging company with comprehensive in-house capabilities of designing, developing, and manufacturing a wide range of equipment for the verticals it functions in, namely Defence, Homeland Security & Dairy Equipment. Since Mr. Ashwin N Shah launched KDAIL in 1997, it has rapidly increased its production capabilities to a variety of steel products for critical applications. The Defence Research and Development Organization ("DRDO") has awarded the company various Transfer of Technology ("TOT") agreements under the Defence sector for the production and supply of specialized defence application goods. Under its dairy vertical KDAIL manufactures and sells a broad range of engineering equipment for the Dairy Industry. The newest addition, the Homeland Security vertical, aims to create and trade in cutting-edge, versatile equipment for the Military, Coast Guard, Police, and other homeland security agencies for inland security and border control. KDAIL has consistently espoused the idea of steady, organic growth for their company, in line with the national goal of achieving indigenous defence equipment manufacturing capabilities and self-sustainability in the years to come. Among several accolades and awards, KDAIL recently was awarded with the "Transfer of Technology Award" from the honourable Raksha Mantri in April 2022

For further information on the Company, please visit [www.krishnaallied.com](http://www.krishnaallied.com)

**Krishna Defence and Allied Limited**

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