



KRISHNA DEFENCE AND ALLIED INDUSTRIES LTD.

FORMERLY KNOWN AS KRISHNA ALLIED INDUSTRIES LIMITED

DEFENCE | SECURITY | DAIRY | MEGA KITCHEN

Date: - 25.05.2023

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra Kurla Complex
Mumbai-400051

Symbol: - KRISHNADEF
ISIN: - INE0J5601015

Subject: - Update on earnings for the Year Ended and Half Year Ended on March 31, 2023.

Dear Sir/ Madam,

The update on the earnings of the Company for the Year Ended and Half Year Ended on March 31, 2023, is enclosed herewith.

We hereby request you to take the above information on record.

Thanks & Regards,

For Krishna Defence and Allied Industries Limited

Ankur Ashwin Shah
Managing Director
DIN- 01166537

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KRISHNA
DEFENCE AND ALLIED INDUSTRIES LTD

EARNINGS UPDATE & SHAREHOLDERS' LETTER

H2 & FY23



www.krishnaallied.com
info@krishnaallied.com

In this report, we cover

1. About Us
2. Our Strengths
3. Key Financial Performance
4. Financial Statement
5. Road Ahead
6. Business Update
7. Management Commentary
8. Management Guidance



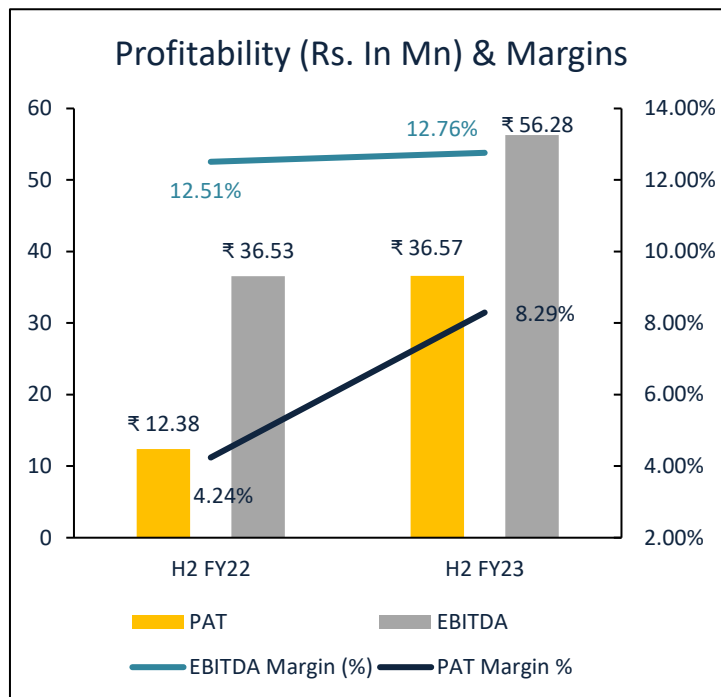
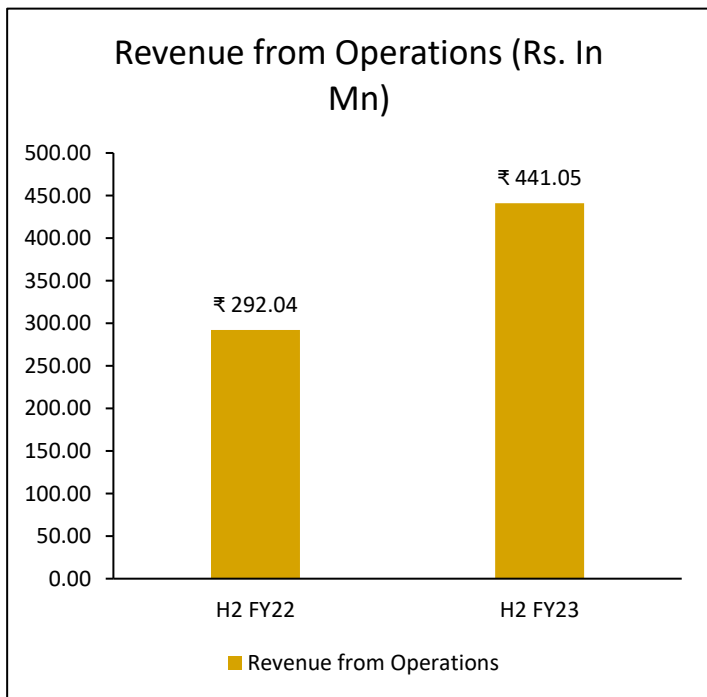
About us

- Incorporated in 1997, Krishna Defence and Allied Industries (KDAIL) started as an engineering company manufacturing products for the Dairy Industry like Milk Cooling Tanks & other Dairy Equipment.
- We expanded our product portfolio by entering into the defence sector with the strategy for indigenizing products that are being imported by the defence forces.
- We are among India's few companies with comprehensive in-house capabilities of designing, developing and manufacturing a wide range of products for defence applications.
- We currently offer wide range of products for the Defence which includes specialized shipbuilding steel sections/profiles (bulb bars), armored steel profiles, high alloy steel ballast bricks, special heating devices and weld consumables.

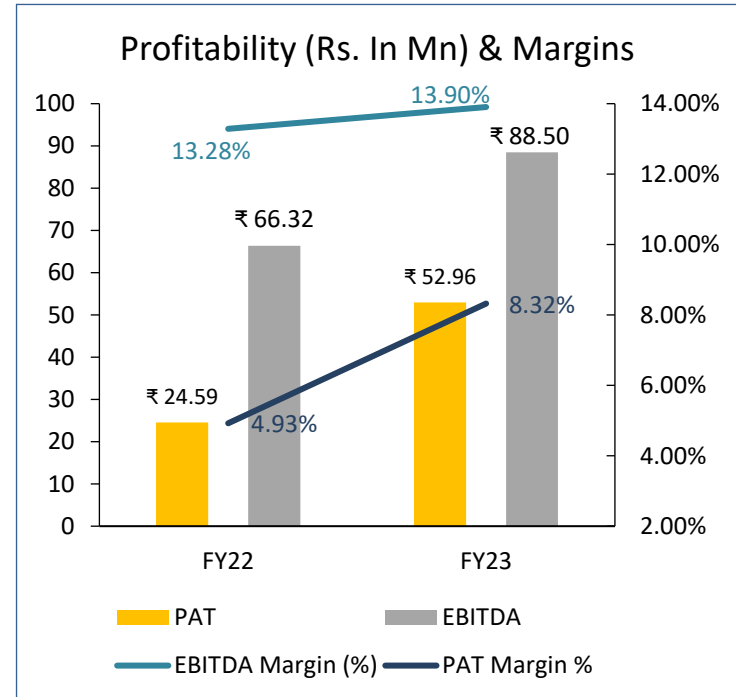
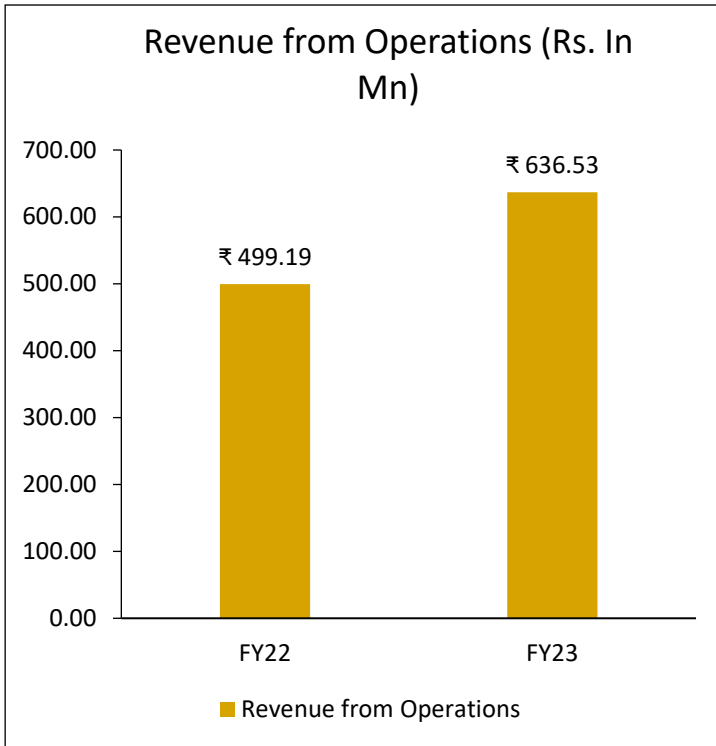
Our Strengths

- We are a registered and approved vendor for the Indian Navy, which acts as a deep competitive advantage for supply of specialized steel section to all the prominent shipbuilders for Naval Shipbuilding in India.
- We are one of the few vertically integrated defence solution providers with industry expertise in special steel alloys and steel products, with an in-house quality control team that applies stringent quality inspection at every stage of manufacturing to ensure an extremely low rejection rate.
- Our focus on R&D and long-standing association with the DRDO has helped us spearhead the process of import substitution in Defence Manufacturing for our armed forces.
- DRDO has partnered with us for various Transfer of Technology (“TOT”) agreements under the Defence sector for the production and supply of specialized defence applications.
- We have an MoU with Indian Institute of Technology, Bombay, through its National Centre of Excellence in Technology for Internal Security (NCETIS) to conduct feasibility studies and research, develop, and create tech-enabled defence products.

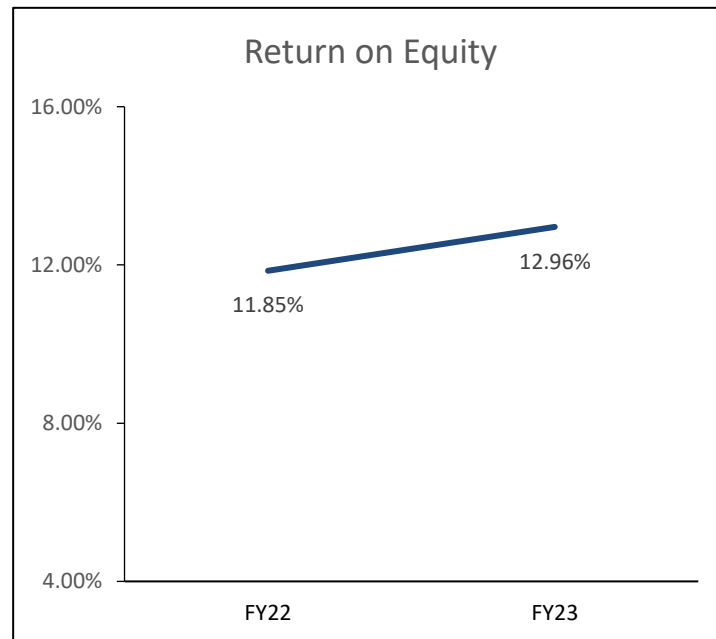
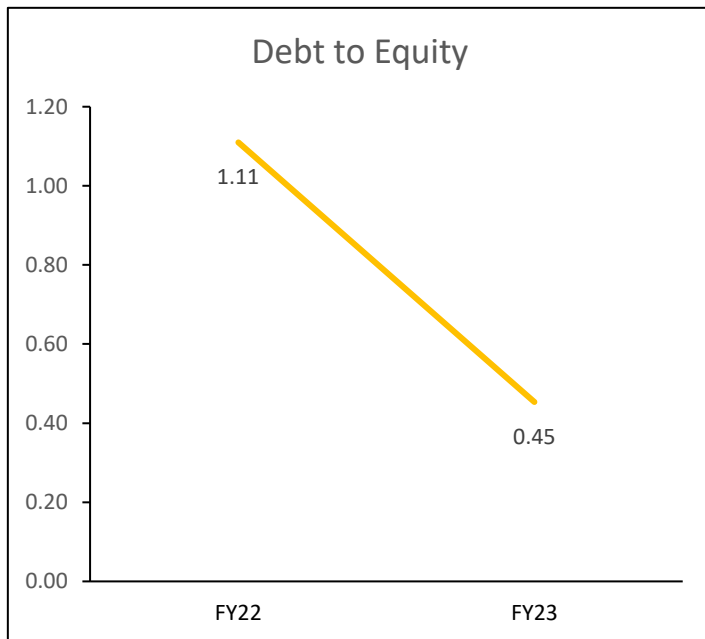
Key Financial Performance: Half Yearly Comparison



Key Financial Performance: Yearly Comparison

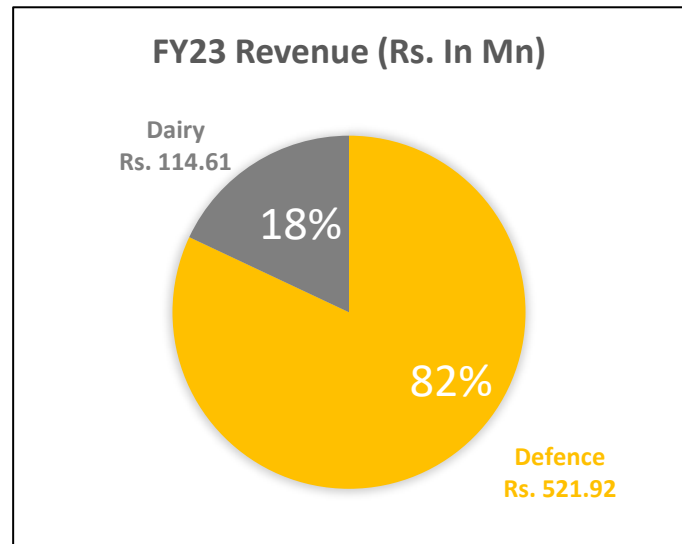
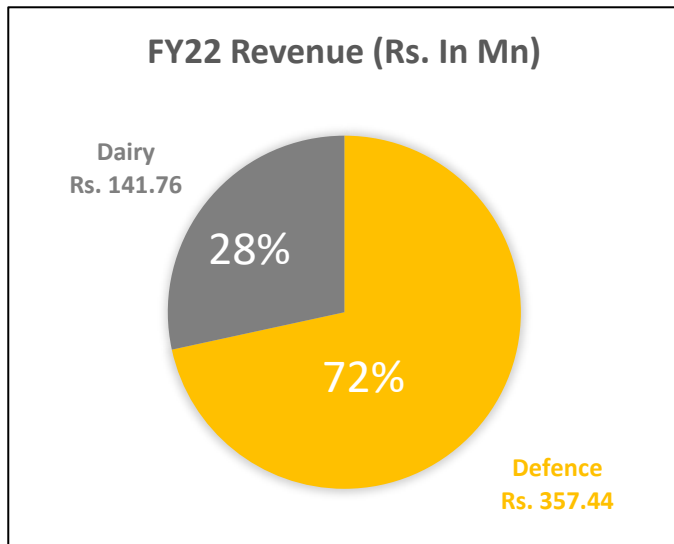


Key Financial Performance: Balance Sheet Ratios



Segment Revenue Distribution:

Advancements in Defence Sector is propelling our overall growth. Revenue from Defence segment increased by Rs. 164.49 Mn in FY23, showcasing a 46% YoY growth.



Income Statement:

Particulars (Rs. Mn)	H2 FY23	H2 FY22	YoY%	H1 FY23	FY23	FY22	YoY%
Revenue from operations	441.05	292.04	51.02%	195.49	636.53	499.19	27.51%
Total Expenses excluding Depreciation, Amortization & Finance Cost	384.77	255.51		163.27	548.04	432.88	
EBITDA*	56.28	36.53	54.06%	32.22	88.50	66.32	33.45%
EBITDA Margin %	12.76%	12.51%		16.48%	13.90%	13.28%	
Other income	4.14	1.58		5.39	9.53	4.24	
Depreciation & Amortization	10.07	9.77		9.61	19.68	16.76	
Finance Cost	5.79	9.77		5.24	11.03	18.62	
Tax Expense	7.99	6.18		6.36	14.36	10.60	
PAT	36.57	12.38	195.36%	16.40	52.96	24.59	115.38%
PAT Margin %	8.29%	4.24%		8.39%	8.32%	4.93%	
Diluted EPS	3.19	1.47		1.43	4.63	2.93	

*EBITDA is calculated excluding Other Income

Balance Sheet as on:

Particulars (Rs. Mn)	31.3.23	31.3.22
Assets		
Non-Current Assets		
Property, Plant & Equipment	123.39	136.03
Capital Work in Progress	20.61	0.00
Non-Current Investments	0.10	0.10
Long Term Loans and Advances	3.57	0.84
Other Non-Current Assets	37.51	38.16
Total Non-Current Assets	185.17	175.13
Current Assets		
Inventories	284.47	157.12
Trade Receivables	268.84	218.67
Cash and Bank Balance	79.08	115.47
Short Term Loans and Advances	22.63	6.81
Other Current Assets	6.63	4.94
Total Current Assets	661.65	503.01
Total Assets	846.82	678.14

Particulars (Rs. Mn)	31.3.23	31.3.22
Equity & Liabilities		
Shareholder's Funds		
Share Capital	114.48	84.00
Reserves and Surplus	252.19	123.50
Money Received against Share Warrants	42.00	
Total Shareholder's Funds	408.67	207.50
Share Application Money Pending Allotment	0.00	33.70
Non-Current Liabilities		
Long-Term Borrowings	63.76	72.06
Deferred Tax Liabilities (Net)	2.31	3.01
Long-Term Provisions	1.59	0.74
Total Non-Current Liabilities	67.66	75.81
Current Liabilities		
Short-term Borrowings	121.44	158.79
Trade Payables		
Total Outstanding dues of micro and small enterprises	21.97	15.15
Total Outstanding dues of Creditors other than micro and small enterprises	203.80	124.82
Other Current Liabilities	18.88	53.34
Provisions	4.41	9.04
Total Current Liabilities	370.49	361.14
Total Equity & Liabilities	846.82	678.14

Road Ahead

- We have bagged orders for two new products: Armored Steel Profile and Special Heating Device which will add to the already growing revenue.
- We are planning to introduce and manufacture Composite Fire Proof Doors & Hatches for Indian Navy in collaboration/partnership with a Netherland-based Company.
- We are working in close association with the Navy for the development of 76/62 ammunition for the SRGM (Super Rapid Gun Mount) used in Naval Ships.

Business Update

- KDAIL received 3 orders in H2 FY23 worth Rs.738 Mn from Department of Defence for supply of special steel products used for critical Naval application which is to be delivered within next 30 months.
- KDAIL has raised a total of Rs. 168 Mn via preferential allotment up to 12,00,000 convertible warrants of face value of Rs. 10 at a premium of Rs. 130 to meet working capital requirements and reduce debt. The promoter group has subscribed to 3,50,000 warrants.

Management Commentary:

Commenting on KDAIL's performance, Mr. Ankur Shah, Managing Director said:

"I am pleased to report a successful year for Krishna Defence and Allied Industries Ltd. We achieved staggering growth in revenue and made significant progress in our operations during the year.

In FY23, KDAIL generated revenue of Rs 636.53 Mn, representing a 27.51% increase over the previous year due to concentrating our efforts towards defence sector. Our EBITDA margins improved by 62 bps, owing to better product mix. Net income for the year was Rs 52.96 Mn, a 115.38% increase over the prior year with margins increasing to 8.32% compared with 4.93% in FY22.

Domestic defence sector is poised for an exponential growth owing to government initiatives in procuring indigenous defence materials. We understand the critical role we play in safeguarding our nation's security, and we are committed on delivering cutting-edge products that meet the evolving needs of our armed forces. I am happy to report, we started production of ballast bricks and weld consumables and we are pleased to receive positive response from the concerned defence agencies. Bulb Bars account for the majority of our revenue and we expect new products to diversify our revenue streams in coming years as we continue to focus and grow our defence portfolio. Our current order book as of 31st March 2023 stands at Rs.90 Crs which has further improved during April and May.

We are thrilled on a prospective collaboration/partnership with a Netherlands-based company that will be dedicated to produce composite fire proof doors and hatches for naval warships. Our expanding defense portfolio, which now includes innovative products like Special Heating Device - Bukhari and armored steel profile, showcases our commitment to growth and advancements in the industry.

At KDAIL, we continue to move forward on our mission to grow sustainably through continuous support of our stakeholders. I will like to conclude by thanking our whole team who have stood tall with us in every situation.”

Management Guidance:

- Revenue is expected to grow by 30%-35% for FY24 led by effective execution of current order book.
- EBITDA Margin is expected to grow by 100 to 200 bps in FY24.

Disclaimer:

Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Krishna defence and allied industries limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward- looking statements to reflect subsequent events or circumstance.

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