

September 13, 2021

Sansera Engineering (SEL), incorporated in 1981, is an engineering-led integrated manufacturer of complex & critical precision engineered components for automotive (2-W, PV, CV) & non-automotive (aerospace, off-road, agriculture, etc.) sectors. Its automotive product range includes connecting rod, rocker arm, crankshaft, gear shifter fork and stem comp among others. SEL has 16 manufacturing facilities (15 - India, 1 - Sweden).

Leading precision engineered component supplier

SEL has a track record of developing complex and critical precision engineered components for the automotive sector over multiple decades while its capabilities now extend to several non-automotive sectors. Precision components such as connecting rods, crankshafts & rocker arms are manufactured using complex engineering processes and require a high level of precision and adherence to high standards of quality given their criticality to automotive systems. The company is among top 10 global suppliers of connecting rods for light vehicles (2.3% CY20 global market share, up from 0.9% in CY15) and CVs (3% CY20 global market share vs. 0.9% in CY15). In India, it is the largest supplier of connecting rods, rocker arms and gear shifter forks to 2-W OEMs and the largest supplier of connecting rods and rocker arms to PV OEMs. Going forward, SEL believes it will benefit from the trend of OEMs (a) increasingly outsourcing not just forged precision components but the entire forging and machining operations of these components as well as (b) consolidating their suppliers.

Diversified business model

In terms of user industries, automotive and non-automotive accounted for ~88.5%, 11.5% of SEL's FY21 revenues, respectively. Within automotive, 2-W contributed ~50%, with PV, CV contributing ~24%, ~13%, respectively. SEL derived ~65% of FY21 revenues from India and the rest from Europe, US and others. The company's clientele includes nine of the top 10 Indian 2-W OEMs, India's leading PV OEM, six of the global top 10 light vehicle makers and three of the global top 10 M&HCV OEMs. Top five clients comprised 59% of revenues in FY21. SEL's three chief products, connecting rods, rocker arms and crank shaft assemblies, accounted for ~39.7%, ~19.5% and ~17.2% of sales, respectively, in the past year.

Key risk & concerns

- Failure to adapt to industry trends and evolving technologies
- Dependence on certain key customers
- Pricing pressure from customers

Priced at ~35x P/E (FY21) on upper price band

SEL clocked EBITDA margins of 17.6% in FY21 with return ratio at 10-12%. On the b/s front, as of FY21, debt to equity is at 0.6x. In terms of valuation, it is priced at ~35x P/E on FY21 EPS (₹ 21/share) at the upper end of price band i.e., ₹ 744.



IPO Details

Issue Details

Issue Opens	14th September 2021
Issue Closes	16th September 2021
Issue Size	₹ 1,265- 1,283 crore
QIB (Institutional) Share	50% of issue
Non-Institutional Share	15% of issue
Retail Share	35% of issue
Issue Type	OFS
Price Band (₹/share)	₹ 734-744
Market Lot	20 shares
Face value (₹/share)	₹ 2
Listing Market Cap @	~₹ 3,800 crore
Upper price band	

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	42.0	35.0
Public	58.0	65.0
Total	100.0	100.0

Objects of issue

Objects of the issue

This is a pure offer for sale (OFS) with company receiving no proceeds from IPO. The company wants to achieve the benefits of listing Equity shares on stock exchanges

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Key Financial Summary

Key Financials (₹ crore)	FY19	FY20	FY21	CAGR (FY19-21)
Net Sales	1,624.4	1,457.2	1,549.3	-2.3%
EBITDA	289.1	224.7	272.2	-3.0%
EBITDA Margins (%)	17.8	15.4	17.6	
Net Profit	96.2	80.3	108.0	5.9%
Reported EPS (₹)	18.7	15.6	21.0	
P/E	39.7	47.6	35.4	
RoNW (%)	14.0	10.5	12.3	
RoCE (%)	14.7	8.4	10.8	

Source: RHP, ICICI Direct Research

Industry Overview

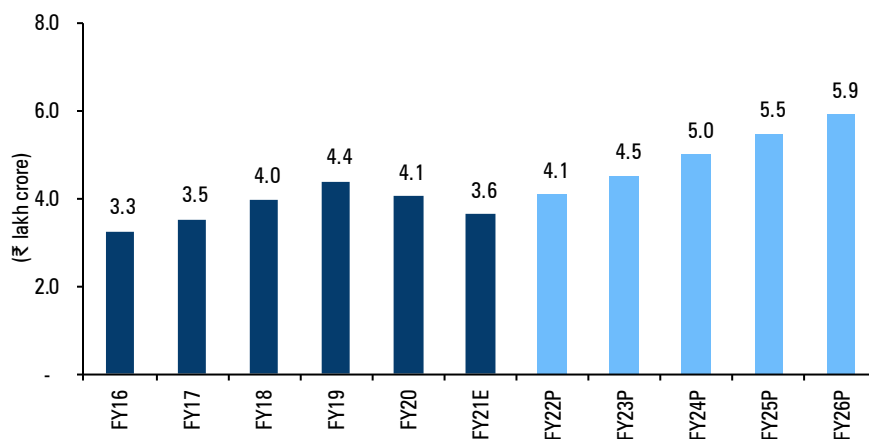
Precision engineering is a sub-discipline of engineering, concerned with manufacturing and assembling items with exceptionally low tolerance and are required to perform consistently over longer repeat cycles. Accuracy and margin of error are crucial for engineering and production. Any deviation in dimensions can lead to loss of performance or even catastrophic failure of the system. Typical tolerance in various engineering products ranges from millimetres (10⁻³ metre) to microns (10⁻⁶ metre). Precision engineering products have tolerance in the range of less than 10 microns. Low tolerance is important for precise fit, accuracy and efficiency in performance, along with consistency over several repeat cycles. Precision engineering is extremely critical in several applications, such as automotive engine components, defence, aircraft, capital goods and power generation.

The Indian precision engineering industry was worth ₹ 3.6 lakh crore in FY21 as per Crisil Research. It expects the industry to grow at 10.2% CAGR in FY21-26E to ₹ 5.9 lakh crore, led by supportive government policies for the manufacturing and engineering sectors, growth in the machinery and equipment industry, rising penetration of high technology machinery and growth in domestic auto components and export demand, etc.

In FY21, automotive had 51% share of the industry's output. Approximately 60-70% of automotive components manufactured are precision engineered, specifically, engine parts, suspension, steering parts, electrical parts, etc.

Automotive components like connecting rods, crankshafts, rocker arms and gear shifter forks are manufactured using complex engineering processes. They require close coordination between component manufacturers and OEMs throughout the product cycle, from design to testing and validation to delivery. Manufacturing of engine components is capital and technology intensive in nature. Delivering these components with exact specifications is very critical. The machines needed to manufacture these components are very costly and generally imported by the players. Therefore, companies that have the ability to manufacture these machines in-house have a competitive edge over their peers

Exhibit 1: FY21-26E precision engineering industry CAGR expected at 10.2%



Automotive accounted for 51% of precision engineering output in FY21, followed by defence (19%), engineering and capital goods (15%), power (6%) and aircraft (3%)

Source: RHP, Crisil Research, ICICI Direct Research

Exhibit 2: Presence of select players across industry segments

Company	Automotive	Defence	Engineering and capital goods	Aircraft	Power	Others
Aequis	N	N	N	Y	N	Y
CIM Tools	N	Y	N	Y	N	N
Dynamatic Technologies	Y	Y	Y	Y	N	Y
Godrej & Boyce	N	Y	Y	Y	Y	N
L&T	N	Y	N	N	Y	Y
Mahindra Defence Systems	N	Y	N	N	N	N
MTAR Technologies	N	Y	N	N	Y	N
PMI Engineering Exports	N	Y	N	Y	N	N
Sansera Engineering	Y	N	Y	Y	N	Y
Schaeffler India	Y	N	N	N	N	N
Shanti Gears	Y	N	N	N	Y	Y
Sika Interplant Systems	Y	Y	N	N	N	N
SKF India	Y	N	Y	Y	Y	Y
Timken India	Y	Y	Y	Y	Y	Y

Source: RHP, Company websites, Crisil Research, ICICI Direct Research; Note - Y = Present, N = Not present

Connecting rod

A connecting rod is an important component of an internal combustion engine (ICE), used in converting the reciprocating motion of a piston into the rotary motion of a crankshaft and vice versa. The rod connects the piston to a crank or crankshaft, with the smaller end connected to the piston and the bigger one to the crankshaft.

The number of connecting rods needed in an engine is directly proportional to the number of cylinders in an engine. Therefore, two-wheelers that generally have single-cylinder engines will have one connecting rod. While passenger vehicles typically have four-cylinder engines, they have four connecting rods. Connecting rods are typically manufactured by using forging and machining processes. Since the connecting rod is a moving part in an engine and is subject to wear and tear, its tensile strength is a key parameter for consideration in the designing process.

Crisil Research estimates the size of the connecting rod market (catering to OEM demand) at ₹ 1,060 crore in FY21. It expects the market to grow at 11.8% CAGR in FY21-26P to ₹ 1,850 crore. Globally, as per Ricardo Analysis, the light vehicle connecting rod market was at 28.9 crore units in CY20 (expected to grow at 2.7% CAGR to 33.1 crore units in CY25E) and the CV connecting rod market was at 3.48 crore units in CY20 (expected to grow at 0.7% CAGR to 3.51 crore units by CY25E).

SEL is the largest supplier of connecting rod to 2-W as well as to PV OEMs in India. Other players include Amtek Auto, Amul Industries and Magal Tech in PV and Bajaj Motors and Fortuna Engineering in 2-W. Mahle GmbH is the world leader in the global connecting rod market for light vehicles and CVs.

Crankshafts

The crankshaft is a critical part in engine assembly, which is connected to the pistons on one side and flywheel on the other. A crankshaft converts reciprocating motion of the pistons into rotational motion for the flywheel. The flywheel is, in turn, connected to the axles to put the vehicle in motion.

Crankshafts for 2-W and PV are usually manufactured by using either a casting or forging process followed by machining. However, the possibility of breakage is higher with casted crankshafts. Therefore, these are used in lower capacity engines only. Hence, most OEMs prefer forged crankshafts. Raw materials are carefully selected so that the crankshaft has specific properties such as higher tensile strength, more fatigue life, higher corrosion resistive property.

Crisil Research expects the size of the 2-W and PV crankshaft market in India catering to OEMs at ~₹ 1,720 crore in FY21. It expects the market to grow at 13.2% CAGR to ₹ 3,200 crore by FY26P.

Kay Jay Forge, Laxmi-Agni and Sansera are leading manufacturers of 2-W crankshafts in India. Amtek Auto, Bharat Forge and Mahindra CIE are key manufacturers of PV crankshafts.

Rocker arms

The rocker arm is an important part of the valve train in the fuel injection system. It is a reciprocating lever, which converts the radial movement of the overhead camshaft into a linear movement that opens and closes the valves. For 2-W, the intensity of the rocker arm is two per vehicle for a single cylinder engine with one inlet and one outlet valve. A PV with four-cylinder engines having two inlet and outlet valves each for one cylinder uses 16 rocker arms. The rocker arm is in continuous contact with the valve, which produces a lot of friction. Therefore, the raw material used is carefully selected so that the noise produced by the engine is reduced, weight of the rocker arm is less and it has higher strength for higher operating efficiency.

Crisil Research estimates the 2-W and PV rocker arm market to clock 10.2% CAGR to ₹ 870 crore by FY26P from ₹ 540 crore as of FY21.

SEL is the largest rocker arm supplier to 2-W and PV OEMs in India.

Other rocker arms players include Bajaj Motors and FIE Group in 2-W and Micro Turner and Schaeffler India in PV

Gear shifter forks

A gear shifter fork is used to slide gears into or out of engagement with other gears to change from one gear ratio to another in a manual transmission. Only vehicles with manual transmission [including automated manual transmission (AMT)] have gear shifter forks. Most PVs have six forward and one reverse gears, resulting in a need for five gear shifter forks. In case of motorcycles, two gear shifter forks are required, as a typical motorcycle has four forward gears. In case of higher engine capacity motorcycles, generally three gear shifter forks (five forward gears) are required.

Crisil Research expects the 2-W and PV gear shifter fork market to grow from ₹ 310 crore in FY21 to ₹ 560 crore in FY26P at 12.8% CAGR.

SEL is the largest supplier of gear shifter forks to 2-W OEMs in India. Other key players include Bajaj Motors and FIE Group in 2-W and Kalyani Forge, Micro Turner and Rico Auto in PV.

2-W stem comps

A stem comp is an intermediate part of the front-fork assembly in a 2-W. It connects with the handle bar at the top of the assembly and mates with suspension guides in the lower part of the assembly. It is a technologically agnostic product made up of two parts (bracket & stem).

Crisil Research estimates the size of the 2-W stem comp market to grow at 13.8% CAGR in FY21-26P to ₹ 1,430 crore.

Key players are Bajaj Motors, Endurance Tech, Modern Automotives & SEL.

2-W axles

An axle is used as a mounting point to integrate the wheel with the steering assembly on the front side of a two-wheeler. On the rear side, an axle is used to integrate the wheel with the prime mover or hub of the vehicle. Each 2-W (including electric 2-W) comes with a pair of axles – a front and rear axle.

Crisil Research expects the 2-W axle market to grow at 13.5% CAGR over FY21-26P to ₹ 510 crore.

Drive train components for global hybrid transmission systems

Motor generator shaft can potentially be used in several hybrid/battery electric vehicle (BEV) architectures including those in which a dedicated transmission has not been provided for the hybrid. Rest of the parts can be used in hybrid architectures that feature dedicated hybrid transmission.

As per Ricardo Analysis, the market size of hybrid transmission parts is expected to increase from ~2.6 crore units in CY20 to ~10.8 crore units in CY25E. The market value of hybrid components is expected to grow from ~US\$343 million to ~US\$1,247.5 million in CY20-25E at ~29.4% CAGR.

Exhibit 3: Global hybrid transmission system drivetrain components



Source: RHP, Ricardo Analysis, ICICI Direct Research

Company Background

SEL, incorporated in 1981, is an engineering-led integrated manufacturer of complex & critical precision engineered components for automotive (2-W, PV, CV) & non-automotive (aerospace, off-road, agriculture, etc) sectors. Its automotive product range includes connecting rod, rocker arm, crankshaft, gear shifter fork and stem comp among others. SEL has 16 manufacturing facilities (15 - India, 1 - Sweden).

The company supplies most of its products directly to OEMs in finished (forged and machined) condition, resulting in significant value addition. For FY21, it derived ~88.5% and ~11.5% of its revenue from sale of products from the automotive sector and nonautomotive sectors, respectively.

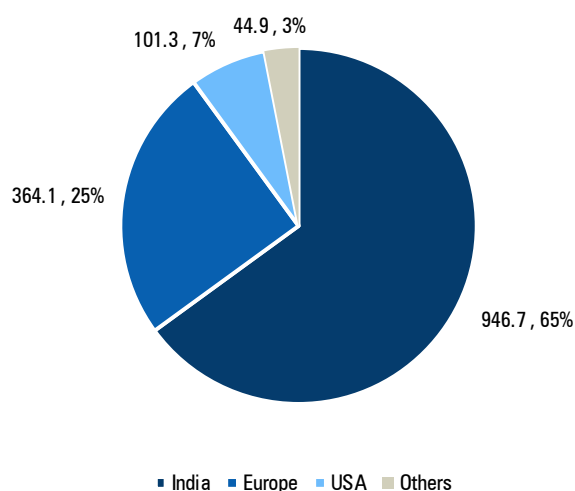
Exhibit 4: Segment-wise revenue split for SEL over the years

Segment	FY19		FY20		FY21	
	₹ crore	% of total	₹ crore	% of total	₹ crore	% of total
2-W	726.8	47.6%	700.7	50.3%	734.1	50.4%
- Scooters	162.4	10.6%	163.9	11.8%	146.0	10.0%
- Motorcycles	564.4	37.0%	536.8	38.5%	588.1	40.4%
3-W	22.6	1.5%	17.9	1.3%	11.6	0.8%
PV	367.2	24.0%	324.4	23.3%	351.5	24.1%
CV	225.5	14.8%	180.9	13.0%	191.5	13.1%
Total automotive	1,342.1	87.9%	1,224.0	87.9%	1,288.6	88.5%
Aerospace	67.5	4.4%	81.4	5.8%	54.8	3.8%
Off road	55.5	3.6%	41.5	3.0%	60.8	4.2%
Agriculture	39.1	2.6%	30.0	2.2%	36.1	2.5%
Others	22.8	1.5%	16.3	1.2%	16.6	1.1%
Total non automotive	184.9	12.1%	169.1	12.1%	168.3	11.5%
Grand total	1,527.0	100.0%	1,393.0	100.0%	1,456.9	100.0%

Source: RHP, ICICI Direct Research

SEL is a global supplier and for FY21 derived ~65% of its revenue from India and ~35% from Europe, US and other foreign countries combined.

Exhibit 5: FY21 revenue split by geography (₹ crore, %)



Source: RHP, ICICI Direct Research

It is one of the top 10 global suppliers of connecting rods within the light vehicle segment and CV segment for CY20. It has been gaining market share in connecting rods in terms of volume (units) for (i) light vehicles with a global market share of 2.3% in CY20 (compared to 0.9% in CY15) and (ii) CVs with a global market share of 3.0% in CY20 (compared to 0.9% in CY15).

Within India, SEL is the largest supplier of (i) connecting rods, rocker arms and gear shifter forks for 2-W & (ii) connecting rods and rocker arms for PV.

Exhibit 6: Product-wise revenue break-up for SEL over the years

Product	FY19		FY20		FY21	
	₹ crore	% of total	₹ crore	% of total	₹ crore	% of total
Connecting rods	586.7	38.4%	521.3	37.4%	577.9	39.7%
Rocker arms	299.9	19.6%	290.0	20.8%	283.6	19.5%
Crankshaft assembly	287.8	18.8%	253.1	18.2%	251.0	17.2%
Gear shifter forks	127.8	8.4%	100.4	7.2%	95.9	6.6%
Stem comp	0.0	0.0%	14.4	1.0%	55.1	3.8%
Aerospace products	67.5	4.4%	81.4	5.8%	54.8	3.8%
Integral crankshaft	5.1	0.3%	13.9	1.0%	14.8	1.0%
Others	152.1	10.0%	118.4	8.5%	123.9	8.5%
Grand total	1,527.0	100.0%	1,393.0	100.0%	1,456.9	100.0%

Source: RHP, ICICI Direct Research

Recently developed products include (i) suspension, rotor and aluminium forged components for ICE and electric 2-W, (ii) steering system components and drive train parts for ICE and hybrid PVs, (iii) cabin tilt system components and braking system parts for CVs, (iv) suspension components for off-road vehicles, (v) common rail systems for agriculture and (vi) components for industrial engines within other non-automotive sectors. In addition, since April 1, 2021, it has developed (i) suspension and drive train components for electric 2-W, (ii) braking system components for PV, (iii) machined engine casings for aerospace and (iv) components for power transmission. SEL also has an active pipeline of products under development, including components for defence sector and bicycles.

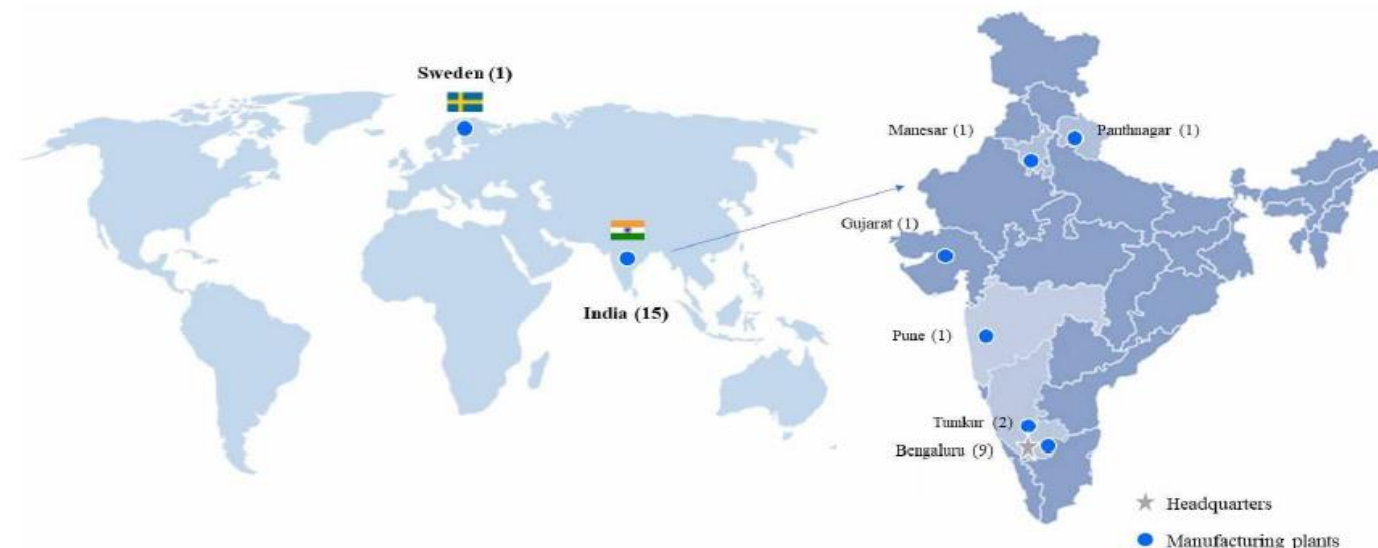
In 2017, SEL acquired a 100% stake in Sansera Sweden, which established its presence in the heavy CV vertical. It is now in the process of setting up a dedicated facility for hybrid and electric components at one of its plants in Bangalore and expects this facility to be commissioned during FY22E. It also plans to construct a greenfield manufacturing facility in Bangalore dedicated to aerospace & defence and expects it to be commissioned during FY23E.

Exhibit 7: Product-wise capacity and utilisation (FY21)

	Installed capacity (crore units)	Capacity utilisation (%)
Connecting rods	2.96	56
Rocker arms	4.90	55
Crankshafts	0.58	67
Gear shifter forks	2.36	55
Stem comp	0.19	51
Aerospace products	0.03	48
Integral crankshaft	0.04	31

Source: RHP, ICICI Direct Research

Exhibit 8: SEL plant locations



Source: RHP, ICICI Direct Research

Investment Rationale

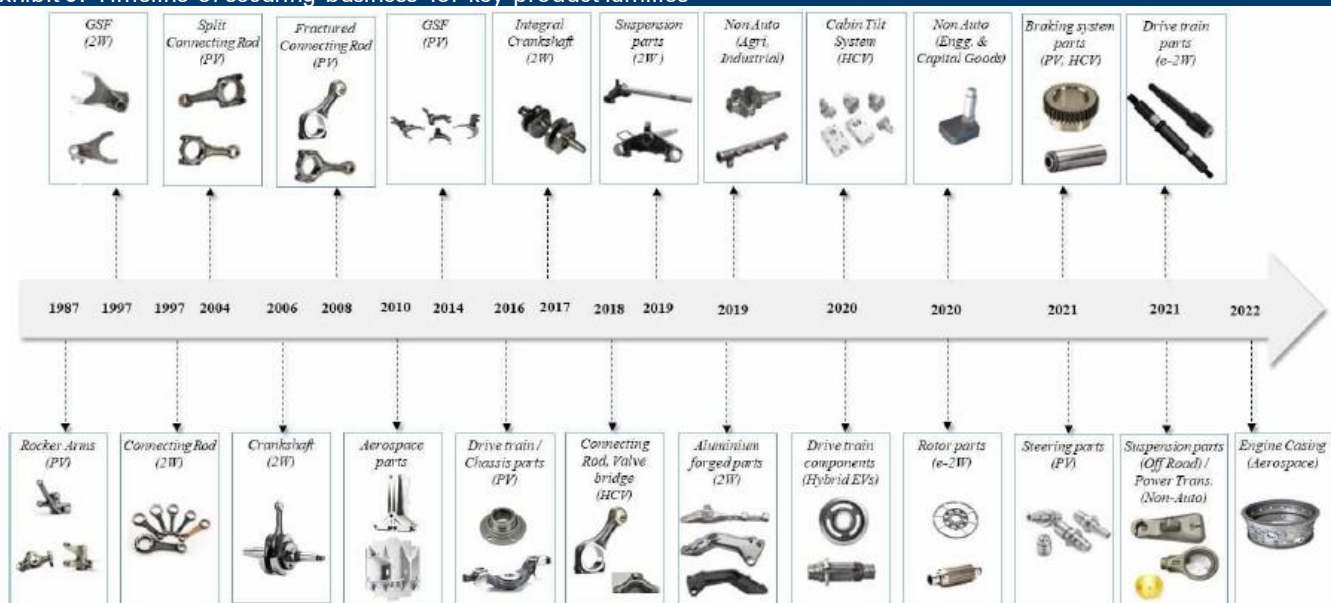
Leading precision engineered component supplier

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Diversified business model

In terms of user industries, automotive, non-automotive accounted for ~88.5%, 11.5% of SEL's FY21 revenues, respectively. Within automotive, 2-W contributed ~50%, with PV, CV contributing ~24%, ~13% respectively. SEL derived ~65% of FY21 revenues from India and the rest from Europe, US and others. SEL's three chief products i.e., connecting rods, rocker arms and crank shaft assemblies accounted for ~39.7%, ~19.5% and ~17.2% of sales, respectively, in the past year. Within India, customers include nine out of the top 10 2-W OEMs and the leading passenger vehicle OEM based on production volume for FY21. Global customers include six out of top 10 global light vehicle OEMs and three of the top 10 global MHCV OEMs. As of FY21, top five customers comprised ~59% of sales.

Exhibit 9: Timeline of securing business for key product families



Source: RHP, ICICI Direct Research

Advanced capabilities, fungibility of equipment

SEL's capabilities are engineering-led, with integrated operations across the product manufacturing cycle. As of July 31, 2021, it had a team of 201 personnel working on design, engineering, machine building, automation and technical support functions. Its design and engineering capabilities comprise product, process, machine, fixture and cutting tool design as well as advanced engineering capabilities. It possesses integrated machine building capabilities with special purpose machines being manufactured in-

house. The machines needed to manufacture several of the precision components in SEL's product categories are expensive and generally imported in India. Hence, companies that have the ability to manufacture these machines in-house have an edge over their peers by deriving competitive benefits from such integrated machine building capabilities. Its production line configurations are flexible, allowing for interchange of capacity and product mix between all product categories within and across automotive and non-automotive sectors based on customer and operational requirements from time to time. This optimises the company's machine productivity and operational efficiency and de-risks its business model.

Long standing relationships with Indian, global OEMs

The company is a single source supplier in certain product categories for some key customers and has long-standing relationships with several well-known Indian and global OEMs. In 2-W, it has relationships spanning over 20 years with HMSI, 25 years with Bajaj and over 20 years with Yamaha. In PV, it has relationships spanning more than 30 years with Maruti Suzuki, over 10 years with Stellantis NV (formerly Fiat Chrysler Automobiles). It has relationships spanning 10 years or more with 12 of its top 20 customers.

Exhibit 10: Long standing customer relationships at SEL

Customer name/description	Min. no. of fiscal years of relationship
Maruti Suzuki	34
Bajaj Auto	25
India Yamaha Motor	24
Honda Motorcycle & Scooter India	21
CNHi	14
European 2-W OEM	13
Honda Cars India	13
Stellantis N.V.	13
Raytheon (Collins/Goodrich)	12
One of the leading North American PV OEMs	12
Polaris Industries	11
Royal Enfield	10
Subsidiary of one of the leading European suppliers of fuel injection systems	8
Triumph Motorcycles	8
Daimler India Commercial Vehicles	7
Toyota Kirloskar Motor	6
Hero MotoCorp	5
RK Thailand	5
One of the leading Swedish OEMs	4
Global Tier 1 supplier	4

Source: RHP, ICICI Direct Research

Key Risk

Failure to adapt to industry trends and evolving technologies

Changes in consumer preferences, regulatory or industry requirements, or competitive technologies may render certain SEL products obsolete or less attractive. Consumer preferences, especially in many developed markets, appear to be moving in favour of more fuel efficient and environmentally friendly vehicles. In addition, increased government regulations and volatile fuel prices have brought significant pressure on the automotive industry to reduce carbon dioxide emissions. SEL's key products, such as connecting rods and crankshafts are not used in BEVs. Ricardo forecasts BEV penetration in the global light vehicle segment and CV segment will reach 12.2% and 4.0%, respectively, by CY25. Within the Indian market, Crisil Research forecasts that by FY26, in terms of sales, EV penetration in passenger vehicles will be ~4% and EV penetration in two-wheelers in India will be 8.2%. The company's ability to anticipate and successfully develop and introduce new or enhanced products on a timely basis is a significant factor in its ability to remain competitive.

Dependence on certain key customers

The company is dependent on certain key customers, especially Bajaj, in the automotive sector. For FY21, FY20, FY19, Bajaj contributed 20.75%, 22.08%, 22.71% of revenues, respectively, while SEL's top five customers contributed 59.21%, 59.46% and 60.01% of revenues, respectively. Further, as it is common for large OEMs to source their required components from a relatively small number of vendors, customers often undertake vendor rationalisation to reduce costs related to procurement from multiple vendors. As a result, volume of sales to customers may vary due to changes in customers' sourcing strategies. SEL does not have firm long-term purchase agreements with key customers. It generally supplies products for particular models of vehicles & the discontinuance of, loss of business with respect to, or lack of commercial success of, those particular models could have a material adverse effect on SEL.

Pricing pressure from customers

OEMs in the precision components industry generally pursue aggressive but systematic price reduction initiatives and objectives each year with their suppliers. SEL has, in the past, experienced and may continue to experience pressure from customers to reduce its prices, which may affect its profit margins, going forward. As the company's business is very capital intensive, requiring it to maintain a large, fixed cost base, its profitability is dependent, in part, on its ability to spread fixed costs over higher sales volume. However, it may not be able to spread such fixed costs effectively as its customers generally negotiate for larger discounts in price as the volume of their orders increases. If SEL is unable to offset customer price reductions in future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, financial condition may be materially adversely affected.

Financial summary

Exhibit 11: Profit and loss statement		₹ crore		
(Year-end March)	FY19	FY20	FY21	
Total operating Income	1,624.4	1,457.2	1,549.3	
Growth (%)	NA	(10.3)	6.3	
Raw Material Expenses	902.8	806.1	849.6	
Employee Expenses	217.4	213.4	213.8	
Other Expenses	215.1	213.0	213.8	
Total Operating Expenditure	1,335.3	1,232.5	1,277.1	
EBITDA	289.1	224.7	272.2	
Growth (%)	NA	(22.3)	21.1	
Depreciation	75.8	93.9	101.7	
Interest	51.3	58.1	47.4	
Other Income	16.4	16.0	23.1	
PBT	178.5	88.7	146.2	
Total Tax	66.9	8.8	36.3	
Reported PAT	96.2	80.3	108.0	
Growth (%)	NA	(16.5)	34.5	
Reported EPS (₹)	18.7	15.6	21.0	

Source: RHP, ICICI Direct Research

Exhibit 12: Cash flow statement		₹ crore		
(Year-end March)	FY19	FY20	FY21	
Profit after Tax	96.2	80.3	108.0	
Add: Depreciation & Interest	127.1	152.0	149.1	
(Inc)/dec in Current Assets	(46.4)	31.5	(50.0)	
Inc/(dec) in CL and Provisions	14.7	(5.4)	55.2	
Others	26.9	(17.3)	(6.2)	
CF from operating activities	218.5	241.1	256.0	
(Inc)/dec in Investments	(0.1)	(7.8)	(17.0)	
(Inc)/dec in Fixed Assets	(238.1)	(174.0)	(133.9)	
Others	6.8	9.6	27.6	
CF from investing activities	(231.4)	(172.2)	(123.3)	
Proceeds from Issuance of Equity	-	-	-	
Debt	18.1	41.4	(88.5)	
Interest	(51.3)	(58.1)	(47.4)	
Others	47.7	(12.2)	(3.3)	
CF from financing activities	14.5	(28.9)	(139.2)	
Net Cash flow	1.5	40.0	(6.5)	
Opening Cash	30.0	31.6	71.6	
Closing Cash	31.6	71.6	65.1	

Source: RHP, ICICI Direct Research

Exhibit 13: Balance sheet		₹ crore		
(Year-end March)	FY19	FY20	FY21	
Liabilities				
Equity Capital	9.4	9.4	9.4	
Reserve & Surplus and Others	676.0	758.8	868.9	
Total Shareholders funds	685.4	768.2	878.2	
Total Debt	595.4	636.8	548.3	
Deferred Tax Liability	70.3	55.2	61.8	
Minority Interest / Others	50.7	55.3	61.9	
Total Liabilities	1,499.2	1,604.1	1,641.8	
Assets				
Gross Block	1,153.2	1,286.7	1,438.0	
Less: Acc Depreciation	174.4	257.1	348.8	
Net Block	978.8	1,029.6	1,089.2	
Capital WIP	48.9	68.3	60.4	
Total Fixed Assets	1,027.6	1,097.9	1,149.6	
Goodwill & Investments	36.2	38.9	42.0	
Inventory	243.5	238.9	248.6	
Debtors	271.2	259.1	313.0	
Other Current Assets	51.6	44.6	33.2	
Cash	31.6	71.6	65.1	
Total Current Assets	597.9	614.3	659.9	
Creditors	186.6	172.9	227.1	
Provisions	6.5	9.9	9.9	
Other current liabilities	53.2	41.4	50.2	
Total Current Liabilities	246.3	224.1	287.2	
Net Current Assets	351.7	390.1	372.8	
Others	32.4	26.9	26.6	
Application of Funds	1,499.2	1,604.1	1,641.8	

Source: RHP, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY19	FY20	FY21	
Per share data (₹)				
EPS	18.7	15.6	21.0	
Cash EPS	33.5	33.9	40.8	
BV	133.3	149.5	170.9	
Cash Per Share	6.1	13.9	12.7	
Operating Ratios (%)				
EBITDA Margin	17.8	15.4	17.6	
PBT / Net sales	10.2	6.1	9.4	
PAT Margin	5.9	5.5	7.0	
Inventory days	54.7	59.8	58.6	
Debtor days	60.9	64.9	73.7	
Creditor days	41.9	43.3	53.5	
Return Ratios (%)				
RoE	14.0	10.5	12.3	
RoCE	14.7	8.4	10.8	
RoIC	15.6	9.3	11.7	
Valuation Ratios (x)				
P/E	39.7	47.6	35.4	
EV / EBITDA	15.2	19.5	15.8	
EV / Net Sales	2.7	3.0	2.8	
Market Cap / Sales	2.4	2.6	2.5	
Price to Book Value	5.6	5.0	4.4	
Solvency Ratios				
Debt/EBITDA	2.1	2.8	2.0	
Debt / Equity	0.9	0.8	0.6	
Current Ratio	2.9	3.0	2.5	
Quick Ratio	1.7	1.8	1.6	

Source: RHP, ICICI Direct Research

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