

September 13, 2022

Credible player in bearing cages...

About the Company: Harsha Engineers International (HEIL) was incorporated on December 11, 2010. The part of the Harsha Group, HEIL is a leading engineering company that offers a diversified suite of products across geographies and end-use industries.

- It manufactures brass, steel and polyamide cages and stamped components with production facilities in Asia (India & China) and in Europe (Romania)
- HEIL's market share is estimated to be ~50-60% in the Indian bearing cages market making it the largest manufacturer of precision bearing cages in the organised sector in India

Key triggers/Highlights:

- They offer a wide range of bearing cages starting from 20 mm to 2,000 mm in diameter while their bearing cages find application in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and electronics, renewables sectors, etc
- HEIL accounted for 6.5% market share in the global organised bearing brass, steel and polyamide cages market in CY21. In contrast, in India, HEIL is the market leader with between 50% and 60% of the organised market.
- HEIL has four strategically located manufacturing facilities for its engineering business with one of its principal manufacturing facilities at Changodar and one at Moraiya, near Ahmedabad, Gujarat in India
- The company has full-service capabilities across the product cycle including product design & development, material sourcing, designing and manufacturing under one roof

What should investors do? During FY20-22, HEIL registered CAGR revenue, EBITDA and PAT growth of 22.1%, 40.2% and 104.9%, respectively. Looking at the current economic scenario and demand in bearing space it is expected to perform on similar lines.

- We assign a **SUBSCRIBE** rating to the IPO

Key risk & concerns

- Exports contribute more than 60% of revenue. Any significant global slowdown can impact growth prospects
- Exposure to foreign currency exchange rate fluctuations which can cause HEIL's quarterly results to fluctuate significantly.
- Inability to successfully diversify the product offerings of its engineering business



IPO Details

Issue Details

Issue Opens	14th Sep 2022
Issue Closes	16th Sep 2021
Issue Size (₹ crore)*	755
Price Band (₹)	₹ 314 - ₹ 330
No. of Shares on Offer (in crore)	2.29
QIB (%)	50
Retail (%)	35
Face Value (₹)	10
Listing price Market Cap @ Upper Price (₹ Crore)	3004
Minimum lot size (no of shares)	45

* based on upper price band of ₹ 330

Shareholding pattern

	Pre-Issue	Post-Issue
Promoter Group	99.70	74.6
Public	0.3	25.4

Objects of the issue

Objects of issue	₹ crore
Used for CAPEX for Infra Capacity Expansion and Automation	77.90
Used for Repayment of Debt	270.0
Infrastructure repair and Innovation	7.1

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Key Financial Summary

₹ crore	FY20	FY21	FY22	CAGR FY20-22 (%)
Total Revenues	885.9	873.8	1321.5	22.1%
Adjusted EBITDA	86.0	121.8	169.0	40.2%
EBITDA Margins (%)	9.7%	13.9%	12.8%	
PAT	21.9	45.4	91.9	104.9%
EPS (₹)	6.2	9.1	16.6	
P/E (x)	52.9	36.3	19.9	
P/B (x)	0.9	0.8	0.6	
RoE (%)	5.9	10.6	17.6	
RoCE (%)	7.0	12.0	15.5	
P/S	3.4	3.4	2.3	

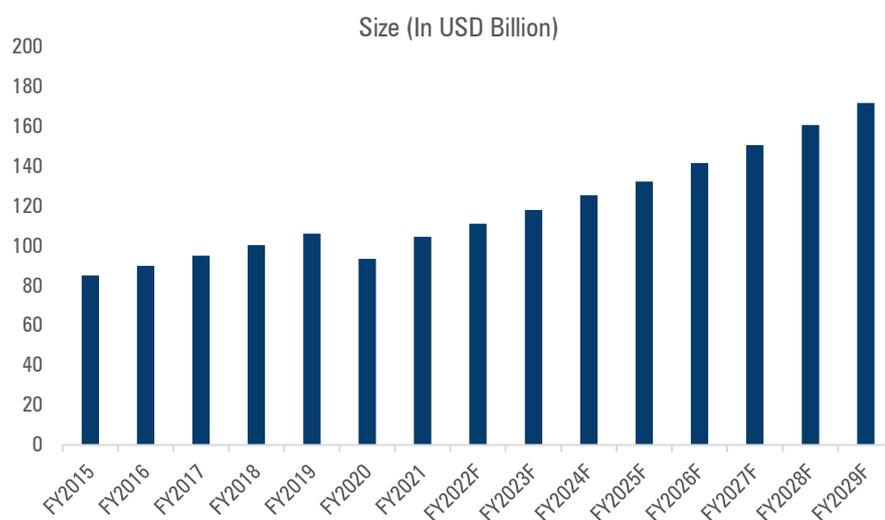
Source: RHP, ICICI Direct Research

Industry Overview

Size of global bearing market

The global bearing market was valued at US\$85.2 billion in 2015 and grew to US\$106.1 billion in 2019, growing at 5.6% CAGR. Owing to the global outbreak of Covid-19 since end March 2020, the bearing market contracted in 2020 due to a decline in demand and supply chain constraints on account of Covid-19 induced restrictions. However, a rebound was seen in 2021 and the market grew at an annual rate of 12% to US\$104.6 billion in 2021. The Asia-Pacific region continued to grow rapidly during the year. The expected growth in usage of bearings in several applications such as mining, automotive, heavy machinery, infrastructure development, power generation and construction is forecast to drive demand in the bearings market and is expected to grow at a CAGR of 6% to 8% over the period 2021 to 2029 and is estimated to be valued at US\$171.7 billion in the year 2029.

Exhibit 1: Global bearings market expected to grow at 6.4% CAGR over FY22-29



Size of global bearing cages market

Global bearing cages are estimated to account for ~5% of the global bearings market. The global bearing cages market was valued at US\$4,261.5 million, growing at 5.6% CAGR between 2015 and 2019. The pandemic situation and geopolitical tensions led to a contraction in demand for bearing cages and manufacturers faced supply chain constraints owing to restrictions. This led to a contraction in the global bearing cages market. However, there was a rebound in 2021 and growth was driven by the usage of bearings in several applications such as mining, automotive, heavy machinery, infrastructure development, power generation and construction. The bearing cages market is expected to grow at a CAGR of 6-8% over 2021-29 and is estimated to be valued at US\$8,583.5 million in 2029.

Exhibit 2: Global bearing market expected to grow at 6.4% CAGR over FY22-29

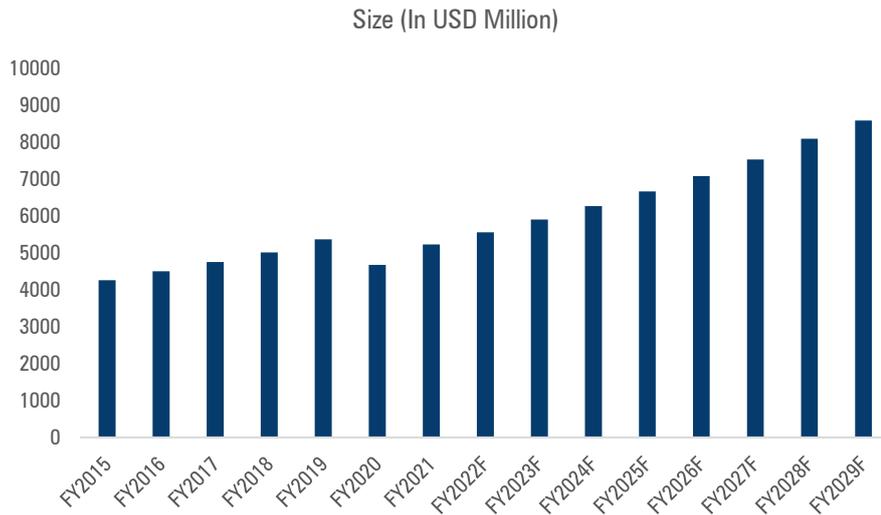


Exhibit 3: HEIL plants location around globe



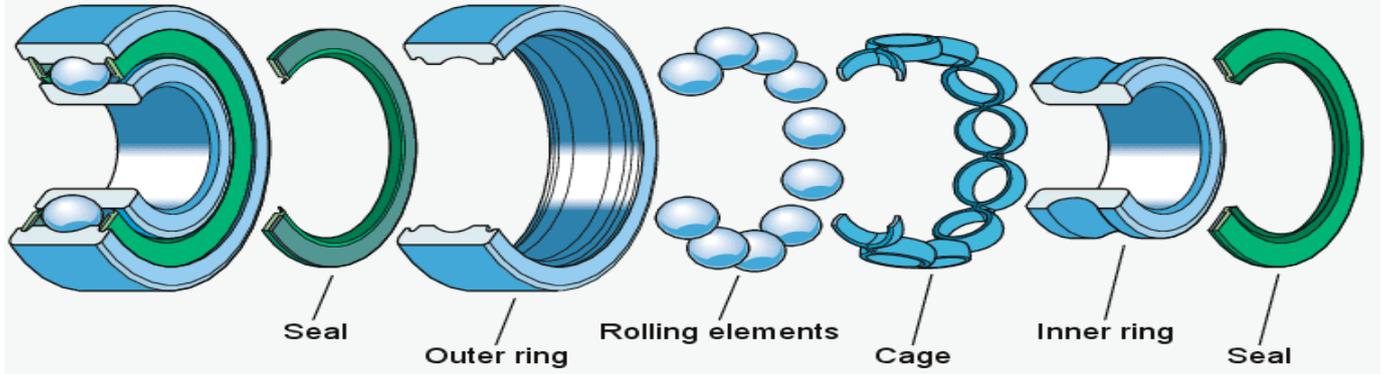
Application wise break-up of global bearings market

Bearings by application can be used in varied industries as stated below:

- **Railways:** Auxiliary, axel box, engine, final drive, gear box, main tractor motion, propeller shaft, transmission, wheel, etc
- **Aviation & aerospace:** Passenger aircraft bodies, freight aircraft, helicopters, drones, aerospace engines, conveyors, etc. This segment includes the defence segment as well
- **Automotive:** Passenger cars, passenger trucks, bus, commercial trucks, scooters, bikes, bicycles, etc
- **Agriculture:** Agriculture trucks, tractors, loaders, hay and forage equipment, planting machines, floaters tillage machine, etc
- **Electrical & Electronics:** Alternators, blowers, compressors, fans, machine tools, power tools, pumps, ACs, rolling mills, semiconductor manufacturing, computer fans, etc
- **Construction:** Cranes, hydraulic excavators, asphalt pavers, motor graders, wheel loaders, off-highway trucks, etc

- **Mining:** Crushers, shaker screens, pulverisers, shuttle cars, feeders, mining trucks, excavators, etc
- **Others:** This category includes industries not classified above including wind sector

Exhibit 4: Bearing components illustration

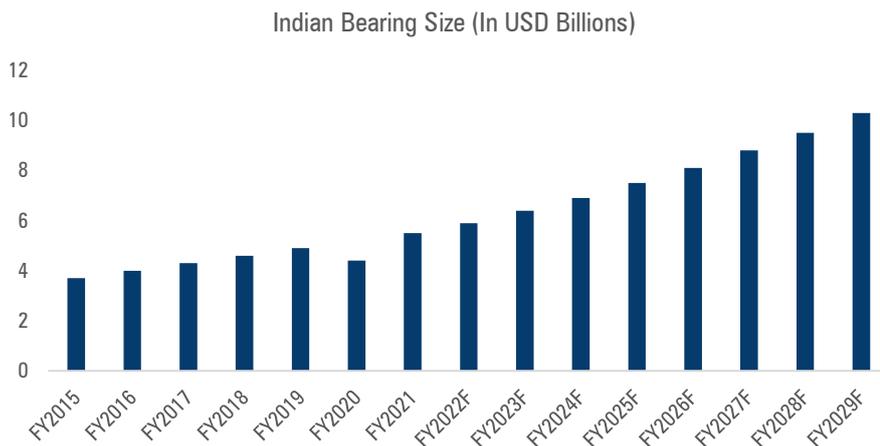


Source: RHP, Ricardo Analysis, ICICI Direct Research

Domestic market overview

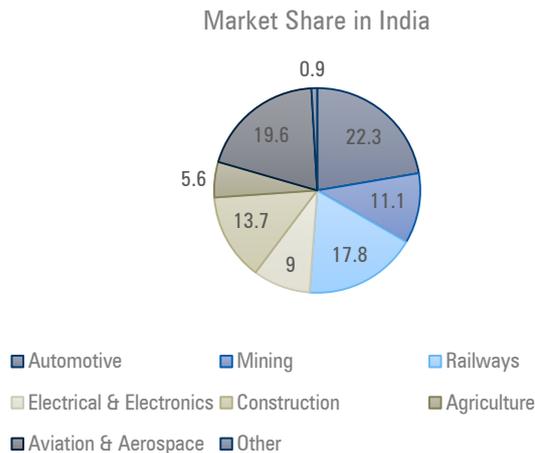
In revenue terms, the Indian bearings market accounted for ~5.2% share in the global bearings market in 2021. Meanwhile, within the Asia Pacific region, the revenues for the bearings market in India accounted for ~12.5% share of the Asia Pacific region’s revenues. The Indian bearings market grew at 7.2% CAGR in 2015-2019. The global outbreak of Covid-19 and subsequent imposition of restrictions led to a fall in demand for bearings from end user industries and bottlenecks in supply chain networks of manufacturers. This, in turn, led to a contraction of the domestic bearings market in 2020. High and volatile commodity prices posed significant risks to the global economy with the effects being felt on both inflation, growth and will impact unevenly across countries. There was a rebound in 2021 led by growth in the Asia-Pacific region, including India, which showed expected growth in usage of bearings in several applications like mining, automotive, infrastructure development and construction. A sharp growth in commodity prices also augured well for overall growth in 2021. Threat of geopolitical conflict and supply chain issues (especially the semi-conductor shortage) will lead to an overhang in near-term growth prospects. However, long term growth prospects remain intact. The market is expected to grow at a CAGR of 8.3% in 2021-29 and is estimated to be valued at US\$10.3 billion in 2029.

Exhibit 5: FY22-29E bearings CAGR expected at 8.3%



Source: RHP, Crisil Research, ICICI Direct Research

Exhibit 6: Industry wise break-up of bearings used

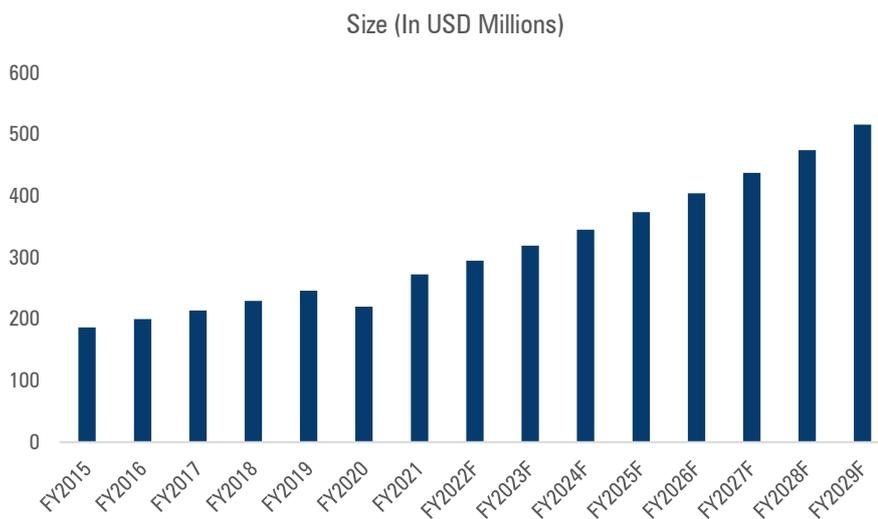


Source: RHP, Company websites, Crisil Research, ICICI Direct Research; Note – Y = Present, N = Not present

Indian bearing cages market

In terms of revenue, the bearing cages market in India accounted for about 5% share of the global bearings market in 2021. Further, within Asia Pacific region, revenues for the bearings market in India accounted for 12.5% share of revenues of the Asia Pacific region. The Indian bearing cages market was at US\$186.5 million in 2015 and grew at 7.2% CAGR in 2015-19. The Indian bearing cages market contracted owing to the global outbreak of Covid-19 and geopolitical tensions that led to a decline in demand from end user industries of bearing cages and manufacturers witnessed supply chain constraints. However, going forward, with the resumption of economic activities, the Indian bearing cages market is expected to grow at the highest CAGR of 8.3% among countries within the Asia Pacific region in 2021-29 and is estimated to be valued at US\$516 million in 2029.

Exhibit 7: Indian bearing cages market expected to grow at 8.3% CAGR (FY22-29E)

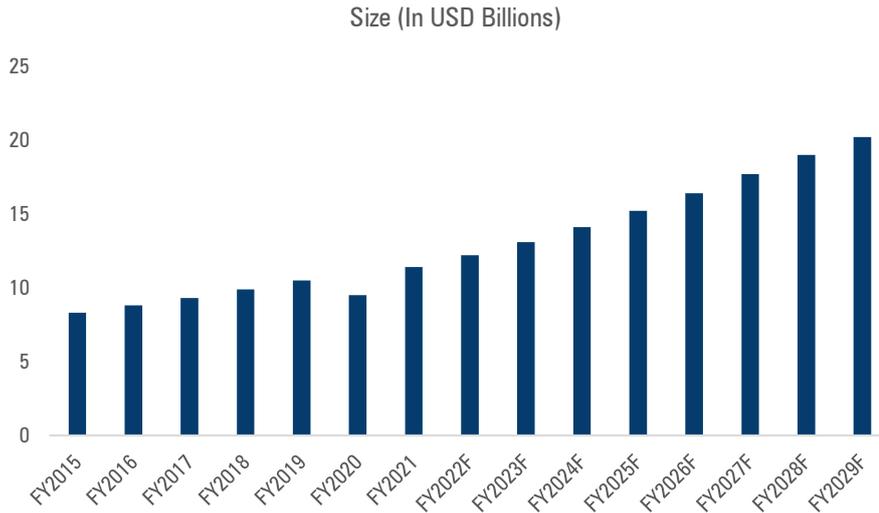


Indian stamping market

The APAC region is forecast to be the second largest growing region in the global stampings market, in which India is estimated to lead with the highest CAGR.

The Indian stampings market grew at 5.9% CAGR between 2015 and 2019 and was valued at US\$11.4 billion in 2029. It is forecast to grow at 7.4% CAGR in 2021-29 to reach US\$20.2 billion by 2029. Within the Asia Pacific region, India is one of the fastest growing regions.

Exhibit 8: Indian stamping market expected to grow at 7.4% CAGR over FY22-29

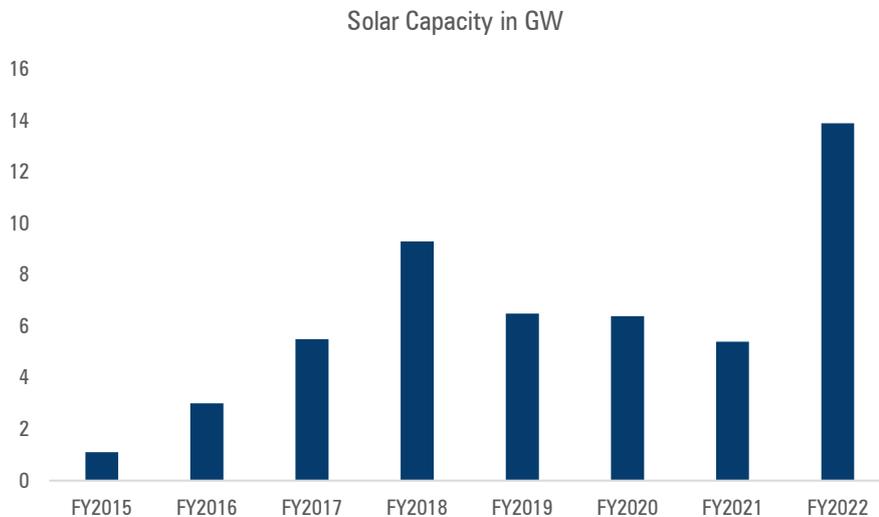


Overview of Indian solar industry

India has immense potential in solar energy. Approximately 5,000 trillion kWh of energy is incident over India’s geographical area each year. Solar photovoltaic electricity can be successfully harvested, allowing for massive scalability in India. Rural electrification will benefit from off-grid, decentralised and low-temperature applications. Millions of people in Indian communities have profited from solar energy-based decentralised and distributed applications that satisfy their cooking, lighting and other energy demands. The social and economic benefits include less drudgery for rural women and girls who go great distances to harvest fire wood.

Furthermore, throughout the years, India's solar energy sector has emerged as a key participant in grid-connected power generation capacity. It contributes to the government's objective of sustainable growth while emerging as a key anchor in meeting the nation's energy demands and ensuring energy security.

Exhibit 9: Installed solar capacity of India

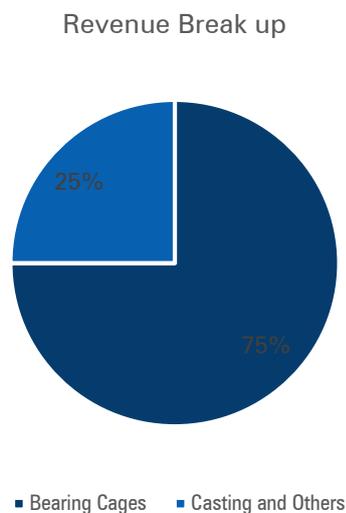


Company Background

HEIL is the largest manufacturer of precision bearing cages, in terms of revenue, in the organised sector in India, and among the leading manufacturers of precision bearing cages in the world (Source: CARE Advisory Report). It offers a diversified suite of precision engineering products across geographies and end-user industries. The overall business comprises: (i) engineering business, under which HEIL manufactures bearing cages (in brass, steel and polyamide materials), complex and specialised precision stamped components, welded assemblies and brass castings and cages & bronze bushings (more than 90% of revenues come from this segment) and (ii) solar EPC business, under which they provide complete comprehensive turnkey solutions to all solar photovoltaic requirements.

The company has ~ 50-60% market share in the organised segment of the Indian bearing cages market and 6.5% market share in the global organised bearing cages market for brass, steel and polyamide cages in CY21 (Source: CARE Advisory Report). The product offering ranges, in the bearing cage segment, from 20 mm to 2,000 mm in diameter while bearing cages find application in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and renewable sector.

Exhibit 1: Segment wise revenue break-up of HEIL over the years

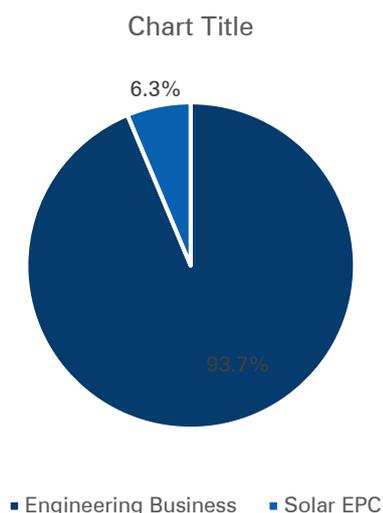


Source: RHP, ICICI Direct Research

Bearing cage is an important component within bearing and requires the highest lead time for development and technical & tooling expertise for its manufacture when compared to other components of a bearing (source: CARE Advisory Report). Given the critical function of a bearing cage and the resultant quality requirements, global bearing companies have steadily increased outsourcing of manufacturing of bearing cages and the business from these bearing companies has got concentrated to a few bearing cage manufacturers including HEIL (source: CARE Advisory Report). The company has established a strong customer relationship with leading global bearing manufacturers in the automotive, railways, renewable energy and other industrial sectors. Additionally, it has been involved in its key customer groups in its product development process from the design stage. Accordingly, HEIL has been able to ensure repeat orders from its customers.

HEIL has four strategically located manufacturing facilities for the engineering business with one of the principal manufacturing facilities at Changodar and another at Moraiya, near Ahmedabad, Gujarat. It has one manufacturing unit each at Changshu, China and Ghimbav Brasov in Romania. A presence in these strategic locations helps the company to penetrate global markets more efficiently, in a cost effective manner and allows better access to customers.

Exhibit 2: FY21 revenue break-up by business in FY22 (%)



Source: RHP, ICICI Direct Research

HEIL is also an EPC service provider in the solar photovoltaic industry and also provides operations and maintenance services in the solar sector. It has over 10 years of operating history in the solar EPC business. The company has an in-house design, engineering, procurement, project management and O&M team, which has a combined experience of installing at least 500 MW and more than 60 MW commissioning experience in the rooftop segment as of March 31, 2022. The revenue from solar EPC business aggregated to ₹ 82.95 crore, ₹ 54.19 crore and ₹ 64.19 crore for FY22, FY21 and FY20, respectively, constituting 6.28%, 6.20%, and 7.25%, respectively, of total revenue from operations, as per the restated consolidated financial statements.

Exhibit 3: Geography-wise revenue of HEIL over the years (engineering business)

(In ₹ Crore)	Revenue from Engineering Business FY22	% of contribution	Revenue from Engineering Business FY21	% of contribution	Revenue from Engineering Business FY20	% of contribution
Europe	500.634	40%	342.582	42%	341.158	42%
India	401.91	32%	235.07	29%	258.522	31%
China	172.639	14%	131.858	16%	114.847	14%
America	82.337	7%	62.201	8%	64.136	8%
Others	81.024	7%	47.851	6%	42.996	5%

Source: RHP, ICICI Direct Research

HEIL manufactures bearing cages, semi-finished brass castings, specialty stamping components and bronze castings & bushings.

Bearing cages

The bearing cage category comprises roller cages and ball bearing cages. The cages offer high rigidity, strength and high heat resistant operating conditions.

HEIL manufactures precision bearing cages that form one of the five components of a bearing. Other such components are the inner ring, outer ring and rolling elements like rollers or balls and cages. Bearing cages are primarily utilised to: (i) separate the rolling elements, reducing the frictional heat generated in the bearing; (ii) keep the rolling elements evenly spaced, optimising load distribution on bearing; (iii) guide the rolling elements in the unloaded zone of the bearing; and (iv) retain the rolling elements of separable bearings when one bearing ring is removed during mounting or dismounting.

HEIL caters to the bespoke needs of its customers, by customising the type of base material as well as the design to be applied for the bearing cages. Such customisation is generally dependent upon the operating conditions under which the bearings will be generally utilised by its customers.

While bearing cages can be manufactured using various materials, HEIL primarily manufactures bearing cages out of brass, steel and polyamide, which represents the most common types of base materials used in the bearing cages market. Its dedicated product development & innovation centre and tool production facilities are at Changodar plant. Over the past five years, the product development and innovation centre has developed more than 7,500 types of products for different bearing cage and stamping divisions.

Steel cages: HEIL offers various grades of steel cages as per the requirements of its customers. Owing to the lightweight nature, frictionless wear and high strength, such steel cages are widely in demand. The size of the steel cages ranges up to 1,000 mm and HEIL manufactures more than 3,700 types of steel cages. Steel bearing cages can be used at operating temperatures of up to 300°C (570°F).

Brass cages: HEIL produces more than 3500 types of brass cages. The size of the brass cages ranges up to 2000 mm and foundry castings up to 2000 mm. Brass cages are generally manufactured from semi-finished brass castings, which may be cast in-house and then machined into bearing cages or stamped from brass strips or turned out of brass tubes. Brass bearing cages can be used at temperatures of up to 250°C (480°F).

Polyamide Cages: HEIL offers injection moulded polyamide cages. The features of such cages include being corrosion resistant and light in weight owing to presence of high polymers materials. HEIL manufactures more than 80 types of polyamide cages with size ranging up to 300 mm including thrust ball bearings, cylindrical roller thrust bearings, linear ball bearings, water pump bearings and other special types of bearings. Bearing cages are made in different designs depending on their operating conditions.

Cylindrical roller bearing cages - Designed for radial load carrying capability, which demand high stiffness and high accuracy. Primarily used in industrial machines, pumps, compressors, OEMs and traction motors for railways.

Spherical roller bearing cages - Designed for carrying radial load and combined load applications, which allows tolerance for misalignment in operation. Primarily used in crushers, railways, steel mills, thermal turbines and windmills.

Deep groove bearing cages - Designed for high speed and high running accuracy with low friction and noiseless operation. Primarily used in agricultural machines, automotive parts, chemical machinery, utilities and white appliances.

Angular contact ball bearing cages: Designed for carrying axial and combined loads with high running accuracy. Primarily used in agricultural machines, chemical machinery, general industries and utilities.

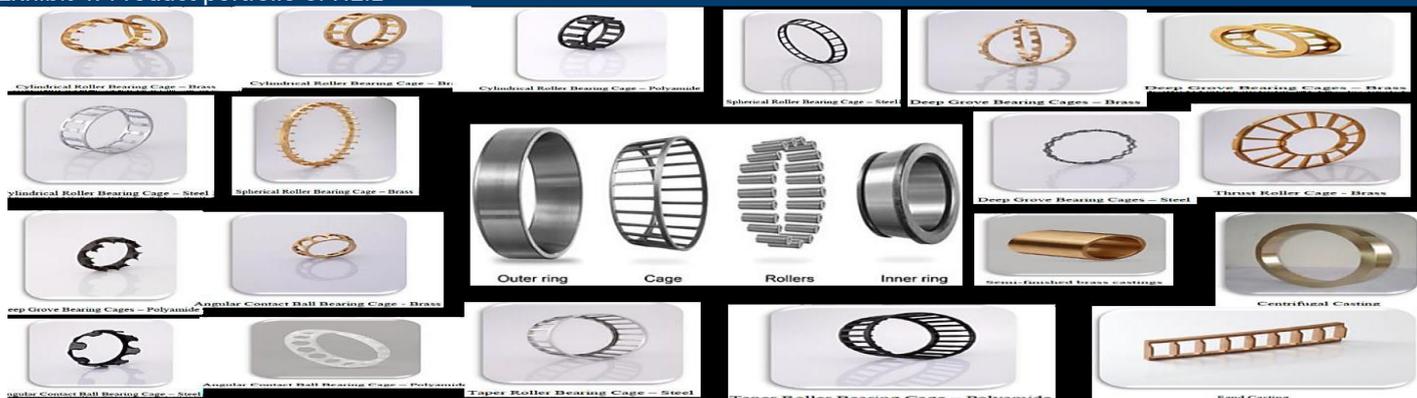
Thrust roller cages - Designed for carrying axial loads, which demand high running accuracy and bearing arrangements. Primarily used in blowout preventers, extruders, gearboxes, offshore drilling and oil rigs.

Taper roller cages - Designed for combined axial and radial load applications which demand high accuracy. Primarily used in engine applications.

Bronze bushes for sliding bearing: HEIL has diversified from producing bronze bushes for sliding bearing. These bushes are predominantly used in gear boxes for wind turning in planetary axels. Within bronze, HEIL is developing competences for multiple bronze alloys viz. aluminium and tin bronze. These bushes require high precision machining and assurance of all mechanical, chemical, dimensional and cleanliness properties on account of the criticality of application.

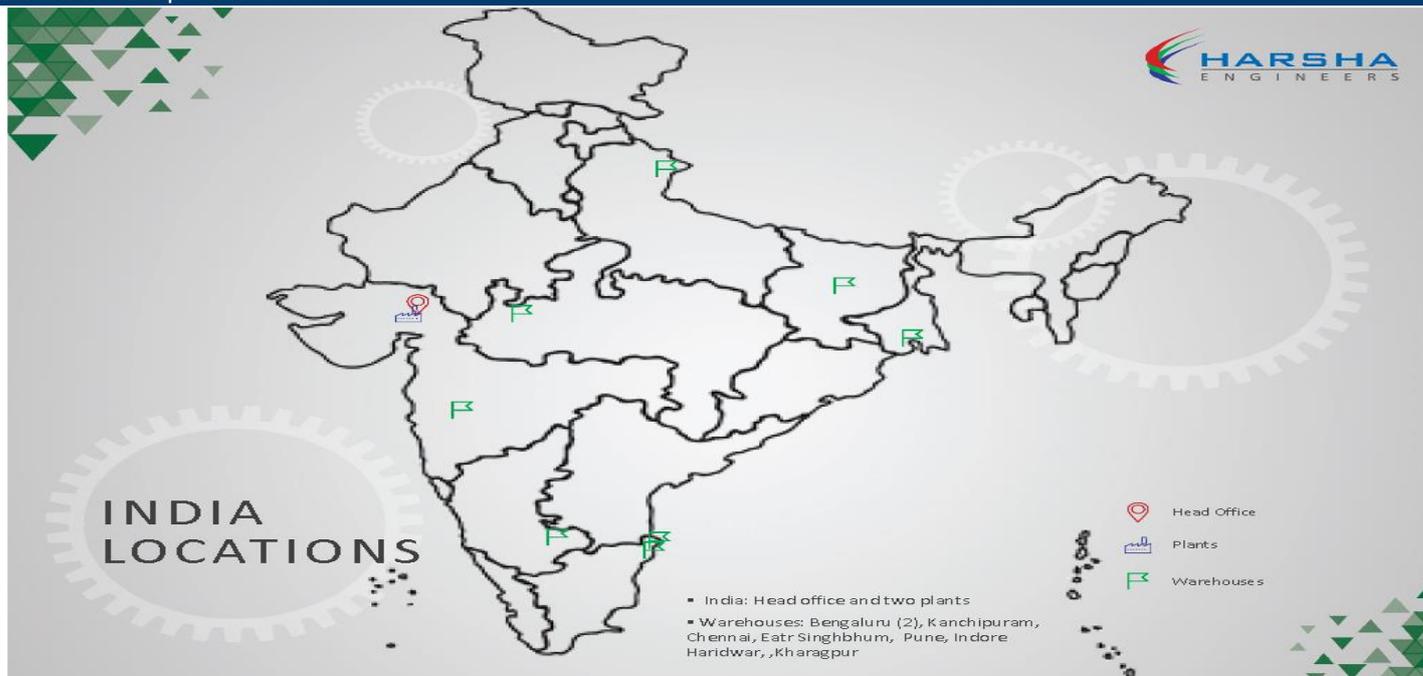
HEIL manufactures semi-finished brass castings for its customers who, in turn, carry out processes for converting such semi-finished brass castings into a bearing cage. Majority of such semi-finished brass castings are manufactured by its step down subsidiary in Romania.

Exhibit 4: Product portfolio of HEIL



Source: RHP, ICICI Direct Research

Exhibit 5: HEIL plant locations



Source: RHP, ICICI Direct Research

Comparison with global peers

Exhibit 6: Comparison with peers

Company	FV/Share	EPS (Basic)	RONW	NAV (₹ per Share)	P/E Times
Harsha Engineers International Limited	10	16.06	17.4%	68.34	-
Listed Peers					
Timken India	10	43.49	19.7%	220.28	69.3
SKF India Ltd	10	79.9	21.0%	381.43	59.21
Rolex Rings Ltd	10	50.23	24.2%	200.05	36.04
Sundaram Fastners Ltd	1	21.74	17.2%	124.75	39.38

Investment Rationale

Comprehensive solution provider with strong market share

Within its diversified product portfolio, HEIL manufactures bearing cages (including cylindrical roller cages, spherical roller cages, deep groove cages, angular contact cages, thrust roller cages and taper roller cages), complex and specialised precision stamped components, welded assemblies and brass castings and bushings. Since its incorporation, it has manufactured more than 7,500 types of products in the automotive and industrial segments. It manufactures bearing cages in brass, steel and polyamide, which represents 6.5% of the global organised outsourced bearing (brass, steel & polyamide) cages market in CY21. In India, HEIL commands 50-60% market share in the organised market.

The company has recently expanded its product portfolio to introduce sand-casting; value-added stamping components, bronze bushings, etc, to cater to more end user industries such as wind, mining and shipping sectors. Its products find application across automotive, aviation and aerospace, construction, mining, agriculture, electricals and electronics, renewables sectors.

Long standing relationships with leading global bearing players

HEIL has established a strong relationship with its customers who are leading global bearing manufacturers in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and electronics, renewables sectors. The bearing cages market globally is concentrated among few global bearing manufacturers with Top 6 global bearing manufacturers contributing to 54% of the market share in FY22.

As of March 31, 2022, HEIL supplies to each of the Top-6 global bearing manufacturers. Its Top-10 customers contributed to 44.70%, 48.24%, and 47.79% of its total revenue from operations for FY22, FY21 and FY20, respectively. The average age of its relationship with its Top-5 customer groups spans more than a decade. Its key customer groups are also key global bearing manufacturers (Timken, SKF, Schaeffler, JTEKT, etc) that have been among its customers for over a decade. Its customer-centric approach and continuous efforts on transparent dealings has allowed it to enter into long term framework agreements with leading key global bearing manufacturers. The company has partnered with certain of its key customer groups in the product development process, enabling its products to meet the exact specifications provided by the customers.

Strategically located domestic, international production facilities, warehouses

The company's multiple geographical presence in locations like India, Romania and China helps it to overcome significant entry barriers in comparison to its competitors, allowing it to penetrate these markets more efficiently and become a local supplier to leading key global bearing players. Its presence in these strategic locations helps it to penetrate global markets more efficiently and, in a cost effective, manner. It also gives it the ability to cater to the needs of its customers from multiple locations, at times designing products at one location while manufacturing them at another. Its dual-shore capabilities, which is its ability to carry out design, engineering and manufacturing of products at different locations allows it to service customer requirements from alternate locations, giving the customer the benefit of regular supply and cost-competitive manufacturing operations.

Additionally, the company has entered into arrangements to stock inventory in warehouses over 20 locations across the world. Its multinational presence has also allowed it to diversify its revenues geographically and enhanced the company's reputation, which results in higher orders from India.

Retain, strengthen technological leadership through continued focus on development, automation

HEIL is a technology driven company focused on using appropriate cost-effective technologies for different volumes and varieties of products. It intends to digitise its operations by implementing IoT system to connect the relevant machines or equipment and improve the operational process performance of its machines or equipment by having the right analysis of downtime or reasons for loss of productivity. It plans to continue expanding its development, engineering, tool design & manufacturing, process improvements, lean manufacturing techniques, and automate them to optimise manpower to ensure zero defect products.

Its dedicated product development centre and tool production facilities at Changodar has strengthened its ability to meet customer demands in accordance with delivery schedule. Over the past five years, the product development and innovation centre has developed more than 1,217 products for different bearing (including ball bearing, brass bearing, cylindrical roller bearing, large size bearing, polyamide bearing, spherical roller bearing), taper and bronze bushings and more than 58 other products including speciality components.

With its expertise in design and manufacturing complex tooling components in house, it has engaged with its customers, developing and manufacturing over 7,500 types of products allowing it to meet changing customer requirements.

Key Risk

Limited number of customers and suppliers

The company depends on a limited number of customer groups for a significant portion of its revenue from the engineering business. The loss of any major customer groups due to any adverse development or significant reduction in business from the major customer groups may adversely affect its business, financial condition, results of operations, cash flow and future prospects.

The company is dependent on network of agents, for fulfilment of needs of the customers. Its inability to maintain the relationships with agents or deficiency in the service provided by such agents may adversely affect its business, results of operations, cashflow and profitability.

Inability to successfully diversify product offerings of engineering business may adversely affect growth, negatively impact profitability.

During FY22, FY21 and FY20, according to restated consolidated financial statements, 93.72%, 93.80%, and 92.75%, a majority of revenue from operations is contributed by the engineering business, respectively. It is not guaranteed that HEIL will succeed in effectively implementing the new technology required in manufacturing new products or that they will be able to recover investments. Any failure in development or implementation of HEIL's operations is likely to adversely affect the business & operations and will impact financial performance adversely.

Depend on third parties for supply of raw material, product delivery

HEIL has high dependence on third party suppliers for the raw materials used in the manufacture of products. The company purchases most raw materials used in the manufacturing process from a limited number of third-party suppliers. Top five raw material suppliers for FY22 together contributed to 43.93% of total raw material consumption. There is no assurance that if they experience a disruption of supplies, HEIL will be able to source such commodities from alternative suppliers on similar commercial terms and within a reasonable timeframe.

The company selects suppliers based on total value (including total landed price, quality and delivery), taking into consideration their production capacities, financial condition and expects to deliver to them in accordance with quality standards and comply with their contractual obligations. However, there can be no assurance that capacity limitations, industry shortages, labour or social unrest, weather emergencies, commercial disputes, government actions, riots, wars, pandemic, sabotage, cyberattacks, non-conforming parts, acts of terrorism, "Acts of God", financial or operational instability of suppliers, or other problems that suppliers experience will not result in occasional shortages or delays in their supply of raw materials to HEIL.

Financial summary

Exhibit 11: Profit and loss statement			
	₹ crore		
Revenue (₹ crore)	FY20	FY21	FY22
Revenue from operations	885.9	873.8	1,321.5
Other income	13.7	3.0	17.5
Total revenue	899.5	876.7	1,339.0
Raw Material Expenses	448.0	434.1	799.2
Changes In Inventory	10.1	-19.3	-59.5
Employee expense	149.0	146.4	158.0
Other expenses	192.7	190.8	254.7
Total Expenses	799.9	751.9	1,152.5
Adjusted EBITDA	86.0	121.8	169.0
Finance costs	32.8	30.0	24.6
Depreciation and amortisation expens	35.2	34.1	35.4
Profit before tax and exceptional item	31.6	60.7	126.6
Exceptional items	0.0	0.0	0.0
Profit before tax	31.6	60.7	126.6
Total Tax	9.7	15.3	34.7
Profit after tax before Minority interes	21.9	45.4	91.9
Profit after tax	21.9	45.4	91.9

Source: RHP, ICICI Direct Research

Exhibit 12: Cash flow statement			
	₹ crore		
Cash Flow (₹ crore)	FY20	FY21	FY22
PBT	31.6	60.7	126.6
Operating profit before working capit	96.7	124.6	189.0
Changes in working capital	29.6	-2.3	-121.4
Income tax paid	-13.4	-1.1	-31.1
CF from operating activities	112.9	121.2	36.5
(Purchase)/Sale of Fixed Assets	-74.2	-42.5	-46.7
Interest Received	3.9	2.4	1.3
Investment in bank deposits	5.7	20.0	-6.5
CF from investing activities	-64.6	-20.0	-51.8
Adj. of Loan	-5.7	-62.5	28.2
Interest Paid	-32.5	-30.0	-24.5
CF from financing activities	-38.3	-92.4	3.7
Net Cash Flow	10.1	8.8	-11.6
Opening Cash	14.2	24.3	33.0
Closing Cash Flow	24.3	33.0	21.4

Source: RHP, ICICI Direct Research

Exhibit 13: Balance sheet			
	₹ crore		
Balance Sheet (₹ crore)	FY20	FY21	FY22
Equity and liabilities			
Shareholders' funds			
Share capital	50.0	50.0	77.2
Reserves and surplus	322.0	377.2	444.6
Minority interest	0.0	0.0	0.0
Non-current liabilities			
Long-term borrowings	127.6	101.5	137.8
Other non-current liabilities	0.1	21.2	22.7
Current liabilities			
Short-term borrowings	284.4	247.0	240.6
Trade payables	111.5	116.7	182.8
Other current liabilities	75.7	65.5	50.0
Short-term provisions	1.9	2.6	2.3
Total	973.24	981.68	1158.23
Assets			
Fixed assets			
Tangible assets	262.0	267.8	282.9
Goodwill on consolidation	70.1	73.1	71.1
Capital work in progress	3.4	3.3	2.1
Intangible assets	1.7	1.5	1.8
Intangible assets under development	0.0	0.0	0.0
Non-current investments	0.0	0.0	0.0
Deferred tax assets (net)	10.7	10.0	11.1
Other financial assets	0.4	0.4	0.6
Other non-current assets	7.3	7.8	8.6
Current assets			
Inventories	231.9	267.5	375.7
Trade receivables	238.7	213.9	282.8
Cash and bank balances	57.1	45.3	39.3
Other current assets	90.0	90.3	82.3
Total	973.2	981.1	1158.2

Source: RHP, ICICI Direct Research

Exhibit 14: Key ratios			
Ratio Sheet	FY20	FY21	FY22
Per share data (₹)			
Diluted EPS	6.2	9.1	16.6
Cash EPS	16.3	15.9	23.0
BV per share	105.9	85.5	94.3
Cash Per Share	16.3	9.1	7.1
Operating Ratios (%)			
Gross Profit Margins	49.4	50.3	39.5
EBITDA Margins	9.7	13.9	12.8
PAT Margins	2.5	5.2	7.0
Inventory days	95.6	111.8	103.8
Debtor days	98.3	89.3	78.1
Creditor days	45.9	48.7	50.5
EBITDA Conversion Rate	131.3	99.4	21.6
Return Ratios (%)			
RoE	5.9	10.6	17.6
RoCE	7.0	12.0	15.5
RoIC	7.0	12.1	15.6
Valuation Ratios (x)			
EV / Sales	3.8	3.8	2.5
EV/EBITDA	39.1	27.1	19.8
Market Cap / Sales	3.4	3.4	2.3
P/E	52.9	36.3	19.9
Price to Book Value	0.9	0.8	0.6
Solvency Ratios			
Debt / EBITDA	4.8	2.9	2.2
Debt / Equity	1.1	0.8	0.7
Net Debt/ Equity	1.0	0.7	0.6
Current Ratio	1.3	1.4	1.6
Quick Ratio	0.8	0.8	0.8
Asset Turnover	2.6	2.5	3.7

Source: RHP, ICICI Direct Research

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