

Niche auto ancillary player in transmission system with healthy margin profile and growth prospects ...

About the Company: Divgi TorqTransfer Systems (DTS) established in 1964 is a marquee auto ancillary player in India having capability to develop and provide system level transfer case, torque coupler and DCT solutions. DTS is the largest supplier of transfer case system to PV OEM's in India. It has three manufacturing and assembling facilities in India with one under construction for EV transmission and dual clutch transmission (DCT) and expected to be fully completed by FY24E.

- Company has developed transmission system specifically for EV's with Tata Motors as its anchor client through TACO (Tata AutoComp Systems Ltd).
- DTS serves both as systems level solution provider as well as component kit supplier to domestic, global OEMs & Tier I transmission system suppliers

Key triggers/Highlights:

- DTS is a niche auto component supplier in the transmission space with impressive P&L profile i.e. ~60% gross margins, ~28% EBITDA margins and ~20%PAT margins. RoCE/RoIC profile is also healthy at ~15%/30%+.
- It also has a debt free B/S with surplus cash of ~₹ 160 crore as of H1FY23
- Technical capabilities to develop and manufacture mission critical components in transmission space namely torque transfer systems, DCT solutions, manual transmission components, synchronizer systems and transmission systems for EVs in PV & SCV domain and across geographies
- Presence across key OEM's domestically with key clients as M&M, Tata Motors, among others and penchant to increase share of exports in sales.
- Healthy 20+% CAGR growth prospects in target segments in medium term.

What should investors do? Sales/PAT at DTS has grown at a CAGR of 21.2%/28.3% respectively over FY20-22, led by impressive improvement in EBITDA margin profile. DTS clocked EBITDA margins of 28.1% in FY22 with RoCE placed at ~16%. At the upper end of the price band (₹560-590) it is valued at ~35 P/E on FY22.

- We assign **SUBSCRIBE for long term** rating on DTS given that our bet is on future growth trajectory at the company as trailing valuations discount much of its healthy financial profile. We like DTS for its technical prowess in transmission space & incremental revenue streams coming on broad going forward in EV transmission as well as Dual Clutch transmission space.

Key risk & concerns

- Client concentration risk with single largest customer constituting >50% of revenues and top 5 customers constituting 90%+ of sales.
- Continued geopolitical tensions impacting exports which now constituted ~<10% of sales in H1FY23 vs. ~25%+ as of FY22.
- High dependence on imported content/raw materials (~25%) impacting production capabilities at times of global supply chain disruption

Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	FY22	H1FY23	CAGR (FY20-22)
Net Sales	159.1	186.6	233.8	133.7	21.2%
EBITDA	36.9	51.9	65.6	37.1	33.3%
EBITDA Margins (%)	23.2	27.8	28.1	27.7	
Net Profit	28.0	38.0	46.2	25.7	28.3%
Reported EPS (₹)	10.2	13.8	16.8	9.3	
P/E	57.9	42.7	35.2	NA	
RoNW (%)	13.4	12.9	13.6	NA	
RoCE (%)	11.7	14.9	15.9	NA	

Source: RHP, ICICI Direct Research



DIVGI TORQTRANSFER SYSTEMS LIMITED

IPO Details

Issue Details

Issue Opens	1st March 2023
Issue Closes	3rd March 2023
Issue Size	~₹ 412 crore
QIB (Institutional) Share	~75% of issue
Non-Institutional Share	~15% of issue
Retail Share	~10% of issue
Issue Type	OFS + Fresh Issue
Price Band (₹/share)	₹ 560-590
Market Lot	25 shares
Face value (₹/share)	₹ 5
Listing Market Cap @	~₹ 1,800 crore
Upper price band	

Shareholding pattern

	Pre-Issue	Post-Issue
Promoters	67.2	59.8
Public	32.8	40.2
Total	100.0	100.0

Objects of the issue

Objects of the issue

The issue consists of ₹180 crore as fresh capital raise of which ~₹150 crore is aimed at funding capex. Rest ~₹232 crore is an OFS which is primarily a partial exit by PE fund (~₹220 crore) and other shareholders including promoters (~₹12 crore)

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Company Background

DTS established in 1964 is a marquee auto ancillary player in India having capability to develop and provide system level transfer case, torque coupler and DCT solutions to OEM's. It is one of the leading players supplying transfer case systems to automotive OEMs in India and is the largest supplier of transfer case system to PV OEM's in India. DTS is also the only player manufacturing and exporting transfer cases to global OEMs from India. Further company has the capability to develop and provide transmission systems for **electric vehicles (EV)** & has already won contract for supply of EV transmission systems for Tata Motors.

Company currently manufactures and supplies variety of products under the broad categories of (i) torque transfer systems (which includes four-wheel-drive (**4WD**) and all-wheel-drive (**AWD**) products); (ii) synchronizer systems for manual transmissions and DCT; and (iii) components for the above-mentioned product categories for torque transfer systems and synchronizer systems in manual transmission, DCT, and EVs. It has also developed capability for (i) transmission systems for EVs; (ii) DCT systems; and (iii) rear wheel drive manual transmissions.

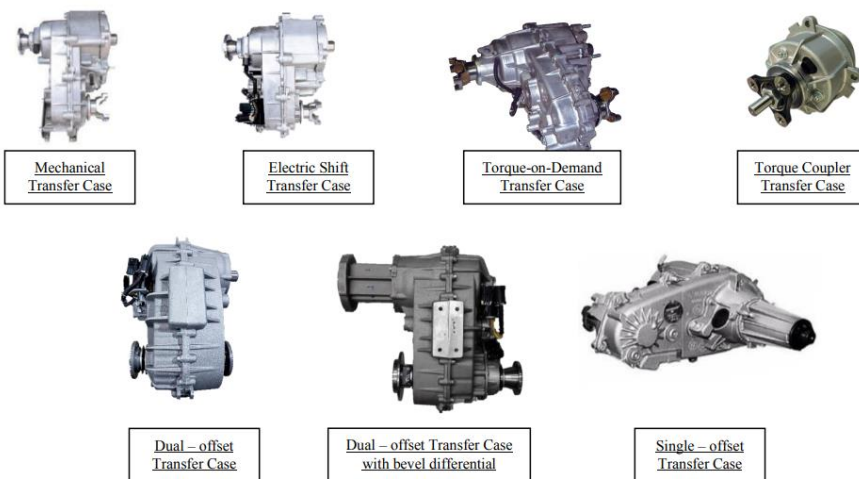
Key Product Offerings

1. **Transfer Case:** Transfer case system is used in four-wheel drive (4WD) or commonly known as 4X4 vehicle. A vehicle having 4X4 will have more pulling power and traction if all of its wheels are driven. Transfer case system involves the mechanical transfer case components and electronic components ECU & sensors. To shift between 4WD high, 4WD low and 2W options, in case of a mechanical shift on-the-fly transfer case, a selector lever is to be manually adjusted by the driver. In case of Electronic Shift On-the-Fly (ESOF) transfer case, a dash mounted selector switch or buttons is to be pushed by the driver to change the setting. In ESOF, the transfer case is installed along with an Electronic Control Unit (ECU), it provides a mechanism to select among above three options.
 - a. **Torque coupler:** It is used in front wheel drive (FWD) based all-wheel drive (AWD) vehicles. Torque coupler senses the torque requirement & transfers the necessary torque to the rear wheels when wheels start slipping on the surface. Here the response time of actuating the clutch is very critical to proper functioning of a vehicle, else the vehicle begins to skid. Clutching and declutching is performed by an ECU.
 - b. **Auto Locking Hub:** Auto locking hub is used in conjunction with ESOF based transfer case. When a vehicle is running in 2WD high, the auto locking hub locks the front wheels i.e. no torque is transferred to the front wheels, they are freely rotating. This helps in avoiding the frictional losses which otherwise will arise when front wheel is driving the axle.

Company has three manufacturing and assembling facilities across India located at Sirsi in Karnataka, Shivare and Bhosari near Pune in Maharashtra and one under-construction manufacturing facility located at Shirwal, Maharashtra (~80% complete, expected to be operational by FY24E).

Key customers in Indian OEM space includes **Tata Motors, Mahindra & Mahindra.**

Exhibit 1: Transfer case system



Source: RHP, ICICI Direct Research

2. **Synchroniser for manual & DCT:** The purpose of a gear synchroniser is to synchronize the speeds of the input and output shafts of a gearbox. During a gearshift, before the engagement of the upcoming gear. The synchroniser acts like a friction clutch and decelerates (upshift) or accelerates (downshift) the input shaft, in order to match the speed for the upcoming gear. Synchroniser can be classified as single-cone, double-cone and triple-cone depending on the number of friction elements. Multi-cone provides higher friction as compared to a single-cone. Hence, generally between 1st and 2nd gear multi-cone synchroniser is used. In India, synchronisers are available using different raw material such as brass with carbon lining and steel with carbon lining. For higher durability and performance, synchroniser used are of brass or steel with carbon lining.

Synchroniser set is used across transmission types namely Manual (MT), Automatic Manual (AMT) and Dual Clutch Transmission (DCT)

Exhibit 2: Synchroniser system



Source: RHP, ICICI Direct Research

3. **Transmissions for Battery Electric Vehicles:** Company is currently under the process of commissioning its new plant and shall manufacture EV transmission for Tata Motors. It currently has 3 EV transmissions catering to the motor power ratings of 55 Kilowatts, 60 Kilowatts and 95 Kilowatts.

Exhibit 3: EV Transmission system



Source: RHP, ICICI Direct Research

4. **Others:** Company also manufactures components for the above-mentioned product categories as well as manual & DCT transmission.

Exhibit 4: DCT, Manual transmission & Components

Dual Clutch Transmission

Manual Transmission

Components



Source: RHP, ICICI Direct Research

Exhibit 5: End Usage of products manufactured by company

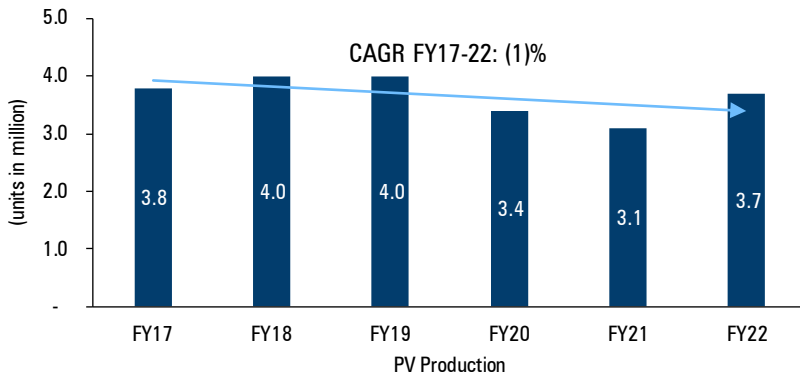
Segment	ICE (4WD/AWD)	ICE (Manual)	ICE (Automatic)	Hybrid	BEV
Torque Transfer system (Transher case/ Torque Coupler)	✓				
Manual Transmission		✓			
Synchronizer Systems	✓	✓	✓		
Dual Cluth Transmission			✓		
Transmisison for BEV					✓
Components	✓	✓	✓	✓	✓

Source: RHP, ICICI Direct Research

Industry Overview

Passenger vehicle (PV) production in India contracted at 1% CAGR from 3.8 million units in FY17 to 3.7 million units in FY22. However, the industry witnessed significant highs (FY19) and lows (FY21-Covid led) during this period. Production of passenger vehicles (PVs) in India recorded at 3% CAGR between FY17-19 amidst the growth in domestic and export demand.

Exhibit 6: PV Production trend

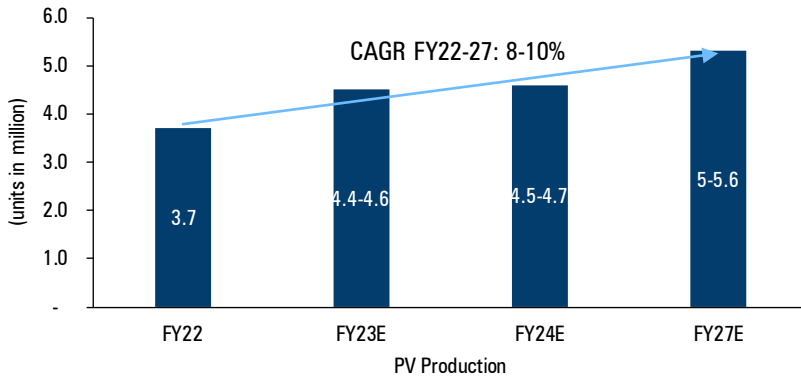


Within segments Share of small cars has contracted from 61% in FY17 to 45% in FY22.

Source: RHP, ICICI Direct Research

Going forward, CRISIL Research estimates overall PV production to grow at 8-10% CAGR from FY22-27 to reach 5-5.6 million units by FY27. It rightfully expects the UV segment to continue leading the growth trajectory and clock 11-13% CAGR during FY22-27. Relatively slower growth of 5-7% is expected in the small cars segment.

Exhibit 7: PV production future growth trend

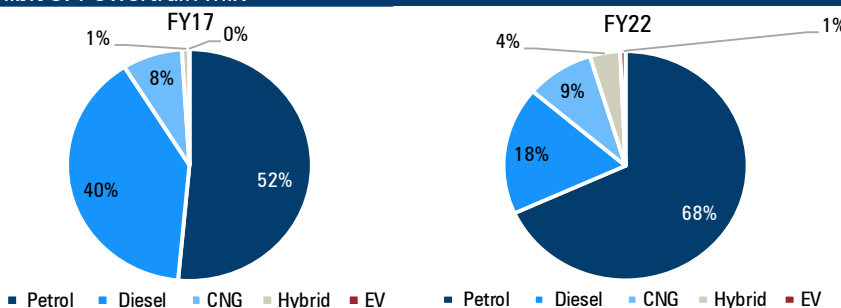


Source: RHP, ICICI Direct Research

Powertrain mix

Petrol and diesel dominated the overall powertrain mix of the Indian passenger vehicle market. With emergence of new powertrain options like CNG, hybrid and EV as well as stringent emission control norms like BS-VI, Indian market has witnessed a shift in the overall powertrain mix. Share of diesel vehicles dropped has from 40% in FY17 to 18% by FY22. Customers shifted from diesel powered vehicles towards petrol amidst regulatory led steep price hikes, limited model availability as well as reducing difference between petrol and diesel retail fuel prices.

Exhibit 8: Powertrain mix



Source: RHP, ICICI Direct Research

Transmissions Type

Transmission refers to transfer of power from Engine to Wheels. It types are:

Manual Transmission (MT): In Manual transmission vehicles, there is clutch and a gear shifter which a driver uses to manually change gears. In such vehicles fuel efficiency is dependent upon the skill of the driver to shift gears at appropriate engine revolutions per minute. To reduce strain of drivers, transmission system technologies such as semi- automatic and fully automatic transmission have come up over the years.

Automated Manual Transmission (AMT): In AMT, in place of a gear lever and a clutch pedal inside the cabin of the car, which are manually operated by the driver, the AMT transmission has a hydraulic actuator system mounted inside the engine which operates both. The actuators of the AMT system are linked to the ECU of the car.

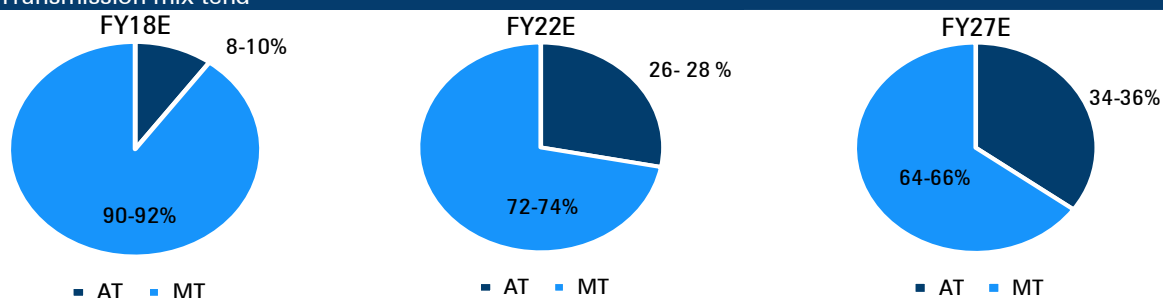
Intelligent Manual Transmission (iMT): It is a clutch less transmission, here the driver manually shifts the gears, whereas the operating of clutch is done automatically by sensors and software.

Dual Clutch Transmission (DCT): DCT uses two clutches, one clutch operates the even gears (2, 4 and 6) and the other clutch operates the odd gears (1, 3, 5 and reverse). A DCT uses clutch packs rather than the torque converter used by traditional (hydraulic) automatic transmissions.

Continuously variable transmission (CVT): It is an automatic transmission that can change seamlessly through a continuous range of gear ratios. It is a single speed with infinite gear ratios. It uses a pulley & a drive train.

Penetration of automatic transmission has increased from 8-10% in FY18 to 26-28% in FY22E. However, Indian passenger vehicle sales is still dominated by manual transmission systems which accounted for more than 70% of sales in FY22. AMT, iMT technologies are predominant in affordable range (vehicles costing less than ~₹8 lakh) of passenger vehicles, whereas in premium cars, technologies such as AT, CVT and DCT are being preferred as these technologies offer smoother driving experience.

Exhibit 9: Transmission mix trend



Source: RHP, ICICI Direct Research

Going forward, rising affordability and need for comfort is expected to drive shift from manual transmission to automatic transmission. With heavy traffic conditions, increasing share of women drivers (higher preference for automatics), increasing automatic options, the share of manual transmission is expected to contract from **72-74% in FY22 to 64-66% by FY27**. And share of automatics is expected to increase from **26-28% in FY22 to 34-36% by FY27**. Within Automatic by FY27E, AMT/iMT is expected to account for **17-19%** of domestic sales, CVT to account for **5-7%** while the premium technologies like AT and DCT to account for remaining **4-8%**.

Types of drivetrain system in India

Front Wheel Drive (FWD): In FWD, transmission transfers power from the engine to the front wheels. The front wheels must both drive as well as steer the car. Here the engine is mounted transversely to get the gearbox and differential to fit in the same space. Hence, the number of components required as less as compared to other drivetrain system, thereby also reducing the cost of vehicle in a price conscious market like India.

Drivetrain is a system which connects the engine's power and torque via transmission system to the driving wheels

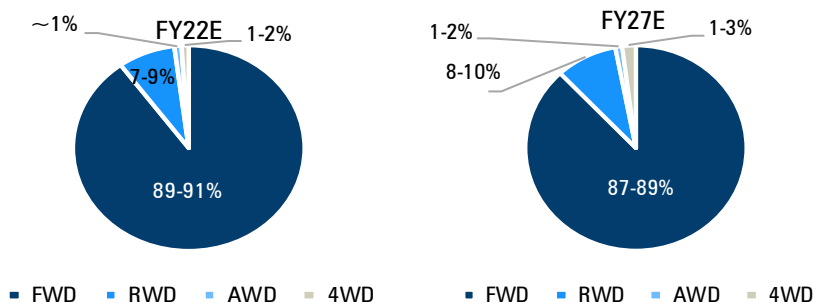
Rear Wheel Drive (RWD): In RWD, vehicle power is transferred from the transmission to the rear wheels by way of a long driveshaft to a differential. A RWD system requires the engine and gearbox to be longitudinally mounted so that the drive can be sent straight to the differential at the rear. Mainly the pickups and high-end SUVs uses RWD system.

All Wheel Drive (AWD): AWD power both the front and rear wheels, all the time. It can be full time or part time. AWD drive system relies on the vehicle’s sensors and computer systems to determine and distribute power and traction to the four wheels on real time basis. AWD is ideal for everyday use, light off-roading.

Four Wheel Drive (4WD): In case of a full time 4WD, all wheels are driven continuously all the time. However, in case of part time 4WD, only two wheels will be receiving the power, they can be either front wheels (making it FWD) or rear wheels (making it RWD). 4WD are preferred for heavy off-roading.

Outlook ahead: Going forward, higher growth of UVs in the PV space as compared to passenger cars is expected to drive the growth of RWD and 4WD. Share of RWD and 4WD is expected to increase by 1-2% by FY27E driven by need for long distance driving & growing interests in off-roading. Share of AWD is expected to expand gradually by 1% by FY27 mainly due to its high initial cost as compared to other drivetrain categories. Accordingly, it is expected that FWD vehicles to account for 87-89% of production in FY27, followed by **8-10% for RWD, 1-3% 4WD and 1-2% AWD**. The all-wheel drive market is expected to remain niche in the next 5 years.

Exhibit 10: Drive terrain mix



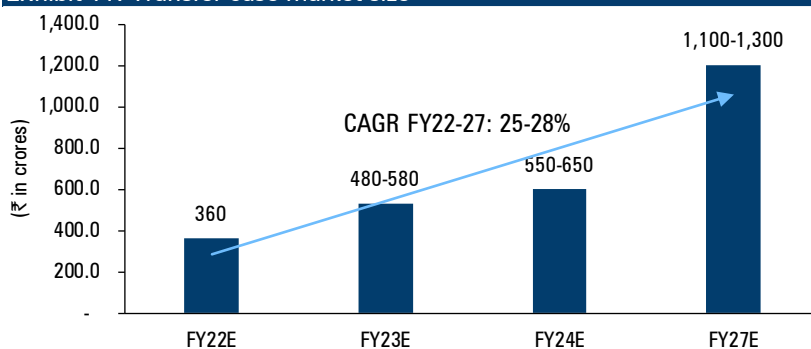
Source: Company, ICICI Direct Research

Market and Opportunity size for Transfer case

Transfer case market with key application in AWD/4WD is expected to grow at a CAGR of 24-27% over FY22-27. In volume terms it is expected to grow from 89,000 units in FY22 to 2.70-2.75 lakh units in FY27E. In terms of value, it is expected to grow at a CAGR of 25-28% in the aforesaid period i.e., from ₹360 crore in FY22 to ₹1,100-1,300 crore in FY27E. Demand for transfer cases is expected to be driven by growing demand for 4WD vehicles which will be supported by growing interests in off-roading. **PV: SCV mix as of FY22 for transfer case segment stands at ~71:29 and is expected at ~83:17 as of FY27E with UV’s driving the real growth.**

Currently the transfer case systems are mostly imported by the OEMs in India. Aisin, BorgWarner, Dana, Divgi TTS, Magna, Univance are among the key suppliers of transfer cases to PV industry in India

Exhibit 11: Transfer case market size



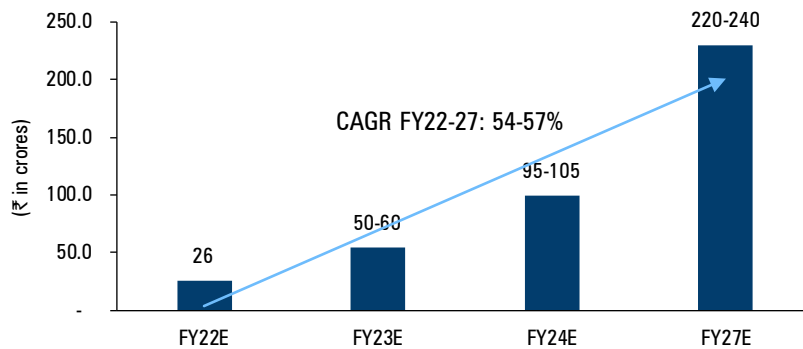
Source: RHP, ICICI Direct Research

Market and Opportunity size for Torque coupler

Torque coupler finds application in FWD based AWD vehicles. Market for torque coupler is expected to grow at a CAGR of 52-55% from FY22-27 in volume terms i.e. from ~11,000 units in FY22 to 85,000-89,000 units in FY27E. In value terms growth CAGR is pegged at ~54- 57% CAGR i.e. from ~₹26 crore in FY22 to ~₹220-240 crore in FY27E. Divgi TTS is the only manufacturer for torque couplers in India.

Torque couplers are mainly imported since the penetration of AWD is miniscule in India. Aisin, BorgWarner Divgi TTS, Schaeffler, Valeo, ZF are among key global suppliers of torque coupler.

Exhibit 12: Torque coupler market size



Source: RHP, ICICI Direct Research

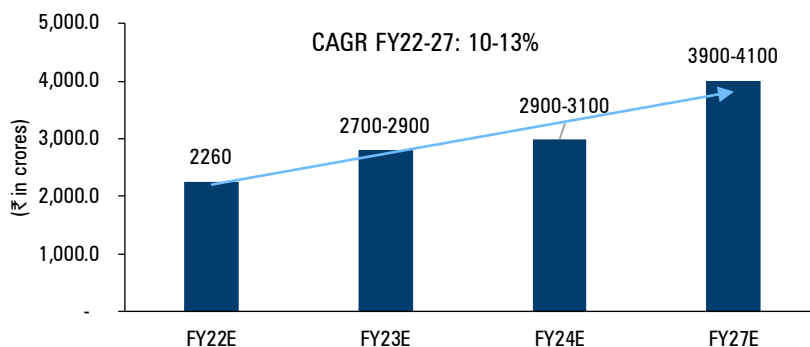
Market and Opportunity size for Synchroniser sets

The size of the synchroniser industry (catering to OEM demand) is estimates at ~₹2,260 crores as of FY22. Passenger vehicle (PV) segment is the key industry constituent with share in sales pegged at ~87%, followed by small commercial vehicle (SCV) space with its share in sales pegged at ~13%.

This industry is expected to grow at a CAGR of 8-10% over FY22-27 in volume terms and 10-13% CAGR in value terms. Market for synchronizers is expected to clock sales of ~₹3,900-4,100 crores by FY27.

Synchronisers which are majorly required in MT, AMT, iMT and DCT transmission, share of these transmission systems is estimated to have a penetration of 90% in PV segment, and 100% in SCV category.

Exhibit 13: Synchroniser set market size



Source: RHP, ICICI Direct Research

Market and Opportunity Size for EV transmission

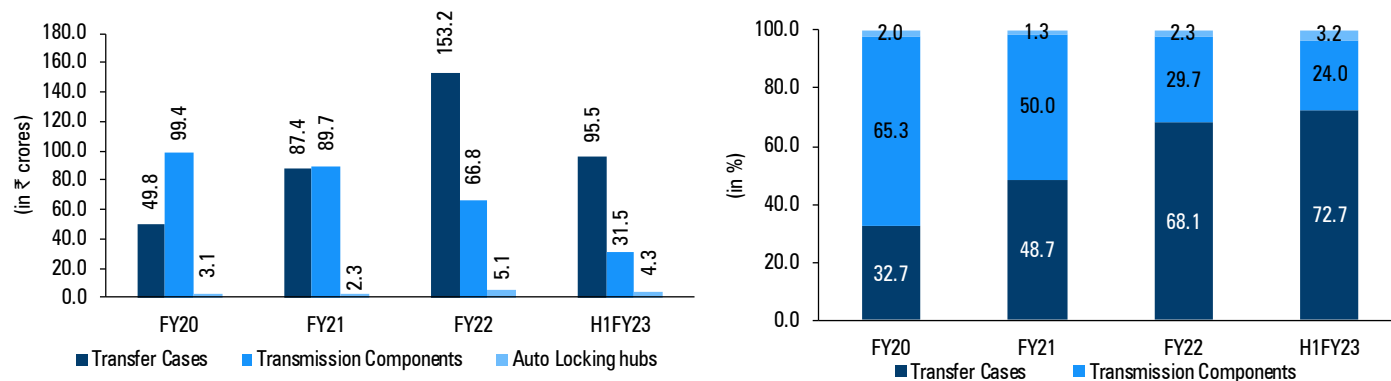
The size of the EV transmission industry (catering to OEM demand) is currently pegged at ~₹240 crores in FY22. Market is currently dominated by PV segment. Market for EV transmission is expected to grow at a CAGR of 77-82% (albeit on a lower base) over FY22-27 in volume as well as value terms. EV transmission market is expected to grow to ~₹4,200-4,400 crore in value terms and a volume of 4.35-4.40 lakhs units in volume terms by FY27. The underlying assumption is that the share of EVs in total passenger vehicle sales to accelerate to 6-8% by FY27 vs. ~0.7% in FY22.

Investment Rationale

Niche player in auto ancillary space with specialised capabilities in transmission space and healthy growth prospects

DTS is a niche auto ancillary player operating in technology intensive space and is seen benefitting from greater penetration of 4WD/AWD drive vehicles as well as automatic transmission domestically. It is the only manufacturer of transfer case system in India (application in 4x4 drive, all-wheel drive) and is the largest supplier of the same to domestic PV space. The company though its indigenous research capabilities (including software abilities) has also developed EV transmission systems. Key product profile/components at DTS are seen growing at a CAGR of 20%+ over next few years with DTS also a proxy on increasing premiumisation in the domestic PV space.

Exhibit 14: Topline contribution from various products



Source: RHP, ICICI Direct Research

Healthy P&L profile with consistent impressive margin profile

By virtue of application in premium vehicles as well as specialised product profile, DTS realises healthy ~60% gross margin profile with consequent EBITDA margins placed at ~28%. By virtue of being debt free & cash rich b/s its PAT margins are also placed healthy at ~20%, a profile difficult to replicate or find in the domestic auto ancillary space. Given the niche capabilities and limited competition in the market space we expect the company to sustain such characteristics in the near to medium term.

Impressive customer profile with long-term standing relations

DTS has an impressive client profile and counts Mahindra & Mahindra, Tata Motors, Toyota Kirloskar Auto Parts, BorgWarner, among others as its key clients. Its relationship with BorgWarner, Tata Motors and M&M spans over two decades speaking up of the goodwill that DTS commands at such marquee names and quality products that it has been able to supply to these plays on a consistent long-term basis.

Embracing EV trend through development of EV transmission – a unique proposition and a truly make in India product

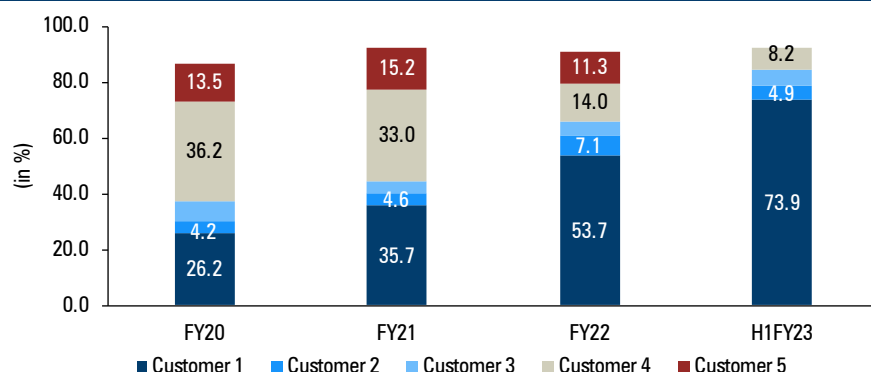
Electrification as a trend is picking up pace domestically with incremental product launches by key OEM's focussed in the EV domain. Tata Motors is currently leading the charge with >80% market share in the E-PV space. While Maruti Suzuki is slated to launch its first EV offering in FY25E. Given the govt's support and thrust on electrification, DTS though its indigenous capabilities has developed a product for EV transmission. Encouragingly, it has also secured order from leading EV maker in India for supply of EV transmission. Further it has also entered into a product development agreement as well as technology transfer agreement with a German automotive player for DCT systems. We see these as an incremental revenue streams for the company amidst limited EV risk to its existing product profile and bodes well for overall growth in sales and PAT in the long run.

Key Risk

Client concentration risk

Top 5 customers at DTS constitute ~90%+ sales and is highly concentrated in nature. More so its top customer constitutes ~54% of sales in FY22, ~74% of sales in H1FY23 which makes it highly susceptible to client specific risks in case of production clamp downs at its key customers.

Exhibit 15: Share of revenues from largest customers

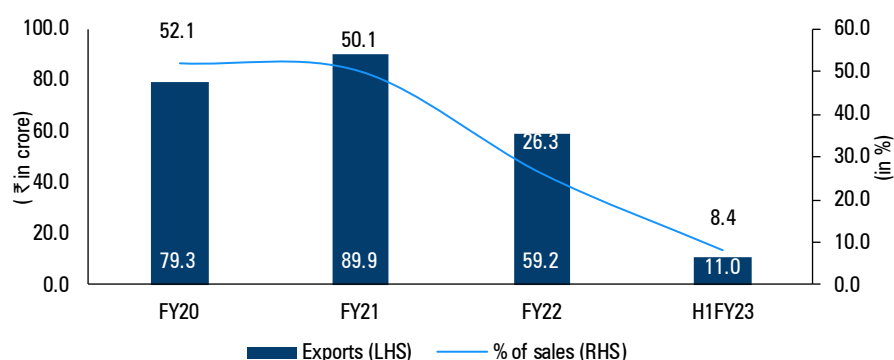


Source: RHP, ICICI Direct Research

Pressure on Exports post geopolitical issues...

Exports has been on the continuous decline at the company and is further susceptible to geopolitical tensions as well as macro uncertainties thereby impacting the growth potential going forward.

Exhibit 16: Export revenue trend

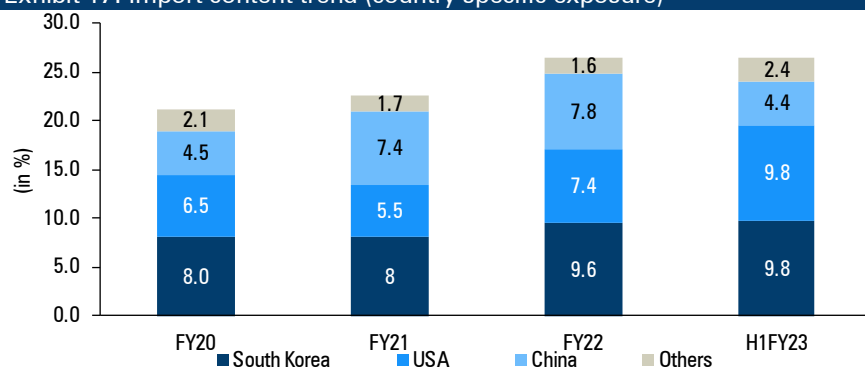


Source: RHP, ICICI Direct Research

High import content in RM mix

DTS imports nearly ~25-26% of its raw material requirements from countries such as South Korea, USA, China among others and hence is susceptible to supply chain risks in case of any disruption in production at the supplier end or geopolitical tensions impacting the logistics.

Exhibit 17: Import content trend (country specific exposure)



Source: RHP, ICICI Direct Research

Financial summary

Exhibit 18: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22	H1FY23
Total operating Income	159.1	186.6	233.8	133.7
Growth (%)	NA	17.3	25.3	(42.8)
Raw Material Expenses	58.2	67.0	93.6	55.0
Employee Expenses	19.6	21.8	22.5	13.3
Other Expenses	44.3	45.9	52.0	28.4
Total Operating Expenditure	122.1	134.7	168.2	96.6
EBITDA	36.9	51.9	65.6	37.1
Growth (%)	NA	40.5	26.4	(43.5)
Depreciation	6.4	7.6	11.4	6.3
Interest	4.5	0.2	0.2	0.1
Other Income	11.7	8.5	8.1	3.8
PBT	37.8	52.6	62.2	34.5
Total Tax	9.7	14.5	16.0	8.8
Reported PAT	28.0	38.0	46.2	25.7
Growth (%)	NA	35.7	21.3	NA
Reported EPS (₹)	10.2	13.8	16.8	9.3

Source: RHP, ICICI Direct Research

Exhibit 19: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22	H1FY23
Profit after Tax	28.0	38.0	46.2	25.7
Add: Depreciation & Interest	6.6	7.7	11.5	6.3
(Inc)/dec in Current Assets	11.1	(38.1)	0.7	(20.1)
Inc/(dec) in CL and Provisions	(1.1)	20.8	(1.3)	0.5
Others	(6.3)	(1.5)	(5.9)	(2.0)
CF from operating activities	38.3	27.0	51.1	10.3
(Inc)/dec in Investments	(16.5)	(9.2)	(17.3)	1.2
(Inc)/dec in Fixed Assets	(13.1)	(25.6)	(39.9)	(16.6)
Others	5.3	10.2	6.1	3.9
CF from investing activities	(24.3)	(24.6)	(51.1)	(11.4)
Proceeds from Issuance of Equity	-	-	-	-
Borrowings, leases & interest	(0.9)	(0.9)	(0.8)	(0.0)
Dividend paid & dividend tax	(4.9)	(1.7)	(2.1)	(9.2)
CF from financing activities	(5.8)	(2.6)	(2.9)	(9.2)
Net Cash flow	8.3	(0.2)	(2.9)	(10.3)
Opening Cash	12.3	20.5	20.3	17.4
Closing Cash	20.5	20.3	17.4	7.0

Source: RHP, ICICI Direct Research

Exhibit 20: Balance sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22	H1FY23
Liabilities				
Equity Capital	6.0	6.9	13.8	13.8
Reserve and Surplus	203.5	289.0	326.2	342.4
Total Shareholders funds	209.5	295.9	340.0	356.2
Total Debt	50.4	0.3	0.1	0.5
Deferred Tax Liability	0.6	0.7	0.5	0.1
Minority Interest / Others	4.7	5.2	4.9	6.3
Total Liabilities	265.3	302.0	345.6	363.1
Assets				
Gross Block	152.2	175.0	189.6	193.8
Less: Acc Depreciation	63.3	70.0	80.9	86.8
Net Block	88.9	105.0	108.8	107.0
Capital WIP	1.0	2.8	16.8	34.6
Total Fixed Assets	89.9	107.7	125.6	141.6
Goodwill & Investments	6.7	4.8	15.7	16.2
Inventory	20.8	26.7	30.1	32.0
Debtors	23.4	54.8	52.6	68.8
Other Current Assets	10.5	9.2	7.6	8.6
Cash	20.5	20.3	17.4	7.0
Bank balances	129.5	138.6	155.9	154.6
Total Current Assets	204.6	249.6	263.5	271.1
Creditors	23.2	39.9	39.6	36.6
Provisions	1.6	2.1	2.1	2.8
Other current liabilities	13.6	18.9	18.0	27.7
Total Current Liabilities	38.4	60.9	59.8	67.1
Net Current Assets	166.2	188.7	203.8	203.9
Others	2.5	0.7	0.5	1.3
Application of Funds	265.3	302.0	345.6	363.1

Source: RHP, ICICI Direct Research

Exhibit 21: Key ratios				
(Year-end March)	FY20	FY21	FY22	H1FY23
Per share data (₹)				
EPS	10.2	13.8	16.8	9.3
Cash EPS	12.5	16.6	20.9	11.6
BV	76.1	107.5	123.5	129.4
Cash Per Share	54.5	57.7	62.9	58.7
Operating Ratios (%)				
EBITDA Margin	23.2	27.8	28.1	27.7
PBT / Net sales	19.2	23.7	23.2	23.0
PAT Margin	17.6	20.4	19.7	19.2
Inventory days	47.7	52.2	47.0	NA
Debtor days	53.7	107.2	82.2	NA
Creditor days	53.2	78.0	61.9	NA
Return Ratios (%)				
RoE	13.4	12.9	13.6	NA
RoCE	11.7	14.9	15.9	NA
RoIC	27.8	32.7	36.0	NA
Valuation Ratios (x)				
P/E	57.9	42.7	35.2	NA
EV / EBITDA	46.1	31.7	24.8	NA
EV / Net Sales	10.7	8.8	7.0	NA
Market Cap / Sales	11.3	9.7	7.7	NA
Price to Book Value	7.8	5.5	4.8	NA
Solvency Ratios				
Debt/EBITDA	1.4	0.0	0.0	0.0
Debt / Equity	0.2	0.0	0.0	0.0
Current Ratio	2.2	2.2	2.2	NA
Quick Ratio	1.4	1.5	1.4	NA

Source: RHP, ICICI Direct Research, Ratios annualised for Q1FY23

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