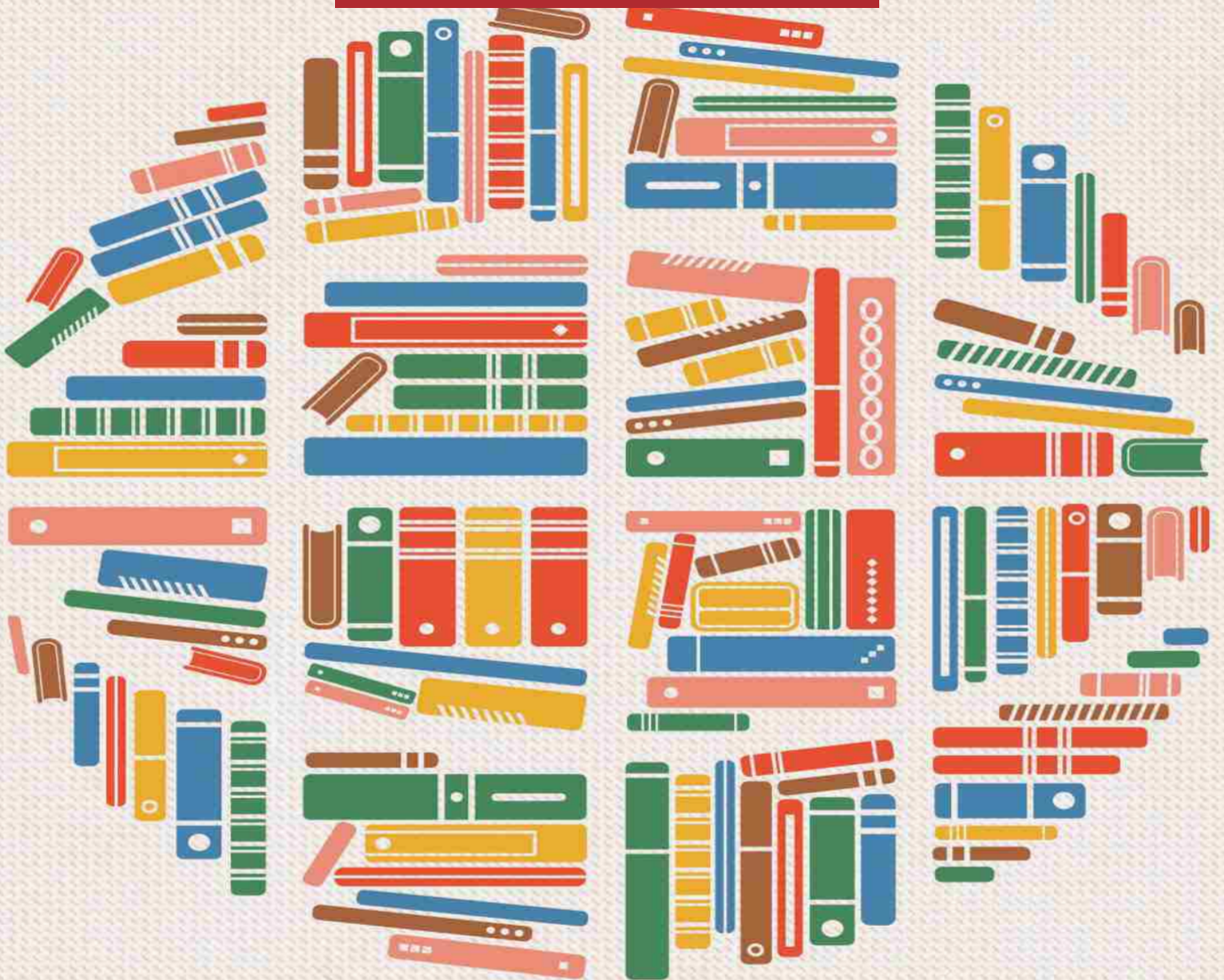


# Stock TALES



**Stock Tales** are concise, holistic stock reports across wider spectrum of sectors. Updates will not be periodical but based on significant events or change in price.

CMP: ₹ 670

Target: ₹ 900 (34%)

Target Period: 12 months

June 17, 2022

BUY

## Robust order wins to ensure industry leading growth...

**About stock:** Sansera Engineering (SEL), established in 1981, is a Bengaluru based engineering led integrated manufacturer of critical precision forged components (engine, non-engine oriented) for end application in predominantly auto domain.

- FY22 Geography mix: India 63%; Europe: 24%; US: 9%; others: 4%
- FY22 End-User mix: Auto ~83%; Non-Auto ~11%; Auto-Tech & xEVs ~6%

### Key triggers for future price performance:

- History of consistent outperformance to industry. We expect the trend to continue amid robust order wins from domestic & marquee OEMs in global space with consequent sales growth built in as 17.8% over FY22-24.
- Strong focus on de-risking the existing product profile (engine heavy) with five year sales target at 25% from non-auto and 15% from AUTO-TECH AGNOSTIC & xEVs, primarily riding on indigenously developed capabilities. It has developed drivetrain, suspension, steering and braking components in this direction for the vehicle categories namely 2-W, PV and CV space
- With raw material a complete pass through, albeit with a time lag, we see margins stabilising at ~18% mark building in operating leverage benefits. Consequent return ratios are expected to improve to ~17% levels by FY24E. Ensuring PAT growth is seen at 33.7% CAGR over FY22-24E.
- Healthy b/s, with total debt at ₹ 645 crore (FY22) with debt: equity at ~0.6x & consistent positive cash flow from operations (>₹ 200 crore per annum). Forward capex spends of ₹250 crore/year to be met through internal accruals
- Long standing customer relationship with OEM's like Maruti Suzuki, Honda Cars, Toyota among others in the PV space and Bajaj Auto, HMSI, Royal Enfield among others in the 2W space. Top 5 customers contribute ~54% to its sales with Bajaj Auto as its anchor client contributing ~17% to its sales.

**What should investors do?** SEL's price has corrected ~18% since listing from ~₹ 818 levels in September 2021, underperforming the wider Nifty Auto index.

- We initiate coverage on SEL with a **BUY** rating on the stock amid robust order book wins & strong penchant to grow ahead of industry

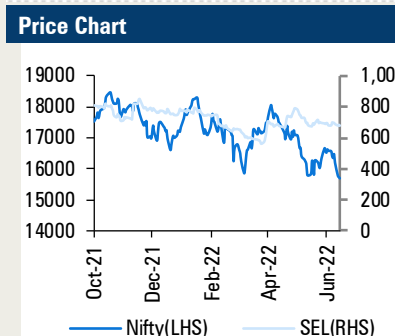
**Target Price and Valuation:** We value SEL at ₹ 900 i.e. 20x P/E on FY24E EPS of ₹ 45, building in 18%, 34% sales, earnings CAGR, respectively, over FY22-24E.

**Alternate Stock Idea:** In our auto universe, we also like Mahindra & Mahindra.

- Focused on prudent capital allocation, UV differentiation & EV proactiveness
- BUY with target price of ₹ 1,200

Particulars	
Particulars	₹ crore
Market capitalisation	3,494
Total Debt (FY22P)	645
Cash & Investment (FY22P)	51
EV (₹ crore)	4,089
52 week H/L (₹)	890 / 548
Equity capital (₹ crore)	10.4
Face value (₹)	2.0

Shareholding pattern			
	Sep-21	Dec-21	Mar-22
Promoter	36.6	36.1	36.0
FII	43.4	43.2	42.5
DII	9.3	11.7	12.6
Other	10.8	9.0	8.9



### Recent Event & Key risks

- Reports healthy Q4FY22 Results
- Key Risk:** (i) Delay in sales de-risking prospects amid existing topline exposed to engine related components, (ii) Slower than anticipated margin improvement

### Research Analyst

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### Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22P	3 year CAGR (FY19-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Net Sales	1,624.4	1,457.2	1,549.3	1,989.0	6.9%	2,349.4	2,759.6	17.8%
EBITDA	289.1	224.7	272.1	333.6	4.8%	398.2	509.1	23.5%
EBITDA Margins (%)	17.8	15.4	17.6	16.8		17.0	18.5	
Net Profit	96.2	80.3	108.0	130.4	10.6%	160.1	233.3	33.7%
EPS (₹)	18.4	15.4	20.7	25.0		30.7	44.7	
P/E	36.3	43.5	32.4	26.8		21.8	15.0	
RoNW (%)	15.2	10.5	12.3	12.7		13.7	16.9	
RoCE (%)	14.3	8.2	10.5	11.3		12.8	15.8	

Source: Company, ICICI Direct Research

## Company Background

Sansera Engineering (SEL), established in 1981, is a Bengaluru based engineering led integrated manufacturer of critical precision forged components for end application in 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 17 manufacturing facilities (16 - India, one -Sweden). It commenced commercial production of passenger vehicle components in 1986, for two-wheeler vertical in 1996, for off road vehicles in 2009 and commercial vehicle vertical in 2011. It has installed capacity of ~11.05 crore units (components) with utilisation as of FY21 at ~56%.

## Product Offerings

**Connecting Rod:** - The rod connects the piston to a crankshaft, with the smaller end connected to the piston and the bigger one to the crankshaft. SEL is the largest supplier in 2-W connecting rod. One connecting rod is required per cylinder. It is primarily made from steel. The size of the connecting rod market (catering to OEM demand) is estimates to be ~₹ 1,060 crore as of FY21.

Exhibit 1: Connecting rods (constitute ~43% of sales in FY22)



Fractured

Split

Integral

Source: Company, ICICI Direct Research

**Crankshaft:** - The crankshaft connects the pistons and flywheel for transfer of energy & motion of vehicles. It is made from forged steel (.31% carbon, 2.5% nickel, .65% chromium, rest iron ~96.5%). The size of the 2-W & PV crankshaft market in India catering to OEMs is estimated at ~₹ 1,720 crore (FY21)

Exhibit 2: Crank shaft assembly (constitutes ~16% of sales in FY22)



Source: Company, ICICI Direct Research

**Rocker arm:** - This component is used in the fuel injection mechanism and is in regular contact with valves. **Two per cylinder is required in case of single cylinder 2-W.** One for inlet and one for outlet. **A PV with four-cylinder engines having two inlet and outlet valves each for one cylinder uses 16 rocker arms.** It is primarily made of alloy steels due to high strength required and frequent movement. Rocker arm market size is estimated at ~₹ 540 crore as of FY21.

Exhibit 3: Rocker arms (constitute ~18% of sales in FY22)



Roller Rocker Arm

Sintered Tip Rocker Arm

Chrome Plated Rocker Arm

Source: Company, ICICI Direct Research

### Other Products

















**Gear shift forks:** - Used to change gear position and typically used in manual transmission gears. Quantity required for PV ~five forks, for 2-W - two forks

**2-W stem components:** - it connects handle bar with suspension forks

**2-W axel** – Joins wheels with handle. Pair is required in 2-W



















The company also started manufacturing of **EV powertrain** components for 2-W & PV

Exhibit 4: Automotive offerings (comprising ~83% of topline)

	Two - Wheelers				Passenger Vehicles			Commercial Vehicles				
Product Offerings	 Roller RA	 Integral CR	 Crankshaft	 GSF	 Fractured CR	 Split CR	 Fractured CR	 Split CR	 Gear Shifter Fork			
	 Stem Comp (Suspension)	 Aluminium forged Comp. (Chassis)	 Integral Crankshaft		 Rocker Arm (DLC)	 Gear Shifter Fork	 Integral Crankshaft (Braking System)	 Cabin Tilt System Comp. (Chassis)				
Sales Mix FY22	Motorcycles 37%		Scooters 10%		28%			13%				
Q4FY22	36%		12%		29%			13%				
Key Customers (Indian and Global)	Indian › 9 out of Top 10 Two Wheeler OEMs		Global › European, US and Japanese premium Two Wheeler OEMs		Indian › Major Japanese and European PV OEMs		Global › Leading North American and European PV OEMs › Global Tier 1 Supplier		Indian › Leading Indian and European OEMs › Global supplier of actuation and motion control systems		Global › Leading European, Japanese and US OEMs › Global suppliers of braking systems	

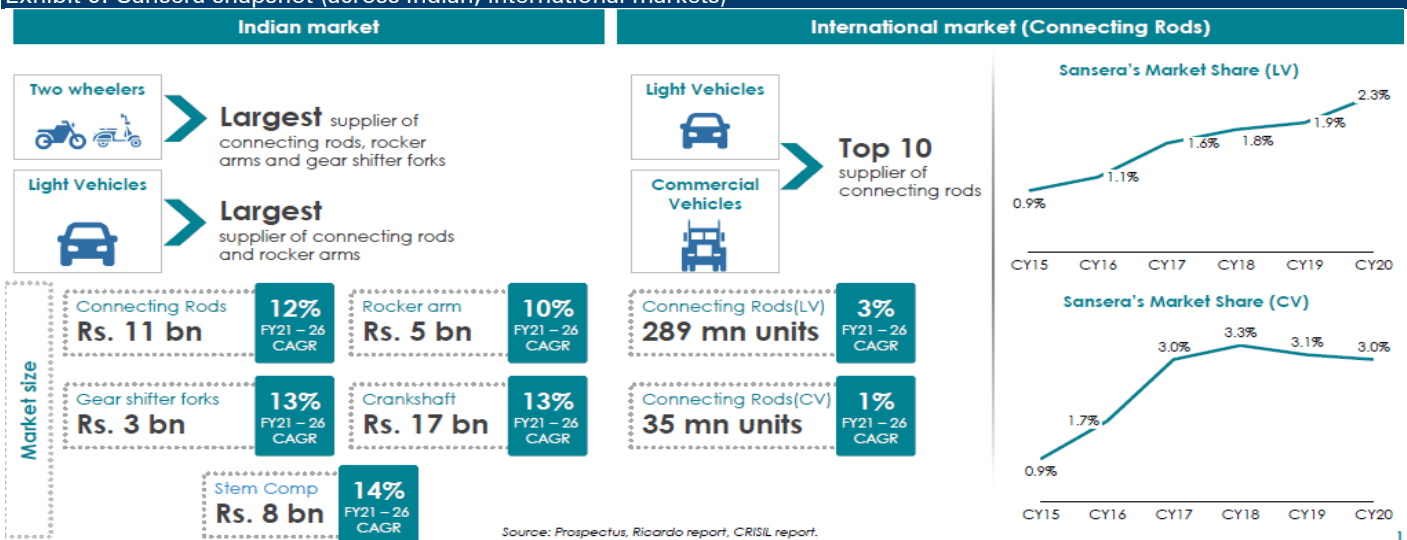
Source: Company, ICICI Direct Research; (RA: Rocker Arm, CR: Connecting Rod)

Exhibit 5: Non-automotive offerings (comprising ~11% of topline)

	Aerospace			Off-road			Agriculture		Others	
Product Offerings	 Speciality Seating	 Aerostructure	 Equipment - Housings	 Fractured CR	 Split CR	 Gear Shifter Fork	 Fractured CR	 Cam Shaft	 Fractured CR	 Split CR
	 Cargo Systems	 Actuation parts	 Lighting parts	 Crankshaft	 Rocker Arms		 Pump Barrel		 Integral Crankshaft (Stationary Engine)	 Crankshaft
Sales Mix FY22	3%			3%			3%		2%	
Q4FY22	3%			3%			3%		1%	
Key Customers (Indian and Global)	Indian › Leading Indian Tier 1 supplier		Global › Global Tier 1 suppliers › Global European aircraft OEM › Global North American aircraft OEM		› Global Recreational Vehicle OEM		› Indian arm of a global supplier of fuel injection systems › Indian arm of a global engine-based fuel and air management systems manufacturer		› Global OEM of Earth Moving Equipment › Indian arm of a global manufacturing and supply chain management co. › Subsidiary of a leading global power tools manufacturer › Global marine engine manufacturer	

Source: Company, ICICI Direct Research

Exhibit 6: Sansera snapshot (across Indian, international markets)



Source: Company, ICICI Direct Research

## Investment Rationale

### Industry outperformance to continue; PV, CV, export segments to aid growth, going forward, over FY22-24E

The company, in the past, had shown a healthy outperformance in comparison to industry. Topline growth in FY22 was at ~28% YoY vs. ~2% YoY growth in OEM production levels domestically. Similarly, for FY21 topline growth came in at 6.3% YoY vs. 14% YoY production decline for the industry. Given the incremental order wins from the same as well as new OEM clients, we expect SEL to continue its industry outperformance, going forward. Key enablers for growth this time around could be revival in sales in the passenger vehicle (PV, constitute ~28% of sales in FY22) and commercial vehicle (CV, constitutes ~13% of sales in FY22) categories in the domestic market amid need for personal mobility and cyclical upswing, respectively, and new order wins in the exports domain.

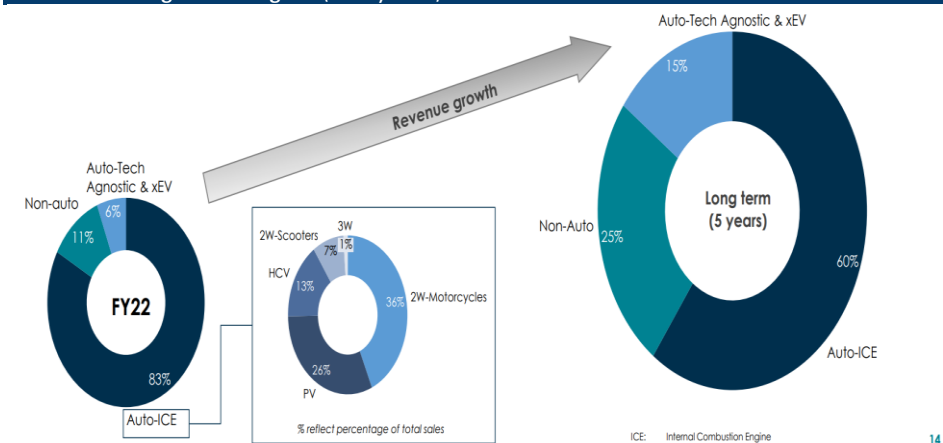
*SEL's design and engineering capabilities comprise product, process, machine, fixture and cutting tool design as well as advanced engineering capabilities.*

CV is a cyclical industry with the industry witnessing a down cycle of two years i.e. FY20, FY21 and now geared up for a two to three year upcycle starting present financial year i.e. FY22. Recent volume prints by leading OEMs supports our strong demand thesis. The key drivers for growth in CV space are: (i) revival of capex cycle domestically by both private as well as public sector enterprises; (ii) high age of existing fleet & increased profitability for fleet owners especially post the recent fuel price cut and (iii) voluntary scrappage policy which mandates automatic testing of old vehicles starting April 2023. With cyclical recovery under way, we expect both CV & PV industry to grow at ~15% CAGR over the next few years, with SEL as one of the potential beneficiaries (combined exposure to sales mix pegged at ~40%). Also, SEL remains among top 10 supplier for connecting rod in PV & CV space with global market share rising from .9% in CY15 to 3% in CY20 (CV space).

### Tackling EV transitional risk through diversification targets

Electrification is picking up pace faster than expected across most segments. SEL's product portfolio is exposed to EV risk with present exposure to engine related components pegged at >80%. To tackle the same, it has diversified in the non-auto space through aerospace, defence, & EV agnostic products among others. Recently, it has completed Phase 1 of the Bengaluru facility for hybrid & electric vehicle components and mass production for same has begun from Q4FY22. Further, SEL has started constructing a greenfield facility in Bengaluru dedicated to aerospace & defence, which is expected to come on stream by end of Q2FY23.

Exhibit 7: Long term targets (five years)



Source: Company, ICICI Direct Research

Over the next five years it plans to reduce the share of auto – ICE components to ~60% of sales from the present level of 83% in FY22. Share of non-auto components is slated to increase to ~25% (vs. ~11% currently) while the share of auto-tech agnostic & EV components slated to increase to 15% of sales vs. ~6% currently.

As part of its diversification strategy, in the 2-W space it has developed drive train as well as suspension components. In the PV space, new components developed include steering parts, drive train components and braking system components. While in the CV space, new components are developed across chassis and braking system.

## Robust order wins – vindication of excellent forging capabilities

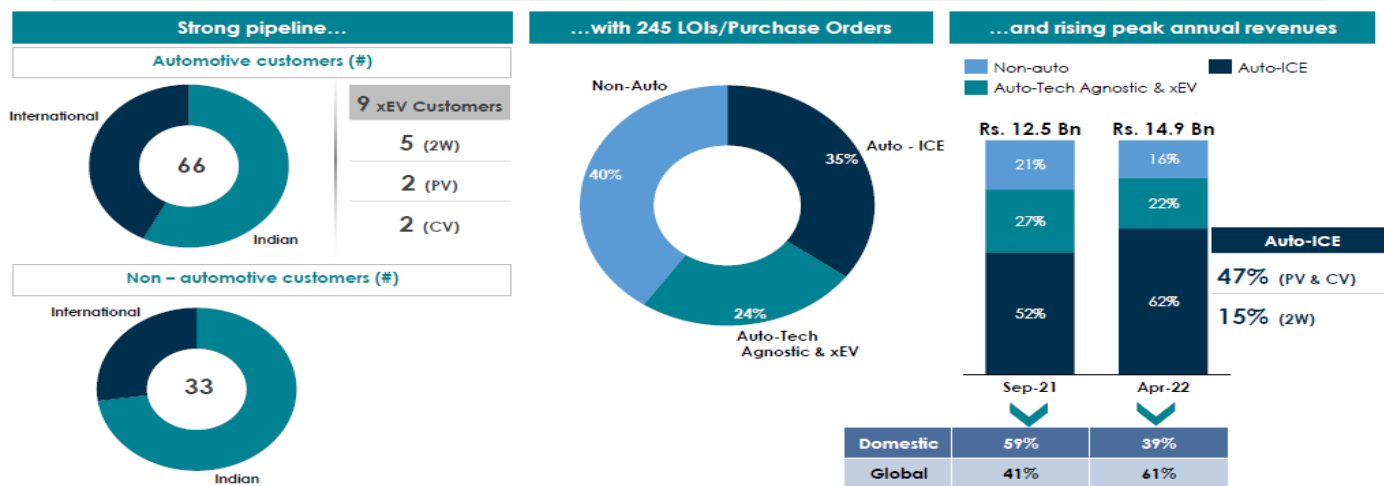
SEL has a strong order pipeline with 245 LOIs/purchase orders from 66 customers in the automotive segment (includes nine for xEVs) and 33 customers from non-auto space. In the recent past, SEL also won ₹ 3,000 crore worth order from leading North American OEM for supply of connecting rod with production of the same expected to start from July 2025. SEL will set-up a dedicated facility in US for supply of the same, with capex numbers being currently worked out in that domain. It has also won ₹ 300 crore worth order from BMW Mottrard for aluminium forged & machined parts to be supplied over a 10-year period.

*Within 245 LOI's, share of Auto-ICE; Non-Auto and Auto- Tech Agnostic & xEVs is placed at 35%; 40% & 24% respectively.*

*It has also won ₹534 crore worth of order wins in the Month of April 2022*

### Exhibit 8: Sansera new order wins' snapshot

245 LOIs/Purchase Orders from 66 customers in the auto and 33 customers in the non-auto sector



Source: Company, ICICI Direct Research

## Long and deep client relationship

SEL is a single source supplier for some of components & enjoys healthy relation with domestic as well as international OEMs' with key clients being Bajaj Auto, Hero MotoCorp, Honda Motorcycle & Scooter India (HMSI) and Royal Enfield in the 2W space; Maruti Suzuki, Honda Cars, Toyota in PV space. Its top 5 clients form ~54% of top line with Bajaj Auto being the largest client, alone forming ~17% of its top line. Such healthy relationships speak for the quality and consistency in product delivery at SEL, thereby helping it gain incremental wallet share at its existing clients as well make in-roads into new markets, product technology as well as OEM clients.

### Exhibit 9: Years of relationship with Clients

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

Source: DRHP, ICICI Direct Research

## Valuation & Outlook

With a penchant to outperform the user industry and impressive order wins broadly tracking its technological prowess we remain confident on SEL's growth prospects, going forward. **Further with its ability to design its own machines rather than procuring it from outside gives it an added advantage in terms of cost & efficiency, thereby acting as a strong moat.** Building in the positives we expect sales at SEL to grow at a 17.8% CAGR over FY22-24E. This coupled with its ability to improve margin profile to ~18%, PAT is seen growing in excess of 30% CAGR over the aforesaid time period. With healthy double digit return ratios and controlled leverage on b/s, we assign **BUY** rating to the stock, thereby valuing SEL at ₹ 900, i.e. 20x P/E on FY24E EPS of ₹45/share.

### Exhibit 10: Valuation summary

	Sales (₹ crore)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	1,624	-	18.4	-	36.3	14.0	15.2	14.3
FY20	1,457	(10.3)	15.4	(16.5)	43.5	18.1	10.5	8.2
FY21	1,549	6.3	20.7	34.5	32.4	14.6	12.3	10.5
FY22P	1,989	28.4	25.0	20.8	26.8	12.3	12.7	11.3
FY23E	2,349	18.1	30.7	22.8	21.8	10.3	13.7	12.8
FY24E	2,760	17.5	44.7	45.7	15.0	8.1	16.9	15.8

Source: Company, ICICI Direct Research

## Peer Comparison

SEL has no like-to-like competitors in the listed space though companies like Bharat Forge (being a leader in forging domain domestically, also involved in manufacturing of crankshaft) & Minda Industries (major auto ancillary player supplying components to the 2-W, PV space as well as developing EV specific components) could be the likely comparable peers.

### Exhibit 11: Peer Comparison

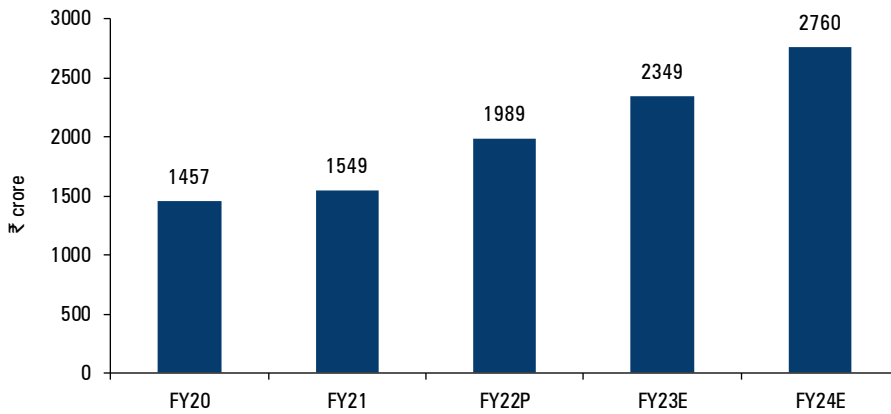
Company	CMP	TP	Rating	Mcap ₹ crore	RoCE (%)			P/B			P/E			EV/EBITDA			2 year CAGR (FY22-24E)		
	₹	₹			FY22P	FY23E	FY24E	FY22P	FY23E	FY24E	FY22P	FY23E	FY24E	FY22P	FY23E	FY24E	Sales	EBITDA	PAT
Sansera Eng (SEL)	670	900	Buy	3,494	11.3	12.8	15.8	3.4	3.0	2.5	26.8	21.8	15.0	12.3	10.3	8.1	17.8%	23.5%	33.7%
Bharat Forge (BFL)	635	840	Buy	29,564	9.6	10.7	12.6	4.5	4.0	3.6	29.4	26.6	21.2	16.2	14.3	11.9	14.4%	13.8%	13.8%
Minda Industries (MIL)	865	1,050	Buy	24,704	10.2	13.1	15.9	7.2	6.3	5.4	69.4	45.2	34.6	28.5	22.1	17.8	15.7%	25.3%	41.6%

Source: Company, ICICI Direct Research

Form the above table it is evident that given the high growth trajectory at SEL, it trades inexpensive to its likely peers in the listed space with comparable return ratios profile. This adds thrust to our investment case and positive view on SEL

## Key Financial charts

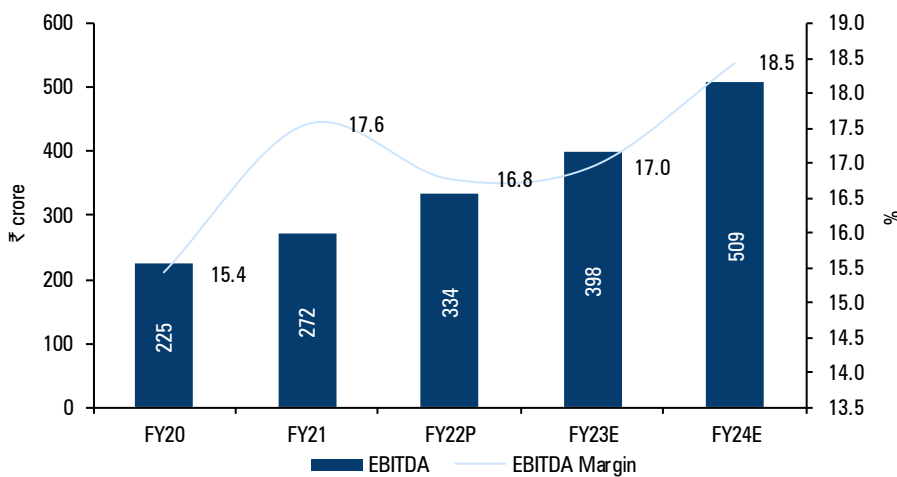
Exhibit 12: Trend in topline



Net sales are expected to grow at 17.8% CAGR over FY22-24E at ₹ 2,760 crore as of FY24E.

Source: Company, ICICI Direct Research

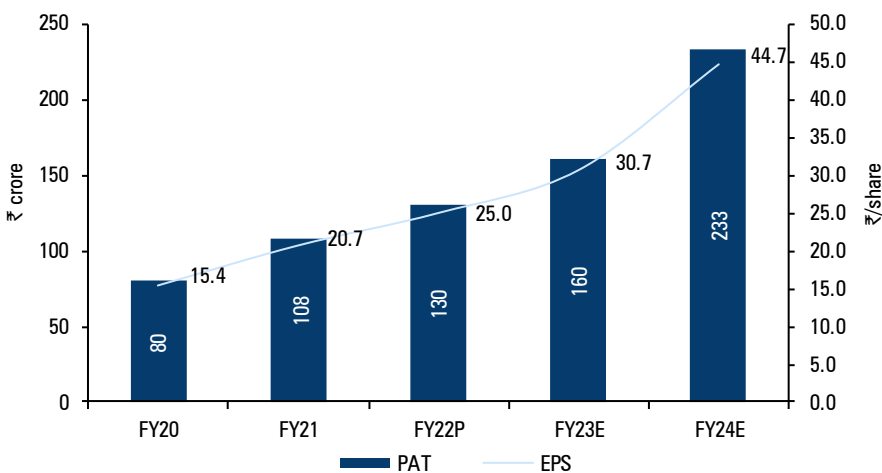
Exhibit 13: Trend in EBITDA & Margins



EBITDA is expected to grow at 23.5% CAGR over FY22-24E to ₹ 509 crore in FY24E with margins reaching 18.5% as at FY24E

Source: Company, ICICI Direct Research

Exhibit 14: Trend in bottom-line & EPS

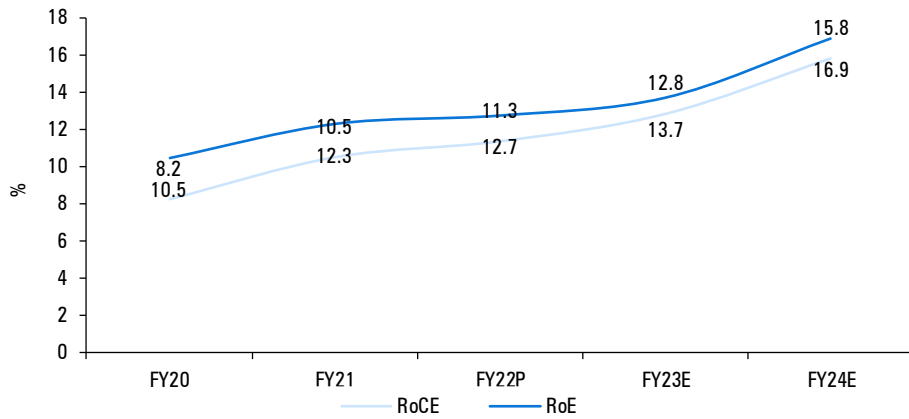


PAT is expected to rise to ₹ 233 crore in FY24E with corresponding EPS seen at ₹ 44.7 in FY24E

Source: Company, ICICI Direct Research



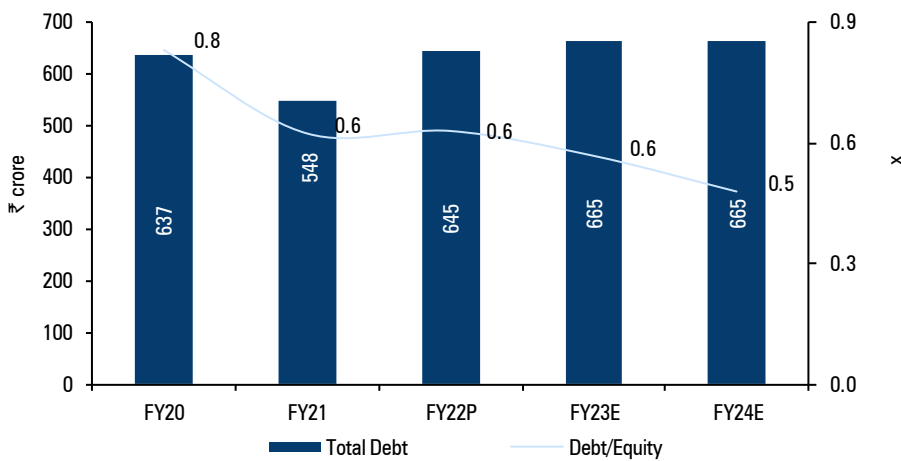
Exhibit 15: Trend in return ratio



The company is expected to report healthy double digit ratios of ~15%+ by FY24E

Source: Company, ICICI Direct Research

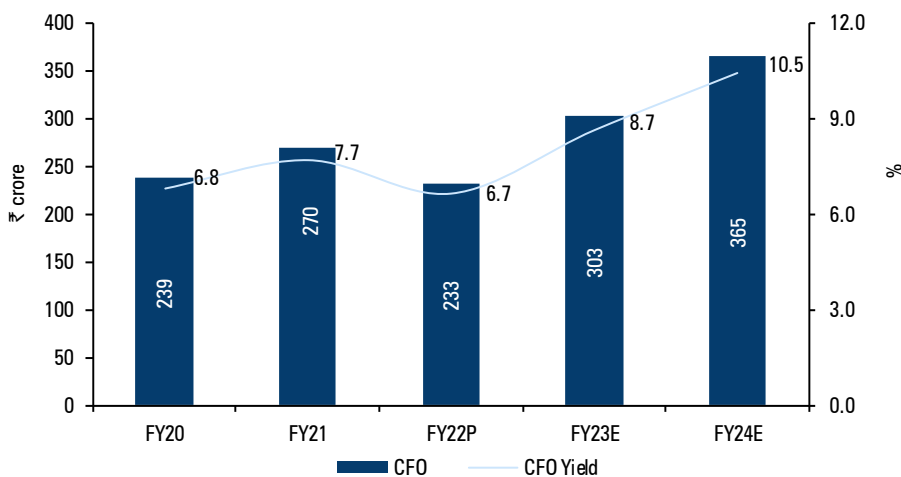
Exhibit 16: Debt trajectory and consequent Debt: Equity Ratio



Debt/Equity is seen declining to 0.5x by FY24E with absolute debt remaining constant at ~₹ 650 crore levels.

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow from operations (CFO) trend and consequent Cash Flow Yield



Cash generation at SEL has been healthy with CFO coming in at >₹ 200 crore on consistent basis offering an average CFO yield of ~8%, acting as a good margin of safety to our investment thesis

Source: Company, ICICI Direct Research

## Key Risk

### **2-W heavy sales profile, susceptible to EV risk**

SEL drives significant revenues from the 2-W space i.e. ~47% with large part of product profile being engine related components in terms of rocker arms, connecting rod and crankshaft among others, which goes largely obsolete in an electric variant. Therefore, amid domestic thrust on electrification & interesting product offerings from new age OEM's, SEL revenues to this segment especially the scooter space i.e. ~10% of sales is susceptible to EV risk. The company is trying to mitigate this risk through introduction of EV agnostic products as well as some EV components. In addition, with increased cost of ownership in the 2-W space due to rising raw material costs & volatile fuel prices, 2-W industry is still not out of the woods and is likely to witness muted demand prospects in the near term with likely impact on SEL going forward.

### **Client Concentration Risk**

Though SEL has a long standing customer relationships with leading OEM's (both domestic and global) however still top 5 clients contribute nearly ~54% of its sales with Bajaj Auto being the anchor client contributing ~17% to its sales. This we believe is a risk as any client specific clampdowns like the one being currently witnessed at Bajaj Auto due to semi-conductor supply constraints could materially impact its sales & profitability at SEL going forward.

### **Lack of aftermarket channel sales to limit margin expansion prospects**

SEL is pre-dominantly an OEM specific auto ancillary player with limited aftermarket presence. Given the changing technology landscape at the OEM level (electrification) and elevated commodity prices, the profitability/ FCF generation at the OEM's is under pressure thereby limiting the bargaining power at the hand of SEL. The only scope for margin expansion for SEL is in the form of operating leverage benefits, internal efficiencies as well as new product development led new customer wins at better pricing. Therefore, margin expansion prospects at SEL look limited. However, any tangible progress on presence in the aftermarket channel space could meaningfully de-risk OEM client profile at SEL thereby providing structural leg up to margin profile going forward.

## Financial Summary

Exhibit 18: Profit and loss statement					₹ crore
(Year-end March)	FY21	FY22P	FY23E	FY24E	
Net Sales	1549.3	1989.0	2349.4	2759.6	
Other Operating Income	0.0	0.0	0.0	0.0	
<b>Total Operating Income</b>	<b>1,549.3</b>	<b>1,989.0</b>	<b>2,349.4</b>	<b>2,759.6</b>	
Growth (%)	6.3	28.4	18.1	17.5	
Raw Material Expenses	849.7	1,098.3	1,303.9	1,517.8	
Employee Expenses	213.8	277.4	312.5	345.0	
Other Operating Expense	213.7	279.8	334.8	387.7	
Total Operating Expenditure	1,277.2	1,655.4	1,951.1	2,250.5	
<b>EBITDA</b>	<b>272.1</b>	<b>333.6</b>	<b>398.2</b>	<b>509.1</b>	
Growth (%)	-9.2	22.6	19.4	27.9	
Depreciation	101.7	119.7	135.2	150.9	
Interest	47.4	51.0	59.9	56.5	
Other Income	23.1	15.5	12.9	12.9	
<b>PBT</b>	<b>146.1</b>	<b>178.4</b>	<b>216.1</b>	<b>314.6</b>	
Exceptional Item & MI	1.9	1.4	1.5	2.0	
Total Tax	36.3	46.5	54.5	79.3	
<b>PAT</b>	<b>108.0</b>	<b>130.4</b>	<b>160.1</b>	<b>233.3</b>	
Growth (%)	-30.3	20.8	22.8	45.7	
<b>EPS (₹)</b>	<b>20.7</b>	<b>25.0</b>	<b>30.7</b>	<b>44.7</b>	

Source: Company, ICICI Direct Research

Exhibit 19: Cash flow statement					₹ crore
(Year-end March)	FY21	FY22P	FY23E	FY24E	
Profit after Tax	108.0	130.4	160.1	233.3	
Add: Depreciation	101.7	119.7	135.2	150.9	
(Inc)/dec in Current Assets	-52.5	-99.7	-122.0	-145.9	
Inc/(dec) in CL and Provisions	65.5	32.0	69.6	70.5	
Others	47.4	51.0	59.9	56.5	
<b>CF from operating activities</b>	<b>270.0</b>	<b>233.5</b>	<b>302.8</b>	<b>365.4</b>	
(Inc)/dec in Investments	0.5	-7.3	0.0	0.0	
(Inc)/dec in Fixed Assets	-153.6	-294.3	-250.0	-300.0	
Others	10.4	-7.2	3.5	12.0	
<b>CF from investing activities</b>	<b>-142.7</b>	<b>-308.8</b>	<b>-246.5</b>	<b>-288.0</b>	
Issue/(Buy back) of Equity	0.0	-9.5	0.0	0.0	
Inc/(dec) in loan funds	-88.5	96.9	20.0	0.0	
Dividend & interest	-47.4	-61.4	-75.5	-77.4	
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0	
Others	2.1	34.6	0.0	0.0	
<b>CF from financing activities</b>	<b>-133.8</b>	<b>60.6</b>	<b>-55.5</b>	<b>-77.4</b>	
<b>Net Cash flow</b>	<b>-6.5</b>	<b>-14.8</b>	<b>0.8</b>	<b>0.0</b>	
Opening Cash	71.6	65.1	50.3	51.1	
<b>Closing Cash</b>	<b>65.1</b>	<b>50.3</b>	<b>51.1</b>	<b>51.2</b>	

Source: Company, ICICI Direct Research

Exhibit 20: Balance Sheet					₹ crore
(Year-end March)	FY21	FY22P	FY23E	FY24E	
Liabilities					
Equity Capital	9.4	10.4	10.4	10.4	
Reserve and Surplus	868.9	1,013.0	1,157.5	1,369.9	
<b>Total Shareholders funds</b>	<b>878.2</b>	<b>1,023.4</b>	<b>1,167.9</b>	<b>1,380.4</b>	
Total Debt	548.3	645.1	665.1	665.1	
Deferred Tax Liability	61.8	64.2	64.2	64.2	
Minority Interest / Others	138.2	154.0	155.5	157.5	
<b>Total Liabilities</b>	<b>1626.5</b>	<b>1,886.7</b>	<b>2,052.7</b>	<b>2,267.2</b>	
Assets					
Gross Block	1,446.0	1,678.3	2,000.7	2,250.7	
Less: Acc Depreciation	356.8	476.5	611.7	762.6	
Net Block	1,089.2	1,201.8	1,389.0	1,488.1	
Capital WIP	60.4	122.4	50.0	100.0	
<b>Total Fixed Assets</b>	<b>1,149.7</b>	<b>1,324.2</b>	<b>1,439.0</b>	<b>1,588.1</b>	
Investments	42.0	48.7	48.7	48.7	
Inventory	248.6	277.6	321.8	378.0	
Debtors	313.0	408.6	482.7	567.0	
Loans and Advances	28.5	4.1	4.8	5.7	
Other Current Assets	55.5	54.9	57.8	62.4	
<b>Cash</b>	<b>65.1</b>	<b>50.3</b>	<b>51.1</b>	<b>51.2</b>	
Total Current Assets	710.6	795.5	918.3	1,064.2	
Current Liabilities	227.0	265.3	321.8	378.0	
Provisions	25.1	19.3	23.5	27.6	
Current Liabilities & Prov	302.3	334.3	403.9	474.4	
<b>Net Current Assets</b>	<b>408.3</b>	<b>461.2</b>	<b>514.4</b>	<b>589.8</b>	
Others Assets	26.6	52.6	50.6	40.6	
<b>Application of Funds</b>	<b>1,626.5</b>	<b>1,886.7</b>	<b>2,052.7</b>	<b>2,267.2</b>	

Source: Company, ICICI Direct Research

Exhibit 21: Key ratios				
(Year-end March)	FY21	FY22P	FY23E	FY24E
Per share data (₹)				
EPS	20.7	25.0	30.7	44.7
Cash EPS	40.2	48.0	56.6	73.7
BV	168.4	196.2	223.9	264.7
DPS	0.0	2.0	3.0	4.0
Cash Per Share	12.5	9.7	9.8	9.8
<b>Operating Ratios (%)</b>				
EBITDA Margin	17.6	16.8	17.0	18.5
PAT Margin	7.0	6.6	6.8	8.5
Inventory days	58.6	50.9	50.0	50.0
Debtor days	73.7	75.0	75.0	75.0
Creditor days	53.5	48.7	50.0	50.0
<b>Return Ratios (%)</b>				
RoE	12.3	12.7	13.7	16.9
RoCE	10.5	11.3	12.8	15.8
RoIC	11.4	12.5	13.5	16.9
<b>Valuation Ratios (x)</b>				
P/E	32.4	26.8	21.8	15.0
EV / EBITDA	14.6	12.3	10.3	8.1
EV / Net Sales	2.6	2.1	1.7	1.5
Market Cap / Sales	2.3	1.8	1.5	1.3
Price to Book Value	4.0	3.4	3.0	2.5
<b>Solvency Ratios</b>				
Debt/EBITDA	2.0	1.9	1.7	1.3
Debt / Equity	0.6	0.6	0.6	0.5
Current Ratio	2.6	2.6	2.5	2.5
<b>Quick Ratio</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>

Source: Company, ICICI Direct Research

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