

# Paras Defence & Space Technologies Ltd

Price Band ₹ 165-175

September 20, 2021

Paras Defence and Space Technologies (PDS) is engaged in designing, developing and manufacturing a wide range of products & solutions for defence & space applications. It is one of the leading indigenously designed developed and manufactured (IDDM) category private sector companies in India, which caters to four major segments of the Indian defence sector i.e. defence & space optics, defence electronics, electro-magnetic pulse (EMP) protection solution and heavy engineering. PDS is also the sole Indian supplier of critical imaging components such as large size optics and diffractive gratings for space applications in India. It aims to become one of the leading global players for defence optics for the defence & space sector.

## Diversified product range for defence & space applications

PDS is a leading IDDM category private sector company in India catering to four major segments i.e. defence electronics, EMP solutions, defence optics, heavy engineering, etc, with little competition as most other companies operate in one or two segments only. As on June 30, 2021, it has a range of 34 different categories of products and solutions, with multiple variations in each category. The capital outlay on the aforementioned four segments is expected to increase from ~US\$3.2 billion (bn) in 2021 to over US\$14.5 bn by 2031 due to extensive fleet re-capitalisation, C4ISR orientation and greater indigenous supply preferences.

## Well positioned to benefit from "Make in India" Initiatives

In line with 'Atmanirbhar Bharat' and 'Make in India' initiatives of the government, PDS has collaborated with technology companies to boost indigenous manufacturing. For instance, it is the manufacturing partner for all its international associates including, Holland Shielding Systems BV, Netherlands, Kley, France, HPS, GmbH and Invent, GmbH. Through this, it has successfully indigenised certain equipment like EMP filters and military winch systems. In addition, its enhanced capabilities and know-how have enabled it to develop a variety of products such as EMP racks, diffractive gratings, IR optics, command and control system, etc, which are 100% indigenously developed and delivered to its customers.

## Key risk & concerns

- Decline or reprioritisation of Indian defence of space budget
- Third party manufacturing contracts may impose obligations
- Fixed price contracts may result in cost overruns

## Priced at ~31x P/E (FY21) on upper price band

We believe a strong order book, robust order pipeline, higher exports and higher contribution from better margin businesses like defence optics would auger well for PDS in the long term. In terms of valuation, it is priced at ~31x P/E on FY21 EPS (₹ 5.6/share) at the upper price band i.e., ₹ 175.



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### IPO Details

#### Issue Details

Issue Open	21st September 2021
Issue Closes	23rd September 2021
Issue Size	₹161-171 crore
QIB (Institutional) Share	50% of issue
Non-Institutional Share	15% of issue
Retail Share	35% of issue
Issue Type	Fresh Issue & OFS
Price Band	₹165-175
Market Lot	86 Shares
Face Value (₹/ Share)	₹ 10
Listing Market Cap	~ ₹682 crore
Upper Price Band	

### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	79.4%	58.6%
Public	20.6%	41.4%
Total	100.0%	100.0%

### Objects of issue

The net proceeds are proposed to be utilised for i) purchase of machinery & equipment (~ ₹ 34.7 crore), incremental working capital needs (~ ₹ 60 crore), repayment of portion of certain borrowings (~ ₹ 12 crore) and general corporate fund

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### Key Financial Summary

₹ crore	FY19	FY20	FY21	CAGR (FY19-21)
Net Sales	154.4	147.0	143.3	-3.7%
EBIDTA	42.8	39.3	43.4	0.7%
EBIDTA Margins (%)	27.7%	26.7%	30.3%	
Net Profit	19.0	19.7	15.8	-8.8%
Reported EPS (₹)	6.8	6.9	5.6	
P/E (x)	25.9	25.3	31.5	
RoCE (%)	16.5%	13.5%	13.6%	
RoE (%)	12.5%	11.4%	7.6%	

Source: RHP, ICICI Direct Research

## Industry Background

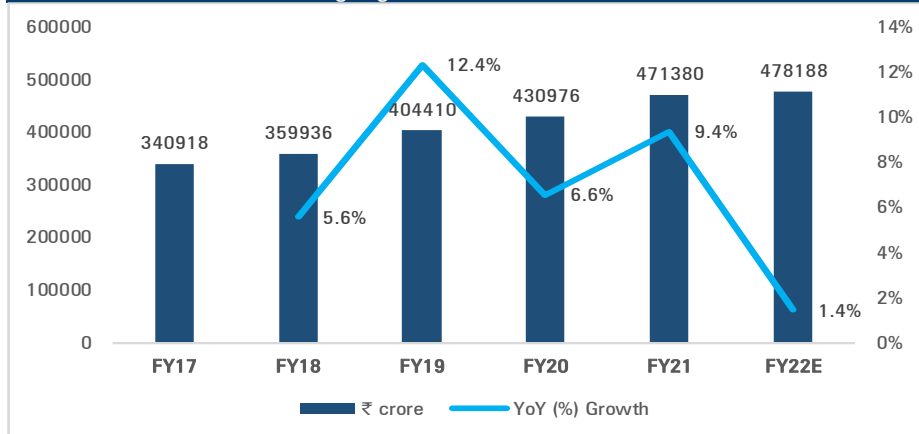
### Indian Defence Industry

Global defence spending is estimated to have touched US\$1.98 trillion (tn) in 2020 with 2.6% YoY growth. Five largest spenders account for ~62%, including US, China, India, Saudi Arabia and Russia. India defence expenditure has been on a constant growth trajectory, largely on account of rising conflicts & border tensions with neighbours viz. China and Pakistan in addition to cross-border terrorism threats. The contribution of defence expenditure to GDP has risen from 2.2-2.3% to ~3% over a decade. The Indian Air Force (IAF) comprises more than ~39% of the defence capital outlay followed by the Army and Navy at 27% and 25%, respectively.

Frost expects the modernisation programme to be given due priority in the next decade. The Indian Army’s modernisation effort to be realised over three to seven years. The major indigenous defence platforms being developed for the Indian Army are Arjun MK-III, Abhay Infantry Fighting Vehicle (IFV) and Tata Kestrel. The Indian Navy’s modernisation plan has had success in integrating anti-submarine, anti-missile, support and communication capabilities. The current focus is extensively on submarine recapitalisation and anti-submarine warfare in order to match Chinese naval capabilities.

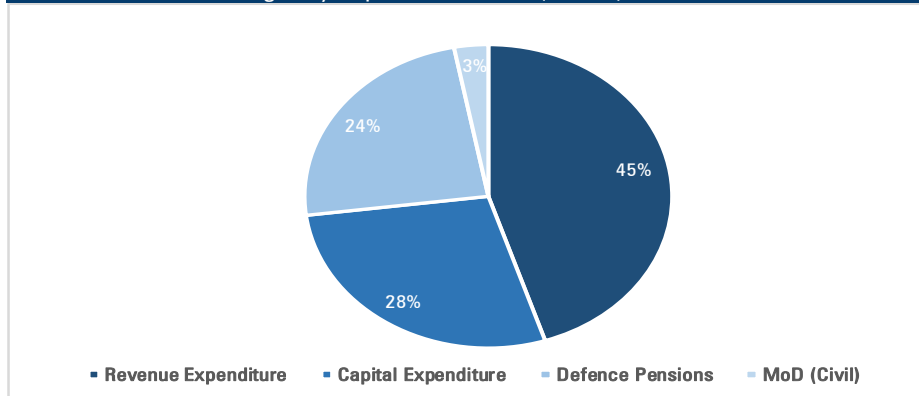
The IAF plans to procure new fighters & trainers and, of late, has been more successful in upgrades (electronic warfare, avionics and communication systems), as opposed to large batch buys. Total \$3.6 billion has been allocated for the procurement of aircraft such as HAL Tejas MK1/MK1A, Dassault Rafale, Airbus C-295, HAL light utility helicopter (LUH) and the development of UAS. An amount of \$1,607.41 million has been allocated towards missiles and weapons systems, as the IAF modernises aircraft with new and more capable beyond visual range missiles.

Exhibit 1: Indian defence budget growth



Source: RHP, Industry, ICICI Direct Research

Exhibit 2: Defence budget by expenditure head (FY22E)

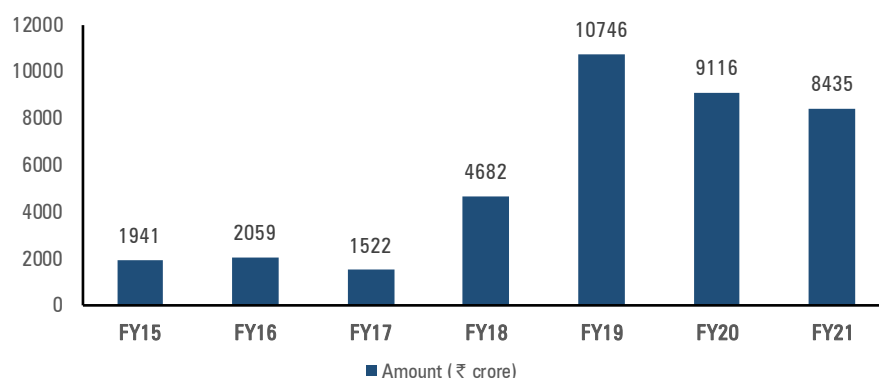


Source: RHP, Industry, ICICI Direct Research

### Burgeoning defence exports

Indian defence exports crossed the \$1 billion mark in FY19. Currently, exports are more diversified both in terms of products as well as their markets. A majority of the exports currently are being driven by the private sector while the government is creating enablers for Indian companies such as PDS to further improve exports. With further liberalisation of export license and increasing capability, the prospects of Indian defence exports look bright.

Exhibit 3: Indian defence exports trend...



Source: RHP, Industry, ICICI Direct Research

### Defence electronics components market

The defence components and engineering products form the foundation of military subsystems and platforms. According to Frost & Sullivan, as modernisation of the Indian defence sector becomes more technology oriented, four major segments will become key contributors to most emerging programmes, viz. defence electronics, defence optics, EMP protection and heavy engineering. Frost & Sullivan defines the four segments as follows:

Exhibit 4: Defence electronics components market: Segment brief

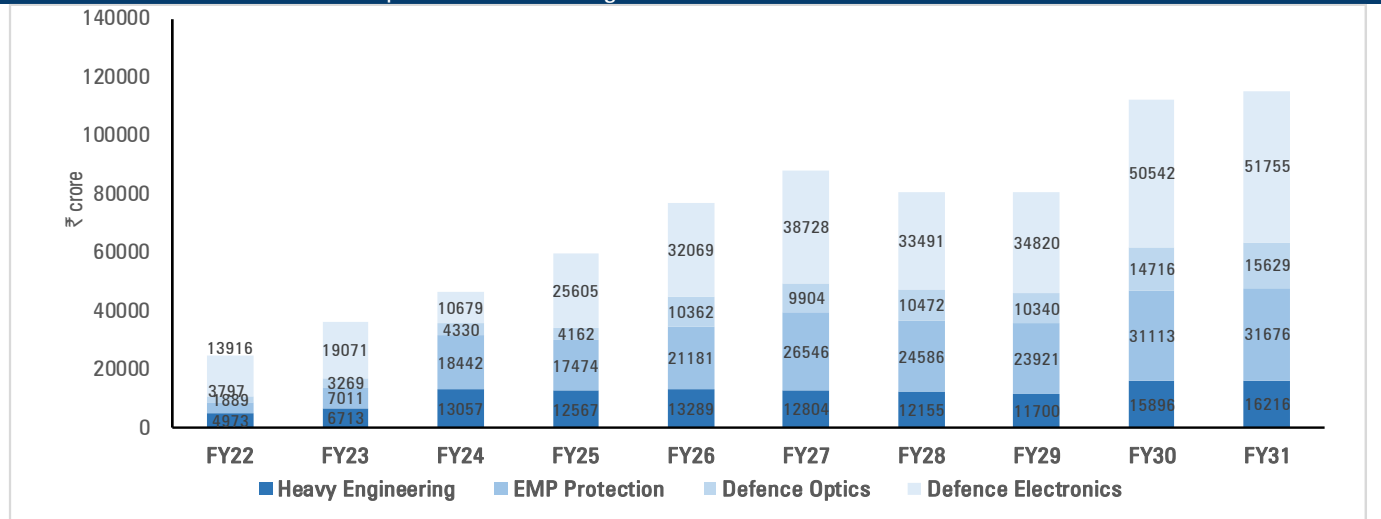
Segment	Brief
Defence Electronics	The segment includes all electronics that are used in air, naval and land platforms as well as in other C6ISR equipment like radios, displays, etc
Optics	The segment is made up of all types of imaging systems for defence & space such as sights, cameras, devices, telescopes, etc, for day/night Vision, thermal imaging, EO applications
EMP Protection	This segment consists of EMP protection equipment such as Faraday cages as well EMP hardened blast doors, wave guides for EM energy directionality, etc
Heavy Engineering	This segment consists of heavy engineering at a Tier 2 and Tier 3 equipment level. Note that this segment does not consider Tier 1 heavy engineering such as shipbuilding, submarine building, etc

Source: RHP, Industry ICICI Direct Research

The defence establishments are increasingly looking at sourcing these segments from local suppliers because of Atmanirbhar Bharat initiative and increasing level of R&D and manufacturing capabilities in these segments.

While currently, the spending outlays on these segments made to Indian companies are ~US\$3.2 bn, by 2031 the spending is expected to increase to over ~\$14.5 billion on account of extensive fleet recapitalisation, C4ISR orientation and greater indigenous supply preferences. The cumulative market in 2022-31 is expected to be ~\$99.4 billion.

Exhibit 5: Defence electronics components market: Segment brief



Source: RHP, Industry, ICICI Direct Research

i) Defence electronics: Currently, over 60% of the electronic components used in Indian defence equipment are supplied by foreign OEM. However, with the recent increased impetus on indigenisation, future contracts will see a greater proportion of defence electronics being sourced locally. As set out below, the defence electronics market is expected to grow from ~US\$1.9 bn in FY22 to ~US\$7.0 bn in FY31, growing at a CAGR of 16%.

ii) EMP protection: This segment is closely tied to the defence electronics segment being closely integrated to platform design and future platform procurements. The segment is expected to grow from ~US\$0.5 bn in FY22 to ~US\$4.3 bn in FY31, growing at a CAGR of 27%.

iii) Defence optics: Airborne combat and ISR capability expansion will be a major driver of this segment along with land force modernisation. The segment is forecast to grow from US\$255 million (mn) in FY22 to US\$2.1 bn, growing at a CAGR of 27%.

iv) Heavy Engineering: As future platforms will have more sensors and electronics densities, using “meta-materials” and cooling systems to reduce platforms signatures will become a major priority for defence forces. The segment is expected to grow from US\$700 mn in FY22 to US\$2.2 bn by FY31, at a CAGR of 14%.

Indian space industry:

Indian Space Research Organisation (Isro) is collaborating with public sector companies in manufacturing multi-junction solar cells for space applications. Further, Isro has engaged with other market players to assemble 27 satellites. Isro’s budget has been steadily increasing with focus on human spaceflight and space exploration missions. Isro’s revenue expenditure have been increasing since FY16 from US\$1.1 bn to US\$1.9 bn in FY21 and is forecast to grow to US\$2.2 bn by FY27.

Isro’s efforts to enable domestic private participants to outsource space systems manufacturing, a strong focus on EO missions, and the Atmanirbhar Bharat initiative collectively contribute to a strong environment of growth opportunities for Indian participants, especially those in partnership with international participants.

## Company Background

Paras Defence and Space Technologies (PDS) is one of the private players engaged in designing, developing and manufacturing a wide range of products & solutions for defence & space applications. It is one of the leading indigenously designed developed and manufactured (IDDM) category private sector companies in India, which caters to four major segments of the Indian defence sector i.e. defence and space optics, defence electronics, electro-magnetic pulse (EMP) protection solution and heavy engineering. PDS is also the sole Indian supplier of critical imaging components such as large size optics and diffractive gratings for space applications in India (Source F&S Report). It aims to become one of the leading global companies for optics for defence and space sector.

Defence & space optics segment includes manufacturing of high precision optics such as thermal imaging space imaging systems as it is the only Indian company for space optics. Defence electronics segment provides a wide array of high performance computing and electronic systems for border defence, missiles, tank, naval applications. EMP solutions business includes designing, developing, manufacturing and commissioning various solutions for EMP protection. It has the ability to undertake and deliver customised turnkey projects in the defence segment, especially in the defence electronics and EMP protection segments. Heavy engineering segment involves providing products & solutions such as components for rockets and missiles along with mechanical manufacturing support. Under niche technologies, it has partnered with some of the leading technology companies around the world in order to indigenise advanced technologies in the defence and space sectors for catering to the Indian market. This also affords PDS an opportunity to serve as manufacturing partner for global requirements of such overseas technology companies.

PDS has two manufacturing facilities in Maharashtra, in Nerul, Navi Mumbai and Ambarnath, Thane. The Nerul facility is an advanced nano technology machining centre for producing high quality optics and ultra-precision components and is engaged in manufacturing optics, design, development, manufacturing and integration of electronics and EMP protection products and solutions while the Ambarnath facility produces heavy engineering products such as flow-formed motor tubes, vacuum brazed cold plates, titanium structures and assemblies etc.

With its R&D capabilities, PDS is developing several new products and solutions such as hyper spectral space camera, ARINC-818 based avionic display, naval periscopes and optical solar reflectors, distinguishing it as one of the leading IDDM category companies in the Indian defence industry.

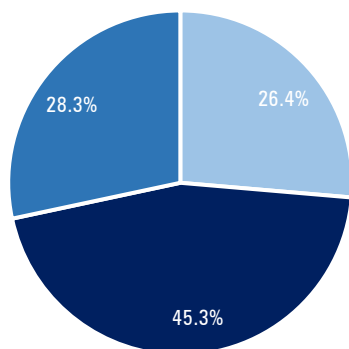
PDS derives most of its revenue from contracts with defence public sector undertakings (DPSU) and government organisations involved in space research. Notable customer base includes Bharat Electronics (BEL), Hindustan Aeronautics (HAL), Bharat Dynamics (BDL), Solar Industries, etc.

**Exhibit 6: Segment wise revenue (%) break-up over the years**

Company Name	FY19	FY20	FY21
Bharat Electronics Limited (BEL)	18.2	15.5	16.1
Economic Explosives Limited	1.2	1.1	1.0
Bharat Dynamics Limited (BDL)	0.1	-	0.3
Astra-Rafael Comsys Private Limited	-	0.2	0.2
Hindustan Aeronautics Limited (HAL)	0.1	0.0	0.2
Tata Consultancy Services Limited (TCS)	0.0	2.0	0.1
Electronic Corporation of India Limited (ECIL)	4.2	1.8	0.0
Hindustan Shipyard Limited (HSL)	0.3	0.1	-
Alpha Design Technologies Private Limited	0.3	0.3	-
Advanced Mechanical and Optical Systems S.A.(AMOS)	0.8	0.3	-
Tae Young Optics Co Ltd	0.4	-	-
Green Optics Co. Ltd.	10.5	1.5	-

Source: RHP, ICICI Direct Research

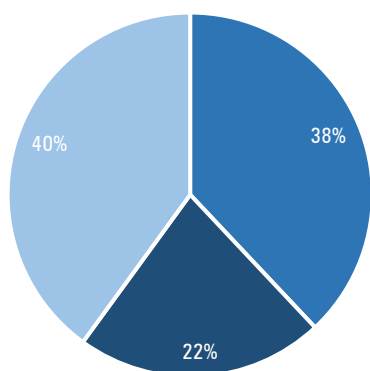
**Exhibit 7: Segment-wise revenue (%) contribution- FY21**



■ Heavy Engineering ■ Defence And Space Optics ■ Defence Electronics and EMP Solutions

Source: RHP, ICICI Direct Research

**Exhibit 8: Geography-wise revenue (%) contribution –FY21**



■ Domestic ■ Export ■ Government

Source: RHP, ICICI Direct Research

**Exhibit 9: Segment wise order book details, as on June 30, 2021**

Segment-wise Order book break-up as on June 30, 2021	Number of orders	Value (₹ crore)	(%) Break-up
Defence and Space Optics	37	202.6	66%
Defence Electronics and EMP Protection Solut	49	70.6	23%
Heavy Engineering for Defence	34	31.8	10%
<b>Total Order Book</b>		<b>305.0</b>	<b>100%</b>

Source: RHP, ICICI Direct Research

**Exhibit 10: Segment-wise typical margin (%) profile- FY21**

Segment	Margins %
Heavy Engineering	15-25%
Defence And Space Optics	50%
Defence Electronics and EMP Solutions	10-15%

Source: RHP, ICICI Direct Research

## Investment Rationale

### Diversified product range for defence & space applications

PDS is a leading IDDM category private sector company in India catering to four major segments: defence electronics, EMP solutions, defence optics, heavy engineering, etc, with little competition as most other companies operate in one or two segments only. As on June 30, 2021 it has a range of 34 different categories of products and solutions, with multiple variations in each category. The capital outlay on the aforementioned four segments is expected to increase from ~US\$3.2 bn in 2021 to over US\$14.5 bn by 2031 due to extensive fleet re-capitalisation, C4ISR orientation and greater indigenous supply preferences.

It is also the sole product supplier of diffraction gratings used in hyper-spectral imagers, large size optics. Further, as a supplier to government organisations, PDS has been a part of most of the earth observation (EO) and space exploration missions of Isro since 2018. Its R&D and technological capabilities have helped diversify its products and solutions. Also, collaboration with certain reputed overseas technology companies enables it to further expand its products and solutions portfolio. For instance, PDS has entered into teaming agreements with various German technology companies for unfurlable and deployable antenna, subsystems and services of parts, subassembly or assembly made out of carbon fibre reinforced polymers (CFRP).

Its wide range of products and solutions catering to specific customer needs enable it to successfully service core strategic sectors in India such as defence and space in India.

### One of the few players in high precision optics manufacturing

It is one of the few manufacturers in India with comprehensive in-house capabilities of designing, developing and manufacturing optics for space and defence application in India. The manufacturing facility has capabilities such as equipment and machinery, inter alia, for nano technology, machining, grinding, polishing and turning coupled with a robust testing set up for measuring the performance parameters of the optical components. Its in-house facilities include single point diamond turning machines, grinding and polishing machines for precision optics and large size space optics, optical thin film coatings with fully equipped metrology with contact and non-contact measurements.

It has uniquely positioned itself to cater to demand from government space organisation for optics in earth observation and space exploration missions.

With strong experience in working with government space organisations on critical space missions and being the sole Indian supplier of diffractive gratings used in hyper-spectral imagers and infrared lenses, it has established itself well in the Indian space market.

It also specialises in large-sized optical mirror and is the only Indian company with the design capabilities for space-optics and opto-mechanical assemblies. This positions it as one of the key participant of value for all exploratory and observatory missions involving large space telescopes.

## Well positioned to benefit from “Make in India” Initiatives.

India is witnessing path-breaking reforms in the defence sector. Recently, the MoD has announced the Defence Acquisition Procedure which has come into effect from October 1, 2020. This procedure focuses on significantly boosting indigenous production and turning India into a global manufacturing hub of weapons and military platforms. This procedure has been aligned with the vision of the Government’s Atmanirbhar Bharat (self-reliant India) initiative and to empower Indian defence industry through ‘Make in India’ projects. We believe that this policy will provide a significant boost to indigenous manufacturing companies such as PDS. With its domain expertise, R&D and manufacturing capabilities, it is poised to fully benefit from the same. For instance, the Ministry of Defence (MoD) has prepared a list of 101 items for which there would be an embargo on import (Import Embargo List) in August 2020. Some of the products listed in the Import Embargo List such as EMP racks, EMP filters used for protection of data and power lines within a rack/shelter/room against electro-magnetic pulse or interference are currently manufactured by PDS and will only help to increase its foothold as a supplier for products as well as an opportunity to expand its existing products portfolio by using R&D.

In line with the Atmanirbhar Bharat and Make in India initiatives of the Government, PDS has collaborated with technology companies to boost indigenous manufacturing. For instance, it is the manufacturing partner for all its international associates including, Holland Shielding Systems BV, Netherlands, Kley, France, HPS, GmbH and Invent, GmbH. Through this, it has successfully indigenised certain equipment such as EMP filters and military winch systems. In addition, its enhanced capabilities and know-how have enabled it to develop a variety of products such as EMP racks, diffractive gratings, IR optics, command and control system, etc, which are 100% indigenously developed and delivered to its customers.

## Strong relationship with diverse customer base...

PDS has a diversified customer base, which ranges from government arms and government organisations involved in defence and space research, to various DPSUs such as Bharat Dynamics, Bharat Electronics and Hindustan Aeronautics, to various private entities such as Tata Consultancy Services, Astra-Rafael Comsys Pvt Ltd, Solar Industries India, Alpha Design Technologies Pvt Ltd, etc. PDS also service international customers including Advanced Mechanical and Optical Systems (AMOS), Belgium, Chaban (Israel), Tae Young Optics Company (South Korea), and Green Optics (South Korea). We believe that its rich experience in designing, developing and manufacturing components for diverse customers in defence and space sector, has enabled it to develop a deep understanding of the sectors and customers’ requirement. Its partnership with overseas technology companies also enables it to serve as manufacturing partner for global customers of such companies.

A key focus of its business is in providing high quality products and solutions which are designed, developed and/or manufactured to meet the specific requirements of its customers at competitive pricing.

PDS also aims to provide its customers with quality after-sales service by efficiently handling after-sales support requirements and deepen its customer relationships to become their preferred suppliers. The company is also continually innovating and working on offering value added and technologically advanced products and solutions to its customers, partnering with its key customers to co-develop products and solutions. Going forward, we believe there will be an increase in demand for its products and solutions on account of the government’s Atmanirbhar Bharat and Make in India initiatives that are expected to increase defence production in India.



## Key Risk

### Decline or reprioritisation of Indian defence or space budget

A decline or reprioritisation of the Indian defence or space budget, changes in Gol entities' defence or space requirements and geopolitical circumstances, reduction in orders, termination of existing contracts, delay of existing contracts or programmes will have a material adverse impact on its business. For FY19, FY20 and FY21, PDS derived 35.6%, 28.8% and 50.8% of its total consolidated revenue, respectively. Further, as on June 30, 2021, its order book from the Gol entities, was ₹ 130.6 crore out of ₹ 305 crore.

### Third party manufacturing contracts may impose obligations

PDS has entered into contracts with third parties in India and outside India for partnering in relation to development of certain products or sourcing components. For instance, PDS has entered into teaming agreements with companies such as HPS Gmbh, Invent Gmbh, and Kley France. These agreements are typically short-term and are entered into for one or two years. As part of such partnerships or collaborations, PDS may take certain steps such as making investment in R&D for products, which are the subject matter of such partnerships or may commit to orders based on arrangements agreed to in such contracts, which cannot be assured to be renewed or extended at the end of their respective terms. A delay in or failure to do so may have an impact on its business, financial condition and results of operations.

### Fixed price contracts may result in cost overruns

Most of its contracts are fixed-price contracts. All costs including labour and raw materials costs are forecast by the company when it enters such fixed-price contracts. In case of cost variances from such estimates, it is permitted to retain all cost savings on completed contracts but is liable for the full amount of all cost overruns. In the past, PDS has witnessed cost overruns in some of its contracts and may also witness the same in the future.

### Loss, shutdown or slowdown may impact business

PDS has two manufacturing facilities in Maharashtra, at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra. Its R&D activities are mainly undertaken at its centres at Nerul and Bengaluru, Karnataka. While its Ambernath facility is engaged in manufacturing heavy engineering products, its Nerul facility is engaged in manufacturing optics, manufacturing and integration of electronics and EMP protection products and solutions. PDS relies exclusively on each of these two manufacturing facilities to earn revenues, pay its operating expenses and service debt. Any significant interruption to, or loss or shutdown of, operations at any of its manufacturing facilities or R&D centres would adversely affect its business.

## Financial summary

Exhibit 11: Profit and loss statement			
	₹ crore		
₹ crore	FY19	FY20	FY21
Revenue	154.4	147.0	143.3
Other Income	2.8	2.0	1.3
<b>Total Income</b>	<b>157.2</b>	<b>149.1</b>	<b>144.6</b>
% Growth	-	-5.2%	-3.0%
Cost Of Materials Consumed	95.5	74.0	59.9
Purchase Of Stock In Trade	-	0.4	13.5
Changes In Inventory Of Finished Goods	(11.6)	(1.6)	(8.0)
Employee Benefit Expense	9.0	11.0	11.7
Other Expenses	18.7	24.0	22.9
<b>EBITDA</b>	<b>42.8</b>	<b>39.3</b>	<b>43.4</b>
<b>EBITDA %</b>	<b>27.7%</b>	<b>26.7%</b>	<b>30.3%</b>
Finance Cost	9.4	9.8	12.4
Depreciation And Amortization	9.4	9.7	9.7
<b>Profit Before Tax</b>	<b>26.8</b>	<b>21.8</b>	<b>22.6</b>
Tax Expenses	7.8	2.1	6.8
<b>PAT</b>	<b>19.0</b>	<b>19.7</b>	<b>15.8</b>
EPS	6.8	6.9	5.6

Source: RHP, ICICI Direct Research

Exhibit 12: Cash flow statement			
	₹ crore		
₹ crore	FY19	FY20	FY21
PBT	26.8	21.8	22.6
Add			
Depreciation	9.4	9.7	9.7
Finance costs	9.4	9.8	12.4
Other	0.7	1.6	0.5
CFO before WC changes	46.3	42.9	45.2
Changes in WC	(51.4)	(38.4)	(34.0)
Cash from operations	(5.1)	4.4	11.2
Tax	(7.0)	(7.0)	(6.9)
<b>Net CFO</b>	<b>(12.1)</b>	<b>(2.6)</b>	<b>4.3</b>
Purchase of Assets	(9.7)	(4.1)	(5.3)
Sale of Assets	-	0.0	0.1
Other	0.1	(0.8)	(1.0)
<b>Net CFI</b>	<b>(9.6)</b>	<b>(4.9)</b>	<b>(6.3)</b>
Proceed From Non Current Borrowing	7.7	5.1	0.1
Finance Cost	(8.1)	(9.5)	(10.6)
Others	21.8	13.0	15.8
<b>Net CFF</b>	<b>21.4</b>	<b>8.6</b>	<b>5.4</b>
Net increase/decrease in cash	(0.2)	1.1	3.4
Cash and Cash Equivalents Opening	0.4	0.2	1.3
Effect of Exchange Rate on Cash and	-	(0.0)	0.0
<b>Closing cash</b>	<b>0.2</b>	<b>1.3</b>	<b>4.7</b>

Source: RHP, ICICI Direct Research

Exhibit 13: Balance sheet			
	₹ crore		
₹ crore	FY19	FY20	FY21
<b>Non Current Assets</b>	<b>172.3</b>	<b>164.5</b>	<b>160.7</b>
Fixed Assets	165.9	155.8	155.1
CWIP	2.6	4.9	0.5
Intangibles	2.4	2.0	1.5
Other Non-current Assets	1.3	1.7	3.5
<b>Current Assets</b>	<b>157.5</b>	<b>177.9</b>	<b>202.1</b>
Inventory	64.5	60.4	74.7
Trade Receivables	83.2	97.6	94.9
Cash & cash equivalents	0.2	1.3	4.7
Bank Balances	1.7	3.1	3.6
Other Current Assets & Asset held	7.9	15.5	24.2
<b>Total Assets</b>	<b>329.7</b>	<b>342.4</b>	<b>362.8</b>
<b>Equity</b>	<b>152.4</b>	<b>172.6</b>	<b>206.7</b>
Equity Share Capital	5.7	28.4	29.9
Other Equity / Reserves	146.7	144.2	176.9
<b>Non-Current Liabilities</b>	<b>67.7</b>	<b>61.6</b>	<b>49.9</b>
<b>Current Liabilities</b>	<b>109.7</b>	<b>108.1</b>	<b>106.1</b>
Trade Payables	7.3	7.0	0.9
Financial Liabilities	100.7	94.9	104.4
Other Current Liabilities	1.6	6.0	0.6
Provisions	0.2	0.2	0.1
<b>Total Liabilities</b>	<b>329.7</b>	<b>342.4</b>	<b>362.8</b>

Source: RHP, ICICI Direct Research

Exhibit 14: Key ratios			
Year end March	FY19	FY20	FY21
EPS	6.8	6.9	5.6
Book value	268.2	60.8	69.2
Gross Margin	38.1%	49.7%	58.2%
EBITDA Margin	27.7%	26.7%	30.3%
PAT Margin	12.1%	13.2%	10.9%
RoE	12.5%	11.4%	7.6%
RoCE	16.5%	13.5%	13.6%
RoIC	10.8%	11.4%	9.4%
PE (upper band)	25.9	25.3	31.5
Sales/Equity	1.0	0.9	0.7
<b>Mcap/Sales</b>	<b>4.3</b>	<b>4.6</b>	<b>4.7</b>
Debt/Equity	0.5	0.6	0.5
Current Ratio	1.4	1.6	1.9
Debtor Days	197	242	242
Creditor Days	32	35	5
Inventory days	281	303	418
No of Shares	0.6	2.8	3.0

Source: RHP, ICICI Direct Research

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