26 July 2024
1QFY25 Results Update | Sector: Automobiles

Craftsman Automation

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	CRAFTSMA IN
Equity Shares (m)	24
M.Cap.(INRb)/(USDb)	124.2 / 1.5
52-Week Range (INR)	5840 / 3782
1, 6, 12 Rel. Per (%)	-8/-5/-11
12M Avg Val (INR M)	283

Consol. Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Sales	44.5	49.9	57.9
EBITDA	8.8	9.1	11.6
Adj. PAT	3.0	3.4	5.2
EPS (INR)	144.2	142.2	218.5
EPS Gr. (%)	22.6	-1.4	53.7
BV/Sh. (INR)	785	1,323	1,519
Ratios			
RoE (%)	20.1	14.1	15.4
RoCE (%)	15.2	11.6	13.2
Payout (%)	7.8	12.7	10.1
Valuations			
P/E (x)	36.1	36.6	23.8
P/BV (x)	6.6	3.9	3.4
Div. Yield (%)	0.2	0.3	0.4
FCF Yield (%)	-0.8	0.3	2.8

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	48.7	55.0	55.0
DII	21.5	16.0	17.2
FII	15.8	12.6	12.1
Others	14.1	16.5	15.7

FII Includes depository receipts

CMP: INR5,208 TP: INR5,965 (+15%) Buy

Weak 1Q; gradual recovery expected ahead

New acquisitions open up significant growth opportunities

- Craftsman Automation (CRAFTSMA) reported a weak 1Q performance, as PAT of INR532m came in significantly below our est. of INR801m, mainly due to a weak performance in the aluminum division. Aluminum segment margins were impacted by weak demand in PVs and a sharp rise in input costs, which the company would pass on with a quarter lag.
- To factor in the near-term slowdown in CVs and rising input cost pressure, we cut FY25E/FY26E EPS by ~20%/10%. FY25 is likely to be a moderate growth year when Craftsman is expected to get its capabilities on track. We expect the company to deliver a much stronger growth momentum from FY26 onward as its new facilities ramp up and acquisitions are integrated. **We reiterate our BUY rating with a TP of INR5,965 (25x Jun-26E EPS).**

Rising cost pressure hurts 1Q performance

- 1Q consol. revenue grew ~11% YoY to INR11.5b (est. INR11.2b). EBITDA/PAT declined 8%/29% YoY to INR1.97b/0.5b (est. INR2.2b/0.8b).
- Auto powertrain/Alu products/industrial segments grew 9%/17%/22.5% YoY. DR Axion revenue grew 3% YoY.
- Gross margin declined 380bp YoY to 43.7% (est. 46%), largely due to rising input costs of Al and continued competitive pressure in the storage solution business.
- As a result, EBITDA margin declined 350bp YoY (-160bp QoQ) to 17.1% (est. 19.4%). EBITDA declined 8% YoY to INR1.97b (est.INR2.2b).
- PBIT margin for both auto powertrain and industrial declined 490bp YoY each to 17%/1.7%, while that for Alu products grew 60bp YoY to 13.2%.

DR Axion

- Revenue grew 3% YoY to INR2.9b (est. INR3.2b). EBITDA margins declined 100bp YoY to 17.1% (est. 20.3%) due to an increase in Al prices and weak PV demand. EBITDA declined 3% YoY to INR494m (est. INR657m).

Others

- The company has decided to infuse INR0.6b into its German subsidiary to acquire assets of Fronberg Guss (company under liquidation) to expand its presence and operations in the European markets, including Germany.

Highlights from the management interaction

- **1Q performance:** The MHCV segment showed no respite from a declining trend, while the tractor industry exhibited some green shoots. The 2W segment remained robust, but the PV segment slowed down. Aluminum segment margins were impacted by weak demand in PVs and a sharp rise in input costs, which the company would pass on with a quarter lag.

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- **Acquisition of Frongberg Guss :** It is a high-tech foundry for large engines used in industrial applications. The deal cost was EUR5.5m (EUR3.5m for the purchase of assets and EUR2m for working capital), and another EUR0.5m in debt (so, total INR600m). The management would invest another INR600m to further improve efficiencies. CY23 revenue was INR2.5b, with EBITDA margin in high-single digits.
- **Sunbeam acquisition:** An MoU has been signed, and due diligence is nearly complete. Revenue stands at INR12b. It is currently a loss-making business, largely due to the duplication of costs as the erstwhile promoters targeted to move away production from their Gurgaon plant. This business would give the company entry into exports to the US, in addition to complementary and mutually beneficial capabilities.

Valuation and view

- To factor in the near-term slowdown in CVs and rising input cost pressure, we cut FY25E/FY26E EPS by ~20%/10%. FY25 is likely to be a moderate growth year when the company is expected to get its capabilities on track. We expect the company to deliver a much stronger growth momentum from FY26 onward as its new facilities ramp up and acquisitions are integrated.
- We estimate a CAGR of 14%/15%/31% in consolidated revenue/EBITDA/PAT over FY24-26E. At CMP, the stock appears attractively valued at ~37x/24x FY25E/FY26E consolidated EPS. Hence, **we reiterate our BUY rating on the stock with a TP of INR5,965 (valued at 25x Jun'26E EPS).**

Quarterly (Consol) **(INR Million)**

	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Net operating income	**10,376**	**11,791**	**11,297**	**11,053**	**11,512**	**12,328**	**12,749**	**13,277**	**44,517**	**49,866**	**11,217**
Change (%)	53.5	52.9	50.8	12.7	10.9	4.6	12.9	20.1	39.9	12.0	8.1
RM/Sales (%)	52.5	53.2	53.2	54.1	56.3	55.9	54.9	54.7	53.3	55.4	54.0
Staff Cost (% of Sales)	6.5	6.1	6.8	6.6	6.4	6.3	6.3	6.0	6.5	6.2	6.5
Other Exp. (% of Sales)	20.4	20.6	20.6	20.5	20.1	20.2	20.2	20.1	20.5	20.2	20.1
EBITDA	**2,142**	**2,375**	**2,202**	**2,069**	**1,973**	**2,173**	**2,373**	**2,541**	**8,788**	**9,060**	**2,181**
EBITDA Margins (%)	20.6	20.1	19.5	18.7	17.1	17.6	18.6	19.1	19.7	18.2	19.4
Non-Operating Income	37	47	35	53	48	40	39	31	172	158	38
Interest	424	416	442	464	492	335	335	296	1745	1458	440
Depreciation	683	668	703	723	725	790	810	851	2777	3176	720
Minority Int/Share of Profit	62	97	82	79	61	0	0	0	320	61	0
PBT after EO items	**1,011**	**1,241**	**1,010**	**856**	**744**	**1,088**	**1,267**	**1,424**	**4,118**	**4,523**	**1,059**
Eff. Tax Rate (%)	26.3	23.8	27.6	27.2	28.5	24.7	24.8	23.7	26.1	25.0	24.4
Rep. PAT	**745**	**945**	**731**	**623**	**532**	**819**	**953**	**1,086**	**3,045**	**3,390**	**801**
Change (%)	34.0	56.0	41.7	-22.3	-28.6	-13.4	30.3	74.3	22.6	11.3	7.5
Adj. PAT	**745**	**945**	**731**	**623**	**532**	**819**	**953**	**1,086**	**3,045**	**3,390**	**801**
Change (%)	34.0	56.0	41.7	-22.3	-28.6	-13.4	30.3	74.3	22.6	11.3	7.5

E: MOFSL Estimates

Key Performance Indicators

	FY24				FY25E				FY24	FY25E	FY25E
Segment Revenues	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2QE**	**3QE**	**4QE**			**1Q**
Auto Powertrain	3,824	3,938	3,925	3,897	4,163	4,332	4,395	4,437	15,584	17,327	3,702
Growth (%)	10.0	4.1	-3.9	-0.8	8.9	10.0	12.0	13.8	2.0	11.2	-3.2
Contribution (%)	36.9	33.4	34.7	35.3	36.2	35.1	34.5	33.4	35.0	34.7	46.4
PBIT Margin (%)	21.9	19.6	18.2	15.2	17.0				18.7	17.5	0.0
Aluminium Products	2,076	2,350	2,232	2,517	2,423	2,585	2,678	2,877	9,175	10,563	2,593
Growth (%)	21.1	19.7	26.9	27.8	16.7	10.0	20.0	14.3	23.9	15.1	24.9
Contribution (%)	20.0	19.9	19.8	22.8	21.0	21.0	21.0	21.7	20.6	21.2	32.5
PBIT Margin (%)	12.6	15.1	13.4	14.9	13.2				14.1	3.9	0.0
Industrial	1,658	1,956	1,895	1,810	2,030	2,148	2,268	2,321	7,320	8,767	1,680
Growth (%)	5.8	-0.6	16.0	-7.6	22.5	9.8	19.6	28.2	2.7	19.8	1.3
Contribution (%)	16.0	16.6	16.8	16.4	17.6	17.4	17.8	17.5	16.4	17.6	21.1
PBIT Margin (%)	6.6	10.3	6.2	2.2	1.7				6.4	3.8	0.0
DR Axion	2,819	3,546	3,245	2,829	2,896	3,262	3,408	3,643	12,439	13,209	3242
Growth (%)				45.2	2.7	-8.0	5.0	28.8	514.7	6.2	15.0
Contribution (%)	27.2	30.1	28.7	25.6	25.2	26.5	26.7	27.4	27.9	26.5	39.0
EBIT Margin (%)	14.4	15.4	15.9	17.3	13.3				15.7	14.3	17.2
Total Product sales	**10,376**	**11,791**	**11,297**	**11,053**	**11,512**	**12,328**	**12,749**	**13,277**	**44,517**	**49,866**	**11,217**

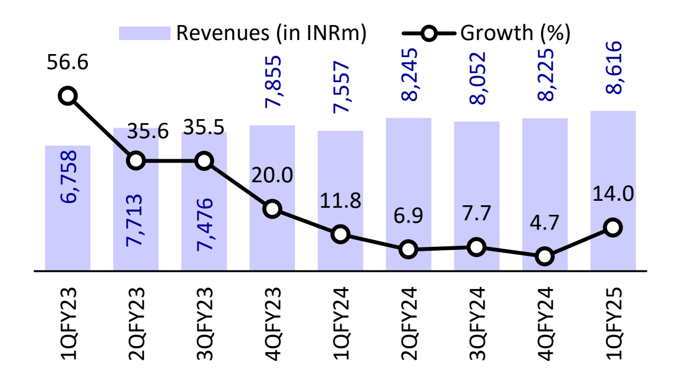
Highlights from the management interaction

- **Performance during the quarter**-
  - Demand- The quarter presented a challenging and mixed performance. The MHCV segment showed no respite from a declining trend, while the tractor industry exhibited some green shoots. The 2W segment remained robust, but the PV segment slowed down. Additionally, the key raw material, aluminum, saw a significant price increase, hitting double digits.
  - The storage segment showed good growth, though margins remained under pressure.
  - Aluminum segment margins were impacted by weak demand in PVs and a sharp rise in input costs, which the company would pass on with a quarter lag.
- In the powertrain sector, the tractor market has shown signs of recovery since Jul'24. PV demand is steady. While CV is weak currently, it is expected to revive with a pick-up in economic growth in subsequent quarters. Additionally, it has secured new business in PV segment that is expected to commence from FY26 onward.
- DR Axion is not capital intensive and requires only marginal maintenance capex. The management team remains intact, with all eight Korean expats continuing on their roles. All three customers acquired by the company are still continuing. Export operations have been added to DRA Korea, and there is new business coming in for Hyundai's new Talegaon plant.
- The company has invested INR2b in capex in 1Q. Capex outflow for FY25 would depend upon the closing of its ongoing acquisition as also the ramp-up of its facilities.
- **Update on German Acquisition**-
  - It is a high-tech foundry for industrial engine blocks, with plans for growth even in India.
  - The deal cost was EUR5.5m (EUR3.5m for the purchase of assets and EUR2m for working capital), and another EUR0.5m in debt (so, total INR600m). The management would invest another INR600m to further improve efficiencies.
  - This deal has been done at the behest of some customers and hence it has full customer support.

- The foundry has been a single source for most products and has been EBIT positive for most years.
- CY23 revenue was about INR2.5b with high single digit EBITDA margin.
- The rationale for purchasing this asset is to get a critical foothold in the larger engines segment (180 ltr etc) in Industrial powertrain business, where there are only six large customers globally. With no new capacities coming in globally in developed regions given the adverse geopolitical situation, the management expects this acquisition to provide a strong base for exponential growth in the long run.

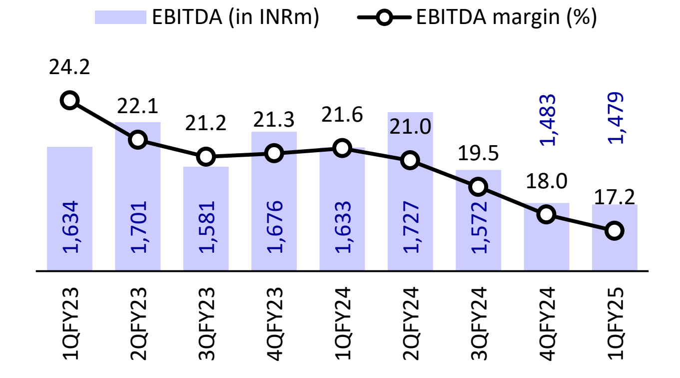
- **Update on proposed Sunbeam acquisition**-
  - This acquisition is still not complete. They have signed an MoU for the same and due diligence is nearly complete.
  - Revenue stands at about INR12b. This business is currently loss making largely due to duplication of costs as the erstwhile promoters targeted to move away production from their Gurgaon plant.
  - This business would give them entry into exports to the US, apart from complementary and mutually beneficial capabilities.
  - The management is very clear that the erstwhile management needs to resolve the worker conflict in Gurgaon themselves. They will also not take over any debt of the company.
  - The Gurgaon plant contributes to about 10-15% of Sunbeam's overall revenues but is critical for its exports. However, about 60% of this plant's output is already transferred to other locations.
  - As per the current MOU, they are in talks for acquiring all the machinery and business of Sunbeam, ex of the Gurgaon plant.
- **Greenfield projects**-
  - **Kothavadi Phase 1:** This plant will begin as a general engineering foundry initially with focus on supplying to its existing segment of wind energy. Focus would be on supplying gear box housing and planetary carriers within the industrial engineering segment. It expects to start Phase 1 trial production in 4QFY25 and ramp up from 2HFY26.
  - **Kothavadi Phase** 2 will involve production and supply of heavy engines for stationary application globally. They have already secured firm orders from this segment, which is expected to commence from 4QFY27, with tremendous growth potential in future years given the huge growth seen for data centers globally. However, given the high gestation period for suppliers and also the significant investments required for both suppliers and OEMs, it was necessary to start Phase I as a general foundry and then later focus on stationary engines with confirmed orders.
  - For the last 2-3 years, the management has been working on gaining business traction in the stationary engines segment. They are now confident of seeing a strong ramp-up in business from this segment starting 4QFY27 once the phase 2 Kothavadi plant ramps up operations. Hence, the powertrain segment will start seeing healthy growth from FY27 onward, irrespective of whether CV/tractor cycle is in favor or not. Another tailwind for this segment is that global OEMs are keen to scout for suitable quality suppliers in low-cost regions like India given the ongoing challenges in supply chain in Europe and the US.
  - The **Bhiwadi plant** is set to complete Phase 1 in 15 months, with trial production scheduled for 4Q. This phase will focus on producing structural Al parts for two-wheelers, including alloy wheels, and engine components. The initial casting method will be gravity die-casting, followed by Low Pressure Die Casting (LPDC) and High Pressure Die Casting (HPDC) as and when required.

Exhibit 1: SA revenue and revenue growth (%)



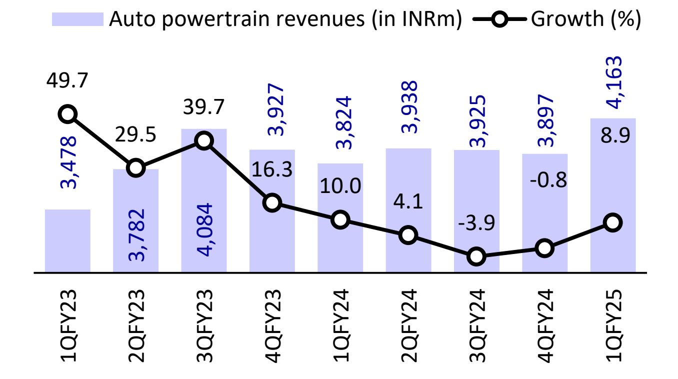
Source: Company, MOFSL

Exhibit 2: SA EBITDA and EBITDA margin (%)



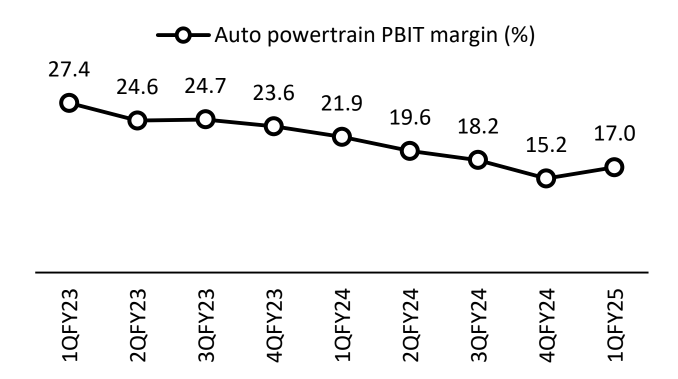
Source: Company, MOFSL

Exhibit 3: Auto powertrain revenue and growth (%)



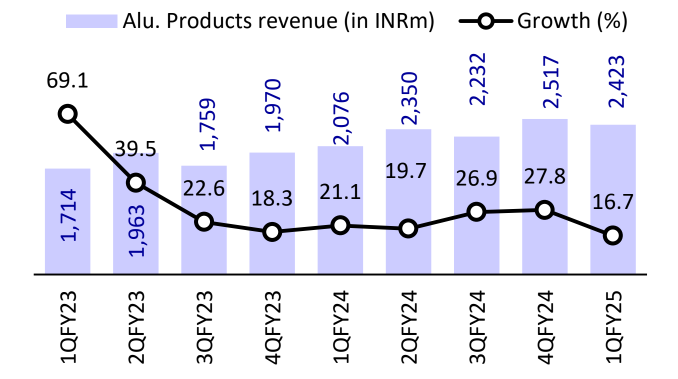
Source: Company, MOFSL

Exhibit 4: Auto powertrain PBIT margin (%)



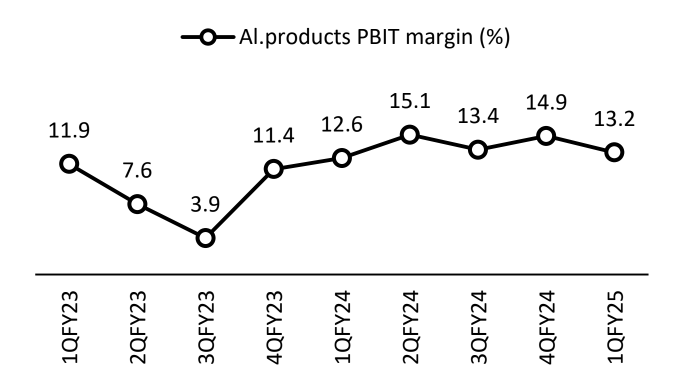
Source: Company, MOFSL

Exhibit 5: Aluminum products revenue and growth (%)



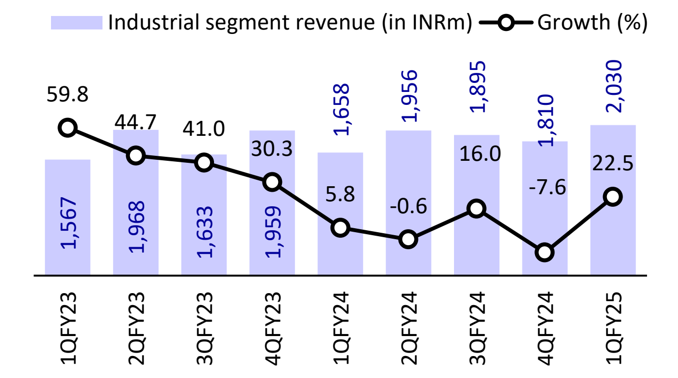
Source: Company, MOFSL

Exhibit 6: Aluminum products PBIT margin (%)



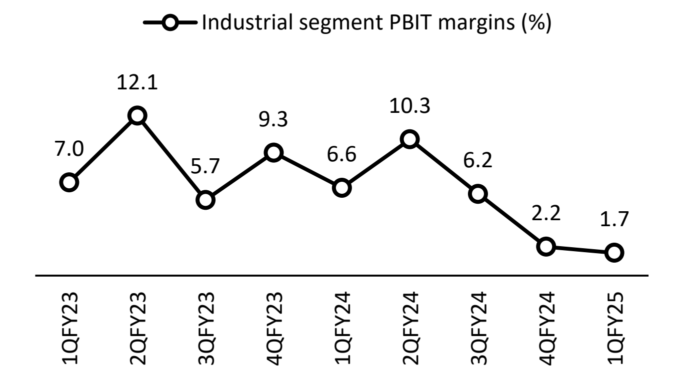
Source: Company, MOFSL

Exhibit 7: Industrial segment revenue and growth (%)



Source: Company, MOFSL

Exhibit 8: Industrial segment PBIT margin (%)



Source: Company, MOFSL

Valuation and view

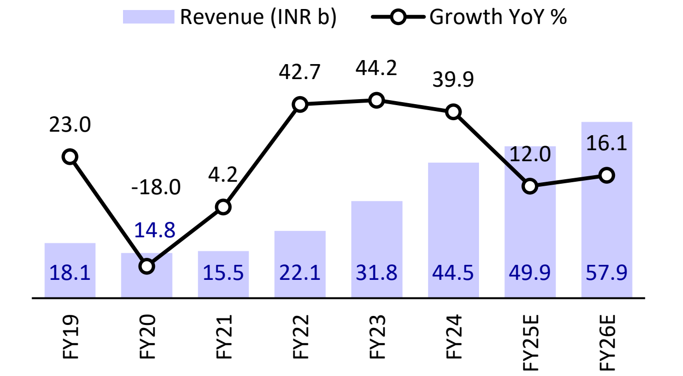
- **Engineering DNA drives new opportunities:** CRAFTSMAN has leveraged its engineering DNA to evolve into the largest independent machining player among the top three players in Storage Solutions, and a credible competitor in the Aluminum Die-casting business (within six years of starting the business). With the government's increasing focus on import substitution and emerging opportunities from global supply chain realignments, the company will be one of the key beneficiaries of these opportunities due to its strong capabilities in product design, process, and captive sourcing of fixtures and machines.
- **Well-diversified business drives linearity:** It has a well-diversified business model with a balanced exposure between Auto and non-Auto domains. Revenue is now well balanced, as there is not a single end-user industry constituting over 30% of revenue. Given the diversified mix, we expect CRAFTSMA's revenue and earnings to be immune from the cyclicality of segments such as CVs/tractors in the long run.
- **New acquisitions opening up new growth avenues**: Management expects the Alu business to grow 15%+ for FY25 on the back of strong order wins at both the standalone business as well as at DRAIPL, further increasing its salience of business from 2W/PVs. Improved capacity utilization and synergy benefits are now driving healthy margin expansion at DRAIPL. In 1Q, the company announced two new acquisitions: 1) Frongberg Guss GmbH, a high-tech foundry for industrial engine blocks. The size of the acquisition is modest, and it has been EBIT positive, even during Covid times; 2) It has signed a MoU with Sunbeam, which has a complementary Al castings business. These acquisitions are expected to create significant growth opportunities for the company in the long term.
- **Well placed to benefit from global outsourcing orders:** Despite an anticipated weakness in CVs and tractors, management expects the powertrain business to post high-single-digit growth on the back of its new order wins. Further, given strong traction from domestic and export customers, management expects its Alu segment to post healthy growth in FY25. It is also seeing strong traction in the Industrial Engg business for export of larger components. Overall, we expect Craftsman to post a CAGR of 14%/15%/31% in consolidated revenue / EBITDA / PAT over FY24-FY26, albeit back-ended, on the back of new order wins and improved margins.
- **Reiterate BUY**: To factor in the near-term slowdown in CVs and rising input cost pressure, we cut FY25E/FY26E EPS by ~20%/10%. FY25 is likely to be a moderate growth year when it is expected to get its capabilities on track. We expect the company to deliver a much stronger growth momentum from FY26 onward as its new facilities ramp up and acquisitions are integrated. **We reiterate our BUY rating on the stock with a TP of INR5,965 (valued at 25x Jun'26E EPS).**

Exhibit 9: Our revised forecasts

(INR b)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	49.9	50.7	-1.6	57.9	59.3	-2.4
EBITDA Margin (%)	**18.2**	**19.8**	**-160bp**	**20.0**	**20.5**	**-50bp**
PAT	3.4	4.2	-19.5	5.2	5.8	-10.8
EPS (INR)	142.2	176.6	**-19.5**	218.5	245.0	**-10.8**

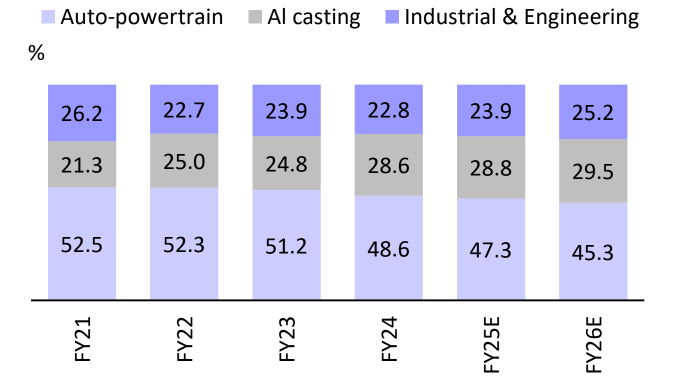
Key operating indicators

Exhibit 10: Consol. revenue to post ~14% CAGR over FY24-26E



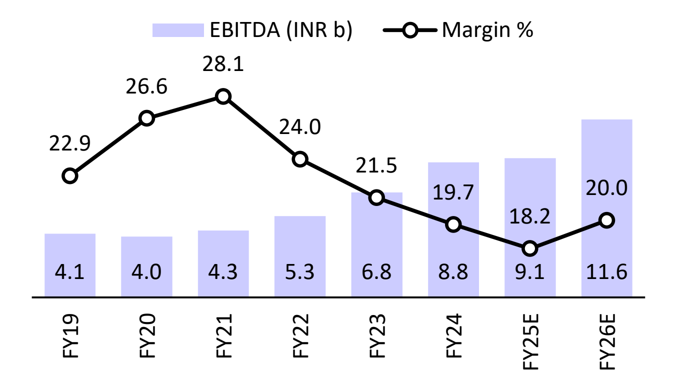
Source: Company, MOFSL

Exhibit 11: SA revenue mix trend across business divisions



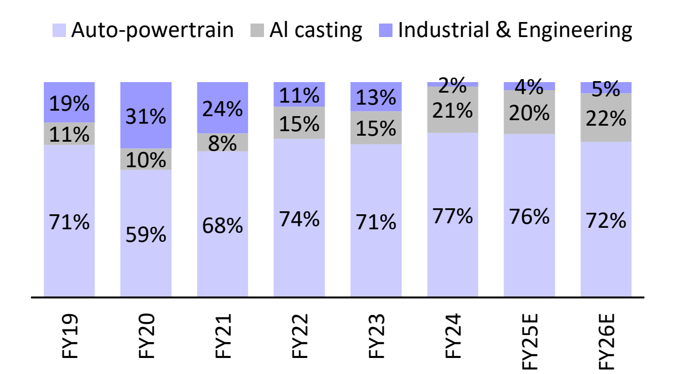
Source: Company, MOFSL

Exhibit 12: Consol EBITDA to see ~15% CAGR over FY24-26E



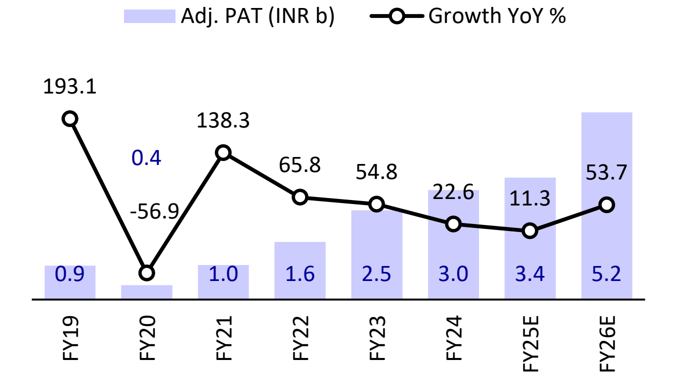
Source: Company, MOFSL

Exhibit 13: EBITDA mix trend across segments



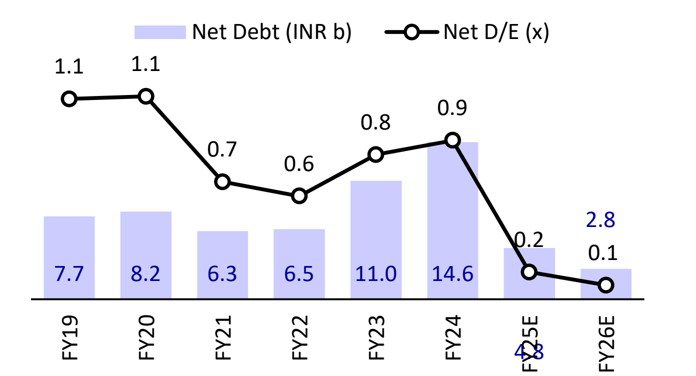
Source: Company, MOFSL

Exhibit 14: PAT to post 31% CAGR over FY24-26E



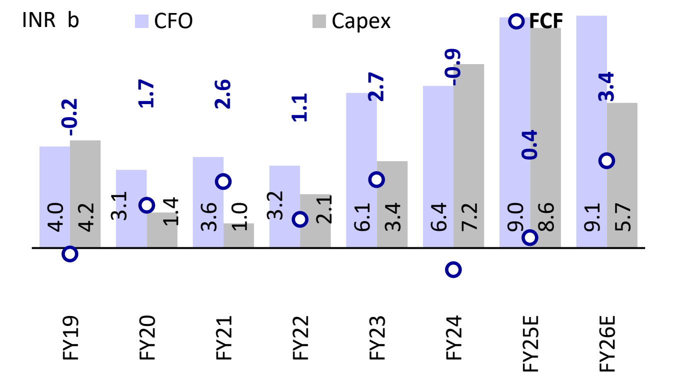
Source: Company, MOFSL

Exhibit 15: Debt likely to decline



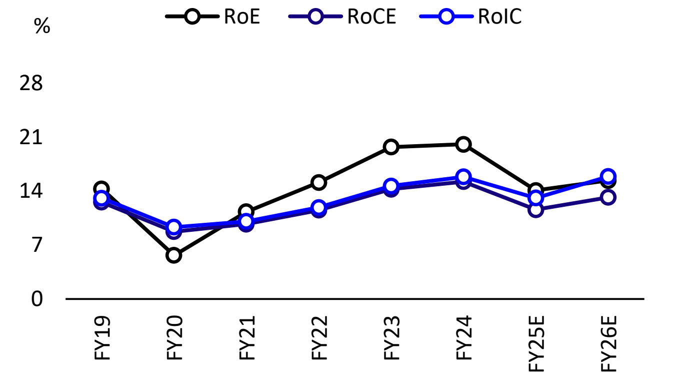
Source: Company, MOFSL

Exhibit 16: CFO to jump ~1.5x over FY24-26E…



Source: Company, MOFSL

Exhibit 17: …that should lead to improvement in return ratios



Source: Company, MOFSL

Financials and valuations

Income Statement (Consol)								(INR M)
Y/E March	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**
Net Revenues	**18,096**	**14,834**	**15,463**	**22,064**	**31,826**	**44,517**	**49,866**	**57,876**
Change (%)	23.0	-18.0	4.2	42.7	44.2	39.9	12.0	16.1
EBITDA	**4,145**	**3,951**	**4,340**	**5,293**	**6,836**	**8,789**	**9,060**	**11,579**
EBITDA Margin (%)	22.9	26.6	28.1	24.0	21.5	19.7	18.2	20.0
Change (%)	50.7	-4.7	9.9	22.0	29.2	28.6	3.1	27.8
Depreciation	1,583	1,963	1,924	2,060	2,216	2,777	3,176	3,683
EBIT	**2,562**	**1,988**	**2,416**	**3,233**	**4,620**	**6,012**	**5,883**	**7,896**
EBIT Margins (%)	14.2	13.4	15.6	14.7	14.5	13.5	11.8	13.6
Interest cost	1,309	1,486	1,073	842	1,202	1,745	1,458	1,135
Other Income	127	92	132	93	125	172	158	174
Non-recurring Expense	0	58	0	0	0	0	0	0
PBT	**1,380**	**536**	**1,476**	**2,484**	**3,543**	**4,439**	**4,584**	**6,935**
Eff. Tax Rate (%)	31.7	31.6	34.4	35.4	29.3	24.2	24.7	24.9
PAT	**942**	**367**	**968**	**1,605**	**2,505**	**3,365**	**3,451**	**5,211**
Minority Interest	-	-	-	-	20.9	320.1	61.2	0.0
Adj. PAT	**942**	**406**	**968**	**1,605**	**2,484**	**3,045**	**3,390**	**5,211**
Change (%)	193.1	-56.9	138.3	65.8	54.8	22.6	11.3	53.7

Balance Sheet (Consol)								(INR M)
Y/E March	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**
Sources of Funds								
Share Capital	101	101	106	106	106	106	119	119
Reserves	6,909	7,216	9,679	11,316	13,663	16,474	31,421	36,107
Net Worth	**7,010**	**7,317**	**9,785**	**11,422**	**13,769**	**16,580**	**31,541**	**36,227**
Minority interest	0	0	0	0	610	937	0	0
Deferred Tax	375	398	691	1,168	1,411	1,315	1,315	1,315
Loans	8,282	9,126	7,035	7,156	11,527	15,464	11,275	10,225
Capital Employed	**15,667**	**16,840**	**17,511**	**19,746**	**27,317**	**34,296**	**44,130**	**47,766**
Application of Funds								
Gross Fixed Assets	19,614	22,072	23,360	25,464	31,256	38,390	46,136	51,381
Less: Depreciation	4,708	6,615	8,255	10,026	11,917	14,622	16,921	20,168
Net Fixed Assets	**14,907**	**15,457**	**15,105**	**15,438**	**19,339**	**23,767**	**29,215**	**31,213**
Capital WIP	906	888	320	420	966	1,786	1,645	1,645
Investments	91	256	282	282	34	45	1,830	3,330
Goodwill					1,900	1,900	1,900	1,900
Curr. Assets, L & Adv.	**6,589**	**6,599**	**7,909**	**10,700**	**15,828**	**19,560**	**22,687**	**24,908**
Inventory	3,120	3,142	3,976	6,206	8,360	10,408	10,025	11,645
Sundry Debtors	2,109	1,937	2,355	2,942	5,353	5,766	6,510	7,552
Cash & Bank Balances	477	711	417	367	473	830	4,677	4,061
Loans & Advances	883	809	1,161	1,185	1,641	2,555	1,475	1,650
Current Liab. & Prov.	**6,825**	**6,360**	**6,105**	**7,094**	**10,750**	**12,762**	**13,146**	**15,230**
Sundry Creditors	3,307	2,833	3,523	4,654	7,116	8,006	9,663	11,229
Other Liabilities	3,464	3,501	2,544	2,393	3,566	4,643	3,352	3,853
Provisions	54	26	38	47	68	112	131	148
Net Current Assets	**-237**	**239**	**1,804**	**3,606**	**5,078**	**6,798**	**9,541**	**9,678**
Application of Funds	**15,667**	**16,840**	**17,511**	**19,746**	**27,317**	**34,296**	**44,130**	**47,766**

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Basic (INR)								
EPS	**46.8**	**20.2**	**45.8**	**76.0**	**117.6**	**144.2**	**142.2**	**218.5**
EPS Growth (%)	193.1	-56.9	127.0	65.8	54.8	22.6	-1.4	53.7
Cash EPS	125.5	115.8	136.9	173.5	223.5	290.8	277.9	372.9
Book Value per Share	348.4	363.7	463.3	540.8	651.9	785.0	1,322.6	1,519.1
DPS	0.0	0.0	0.0	3.8	11.3	11.3	18.0	22.0
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	4.9	9.6	7.8	12.7	10.1
FCF per share	-11.4	83.0	123.1	53.1	126.9	-40.4	17.1	143.4
Valuation (x)								
P/E	111.2	257.9	113.6	68.5	44.3	36.1	36.6	23.8
Cash P/E	41.5	44.9	38.0	30.0	23.3	17.9	18.7	14.0
EV/EBITDA	27.1	28.6	26.8	22.0	17.7	14.2	14.2	11.0
EV/Sales	6.2	7.6	7.5	5.3	3.8	2.8	2.6	2.2
Price to Book Value	14.9	14.3	11.2	9.6	8.0	6.6	3.9	3.4
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.2	0.2	0.3	0.4
Profitability Ratios (%)								
RoE	14.3	5.7	11.3	15.1	19.7	20.1	14.1	15.4
RoCE (post tax)	12.6	8.8	9.7	11.5	14.3	15.2	11.6	13.2
RoIC	13.1	9.3	10.1	11.9	14.7	15.9	13.1	15.9
Turnover Ratios								
Debtors (Days)	43	48	56	49	61	47	48	48
Inventory (Days)	63	77	94	103	96	85	73	73
Creditors (Days)	67	70	83	77	82	66	71	71
Working Capital (Days)	-5	6	43	60	58	56	70	61
Asset Turnover (x)	1.2	0.9	0.9	1.1	1.2	1.3	1.1	1.2
Fixed Asset Turnover	1.0	0.7	0.7	0.9	1.1	1.3	1.2	1.2
Leverage Ratio								
Net Debt/Equity (x)	1.1	1.1	0.6	0.6	0.8	0.9	0.2	0.1

Cash Flow Statement (INR Million)

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Profit before Tax	1,380	536	1,476	2,484	3,548	4,438	4,584	6,935
Depreciation & Amort.	1,583	1,962	1,924	2,060	2,216	2,777	3,176	3,683
Direct Taxes Paid	-249	-215	-226	-368	-726	-1,074	-1,133	-1,725
(Inc)/Dec in Working Capital	2	-433	-352	-1,519	105	-1,363	1,104	-754
Interest/Div. Received	-15	-27	-52	-39	-73	-172	-158	-174
Other Items	1,278	1,238	792	606	1,007	1,745	1,458	1,135
CF from Oper. Activity	**3,979**	**3,061**	**3,561**	**3,224**	**6,077**	**6,352**	**9,031**	**9,101**
(Inc)/Dec in FA+CWIP	-4,209	-1,390	-961	-2,103	-3,396	-7,205	-8,624	-5,681
Free Cash Flow	**-230**	**1,671**	**2,600**	**1,121**	**2,681**	**-854**	**407**	**3,420**
Interest/dividend received	15	13	12	14	65	172	158	174
(Pur)/Sale of Invest.	37	1	27	28	2	10	1,785	1,500
CF from Inv. Activity	**-4,157**	**-1,376**	**-922**	**-2,061**	**-7,075**	**-7,022**	**-6,681**	**-4,008**
Issue of Shares	0	0	1,456	-19	0	0	14	0
Inc/(Dec) in Debt	2,676	-771	-2,387	10	2,042	3,937	-4,190	-1,050
Interest Paid	-1,224	-1,377	-1,093	-769	-1,027	-1,745	-1,458	-1,135
Dividends Paid	-12	-61	0	0	-79	-238	-429	-525
Others	-1,412	929	-936	-423	0	0	0	0
CF from Fin. Activity	**28**	**-1,280**	**-2,960**	**-1,200**	**936**	**1,954**	**-6,063**	**-2,709**
Inc/(Dec) in Cash	**-150**	**405**	**-322**	**-37**	**-63**	**1,283**	**-3,713**	**2,384**
Add: Beginning Balance	330	181	585	263	227	164	1,447	-2,265
Closing Balance	**180**	**585**	**263**	**227**	**164**	**1,447**	**-2,265**	**118**

E: MOFSL Estimates

NOTES

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SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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