

# Craftsman Automation

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	CRAFTSMA IN
Equity Shares (m)	21
M.Cap.(INRb)/(USDb)	70 / 0.9
52-Week Range (INR)	3710 / 2024
1, 6, 12 Rel. Per (%)	4/-1/42
12M Avg Val (INR M)	176

## Consol. Financials & Valuations (INR b)

INR b	FY23	FY24E	FY25E
Sales	31.8	46.0	51.1
EBITDA	6.8	9.6	10.9
Adj. PAT	2.5	3.7	4.6
EPS (INR)	117.6	173.6	219.6
EPS Gr. (%)	54.8	47.6	26.5
BV/Sh. (INR)	652	811	1,013

## Ratios

RoE (%)	19.7	23.7	24.1
RoCE (%)	14.3	17.7	18.4
Payout (%)	9.6	8.1	8.2

## Valuations

P/E (x)	28.2	19.1	15.1
P/BV (x)	5.1	4.1	3.3
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	3.8	3.0	6.7

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	58.8	58.8	59.8
DII	16.6	15.8	14.8
FII	8.8	9.3	3.6
Others	15.9	16.1	21.9

FII Includes depository receipts

**CMP: INR3311 TP: INR3950 (+19%) Buy**

## Operationally in line; DRAIPL margin to improve in FY24E

### Order ramp up in Aluminum division and mix to drive growth in FY24E

- CRAFTSMAN's 4QFY23 operating performance was in line while transition to new tax regime boosted its adj. PAT to INR703m (v/s est. INR537m). We believe growth in the Aluminum division (ramp up for Stellantis and new orders from domestic SUVs) and Industrials (traction in construction activity and exports) should drive overall growth in FY24E/25E.
- We have slightly cut our FY24E EPS by 2% to account for higher interest costs while we retain our FY25E EPS. We reiterate our **BUY** rating on the stock with a TP of INR3,950 (premised on 18x Mar'25E consolidated EPS).

### PBIT margin for Aluminum division spiked 7.5pp QoQ

- CRAFTSMAN's standalone revenue/EBITDA/adj. PAT grew 20%/9%/37% YoY to INR7.85b/INR1.7b/INR703m (v/s est. INR7.9b/INR1.7b/INR537m) in 4QFY23. FY23 revenue/EBITDA/adj. PAT grew 35%/24.5%/48% YoY.
- Revenue growth of 20% was driven by 16%/18%/30% YoY growth in Auto powertrain/AI products/Industrials & storage segments. Gross margin contracted 50bp YoY/ (+70bp QoQ) to 50.2% (v/s est. 49.0%). This was offset by higher other expenses that led to an EBITDA margin of 21.3% (-220bp YoY/+10bp QoQ), v/s est. 21.5%. Adj. PAT grew 37% YoY to INR703m (v/s est. INR537m) aided by lower tax due to shift in tax regime.
- Revenues for Auto powertrain/AI products/Industrials & storage segments stood at INR3.9b/INR2b/INR1.6b (+16%/+18%/+30% YoY). PBIT margins for Auto powertrain/AI products/Industrials & storage were at 23.6%/11.4%/9.3% in 4QFY23 (v/s 25.5%/6.3%/13% in 4QFY22).
- **DR Axion's 4QFY23 performance (derived):** Revenue came in at INR1.9b (~20% of consolidated revenue). EBITDA was at INR209m with margin at 10.7%. EBIT margin came in at 7.3% during the quarter.
- CFO improved to INR6.1b (v/s INR3.2b in FY22). FCFF rose to INR2.7b (v/s INR1.1b in FY22) mainly led by improved operating performance. Capex for FY23 stood at INR3.4b (v/s INR2.1b in FY22).
- The Board declared a final dividend of INR11.25/share for FY23 (v/s INR3.75/share in FY22).

## Highlights from the management interaction

- **Management indicated 20% YoY growth on value additions for FY24E** (slightly higher for Aluminum and Industrials divisions) largely driven by growth in volumes for existing customers and new customers/product additions. While 1HFY24E growth will be driven by CV/PV, the other segments such as Farm Equipment and Construction will witness traction from 3QFY24E onwards.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **DR Axion India – Expect 10-15% YoY growth in FY24** driven by product mix and growth in customer base. EBITDA margin for 4QFY23 was marginally below 11% and is likely to be in the range of 14-15% in FY24. Capacity utilization as of Dec'22 was 80% of installed capacity. DRAIPL has incurred a capex of INR300-350m resulting in capacity expansion by 10%. It has further headroom to grow by 20-25%.
- **New business opportunities or ramp up** – Business in Aluminum division is likely to grow due to ramp up in order from Stellantis in 3Q. Further, the company is going through the validation phase for supply of a critical part for one of the domestic SUV that is likely to start from Jul'23.
- **Capex – Guidance for FY24 at INR3.2b** (v/s INR3.09b in FY23) largely towards refurbishment of old equipment and increasing semi-automation in material handling. Management indicated debt repayment of INR2.0b for FY24E.

#### Valuation and view

- CRAFTSMAN's track record of creating and gaining market leadership organically is uncommon in the auto component industry. This has enabled it to deliver a good balance of strong growth and superior capital efficiency. However, the same is yet to fully reflect in its valuations of 19.1x/15.1x FY24E/FY25E consolidated EPS.
- We estimate a consolidated revenue/EBITDA/PAT CAGR of 27%/27%/37% over FY23-25.
- We have slightly cut our FY24E EPS by 2% to account for higher interest costs while we retain our FY25E EPS. **We reiterate our BUY rating on the stock with a TP of INR3,950 (premised on 18x Mar'25E consolidated EPS).**

#### S/A Quarterly

	FY22				FY23				FY22	FY23	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Net operating income	4,317	5,688	5,516	6,544	6,758	7,713	7,476	7,855	22,064	29,802	7,915
Change (%)	170.8	55.1	13.7	22.3	56.6	35.6	35.5	20.0	42.7	35.1	21.0
Total Cost	3,258	4,261	4,247	5,006	5,124	6,012	5,895	6,180	16,771	23,210	6,214
(Inc)/Dec in Stock	15	-190	-136	-26	-70	-104	-216	86	-337	0	0
Raw Materials	1,915	2,816	2,663	3,251	3,302	4,054	3,994	3,825	10,645	14,871	0
Total RM costs	1,930	2,626	2,528	3,225	3,232	3,950	3,778	3,911	10,308	14,871	4,037
RM/Sales (%)	44.7	46.2	45.8	49.3	47.8	51.2	50.5	49.8	46.7	49.9	51.0
Staff Cost	399	473	530	459	565	573	574	558	1,861	2,270	576
Staff Cost (% of Sales)	9.2	8.3	9.6	7.0	8.4	7.4	7.7	7.1	8.4	7.6	7.3
Other Exp. (% of Sales)	21.5	20.4	21.6	20.2	19.6	19.3	20.6	21.8	20.9	20.4	20.2
<b>EBITDA</b>	<b>1,059</b>	<b>1,428</b>	<b>1,269</b>	<b>1,538</b>	<b>1,634</b>	<b>1,701</b>	<b>1,581</b>	<b>1,676</b>	<b>5,293</b>	<b>6,592</b>	<b>1,701</b>
EBITDA Margins (%)	24.5	25.1	23.0	23.5	24.2	22.1	21.2	21.3	24.0	22.1	21.5
Non-Operating Income	11	9	20	53	13	17	46	44	93	121	37
Interest	225	178	202	238	254	233	296	386	842	1169	361
Depreciation	494	500	521	545	532	547	538	533	2060	2150	549
<b>PBT after EO items</b>	<b>351</b>	<b>759</b>	<b>566</b>	<b>808</b>	<b>861</b>	<b>939</b>	<b>794</b>	<b>801</b>	<b>2,484</b>	<b>3,395</b>	<b>829</b>
Eff. Tax Rate (%)	34.9	34.9	35.0	36.4	35.5	35.4	35.4	12.2	35.4	30.0	35.2
<b>Rep. PAT</b>	<b>228</b>	<b>494</b>	<b>368</b>	<b>514</b>	<b>556</b>	<b>606</b>	<b>512</b>	<b>703</b>	<b>1,605</b>	<b>2,378</b>	<b>537</b>
<b>Adj. PAT</b>	<b>228</b>	<b>494</b>	<b>368</b>	<b>514</b>	<b>556</b>	<b>606</b>	<b>512</b>	<b>703</b>	<b>1,605</b>	<b>2,378</b>	<b>537</b>
Change (%)	-234.1	97.8	-12.3	9.8	143.3	22.7	39.1	36.9	65.8	48.2	4.4

E: MOFSL Estimates

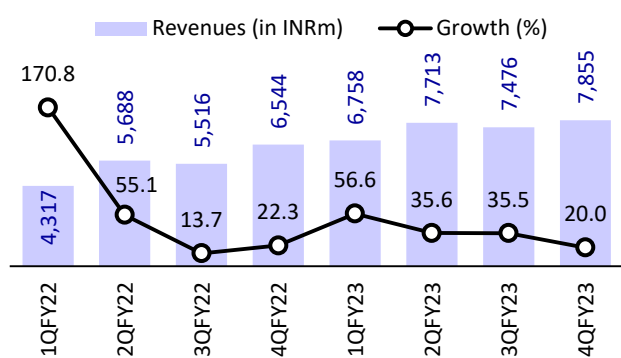
## Key Performance Indicators

Segment Revenues	FY22				FY23				FY22	FY23	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Auto Powertrain	2,323	2,921	2,924	3,376	3,478	3,782	4,084	3,927	11,544	15,271	4,192
Growth (%)	210.9	60.2	9.6	17.4	49.7	29.5	39.7	16.3	42.3	32.3	24.2
PBIT Margin (%)	26.9	29.4	23.6	25.5	27.4	24.6	24.7	23.6	26.3	25.0	
Contribution (%)	53.8	51.4	53.0	51.6	51.5	49.0	54.6	50.0	52.3	51.2	55.3
Aluminium Products	1,013	1,407	1,434	1,666	1,714	1,963	1,759	1,970	5,520	7,406	1,759
Growth (%)		526.8	73.4	50.5	69.1	39.5	22.6	18.3	67.4	34.2	22.6
PBIT Margin (%)	4.6	10.5	7.8	6.3	11.9	7.6	3.9	11.4	7.4	8.7	
Contribution (%)	23.5	24.7	26.0	25.5	25.4	25.5	23.5	25.1	25.0	24.8	23.2
Industrial	980	1,360	1,158	1,503	1,567	1,968	1,633	1,959	5,001	7,126	1,633
Growth (%)		118.6	13.9	39.6	59.8	44.7	41.0	30.3	23.4	42.5	41.0
PBIT Margin (%)	1.8	3.1	6.4	13.0	7.0	12.1	5.7	9.3	6.6	8.7	
Contribution (%)	22.7	23.9	21.0	23.0	23.2	25.5	21.8	24.9	22.7	23.9	21.5
<b>Total Product sales</b>	<b>4,317</b>	<b>5,688</b>	<b>5,516</b>	<b>6,544</b>	<b>6,758</b>	<b>7,713</b>	<b>7,476</b>	<b>7,855</b>	<b>22,064</b>	<b>29,802</b>	<b>7,584</b>

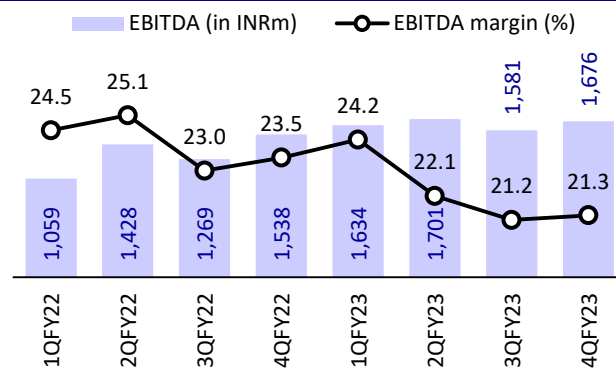
## Highlights from the management interaction



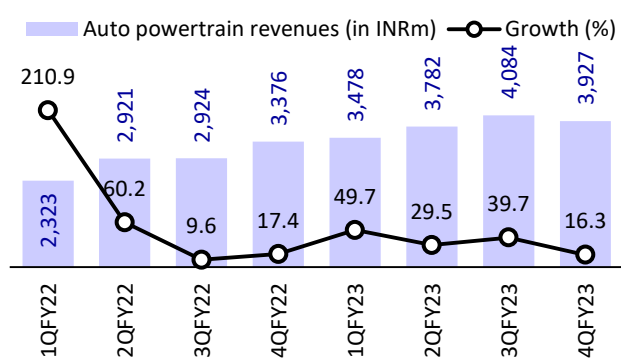
- **Management indicated 20% YoY growth on value additions for FY24E** (slightly higher for Aluminum and Industrials divisions) largely driven by growth in volumes for existing customers and new customers/product additions. While 1HFY24E growth will be driven by CV/PV, the other segments such as Farm Equipment and Construction will witness traction from 3QFY24E onwards.
- **DR Axion India – Expect 10-15% YoY growth in FY24** driven by product mix and growth in customer base. One of the customers is looking to setup a new plant in the western part for which if the company gets the order then growth will be higher. EBITDA margin for 4QFY23 was marginally below 11% and is likely to be in the range of 14-15% in FY24. Capacity utilization as of Dec'22 was 80% of installed capacity. DRAIPL has incurred a capex of INR300-350m resulting in capacity expansion by 10%. It has further headroom to grow by 20-25%.
- **Capex – Guidance for FY24 at INR3.2b** (v/s INR3.09b in FY23) largely towards refurbishment of old equipment and increasing semi-automation in material handling. While the net block is expected to increase by INR1b, growth on value addition would be over 20% resulting in improving ROCE.
- **New business opportunities or ramp up** – Business in Aluminum division is likely to grow due to ramp up in order from Stellantis in 3Q. Further, the company is going through the validation phase for supply of a critical part for one of the domestic SUV that is likely to start from Jul'23.
- **Cash conversion cycle has come down to 50 days from 60** for standalone business. However, at consolidated level, working capital cycle for FY24 is expected to increase as DRAIPL has raised RM inventory to 30 days (from 3-4 days earlier) considering the decline in aluminum prices.
- **The company reported ~27% YoY growth on value additions for 4QFY23 standalone business.** Value additions for Powertrain/Aluminum/Industrial divisions grew ~24%/37%/38% YoY to INR2.41b/0.79b/0.73b.
- **PBIT margin for Aluminum division has improved to 11.4% in 4QFY23** (v/s 6.3% in 4QFY22). This was largely driven by increase in value addition to net block at ~76% in 4QFY23 (v/s ~59% in 3QFY23 and average of ~42% for entire FY23). For Powertrain division, value addition to net block stood at 103% in FY23 (v/s 106% for FY22). At overall level, it stood at 93% in FY23 (v/s 78% in FY22).
- **D/E has increased to 0.72x as of FY23-end** (from ~0.63x). However, the debt is expected to come down by INR2b at consolidated level in FY24 resulting in finance cost to be in the range of INR1.5-1.6b for FY24.

**Exhibit 1: Revenue and revenue growth (%)**

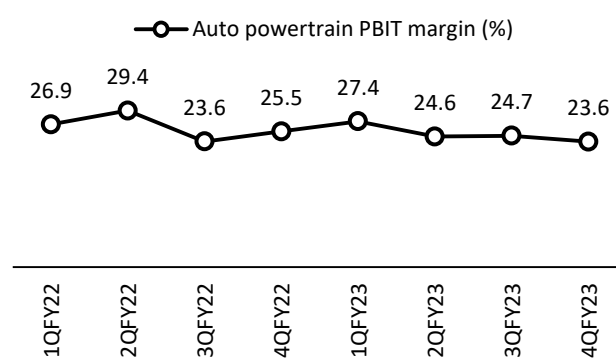
Source: Company, MOFSL

**Exhibit 2: EBITDA and EBITDA margins (%)**

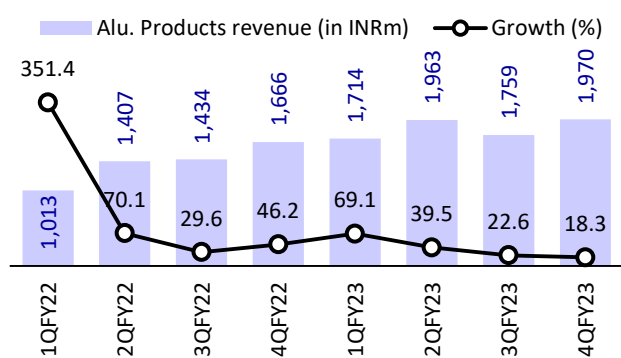
Source: Company, MOFSL

**Exhibit 3: Auto powertrain revenue and growth (%)**

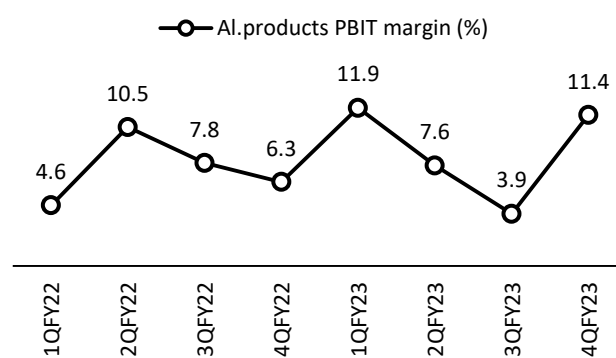
Source: Company, MOFSL

**Exhibit 4: Auto powertrain PBIT margin (%)**

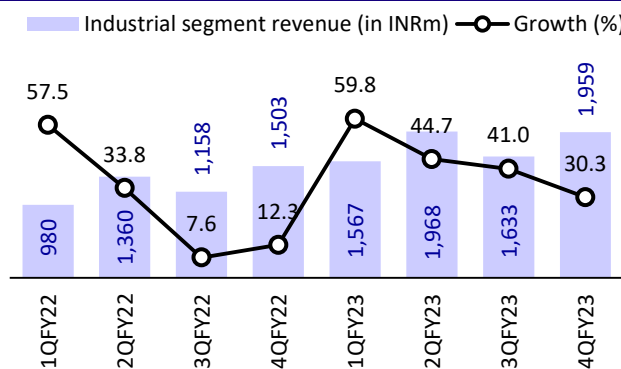
Source: Company, MOFSL

**Exhibit 5: Aluminum products revenue and growth (%)**

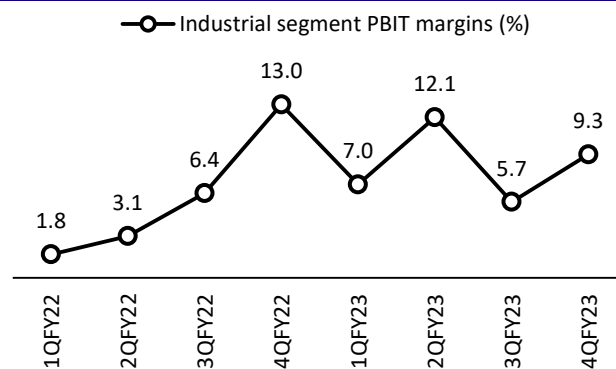
Source: Company, MOFSL

**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

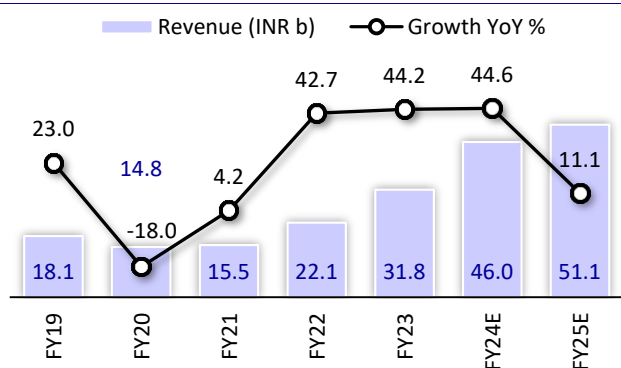
- **Engineering DNA drives new opportunities:** CRAFTSMAN has leveraged its engineering DNA to evolve into the largest independent machining player, among the top three players in Storage Solutions, and a credible competitor in the Aluminum Die-casting business (within six years of starting the business). 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 very well-diversified business model, with a balanced exposure between Auto and non-Auto domains. Revenue is now well-balanced, with not a single end-user industry constituting over 30% of revenue. The same should further reduce going forward. With a cyclical recovery in CVs and 2Ws, and visible drivers in other segments in the form of new order wins, we expect linearity in revenue and earnings over the next few years.
- **DRAIPL acquisition to help gain access to new OEMs and EV products:** DRAIPL's key client MM (40% of revenue) is anticipated to outperform the underlying industry, led by robust order backlog and its dominance in the growing SUV market. The merger is not only expected to be operationally beneficial, but also EPS accretive from the first year of the acquisition, and its full benefits are expected to reflect from FY24 onwards.
- **Strong earnings growth and superior capital efficiencies:** We expect a 27.0%/26.5%/37.0% CAGR in consolidated revenue/EBITDA/PAT over FY23-FY25, led by strong revenue traction, savings in input cost, and balance sheet deleveraging. This will translate into a 4.4pp improvement in RoE to 24.1% by FY25E. An improvement in FCF generation to INR9.4b over FY23-25E (from INR5.3b over FY20-22) should drive a further decline in net debt to INR7.7b by FY25E (v/s INR11b as on FY23).
- **Reiterate BUY:** We have slightly reduced our FY24E EPS by 2% to account for higher interest costs while we retain our FY25E EPS. CRAFTSMAN's track record of creating and gaining market leadership organically is uncommon in the auto component industry. This has enabled it to deliver a good balance of strong growth and superior capital efficiency. However, the same is yet to fully reflect in its valuations of 19.1x/15.1x FY24E/FY25E consolidated EPS. We estimate a consolidated revenue/EBITDA/PAT CAGR of 27%/27%/37% over FY23-25E. **We reiterate our BUY rating on the stock with a TP of INR3,950 (premised on 18x Mar'25E consolidated EPS).**

### Exhibit 9: Our revised forecasts

(INR b)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	46.0	45.6	0.9	51.1	50.4	1.4
EBITDA Margin (%)	20.8	20.9	-10bp	21.4	21.4	0bp
PAT	3.7	3.8	-2.4	4.6	4.6	0.6
EPS (INR)	173.6	177.8	-2.4	219.6	218.3	0.6

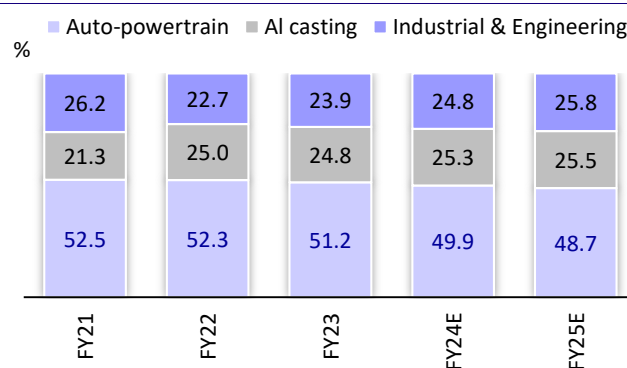
## Key operating indicators

**Exhibit 10: Consol. revenue to post ~27% CAGR over FY23-25E**



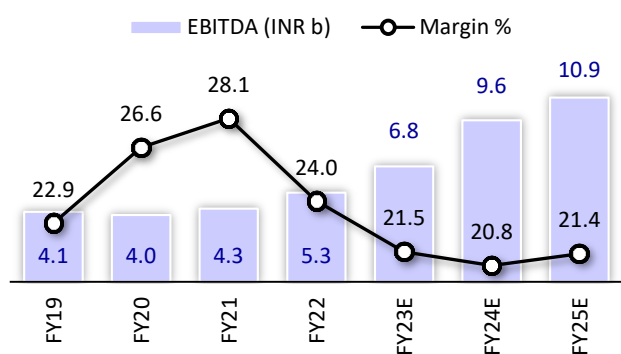
Source: Company, MOFSL

**Exhibit 11: SA revenue mix trend across business divisions**



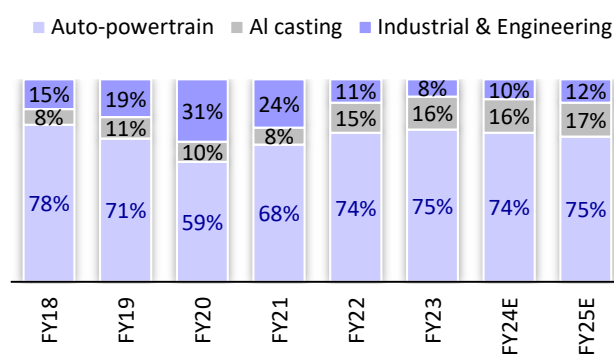
Source: Company, MOFSL

**Exhibit 12: Margin to post ~26.5% CAGR over FY23-25E**



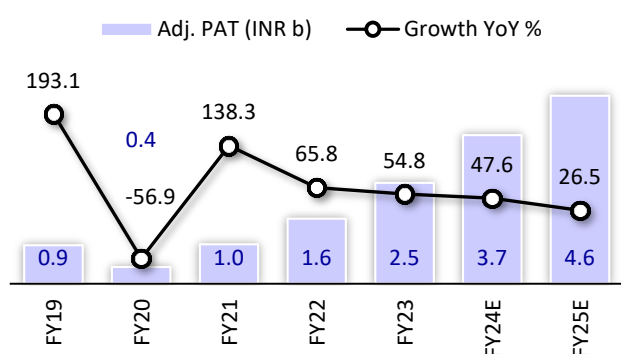
Source: Company, MOFSL

**Exhibit 13: EBITDA mix is expected to be stable**



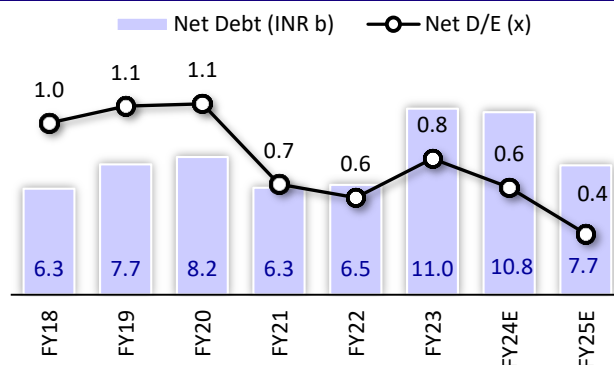
Source: Company, MOFSL

**Exhibit 14: PAT expected to post 37% CAGR over FY23-25**



Source: Company, MOFSL

**Exhibit 15: Debt likely to be reduced**



Source: Company, MOFSL

Exhibit 16: CFO to jump ~1.4x over FY23-25E...

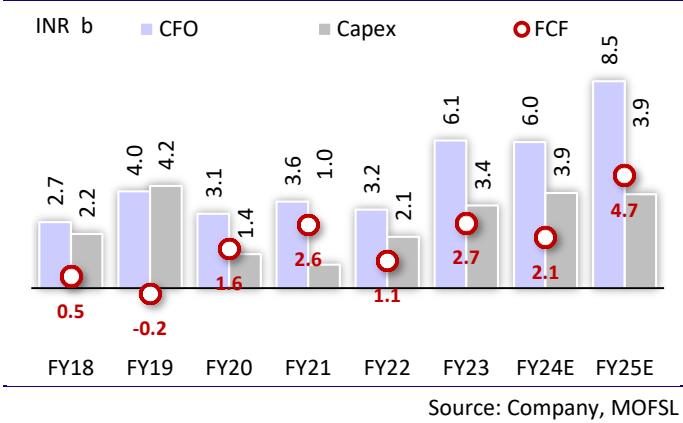
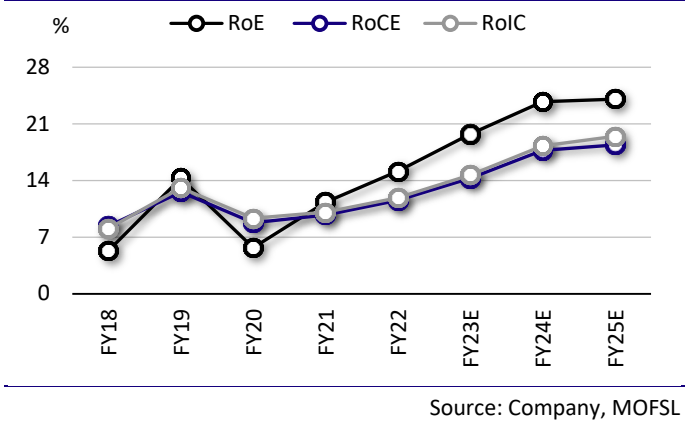


Exhibit 17: ...should result in improvement in return ratios





## Financials and valuations

Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Revenues</b>	<b>14,709</b>	<b>18,096</b>	<b>14,834</b>	<b>15,463</b>	<b>22,064</b>	<b>31,826</b>	<b>46,020</b>	<b>51,106</b>
Change (%)	34.6	23.0	-18.0	4.2	42.7	44.2	44.6	11.1
<b>EBITDA</b>	<b>2,750</b>	<b>4,145</b>	<b>3,951</b>	<b>4,340</b>	<b>5,293</b>	<b>6,836</b>	<b>9,574</b>	<b>10,933</b>
EBITDA Margin (%)	18.7	22.9	26.6	28.1	24.0	21.5	20.8	21.4
Change (%)	23.5	50.7	-4.7	9.9	22.0	29.2	40.1	14.2
Depreciation	1,361	1,583	1,963	1,924	2,060	2,216	2,796	3,092
<b>EBIT</b>	<b>1,390</b>	<b>2,562</b>	<b>1,988</b>	<b>2,416</b>	<b>3,233</b>	<b>4,620</b>	<b>6,779</b>	<b>7,842</b>
EBIT Margins (%)	9.4	14.2	13.4	15.6	14.7	14.5	14.7	15.3
Interest cost	1,091	1,309	1,486	1,073	842	1,202	1,751	1,537
Other Income	151	127	92	132	93	125	168	218
Non-recurring Expense	0	0	58	0	0	0	0	0
<b>PBT</b>	<b>450</b>	<b>1,380</b>	<b>536</b>	<b>1,476</b>	<b>2,484</b>	<b>3,543</b>	<b>5,195</b>	<b>6,523</b>
Tax	129	438	169	508	880	1,038	1,339	1,677
Effective Tax Rate (%)	28.6	31.7	31.6	34.4	35.4	29.3	25.8	25.7
<b>PAT</b>	<b>321</b>	<b>942</b>	<b>367</b>	<b>968</b>	<b>1,605</b>	<b>2,505</b>	<b>3,857</b>	<b>4,846</b>
Change (%)	-57.4	193.1	-61.1	164.0	65.8	56.1	54.0	25.7
% of Net Sales	2.2	5.2	2.5	6.3	7.3	7.9	8.4	9.5
Minority Interest	-	-	-	-	-	20.9	191.2	209.2
<b>Adj. PAT</b>	<b>321</b>	<b>942</b>	<b>406</b>	<b>968</b>	<b>1,605</b>	<b>2,484</b>	<b>3,665</b>	<b>4,637</b>
Change (%)	-57.4	193.1	-56.9	138.3	65.8	54.8	47.6	26.5

Balance Sheet							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sources of Funds								
Share Capital	101	101	101	106	106	106	106	106
Reserves	6,070	6,909	7,216	9,679	11,316	13,663	17,033	21,290
<b>Net Worth</b>	<b>6,170</b>	<b>7,010</b>	<b>7,317</b>	<b>9,785</b>	<b>11,422</b>	<b>13,769</b>	<b>17,139</b>	<b>21,396</b>
Minority interest	0	0	0	0	0	610	801	1,010
Deferred Tax	328	375	398	691	1,168	1,411	1,397	1,397
Loans	7,024	8,282	9,126	7,035	7,156	11,527	11,540	10,490
<b>Capital Employed</b>	<b>13,523</b>	<b>15,667</b>	<b>16,840</b>	<b>17,511</b>	<b>19,746</b>	<b>27,317</b>	<b>30,877</b>	<b>34,293</b>
Application of Funds								
Gross Fixed Assets	15,910	19,614	22,072	23,360	25,464	31,581	35,433	38,914
Less: Depreciation	3,316	4,708	6,615	8,255	10,026	12,243	14,972	17,679
<b>Net Fixed Assets</b>	<b>12,594</b>	<b>14,907</b>	<b>15,457</b>	<b>15,105</b>	<b>15,438</b>	<b>19,339</b>	<b>20,461</b>	<b>21,235</b>
Capital WIP	243	906	888	320	420	966	967	767
Investments	110	91	256	282	282	34	284	284
Goodwill						1,900	1,900	1,900
<b>Curr.Assets, L &amp; Adv.</b>	<b>6,683</b>	<b>6,589</b>	<b>6,599</b>	<b>7,909</b>	<b>10,700</b>	<b>15,828</b>	<b>18,378</b>	<b>22,461</b>
Inventory	2,907	3,120	3,142	3,976	6,206	8,360	10,084	11,237
Sundry Debtors	2,045	2,109	1,937	2,355	2,942	5,353	6,304	7,001
Cash & Bank Balances	642	477	711	417	367	473	442	2,552
Loans & Advances	1,090	883	809	1,161	1,185	1,641	1,547	1,671
<b>Current Liab. &amp; Prov.</b>	<b>6,107</b>	<b>6,825</b>	<b>6,360</b>	<b>6,105</b>	<b>7,094</b>	<b>10,750</b>	<b>11,113</b>	<b>12,355</b>
Sundry Creditors	3,626	3,307	2,833	3,523	4,654	7,116	7,721	8,608
Other Liabilities	2,437	3,464	3,501	2,544	2,393	3,566	3,281	3,624
Provisions	43	54	26	38	47	68	112	123
<b>Net Current Assets</b>	<b>576</b>	<b>-237</b>	<b>239</b>	<b>1,804</b>	<b>3,606</b>	<b>5,078</b>	<b>7,264</b>	<b>10,106</b>
<b>Application of Funds</b>	<b>13,523</b>	<b>15,667</b>	<b>16,840</b>	<b>17,511</b>	<b>19,746</b>	<b>27,317</b>	<b>30,877</b>	<b>34,293</b>

E: MOFSL Estimates



## Financials and valuations

Ratios								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
<b>EPS</b>	<b>16.0</b>	<b>46.8</b>	<b>20.2</b>	<b>45.8</b>	<b>76.0</b>	<b>117.6</b>	<b>173.6</b>	<b>219.6</b>
EPS Growth (%)	-75.6	193.1	-56.9	127.0	65.8	54.8	47.6	26.5
Cash EPS	83.6	125.5	115.8	136.9	173.5	223.5	315.0	375.8
Book Value per Share	306.7	348.4	363.7	463.3	540.8	651.9	811.5	1,013.0
DPS	0.0	0.0	0.0	0.0	3.8	11.3	14.0	18.0
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	4.9	9.6	8.1	8.2
FCF per share	23.8	-11.4	80.2	123.1	53.1	126.9	99.4	220.6
Valuation (x)								
P/E	207.4	70.7	164.1	72.3	43.6	28.2	19.1	15.1
Cash P/E	39.6	26.4	28.6	24.2	19.1	14.8	10.5	8.8
EV/EBITDA	26.5	17.9	18.9	17.6	14.4	11.8	8.4	7.1
EV/Sales	5.0	4.1	5.0	4.9	3.5	2.5	1.8	1.5
Price to Book Value	10.8	9.5	9.1	7.1	6.1	5.1	4.1	3.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.3	0.4	0.5
Profitability Ratios (%)								
RoE	5.3	14.3	5.7	11.3	15.1	19.7	23.7	24.1
RoCE (post tax)	8.4	12.6	8.8	9.7	11.5	14.3	17.7	18.4
RoIC	8.1	13.1	9.3	10.1	11.9	14.7	18.3	19.5
Turnover Ratios								
Debtors (Days)	51	43	48	56	49	61	50	50
Inventory (Days)	72	63	77	94	103	96	80	80
Creditors (Days)	90	67	70	83	77	82	61	61
Working Capital (Days)	14	-5	6	43	60	58	58	72
Asset Turnover (x)	1.1	1.2	0.9	0.9	1.1	1.2	1.5	1.5
Fixed Asset Turnover	1.0	1.0	0.7	0.7	0.9	1.1	1.4	1.4
Leverage Ratio								
Net Debt/Equity (x)	1.0	1.1	1.1	0.6	0.6	0.8	0.6	0.4

E: MOFSL Estimates

Cash Flow Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Profit before Tax	450	1,380	536	1,476	2,484	3,548	5,195	6,523
Depreciation & Amort.	1,361	1,583	1,962	1,924	2,060	2,216	2,796	3,092
Direct Taxes Paid	-146	-249	-215	-226	-368	-726	-1,339	-1,677
(Inc)/Dec in Working Capital	74	2	-433	-352	-1,519	105	-2,218	-732
Interest/Div. Received	-18	-15	-27	-52	-39	-73	-168	-218
Other Items	992	1,278	1,181	792	606	1,007	1,751	1,537
<b>CF from Oper. Activity</b>	<b>2,713</b>	<b>3,979</b>	<b>3,003</b>	<b>3,561</b>	<b>3,224</b>	<b>6,077</b>	<b>6,018</b>	<b>8,524</b>
Extra-ordinary Items	0	0	58	0	0	0	0	0
<b>CF after EO Items</b>	<b>2,713</b>	<b>3,979</b>	<b>3,061</b>	<b>3,561</b>	<b>3,224</b>	<b>6,077</b>	<b>6,018</b>	<b>8,524</b>
(Inc)/Dec in FA+CWIP	-2,233	-4,209	-1,390	-961	-2,103	-3,396	-3,918	-3,866
<b>Free Cash Flow</b>	<b>479</b>	<b>-230</b>	<b>1,613</b>	<b>2,600</b>	<b>1,121</b>	<b>2,681</b>	<b>2,100</b>	<b>4,658</b>
Interest/dividend received	18	15	13	12	14	65	168	218
(Pur)/Sale of Invest.	7	37	1	27	28	2	250	0
Others						-3,746		
<b>CF from Inv. Activity</b>	<b>-2,208</b>	<b>-4,157</b>	<b>-1,376</b>	<b>-922</b>	<b>-2,061</b>	<b>-7,075</b>	<b>-3,500</b>	<b>-3,647</b>
Issue of Shares	0	0	0	1,456	-19	0	0	0
Inc/(Dec) in Debt	211	2,676	-771	-2,387	10	2,042	13	-1,050
Interest Paid	-1,075	-1,224	-1,377	-1,093	-769	-1,027	-1,751	-1,537
Dividends Paid	-7	-12	-61	0	0	-79	-296	-380
Others	479	-1,412	929	-936	-423	0	0	0
<b>CF from Fin. Activity</b>	<b>-392</b>	<b>28</b>	<b>-1,280</b>	<b>-2,960</b>	<b>-1,200</b>	<b>936</b>	<b>-2,034</b>	<b>-2,967</b>
<b>Inc/(Dec) in Cash</b>	<b>113</b>	<b>-150</b>	<b>405</b>	<b>-322</b>	<b>-37</b>	<b>-63</b>	<b>484</b>	<b>1,909</b>
Add: Beginning Balance	217	330	181	585	263	227	164	648
<b>Closing Balance</b>	<b>330</b>	<b>180</b>	<b>585</b>	<b>263</b>	<b>227</b>	<b>164</b>	<b>648</b>	<b>2,557</b>

E: MOFSL Estimates

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SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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