

# Craftsman Automation

Estimate changes

TP change

Rating change



Bloomberg	CRAFTSMA IN
Equity Shares (m)	21
M.Cap.(INRb)/(USDb)	98.7 / 1.2
52-Week Range (INR)	5514 / 2699
1, 6, 12 Rel. Per (%)	-14/-11/22
12M Avg Val (INR M)	197

## Consol. Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	31.8	46.6	52.9
EBITDA	6.8	9.4	11.1
Adj. PAT	2.5	3.5	4.2
EPS (INR)	117.6	165.7	198.2
EPS Gr. (%)	54.8	40.9	19.6
BV/Sh. (INR)	652	804	984

## Ratios

RoE (%)	19.7	22.8	22.2
RoCE (%)	14.3	17.2	17.0
Payout (%)	9.6	8.4	9.1

## Valuations

P/E (x)	39.7	28.2	23.6
P/BV (x)	7.2	5.8	4.8
Div. Yield (%)	0.2	0.3	0.4
FCF Yield (%)	2.7	2.3	3.8

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	55.0	55.0	58.8
DII	17.2	17.3	15.8
FII	12.5	12.7	9.3
Others	15.3	15.7	16.1

FII Includes depository receipts

**CMP: INR4,674 TP: INR5,395 (+15%)**

**Buy**

## Weakness in underlying industries dents overall performance

### Weak FY25 outlook as growth in underlying industries to remain flat

- CRAFTSMA reported weak 3QFY24 results across the board as lower revenue at INR8.2b (vs. est. INR8.6b) impacted overall profitability. Moreover, the management remains cautious about the FY25 growth outlook as most of the underlying industries are expected to witness flat growth YoY.
- To factor in weak growth, we cut FY24E/25E EPS by 11%/15%. While the near-term industry outlook remains weak, we expect the company to continue to outperform the underlying industry, led by superior capabilities, the addition of new capacities, and expected benefits of import substitution. Reiterate our **BUY** rating on the stock with a TP of INR5,395 (premised on 22x Dec'25E consolidated EPS).

### Revenue for powertrain segment declined 4% YoY

- Consol. revenues grew 51%/39%/42% YoY to INR11.3b/INR2.2b/INR0.7b in 3QFY24 (vs. est. INR12.1b/INR2.5b/INR1b). The quarter included financials of DR Axion (DRAIPL), which were not part of 3QFY23.
- In 9MFY24, revenue/EBITDA/adj. PAT grew 52%/37%/44% YoY.
- Gross margin declined 280bp YoY to 46.8% (vs. est. 46.6%). Due to higher operating expenses, EBITDA margin declined 160bp YoY (down 70bp QoQ) to 19.5% (vs. est. 20.7%).
- Adj. PAT missed our estimate due to lower other income at INR35m (vs. est. INR50m) and a high tax rate at 27.6% (vs. est. 26.5%).
- **Segmental performance:** Revenue for AI products/Industrial grew 27%/16% YoY, but auto powertrain revenue (~35% contribution) declined 4% YoY. PBIT margin improved 950bp/50bp YoY to 13.4%/6.2% for AI products/industrial, while it declined for auto powertrain by 660bp YoY to 18.2%. Value add for the segments stood at INR2.37b/0.97b/0.73b respectively.
- **DR Axion- 3QFY24 performance (derived)-** Revenue came in at INR3.2b (~38% of consol. revenue; vs. est. INR3.5b). EBITDA stood at INR650m (~30% of consol. EBITDA; vs. est. 631m), with margin at 20% (vs. est. 18.1%).
- Current net D/E stands at 0.86x and debt/EBITDA at 1.6x.

### Highlights from the management interaction

- **Powertrain-** The management has guided for high single-digit growth in FY25 as end-user industries are likely to witness flat growth. However, it should see healthy double-digit growth in FY26.
- **Aluminum Casting-** Expects the division (including DR Axion) to grow by high teens in FY25. With the new facility coming up, FY26 growth should be over 20%.

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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.

- **Industrials-** Expects the storage segment to grow by ~15% in FY25 on a low base. The storage division's turnover stood at INR2.61b (vs. INR2.71b) due to lower investments in the warehouse industry. It is expected to recover in FY26. The company is now looking for backward integration by doing castings of more critical parts of windmill gearbox housing. The company is at an advanced stage of negotiations and should get LoA in the next few months with a sizable order.
- **Setting up new plants for increasing capacity and adding new products**
  - **Kothavadi-** This is a 50-acre campus and it will house all three segments. The size of the foundry is ~2k ton. Construction activity is in line with the timeline and the company is looking to fast track the start-up production process, which was earlier expected in 24-36 months.
  - **NCR-** Making a composite unit in the vicinity of the National Capital Region (NCR) for major customers in the auto sector and for the storage solutions segment. The company has already progressed with two clients and is under discussions with two more.

### Valuation & view

- While the near-term demand outlook seems to be muted, we believe the company will continue to outperform the underlying industries. Its track record of creating and gaining market leadership organically is uncommon in the auto component industry. This has enabled the company to deliver a good balance of strong growth and superior capital efficiency.
- We estimate a CAGR of 25%/24%/30% in consolidated revenue/EBITDA/PAT over FY23-26. We reiterate our **BUY** rating on the stock with a TP of INR5,395 (premised on 22x Dec'25E consolidated EPS).

### Quarterly (Consol)

	(INR Million)										
	FY23				FY24E				FY23	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
<b>Net operating income</b>	<b>6,758</b>	<b>7,713</b>	<b>7,490</b>	<b>9,804</b>	<b>10,376</b>	<b>11,791</b>	<b>11,297</b>	<b>13,087</b>	<b>31,826</b>	<b>46,551</b>	<b>12,103</b>
Change (%)	56.6	35.6	35.8	49.8	53.5	52.9	50.8	33.5	44.2	46.3	61.6
RM/Sales (%)	47.8	51.2	50.4	54.3	52.5	53.2	53.2	53.6	51.2	53.2	53.4
Staff Cost (% of Sales)	8.4	7.4	7.8	6.2	6.5	6.1	6.8	6.0	7.3	6.3	6.0
Other Exp. (% of Sales)	19.6	19.3	20.6	20.3	20.4	20.6	20.6	19.9	20.0	20.3	19.9
<b>EBITDA</b>	<b>1,634</b>	<b>1,701</b>	<b>1,583</b>	<b>1,884</b>	<b>2,142</b>	<b>2,375</b>	<b>2,202</b>	<b>2,687</b>	<b>6,836</b>	<b>9,406</b>	<b>2,509</b>
EBITDA Margins (%)	24.2	22.1	21.1	19.2	20.6	20.1	19.5	20.5	21.5	20.2	20.7
Non-Operating Income	13	17	46	49	37	47	35	62	125	181	50
Interest	254	233	296	419	424	416	442	489	1202	1771	430
Depreciation	532	547	538	599	683	668	703	683	2216	2737	680
Minority Int/Share of Profit	0	0	-2	-1	62	97	82	104	21	358	88
<b>PBT after EO items</b>	<b>861</b>	<b>939</b>	<b>797</b>	<b>916</b>	<b>1,011</b>	<b>1,241</b>	<b>1,010</b>	<b>1,473</b>	<b>3,522</b>	<b>4,722</b>	<b>1,361</b>
Eff. Tax Rate (%)	35.5	35.4	35.3	12.4	26.3	23.8	27.6	25.9	29.5	25.9	26.5
<b>Rep. PAT</b>	<b>556</b>	<b>606</b>	<b>516</b>	<b>802</b>	<b>745</b>	<b>945</b>	<b>731</b>	<b>1,092</b>	<b>2,484</b>	<b>3,500</b>	<b>1,001</b>
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	36.1	54.8	40.9	94.0
<b>Adj. PAT</b>	<b>556</b>	<b>606</b>	<b>516</b>	<b>802</b>	<b>745</b>	<b>945</b>	<b>731</b>	<b>1,092</b>	<b>2,484</b>	<b>3,500</b>	<b>1,001</b>
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	36.1	54.8	40.9	94.0

E: MOFSL Estimates

## Key Performance Indicators

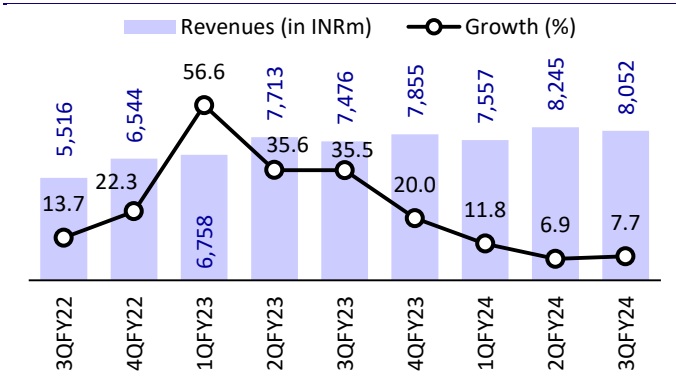
Segment Revenues	FY23				FY24E				FY23	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Auto Powertrain	3,478	3,782	4,084	3,927	3,824	3,938	3,925	4,515	15,271	16,201	4,095
Growth (%)	49.7	29.5	39.7	16.3	10.0	4.1	-3.9	15.0	32.3	6.1	0.3
Contribution(%)	51.5	49.0	54.6	40.1	36.9	33.4	34.7	34.5	51.2	48.6	47.5
PBIT Margin (%)	27.4	24.6	24.7	23.6	21.9	19.6	18.2	0.0	25.0	18.7	0.0
Aluminium Products	1,714	1,963	1,759	1,970	2,076	2,350	2,232	2,494	7,406	9,152	2,468
Growth (%)	69.1	39.5	22.6	18.3	21.1	19.7	26.9	26.6	34.2	23.6	40.3
Contribution(%)	25.4	25.5	23.5	20.1	20.0	19.9	19.8	19.1	24.8	27.5	28.6
PBIT Margin (%)	11.9	7.6	3.9	11.4	12.6	15.1	13.4	0.0	8.7	4.5	0.0
Industrial	1,567	1,968	1,633	1,959	1,658	1,956	1,895	2,458	7,126	7,968	2,064
Growth (%)	59.8	44.7	41.0	30.3	5.8	-0.6	16.0	25.5	42.5	11.8	26.4
Contribution(%)	23.2	25.5	21.8	20.0	16.0	16.6	16.8	18.8	23.9	23.9	23.9
PBIT Margin (%)	7.0	12.1	5.7	9.3	6.6	10.3	6.2	0.0	8.7	4.1	0.0
DR Axion	0	0	0	1,949	2,819	3,546	3,245	3,620	2,024	13,231	3475
Contribution (%)	0.0	0.0	0.0	19.9	27.2	30.1	28.7	37.1	29.6	36.9	35.7
EBIT Margin (%)	0.0	0.0	0.0	7.3	14.4	15.4	16.5	16.9	8.8	15.9	15.1
<b>Total Product sales</b>	<b>6,758</b>	<b>7,713</b>	<b>7,476</b>	<b>9,804</b>	<b>10,376</b>	<b>11,791</b>	<b>11,297</b>	<b>13,087</b>	<b>29,802</b>	<b>33,320</b>	<b>8,628</b>

## Highlights from the management interaction

- **Powertrain-** Expects high single-digit growth in FY25 as end-user industries are likely to witness flat growth. However, it should see healthy double-digit growth in FY26.
  - There was a marginal increase in demand; however, overall it was a weak quarter. The weakness in the market was due to the election year, and hence there can be some reduction in volumes, especially in the construction side and flat performance in CVs next year.
  - TREM-V norms in the construction industry were supposed to come in Apr'23; however, the government has deferred the timeline because of a huge cost impact, especially on the farm sector. The company has already invested in these lines and some of the products are totally new.
  - It has increased its capacity by 10% and has also refurbished old equipment, which are more than 15 years old. About 70% of refurbishment has been done so far and the balance will be done over the next two quarters.
  - The company won new orders for cylinder blocks from an SUV manufacturer who was importing from Italy. It has already started supplying from last month. The segment is going to benefit from the focus of large MNC players in India.
- **Aluminum Casting-** Expects the division (including DR Axion) to grow by high teens in FY25. With the new facility coming up, FY26 growth should be over 20%. Peak revenue from the new plant stood at INR3b.
  - Healthy growth was led by 2Ws, while the PV segment has not picked up materially during the quarter.
  - Expects EBITDA margin to sustain in the range of 16-18%.
  - The company is looking at the global scale of operations in aluminum. The size of top 10 players is between USD1b to USD4b, and the company aspires to scale up its operations to at least USD500m over the next 2-3 years.
- **Industrials-** Expects the storage segment to grow by ~15% in FY25 on a lower base.

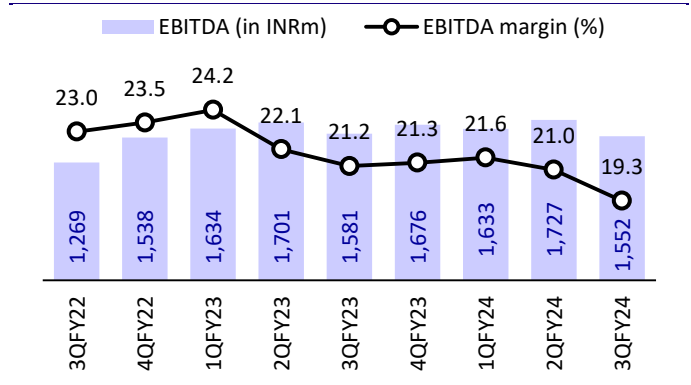
- The storage division’s turnover stood at INR2.61b (vs. INR2.71b) due to low investments in the warehouse industry. It is expected to recover in FY26.
- The company is now looking for backward integration by doing castings of more critical parts of windmill gearbox housing. It is at an advanced stage of negotiations and should get LoA in the next few months with a sizable order.
- **Financials**
- EBITDA for Powertrain/aluminum/industrial categories stood at INR3.33b/ INR1.27b/INR0.68b. Value add for the segments stood at INR2.37b/INR0.97b/INR0.73b, respectively.
- The company believes the current D/E of 0.86x and debt/EBITDA of 1.6x are at comfortable levels.
- Incurred capex of INR3.95b as of Dec’23 to address new opportunities expected to come in the near future. Looking at capex of INR5b in FY24. FY25 capex will depend on the operations of its plant in the north region.
- **Details about the two new plants-**
- **Kothavadi-** This is a 50-acre campus and it will house all three segments. The size of the foundry is ~2k ton. Construction activity is in line with the timeline and the company is looking to fast track the start-up production process, which was earlier expected in 24-36 months.
- **NCR-** Making a composite unit in the vicinity of NCR for major customers in the auto sector and for the storage solutions segment. The company has already progressed with two clients and is under discussions with two more. The company already has one bid in the auction in the Rajasthan industrial land where it has got the allocation.

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



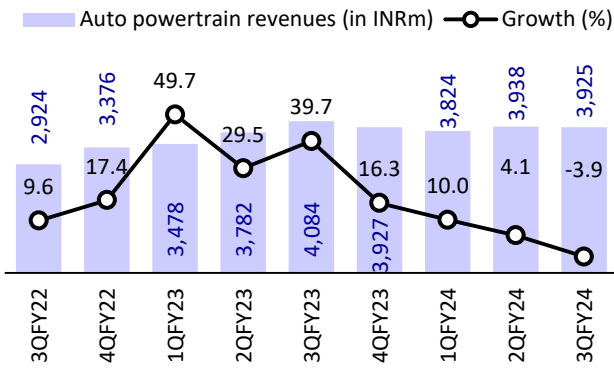
Source: Company, MOFSL

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



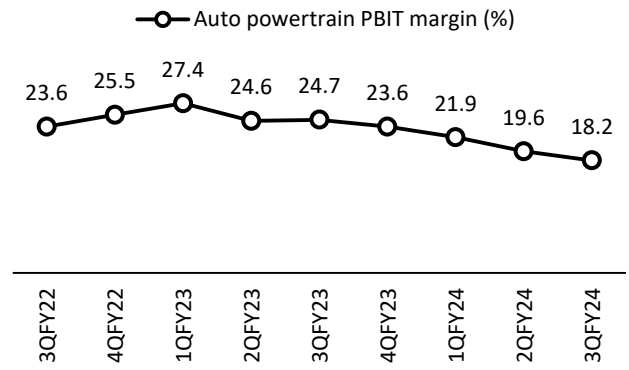
Source: Company, MOFSL

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



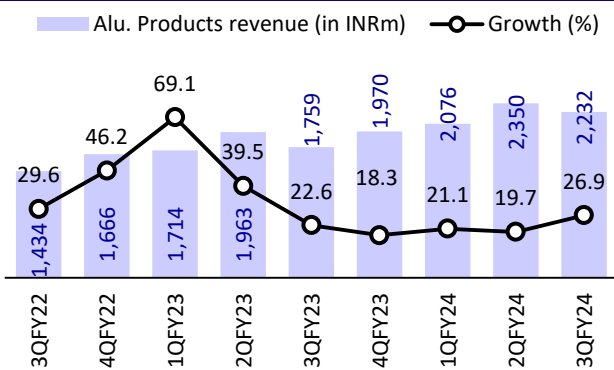
Source: Company, MOFSL

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



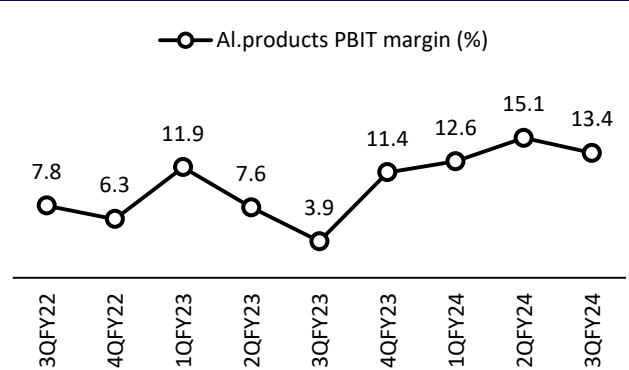
Source: Company, MOFSL

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



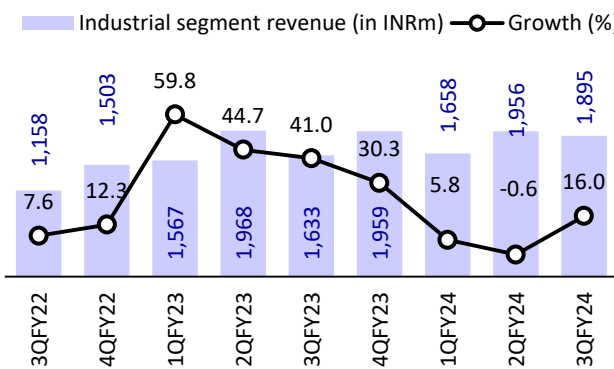
Source: Company, MOFSL

**Exhibit 6: Aluminum products PBIT margin (%)**



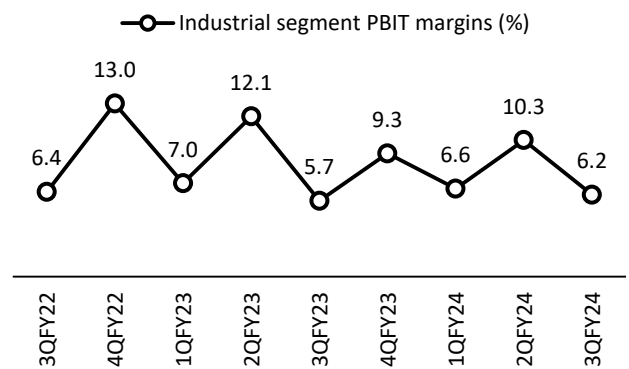
Source: Company, MOFSL

**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 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 ( it should further decline 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.

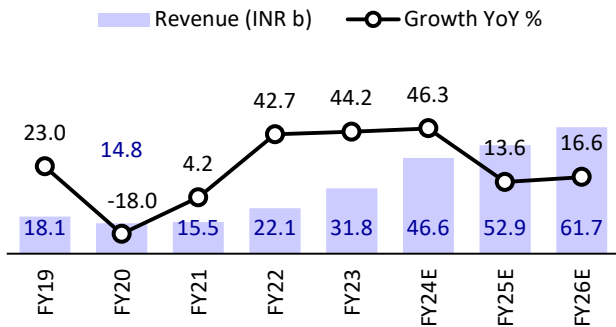
- **DRAIPL acquisition to help gain access to new OEMs and EV products:** DRAIPL's key client MM (40% of revenue) is anticipated to outperform the underlying industry, led by a robust order backlog and its dominance in the growing SUV market. The merger is expected to be operationally beneficial and EPS-accretive from the first year of the acquisition, and its full benefits are expected to reflect in FY24.
- **Strong earnings growth and superior capital efficiencies:** We expect a CAGR of 25%/24%/30% in consolidated revenue/EBITDA/PAT over FY23-FY26, led by strong revenue traction, savings in input costs, and balance sheet deleveraging. This will translate into a 6pp improvement in RoE to 23.7% by FY26E. An improvement in FCF generation to INR13.4b over FY23-25E (from INR6.4b over FY21-23) should reduce net debt to INR4.4b by FY26E (vs. INR11b as on FY23).
- **Reiterate BUY:** To factor in the weakness in underlying industries in FY25E and its impact on profitability thereof, we reduce our FY24E/25E EPS by 11%/15%. 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. We estimate a CAGR of 25%/24%/30% in consolidated revenue/EBITDA/PAT over FY23-26. However, the growth potential is yet to fully reflect in its valuations of 28x/24x FY24E/FY25E consolidated EPS. **We reiterate our BUY rating on the stock with a TP of INR5,395 (premised on 22x Dec'25E consolidated EPS).**

#### Exhibit 9: Revised estimates

(INR b)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	46.6	47.5	-2.1	52.9	54.7	-3.3
<b>EBITDA Margin (%)</b>	<b>20.2</b>	<b>20.8</b>	<b>-60bp</b>	<b>20.9</b>	<b>21.7</b>	<b>-80bp</b>
PAT	3.5	3.9	-11.3	4.2	4.9	-14.7
<b>EPS (INR)</b>	<b>165.7</b>	<b>186.8</b>	<b>-11.3</b>	<b>198.2</b>	<b>232.4</b>	<b>-14.7</b>

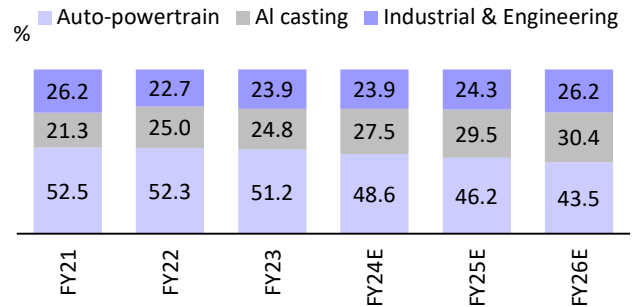
## Key operating indicators

**Exhibit 10: Consol. revenue to post ~25% CAGR over FY23-26**



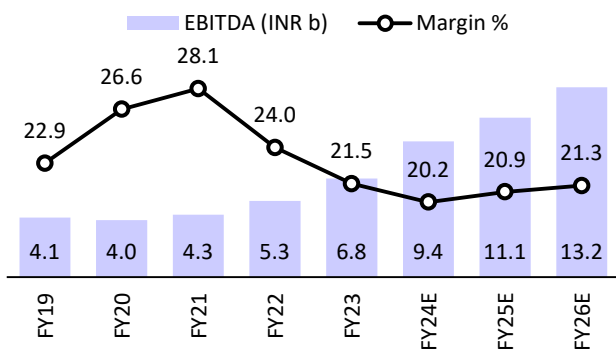
Source: Company, MOFSL

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



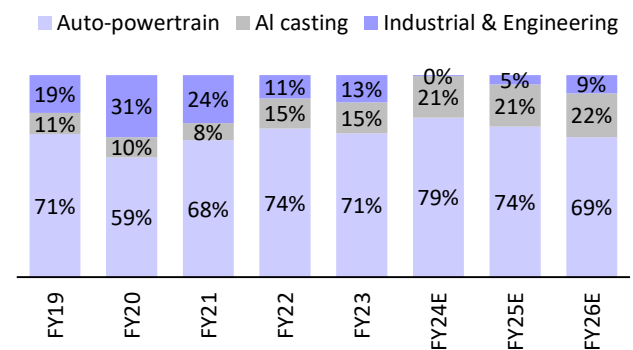
Source: Company, MOFSL

**Exhibit 12: Cons EBITDA to see ~24% CAGR over FY23-26E**



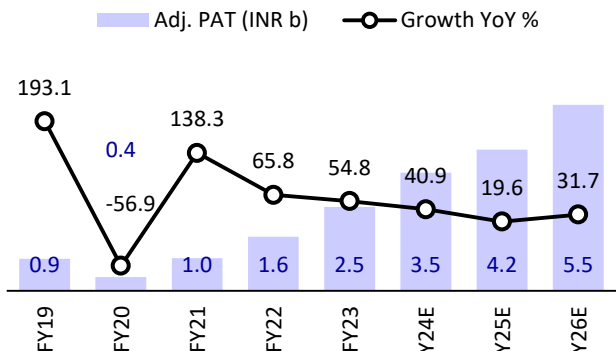
Source: Company, MOFSL

**Exhibit 13: EBITDA mix trend across segments**



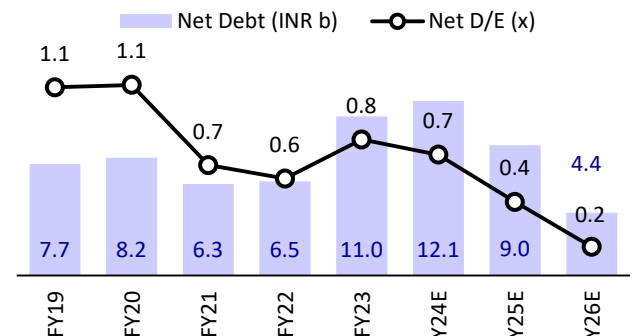
Source: Company, MOFSL

**Exhibit 14: PAT expected to post 30% CAGR over FY23-26**



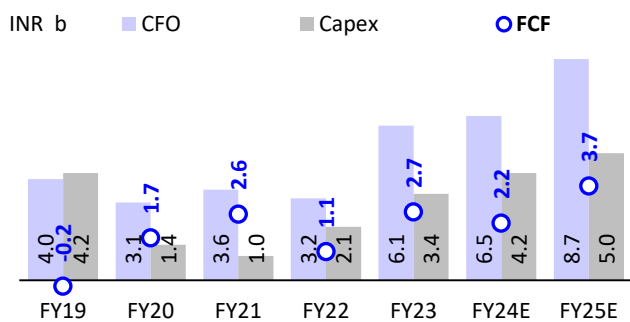
Source: Company, MOFSL

**Exhibit 15: Debt likely to decline**



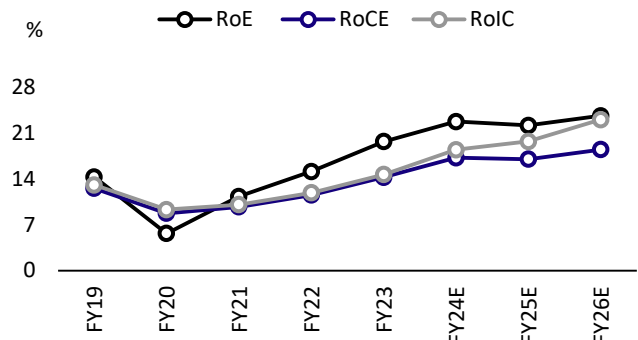
Source: Company, MOFSL

**Exhibit 16: CFO/FCF to jump ~1.6x/2.8x over FY23-26E...**



Source: Company, MOFSL

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



Source: Company, MOFSL

## Financials and valuations

Income Statement (Consol)							(INR Million)		
Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<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>46,551</b>	<b>52,891</b>	<b>61,680</b>
Change (%)	34.6	23.0	-18.0	4.2	42.7	44.2	46.3	13.6	16.6
<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>9,406</b>	<b>11,063</b>	<b>13,166</b>
EBITDA Margin (%)	18.7	22.9	26.6	28.1	24.0	21.5	20.2	20.9	21.3
Change (%)	23.5	50.7	-4.7	9.9	22.0	29.2	37.6	17.6	19.0
Depreciation	1,361	1,583	1,963	1,924	2,060	2,216	2,737	3,098	3,370
<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>6,670</b>	<b>7,965</b>	<b>9,797</b>
EBIT Margins (%)	9.4	14.2	13.4	15.6	14.7	14.5	14.3	15.1	15.9
Interest cost	1,091	1,309	1,486	1,073	842	1,202	1,771	2,014	2,008
Other Income	151	127	92	132	93	125	181	150	207
Non-recurring Expense	0	0	58	0	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>5,080</b>	<b>6,101</b>	<b>7,995</b>
Eff.Tax Rate (%)	28.6	31.7	31.6	34.4	35.4	29.3	24.1	24.6	24.7
<b>PAT</b>	<b>321</b>	<b>942</b>	<b>367</b>	<b>968</b>	<b>1,605</b>	<b>2,505</b>	<b>3,858</b>	<b>4,598</b>	<b>6,022</b>
Minority Interest	-	-	-	-	-	20.9	358.3	412.5	509.6
<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>3,500</b>	<b>4,185</b>	<b>5,513</b>
Change (%)	-57.4	193.1	-56.9	138.3	65.8	54.8	40.9	19.6	31.7

Balance Sheet (Consol)							(INR Million)		
Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sources of Funds									
Share Capital	101	101	101	106	106	106	106	106	106
Reserves	6,070	6,909	7,216	9,679	11,316	13,663	16,867	20,672	25,720
<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>16,973</b>	<b>20,778</b>	<b>25,826</b>
Minority interest	0	0	0	0	0	610	968	1,381	1,890
Deferred Tax	328	375	398	691	1,168	1,411	1,397	1,397	1,397
Loans	7,024	8,282	9,126	7,035	7,156	11,527	13,740	15,190	13,640
<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>33,078</b>	<b>38,746</b>	<b>42,753</b>
Application of Funds									
Gross Fixed Assets	15,910	19,614	22,072	23,360	25,464	31,256	35,398	39,965	42,092
Less: Depreciation	3,316	4,708	6,615	8,255	10,026	11,917	14,582	17,251	20,173
<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>20,815</b>	<b>22,714</b>	<b>21,919</b>
Capital WIP	243	906	888	320	420	966	2,367	767	1,267
Investments	110	91	256	282	282	34	284	284	284
Goodwill						1,900	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>18,841</b>	<b>25,635</b>	<b>31,917</b>
Inventory	2,907	3,120	3,142	3,976	6,206	8,360	9,572	10,858	12,642
Sundry Debtors	2,045	2,109	1,937	2,355	2,942	5,353	6,377	7,245	8,449
Cash & Bank Balances	642	477	711	417	367	473	1,378	5,887	9,006
Loans & Advances	1,090	883	809	1,161	1,185	1,641	1,515	1,644	1,820
<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>11,130</b>	<b>12,554</b>	<b>14,534</b>
Sundry Creditors	3,626	3,307	2,833	3,523	4,654	7,116	7,840	8,893	10,353
Other Liabilities	2,437	3,464	3,501	2,544	2,393	3,566	3,181	3,541	4,044
Provisions	43	54	26	38	47	68	109	121	137
<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>7,711</b>	<b>13,080</b>	<b>17,383</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>33,078</b>	<b>38,746</b>	<b>42,753</b>



## Financials and valuations

### Ratios

Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Basic (INR)</b>									
<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>165.7</b>	<b>198.2</b>	<b>261.0</b>
EPS Growth (%)	-75.6	193.1	-56.9	127.0	65.8	54.8	40.9	19.6	31.7
Cash EPS	83.6	125.5	115.8	136.9	173.5	223.5	312.2	364.4	444.7
Book Value per Share	306.7	348.4	363.7	463.3	540.8	651.9	803.6	983.8	1,222.8
DPS	0.0	0.0	0.0	0.0	3.8	11.3	14.0	18.0	22.0
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	4.9	9.6	8.4	9.1	8.4
FCF per share	23.8	-11.4	83.0	123.1	53.1	126.9	106.1	175.3	352.0
<b>Valuation (x)</b>									
P/E	292.7	99.8	231.6	102.0	61.5	39.7	28.2	23.6	17.9
Cash P/E	55.9	37.2	40.4	34.1	26.9	20.9	15.0	12.8	10.5
EV/EBITDA	36.5	24.6	25.9	24.2	19.9	16.1	11.8	9.7	7.8
EV/Sales	6.8	5.6	6.9	6.8	4.8	3.4	2.4	2.0	1.7
Price to Book Value	15.2	13.4	12.9	10.1	8.6	7.2	5.8	4.8	3.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.4	0.5
<b>Profitability Ratios (%)</b>									
RoE	5.3	14.3	5.7	11.3	15.1	19.7	22.8	22.2	23.7
RoCE (post tax)	8.4	12.6	8.8	9.7	11.5	14.3	17.2	17.0	18.5
RoIC	8.1	13.1	9.3	10.1	11.9	14.7	18.5	19.7	23.1
<b>Turnover Ratios</b>									
Debtors (Days)	51	43	48	56	49	61	50	50	50
Inventory (Days)	72	63	77	94	103	96	75	75	75
Creditors (Days)	90	67	70	83	77	82	61	61	61
Working Capital (Days)	14	-5	6	43	60	58	60	90	103
Asset Turnover (x)	1.1	1.2	0.9	0.9	1.1	1.2	1.4	1.4	1.4
Fixed Asset Turnover	1.0	1.0	0.7	0.7	0.9	1.1	1.4	1.4	1.5
<b>Leverage Ratio</b>									
Net Debt/Equity (x)	1.0	1.1	1.1	0.6	0.6	0.8	0.7	0.4	0.2

### Cash Flow Statement

(INR Million)

Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Profit before Tax	450	1,380	536	1,476	2,484	3,548	5,080	6,101	7,995
Depreciation & Amort.	1,361	1,583	1,962	1,924	2,060	2,216	2,737	3,098	3,370
Direct Taxes Paid	-146	-249	-215	-226	-368	-726	-1,222	-1,503	-1,973
(Inc)/Dec in Working Capital	74	2	-433	-352	-1,519	105	-1,729	-860	-1,184
Interest/Div. Received	-18	-15	-27	-52	-39	-73	-181	-150	-207
Other Items	992	1,278	1,238	792	606	1,007	1,771	2,014	2,008
<b>CF from Oper. Activity</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>6,455</b>	<b>8,700</b>	<b>10,009</b>
(Inc)/Dec in FA+CWIP	-2,233	-4,209	-1,390	-961	-2,103	-3,396	-4,213	-4,997	-2,574
<b>Free Cash Flow</b>	<b>479</b>	<b>-230</b>	<b>1,671</b>	<b>2,600</b>	<b>1,121</b>	<b>2,681</b>	<b>2,242</b>	<b>3,703</b>	<b>7,435</b>
Interest/dividend received	18	15	13	12	14	65	181	150	207
(Pur)/Sale of Invest.	7	37	1	27	28	2	250	0	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>-3,782</b>	<b>-4,847</b>	<b>-2,367</b>
Issue of Shares	0	0	0	1,456	-19	0	0	0	0
Inc/(Dec) in Debt	211	2,676	-771	-2,387	10	2,042	2,213	1,450	-1,550
Interest Paid	-1,075	-1,224	-1,377	-1,093	-769	-1,027	-1,771	-2,014	-2,008
Dividends Paid	-7	-12	-61	0	0	-79	-296	-380	-465
Others	479	-1,412	929	-936	-423	0	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>147</b>	<b>-944</b>	<b>-4,023</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>2,820</b>	<b>2,909</b>	<b>3,619</b>
Add: Beginning Balance	217	330	181	585	263	227	164	2,984	5,892
<b>Closing Balance</b>	<b>330</b>	<b>180</b>	<b>585</b>	<b>263</b>	<b>227</b>	<b>164</b>	<b>2,984</b>	<b>5,892</b>	<b>9,512</b>

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UNDER REVIEW	Rating may undergo a change
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Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.