MOTILAL OSWAL
FINANCIAL SERVICES

30 April 2024
4QFY24 Results Update | Sector: Automobiles

Craftsman Automation

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	CRAFTSMA IN
Equity Shares (m)	21
M.Cap.(INRb)/(USDb)	93.5 / 1.1
52-Week Range (INR)	5514 / 3110
1, 6, 12 Rel. Per (%)	1/-24/17
12M Avg Val (INR M)	209

Consol. Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Sales	44.5	50.5	58.9
EBITDA	8.8	10.1	12.0
Adj. PAT	3.0	3.7	4.9
EPS (INR)	144.2	174.5	230.6
EPS Gr. (%)	22.6	21.0	32.2
BV/Sh. (INR)	785	942	1,150
Ratios			
RoE (%)	20.1	20.2	22.0
RoCE (%)	15.2	14.9	16.5
Payout (%)	7.8	10.3	9.5
Valuations			
P/E (x)	30.7	25.3	19.2
P/BV (x)	5.6	4.7	3.8
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	-0.9	4.6	4.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	55.0	55.0	58.8
DII	16.0	17.2	16.6
FII	12.6	12.5	8.8
Others	16.5	15.3	15.9

FII Includes depository receipts

CMP: INR4,424 TP: INR5,305 (+20%) Buy

Weak 4Q, gradual recovery likely from 1Q onwards

Encouraging traction seen in Aluminum and Industrial Engg. segments

- Craftsman Automation (CRAFTSMA) reported a weak 4QFY24, largely due to the subdued performance of the powertrain division, resulting in a lower Revenue/PAT of INR11.1b/INR0.62b (vs. est. of INR11.9b/ INR0.86b). However, aided by the strong order backlog in the Al and Industrial Engineering segments, we expect the company's performance to improve over our forecast period.
- To factor in the near-term slowdown in CVs and tractors, we cut our FY25E/26E EPS by 6%/5%. We estimate a CAGR of 15%/17%/27% in consolidated revenue/EBITDA/PAT over FY24-26E, led by new order wins. Given its attractive valuation at 19x FY26E EPS, **we reiterate our BUY rating with a TP of INR5,305 (valued at 23x FY26E EPS).**

Powertrain segment drags overall performance

- CRAFTSMA's consol. revenue/EBITDA grew 13%/10% YoY to INR11.05b/ INR8.8b in 4QFY24 (vs. est. INR11.9b/INR2.4b), but adj. PAT declined 22% YoY to INR623m (v/s est. INR863m). FY24 revenue/EBITDA/adj. PAT grew 40%/29%/23% YoY.
- Its 4Q earnings have been below estimates due to: 1) lower-than-expected powertrain business performance, and 2) the continued impact on the Industrial segment's margins.
- The auto powertrain business declined 1% YoY due to slower-than-expected demand in CVs and tractors as well as inventory corrections from key OEMs. EBIT margin in the powertrain segment contracted 300bp QoQ to 15.2%. Apart from weak demand, margins were impacted as the company has invested in new capacities, which are yet to ramp-up on expected lines.
- The industrial segment's revenue also declined 8% YoY. Further, its margin slipped 400bp QoQ to 2.2% due to continued competitive pressure in the storage solution business.
- Conversely, the Al product division continues to do well and posted 28% YoY growth. Given the improved operating leverage benefits, EBIT margin expanded 150bp QoQ to 14.9% during the quarter.
- Value adds for the Powertrain/Aluminum/Industrial segments stood at INR2.26b/INR1.07b/INR0.59b (vs. INR2.4b/INR0.79b/INR0.73b in 4QFY23).
- **DR Axion – 4QFY24 performance (derived):** Revenue came in at INR2.8b (~26% of consol. revenue; vs. est. INR3.4b). EBITDA stood at INR586m (~29% of consol. EBITDA; vs. est. 680m), with margin of 20.7% (vs. est. 20%).
- The Board declared a final dividend of INR11.25/share for FY24, at similar levels of last year.
- The Board has decided to raise funds for an aggregate amount not exceeding INR12b by way issuance of equity shares or debt. The proceeds would be used to repay outstanding borrowings availed by the company.

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Highlights from the management interaction

- Powertrain: The management expects this segment to deliver a high- single-digit or low-double-digit growth in FY25.
- Management expects (off highway + Industrial Engineering) to deliver USD100m in incremental revenue over the next 4-5 years. The company has been investing in this segment for the past two years, and is now reaping the fruits of the same.
- Management expects the **Aluminum casting business to grow 15%+** fueled by healthy growth in both standalone and DRAIPL.

Valuation & view

- Despite an anticipated near-term slowdown in key segments like CVs and tractors, we expect CRAFTSMA to post a healthy 15% revenue CAGR over FY24-26 driven by healthy order wins across segments and a well-diversified mix. Its track record of creating and gaining market leadership organically has enabled the company to deliver a good balance of strong growth and superior capital efficiency.
- We estimate a CAGR of 15%/17%/27% in consolidated revenue/EBITDA/PAT over FY24-26E. At CMP, the stock appears attractively valued at ~25x/19x FY25E/FY26E consolidated EPS. Hence, **we reiterate our BUY rating on the stock with a TP of INR5,305 (valued at 23x FY26E EPS).**

Quarterly (Consolidated) **(INR M)**

	FY23				FY24				FY23	FY24	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Net operating income	**6,758**	**7,713**	**7,490**	**9,804**	**10,376**	**11,791**	**11,297**	**11,053**	**31,826**	**44,517**	**11,944**
Change (%)	56.6	35.6	35.8	49.8	53.5	52.9	50.8	12.7	44.2	39.9	21.8
RM/Sales (%)	47.8	51.2	50.4	54.3	52.5	53.2	53.2	54.1	51.2	53.3	52.7
Staff Cost (% of Sales)	8.4	7.4	7.8	6.2	6.5	6.1	6.8	6.6	7.3	6.5	6.6
Other Exp. (% of Sales)	19.6	19.3	20.6	20.3	20.4	20.6	20.6	20.5	20.0	20.5	20.4
EBITDA	**1,634**	**1,701**	**1,583**	**1,884**	**2,142**	**2,375**	**2,202**	**2,069**	**6,836**	**8,788**	**2,419**
EBITDA Margins (%)	24.2	22.1	21.1	19.2	20.6	20.1	19.5	18.7	21.5	19.7	20.3
Non-Operating Income	13	17	46	49	37	47	35	53	125	172	36
Interest	254	233	296	419	424	416	442	464	1202	1745	466
Depreciation	532	547	538	599	683	668	703	723	2216	2777	711
Minority Int/Share of Profit	0	0	-2	-1	62	97	82	79	21	320	95
PBT after EO items	**861**	**939**	**797**	**916**	**1,011**	**1,241**	**1,010**	**856**	**3,522**	**4,118**	**1,184**
Eff. Tax Rate (%)	35.5	35.4	35.3	12.4	26.3	23.8	27.6	27.2	29.5	26.1	27.1
Rep. PAT	**556**	**606**	**516**	**802**	**745**	**945**	**731**	**623**	**2,484**	**3,045**	**863**
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	-22.3	54.8	22.6	7.6
Adj. PAT	**556**	**606**	**516**	**802**	**745**	**945**	**731**	**623**	**2,484**	**3,045**	**863**
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	-22.3	54.8	22.6	7.6

E: MOFSL Estimates

Key Performance Indicators

Segment Revenues	FY23				FY24				FY23	FY24	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Auto Powertrain	3,478	3,782	4,084	3,927	3,824	3,938	3,925	3,897	15,271	15,584	4,272
Growth (%)	49.7	29.5	39.7	16.3	10.0	4.1	-3.9	-0.8	32.3	2.0	8.8
Contribution(%)	51.5	49.0	54.6	40.1	36.9	33.4	34.7	35.3	48.0	35.0	35.8
PBIT Margin (%)	27.4	24.6	24.7	23.6	21.9	19.6	18.2	15.2	25.0	18.7	0.0
Aluminium Products	1,714	1,963	1,759	1,970	2,076	2,350	2,232	2,517	7,406	9,175	2,415
Growth (%)	69.1	39.5	22.6	18.3	21.1	19.7	26.9	27.8	34.2	23.9	22.6
Contribution(%)	25.4	25.5	23.5	20.1	20.0	19.9	19.8	22.8	23.3	20.6	20.2
PBIT Margin (%)	11.9	7.6	3.9	11.4	12.6	15.1	13.4	14.9	8.7	14.1	0.0
Industrial	1,567	1,968	1,633	1,959	1,658	1,956	1,895	1,810	7,126	7,320	1,858
Growth (%)	59.8	44.7	41.0	30.3	5.8	-0.6	16.0	-7.6	42.5	2.7	-5.1
Contribution(%)	23.2	25.5	21.8	20.0	16.0	16.6	16.8	16.4	22.4	16.4	15.6
PBIT Margin (%)	7.0	12.1	5.7	9.3	6.6	10.3	6.2	2.2	8.7	6.4	0.0
DR Axion	0	0	0	1,949	2,819	3,546	3,245	2,829	2,024	12,439	3399
Growth (%)								45.2	3.9		
Contribution (%)				19.9	27.2	30.1	28.7	25.6	6.4	27.9	37.5
EBIT Margin (%)				7.3	14.4	15.4	15.9	17.3	8.8	15.7	16.5
Total Product sales	**6,758**	**7,713**	**7,476**	**9,804**	**10,376**	**11,791**	**11,297**	**11,053**	**31,826**	**44,517**	**11,944**

CONFERENCE CALL

Highlights from the management interaction

Powertrain segment:

- As per the management, two of its key segments, viz., CVs and tractors, are likely to see weak demand in FY25. Conversely, exports are likely to pick up in 1Q sequentially, from one of its key customers (Daimler). Overall, management expects this segment to deliver high-single-digit or low-double-digit growth in FY25.
- In FY24, this segment saw margin pressure due to: 1) investments done in capacity and technology, but the OEM demand did not pick-up in line with expectation; 2) refurbishment costs undertaken, bulk of which are behind now; and 3) key segments like CV and tractors that are seeing weak demand. 4QFY24 saw an added margin impact due to higher-than-expected inventory correction seen from CV and PV OEMs. Given a better revenue traction in FY25E, and the impact of refurbishment costs behind, we expect margins in this segment to improve in FY25.
- Management is seeing an extremely strong traction in off-highway and stationary engine segments and has received healthy orders, which are expected to commence production from FY26 onwards. Such is the strong traction in order book that the management expects this segment (off highway + Industrial Engineering) to scale up to USD100m in revenue over the next 4-5 years. The company has been investing in this segment for the past two years and is now reaping the fruits of the same
- Further, in the long run, management expects the domestic CV segment to upgrade towards higher HP engines that would in turn drive up content supplied to this segment.

Aluminum casting:

- In the AL business, CRAFTSMA sees huge opportunities for growth from the Northern region OEMs, and hence it is now setting up a capacity in Bhiwadi. This plant is likely to start trial production in FY25 and expected to ramp-up from FY26 onwards
- In the standalone business, exports are expected to ramp up from 2Q onwards
- DRAIPL should see improved traction on the back of: 1) commencement of exports to Korea from 4QFY25 onwards; and 2) ramp-up of the Talegaon plant of Hyundai
- Overall, management expects the Aluminum casting business to grow 15%+ in FY25 led by healthy growth in both standalone and DRAIPL
- Aluminum price is increasing but it is a pass-through with customers.
- Improved capacity utilization and synergy benefits post-DRAIPL acquisition are driving margin expansion in this segment.

Industrials and Storage:

- The storage business (50% of industrial business) has been flat YoY due to low investments in segments like e-commerce.
- However, management expects the same to pick-up in FY25 driven by a very strong opening order backlog (which is about 50% of FY24 revenue). On the back of this order backlog, it expects its storage solutions business to post 25-30% growth in FY25.
- With improved revenue, management expects operating performance to improve for this segment

- In the Industrial Engineering segment, management expects huge long-term growth opportunity coming up from outsourcing of heavy machined parts (1-20 T) in Capital Goods from India, as India evolves as an alternate sourcing destination for global Industrial segment players. The greenfield facility at Kothavadi is being set up to cater to these orders in the coming years.

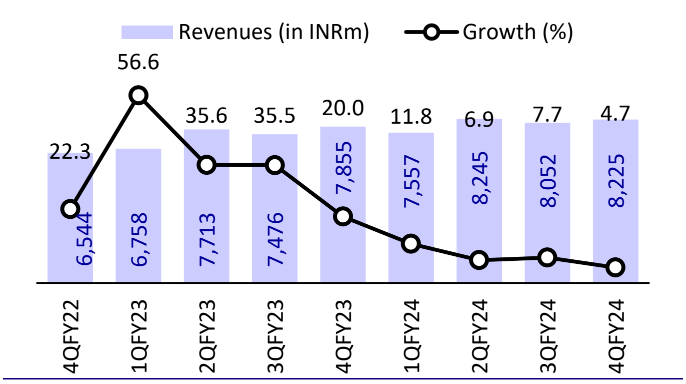
Capex:
- CRAFTSMA has invested INR5.8b in capex in FY24 and it is expected to invest another INR5b+ in FY25 as well. Bulk of its investments are likely to go for completion of two greenfield facilities at Bhiwadi (catering to Alu business) and Kothavadi (catering to industrial business and powertrain business) plant.
- Given that the company would need funds for future growth, the Board has approved an enabling resolution for fund raise through either debt or equity in FY25

Others:
- FCFF for FY24 was negative INR853m (vs. positive INR2.7b in FY23). This was mainly due to the higher capex in FY24 at INR7.2b (vs. INR3.4b in FY23), despite the strong operating performance of INR6.35b (vs. INR6.1b in FY23).
- Financials: D/E at 0.89x; Debt/EBITDA at 1.72x.
- Revenue mix SA: Powertrain - CV/OHT/tractors/UVs is INR8b/INR2.7b/INR2.1b/INR1.96b.

Exhibit 1: Value addition:

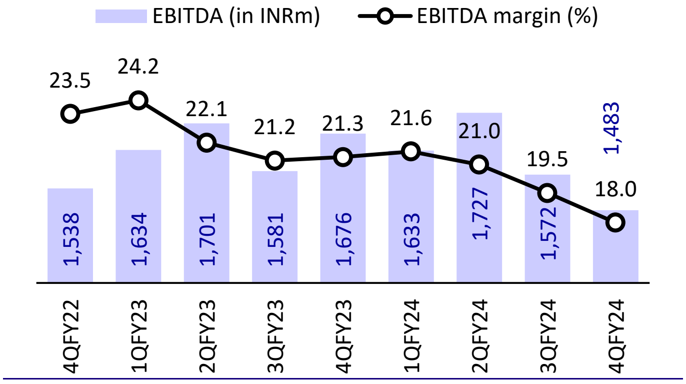
(in INR m)	4QFY24	FY24
Powertrain	2260	9440
Aluminum castings	1070	3910
Industrial and storage	590	2760

Exhibit 2: SA revenue and revenue growth (%)



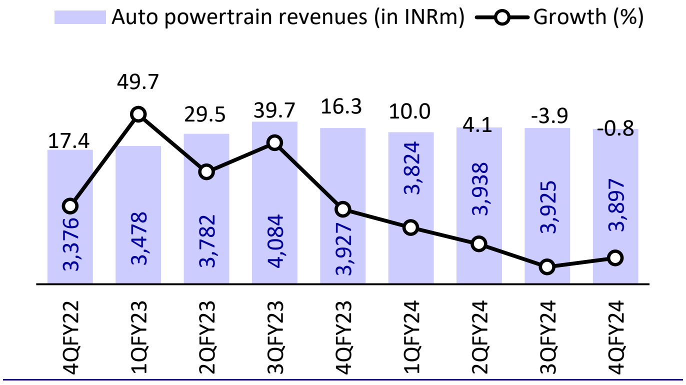
Source: Company, MOFSL

Exhibit 3: SA EBITDA and EBITDA margin (%)



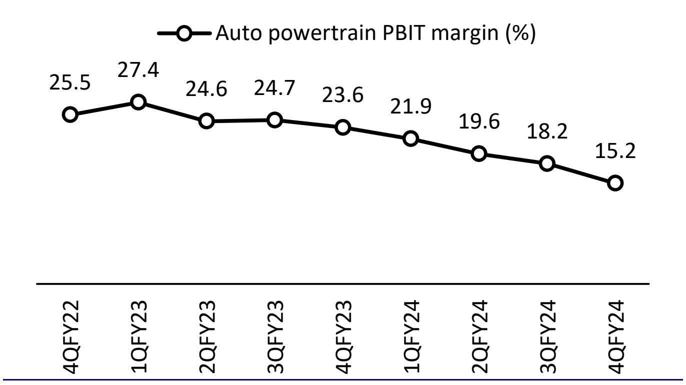
Source: Company, MOFSL

Exhibit 4: Auto powertrain revenue and growth (%)



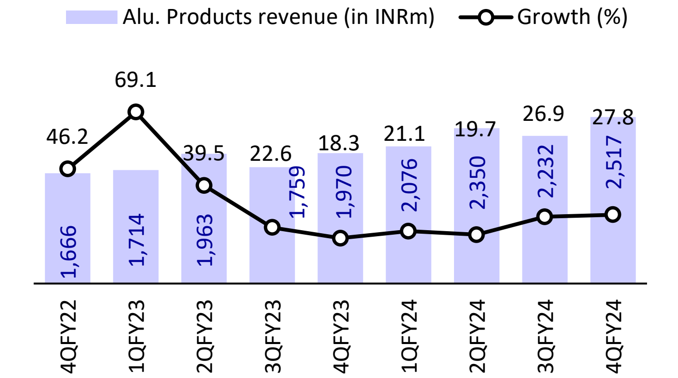
Source: Company, MOFSL

Exhibit 5: Auto powertrain PBIT margin (%)



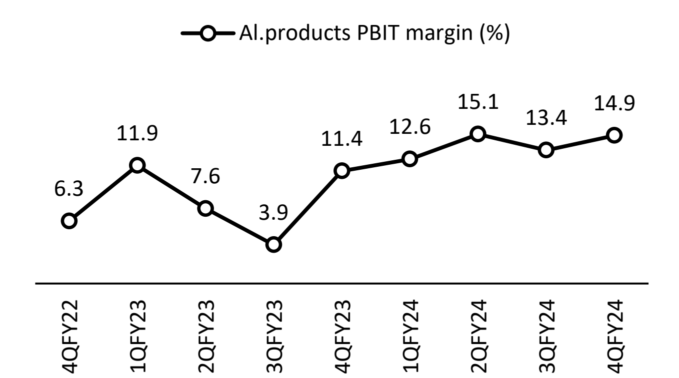
Source: Company, MOFSL

Exhibit 6: Aluminum products revenue and growth (%)



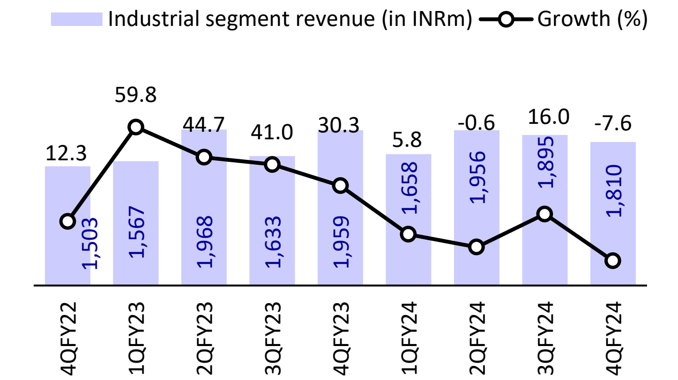
Source: Company, MOFSL

Exhibit 7: Aluminum products PBIT margin (%)



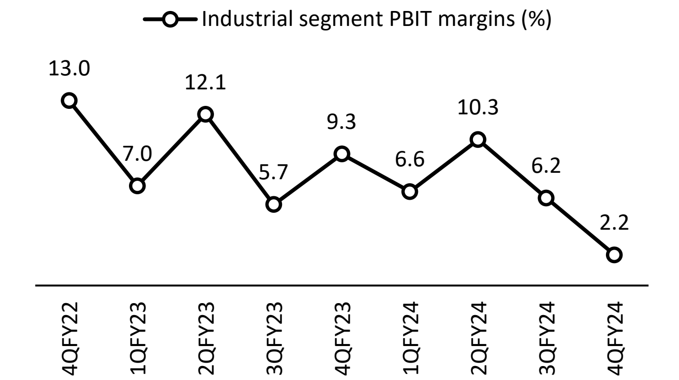
Source: Company, MOFSL

Exhibit 8: Industrial segment revenue and growth (%)



Source: Company, MOFSL

Exhibit 9: 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.

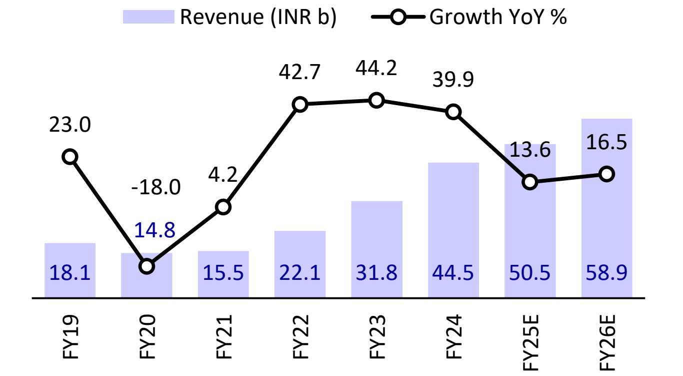
- **Well-diversified business drives linearity:** It has a well-diversified business model with a balanced exposure between Auto and non-Auto domains. Revenue is now well balanced, as there is not a single end-user industry constituting over 30% of revenue. Given the diversified mix, we expect CRAFTSMA's revenue and hence earnings to be immune from the cyclicality of segments such as CVs / tractors in the long run.
- **Synergy benefits with DRAIPL now visible**: 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. Improved capacity utilization and synergy benefits are now driving healthy margin expansion at DRAIPL.
- **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 15%+ growth in FY25E. Also, its storage solutions business has an opening order backlog of almost 50% of FY24 revenues. 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 15%/17%/27% in consolidated revenue/EBITDA/PAT over FY24-FY26, on the back of new order wins and improved margins. This will translate into a 2pp improvement in RoE to 22% by FY26E.
- **Reiterate BUY**: To factor in the weakness in CVs and tractors, we reduce our FY25E/26E EPS by 6%/5%. 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 15%/17%/27% in consolidated revenue/EBITDA/PAT over FY24-26. Given this and improving returns, its valuation at 19x FY26 EPS appears attractive. **We reiterate our BUY rating on the stock with a TP of INR5,305 (valued at 23x FY26E EPS).**

Exhibit 10: Our revised forecasts

(INR b)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	50.5	51.4	-1.6	58.9	59.9	-1.7
EBITDA Margin (%)	**20.1**	**20.2**	**-10bp**	**20.4**	**20.2**	**20bp**
PAT	3.7	3.9	-5.7	4.9	5.1	-4.9
EPS (INR)	**174.5**	**185.0**	**-5.7**	**230.6**	**242.4**	**-4.9**

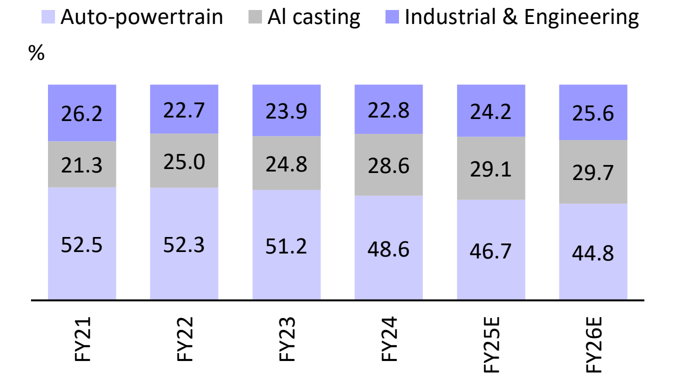
Key operating indicators

Exhibit 11: Consol. revenue to post ~15% CAGR over FY24-26E



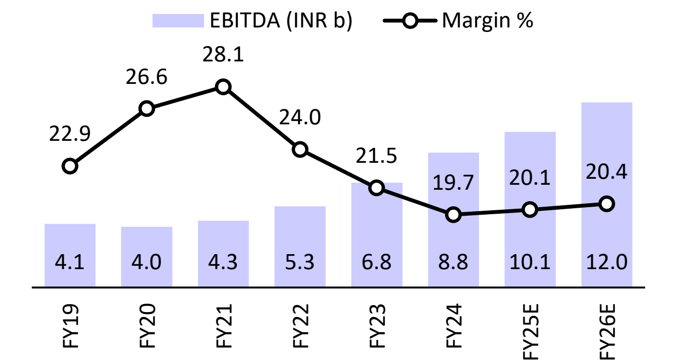
Source: Company, MOFSL

Exhibit 12: SA revenue mix trend across business divisions



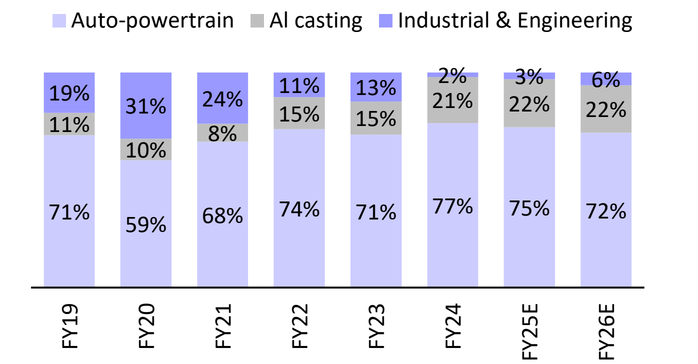
Source: Company, MOFSL

Exhibit 13: Consol EBITDA to see ~17% CAGR over FY24-26E



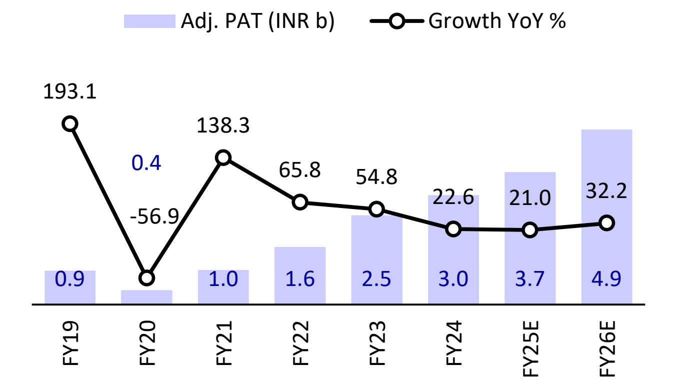
Source: Company, MOFSL

Exhibit 14: EBITDA mix trend across segments



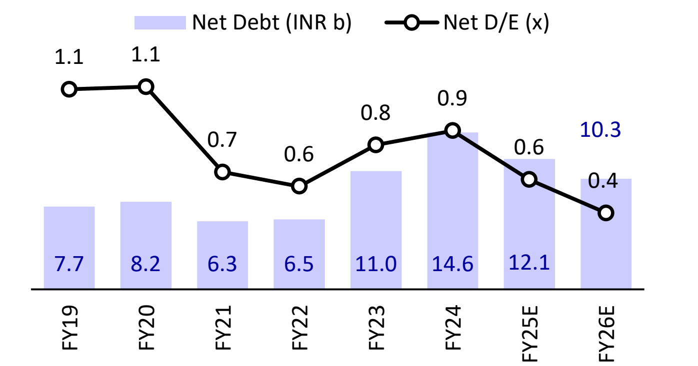
Source: Company, MOFSL

Exhibit 15: PAT to post 27% CAGR over FY24-26E



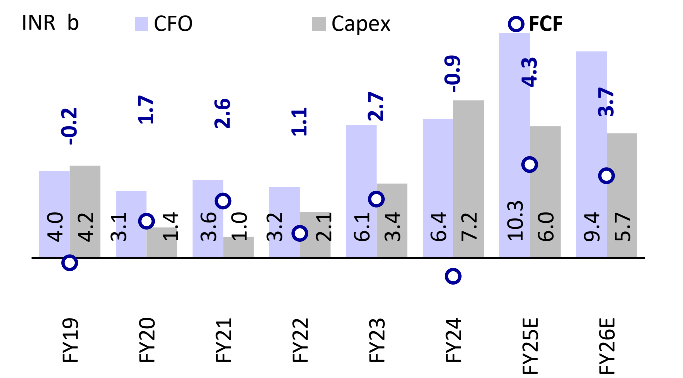
Source: Company, MOFSL

Exhibit 16: Debt likely to decline



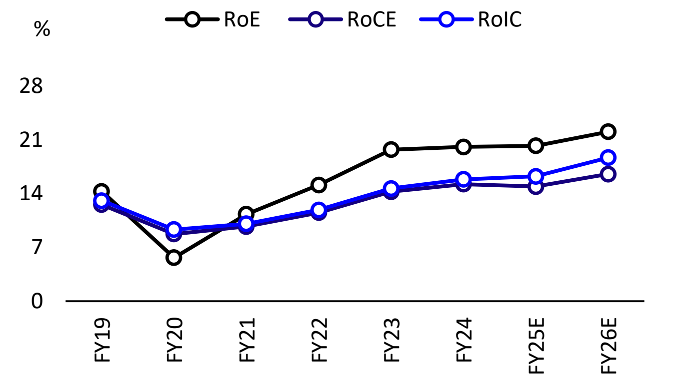
Source: Company, MOFSL

Exhibit 17: CFO/FCF to jump ~2.4x/2.5x over FY24-26E...



Source: Company, MOFSL

Exhibit 18: ...that should lead to improvement in return ratios



Source: Company, MOFSL

Financials and valuations

Income Statement (Consol)									(INR Million)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**
Net Revenues	**14,709**	**18,096**	**14,834**	**15,463**	**22,064**	**31,826**	**44,517**	**50,550**	**58,906**
Change (%)	34.6	23.0	-18.0	4.2	42.7	44.2	39.9	13.6	16.5
EBITDA	**2,750**	**4,145**	**3,951**	**4,340**	**5,293**	**6,836**	**8,789**	**10,139**	**12,044**
EBITDA Margin (%)	18.7	22.9	26.6	28.1	24.0	21.5	19.7	20.1	20.4
Change (%)	23.5	50.7	-4.7	9.9	22.0	29.2	28.6	15.4	18.8
Depreciation	1,361	1,583	1,963	1,924	2,060	2,216	2,777	3,167	3,470
EBIT	**1,390**	**2,562**	**1,988**	**2,416**	**3,233**	**4,620**	**6,012**	**6,972**	**8,574**
EBIT Margins (%)	9.4	14.2	13.4	15.6	14.7	14.5	13.5	13.8	14.6
Interest cost	1,091	1,309	1,486	1,073	842	1,202	1,745	1,718	1,636
Other Income	151	127	92	132	93	125	172	163	180
Non-recurring Expense	0	0	58	0	0	0	0	0	0
PBT	**450**	**1,380**	**536**	**1,476**	**2,484**	**3,543**	**4,439**	**5,416**	**7,118**
Eff. Tax Rate (%)	28.6	31.7	31.6	34.4	35.4	29.3	24.2	24.7	24.8
PAT	**321**	**942**	**367**	**968**	**1,605**	**2,505**	**3,365**	**4,078**	**5,355**
Minority Interest	-	-	-	-	-	20.9	320.1	393.1	484.9
Adj. PAT	**321**	**942**	**406**	**968**	**1,605**	**2,484**	**3,045**	**3,685**	**4,870**
Change (%)	-57.4	193.1	-56.9	138.3	65.8	54.8	22.6	21.0	32.2

Balance Sheet (Consol)									(INR M)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**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	16,474	19,779	24,184
Net Worth	**6,170**	**7,010**	**7,317**	**9,785**	**11,422**	**13,769**	**16,580**	**19,885**	**24,290**
Minority interest	0	0	0	0	0	610	937	1,330	1,815
Deferred Tax	328	375	398	691	1,168	1,411	1,315	1,315	1,315
Loans	7,024	8,282	9,126	7,035	7,156	11,527	15,464	15,198	14,548
Capital Employed	**13,523**	**15,667**	**16,840**	**17,511**	**19,746**	**27,317**	**34,296**	**37,727**	**41,967**
Application of Funds									
Gross Fixed Assets	15,910	19,614	22,072	23,360	25,464	31,256	38,390	43,988	49,216
Less: Depreciation	3,316	4,708	6,615	8,255	10,026	11,917	14,622	17,373	20,380
Net Fixed Assets	**12,594**	**14,907**	**15,457**	**15,105**	**15,438**	**19,339**	**23,767**	**26,615**	**28,836**
Capital WIP	243	906	888	320	420	966	1,786	1,645	1,645
Investments	110	91	256	282	282	34	45	1,814	3,314
Goodwill						1,900	1,900	1,900	1,900
Curr. Assets, L & Adv.	**6,683**	**6,589**	**6,599**	**7,909**	**10,700**	**15,828**	**19,560**	**19,456**	**22,055**
Inventory	2,907	3,120	3,142	3,976	6,206	8,360	10,408	10,100	11,755
Sundry Debtors	2,045	2,109	1,937	2,355	2,942	5,353	5,766	6,624	7,725
Cash & Bank Balances	642	477	711	417	367	473	830	1,257	932
Loans & Advances	1,090	883	809	1,161	1,185	1,641	2,555	1,475	1,643
Current Liab. & Prov.	**6,107**	**6,825**	**6,360**	**6,105**	**7,094**	**10,750**	**12,762**	**13,703**	**15,783**
Sundry Creditors	3,626	3,307	2,833	3,523	4,654	7,116	8,006	9,708	11,292
Other Liabilities	2,437	3,464	3,501	2,544	2,393	3,566	4,643	3,871	4,352
Provisions	43	54	26	38	47	68	112	124	140
Net Current Assets	**576**	**-237**	**239**	**1,804**	**3,606**	**5,078**	**6,798**	**5,753**	**6,272**
Application of Funds	**13,523**	**15,667**	**16,840**	**17,511**	**19,746**	**27,317**	**34,296**	**37,727**	**41,967**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Basic (INR)									
EPS	**16.0**	**46.8**	**20.2**	**45.8**	**76.0**	**117.6**	**144.2**	**174.5**	**230.6**
EPS Growth (%)	-75.6	193.1	-56.9	127.0	65.8	54.8	22.6	21.0	32.2
Cash EPS	83.6	125.5	115.8	136.9	173.5	223.5	290.8	343.1	417.8
Book Value per Share	306.7	348.4	363.7	463.3	540.8	651.9	785.0	941.5	1,150.1
DPS	0.0	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	0.0	4.9	9.6	7.8	10.3	9.5
FCF per share	23.8	-11.4	83.0	123.1	53.1	126.9	-40.4	201.6	177.4
Valuation (x)									
P/E	276.8	94.4	219.1	96.5	58.2	37.6	30.7	25.3	19.2
Cash P/E	52.9	35.2	38.2	32.3	25.5	19.8	15.2	12.9	10.6
EV/EBITDA	34.6	23.3	24.6	23.0	18.9	15.3	12.3	10.4	8.6
EV/Sales	6.5	5.3	6.5	6.4	4.5	3.3	2.4	2.1	1.8
Price to Book Value	14.4	12.7	12.2	9.5	8.2	6.8	5.6	4.7	3.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.3	0.3	0.4	0.5
Profitability Ratios (%)									
RoE	5.3	14.3	5.7	11.3	15.1	19.7	20.1	20.2	22.0
RoCE (post tax)	8.4	12.6	8.8	9.7	11.5	14.3	15.2	14.9	16.5
RoIC	8.1	13.1	9.3	10.1	11.9	14.7	15.9	16.2	18.7
Turnover Ratios									
Debtors (Days)	51	43	48	56	49	61	47	48	48
Inventory (Days)	72	63	77	94	103	96	85	73	73
Creditors (Days)	90	67	70	83	77	82	66	70	70
Working Capital (Days)	14	-5	6	43	60	58	56	42	39
Asset Turnover (x)	1.1	1.2	0.9	0.9	1.1	1.2	1.3	1.3	1.4
Fixed Asset Turnover	1.0	1.0	0.7	0.7	0.9	1.1	1.3	1.2	1.3
Leverage Ratio									
Net Debt/Equity (x)	1.0	1.1	1.1	0.6	0.6	0.8	0.9	0.6	0.4

E: MOFSL Estimates

Cash Flow Statement (INR M)

Y/E March	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Profit before Tax	450	1,380	536	1,476	2,484	3,548	4,439	5,416	7,118
Depreciation & Amort.	1,361	1,583	1,962	1,924	2,060	2,216	2,777	3,167	3,470
Direct Taxes Paid	-146	-249	-215	-226	-368	-726	-1,074	-1,338	-1,763
(Inc)/Dec in Working Capital	74	2	-433	-352	-1,519	105	-1,363	1,472	-844
Interest/Div. Received	-18	-15	-27	-52	-39	-73	-172	-163	-180
Other Items	992	1,278	1,238	792	606	1,007	1,745	1,718	1,636
CF from Oper. Activity	**2,713**	**3,979**	**3,061**	**3,561**	**3,224**	**6,077**	**6,352**	**10,273**	**9,437**
Extra-ordinary Items	0	0	0	0	0	0	0	0	0
CF after EO Items	**2,713**	**3,979**	**3,061**	**3,561**	**3,224**	**6,077**	**6,352**	**10,273**	**9,437**
(Inc)/Dec in FA+CWIP	-2,233	-4,209	-1,390	-961	-2,103	-3,396	-7,205	-6,015	-5,691
Free Cash Flow	**479**	**-230**	**1,671**	**2,600**	**1,121**	**2,681**	**-853**	**4,258**	**3,746**
Interest/dividend received	18	15	13	12	14	65	172	163	180
(Pur)/Sale of Invest.	7	37	1	27	28	2	10	1,769	1,500
Others						-3,746			
CF from Inv. Activity	**-2,208**	**-4,157**	**-1,376**	**-922**	**-2,061**	**-7,075**	**-7,022**	**-4,084**	**-4,012**
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	3,937	-267	-650
Interest Paid	-1,075	-1,224	-1,377	-1,093	-769	-1,027	-1,745	-1,718	-1,636
Dividends Paid	-7	-12	-61	0	0	-79	-238	-380	-465
Others	479	-1,412	929	-936	-423	0	0	0	0
CF from Fin. Activity	**-392**	**28**	**-1,280**	**-2,960**	**-1,200**	**936**	**1,954**	**-2,365**	**-2,751**
Inc/(Dec) in Cash	**113**	**-150**	**405**	**-322**	**-37**	**-63**	**1,284**	**3,824**	**2,675**
Add: Beginning Balance	217	330	181	585	263	227	164	1,447	5,271
Closing Balance	**330**	**180**	**585**	**263**	**227**	**164**	**1,447**	**5,271**	**7,946**

NOTES

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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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