

March 12, 2021

Craftsman Automation, founded in 1986, is a Coimbatore, Tamil Nadu, based, diversified engineering company involved in manufacturing key components for automobile and industrial sectors. It owns and operates 12 plants pan India, strategically located close to its customers. The company is promoted by first generation entrepreneur Srinivasan Ravi, a technocrat. As of FY20, its sales were at ₹ 1,492 crore with EBITDA at ₹ 398 crore (margins of 27%) and PAT at ₹ 41 crore. Its sales can be subdivided into three main segments; (i) automotive- powertrain and others (48% of sales in FY20, 36% EBITDA margins) (ii) automotive - aluminium products (17% of sales, 17% margins) and (iii) industrial & engineering segment (35% of sales, 25% margins). Direct exports forms <10% of its annual sales (FY20).

Diversified engineering company, integrated manufacturing

Capabilities at Craftsman Automation include design, process engineering, foundry, heat treatment, fabrication, machining and assembly facilities. It provides a compressive solution to customer needs. Its core competence in the powertrain segment includes its machining abilities, wherein it is the largest player in machining of cylinder blocks and cylinder heads for the M&HCV and construction equipment space in India. In the tractor segment also, for machining of cylinder block, it counts itself among top three to four players domestically. In the aluminium die casting division, it is equipped with processes like high pressure die casting, low pressure die casting and gravity die casting for manufacturing auto components like crank case and cylinder blocks for 2-Ws, engine & structural parts for passenger vehicles and gear box housing for M&HCV. In the industrial and engineering segment, it has capabilities to build aluminium products for power transmission, high-end precision products like gear boxes, marine engines, among others.

Impressive clientele across auto OEM, industrial segments

The company counts all major auto OEMs and key players in the industrial segment as its key clients. In the automotive segment, its key clients include; Daimler India, Tata Motors, Ashok Leyland, M&M, TAFE, Escorts, John Deere, JCB India, TVS Motors, Royal Enfield, among others. Its clientele in industrial & engineering segments includes Siemens and Mitsubishi Heavy Industries. Top 10 customers constituted 53%, 59% of its sales in FY20, 9MFY21, respectively. It also has high client stickiness with >50% of sales coming from clients that were associated with the company for >= 10 years.

Key risk & concerns

- Powertrain and allied component business prone to EV risk
- Limited long term RM supply contracts, prone to supply chain risk
- Low aftermarket presence ties fortunes to OEM cyclicality

Worst behind, recovery in P/L, B/S repair under way, Subscribe

Craftsman Automation is a play on revival in automotive industry, especially M&HCV space. With lumpy capex cycle behind it & focus on debt reduction, it is well poised to clock healthy returns ratios in FY22-23E. At IPO price, it is offered at reasonable forward valuations. We recommend **SUBSCRIBE**.

Key Financial Summary

Key Financials (₹ crore)	FY18	FY19	FY20	9MFY21	CAGR (FY18-20)
Net Sales	1,479.1	1,818.0	1,492.5	1,022.8	0.5%
EBITDA	293.6	442.6	398.0	287.4	16.4%
EBITDA Margins (%)	19.9	24.3	26.7	28.1	
Net Profit	31.5	97.4	41.1	50.7	14.1%
EPS (₹)	15.7	48.4	20.4	25.2	
P/E	95.1	30.8	73.0	59.2	
RoNW (%)	5.3	14.3	6.3	6.6	
RoCE (%)	9.8	15.6	11.3	8.5	

Source: RHP, ICICI Direct Research (PL Note: 9MFY21 numbers are actual and not annualised for ratio analysis)



Particulars

Issue Details

Issue Opens	15th March 2021
Issue Closes	17th March 2021
Issue Size	~₹ 823 crore
QIB (Institutional) Share	~50% of issue
Non-Institutional Share	~15% of issue
Retail Share	~35% of issue
Issue Type	Fresh Issue + OFS
Price Band (₹/share)	₹ 1,488-1,490
Market Lot	10 shares
Face value (₹/share)	₹ 5
Listing Market Cap @	~₹ 3,130 crore
Upper price band	

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	63.4	59.8
Public	36.6	40.2
Total	100.0	100.0

Objects of issue

Objects of the issue	₹ crore
Repayment of Debt	120
General corporate purposes	NA
Total Fresh Issue Proceeds (A)	150
Total OFS Proceeds (B)	673
Total IPO Proceeds (A+B)	823

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Company background

Craftsman Automation, established in 1986, in Coimbatore (Tamil Nadu), is a diversified engineering company with vertically integrated manufacturing capabilities. Srinivasan Ravi is the promoter, Chairman and Managing Director. He is a first-generation entrepreneur with over 34 years of relevant industry experience and is a qualified mechanical engineer.

Exhibit 1: Timeline of key events in company history

1986	• Incorporated as Craftsman Automation Pvt Ltd
2001	• Commissioned aluminium foundry unit at Coimbatore
2007	• Commenced joint ventures with Carl Stahl and Mitsubishi
2008	• Incorporated subsidiaries Craftsman Marine BV and Craftsman Automation Singapore
2012	• Set up storage solutions in Coimbatore
2015	• Commissioned aluminium sand foundry, HPDC and LPDC in Coimbatore
2017	• Commissioned machining services in Bengaluru

It has a present gross block of ~₹ 2,200 crore. Over FY18-9MFY21, it has spent combined capex of ~₹ 800 crore on modernisation and upgradation of manufacturing facilities, infrastructure, machines, equipment and technology

Source: Company, ICICI Direct Research

It is primarily engaged in three business verticals –

- (i) Automotive powertrain & others (48% of FY20 revenues)
- (ii) Automotive aluminium products (17% of FY20 revenues)
- (iii) Industrial & engineering (35% of FY20 revenues)

Automotive powertrain & others

Key products in this segment are highly engineered and include engine parts such as cylinder blocks and cylinder heads, camshafts, transmission parts, gear box housings, turbo chargers and bearing caps. The company serves CV, SUV, tractor and off highway OEMs here and also provides machining services. It is the largest player involved in the machining of cylinder blocks and cylinder heads in the intermediate, medium and heavy commercial vehicles segment as well as in the construction equipment industry in India. It is also among the top three to four component players with respect to machining of cylinder block for the tractor segment in India. It contributed 48% of FY20 revenues, and is the most profitable one for the company (36%, 21% EBITDA, EBIT margins in FY20). Crisil Research expects the industry segment to grow at 12-14% CAGR in FY20-24.

Key clients in this segment, include Daimler India, Tata Motors, Tata Cummins, Mahindra & Mahindra, Simpson & Co. Ltd, TAFE Motors and Tractors, Escorts, Ashok Leyland, Perkins, Nelcast, Mitsubishi Heavy Industries, John Deere and JCB India

Exhibit 2: Automotive powertrain segment products



Source: Company, ICICI Direct Research

Automotive aluminium products

The company has capabilities in high pressure die casting, low pressure die casting and gravity die casting. Its key products include crank case and cylinder blocks for 2-W, engine and structural parts for PVs and gear box housing for HCVs. It undertakes product sales & machining services and caters directly to domestic & export markets, with key customers comprising Daimler India, Royal Enfield, Mahindra & Mahindra and TVS Motors. One of the growth drivers for the segment is the increasing use of non-ferrous metals like aluminium for vehicle light-weighting. The vertical formed 17% of FY20 sales with margins at 17%.

Exhibit 3: Automotive aluminium product processes



Source: Company, ICICI Direct Research

Industrial and engineering

The vertical formed 35% of FY20 revenues, with margins at 25%. Within this vertical, ~86% of sales was contributed by high-end precision products. Storage solutions contributed 14% and, according to the management, is the key growth area for the company in future.

Exhibit 4: Industrial and engineering segment split

	FY18	FY19	FY20	9MFY21
Storage solutions (₹ crore)	8	26	73	57
High-end precision products (₹ crore)	397	475	452	226
Total	405	501	525	283
Storage solutions share (%)	2	5	14	20
High-end precision products (%)	98	95	86	80

Source: Company, ICICI Direct Research

Storage solutions

The company caters to warehousing and industrial sectors, with setting up of large regional warehouses by e-commerce, organised retailing, consumer durables, auto components and pharmaceuticals as well as cold storage industries key growth drivers for the space, going ahead. Its products include stationary racking for warehouses, V-store, roll form products and automated storage and retrieval systems (ASRS). Crisil Research expects the industry to grow at 19-21% CAGR in FY21-24.

Aluminium products for power transmission

Craftsman Automation makes machined castings for GIS – which is gaining traction vs. air insulated switchgears (AIS) particularly in urban areas as GIS is compact, occupies lesser space and has relative lower maintenance. The company caters to power equipment manufacturers who supply to power transmission and distribution utilities. Key clients include Siemens.

Material handling

Key products include chain hoists, wire rope hoists, grab hoists, crane kits, light crane systems and pallet trucks – with user industries comprising process industries, automotive sector and foundries. It has entered into a JV with Carl Stahl Hebeteknik GmbH, with products manufactured therein sold under the brand ‘Carl Stahl Craftsman’.

Gears and gearboxes

In this sub-segment, the company caters to transmission and housing components for elevators, metro transportation, compressor manufacturers, printing machines, automobiles and steel rolling mills. It serves domestic as well as export markets with Ashok Leyland, Elgi Equipments, Voith Turbo, Pricol, Siemens and others constituting some of the key clients.

SPM

Chief products in SPM include metal cutting machines, drilling machines, milling machines and others like leak testing machines, nut runners, industrial washing machines and supply conveyors. The company’s products here are primarily used by automobile companies, and key clients include Daimler India, Mahindra & Mahindra, Tata Motors, TAFE Motors and Tractors, Simpson & Co, JCB and others.

Tool room, mould base and sheet metal

The company caters to diversified industries including engineering and automotive sectors for mould base, plastic moulding tools, dies, sheet metal casing and housings.

Exhibit 5: Segment wise operational overview at Craftsman Automotive

₹ crore	Automotive - powertrain & others				Automotive - aluminium products				Industrial and Engineering			
	FY18	FY19	FY20	9MFY21	FY18	FY19	FY20	9MFY21	FY18	FY19	FY20	9MFY21
Segment revenues	871	1,008	709	524	235	308	258	216	405	501	525	283
% of overall mix	57.6	55.5	47.5	51.2	15.6	17.0	17.3	21.1	26.8	27.6	35.2	27.7
Segment EBITDA	244	339	253	197	24	50	43	28	46	89	131	84
Segment EBITDA margins (%)	28.0	33.6	35.7	37.6	10.2	16.4	16.6	13.0	11.4	17.8	25.0	29.5
Segment EBIT	160	246	152	126	9	23	9	2	24	62	97	60
Segment EBIT margins (%)	18.4	24.3	21.4	24.0	3.6	7.6	3.6	0.8	6.0	12.4	18.5	21.0
Segment capital employed	280	325	367	387	57	146	161	184	130	190	165	223
Segment RoCE (%)	57.2	75.6	41.3	32.5	14.9	16.0	5.8	1.0	18.6	32.8	58.9	26.7
Segment capex	42	150	14	21	83	173	79	18	19	110	21	8
% of segment revenues	4.9	14.9	1.9	3.9	35.5	56.1	30.7	8.3	4.7	22.0	3.9	2.8
Installed capacity (crore units)	0.6	0.7	0.7									
Installed capacity (tons)					11,230	17,980	18,920		10,200	10,200	34,200	
Capacity utilisation	93%	89%	71%		71%	87%	70%		61%	52%	40%	
Sales Volume (tons)					11819	18864	12596	9339				
Segment realisations (₹ per unit)	1,495	1,596	1,402									
Segment realisations (₹ per ton)					1,99,099	1,63,353	2,04,581	2,31,098	6,51,453	9,45,245	3,84,126	

Source: RHP, ICICI Direct Research (PI Note: Segmental RoCE looks optically higher as it excludes unallocable expenditure, assets and liabilities)

Industry Overview

Powertrain and transmission

The powertrain system in an automobile performs the function of generating power and transmitting it to the wheels. It comprises –

- (i) Engine and engine parts – Burn fuel to convert it to mechanical power. Includes critical components like cylinder block, cylinder head, crankshaft, camshaft, pistons and engine valves. The cylinder block is the supporting structure of the engine on which all engine parts are mounted. Cast iron accounts for 55-60% of cylinder block manufacturing cost. Cylinder head covers the cylinder (that gives the engine its power) and helps the head gasket seal the cylinders in order to build enough compression for the engine operation. Cylinder heads are manufactured by process of casting using ferro alloys
- (ii) Transmission – Commonly known as gearbox, transmits power generated by the engine to the wheels through the driveshaft and rear axle by using different gear ratios. Switching of gears can be done manually or automatically, depending upon transmission type
- (iii) Driveshaft and rear axle – Rear axle lies between the wheels and the differential gear. Rear axle and differential gear are enclosed in a single housing that is connected to the drive shaft

Exhibit 6: Some key players in automotive powertrain segment & segment presence

Key players	2/3W	PV	CV	Construction equipment	Tractors
Craftsman Automation	Y	Y	Y	Y	Y
Avtec Limited	Y	Y	Y	Y	Y
Endurance Technologies	Y				
Sundaram Clayton	Y	Y	Y		
Alicon Castalloy	Y	Y			

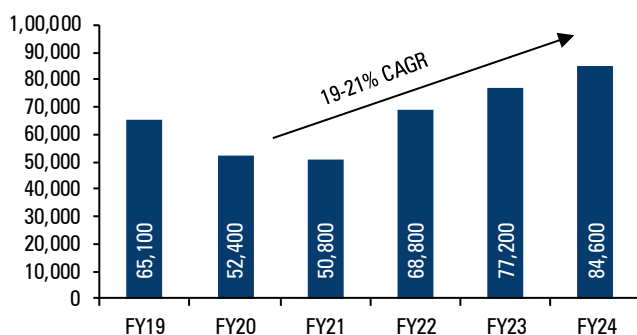
Source: RHP, Crisil Research, ICICI Direct Research

Exhibit 7: Component-wise market size estimates

Component	Market size (₹ crore, FY20)	Demand by segment	Estimated market size (₹ crore, FY24)	FY20-24 CAGR
Cylinder block	2,790	29% CV, 22% tractors, 45% SUV, 4% off road	4,060	9.8%
Cylinder head	1,400	34% CV, 22% tractors, 40% SUV, 4% off road	1,820	6.8%
Transmission	28,000	18% CV, 39% tractors, 38% SUV, 5% off road	38,500	8.3%
Rear axles	7,380	33% CV, 47% SUV, 20% tractors	9,030	5.2%

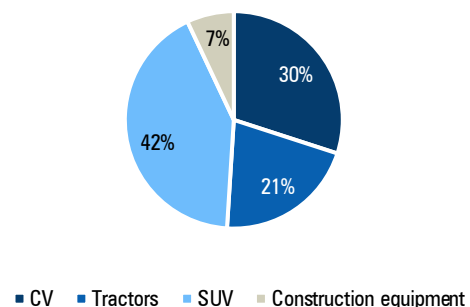
Source: RHP, Crisil Research, ICICI Direct Research

Exhibit 8: Powertrain industry size ₹ crore



Source: RHP, Crisil Research, ICICI Direct Research

Exhibit 9: Powertrain & transmission demand by segment



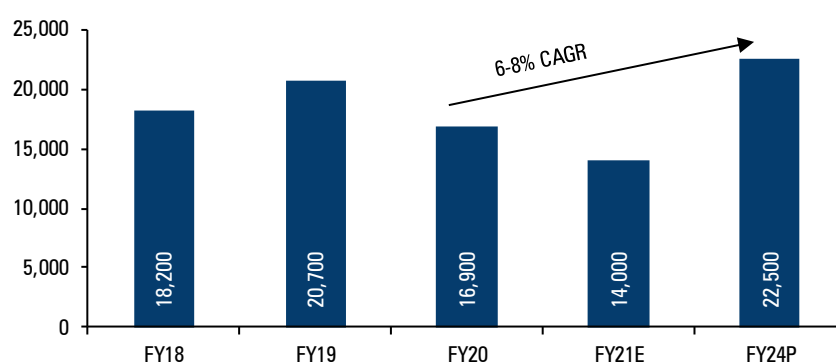
Source: RHP, Crisil Research, ICICI Direct Research

As per Crisil Research, the domestic powertrain & transmission market size is pegged at ~₹ 52,400 crore in FY20 and is expected to grow at 12-14% CAGR over FY20-24.

Aluminium die casting

The aluminium die casting (ADC) market size was pegged at ~₹ 16,900 crore in FY20 (Crisil Research), with demand at ~0.44 million MT – giving a realisation of ~₹ 3.84 lakh per MT. ADC forms ~70% of overall casting market by value, with 2-W, PV and CV segments constituting ~70%, 25% and ~5% of ADC demand, respectively. OEM and exports channel offtake were at ~75-80% and ~15-20%, respectively, with the rest accounted by aftermarket. ADC finds automotive application in components such as cylinder blocks and heads, transmission housing, pistons, crank covers, clutch parts, axles, chassis parts, gear box and wheel parts. Increasing penetration of alloy wheels in 2-W and PV has led to higher demand for aluminium castings in recent times. The industry is expected to grow by 3-5% volume CAGR to 0.45-0.55 million MT over FY20-24, with value CAGR seen at 6-8% (~₹ 22,000-22,500 crore) over that time. Major organised ADC players include Rockman Industries, Sunbeam Auto Private, Alicon Castalloy, Sundaram Clayton, Endurance Tech & Craftsman Automation.

Exhibit 10: Automotive aluminium die-casting industry size ₹ crore



Source: RHP, Crisil Research, ICICI Direct Research

Industrial and engineering

Power transmission

Housing of transformer core, circuit breakers of switchgears and casings of gas insulated switchgears (GIS) substation are casted using ferrous and non-ferrous material. In GIS, aluminium casted housing/bus bars are preferred due to its non-corrosive and lightweight properties. In power transmission, switchgears are expected to account for the major share of casting demand. Demand for industrial castings in power transmission grew at 2-4% CAGR over FY16-20 to ₹ 1,500 crore (Crisil Research) and is expected to grow at 4-6% CAGR over FY20-24 to ~₹ 1,800-2,000 crore.

Material handling equipment (MHE) and storage solutions

MHE includes equipment such as cranes and hoists, feeders, conveyor belts, screens, crushers and gears, etc. used for sorting, moving or positioning materials. As per Crisil Research estimates, overall crane and hoist market in India was worth ~₹ 2,000 crore in FY20 and is seen growing at 5-7% CAGR to ₹ 2,400-2,600 crore by FY24. The storage solutions industry broadly comprises pallets, racking solutions and shelving solutions. As of FY20, organised players formed 55-65% of the industry, with market size of the same pegged at ₹ 2,200 crore as per Crisil Research (14-16% CAGR over FY16-20). Warehousing (captive and 3PL warehouses) occupies more than 50% share of the storage solutions industry. Going forward, the industry is expected to grow at 19-21% CAGR over FY21-24 to ₹ 3,800 crore.

Non-automotive gears and gearboxes

Industrial gears and gearboxes find application in conventional sectors (cement, heavy metals, power and mining; ~55-60% in FY19) and other sectors such as railways, fertilisers, textiles, chemicals, printing, packaging, plastic, cranes, defence, etc. Gears used in elevators, plastic extrusion, printing machines are estimated to account for 5-10% of the gear and gearboxes industry. Intensity of gears and gearboxes differs across applications, depending on the processes and material handling requirements. As per Crisil Research, domestic gears & gearboxes market was worth ~₹ 5,000 crore in FY20 – which is seen growing at 5-6% CAGR in FY20-24 to ₹ 6,200-6,400 crore.

Exhibit 11: Component-wise market size estimates

Application	Plant capacity	Gear and gearbox investments (₹ crore)
Cement	1 MTPA	4.8 - 5.3
Steel	1 MTPA	3.0 - 3.5
Thermal power	1 MW	0.04 - 0.045
Sugar	1 TPH	2.5 - 2.8
Wind	10 MW	3.0 - 4.0

Source: RHP, Crisil Research, ICICI Direct Research

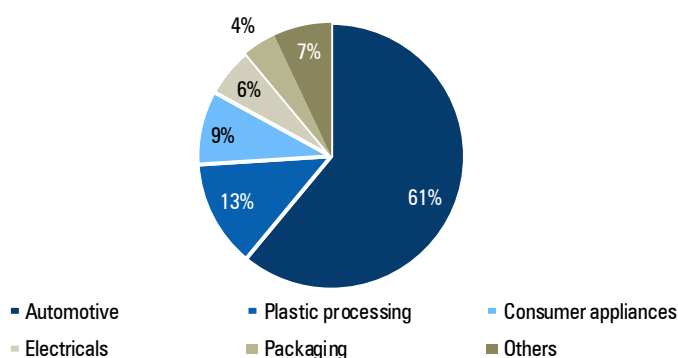
Special purpose machines (SPM)

SPMs are customised machines deployed to automate industrial processes to ensure high productivity. Based on their usage, they are classified as general purpose machines or SPMs. Usage of SPMs reduces chances of human error and reduces human fatigue when carrying out repetitive operations. SPMs, designed to operate for 24 hours a day with minimum supervision, are mostly product-specific and need to be designed and developed as per individual requirements. These SPMs are either cam-operated machines or use hydraulics and pneumatics as actuating elements or a combination of all. SPMs find major application in automobile, railways and defence industries.

Tool room and mould base

The tool room industry is estimated to have grown at 6-7% CAGR in FY17-19, supported by a 10% CAGR in demand (domestic + exports) from its primary segment, automotive, and 6% CAGR from consumer appliances. As of FY20, industry size was pegged at ~₹ 15,000-15,500 crore (Crisil Research), with automotive, consumer appliances and plastic products industry forming 61%, 9% and 12-14% of demand respectively. The industry is expected to grow to ~₹ 18,500-19,000 crore by FY24 at 4-6% CAGR. Tool rooms are integral to the manufacturing sector. Hence, its fortunes are closely linked to trajectory of various industries. As per the Tool and Gauge Manufacturers Association, there are more than 1,000 players in the tool room industry, of which ~85% are small and unorganised. Nearly 45-50% of tooling demand is met via commercial tool rooms (CTR i.e., independent units catering to requirement of several industries), while 30-35% tooling is done in captive units. The rest 15- 20% is met via imports.

Exhibit 12: Sector-wise demand share for tool room and mould base industry



Source: RHP, Crisil Research, ICICI Direct Research

Investment Rationale

Provides exposure to domestic M&HCV revival

Craftsman Automation has substantial exposure to the M&HCV industry (forms ~50% of automotive powertrain segment revenues) and the company serves several of the leading domestic OEMs in the space. The Indian M&HCV industry had suffered a sharp downturn in fortunes post FY19 on account of a confluence of several demand and supply side pressures in the form of idle capacity (revised axle load norms), slowing economic activity, tough credit scenario, increased costs due to BS-VI transition and the Covid pandemic. The industry is highly cyclical in nature, with past down cycles having lasted up to two years following a two to three year period of strong growth. With ~21-22 months of decline now behind us, we believe domestic M&HCV cyclical bottom has been surpassed. Over the past couple of months, large players have started reporting healthy high double-digit volume growth in trucks (aided partly by low base). The near to medium term outlook for the space is positive on account of ongoing post-Covid economic recovery, green shoots in demand from the key mining, construction and road building sectors, government thrust on infrastructure spends and policy interventions such as public bus procurement. The company offers a viable play on the forthcoming India M&HCV rebound.

Craftsman Automation is a diversified engineering company with integrated manufacturing operations. Its core competence in the powertrain segment includes its machining abilities, wherein it is the largest player in machining of cylinder blocks and cylinder heads for the M&HCV and construction equipment space in India. In the tractor segment also, for machining of cylinder block, it counts itself among top three-four players domestically.

Deleveraging plans to add teeth to bottomline recovery

Debt to net worth had averaged ~1.4x over FY18-20. As of December 31, 2020, the company had total secured borrowings (long term and short term) of ₹ 890 crore, placing debt to net worth at ~1.2x. Associated interest costs have come down sharply from an average of ~₹ 134 crore per annum over FY18-20 to ~₹ 77 crore in 9MFY21. With ₹ 120 crore out of total IPO proceeds of ₹ 150 crore being earmarked for further deleveraging, B/S strength is set to improve considerably in the near to medium term. Reduction in consequent interest outgo would thereby positively impact profitability performance.

Superior margin profile

The company commands excellent operating margins (19.9%, 24.3%, 26.7%, 28.1% in FY18, FY19, FY20, 9MFY21, respectively) primarily on the back of high gross margins (averaged ~61% p.a. over FY18-20). This is on account of substantial ~25-30% share of machining services within overall sales. Here, the company chiefly performs value additive processes on critical components as per client requirements and incurs limited expense on input materials, unlike several peers that possess their own foundries and carry out forging and casting. The company is the market leader in highly remunerative components such as cylinder blocks and cylinder heads. Increasing capacity utilisation in coming times on the back of improvement in demand outlook for key user industries is set to lead to continued strength in margins for Craftsman Automotive, although commodity cost pressures could weigh in the near term.

The company counts all major auto OEMs and key players in the industrial segment as its key clients. In the automotive segment its key clients include; Daimler India, Tata Motors, Ashok Leyland, M&M, TAFE, Escorts, John Deere, JCB India, TVS Motors, Royal Enfield, among others. Its clientele in industrial & engineering segments include Siemens and Mitsubishi Heavy Industries

Peak of capex cycle a thing of the past

Over FY18-9MFY21, the company has spent combined capex of ~₹ 800 crore on modernisation and upgradation of manufacturing facilities, infrastructure, machines, equipment and technology. Consequently, installed capacities in automotive powertrain, automotive aluminium products and industrial and engineering segments has grown by 13.7% (to 71.26 lakh units), 68.5% (to 18,920 tons) and 235.3% (to 34,200 tons), respectively, over FY18-20. Expanded capacity base is set to help the company serve future demand well, with limited capex outgo augmenting FCF generation capability, going forward.

Key Risk

Powertrain and allied businesses prone to EV risk

The company has a large presence in several powertrain components that would be obsolete once present internal combustion engine (ICE) based vehicles are replaced by EVs, e.g. cylinder blocks, cylinder heads. Increased EV adoption going forward is set to be a reality but the transition would take place earlier in segments like 2-W, 3-W and PVs, where the company has limited exposure (non-PV share of powertrain revenues at ~90%). Nevertheless, in our opinion, auto ancillaries that carry high EV risk could see a squeeze on earnings multiples being commanded by them. Automotive aluminium die-casting segment could be an effective EV de-risking opportunity.

Low aftermarket presence ties fortunes to OEM cyclicality

Craftsman Automation largely serves OEM clients in both automotive as well as industrial and engineering sectors. Base user industries i.e., automotive, steel, cement, capital goods and power are cyclical in nature and regularly undergo periods of uneven performance. The lack of steady demand offtake from replacement channel consequently ties the company's fortunes to that of its OEM clients and exposes it to general volatility in economic cycles.

Limited long term RM contracts, prone to supply chain risk

The company does not have long term contracts or exclusive supply arrangements with any of its suppliers and purchases raw materials on spot order basis. Therefore, the company is exposed to supply chain risk.

Financial summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY18	FY19	FY20	9MFY21
Total operating Income	1,479.1	1,818.0	1,492.5	1,022.8
Growth (%)	0.0	22.9	-17.9	NM
Raw Material Expenses	575.8	703.5	586.8	433.9
Employee Expenses	198.6	216.8	171.0	110.6
Other Expenses	411.1	455.1	336.7	190.8
Total Operating Expenditure	1,185.5	1,375.4	1,094.5	735.4
EBITDA	293.6	442.6	398.0	287.4
Growth (%)	0.0	50.8	-10.1	NM
Depreciation	149.2	176.1	195.0	141.5
Interest	112.5	140.5	148.4	77.2
Other Income	11.3	13.6	8.6	7.1
PBT	43.3	139.6	63.2	75.8
Total Tax	12.0	42.6	16.3	25.3
Reported PAT	31.5	97.4	41.1	50.7
Growth (%)	0.0	NM	NM	NM
EPS (₹)	15.7	48.4	20.4	25.2

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY18	FY19	FY20	9MFY21
Profit after Tax	31.5	97.4	41.1	50.7
Add: Depreciation & Interest	261.6	316.7	343.4	218.7
(Inc)/dec in Current Assets	-44.7	-23.0	11.1	-62.0
Inc/(dec) in CL and Provisions	64.6	-10.1	-57.2	41.2
Others	-30.3	-20.9	-33.0	-6.5
CF from operating activities	282.7	360.0	305.4	242.1
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-211.8	-360.5	-139.0	-47.0
Others	1.1	2.1	2.0	1.5
CF from investing activities	(210.7)	(358.4)	(137.1)	(45.5)
Inc/(dec) in loan funds	53.7	112.7	16.8	-141.3
Dividend paid & dividend tax	-1.5	9.6	3.7	-6.8
Interest Expense	-112.5	-140.5	-148.4	-77.2
CF from financing activities	(60.3)	(18.2)	(127.9)	(225.4)
Net Cash flow	11.7	-22.1	45.0	-19.5
Opening Cash	37.0	48.7	26.6	71.6
Closing Cash	48.7	26.6	71.6	52.2

Source: Company, ICICI Direct Research

Exhibit 15: Balance sheet				
	₹ crore			
(Year-end March)	FY18	FY19	FY20	9MFY21
Liabilities				
Equity Capital	10.1	10.1	10.1	10.1
Reserve and Surplus	586.6	673.2	708.9	761.6
Total Shareholders funds	596.7	683.2	718.9	771.6
Total Debt	846.7	985.2	1,040.7	890.1
Deferred Tax Liability	32.0	35.5	37.1	46.5
Minority Interest / Others	55.7	91.3	109.0	99.0
Total Liabilities	1,531.1	1,795.2	1,905.7	1,807.2
Assets				
Gross Block	1,580.9	1,951.6	2,067.2	2,170.0
Less: Acc Depreciation	336.1	475.1	640.5	756.9
Net Block	1,244.7	1,476.5	1,426.7	1,413.1
Capital WIP	24.3	90.6	88.8	27.4
Total Fixed Assets	1,269.1	1,567.1	1,515.5	1,440.5
Investments	38.3	40.8	46.3	32.0
Inventory	300.5	323.3	325.6	339.9
Debtors	201.7	210.0	194.3	214.2
Other Current Assets	46.3	48.8	35.0	71.5
Cash	48.7	26.6	71.6	52.2
Total Current Assets	597.2	608.7	626.6	677.8
Creditors	362.7	331.2	281.8	301.6
Provisions	4.1	5.2	1.8	2.9
Other current liabilities	101.6	193.8	113.8	134.6
Total Current Liabilities	468.4	530.1	397.5	439.1
Net Current Assets	128.8	78.6	229.1	238.7
Others	94.9	108.8	114.7	96.0
Application of Funds	1,531.1	1,795.2	1,905.7	1,807.2

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY18	FY19	FY20	9MFY21
Per share data (₹)				
EPS	15.7	48.4	20.4	25.2
Cash EPS	89.8	135.9	117.3	95.5
BV	296.5	339.6	357.3	383.5
Cash Per Share	24.2	13.2	35.6	25.9
Operating Ratios (%)				
EBITDA Margin	19.9	24.3	26.7	28.1
PBT / Net sales	9.8	14.7	13.6	14.3
PAT Margin	2.1	5.4	2.8	5.0
Inventory days	74.1	64.9	79.6	121.3
Debtor days	49.8	42.2	47.5	76.4
Creditor days	89.5	66.5	68.9	107.6
Return Ratios (%)				
RoE	5.3	14.3	6.3	6.6
RoCE	9.8	15.6	11.3	8.5
RoIC	10.3	16.8	12.4	9.0
Valuation Ratios (x)				
P/E	95.1	30.8	73.0	59.2
EV / EBITDA	12.9	8.9	10.0	13.3
EV / Net Sales	2.6	2.2	2.7	3.8
Market Cap / Sales	2.0	1.6	2.0	2.9
Price to Book Value	5.0	4.4	4.2	3.9
Solvency Ratios				
Debt/EBITDA	2.9	2.2	2.6	3.1
Debt / Equity	1.4	1.4	1.4	1.2
Current Ratio	1.2	1.3	1.7	1.7
Quick Ratio	0.6	0.6	0.7	0.8

Source: Company, ICICI Direct Research

PL Note: 9MFY21 numbers are actual and not annualised for ratio analysis

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