

RATING

MANAGEMENT	★★★★★
BUSINESS	★★★★★
FINANCIALS	★★★★
VALUATION	★★★★


FIN2RESEARCH
Investment Advisor Pvt. Ltd.

Craftsman
AUTOMATION

Ranking 1 to 5, denoting lowest and 5 highest

CMP : ₹ 5330
RATING : BUY
TARGET : ₹ 6300
24th July 2024
KEY INFO

Mkt Cap (₹ cr)	12,721.59
52-Week High	5,840
52-Week Low	3,782
No. of eq shares (cr)	2.11
Face Value	5
Bse Code	543276
Nse Code	CRAFTSMAN
Free Float (₹ cr)	5,724.71

Source : BSE,NSE

ABOUT

Founded in 1986, Craftsman Automation Limited is a diversified engineering company with vertically integrated production capabilities. The Company is headquartered in Coimbatore and has pan India manufacturing presence. Spearheaded by Mr. S Ravi as the Chairman and Managing Director, the Company has scaled great heights during its three decade journey to earn the 'preferred partner' status with most of its customers. Currently, the Company produces a number of parts and subassemblies for a variety of industries, including e-commerce, pharmaceuticals, automotive, industrial and engineering segments.

KEY METRICS

	2023	2024
Sales (₹ million)	3,18,260	4,45,173
Sales Growth	43.6%	39.9%
GP Margin	48.8%	46.7%
EBITDA Margin	21.5%	19.7%
EBIT Margin	14.5%	13.5%
NP Margin	7.9%	7.6%
P/E	27.7x	29.9x
P/B	4.78x	5.20x
P/S	0.01x	0.01x
EV/Sales	2.51x	2.38x
EV/EBIDTA	11.68x	12.07x
ROE	19.5%	21.2%
ROA	7.7%	7.9%
ROCE	18.0%	18.9%
EPS	117.6	144.2
EPS Growth	52.3%	22.6%

Source:Company,Fin2research

KEY HIGHLIGHTS

In FY24, Craftsman Automation has experienced a phase of consolidation and moderation in growth following the significant expansion in FY22 and FY23 post-COVID-19.

Company signed non-binding agreement to acquire aluminium die-cast parts maker Sunbeam Lightweighting Solutions, Sunbeam counts India's largest automater, Maruti Suzuki and top two-wheeler maker Hero MotoCorp among its clients.

Company has agreed to acquire the remaining 24% stake it does not already own in DR Axion India for 2.50 billion Indian rupees.

Company has invested ₹5.8bn in capex in FY24 and it is expected to invest another ₹5bn+ in FY25 as well.

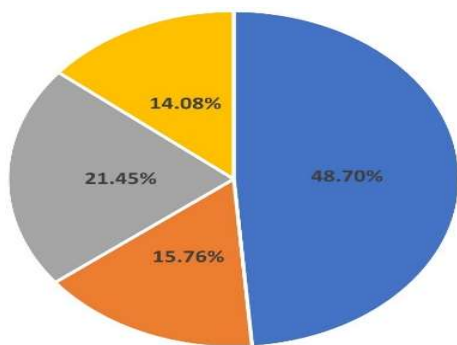
Company has approve QIP of up to Rs 1,200 crore.

The Board declared a final dividend of INR11.25/share for FY24, at similar levels of last year.

Shareholding Pattern

Promoter	48.70%
FIIs	15.76%
DIIs	21.45%
Public	14.08%

Source : BSE,NSE



■ Promoter ■ FIIs ■ DIIs ■ Public

KEY RISKS

Capital-intensive business and large working capital requirement: Operations are intrinsically capex and working capital intensive. The company has to maintain large inventory, given its customer and product portfolios. Also, with a large clientele and strong export presence, receivables are sizeable and could get stretched during a slowdown. Given the nature of operations, inventory and payable days are also high. Given multiple strategic business units and clients, operations will continue to be working capital intensive, and hence its prudent management remains critical.

Vulnerability to cyclical trends in automotive sector: The company caters to the auto, farm equipment, construction and earthmoving equipment, and locomotive industries, demand from which is typically linked to the economic activity. It is diversifying into non-auto industries, such as aluminium casting for power transmission and storage solutions, to mitigate the concentration risk.

Evolving technologies in the aluminium space: While the importance of aluminium in vehicular lightweighting is well established, evolution of means to achieve the same could undergo some changes in future (e.g., casting vs forging). In the event of other technologies gaining precedence over die casting, there could be a downside risk to revenue and profitability estimates for the auto aluminium division.

KEY MANAGEMENT PERSON


Mr. Srinivasan Ravi is the Promoter, Chairman and Managing Director responsible for the overall leadership of the Company.

He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore.

He is a true engineering visionary with experience of more than 35 years in the automotive industry and has been the driving force in Craftman Automation from its inception in 1986 to a publicly traded Company today.



Mr. Ravi Gauthamram is a Whole-time Director of the Company and has been on the Board since February 20, 2014.

He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore and a master's degree in mechanical engineering from RWTH Aachen University, Germany.

He has long experience in automotive industry. He is engaged in building the product strategy in the industrial and engineering segment of the Company. Prior joining Craftman Automation, he was associated with Caterpillar India Private Limited.



Mr. Sundararaman Kalyanaraman is an Independent Director, Chairman of Stakeholders Relationship Committee and has been on Board since June 30, 2017.

He holds a bachelor's degree in mechanical engineering from University of Madras. He has completed senior executive course of the 3-tier programme from IIM, Ahmedabad and BPL strategic leadership programme from IIM, Bengaluru.

He has experience in automotive industry. He was associated with TG Kirloskar Automotive Private Limited, Kirloskar Systems Limited, BPL Limited and Widia (India) Limited in the past.



Vijaya Sampath is an Independent Director, Chairperson of Nomination and Remuneration Committee and has been on Board since April 30, 2018.

She holds a bachelor's degree in arts from University of Madras and a bachelor's degree in law from University of Mysore. She is a fellow member of the Institute of Company Secretaries of India. She has attended the advanced management program of Harvard Business School, USA and a program on managing strategic alliances conducted by the Wharton School, University of Pennsylvania, USA.

She has experience in corporate laws and advisory and chairs the FICCI committee on corporate laws. She was associated with Lakshmikumaran & Sridharan Attorneys as a senior partner and with the Bharti Airtel Limited as group general counsel and company secretary in the past.



Mr. Tamraparni Srinivasan Venkata Rajagopal is an Independent Director, Chairman of Audit Committee and has been on Board since March 19, 2022.

He is a Practicing Chartered Accountant by qualification and profession, possess rich experience of more than 30 years. He is the Senior Partner of Subbachar & Srinivasan, Chartered Accountants Firm, Coimbatore. He is a graduate and fellow member of The Institute of Chartered Accountants of India (ICAI).

JOURNEY

THE INITIAL DAYS

Established "Craftsman Automation Pvt. Ltd."

STRENGTHENING THE ENTERPRISE

2001-2006

Aluminium Foundry Unit at Kurichi
Satellite Unit at Pithampur
ISO 9001: 2000 & ISO/TS 16949:2002 registration certification
Satellite units at Sriperumpudur, Jamshedpur, Pune & Faridabad.

2007-2011

Joint Ventures With Carl Stahl.
'Star Export House' registration certification.
Subsidiary Craftsman Europe B.V, Netherlands
Satellite units at Sriperumpudur, Jamshedpur, Pune & Faridabad.

WIDENING OUR HORIZON

2012-2016

Storage Solutions in Arasur, Coimbatore
Second satellite unit at Pune
Technology Division & HPDC Foundry at Bengaluru
Aluminium Sand Foundry, HPDC & LPDC In Arasur, Coimbatore

2017-2020

Machining Services at Bengaluru
Converted into public limited company "Craftsman Automation Limited"
Storage product manufacturing plant at Pune

MOVING INTO A HIGHER ORBIT

2021-2023

IPO launched in March 2021
Equity shares listed on BSE & NSE
Acquired 76% of the equity share capital of DR Axion India Pvt Ltd
Initiated the construction of the Kothavadi and Bhiwadi greenfield facilities

Craftsman Automation Pvt. Ltd. has grown significantly since its inception.

Initially focused on aluminium foundries and obtaining ISO certifications, it expanded its operations with satellite units across India and into Europe by 2011.

From 2012 to 2020, the company diversified into storage solutions and advanced manufacturing services, and became a public limited company.

Between 2021 and 2023, Craftsman Automation went public, acquired a major stake in DR Axion India Pvt Ltd, and began new facility constructions, demonstrating its ongoing growth and innovation.

CRAFTSMAN AUTOMATION LIMITED

Wholly Owned Subsidiary

Craftsman Europe B.V
Netherlands
(Formerly known as Craftsman Marine B.V)



Subsidiary Company

DR Axion India Private Limited
(Tiruvallur, India)



Joint Venture

Carl Stahl Craftsman Enterprises Private Limited
(Coimbatore, India)



A prominent company with a structured organization comprising wholly owned subsidiaries, subsidiary companies, and joint ventures.

Among its wholly owned subsidiaries is Craftsman Europe B.V., based in the Netherlands, which was formerly known as Craftsman Marine B.V. This international expansion highlights the company's strategic efforts to maintain a global presence.

Additionally, Craftsman Automation has a subsidiary company, DR Axion India Private Limited, located in Tiruvallur, India. This subsidiary enhances its manufacturing capabilities and market reach within India.

Furthermore, Craftsman Automation has established a joint venture with Carl Stahl, named Carl Stahl Craftsman Enterprises Private Limited, based in Coimbatore, India. This joint venture represents a strategic alliance aimed at leveraging the strengths of both companies to offer innovative solutions in the industry.



ISO 9001 : 2015



ISO 14001 : 2015



IATF 16949 : 2016

Company has achieved several significant certifications, highlighting its commitment to quality and international standards.

The company holds the ISO 9001:2015 certification for quality management systems and the ISO 14001:2015 certification for environmental management systems.

Additionally, it has obtained the IATF 16949:2016 certification, which is essential for quality management in the automotive industry.



AEO CERTIFICATE



EXPORT HOUSE CERTIFICATE

Further enhancing its global trade capabilities, Craftsman Automation has been awarded the AEO (Authorized Economic Operator) Certificate by Indian Customs and holds the Export House Certificate, recognized by the Government of India.

These certifications underscore the company's dedication to excellence, regulatory compliance, and its robust export operations.

BUSINESS VERTICALS

1

POWERTRAIN

Craftsman is a leading player involved in machining critical engine and transmission components for M&HCV and tractors. The Company enjoys a healthy presence in the construction equipment category and the M&HCV segments for the machining of cylinder heads and blocks.

2

ALUMINIUM PRODUCTS

Craftsman is a respected player in its automotive sector for its Aluminium die-casting & machining business and expertise in developing Industrial components. In less than a decade, this division (along with the recent acquisition of DR Axion) has emerged as a strong growth driver.

3

INDUSTRIAL & ENGINEERING

Craftsman's Industrial and Engineering (IE) segment is a showcase of its engineering expertise and technology absorption prowess. It comprises of two segments – Industrial engineering which is a play on the capex cycle (high-end sub-assembly and contract manufacturing) and Storage Solution which is a proxy to India's warehousing growth.

Source: Annual Report

SECTORS SERVED



Commercial Vehicles



Passenger Vehicles



Two wheelers



Farm Equipment/Tractors



Off-highway vehicles



Industrial engineering



Industrial engineering



Warehousing

Craftsman Automation serves a diverse array of sectors, underscoring its versatile engineering and manufacturing capabilities.

The company provides comprehensive solutions to the Commercial Vehicles sector, enhancing the performance and durability of trucks and other heavy-duty vehicles.

In the Passenger Vehicles segment, company delivers precision-engineered components that improve the efficiency and safety of cars.

The company also caters to the Two-Wheelers market, supplying critical parts that contribute to the reliability and performance of motorcycles and scooters.

Additionally, Craftsman Automation supports the Farm Equipment/Tractors industry by producing robust and high-quality parts essential for agricultural machinery.

The Off-Highway Vehicles sector benefits from their expertise in creating durable components for construction and mining equipment.

In the Industrial Engineering realm, Craftsman Automation delivers innovative solutions for various applications, including energy and infrastructure.

Finally, the company's capabilities extend to the Warehousing sector, where they provide essential tools and equipment to optimize storage and logistics operations.

This wide-ranging expertise enables Craftsman Automation to meet the evolving needs of multiple industries, driving progress and efficiency across various applications.

SERVICES OFFERED



Product and Part - Design & Simulation



Manufacturing Process Design, Tool (Die) & Fixture Design and Manufacturing



Special Purpose Machine Design & Manufacturing



Aluminium casting - High pressure, Low pressure, Gravity and Sand Casting



Machine, Metal Forming, Heat Treatment, Gear Manufacturing, Sheet Metal Fabrication and Powder Coating



Assembly & Quality Assurance and Testing

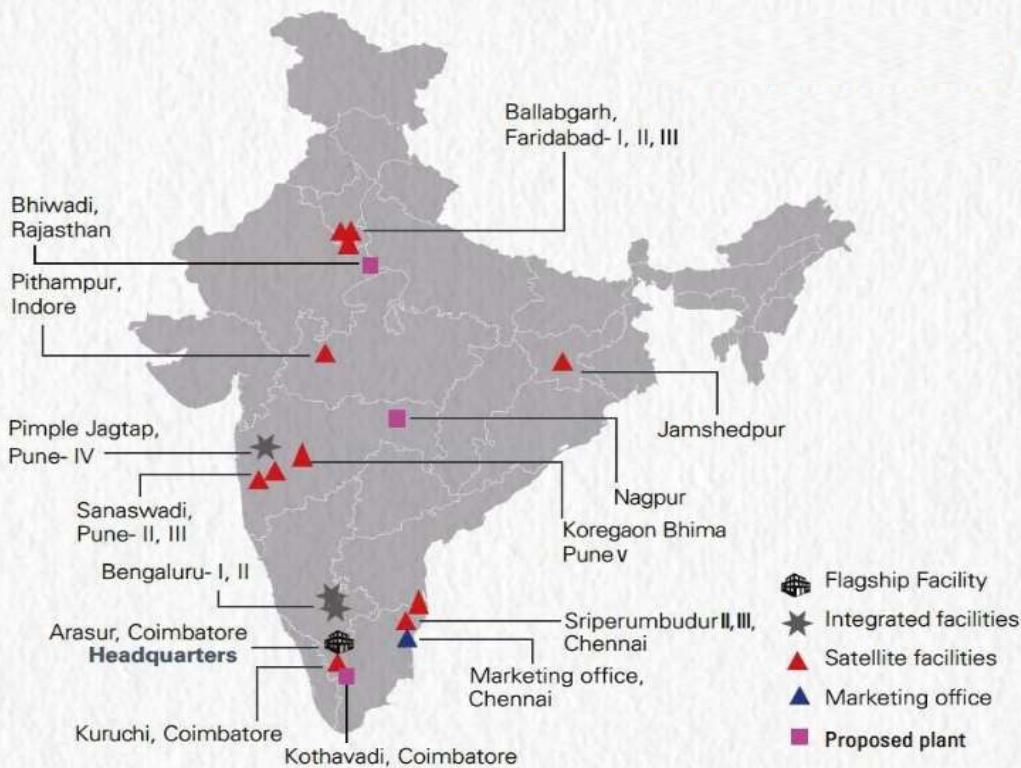
Craftsman Automation offers a comprehensive suite of services tailored to meet diverse industrial needs. Their expertise encompasses the design and simulation of products and parts, ensuring precision and efficiency in the manufacturing process.

They specialize in manufacturing process design, tool (die) and fixture design, and the actual manufacturing, providing end-to-end solutions. Additionally, Company excels in special-purpose machine design and manufacturing, catering to unique industrial requirements.

They are proficient in various aluminum casting techniques, including high pressure, low pressure, gravity, and sand casting, ensuring versatility in their offerings. The company also provides extensive services in machine, metal forming, heat treatment, gear manufacturing, sheet metal fabrication, and powder coating, showcasing their multifaceted capabilities.

Craftsman Automation ensures the highest standards of quality through their assembly, quality assurance, and testing services, guaranteeing reliability and excellence in every project.

PAN INDIA PRESENCE



Company has established a robust pan-India presence. Their headquarters is strategically located in Arasur, Coimbatore.

The company boasts Integrated facility in Pimple Jagtap, Pune, Bengaluru

Numerous Satellite facilities in locations like Ballabgarh, Faridabad, Sanaswadi, Pune, Sriperumbudur, Chennai, Pithampur, Indore, Koregaon Bhima, Pune, Jamshedpur.

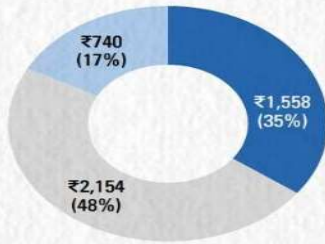
They have also proposed to set up plants in Bhiwadi, Rajasthan, Nagpur, Kothavadi, Coimbatore.

Furthermore, marketing office are established in Chennai.

This extensive network underscores Craftsman Automation's commitment to maintaining a strong operational presence across India.

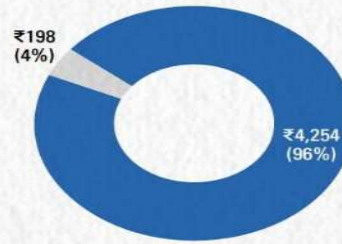
REVENUE SPLIT

Revenue by business
(Consolidated Basis)



- Powertrain
- Aluminium
- Industrial Engg.

Revenue by geography
(Consolidated Basis)



- Domestic
- Exports

Source: Annual Report

MANUFACTURING SERVICES

Automotive Division



Craftsman Automation is an OEM supplier of automotive parts, such as engine blocks, cylinder heads and transmission housings for leading manufacturers of commercial and utility vehicles.

Gears & Transmission



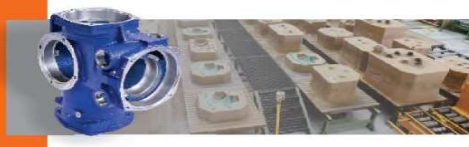
Craftsman Automation houses state-of-the-art gear manufacturing facilities including CNC machining lines with comprehensive production capacity.

Heavy Parts



Craftsman Automation produces heavy parts for the locomotive, wind energy, and healthcare industry. We are capable of producing heavy and large engineering parts machined to perfection.

Castings



Our aluminium foundry includes Green sand casting, 3 part no bake sand casting, low pressure die casting, gravity die casting and high pressure die casting facilities to complement our machine shop.

Sheet Metal & Equipment



We supply fully functional special equipment and sheet metal parts using the latest Mitsubishi laser cutting machinery, flame cutting machinery, straightening machinery, that are supported by TIG and MIG welding.

Engineered Components & Assembly



Craftsman Automation manufactures components and other subassemblies for automotive, printing, textile, marine, locomotive, windmills and other textile industries.

Locomotive Components & Assembly



Our advanced manufacturing technology coupled with modern infrastructural facilities produce Engineering Parts, Locomotive Parts and Powertrain Parts of the highest quality.

Source: Corporate Brochure

PRODUCTS

We provide efficient storage solutions based on your requirement and convenience. We offer high performance, durable and strong storage solutions that ensure good utility value.



Storage Systems

Craftsman Marine BV, a 100% owned subsidiary of Craftsman Automation Private Limited, based in Netherlands, designs, develops and manufactures innovative, high quality boat equipment including marine engines, deck accessories, thrusters and storage.



Marine

Craftsman Mould Base provides high quality custom designed mould bases for Plastic mould, die casting moulds and aluminium moulds depending on customer requirements.



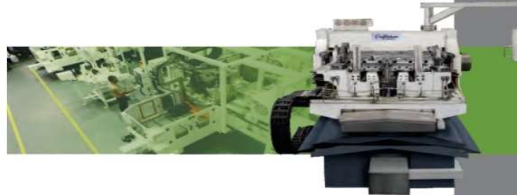
Mould Base

The Tool Room at Craftsman Automation is a facility fully equipped with machinery and expert operators to manufacture tools and dies for plastic parts and press tools for sheet metal parts, plastic injection moulded components and sheet metal parts.



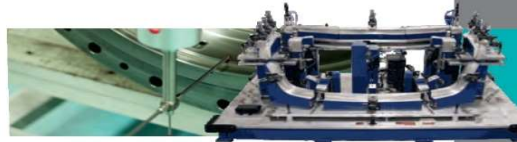
Tool Room

Craftsman Technology manufactures special purpose equipment, including leak testing machines, nut runners, Industrial Washing machines and inspection equipment for industrial applications.



Special Purpose Machines

Assembly Aids, a division of Craftsman Automation Private Limited focus on providing the best effective products to customer that supports lean manufacturing, inspection, testing & Validation.



Assembly Aids

Source: Corporate Brochure

HIGHLIGHTS FOR FY24

In FY24, Craftsman Automation has experienced a phase of consolidation and moderation in growth following the significant expansion in FY22 and FY23 post-COVID-19.

This moderation is primarily due to reduced inventories as the supply chain has improved. Despite this, the company has managed to maintain its revenue and gross margins, showcasing its strong financial health and strategic foresight.

The company faces new challenges due to ongoing geopolitical tensions, including wars in Eurasia, a new conflict in the Middle East, and the Red Sea crisis. However, the economic conflict between the USA and China has opened up new opportunities. Craftsman Automation has utilized this phase to prepare for future growth and diversification.

A key highlight of this period is the strategic acquisition of DR Axion India Pvt. Ltd., which has enhanced operational efficiencies and enabled deeper engagement with the PV segment in India.

This acquisition also opens doors for exports to Korea and other global markets. Additionally, the company is expanding its geographical presence by setting up new Aluminium facilities in North India to capitalize on the growing demand for its products.

Furthermore, Craftsman Automation is investing in backward integration into specialized large ferrous castings to cater to off-highway/power generation engines, renewable energy, and capital goods sectors. This strategic investment will significantly strengthen the company's machining operations. Overall, Craftsman Automation is leveraging the current moderation phase to prepare for future growth, diversify its market reach, and enhance its operational efficiencies through strategic acquisitions and investments.

COMPANY OUTLOOK

The future outlook for Craftsman Automation is bright, driven by strategic investments and a commitment to harnessing emerging opportunities in India's transforming energy and mobility sectors.

The company is positioning itself to leverage new opportunities through significant investments in its legacy Powertrain vertical, aiming to capitalize on the increasing interest of multinational corporations (MNCs) in setting up manufacturing facilities in India.

Craftsman's growing engagement in the global supply chain is expected to yield substantial benefits, particularly as demand for sustainable and efficient industrial engines rises. Innovations in engine technology, including the development of engines compatible with flexible fuels, are set to drive growth, with Craftsman deeply involved in these advancements.

The company's expansion into the production of smaller, more efficient hybrid engines in the PV segment also promises to enhance its market position. Moreover, the increasing need for power generation engines, fueled by India's industrialization and the global demand for data centers, bodes well for Craftsman's prospects.

The ongoing construction of a new Aluminium plant in Bhiwadi will enable Craftsman to meet the growing demand for lightweight automotive parts, further solidifying its market presence. The company's strategic focus on backward integration into specialized large ferrous castings and its fully integrated foundry will provide comprehensive manufacturing solutions, enhancing stability and reducing market volatility. With a clear strategy that includes synergizing operations from recent acquisitions, engaging more deeply with customers, and augmenting capacities, Craftsman Automation is well-positioned to sustain its growth trajectory and maximize stakeholder value.

INDIA – AS A GLOBAL MANUFACTURING HUB

India's growing role in global manufacturing is set to be a major driver of growth for Craftsman Automation.

The country's productivity has been rising at an average annual rate of 5.6%, second only to China, attracting significant interest from key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables.

This trend is propelled by two key factors: the need for global players to diversify their sourcing bases due to increasing geopolitical tensions and the rising costs in developed markets, which are eroding their competitive advantage.

India offers a promising alternative with its skilled talent pool, strong domestic economy, improving infrastructure, and the Make in India initiative. As more global players establish or expand their manufacturing footprint in India.

Craftsman Automation is well-positioned to capitalize on these opportunities, enhancing its growth prospects and cementing its place as a leading player in the manufacturing sector.

AUTOMOBILE INDUSTRY IN INDIA

Automobile sales increased by 13.8 per cent (y-o-y) in March 2024, led by two wheelers and passenger vehicle sales. While tractor exports recorded robust growth, domestic sales showed some improvement.

The automotive industry is a highly competitive market which is witnessing growth owing to factors such as increasing disposable income, the availability of the financing options, rising urban population, close substitutes for each segment which are equipped with best technological advancements such as active and passive safety systems, comfort features, and high performing powertrains.

The market also enjoys growth due to the dynamic Indian public transportation network and the growing logistic landscape. According to Society of Indian Automobile Manufacturers (SIAM), The industry produced a total of 2,84,34,742 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers, and Quadricycles in April 2023 to March 2024, as against 2,59,31,867 units in April 2022 to March 2023. The overall passenger Vehicles domestic sales increased from 38,90,114 to 42,18,746 units in FY-2023-24, compared to the previous year. The automobile domestic sales trend indicates that the two-wheeler segment has the highest sales volume of 1,79,74,365 units in the year 2023-24.

INDUSTRY OUTLOOK

AUTOMOBILE

Key factors that are driving the automobile market include a growing population, increasing investments in the road infrastructure, growing logistics industry, and increasing popularity of SUVs. India's annual production of automobiles in FY24 was 28.4 Million vehicles.

a. Commercial Vehicle (CV)/ Medium & Heavy Commercial Vehicles (MHCV) Domestic Commercial Vehicle industry had a marginal growth to 0.97 Million units and within that, some drop was experienced in LCVs and SCVs due to degrowth in CNG segment. The growth in Commercial vehicles was also impacted due to migration to higher tonnage trucks which created higher payload capacity. India enjoys a strong position in the global heavy vehicles market as it is the largest tractor producer, second-largest bus manufacturer, and thirdlargest heavy truck manufacturer in the world.

b. Two-Wheeler (2W) The two-wheelers segment dominates the market in terms of increase in volume by 13%, owing to a growing middle class and a huge percentage of India's young population.

c. Passenger Vehicle (PV)

The Indian passenger car market shown 8.4 % volume increase (3.9 Million to 4.2 Million) in FY24 in comparison with Last year.

ALUMINIUM

Global Aluminium Casting Market reached US\$ 70.5 Billion in 2023 and is expected to reach US\$ 125.7 Billion by 2031, growing with a CAGR of 7.5% during the forecast period 2024-2031.

The aluminium casting market in India is forecasted to grow by USD 7.15 Billion during 2023-2028, accelerating at a CAGR of 8.5% during the forecast period.

As the automotive industry pivots towards energy efficiency and lightweight solutions, aluminium casting emerges as a pivotal player. Navigating environmental concerns and leveraging the potential for lightweight vehicle applications, the aluminium casting market is poised to shape a sustainable future. The automotive sector plays pivot role in the overall consumption of aluminium in India. After a stellar performance in FY23, automotive demand is expected to remain steady in FY 24 and in FY 25. In addition, the average quantity of aluminium used per vehicle in India remains significantly lower ~40 -50 Kgs compared to global average of ~160-200 Kg.

INDUSTRIAL & ENGINEERING

Infrastructure investments are expected to increase to USD 778.90 Billion in FY 2020-25, which will provide a significant boost to demand for capital goods. Under Budget 2023-24, capital investment outlay for infrastructure was increased by 33% to 10 Lakh Crores (USD 122 Billion) which would be 3.3% of the GDP.

National Capital Goods Policy aims to increase industrial production of the sector to USD 100 Billion. It played a pivotal role for manufacturing to contribute significantly to 'MAKE IN INDIA'. It also took steps to promote technology, skills, exports and common facility centres in an effort to strengthen the overall industrial infrastructure.

STORAGE SOLUTIONS

The Indian warehouse market is predicted to reach \$34.99 Billion by 2027, with a CAGR of 15.64% from 2022. The India industrial racking system market is valued at US\$ 542.8 Million in 2022, and is projected to surge ahead at a CAGR of 10.3% to reach a market valuation of US\$ 1.4 Billion by the end of 2032.

The Automated Storage and Retrieval System (ASRS) Market size is projected to reach a CAGR of 7.9% from 2022 to 2028. Automated storage & retrieval systems are inventory management systems commonly used in manufacturing centers, distribution facilities, and warehouses. With a projected increase of over 16% in 2024, warehouse automation is swiftly evolving from an option to a vital necessity for maintaining competitiveness in today's business landscape. Innovations in areas such as Automated Storage and Retrieval Systems (AS/RS) are pivotal to the future of warehousing.

Source: Annual Report MD&A

QUATERLY HIGHLIGHT
Income Statement (Consolidated)

(₹ Lakhs)

Particulars	Q4FY24	Q3FY24	Q4FY23	YOY%	QOQ%
Revenue	1,10,534	1,12,970	98,037	12.7%	-2.2%
COGS	59,841	60,099	53,215	12.5%	-0.4%
Gross Profit	50,693	52,871	44,822	13.1%	-4.1%
% GP Margin	46%	47%	46%	0.3%	-2.0%
Employee expense	7,295	7,631	6,064	20.3%	-4.4%
Other expenses	7,229	7,028	5,993	20.6%	2.9%
EBITDA	36,169	38,212	32,765	10.4%	-5.3%
% EBITDA Margin	33%	34%	33%	-2.1%	-3.3%
D&A	4,640	4,417	4,191	10.7%	5.0%
EBIT	31,529	33,795	28,574	10.3%	-6.7%
% EBIT Margin	29%	30%	29%	-2.1%	-4.6%
Finance cost	22,708	23,220	19,914	14.0%	-2.2%
Other Income	531	350	488	8.8%	51.7%
JV/Associates	30	12	12	150.0%	150.0%
PBT	9,382	10,937	9,160	2.4%	-14.2%
Taxes	2,329	2,790	1,137	104.8%	-16.5%
PAT	7,053	8,147	8,023	-12.1%	-13.4%
% NET Margin	6%	7%	8%	-22.0%	-11.5%

Source: Quaterly Report

Income Statement (Standalone)

(₹ Lakhs)

Particulars	Q4FY24	Q3FY24	Q4FY23	YOY%	QOQ%
Revenue	82,246	80,517	78,552	4.7%	2.1%
COGS	43,005	39,849	39,109	10.0%	7.9%
Gross Profit	39,241	40,668	39,443	-0.5%	-3.5%
% GP Margin	48%	51%	50%	-5.0%	-5.5%
Employee expense	6,356	6,623	5,577	14.0%	-4.0%
Other expenses	6,265	5,882	5,329	17.6%	6.5%
EBITDA	26,620	28,163	28,537	-6.7%	-5.5%
% EBITDA Margin	32%	35%	36%	-10.9%	-7.5%
D&A	4,275	3,903	3,860	10.8%	9.5%
EBIT	22,345	24,260	24,677	-9.5%	-7.9%
% EBIT Margin	27%	30%	31%	-13.5%	-9.8%
Finance cost	18,054	18,324	17,111	5.5%	-1.5%
Other Income	476	160	443	7.4%	197.5%
PBT	4,767	6,096	8,009	-40.5%	-21.8%
Taxes	1,221	1,563	975	25.2%	-21.9%
PAT	3,546	4,533	7,034	-49.6%	-21.8%
% NET Margin	4%	6%	9%	-51.9%	-23.4%

Source: Quaterly Report

Source: Concall

Craftsman Automation reported a weak 4QFY24, largely due to the subdued performance of the powertrain division, resulting in a lower Revenue/PAT. However, outlook is aided by the strong order backlog in the AI and Industrial Engineering segments.

Company reported revenues of ₹11 bn v/s ₹9.8 bn, a growth of 13% yoy and a fall of 2.2% qoq.

EBITDA increased by 10% yoy and fell by 6% qoq.

PAT declined by 12%/13% yoy and qoq

The Board declared a final dividend of INR11.25/share for FY24, at similar levels of last year.

CAL has invested ₹5.8bn in capex in FY24 and it is expected to invest another ₹5bn+ in FY25 as well. Bulk of the investments is likely to go for completion of two Greenfield facilities at Bhiwadi (catering to Aluminium business) and Kothavadi (catering to industrial business and powertrain business) plants. 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.

Management is confident of delivering mid-to-high single-digit growth in FY25 in Power Train segment with stronger focus on construction equipment and genset engine cylinder block demand.

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.

FINANCIAL SUMMARY

INCOME STATEMENT (₹ Lakhs)			
Particulars	FY22	FY23	FY24
Revenue	2,21,702	3,18,260	4,45,173
COGS	1,03,405	1,62,943	2,37,131
Gross Profit	1,18,297	1,55,317	2,08,042
% GP Margin	53%	49%	47%
Employee expense	18,776	23,350	28,846
Other expenses	46,105	63,606	91,313
EBITDA	53,416	68,361	87,883
% EBITDA Margin	24.09%	21.48%	19.74%
D&A	20,599	22,161	27,769
EBIT	32,817	46,200	60,114
% EBIT Margin	14.80%	14.52%	13.50%
Finance cost	8,422	12,023	17,454
Other Income	740	1,254	1,724
JV/Associates	38	48	85
PBT	25,173	35,479	44,469
Taxes	8,864	10,383	10,736
PAT	16,309	25,096	33,733
% NET Margin	7.36%	7.89%	7.58%
Minority Interest	0	257	3,268
Adjusted PAT	16,309	24,839	30,465

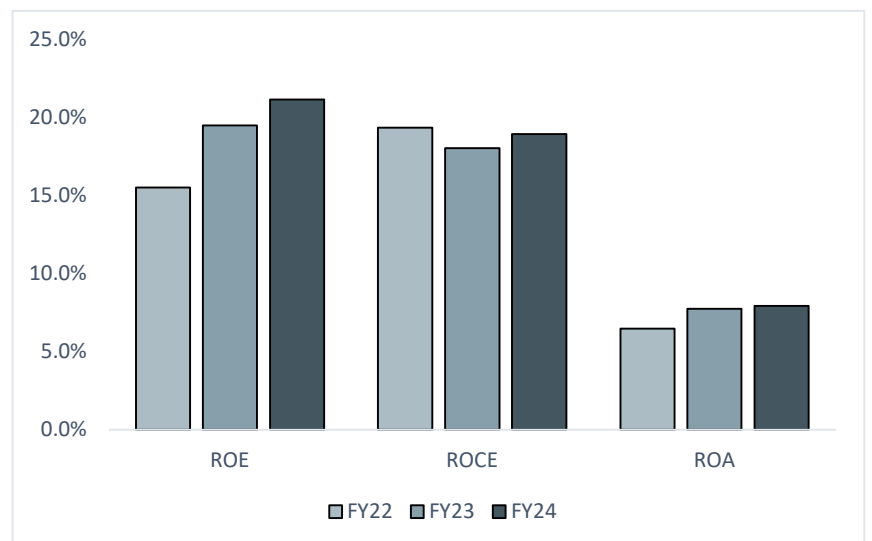
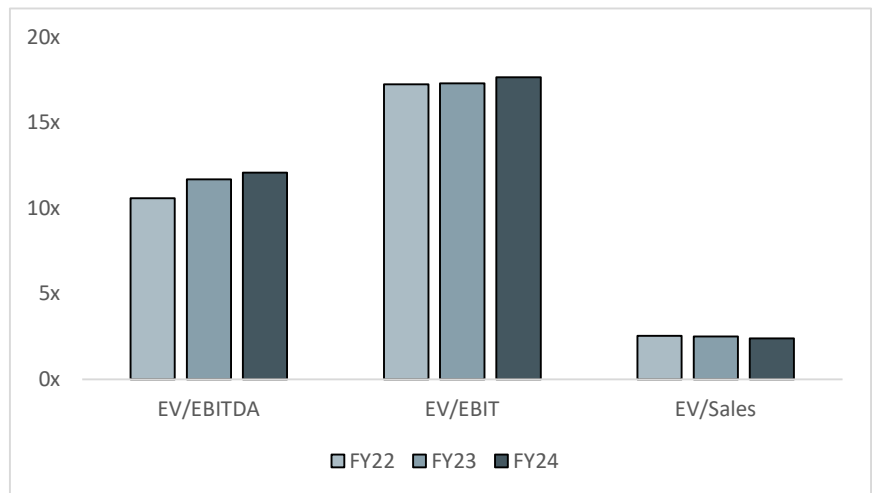
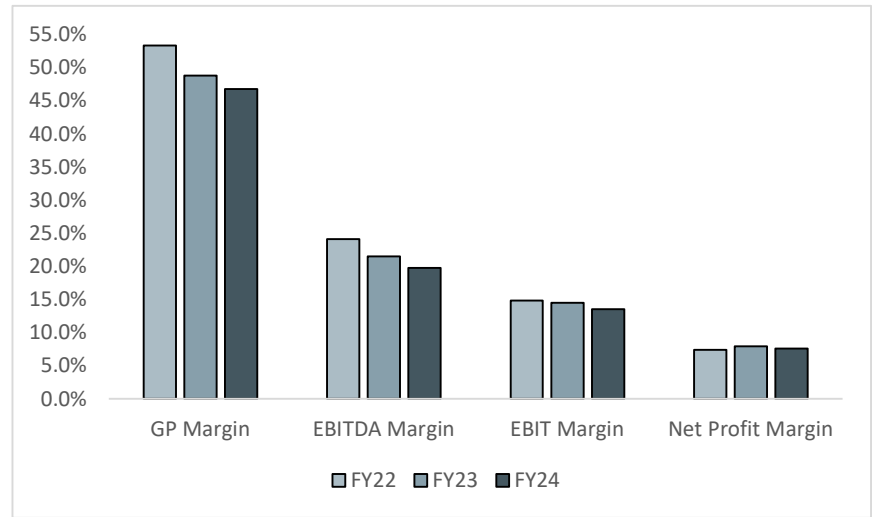
CASH FLOW STATEMENT (₹ Lakhs)			
Particulars	FY22	FY23	FY24
Operating Activity			
CFO Before WC	51,562	66,975	85,321
Change in WC	-15,165	1053	-19,236
Tax	-3,676	-7,262	-14,754
Net CFO	32,721	60,766	51,331
Investing Activity			
Net Capex	-21,267	-34,467	-62,905
Interest income	138	653	233
Other CFI	236	-36,977	79
Net CFI	-20,893	-70,791	-62,593
Financing Activity			
Issuance of share capital	-185	0	0
long-term borrowings	10,505	57,631	47,716
Payment of long term borrowings	-13,911	-25,654	-23,296
Net short-term borrowings	3,508	-11,560	14,955
Lease liabilities	-4,234	-2,053	-4,995
Interest paid	-7,687	-10,267	-17,180
Dividend Paid	0	-793	-2,377
Net CFF	-12,004	7,304	14,823
Net change in CF	-176	-2,721	3,561

BALANCE SHEET (₹ Lakhs)			
Particulars	FY22	FY23	FY24
Non Current Asset			
PP&E	1,45,372	1,83,878	2,13,344
CWIP	4,198	9,663	17,861
Intangible assets	424	315	432
Right-of-use Asset	8,582	9,196	23,896
Goodwill	0	18,999	18,999
Investments	265	343	447
Security Deposits	2,514	3,328	4,919
Other Fin assets	43	148	94
Current tax assets	0	21	828
Oth non-cur assets	3,141	5,991	11,456
Total Non Current Asset	1,64,539	2,31,882	2,92,276
Current Assets			
Inventories	62,641	83,601	1,04,082
Trade receivables	29,621	53,529	57,663
Cash & equivalents	2,943	2,732	6,349
Other bank balances	1,405	2,002	1,953
Security Deposits	335	30	97
Other Financial assets	865	856	961
Other Current assets	5,129	6,040	7,193
Total Current Asset	1,02,939	1,48,790	1,78,298
Total Asset	2,67,478	3,80,672	4,70,574
Non - Current liabilities			
Borrowings	37,378	90,617	1,12,484
Lease Liabilities	6,685	7,539	16,486
Other Financial Liab	355	377	211
Deferred tax liab	11,678	14,112	13,148
Total Non Current Liab	56,096	1,12,645	1,42,329
Current liabilities			
Borrowings	34,182	24,655	42,159
Lease Liabilities	1,710	1,212	4,353
Trade payables	46,256	71,162	80,064
Other Financial Liab	7,374	12,264	14,595
Current tax liab	690	3,156	912
Other current liab	7,125	11,111	9,875
Provisions	471	677	1,121
Total current liabilities	97,808	1,24,237	1,53,079
Total Liabilities	1,53,904	2,36,882	2,95,408
Equity share capital	1,056	1,056	1,056
Other equity	1,12,518	1,36,634	1,64,742
Non-controlling int	0	6,100	9,368
Total Sharholder's Eq	1,13,574	1,43,790	1,75,166
Total Equity & Liab	2,67,478	3,80,672	4,70,574

Source: Annual Report

RATIOS

Ratios	FY22	FY23	FY24
Profitability Ratios			
EPS	77.22	117.61	144.25
GP Margin	53.36%	48.80%	46.73%
EBITDA Margin	24.09%	21.48%	19.74%
EBIT Margin	14.80%	14.52%	13.50%
Net Profit Margin	7.36%	7.89%	7.58%
Dividend Payout	0.00%	3.16%	7.05%
Sales Growth	42.12%	43.55%	39.88%
Expense Growth	38.81%	43.98%	41.69%
GP Growth	32.41%	31.29%	33.95%
EBITDA Growth	21.89%	27.98%	28.56%
EBIT Growth	33.52%	40.78%	30.12%
Net Profit Growth	67.51%	53.88%	34.42%
Valuation Ratios			
Enterprise Value	5,65,306	7,98,314	10,60,916
EV/EBITDA	10.58x	11.68x	12.07x
EV/EBIT	17.23x	17.28x	17.65x
EV/Sales	2.55x	2.51x	2.38x
P/CFO	0.07x	0.05x	0.08x
P/E	30.54x	27.68x	29.91x
P/S	0.01x	0.01x	0.01x
P/B	4.39x	4.78x	5.20x
Efficiency Ratios			
ROE	15.49%	19.50%	21.15%
ROCE	19.34%	18.02%	18.93%
ROA	6.49%	7.74%	7.93%
Asset turnover	0.88x	0.98x	1.05x
Leverage Ratios			
D/E	0.63x	0.80x	0.88x
Debt/EBITDA	1.34x	1.69x	1.76x
Debt/Assets	0.27x	0.30x	0.33x
Interest Coverage Ratio	3.90	3.84	3.44
Liquidity Ratios			
Current Ratio	1.05	1.20	1.16
Quick Ratio	0.41	0.52	0.48
Cash Ratio	0.04	0.04	0.05
Cash Flow Ratio			
CFO Growth	-9.7%	85.7%	-15.5%
CFO/Revenue	0.15x	0.19x	0.12x
CFO/EBITDA	0.61x	0.89x	0.58x
CFO/PAT	2.01x	2.42x	1.52x
CFO/Total Assets	0.12x	0.16x	0.11x
CFO/Total Debt	0.46x	0.53x	0.33x

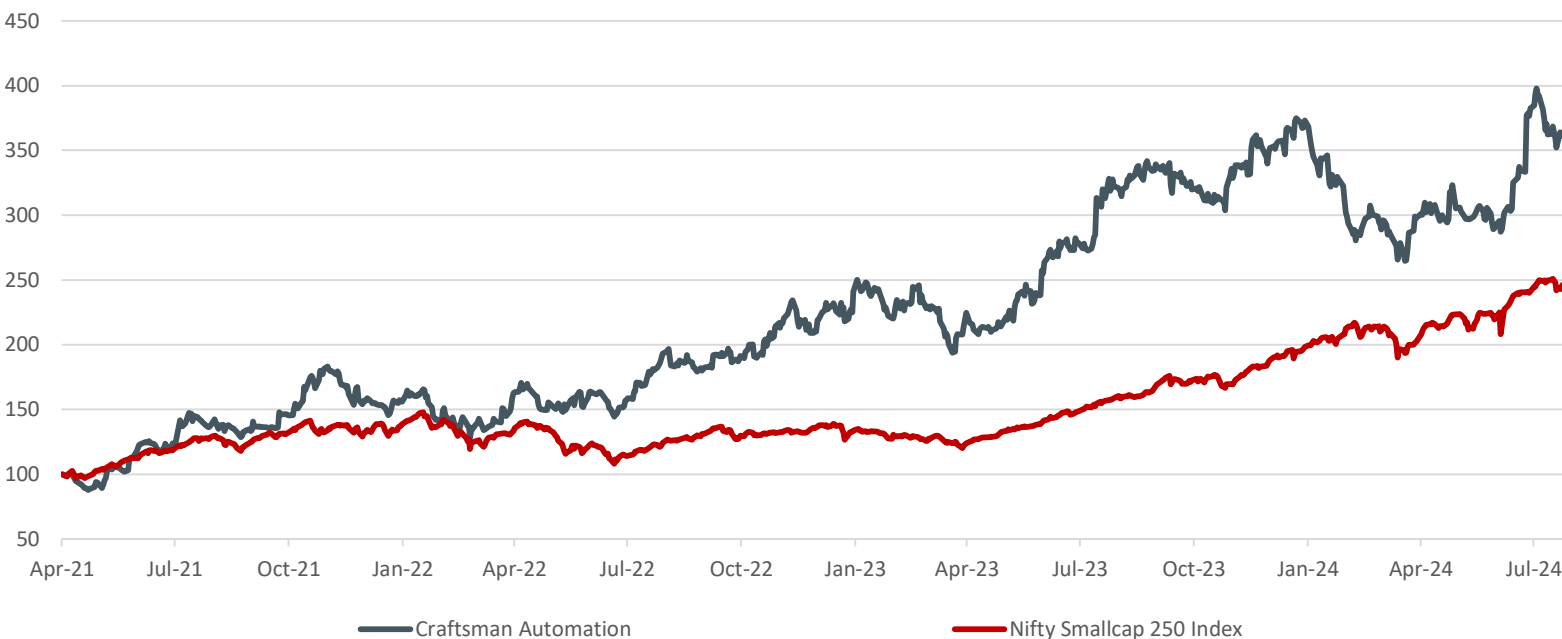


Source: Company, Fin2research

PRICE CHART



VALUE OF ₹ 100 INVESTED IN CRAFTSMAN AUTOMATION VS NIFTY SMALLCAP 250



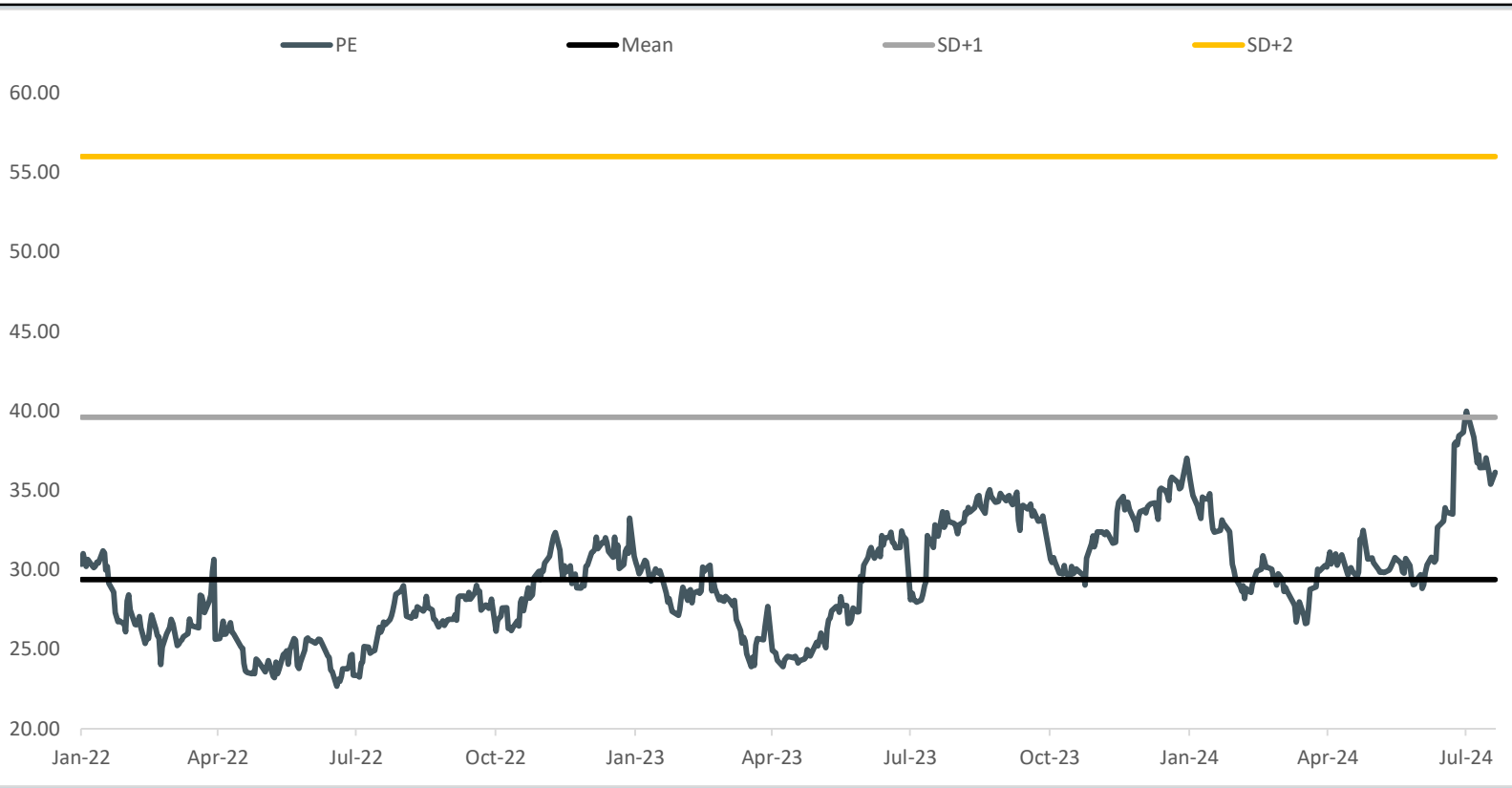
Craftsman Automation significantly outperformed the benchmark index.

₹ 100 investment in the company grew to approximately ₹361, showcasing a robust upward trend and substantial returns.

In contrast, the Nifty Smallcap 250 Index experienced moderate growth, increasing ₹ 100 investment to around ₹242.

This comparison highlights that an investment in Craftsman Automation would have provided considerably higher returns than the broader small-cap market.

VALUATION



Source: Company, Fin2research

Based on our analysis using the Price-to-Earnings (P/E) valuation method, we have determined that current P/E ratio of 36.1x is above from its 3 year historical P/E average of 29.3x. This suggests that the stock may be little above relative to its earnings potential.

We expect Craftsman Automation to see strong growth going forward due to many factors such as:

Capacity expansion - Company is expanding its manufacturing capacity through the organic route. It is setting up a large integrated foundry near Coimbatore which will cater to all the 3 segments of Aluminium products, Powertrain and Industrial & Engineering. Besides the company is also looking to cater to non-automotive sectors such as wind energy and capital goods.

Growth through acquisitions - Company acquired stake in DR Axion India Pvt Ltd. This acquisition helped the company to increase its product offerings in the automotive powertrain segment. DR Axion is the major supplier of cylinder blocks and heads for leading PV OEMs such as Hyundai Motors, Kia Motors and M&M. This has helped CAL to increase the share of PV and reduce the dependence on the CV industry. CAL has also recently signed an MoU to acquire the partial or complete business of Sunbeam Lightweighting Solutions Pvt Ltd.

We believe that a higher P/E multiple of 36.1x is justified relative to its strong growth potential in the near future.

However, it is important to note that P/E valuation has its limitations, including reliance on past earnings and market sentiment. Risks such as regulatory changes and competitive pressures could also impact the valuation.

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- **BUY** – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- **REDUCE** – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- **SELL** – We expect the stock to deliver negative returns over the next 9 months.
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- **NA** – Not Available or Not Applicable. The information is not available for display or is not applicable.
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- **NOTE** – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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