

14th February 2025

LTP* – ₹4,025

 View – **BOOK PROFIT**
3QFY25 Result Highlights
EBITDA declined due to the impact of startup cost and weak demand:

- Consolidated revenue grew by 40% YoY and 30% QoQ to ₹15.76bn. However, EBITDA declined by 10% YoY to ₹1.99 billion, and PAT decreased by 82% YoY to ₹0.12bn. The EBITDA margin contracted by 687 basis points YoY and 326 basis points QoQ to 12.6%. The significant increase in other expenses and employee costs was due to the start-up costs for two greenfield facilities, Sunbeam-related costs, inflationary pressures and weak demand. Exceptional items of ₹148mn during the quarter represent expenses incurred by SLSPL in relation to relocation of its Gurgaon facility and transfer of control to the company.

Craftsman Automation is undertaking several strategic initiatives to enhance its operations:

- Sunbeam Relocation:** The relocation of the Gurgaon plant has commenced, with completion expected by the 1QFY26. Following this, the company plans to consider the sale of the land. Approximately 50% of employees opted for the Voluntary Retirement Scheme (VRS) and were relieved in November 2024; the remaining are expected to be settled by April-May 2025. The plant aims to achieve EBIT neutrality by the 2QFY26 and anticipates positive EBIT for the FY2026.
- Kothavadi Plant:** Several samples have been supplied to customers, with production expected to begin in the 4QFY25 upon approval. The expected revenue is around ₹8.5bn for the stationary engines and machining segment including the Arasur plant in FY28-29.
- Hosur Plant:** The plant is scheduled to be operational by the 2QFY26 and is expected to reach full capacity by the 4Q. The combined peak capacity for the Hosur and Bhiwadi alloy wheel plants is projected to be around ₹8bn by FY27.
- Industrials Segment:** The company's automated storage solutions have garnered a robust order book, fully booked for the upcoming year. This strong demand positions the company to capitalize on increased profitability in this sector.

Management Guidance:

- Craftsman Automation anticipates a 27% increase in consolidated revenue for the upcoming fiscal year, aiming to reach ₹7,000crs, up from the current ₹5,500crs. This growth is expected to be driven by significant contributions from the Kothavadi Plant (₹100–150crs), Bhiwadi Plant (₹300 crore), and Hosur Plant (₹150crs). The company also forecasts a 29% rise in EBITDA, surpassing ₹1,100crs, and a 40% increase in EBIT, reaching ₹70crs.
- In terms of debt management, the consolidated net debt for the current fiscal year is projected at ₹1,900crs, resulting in a debt-to-EBITDA ratio of 2.24x. If the Gurgaon land sale had happened, the debt would have been ₹16bn, bringing the ratio down to 1.88x. Hopeful to sell the land in FY26. Expects the consolidated debt to decline to ₹1400crs next year.
- Regarding capital expenditure, the company has allocated ₹850crs for FY25, with plans to reduce this amount by at least half in FY26.

Important Statistics

Nifty	23,031
Sensex	76,139
LTP*(₹)	4,025
MCAP (₹ bn)	~96
52 Week H/L (₹)	7,121/3,782
NSE Code	CRAFTSMAN
BSE Code	543276
Bloomberg Code	CRAFTSMA:IN

LTP as on 13th February 2025*

Shareholding Pattern	Dec'24 (%)
Promoters	48.70
DIIs	21.00
FIIIs	16.99
Public & Others	13.31

Financials

(₹ mn)

Particulars	FY22	FY23	FY24	FY25E	FY26E
Revenue	22,170	31,826	44,517	48,567	54,910
EBITDA	5,342	6,836	8,789	7,868	9,554
EBITDA Margin (%)	24.1	21.5	19.7	16.2	17.4
Net Profit	1,631	2,484	3,045	2,191	3,200
EPS (₹)	77.2	117.6	144.2	103.8	151.5
RoE (%)	13.0	16.3	17.0	13.4	13.4
RoCE (%)	16.0	16.7	17.0	13.9	13.6
P/E (x)	51.9	34.1	27.8	38.6	26.4
EV/EBITDA (x)	17.3	14.1	11.5	13.2	11.2
P/BV (x)	7.5	6.1	5.1	4.4	3.7

Source: Company, Way2Wealth
Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
CAL	-7.5	92.0	162.0
Nifty 50	5.0	36.2	89.4
Sensex	5.7	34.6	84.0

Rupali Singh
rupalisingh@way2wealth.com

91-22-4019 2907

14th February 2025

LTP* - ₹4,025

 View - **BOOK PROFIT**
View

The company is currently managing multiple strategic initiatives, including the restructuring of Sunbeam, the stabilization of greenfield projects, and the integration of Fornberg. These efforts are occurring amidst weak demand in the Commercial Vehicles (CVs) and Passenger Vehicles (PVs) segments. Consequently, significant start-up costs incurred in the third quarter are expected to persist, potentially impacting returns over the next 12 to 15 months. Given the absence of immediate earnings catalysts and the execution risks associated with these projects, **we recommend booking profits on stock. Currently, the stock trading at a P/E of 26x FY26E EPS of ₹151.5.**

FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Revenue	15,761	11,297	40%	12,140	30%	39,412.30	33,463.90	18%
Cost of Sales & services	10,217	6,319	62%	7,017	46%	23,616.90	18,449.70	28%
Changes in inventories	(1,905)	(310)	516%	(265)	620%	-2,069.70	-720.70	187%
Employee Exps	1,334	763	75%	832	60%	2,904.30	2,155.10	35%
Other Exps	4,126	2,322	78%	2,628	57%	9,069.90	6,860.50	32%
EBITDA	1,990	2,202	-10%	1,928	3%	5,890.90	6,719.30	-12%
EBITDA Margin (%)	12.6	19.5		15.9		15%	20%	
Depreciation	1,035	703	47%	762	36%	2,521.20	2,054.00	23%
Finance Cost	583	442	32%	413	41%	1,487.20	1,281.40	16%
Other Income	86	35	145%	64	33%	198.40	119.30	66%
Exceptional	(148)					-147.60	-	
PBT	311	1,093	-72%	817	-62%	1,933.30	3,503.20	
Tax	183	279	-34%	205	-10%	600.10	840.70	-29%
JV Profit/(Loss)	2	1	75%	4	-48%	7.90	5.50	44%
Minority Interest - (Profit)/Loss		84	-100%			63.00	246.60	-74%
Net Profit	129	731	-82%	616.9	-79%	1,278.10	2,421.40	-47%
Net profit margins %	1%	6%		5%		3%	7%	
EPS (₹)	5.42	34.6	-84%	25.85	-79%	53.57	114.65	-53%

Source: Company, Way2Wealth

(₹ mn)

Segment Revenue	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
<i>Automotive- Powertrain & Others</i>	4575.2	3,924.5	17%	4311.1	6%	13,049.50	11,686.40	12%
<i>Automotive- Aluminium products</i>	9163.7	5,442.8	68%	5826.6	57%	20,272.20	16,207.80	25%
<i>Industrials & Engg</i>	2022	1,929.7	5%	2001.8	1%	6,090.60	5,569.70	9%
<i>segment revenue</i>	15760.9	11297	40%	12139.5	30%	39,412.30	33,463.90	18%
EBIT								
<i>Automotive- Powertrain & Others</i>	501.3	713.3	-30%	635.7	-21%	1,845.30	2,324.60	-21%
<i>Automotive- Aluminium products</i>	717.1	800.0	-10%	817.7	-12%	2,231.50	2,363.50	-6%
<i>Industrials & Engg</i>	2.9	132.7	-98%	6.6	-56%	52.70	446.00	-88%
<i>segment EBIT</i>	1221.3	1646	-26%	1460	-16%	4,129.50	5,134.10	-20%
EBIT Margin (%)								
<i>Automotive- Powertrain & Others</i>	11.0	18.2		14.7		14.1	19.9	
<i>Automotive- Aluminium products</i>	7.8	14.7		14.0		11.0	14.6	
<i>Industrials & Engg</i>	0.1	6.9		0.3		0.9	8.0	

Source: Company, Way2Wealth

14th February 2025

LTP* – ₹4,025

 View – **BOOK PROFIT**
FINANCIALS & VALUATIONS

	(₹ mn)				
Particulars	FY22	FY23	FY24	FY25E	FY26E
<i>Automotive- Powertrain & Others</i>	11,544	15,271	15,584	17,454	19,897
<i>Automotive- Aluminium products</i>	5,520	9,346	21,536	22,828	25,568
<i>Industrials & Engg</i>	5,107	7,209	7,398	8,285	9,445
Revenue	22,170	31,826	44,517	48,567	54,910
growth %	42%	44%	40%	9%	13%
EBITDA	5,342	6,836	8,789	7,868	9,554
growth %	22%	28%	29%	-10%	21%
EBITDA Margin (%)	24.1	21.5	19.7	16.2	17.4
Net Profit	1,631	2,484	3,045	2,191	3,200
EPS Rs	77.2	117.6	144.2	103.8	151.5
DPS Rs	3.8	11.3	11.3	12.0	13.0
RoE (%)	13.0	16.3	17.0	13.4	13.4
RoCE (%)	16.0	16.7	17.0	13.9	13.6
P/E (x)	51.9	34.1	27.8	38.6	26.4
EV/ EBITDA (x)	17.3	14.1	11.5	13.2	11.2

Source: Company, Way2Wealth

Disclaimer

Analyst Certification: I, Rupali Singh the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Rupali Singh, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement CRAFTSMAN AUTOMATION LTD. as on 14 February 2025

Name of the Security	CRAFTSMAN AUTOMATION LTD.
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.