



———— 3rd April, 2023 ————

Kennametal India, originally known as Widia India Ltd. and founded on September 21, 1964, is the leading worldwide supplier of metalworking solutions using tungsten carbide inserts. Its headquarters is situated in Bangalore. It offers a variety of technologically innovative tools, tooling systems, and technical services to its clients. The company's scientists and engineers apply highly complex powder metallurgy, materials science, and mechanical engineering technologies to cemented tungsten carbides, high-speed steels, ceramics, industrial diamonds, and other material compositions to create products with the optimal combination of resistance to heat, impact, corrosion, pressure and wear for a specific application. Company has over 9000 employees working to solve customers' biggest problems on the factory floor, in the mine, or on the runway in more than 60 countries.

Kennametal India is a 75% subsidiary of the United States-based Kennametal Inc, located in Pittsburgh, Pennsylvania. Company is focused on introducing new technology and equipment, which will benefit its customers via enhanced quality, product performance, innovation, and delivery. The company's domestic clientele consists of TVS, Tata Motors, BHEL, the Indian Railways, Escorts Mahle, Gabriel India, Sterling Tools, and SKF Bearings.

Investment rationale

- **Revenue Spread Out Across Multiple Markets, Geographies, and Clientele:** KIL works largely in two segments: hard metal products (HMP) and machining solutions (MSG), which generate 86% and 14% of total revenue, respectively. However, the end-use categories differ among industries such as automotive, transportation, defense, aerospace, gas, energy, infrastructure, earthwork, and general engineering. KIL has ambitions to expand the MSG sector to several South East Asian nations. The firm distributes its products to more than 1,500 clients worldwide, mitigating the danger of consumer concentration.

- **Revival of Automobile industry presents great opportunity:** KNM is one of the key beneficiaries of the expected resuscitation in the automobile industry, which is one of the largest consumers of its hard metal goods. KNM has expanded into the Infrastructure sector and enhanced its Machining Solutions business gradually. After two years of disruption caused by the Covid-19 outbreak, the strengthening domestic economy, and the increased demand for automobiles, the car industry is seeing a strong comeback. KNM will want to bank on this opportunity.

- **Decreasing raw material prices to strengthen the margins:** The Pandemic caused a widespread disruption in the supply chain worldwide leading to an increase in the prices of raw materials. But the situation seems to be settling now and the prices of the raw material that the company uses for its products such as Tungsten Carbide and Cobalt, which is imported by Kennametal India. A decrease in the cost of production will surely aid and improve the margins of the company.

- **Close Strategic and Operational Alignment with Parent company:** Since its takeover from the WIDIA group in 2002-2003, KMI(parent company) has provided research and development (R&D), technology, important decision-making, and management direction to Kennametal India. The firm benefits from KMI's manufacturing and marketing effectiveness, worldwide presence, R&D skills, and assistance in acquiring raw materials such as tungsten, tantalum, and cobalt. Approximately sixty percent of KIL's purchases are made from KMI and affiliated enterprises.

Stock Data	
CMP	2186
52 Week High/Low	2890/1527
Face Value	₹10
Market Cap (In Crs)	4,798
NSE	KENNAMET
BSE	505890
Bloomberg	KNM:IN
Sector	Capital Goods

Shareholding Pattern (in %)		
	DEC 22	SEPT 22
Promoter	75	75
FII	0.62	0.60
DII	12.73	12.87
Public	11.66	11.53

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	(1.77)	0.72	(3.63)
Kennametal India LTD	8.68	(15.88)	5.94

Key Ratios	
P/E	44.25
P/B	6.87
Debt To Equity	0
ROE	18.04
ROCE	23.83
Dividend Yield	1.1

Industry Analysis

Indian Manufacturing Sector:

According to the Index of Industrial Production (IIP) statistics, India's industrial production increased by 11.3% for the first time in three years in FY21-22 (financial year ending in March 2022), mostly due to an abysmally low base of -8.4% in the previous fiscal. The first quarter of fiscal year 23 from April to June witnessed a similar rise of 12.7%, but on a somewhat lower base than the same period before COVID-19. However, the geopolitical environment and the rise in commodity prices are anticipated to have a depressing impact on industrial production and demand.

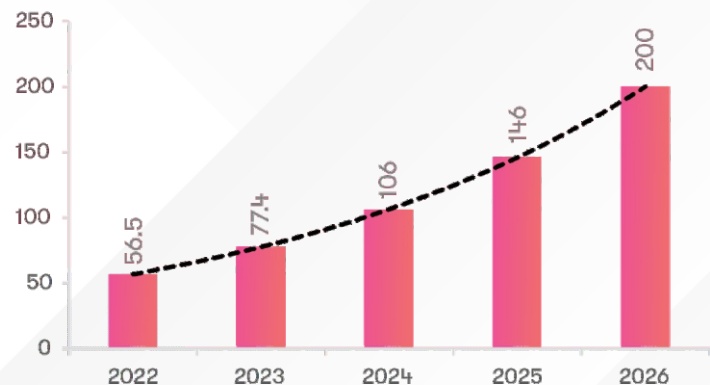


According to official figures, the GDP was projected to increase by 8.7% in FY21-22, after a decrease of 6.6% in FY20-21. The industrial sector contracted significantly in the last quarter due to bottlenecks in the supply chain and high input costs. The second quarter, i.e. April-June 2022, saw a reduction in the aforementioned difficulties, with a GDP increase of 13.5%. The results, although notably high, did not match the expectations of experts, since investments have yet to return to pre-COVID levels and the infrastructure sector had the highest growth. RBI predicts that the government's attempts to stimulate consumption, supported by a surge in GST revenues and economic activity, would result in a 7 percent real GDP growth in FY 22-23, becoming India the world's fastest-growing major economy

Indian Automotive Sector:

The automobile sector began fiscal year 21-22 recovering from the COVID-induced downturn and preparing to capitalize on pent-up demand and the restoration of economic activity. However, the latter two quarters of fiscal year 21-22 were badly impacted by industry issues, notably the chip shortage issue and increased oil costs, resulting in a 6% reduction compared to fiscal year 20-21. The Society of Indian Automobile Manufacturers (SIAM) said that the sales of passenger automobiles climbed by 13% and surpassed the 3 million mark, fueled by a desire for personal mobility and attractive borrowing rates. However, sales of two-wheeled vehicles decreased by 10.9% due to affordability concerns at the beginning level. Commercial Vehicles increased by 26% due to a rise in infrastructure-related and e-commerce operations, along with the government's increase in expenditure on road development, mining, and infrastructure.

AUTO COMPONENT INDUSTRY (BN USD)



According to statistics published by the Tractors & Mechanization Association (TMA), domestic sales of tractors decreased by 6.4% in FY22, while exports, which account for around 13% of total sales, had the biggest ever gain of 45.0% over the previous fiscal year. Depending on the monsoons and rural market attitude, the sector is projected to have low to moderate growth in FY23. With a 23% increase over the previous fiscal year and a record revenue that exceeded even pre-pandemic levels, the auto components sector emerged as the strongest. The industry's perseverance is laudable, as it overcame tremendous obstacles throughout the year, such as a sharp increase in raw material costs, sluggish domestic demand, and other global issues. In addition to advantageous programs like as the PLI, Fame II, and state-specific EV regulations, a 43% growth in exports was a primary factor. In the current fiscal year of FY 22-23, industry experts estimate supply chain issues to improve and commodity inflation to moderate, predicting the automotive sector to expand by 5 to 9 percent and the auto component business to expand by 8 to 10 percent.

Company Background

Kennametal India, originally known as Widia India Ltd. and founded on September 21, 1964, is the leading worldwide supplier of metalworking solutions using tungsten carbide inserts. Its headquarters are in Bangalore. On May 3, 2002, Kennametal Inc. reached an acquisition agreement with Milacron B V and Milacron Inc., either directly or via its affiliates. Under this agreement, Kennametal planned to acquire control of Milacron Metal Working Technologies Holding GmbH, a wholly-owned subsidiary of Milacron B. V., which held indirect control over Widia (India) Limited through its subsidiaries.

The company has successfully positioned itself as a leader in materials science, tooling, and wear-resistant solutions for the aerospace, earthworks, energy, general engineering, and transportation sectors. With strong business verticals under heavy metals and Machining Solutions Group (MSG), the company's business portfolio is well-balanced. Through two renowned brands, the hard metal division is focused on providing world-class metalworking products and services.

Through these brands, the KIL provides a comprehensive selection of precision-engineered products and customized solution services. With a variety of milling, turning, hole-making, threading, and tooling systems goods supported by a competent network of authorized distributor partners and spare support, the company can provide comprehensive service to its clients. KIL is a world leader in wear solutions, designed components, and earth-cutting and construction equipment that bring productivity, dependability, and extended life to a variety of sectors in a demanding environment.

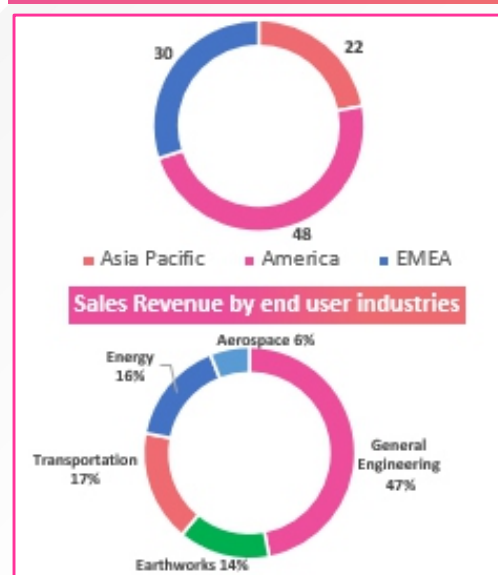
Kennametal's collection of well-respected brand names and extensive worldwide presence allows it to assist clients of all sizes in practically all geographies in achieving success at each level of its value chain. Strategically aligned across its two core businesses — Metalworking Solutions and Services Group (MSSG) and the Advanced Materials Solutions Group (AMSG) — their products and services touch nearly every manufacturing process, and people around the world can see and feel these results from the moment they turn on the light in the morning to the time they eat breakfast or drive a car.

Today, the majority of India's top manufacturing and industrial giants from the private, public, and government sectors depend on the tooling expertise of Kennametal India to manufacture their products.

KEY CLIENTAL BASE OF KENNAMETAL INDIA

General Motors
Bharat Heavy Electricals Limited
Northern Railways
Inter Drill Asia
Gabriel
SKF Bearings
Sterling Tools
Escorts Mahle
Tata Motors
TVS
Armament manufacturers

REVENUE MIX BY GEOGRAPHY



Business Segments

HARD METAL PRODUCTS (HMP)

- KNM is into hard metal products catering to requirements of automotive, railways, mining, shipbuilding, semi-conductors, wind turbines, construction, and general engineering.
- Metal cutting tools are a core engineering manufacturing consumable that goes into any metal working Industry right from manufacturing any product.
- KNM also exports its products depending on customer requirements, speed, capacity utilization, and costs. Exports account for ~16% of the sales.
- Over the past four years, KNM spent 350 cr mainly in capacity addition and modernization as a part of a global drive under its parent company.
- Hard metal products accounted for 85% of Sales, 88% of EBIT in FY 22.

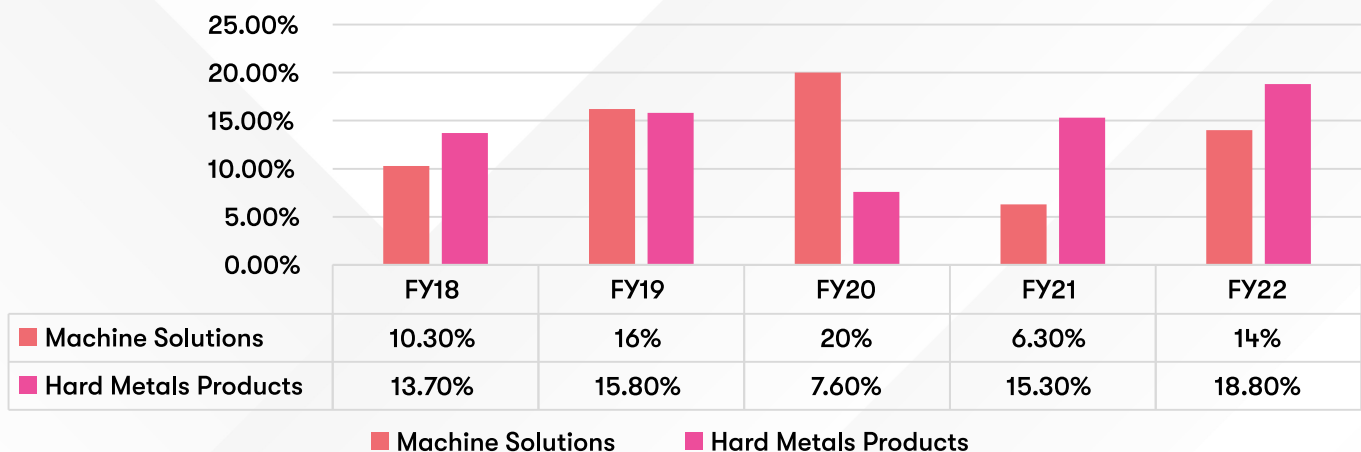
MACHINING SOLUTIONS (MS)

- KNM's machining solutions segment manufactures large special-purpose capital-intensive machines, tool, and cutter grinding machines as well as fixture & tooling solutions through the WIDMA brand.
- KNM is getting strong traction from the Chinese market for machining solutions.
- Machining solutions revenue is growing at 10% CAGR over the last 15 years.
- Machine solutions accounted for 15% of Sales, 12% of EBIT in FY 22.

SEGMENTAL REVENUE AS A % OF TOTAL



SEGMENT WISE EBIT MARGINS



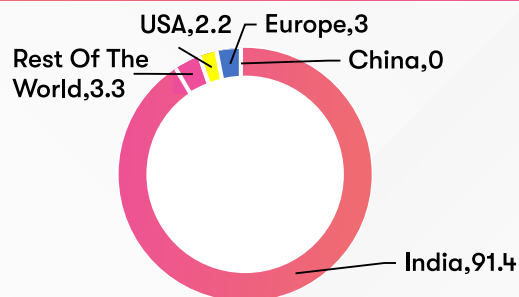
Comprehensive Investment Rationale

Revenue spread out across Multiple Markets, Geographies, and Clientele :

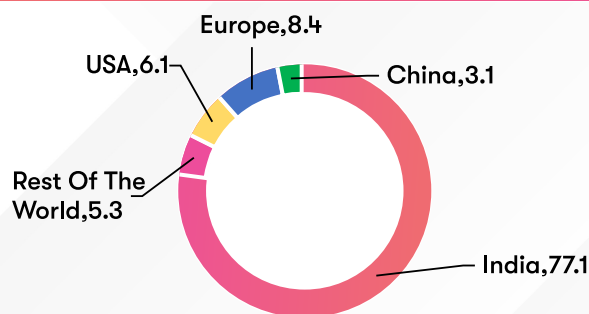
Hard metal products (HMP) and machining solutions (MSG) account up 86% and 14%, respectively, of KIL's revenue. The machining solutions category produces and sells capital-intensive, custom-built machinery. The organization specializes in providing complete solutions, including design, production, and after-sales service. The sales include machinery, the selling of replacement parts, and after-sales support. The hard metal goods segment includes metal and metal-cutting instruments. This segment's sales consist of manufactured and traded goods. Although the majority of KIL's revenue is generated in India, the company also receives income from clients in the United States, Europe, China, and other regions. KIL has plans to expand the MSG segment to additional South East Asian nations. The company distributes its products to more than 1,500 customers worldwide, mitigating the risk of customer concentration. During 9MFY22 and FY21, the top 10 customers did not contribute significantly to total revenue, which indicates the company doesn't rely on top customers for their sales.

KNM has always benefited from its parents' global reach in terms of seeking new export potential, obtaining raw materials efficiently, and innovating new products. In terms of exports to underserved Asia-Pacific markets, Indian operations have assumed a strategic role. The Kennametal company has chosen India as one of the key locations for satisfying local and export demand. As a consequence, KNM has regularly added capacity over the last five years, spending a total of INR 506 Cr since FY16. KNM's export revenue share has increased from 9% in FY14 to 23.3% in FY22. In addition, KNM has developed several new key export markets in recent years, including Europe and China. A positive outlook on the domestic market for exports presents substantial potential. According to management's recent comments at its AGM, the outlook for the domestic market remains positive. Exports provide a significant potential for KNM, with export income tripling every three years as a result of the company's emphasis on machine solutions, development in the China market (with exceptionally promising long-term prospects), and intercompany exports.

KNM REVENUE MIX IN FY 14 (%)



KNM REVENUE MIX IN FY 21 (%)



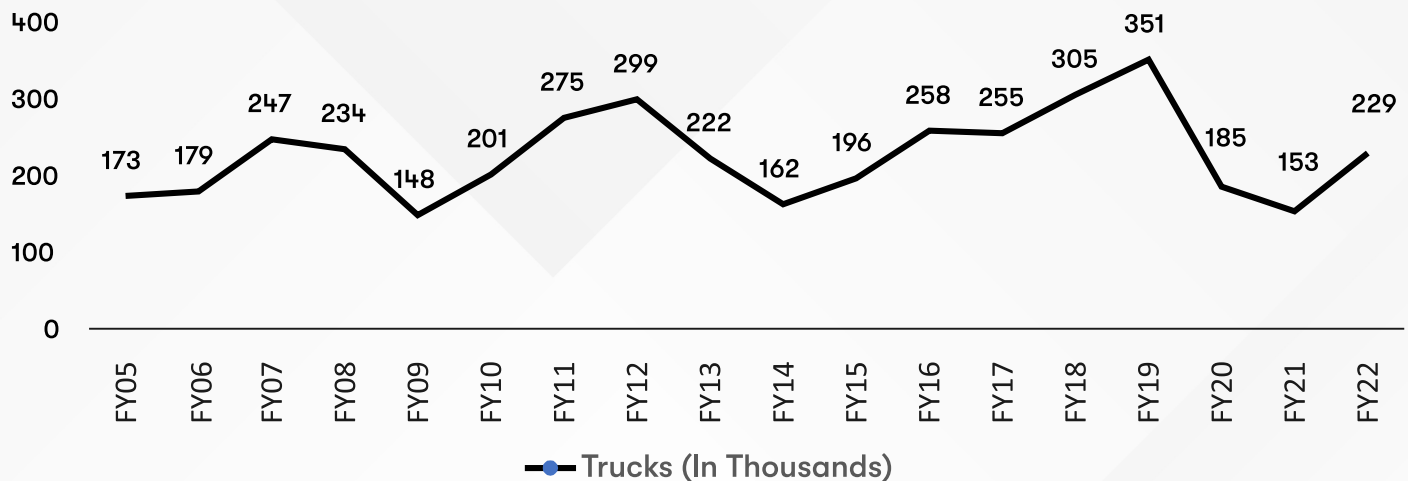
Source: Company Data, Kennametal Group

Revival of Automotive Industry provide substantial opportunity:

KNM is anticipated to profit from the imminent resurgence in domestic automobile volumes resulting from the post-pandemic reopening of the economy, a favorable monsoon, higher rural income through frequent MSP rises, a reduced base, latent demand, and growing affordability in general. In recent months, the demand for passenger vehicles has been driven by innovation, greater flexibility, the rising trend of urbanization, and the rise of nuclear families, while the demand for commercial vehicles has been driven by improved fleet utilization, the e-commerce boom, the rise of MSMEs, and an overall lower base. Even though two- and three-wheeler volume growth is currently suffering owing to factors such as the dismal economic status of export destinations and increasing ownership and fuel costs, MHCV and PV account for the majority of its Auto exposure. Until FY13, 70% of KNM's revenue was derived from the Transportation industry. However, KNM has since expanded into the Infrastructure sector and enhanced its Machining Solutions business.

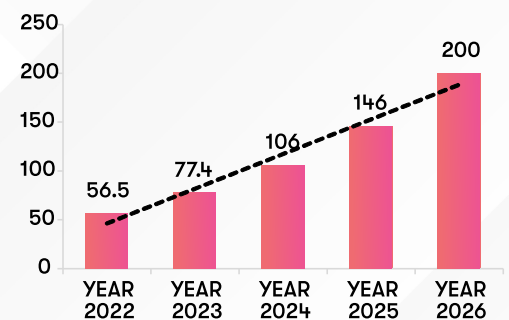
Automobile Original Equipment Manufacturers demand innovative tooling solutions handle the particular problems of machining e-vehicle components, such as the electric motor housings for which KNM developed this tool. In addition to low machining times and process-reliable chip removal, a usual requirement is simple handling. Additionally, the tools must be lightweight to be compatible with tool-changing systems. Auto OEMs can use KNM's stator bore tool on their current high-speed machining centers while they convert production lines for electric vehicles since it weighs around half as much as a traditionally made equivalent.

MEDIUM AND HEAVY COMMERCIAL VEHICLES DEMAND



The government's support for electric vehicles is a source of concern because it may have an impact on the conventional automotive segment and demand for KNM's products. However, MHCV forms a large portion of KNM's auto exposure, where EV transition risk is back-ended, and KNM and its parent company are already working with OEMs to develop new products and designs. Hybrid cars demand more equipment than Internal Combustion Engine (ICE) automobiles, whereas electric vehicles require fewer tools than ICE vehicles. KNM is utilizing the design flexibility of additive manufacturing to fulfill increased client demand for lighter-weight tooling solutions for machining e-vehicle components as automakers extend their hybrid and electric vehicle options. Its unique 3D-printed stator bore tool, coupled with a carbon-fiber body and proven RIQ inserts technology, provides unparalleled productivity and dependability in the fabrication of large-diameter, deep-bore electric motor housings.

AUTO COMPONENT INDUSTRY (BN USD)



Capitalize on Electric Vehicles (Evs) and Aerospace

The environmental advantages of Evs have helped them acquire a lot of traction in recent years. The Indian government has planned US\$ 3.5 billion in incentives over a five-year period until 2026 under a revamped scheme to encourage production and export of clean technology vehicles. The India passenger car market was valued at USD 32.70 billion in 2021, and it is expected to reach a value of USD 54.84 billion by 2027, while registering a CAGR of over 9% between 2022-27. A report by the India Energy Storage Alliance estimated that the EV market in India is likely to increase at a CAGR of 36% until 2026. The management seems confident to compensate that with newer opportunities from the EV space.

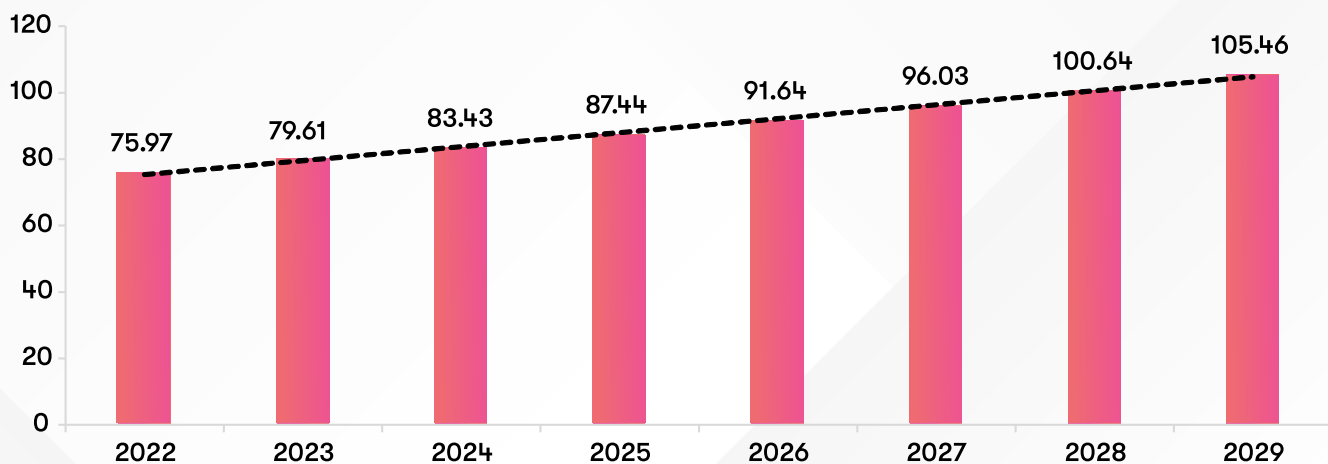
Kennametal offers the best performing aerospace tools for machining CFRP, titanium, aluminum, hard alloys and more. The latest knowledge on aerospace tooling and solutions for successful production in the aerospace industry. The aerospace industry is continuously growing and evolving, with a focus on developing high-quality, lightweight components.

In order to produce these components with great precision and quality, metal cutting tools are necessary.

Rising Demand of Metal Cutting Tools

In 2021, the market for metal cutting tools was estimated to be worth USD 73.29 billion. The market is anticipated to expand by 4.8% CAGR from 2022 to 2029, rising from USD 75.97 billion to USD 105.46 billion. The COVID-19 pandemic has shocked the world and is unprecedented. As a result, demand for metal cutting tools is lower than anticipated across the board when compared to before the pandemic. The market is growing because more industries, like aerospace, defence, automotive, and industrial machinery, need metal-cutting equipment. In the near future, the industry will likely be driven by the growing need for efficient equipment in critical and complex machine component needs. The market is expanding as a result of increased demand for metal-cutting machinery from sectors like aerospace, defence, automotive, and industrial machinery. The industry will probably be driven in the near future by the expanding demand for effective machinery in complex and critical machine component needs.

GLOBAL DEMAND FOR METAL CUTTING TOOLS (BILLION USD)



- The aerospace sector is expanding and changing constantly, with a focus on creating components that are lightweight and perform well. Metal cutting tools are essential in manufacturing these components with high precision and quality. Kennametal offers the best performing aerospace tools for machining CFRP, titanium, aluminum, hard alloys and more.
- High-precision cutting tools are also necessary in the automotive sector to produce parts with precise tolerances. Engine parts, transmission parts, and other crucial parts requiring high accuracy and a flawless surface finish are machined using metal cutting tools.
- Demand for automation has increased as a result of the trend towards manufacturing automation, which has led to a greater demand for automated metal cutting tools.
- For the production of wind turbines and solar panels, specifically, the renewable energy sector needs specialized metal cutting tools. Metal cutting tools are expected to be more in demand in this industry as long as the demand for renewable energy sources keeps growing..

Strong Parent to Support Growth

Kennametal India has a strong brand reputation in India, which has helped it establish itself as a reliable supplier of industrial tooling and materials. The company is known for its high-quality products and solutions that cater to the needs of different industries, with a strong presence in over 60 countries around the world. The parent company's expertise, resources, and support have helped Kennametal India in several ways, including:



Technology and Innovation: Kennametal Inc. invests heavily in research and development, and this expertise is shared with Kennametal India. This has enabled the Indian subsidiary to introduce new and improved products and solutions that cater to the specific needs of customers in India.

Global Best Practices: Kennametal India has access to the best practices and processes of the parent company, which have been developed over several decades. This has helped the Indian subsidiary to improve its operations, optimize costs, and enhance efficiency.

Financial Support: Kennametal Inc. provides financial support to Kennametal India, which has helped the Indian subsidiary to invest in new technologies, expand its product portfolio, and improve its distribution network.

Brand Reputation: Kennametal Inc.'s strong brand reputation has also helped Kennametal India to establish itself as a reliable supplier of industrial tooling and materials in the Indian market. The global recognition of the parent company has helped to build trust and confidence in the Kennametal brand among Indian customers.

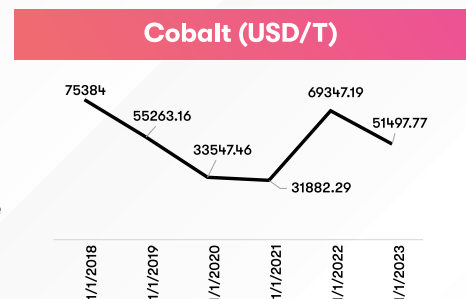
KMT's Indian operations is fourth largest in terms of revenues and fourth largest in terms of assets. Share of India in group's total global revenues went up to 5.4% in FY22 from 3.7% in FY16. Kennametal group has identified India as one of the important region to meet domestic as well as export demand. As a result, KNM has been consistently adding capacity for last 5 years and has spent INR 506cr.

AS % OF TOTAL SALES			
	2020	2021	2022
USA	41.3	37.6	39.7
Germany	13.2	14.2	13.1
China	11.4	13.2	11.7
India	4.3	5.2	5.4
Others	27.1	26.6	26.8

Overall, Kennametal India's strong parentage has been a key factor in supporting the growth of the company in India. The expertise, resources, and support provided by the parent company have enabled the Indian subsidiary to introduce new and innovative products, improve its operations, optimize costs, and enhance its brand reputation. This assistance has allowed Kennametal India to continue serving the Indian market as the top provider of machining solutions. Kennametal Inc. provides access to global expertise, resources, and technology to enable Kennametal India to offer world-class solutions to its customers. It also provides training and development opportunities to its employees to attract and retain the best talent.

Decreasing raw material prices to strengthen the margins

When the price of a commodity falls, it can often have a significant impact on companies that rely on that commodity as a key input in their operations. However, for companies that use the commodity as an input but also sell products made from that commodity, a fall in price can lead to an increase in profit margins. This is because the cost of the input decreases, while the price of the finished product remains the same, resulting in a higher profit margin.

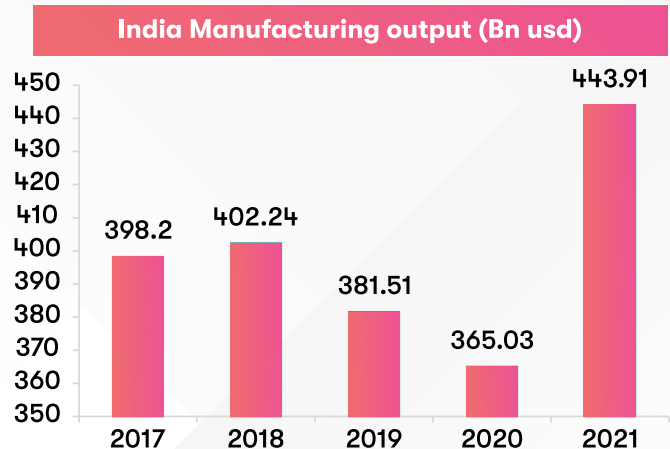


Tungsten Carbide and Cobalt are the two most important raw materials used in the production of hard metals, and both are imported by KNM. Tungsten carbide is an inorganic compound of carbon, used to impart hardness to cast iron, and cutting edges of saws and drills. Over decades, the global market for tungsten carbide has grown steadily at a 3-4% CAGR, with major user industries including automotive, oil and gas, mining, construction, aerospace, defence, and electronics. Since March 2022, prices have fallen from RMB 275/kg to RMB 250/kg before beginning to rise again. Cobalt prices (10-15% wt) have dropped significantly from recent highs of USD82k/t in March 2022 to USD50k/t in August 2022, improving margins.

Advancement in Manufacturing Activities

Make in India is an initiative launched by the Government of India in 2014 to promote manufacturing activities in India by creating a conducive environment for businesses to invest and manufacture in the country. India's manufacturing industry has emerged as one of the country's fastest-growing industries, intending to reach 25 percent of the GDP share by 2025 and having the potential to become a manufacturing hub by 2030. Since manufacturers need high-quality and dependable tools and components to complete their production processes, the demand for Kennametal's products rises as manufacturing activities grow. This higher demand has the potential to boost the company's revenue and profitability.

The manufacturing sector's contribution to the Indian economy has reached pre-covid levels in FY22, and according to our analysis, it is set to increase as a result of signs of capex cycle recovery, the real estate cycle, government policy initiatives like the PLI schemes, ongoing FDI inflows, the China+1 strategy, and a pressing need to achieve energy and manufacturing sector self-sufficiency in light of recent geopolitical events. KNM is a play on India's manufacturing activity, on the increase in capacity utilisation across industries, and on the general improvement of the industrial capex cycle. This impetus has benefited KNM, who now has an enhanced order book from these industries for all of its business segments.



We think that the domestic capex cycle is beginning to recover. While utilisations increase in the short term, a full-fledged recovery would require some more time, but the opinion from many industry participants has been positive. While major manufacturers of capital goods moved their attention to automation, crucial industrial components are being produced in low-cost nations like China and India.

A number of other industries, including steel, cement, and green energy, have also announced capacity growth, which will increase manufacturing. A variety of end-use industries support the demand for machine tools, and KNM derives its growth from the manufacturing industry in general. Our prediction is that the company will accelerate its growth trajectory.

Strengths

- **Strong market position:** Kennametal India is a leading supplier of metal-cutting tools, tooling systems, and wear-resistant parts. It has a strong market position in the Indian market and is well-known for its quality products.
- **Technological expertise:** The company has a strong R&D team that is constantly developing new technologies and products to meet the changing needs of its customers.
- **Wide product range:** Kennametal India has a wide range of products that cater to various industries, including aerospace, automotive, energy, and general engineering.
- **Strong distribution network:** The company has a strong distribution network that covers the entire country, ensuring timely delivery of its products.

Weaknesses

- **Dependence on the Indian market:** Kennametal India is highly dependent on the Indian market, which makes it vulnerable to economic fluctuations and regulatory changes in India.
- **Limited international presence:** The company has a limited international presence, which restricts its growth potential in other markets.
- **High competition:** The metal-cutting tools and tooling systems market in India is highly competitive, with many players vying for market share.

Strengths, Weakness, Opportunities & Threats Analysis (SWOT Analysis)

Opportunities

- **Growing industrial sector:** India's industrial sector is growing rapidly, creating new opportunities for Kennametal India to expand its business.
- **Increasing demand for automation:** With the increasing demand for automation in various industries, the demand for high-quality metal-cutting tools and tooling systems is expected to grow.
- **Potential for international expansion:** Kennametal India can explore opportunities to expand its business in other countries and regions.

Threats

- **Economic uncertainty:** Economic uncertainty in India and other parts of the world could impact the demand for Kennametal India's products.
- **Regulatory changes:** Changes in regulations related to the manufacturing and distribution of metal-cutting tools and tooling systems could impact the company's operations.
- **Competition from international players:** The entry of international players in the Indian market could increase competition and impact Kennametal India's market share.

Technical Outlook



Kennametal has given a Breakout and has retested the breakout line. Post covid selloff the stock has almost shot up 300% from its lows to a high of 2890.

RSI (Daily Timeframe): 59.76

Moving Averages Days	Simple Moving Average (Daily TF)	Exponential Moving Average (Daily TF)
5	2128	2147
10	2124	2127
20	2097	2114
50	2140	2157
100	2320	2234
200	2324	2222

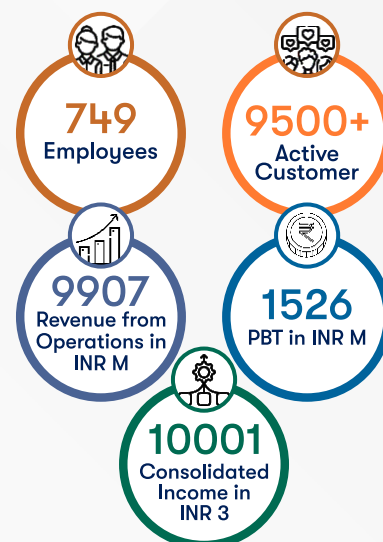
Pivot Levels : FIBONACCI		
R1 2190	Pivot 2162.7	S1 2135
R2 2207		S2 2117
R3 2235		S3 2090

On the upper side the stocks looks ready for targets of 2500 and 2900. On the lower side the weakness shall kick in below 1950 on closing basis

Financial Performance Analysis

Kennametal India reported a total revenue of Rs 991 Crs, representing an incline of 16% compared to the previous fiscal year 2021, with total revenue of Rs 854 Crs. The company's net profit for FY22 was Rs 114 Crs, a significant improvement of 56% from the previous year's net profit of Rs 73 Crs. A general uptick in domestic manufacturing activity is anticipated to fuel revenue advancement. In addition, we expect revenue to grow strongly over the next few years as the automotive industry continues to contribute over 50% of total revenue and has been gaining momentum recently.

The cost of Raw materials has declined in FY22 at 12% to the topline versus 14% in FY21. In addition, the company managed other expenses prudently, which helped to reduce margin erosion at the EBITDA level. As a result, the company's Gross Margin surged to 18% in FY22, which was at 15% in Fy21.



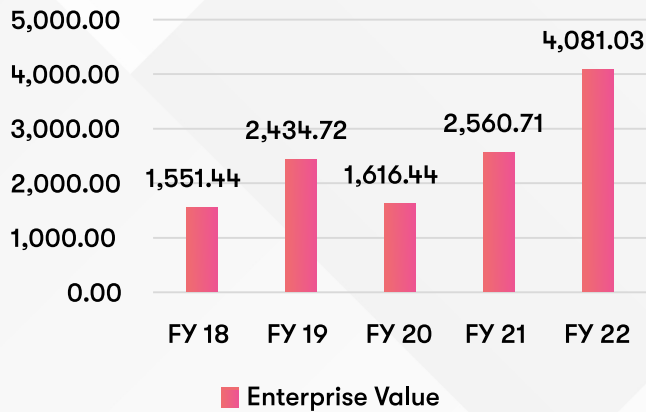
Peer Comparison

Particulars	Kennametal	H.G. Infra Engineering Ltd	Nirlon Ltd
CMP	2183	790	379
Price/Earnings	44.25	12.08	23.52
Price/Book	6.87	2.53	7.74
Price/Sales	4.54	0.97	9.63
Enterprise Value	4749	3783.57	4775.75
Market Cap/Sales	4.54	1.00	9.63
ROCE	25.1	33.09	11.81
ROE	18.8	24.82	23.18
ROA	14.3	14.23	5.03
Debt To Equity	0	0.23	2.47
Promoter Holding	75	74.53	70.35
FII Holding	0.62	0.62	13.48
DII Holding	12.73	13.86	0.54
Book Value	318	209.35	53.04
Dividend Yield	1.11	0.09	0.03

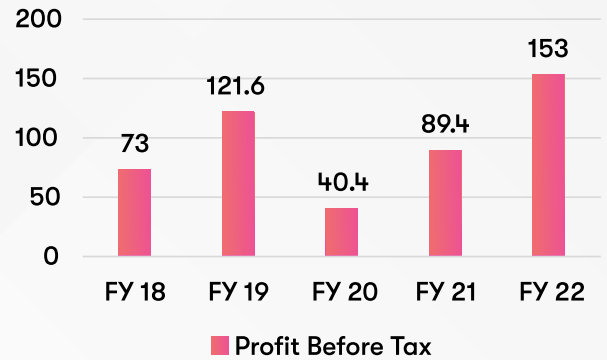
Financial Snapshot

Particulars	FY 22	FY 21	FY 20	FY 19	FY 18
Financial Position			(₹ In Cr)		
Equity Share Capital	22.00	22.00	22.00	22.00	21.98
Reserve & Surplus	612.40	551.40	528.20	496.90	416.78
Fixed Assets	291.80	276.80	278.70	250.70	175.12
Current Assets	465.00	439.90	343.10	445.00	398.22
Cash and Cash Equivalents	50.90	114.60	41.50	43.90	94.75
Current Liabilities	175.90	187.70	132.40	228.30	177.30
Non Current Liabilities	7.60	3.70	5.90	7.50	5.28
Enterprise Value	4081.03	2560.71	1616.44	2434.72	1551.44
Operating Results			(₹ In Cr)		
Revenue from operations	987.40	809.10	635.60	919.50	788.87
Other Income	9.00	8.50	19.20	14.00	8.36
Total Income	999.70	819.90	660.60	940.90	801.48
Total Expenditure	846.70	729.50	615.80	819.30	720.78
Earnings Before Interest & Tax (EBIT)	153.00	90.40	40.40	121.60	80.70
Tax	38.50	22.80	7.90	35.30	20.74
Profit/(loss) after tax (PAT)	114.50	66.60	32.50	86.30	52.26
Y-o-Y Growth % OF PAT	71.92%	104.92%	-62.34%	65.13%	117.75%
Ratios					
EBDITA margin (%)	19.04	15.83	12.48	16.19	13.71
Net profit margin (%)	11.55	8.20	5.06	9.31	6.58
Return on net worth (%)	18.04	11.61	5.90	16.63	11.91
Return on capital employed (%)	23.83	15.71	8.25	23.19	18.17
Return on asset (%)	13.99	8.70	4.72	11.43	8.41
Debt To Equity Ratio	0.00	0.00	0.02	0.02	0.00
EPS	52.11	30.29	14.79	39.24	23.78
Earning Yield	0.03	0.02	0.02	0.03	0.03
Cash Flows			(₹ In Cr)		
Operating Activities	50.40	154.70	27.80	83.90	64.54
Investing Activities	-62.40	-24.30	-31.90	-138.80	-56.83
Financing Activities	-52.60	-57.30	1.80	4.10	-5.28
Net Cash Flows	-64.60	73.10	-2.30	-50.80	2.43

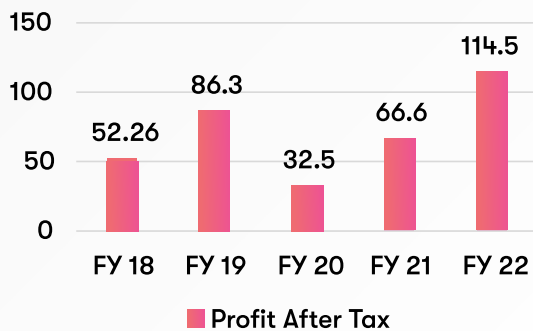
Enterprise Value (In Crs)



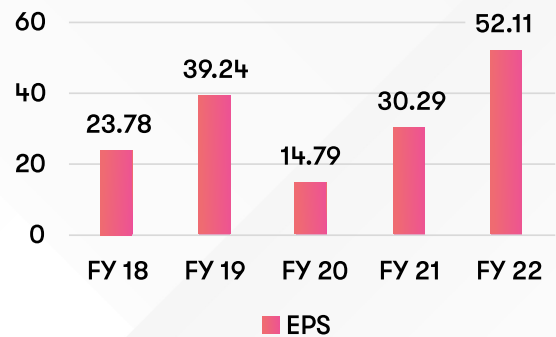
Profit Before Tax (In Crs)



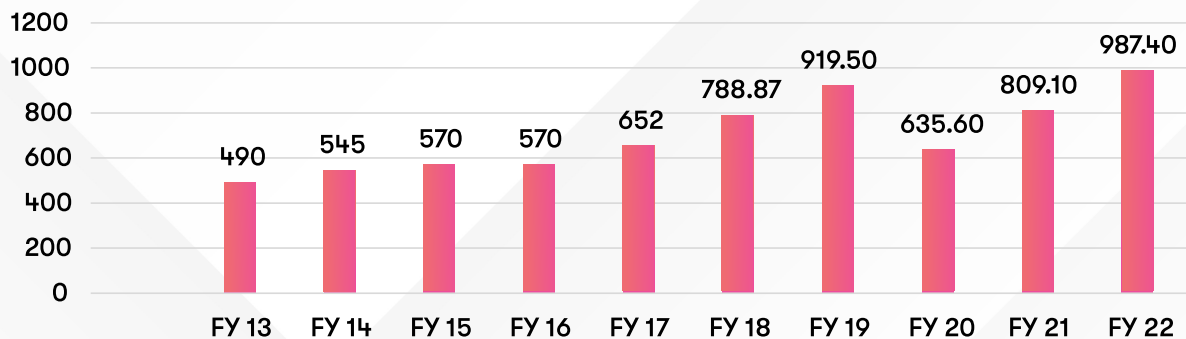
Profit After Tax (In Crs)



Earning Per Share (In Crs)



Turnovers For Last 10 Years (In Crs)



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