

Issue Summary:

| | |
|------------------|----------------------------|
| Price band (Rs): | 180-186 |
| Market Lot: | 80 Equity Shares |
| Face Value (Rs): | 10 |
| Opens: | 27 th Jan, 2016 |
| Closes | 29 th Jan, 2016 |
| Issue Size | 410cr |
| Listing: | BSE, NSE |

Issue Break Up:

OFS

| | |
|-------------------|--------------|
| Offer for Sale: | 91.5 lac sh. |
| Promoter & Group: | 67% |
| Other: | 33% |

OFFER

| | |
|-----------------|-----|
| QIB portion: | 50% |
| NIB portion: | 15% |
| Retail portion: | 35% |

Book Running Lead Managers

| | |
|---|--------------------------|
| ➤ | HDFC BANK LTD. |
| ➤ | INDIA INFOLINE LTD. |
| ➤ | SBI CAPITAL MARKETS LTD. |

Registrar

| | |
|---|--------------------------------|
| ➤ | LINK INTIME INDIA PRIVATE LTD. |
|---|--------------------------------|

Company & Business Profile

The company is one of the world's leading manufacturers and supplier of camshafts, a critical engine component, in the passenger vehicle segment based on the estimated global market share by volume according to the ICRA Research Report. Company supplies over 150 varieties of camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications from its manufacturing facilities in Solapur, Maharashtra. Company has an estimated 8%-9% (2014) global market share in passenger vehicle camshafts market as per ICRA. Company has two state-of-the-art manufacturing facilities – an EOU unit and a domestic unit – both situated at Solapur, Maharashtra. The EOU unit consists of four foundries and two machine shops and products manufactured at the EOU unit are primarily exported to overseas customers. The domestic unit consists of one foundry and one machine shop and caters to domestic customers from this manufacturing facility. Total manufacturing capacity as on September 30, 2015 was 13.38 million camshaft castings from foundries per annum and 2.22 million machined camshafts from machine shops per annum.

Objects of the Issue

The company plans to utilize the net proceeds for establishment of a machine shop for ductile iron camshafts at the export oriented unit (EOU) in Solapur, Maharashtra and for other general corporate purposes.

Investment Positives

- Company is a leading supplier of camshafts for passenger vehicle engines in India and globally.
- Company uses different technologies for manufacturing different camshafts such as shell sand molding process technology, which provides a cost competitive advantage in securing purchase orders from OEMs across the world.
- Company has developed long term relationships with marquee global OEMs. This strength of customer relationships is attributable to the ability to manufacture and supply the camshafts in accordance with the exact designs and specifications of customers, as well as track record of consistent delivery of quality and cost competitive products over the years.

Risk & Concern

- The company generates majority of its revenue from exports & is thus exposed to currency risk.



| Financial Highlights- [INR-Crore] | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|
| DESCRIPTION | Mar-15 | Mar-14 | Mar-13 | Mar-12 | Mar-11 |
| Inc / Exp Performance | | | | | |
| Gross Sales | 529 | 475 | 372 | 314 | 283 |
| Total Income | 525 | 472 | 366 | 311 | 278 |
| Total Expenditure | 378 | 381 | 299 | 260 | 233 |
| PBIDT | 147 | 91 | 67 | 51 | 46 |
| PBIT | 108 | 63 | 48 | 39 | 36 |
| PBT | 98 | 51 | 38 | 29 | 27 |
| PAT | 64 | 30 | 25 | 19 | 18 |
| Cash Profit | 103 | 57 | 44 | 31 | 28 |
| Sources of Funds | | | | | |
| Equity Paid Up | 82 | 4 | 3 | 3 | 3 |
| Reserves and Surplus | 156 | 171 | 107 | 83 | 64 |
| Net Worth | 238 | 175 | 110 | 86 | 67 |
| Total Debt | 184 | 214 | 177 | 180 | 69 |
| Capital Employed | 422 | 390 | 287 | 266 | 136 |
| Application of Funds | | | | | |
| Gross Block | 332 | 314 | 267 | 157 | 136 |
| Investments | 76 | 73 | 3 | 1 | 0 |
| Cash and Bank balance | 90 | 27 | 25 | 77 | 24 |
| Net Current Assets | 51 | 10 | 15 | 59 | 45 |
| Total Current Liabilities | 206 | 186 | 142 | 101 | 61 |
| Total Assets | 554 | 501 | 394 | 337 | 203 |
| Cash Flow | | | | | |
| Cash Flow from Operations | 120 | 82 | 33 | 50 | 25 |
| Cash Flow from Investing activities | -69 | -90 | -27 | -97 | -12 |
| Cash Flow from Finance activities | -25 | 19 | -23 | 75 | -15 |
| Free Cash flow | 87 | 4 | -49 | -36 | 0 |
| Key Ratios | | | | | |
| Debt to Equity(x) | 0.8 | 1.2 | 1.6 | 2.1 | 1.0 |
| Current Ratio(x) | 1.2 | 1.1 | 1.1 | 1.6 | 1.7 |
| ROCE(%) | 26.6 | 18.7 | 17.4 | 19.5 | 26.2 |
| RONW(%) | 30.8 | 20.9 | 25.3 | 25.1 | 27.3 |
| PBIDTM(%) | 27.8 | 19.1 | 18.0 | 16.3 | 16.2 |
| PATM(%) | 12.0 | 6.3 | 6.7 | 6.1 | 6.5 |
| CPM(%) | 19.4 | 12.0 | 11.8 | 9.9 | 10.0 |

Source: - Company data, Ace Equity, Arianth Research



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Stock Rating Scale

| | Absolute Return |
|------------|-----------------|
| Buy | > 20% |
| Accumulate | 12% to 20% |
| Hold | 5% to 12% |
| Neutral | -5% to 5% |
| Reduce | < -5% |

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