

## **About Anugraha Valve Castings Limited Unlisted Shares**

**(i)** Anugraha Valve Castings Limited is one of the leading steel plants located in Coimbatore, the steel capital of South India, with four foundries and two machine shops. The company supplies the engineering, petroleum, chemical, and gas industries.

**(ii)** AVCL has been manufacturing and exporting steel castings used in the valve and pump industry since 1993. The promoters have over 20 years of experience in steel casting and valve manufacturing business.

**(iii)** Around 90% of AVCL's revenue comes from exports, with almost all its customers concentrated in European countries such as Germany, Italy, and France. One of AVCL's key strengths is its stable customer base over the years and strong and stable business relationships with its customers. The company has also been able to add new customers from the USA, Canada, and Russia to its portfolio in the last financial year due to the increasing demand. \

**(iv)** Anugraha exports steel castings worth more than US\$ 36 million annually. Anugraha adheres to consistent quality as per international standards and has quality certificates such as ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007, Anugraha exports more than 6,000 tonnes of steel, stainless steel, alloy steel, and nickel-base alloys. Annually, it produces duplex and super duplex steel castings in raw and fully machined condition.

**(v)** Anugraha has four manufacturing units and two modern machine shops in and near Coimbatore. The machine shops have a conventional and large number of CNC machines.

## **Challenges in Anugraha Valve's Business**

### **(i) Moderate Business Scale with Moderately High Customer Concentration -**

Anugraha Valve's business scale is moderate as evidenced by its operating profit of INR 215.3 million in FY21. The company has established relationships with its customers, but the revenue contribution from the top five customers remained moderately high at 45.1% in FY21.

**(ii) High Working Capital Intensity -** AVCL's working capital requirements are generally high due to its long shipping cycle. The collection cycle is around 3 months for export and domestic customers, while creditors are paid within 15-20 days and discounts are available. The average manufacturing cycle is 3-4 months, depending on the design complexity and level of customization. NWC/OI is high at 43% in FY21, in line with FY2020 levels of 41%.

## Anugrah Valves FY2021 Unlisted Equity Review

1. The company's revenue declined 14.28% YoY in FY21.
2. The company's PAT for FY21 has increased by 22% over the previous fiscal year.
3. As of 31 March 2021, the debt is 25 cr and the net worth is around 205 cr, i.e. D/E is 0.12, which is very comfortable.
4. Dividends for the fiscal year ending March 2021 have yet to be determined.
5. RONW for the fiscal year 2020-21 is only 6.8%.

## Review of Unlisted Equity of Anugrah Valve for FY22

1. Revenue grew by 14% in FY22. Revenue increased from Rs 216 crore in FY21 to Rs 248 crore in FY22.
2. Gross margins declined from 76% in FY21 to 65% in FY22 due to higher material costs.
3. A decrease in gross margins will have a direct impact on EBITDA and PAT margins.
4. Earnings per share declined to Rs 11 per share from Rs 40 per share for FY22.

### (iii) Yields are vulnerable to commodity price fluctuations and regulatory changes in export incentives –

Steel scrap is the company's most important raw material. Fluctuations in scrap prices could affect our operating results. Additionally, we derive approximately 90% of our sales from export markets, and adverse regulatory changes to export incentives could affect our earnings.

## Fundamentals

Fundamentals			
Anugraha Valve Castings Ltd.	575 Per Equity Share	Market Cap (in cr.)	203
Unlisted Shares Price		P/E Ratio	10.14
Lot Size	1000 Shares	P/B Ratio	0.87
52 Week High	575	Debt to Equity	0.37
52 Week Low	295	ROE (%)	8.64
Depository	NSDL & CDSL	Book Value	684.87
PAN Number	AACCA2285Q	Face Value	10
ISIN Number	INE629Z01015		

## Financials (Figures in cr)

Balance Sheet				
Assets	2021	2022	2023	2024
Fixed Assets	135	140	135	147
CWIP	1	6	18	0.83
Investments	0	0	0	0
Trade Receivables	60	68	89	106
Inventory	36	55	73	91
Other Assets	34	36	31	27.17
<b>Total Assets</b>	<b>266</b>	<b>305</b>	<b>346</b>	<b>372</b>
Liabilities	2021	2022	2023	2024
Share Capital	3.52	3.52	3.52	3.52
FV	10	10	10	10
Reserves	202	205	207	228
Borrowings	25	54	80	85
Trade Payables	9	16	26	25
Other Liabilities	26.48	26.48	29.48	30.448
<b>Total Liabilities</b>	<b>266</b>	<b>305</b>	<b>346</b>	<b>372</b>

<b>P&amp;L Statement</b>				
<b>P&amp;L Statement</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Revenue	215	242	316	375
Cost of Material Consumed	134	186	245	280
Gross Margins	37.67	23.14	22.47	25.33
Change in Inventory	3	-8	-6	-24
Employee Benefit Expenses	39	47	51	60
Other Expenses	12	12	17	23
EBITDA	27	5	9	36
OPM	12.56	2.07	2.85	9.6
Other Income	1	10	5	5
Finance Cost	0.6	0	2	4
D&A	9	9	9	9
EBIT	18	-4	0	27
EBIT Margins	8.37	-1.65	0	7.2
PBT	17	6	3	28
PBT Margins	7.91	2.48	0.95	7.47
Tax	4	2	1	8
PAT	13	4	2	20
NPM	6.05	1.65	0.63	5.33
EPS	36.93	11.36	5.68	56.82
<b>Financial Ratios</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>
Operating Profit Margin	12.56	2.07	2.85	9.6
Net Profit Margin	6.05	1.65	0.63	5.33
Earning Per Share (Diluted)	36.93	11.36	5.68	56.82

<b>Cash-Flow Statement</b>				
<b>Cash- Flow Statement</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
PBT	18	5	3	28
OPBWC	28	15	14	41
Change in Receivables	-2	-9	-21	-19
Change in Inventories	2	-19	-18	-18
Change in Payables	-3	6	10	-1
Other Changes	5	-3	5	4.3
Working Capital Change	2	-25	-24	-33.7
Cash Generated From Operations	30	-10	-10	7.3
Tax	-3	-1	0	-8.1
Cash Flow From Operations	27	-11	-10	-0.8
Purchase of PPE	-5	-19	-17	-6.6
Sale of PPE	0	0.6	1	3
Cash Flow From Investment	-4	-17.6	-18	-0.05
Borrowing	-20	28.5	26	5.19
Divided	0	-0.7	0	0
Equity	0	0	0	0
Others From Financing	-1	-0.3	-2	-4.34
Cash Flow from Financing	-21	27.5	24	0.85
Net Cash Generated	2	-1.1	-4	0
Cash at the Start	6	8	6	2.5
Cash at the End	8	6.9	2	2.5