

## **About Mohindra Fasteners Limited Unlisted Shares**

### **Brief description of the company:**

- (i)** Mohindra Fasteners Limited (MFL) manufactures " High-Strength Fasteners" used in the automotive and engineering sectors. Fasteners may be invisible, but they are the components that connect everything else. The following picture gives an overview of the product.
- (ii)** The company started its commercial production in 1997 and currently employs 400 people.
- (iii)** The company is listed on the Metropolitan Stock Exchange Inc. (MSEI).
- (iv)** The company derives nearly 40% of its revenue from domestic sales and the remaining 60% from export sales to North America, the UK, and Europe.
- (v)** It directly supplies to Hero MotoCorp Limited, the world's largest two-wheeler manufacturer. It also supplies components to tier-1 suppliers to Maruti Suzuki, Hyundai India, and Tata Motors.
- (vi)** The business is highly dependent on steel, which is the main raw material for fasteners. With steel prices falling recently, the company should benefit from this macro factor.

### **Production Locations:**

- (i)** Plant I – 60. K. M. Stone, Delhi – Rohtak Road, Haryana.
- (ii)** Works II – 60. K. M. Stone, Delhi – Rohtak Road, Haryana.
- (iii)** Plant IV – 70. K. M. Stone, Delhi – Rohtak Road, Haryana

### **Fasteners Industry and Market Size:**

- (i)** The automotive sector in India is expected to be the largest consumer of industrial fasteners. This is followed by the construction industry and mechanical engineering.
- (ii)** The global industrial fasteners market is expected to grow at a CAGR of 6.5% from 2018 to reach approximately INR 777 billion by 2023 (Source: ResearchAndMarkets.com).
- (iii)** Increasing demand for fasteners in the automotive industry and rising spending on construction and manufacturing in emerging economies such as China, Brazil, Saudi Arabia, Australia, Indonesia and India are expected to drive demand for industrial fasteners during the forecast period.

### **Summary of Financial Performance for FY 2018/19:**

- (i)** Revenue from operations increased by 18.33% to Rs. 1,348,333,700.
- (ii)** Export Sales increased by 31.92% to Rs. 8,350.4 million.
- (iii)** EBITDA increased by 26.15% to Rs. 1,726.01 million.
- (iv)** Profit before Tax increased by 32.17% to Rs. 1,203.36 million.
- (v)** Net Profit increased by 50.95% to Rs. 9,103.9 million.

### **Outlook for FY 2019-20**

#### **(i) Domestic**

For FY 2019-20, sales in the 2W industry, passenger car segment, and heavy vehicle segment (commercial vehicles) have declined substantially since early April 2019 and are trending downwards month-on-month. There are too many variables like chances of a smooth monsoon, successful festival season, compliance with BS-VI norms, government push for eco-friendly vehicles, rising running costs of vehicles, etc. All these factors are currently having a negative impact and if all the variables are in the positive range, sales will increase.

## (ii) Exports

Exports have always been our core business and the results have been good. Exports not only contribute to the company's bottom line but also contribute to improved profits and foreign exchange earnings for the company and the country. Currently, available export orders are enough to cover production and sales for the next 2-3 months. In recent years, this trend has been declining. Orders are continually coming in and international markets are currently operating at a lower level than before. Orders are flowing, but not as fast as before.

Trade friction between the US and China, combined with uncertainties related to Brexit and economic cycle patterns, is currently affecting international trade. The company continues to invest in new product development and manufacturing and although performance will slow as the focus shifts to adding specialty and value-added parts, further improvements are expected over the next few years. Therefore, 2019/20 is expected to be a challenging year for the company.

## Key Findings from the Annual Report 2020-21

1. MFL's total revenue from operations till March 31, 2021, was Rs 1,080 crore against Rs 1,040 crore in the previous fiscal.
2. Despite a sharp fall in revenue in the first quarter, Mohindra Fasteners posted a net profit of Rs 138 crore in 2021, higher than the previous fiscal (Rs 936 crore in 2020).
3. Mohindra Fasteners' export sales stood at Rs 74 crore in the year ended March 31, 2021, down from Rs 64 crore in the previous fiscal year, 2020. However, domestic sales remained flat year-on-year in the year ended March 31, 2020.
4. Mohindra Fasteners achieved an EBITDA of about Rs 17 crore against about Rs 16 crore in the previous fiscal year.
5. Earnings per share (EPS) for the year ended March 31, 2021, was Rs 19.38, higher than the previous year (Rs 17.49).
6. Mohindra Fasteners' greenfield project at IMT Rohtak, Haryana, is progressing smoothly despite the pandemic. Construction is expected to be completed by December 2021-January 2022.
7. The Board has recommended a total dividend of \$25 per share for the financial year 2020-21.

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## Mohindra Fasteners Limited Q1 FY25 Results

Particulars (in Lakh)	Q1FY25	Q1FY24
Revenue from Operations	3,157	4,246
Cost of Material Consumed	1,350	1,566
Change in Inventories	-419	52
Employees Benefit Expenses	800	755
Other Expenses	1,033	1,288
<b>EBITDA</b>	<b>393</b>	<b>585</b>
OPM%	12.45%	13.78%
Other Income	108	52
Depreciation	131	136
Finance Cost	65	74
Share of loss on investments	10	3
PBT	295	424
Tax	86	25
<b>PAT</b>	<b>209</b>	<b>400</b>
NPM	6.40%	9.31%
EPS	3.55	6.79



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## Fundamentals

Fundamentals			
Mohindra Fasteners	330 Per Equity Share Price	Market Cap (in cr.)	197.32
Unlisted Shares Price		P/E Ratio	12.33
Lot Size	500 Share	P/B Ratio	1.67
52 Week High	335	Debt to Equity	0.34
52 Week Low	240	ROE (%)	14.83
Depository	NSDL/CDSL	Book Value	200.15
PAN Number	AAACM6749D	Face Value	0
ISIN Number	INE705H01011		
CIN Number	L7499DL1995PLC064215		
RTA	N/A		

## Financials (Figures in cr)

P&L Statement			
P&L Statement	2022	2023	2024
Revenue	136.8	172	177
Cost Of Material consumed	54.27	69	62
Gross Margin	60.33	59.88	64.97
Change in Inventory	-6.48	-2	1
Employee Benefit Expenses	25.16	28	31
Other Expenses	46.7	55	56
EBITDA	17.15	22	27
OPM	12.54	12.79	15.25
Other Income	2.81	4	4
Finance Cost	0.74	2	3
D&A	2.38	4	6
EBIT	14.77	18	21
EBIT Margin	10.8	10.47	11.86
PBT	16.73	20	22
PBT Margin	12.23	11.63	12.43
TAX	4.37	5	6
PAT	12.36	15	16
NPM	9.04	8.72	9.04
EPS	20.98	25.47	27.16
<b>Financial Ratios</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Operating Profit Margin	12.54	12.79	15.25
Net Profit Margin	9.04	8.72	9.04
Earning Par Share (Diluted)	20.98	25.47	27.16

Balance Sheet			
Assets	2022	2023	2024
Fixed Assets	27.45	60	61
CWIP	13.24	1	0.21
Investments	1.03	1.6	1.4
Trade Receivables	30.88	39	38
Inventory	28.08	30	29
Other Assets	40.62	35.4	48.39
<b>Total Assets</b>	<b>141.3</b>	<b>168</b>	<b>177</b>
Liabilities	2022	2023	2024
Share Capital	5.89	5.89	5.89
FV	10	10	10
Reserves	75.71	89	102
Borrowings	28.27	37	37
Trade Payables	25.34	29	24
Other Liabilities	6.09	7.11	8.11
<b>Total Liabilities</b>	<b>141.3</b>	<b>168</b>	<b>177</b>



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<b>Cash-Flow Statement</b>			
<b>Cash- Flow Statement</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
PBT	16.82	20	22
OPBWC	18.42	26	27
Change in Receivables	0	0	0
Change in Inventories	-10.12	-2	1
Change in Payables	5.82	4	-6
Other Changes	-6.19	-17	-4
Working Capital Change	-10.49	-15	-9
Cash Generated From Operations	7.93	11	18
Tax	-4.24	-4	-5
Cash Flow From Operations	3.69	7	13
Purchase of PPE	-21.46	-21	-4
Sale of PPE	0	0	0
Cash Flow From Investment	-21.21	-19	-2
Borrowing	13.17	8.6	0.26
Divided	-1.6	-2	-3
Equity	4.82	0	0
Others From Financing	-0.87	-2.6	-2.26
Cash Flow from Financing	15.52	4	-5
Net Cash Generated	-2	-8	6
Cash at the Start	21.83	20	11
Cash at the End	19.83	12	17

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