

# **Carraro India Limited**

## **IPO Note**



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## Driving Innovation, Powering Progress – Carraro India

Carraro India is a technology-driven integrated supplier specializing in the design and manufacture of axles, transmission systems, and gears for agricultural tractors and construction vehicles. The company operates as a Tier II solution provider, offering end-to-end services from product design to manufacturing. Promoted by Carraro S.P.A the parent company of the Carraro Group, Carraro India benefits from the global expertise and reputation of its promoter, which designs and manufactures transmission systems for off-highway vehicles and markets a diverse range of gears across multiple industries. Carraro India operates under a licensing agreement with Carraro S.P.A leveraging its strong brand presence.

Carraro India's financial performance has been strong, with revenue from operations growing at a 9.32% CAGR from FY22 to FY24, reaching INR 17,704.54 million in FY24. Segment-wise, revenue from construction vehicles exhibited the highest growth at 16.85% CAGR, followed by others (10.84% CAGR) and agricultural tractors (3.13% CAGR).

Having been present in India for 27 years, Carraro India was among the pioneers in the agricultural tractor and construction vehicle component market, supported by its dedicated R&D capabilities. Its early-mover advantage has enabled the company to gain deep market insights, establish strong customer relationships, and cater to evolving market needs. The company has developed an extensive supplier network comprising 189 domestic suppliers across eight states and 68 international suppliers, with long-term engagements averaging 15 years for its top 10 suppliers.

The company's product portfolio includes axles and transmission systems of different HP ranges for off-highway vehicles, along with gears, shafts, and ring gears for industrial and automotive vehicles. These mission-critical components are essential for its customers' final products, ensuring high customer retention due to significant switching costs.

Its products cater to agricultural tractors, construction vehicles such as backhoe loaders and motor graders, and other off-highway applications, reflecting its diversified offerings.

Industry	Auto Ancillaries
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## Scrip Details

Listing	BSE & NSE
Open Date	Dec 20, 2024
Close Date	Dec 24, 2024
Price Band	INR 668 – 704
Face Value	INR 10
Market Lot	21 Shares
Minimum Lot	1

## Issue Structure

Issue Size (INR cr)	INR 1,250.0
Issue Size (Shares)	17,755,680
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 35%
Retail Share (%)	≥ 15%
Pre Issue sh. (cr)	5.7
Post Issue sh. (cr)	5.7
Post Issue Market Cap (cr)	4,012

Shareholding (%)	Pre (%)	Post (%)
Promoter	100.00	68.77
Public	00.00	31.33
<b>TOTAL</b>	<b>100</b>	<b>100</b>

## Key Consolidated Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	Net Profit	EBITDA (%)	Net profit (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoCE (%)	P/E (X)	EV/EBITDA (X)
FY22	1,481.6	56.7	20.8	3.8	1.4	3.6	53.1	6.9	3.4	193.2	72.1
FY23	1,695.1	100.8	46.8	5.9	2.8	8.2	60.7	13.5	8.7	85.7	40.7
FY24	1,770.5	128.2	60.6	7.2	3.4	10.6	67.6	15.7	10.8	66.2	32.2

Source: Ventura Research & Company update

### Issue Structure and Offer Details

Carraro India IPO is a book built issue of INR 1,250.00 cr. The issue is a offer for sale of 1.77 cr shares aggregating to INR 1,250.00 cr.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50.00% of the Offer
NII (HNI)	Not less than 35.00% of the Offer
Retail	Not less than 15.00% of the Offer

*Number of shares based on a higher price band of INR 704*

*Source: Company Reports*

### Objects of the Issue

All Offer Proceeds, after deducting Offer-related expenses and applicable taxes, will be received by the Promoter Selling Shareholder, who will bear these costs.

## Financial Summary

Fig in INR Cr (unless specified)	FY22	FY23	FY24	Fig in INR Cr (unless specified)	FY22	FY23	FY24
<b>Income Statement</b>				<b>Per share data &amp; Yields</b>			
Revenue	1,481.6	1,695.1	1,770.5	Adjusted EPS (INR)	3.6	8.2	10.6
<b>YoY Growth (%)</b>	<b>39.5</b>	<b>14.4</b>	<b>4.4</b>	Adjusted Cash EPS (INR)	9.7	14.8	17.9
Raw Material Cost	1,122.1	1,275.7	1,313.1	Adjusted BVPS (INR)	53.1	60.7	67.6
<b>RM Cost to Sales (%)</b>	<b>75.7</b>	<b>75.3</b>	<b>74.2</b>	Adjusted CFO per share (INR)	15.6	12.7	18.7
Employee Cost	107.5	120.4	131.5	CFO Yield (%)	2.2	1.8	2.7
<b>Employee Cost to Sales (%)</b>	<b>7.3</b>	<b>7.1</b>	<b>7.4</b>	Adjusted FCF per share (INR)	7.4	4.2	6.7
Other Expenses	195.2	198.3	197.6	FCF Yield (%)	1.0	0.6	1.0
<b>Other Exp to Sales (%)</b>	<b>13.2</b>	<b>11.7</b>	<b>11.2</b>	<b>Solvency Ratio (X)</b>			
EBITDA	56.7	100.8	128.2	Total Debt to Equity	0.6	0.5	0.6
<b>Margin (%)</b>	<b>3.8</b>	<b>5.9</b>	<b>7.2</b>	Net Debt to Equity	0.3	0.3	0.3
<b>YoY Growth (%)</b>	<b>3.5</b>	<b>77.6</b>	<b>27.2</b>	Net Debt to EBITDA	1.4	0.9	0.9
Depreciation & Amortization	34.3	37.7	41.4	<b>Return Ratios (%)</b>			
EBIT	22.4	63.0	86.8	Return on Equity	6.9	13.5	15.7
<b>Margin (%)</b>	<b>1.5</b>	<b>3.7</b>	<b>4.9</b>	Return on Capital Employed	3.4	8.7	10.8
<b>YoY Growth (%)</b>	<b>2.7</b>	<b>181.3</b>	<b>37.6</b>	Return on Invested Capital	5.9	14.4	17.4
Other Income	22.0	19.8	17.2	<b>Working Capital Ratios</b>			
Bill discounting & other charges	15.9	19.5	22.2	Payable Days (Nos)	105	92	76
Fin Charges Coverage (X)	1.4	3.2	3.9	Inventory Days (Nos)	58	55	59
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	62	64	49
PBT	28.5	63.4	81.7	Net Working Capital Days (Nos)	15	27	32
<b>Margin (%)</b>	<b>1.9</b>	<b>3.7</b>	<b>4.6</b>	Net Working Capital to Sales (%)	4.0	7.4	8.9
<b>YoY Growth (%)</b>	<b>335.9</b>	<b>122.3</b>	<b>28.9</b>	<b>Valuation (X)</b>			
Tax Expense	7.7	16.6	21.1	P/E	193.2	85.7	66.2
<b>Tax Rate (%)</b>	<b>27.2</b>	<b>26.2</b>	<b>25.9</b>	P/BV	13.3	11.6	10.4
PAT	20.8	46.8	60.6	EV/EBITDA	72.1	40.7	32.2
<b>Margin (%)</b>	<b>1.4</b>	<b>2.8</b>	<b>3.4</b>	EV/Sales	2.8	2.4	2.3
<b>YoY Growth (%)</b>	<b>368.1</b>	<b>125.3</b>	<b>29.4</b>	<b>Cash Flow Statement</b>			
Min Int/Sh of Assoc	0.0	0.0	0.0	PBT	28.5	63.4	81.7
Net Profit	20.8	46.8	60.6	Adjustments	50.3	92.4	77.7
<b>Margin (%)</b>	<b>1.4</b>	<b>2.8</b>	<b>3.4</b>	Change in Working Capital	17.7	(66.8)	(31.6)
<b>YoY Growth (%)</b>	<b>368.1</b>	<b>125.3</b>	<b>29.4</b>	Less: Tax Paid	(7.7)	(16.6)	(21.1)
<b>Balance Sheet</b>				Cash Flow from Operations	88.8	72.4	106.7
Share Capital	56.9	56.9	56.9	Net Capital Expenditure	(58.5)	(62.8)	(85.0)
Total Reserves	245.9	289.0	328.3	Change in Investments	0.0	1.0	0.1
Shareholders Fund	302.8	345.9	385.2	Cash Flow from Investing	(58.5)	(61.8)	(84.9)
Long Term Borrowings	85.7	130.8	122.3	Change in Borrowings	26.6	12.1	26.5
Deferred Tax Assets / Liabilities	0.8	(0.3)	(2.0)	Less: Finance Cost	(15.9)	(19.5)	(22.2)
Other Long Term Liabilities	0.0	0.1	0.1	Proceeds from Equity	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	191.7	206.2	249.8	Dividend Paid	0.0	(5.0)	(22.0)
Total Liabilities	581.0	682.7	755.4	Cash flow from Financing	10.7	(12.4)	(17.8)
Net Block	275.0	301.6	350.8	Net Cash Flow	41.0	(1.8)	4.1
Capital Work in Progress	10.1	9.1	0.0	Forex Effect	(0.4)	(2.0)	1.3
Intangible assets under developme	0.0	0.0	0.0	Opening Balance of Cash	58.2	98.9	95.1
Non Current Investments	0.0	0.0	0.0	Closing Balance of Cash	98.8	95.1	100.4
Long Term Loans & Advances	199.4	201.3	247.8				
Other Non Current Assets	0.4	0.3	0.2				
Net Current Assets	96.0	170.4	156.5				
Total Assets	581.0	682.7	755.4				

Source: Company Reports

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