

Focus on accelerating growth, upgrade to BUY...

Bharat Forge (BFL) reported a robust performance in Q4FY21. Standalone revenues came in at ₹ 1,307 crore (up 26.2% QoQ), amid 9.6% QoQ tonnage growth to 55,837 MT. Total India revenues were at ₹ 565 crore (up 9.6% QoQ). Export revenues, on the other hand, were a real surprise and were up 42.9% QoQ to ₹ 731 crore. Standalone EBITDA for the quarter was at ₹ 359 crore, with consequent margins at 27.5%. EBITDA margins for the quarter were positively impacted by forex gains. Adjusting for this, margins were at 25.5%, up 300 bps QoQ. Standalone PAT was at ₹ 205.5 crore.

All user industries indicating robust demand prospects...

Bharat Forge derives significant share of revenues from; (i) the global CV space i.e. US class 8 trucks (share of standalone revenues at ~30% in Q4FY21), (ii) domestic CV space (~17% of sales in Q4FY21), (iii) industrials (includes oil & gas space, ~29% of sales in Q4FY21) and (iv) PV segment (~18% of sales in Q4FY21). With cyclical bottom already in place in the CV domain both domestic and global, crude price rising to ~US\$70/barrel coupled with robust prospects in the PV space due to the impending need for personal mobility, all user segments indicate robust demand prospects in FY21-23E. This, coupled with BFL's intent to grow its aluminium forging business (light weighting of vehicles) along with improved outlook in the defence space amid increased focus on indigenisation, we expect consolidated revenues to grow at 26% CAGR in FY21-23E. With a lean cost structure & operating leverage at play, margins are seen improving significantly, with standalone margins seen at ~30% by FY23E & consolidated margins seen at ~22% by FY23E.

Q4FY21 earnings conference call – highlights, key takeaways

BFL said: (i) cost pressure exists on raw material and freight costs (up 3-4x in the recent past), (ii) BFL has recently won an order from Government of India in the defence domain (non-automotive) wherein BFL will start supplying components in a month's timeframe (quantum not disclosed); (iii) BFL will be acquiring land to the tune of ~70 hectares at Khed (Maharashtra, near Pune) at an outlay of ~₹ 240 crore (over the next two to three years) wherein they intend to construct two new plants in the domain of e-mobility and defence. (iv) BFL will be targeting an RoCE of ~20%; (v) US-class 8 truck production is hampered by chip availability and is expected to get resolved in about two months; (vi) US class 8 truck production is seen at ~3 lakh units in CY21 vs. ~2.1 lakh units in CY20, (vii) on a standalone basis, it operated at ~55% utilisations level in Q4 with peak quarterly revenues pegged at ~₹ 2,000 crore, (viii) BFL will develop new family of products & platforms in the defence space & (ix) oil & gas space demand outlook is currently robust.

Valuation & Outlook

With improved demand outlook in all the user segments along with revived focus on accelerating growth, going forward, utilising surplus cash on b/s, we turn positive on BFL. We upgrade the stock from HOLD to **BUY**, valuing it at ₹ 875 i.e. 35x P/E on FY23E EPS of ₹ 25 (earlier target price ₹ 670).

Key Financial Summary

| Key Financials | FY19 | FY20 | FY21P | FY22E | FY23E | CAGR (FY21P-23E) |
|--------------------|----------|---------|---------|---------|----------|------------------|
| Net Sales | 10,145.7 | 8,055.8 | 6,336.3 | 8,331.7 | 10,051.5 | 26.0% |
| EBITDA | 2,055.6 | 1,114.8 | 861.7 | 1,584.7 | 2,171.1 | 58.7% |
| EBITDA Margins (%) | 20.3 | 13.8 | 13.6 | 19.0 | 21.6 | |
| Net Profit | 1,032.6 | 349.2 | (127.0) | 738.4 | 1,163.0 | LP |
| EPS (₹) | 22.2 | 7.5 | (2.7) | 15.9 | 25.0 | |
| P/E | 33.9 | 100.1 | NM | 47.4 | 30.1 | |
| RoNW (%) | 19.1 | 7.8 | 3.3 | 12.3 | 16.9 | |
| RoCE (%) | 15.5 | 5.6 | 2.2 | 8.0 | 12.1 | |

Source: Company, ICICI Direct Research



Particulars

| Particular | Amount |
|-----------------------|---------------|
| Market Capitalization | ₹ 34964 crore |
| Total Debt (FY21P) | ₹ 4830 crore |
| Cash and Inv. (FY21P) | ₹ 2550 crore |
| EV | ₹ 37244 crore |
| 52 week H/L (₹) | 758 / 306 |
| Equity capital | ₹ 93.1 Crore |
| Face value | ₹ 2 |

Price Performance



Key Highlights

- Q4FY21 standalone revenues were robust at ₹ 1,307 crore, up 26% QoQ led by 43% QoQ growth in exports. Adjusted margins for Q4FY21 were at 25.5%, up 300 bps QoQ
- Domestic & global CV revival, improved oil & gas sector outlook, need for personal mobility as well as greater indigenisation in defence space to result in robust sales growth, going forward, in FY21-23E

Risks to our call

- Lower than anticipated sales growth
- Lower than expected margin gains amid o/p leverage benefits at play

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Exhibit 1: Variance Analysis

| | Q4FY21 | Q4FY21E | Q4FY20 | YoY (%) | Q3FY21 | QoQ (%) | Comments |
|------------------------|--------|---------|--------|----------|--------|---------|-------------------------------------------------------------------------------------------------------|
| Total Operating Income | 1,307 | 1,108 | 881 | 48.4 | 1,036 | 26.2 | Topline came in ahead of estimates primarily tracking beat on exports which in Q4FY21 were up 43% QoQ |
| Raw Material Expenses | 527 | 425 | 325 | 62.1 | 383 | 37.4 | RM costs came in much higher at 40.3% of sales, up 330 bps QoQ vs. our expectation of 38.3% |
| Employee Expenses | 113 | 114 | 119 | -4.6 | 110 | 2.9 | |
| Other Expenses | 308 | 346 | 327 | -5.8 | 328 | -5.9 | Other expenses include an element of forex gains amounting to ~₹ 25 crore in Q4FY21 |
| EBITDA | 359 | 223 | 110 | 225.6 | 215 | 67.2 | |
| EBITDA Margin (%) | 27.5 | 20.1 | 12.5 | 1495 bps | 20.7 | 674 bps | Adjusted EBITDA margins for the quarter stood at 25.5%, up 300 bps QoQ |
| Depreciation | 100.6 | 102.2 | 84.7 | 18.8 | 96.4 | 4.4 | |
| Interest | 13.7 | 30.4 | 41.5 | -67.1 | 26.8 | -49.1 | |
| Other Income | 32 | 35 | 31 | 1.5 | 35 | -9.2 | Other income came in on expected lines |
| PBT | 276.1 | 125.2 | -78.3 | -452.5 | 121.3 | 127.6 | |
| Tax | 70.5 | 31.6 | -5.0 | -1,502.3 | 28.7 | 145.9 | Tax rate came in at its usual run rate of ~25% |
| Reported PAT | 205.5 | 93.7 | -73.3 | -380.5 | 92.6 | 121.9 | PAT was much ahead of estimates tracking beat on sales growth as well as margins |
| Key Metrics | | | | | | | |
| Domestic revenues | 565 | 537 | 370 | 52.7 | 516 | 9.6 | Domestic revenues were up 9.6% QoQ to ₹ 565 crore |
| Export revenues | 731 | 549 | 490 | 49.3 | 512 | 42.9 | Export revenues were up 43% QoQ to ₹ 731 crore |

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

| (₹ Crore) | FY22E | | | FY23E | | | Comments |
|-------------------|-------|-------|----------|-------|--------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Old | New | % Change | Old | New | % Change | |
| Revenue | 7,878 | 8,332 | 5.8 | 9,474 | 10,052 | 6.1 | Revised upward our sales estimates for FY22E-23E. We expect sales at BFL to grow at a CAGR of 26% over FY21-23E with robust growth prospects at all its user industries |
| EBITDA | 1,357 | 1,585 | 16.8 | 1,834 | 2,171 | 18.4 | |
| EBITDA Margin (%) | 17.2 | 19.0 | 179 bps | 19.4 | 21.6 | 224 bps | Revised upwards our margin estimates tracking the beat in Q4FY21 with BFL's cost structure more leaner as it approaches the fresh growth cycle |
| PAT | 548 | 738 | 34.7 | 888 | 1,163 | 31.0 | |
| EPS (₹) | 11.8 | 15.9 | 34.7 | 19.1 | 25.0 | 31.0 | Upward revision in sales, margin estimates leads to sharp >30% upward revision in earnings estimates for FY22E-23E. BFL is expected to clock EPS of ₹ 25 in FY23E |

Source: ICICI Direct Research

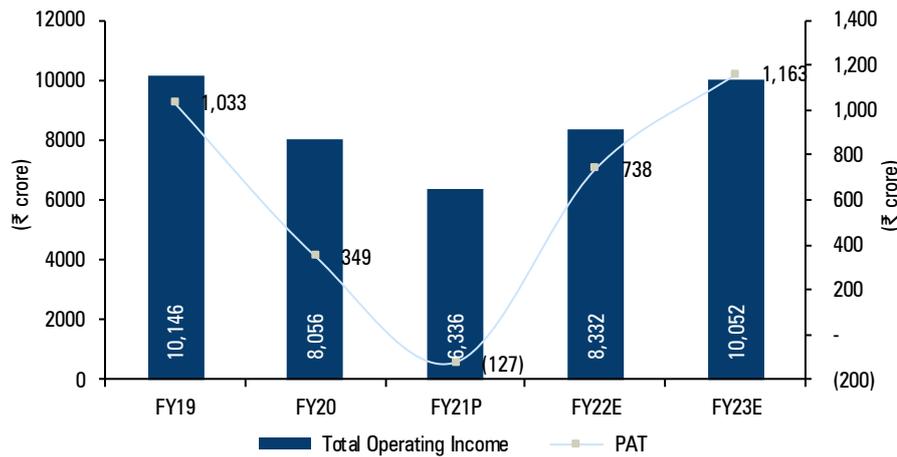
Exhibit 3: Assumptions

| (₹ crore) | Current | | | | Earlier | | | | Comments |
|-------------------|---------|-------|-------|-------|---------|-------|-------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | FY18 | FY19 | FY20P | FY21P | FY22E | FY23E | FY22E | FY23E | |
| Domestic Revenues | 2,227 | 2,627 | 1,782 | 1,639 | 2,205 | 2,646 | 2,171 | 2,605 | With peak of the Covid resurgence behind us and export markets already witnessing uptick in economic activity, export revenues at BFL (standalone) are seen growing at a CAGR of 32% over FY21-23E. Domestic revenues (standalone) are seen growing at a CAGR of 27% in the aforesaid time frame. Cyclical upturn in CV space, improved outlook in Oil & Gas domain, steady demand prospects in the PV space and new initiatives (e-mobility & defence) seen lending support to growth going forward |
| Export revenues | 2,971 | 3,726 | 2,650 | 1,964 | 2,829 | 3,418 | 2,427 | 2,932 | |
| Americas (\$ mn) | 296 | 369 | 265 | 165 | 230 | 276 | 211 | 253 | |
| Europe (Euro mn) | 102 | 125 | 87 | 78 | 108 | 130 | 84 | 100 | |
| Asia Pac (\$ mn) | 21 | 18 | 14 | 12 | 18 | 22 | 14 | 17 | |
| USD/INR | 68.0 | 70.4 | 70.6 | 73.3 | 74.5 | 75.0 | 74.5 | 75.0 | |
| EUR/US\$ | 1.2 | 1.1 | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | |

Source: Company, ICICI Direct Research

Financial story in charts

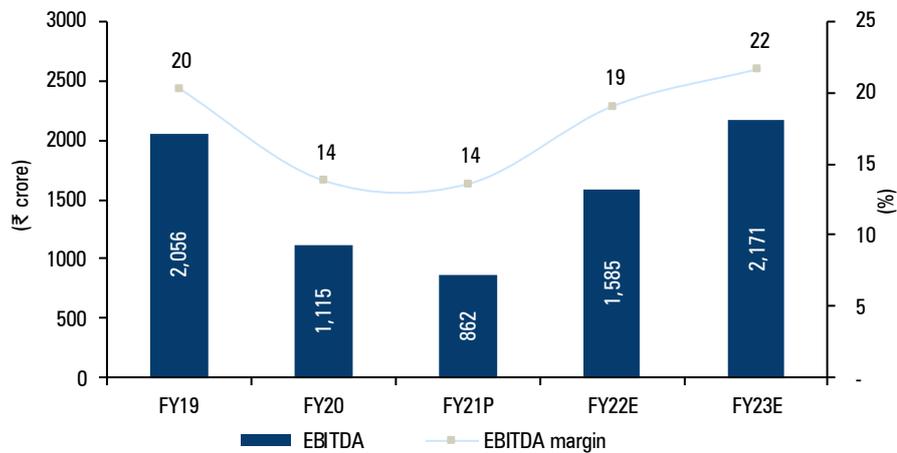
Exhibit 4: Topline trend



We expect consolidated sales to grow at 26% CAGR over FY21-23E to ₹ 10,052 crore in FY23E. PAT is expected to improve meaningfully in this timeframe as operating leverage benefits flow to the bottomline amid various cost cutting initiatives in place

Source: Company, ICICI Direct Research

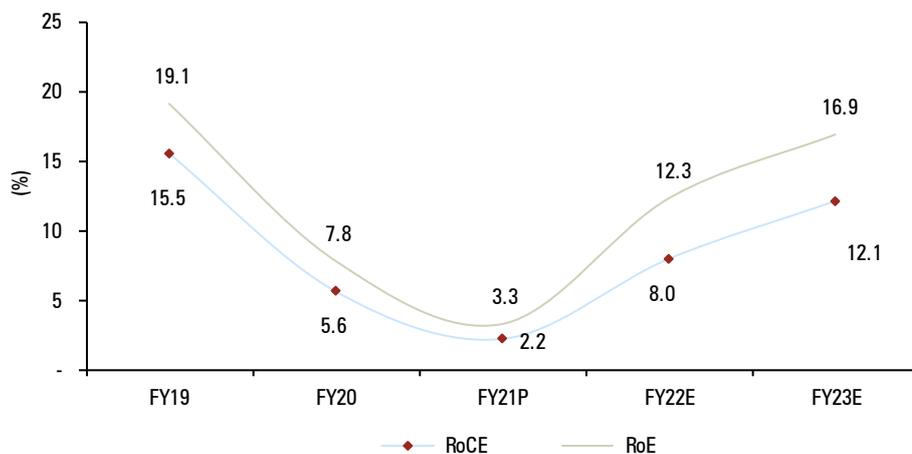
Exhibit 5: EBITDA and EBITDA margin trend



On a consolidated basis, margins are seen surpassing its last peak with EBITDA margins growing to ~22% levels by FY23E

Source: Company, ICICI Direct Research

Exhibit 6: Trend in return ratios



On a consolidated basis, RoE is seen improving to ~17% levels by FY23E while RoCE is seen improving to ~12% in a similar timeframe

Source: Company, ICICI Direct Research

Exhibit 7: Key valuation metrics

| | Sales (₹ cr) | Growth (%) | EPS (₹) | Growth (%) | PE (x) | EV/EBITDA (x) | RoNW (%) | RoCE (%) |
|-------|-----------------|---------------|------------|---------------|-----------|------------------|-------------|-------------|
| FY18 | 8,358 | 30.7 | 16.2 | 8.1 | 46.4 | 21.8 | 17.3 | 14.9 |
| FY19 | 10,146 | 21.4 | 22.2 | 37.0 | 33.9 | 18.5 | 19.1 | 15.5 |
| FY20 | 8,056 | -20.6 | 7.5 | -66.2 | 100.1 | 33.8 | 7.8 | 5.6 |
| FY21P | 6,336 | -21.3 | -2.7 | NM | NA | 43.2 | 3.3 | 2.2 |
| FY22E | 8,332 | 31.5 | 15.9 | NM | 47.4 | 23.2 | 12.3 | 8.0 |
| FY23E | 10,052 | 20.6 | 25.0 | 57.5 | 30.1 | 16.6 | 16.9 | 12.1 |

Source: Company, ICICI Direct Research

Exhibit 8: Shareholding pattern

| | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
|-----------|--------|--------|--------|--------|--------|
| Promoters | 45.8 | 45.8 | 45.8 | 45.8 | 45.8 |
| FII | 20.7 | 22.1 | 21.9 | 23.5 | 24.9 |
| DII | 15.7 | 15.1 | 11.5 | 12.3 | 12.2 |
| Others | 17.8 | 17.0 | 20.8 | 18.4 | 17.1 |

Source: Company, ICICI Direct Research

Financial Summary

| Exhibit 9: Profit and loss statement | | | | |
|--------------------------------------|----------------|---------------|----------------|----------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21P | FY22E | FY23E |
| Total operating Income | 8055.8 | 6336.3 | 8331.7 | 10051.5 |
| Growth (%) | -20.6 | -21.3 | 31.5 | 20.6 |
| Raw Material Expenses | 3,576.4 | 2,634.2 | 3,416.0 | 4,070.9 |
| Employee Expenses | 1,195.5 | 1,071.1 | 1,208.1 | 1,306.7 |
| Other expenses | 2,169.1 | 1,769.3 | 2,122.9 | 2,502.8 |
| Total Operating Expenditure | 6,941.1 | 5,474.6 | 6,747.0 | 7,880.4 |
| EBITDA | 1,114.8 | 861.7 | 1,584.7 | 2,171.1 |
| Growth (%) | -45.8 | -22.7 | 83.9 | 37.0 |
| Depreciation | 547.7 | 612.2 | 666.5 | 728.7 |
| Interest | 171.3 | 107.7 | 113.2 | 100.7 |
| Other Income | 187.9 | 168.9 | 202.2 | 223.2 |
| PBT | 583.6 | 310.7 | 1,007.1 | 1,564.8 |
| Others | -43 | -30 | -15 | -7 |
| Total Tax | 112.5 | 101.5 | 253.8 | 394.3 |
| PAT | 349.2 | -127.0 | 738.4 | 1,163.0 |
| Growth (%) | -66.2 | -136.4 | LP | 57.5 |
| EPS (₹) | 7.5 | -2.7 | 15.9 | 25.0 |

Source: Company, ICICI Direct Research

| Exhibit 10: Cash flow statement | | | | |
|-------------------------------------|----------------|----------------|---------------|---------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21P | FY22E | FY23E |
| Profit after Tax | 349.2 | -127.0 | 738.4 | 1163.0 |
| Add: Depreciation & Interest | 719.0 | 719.9 | 779.8 | 829.5 |
| (Inc)/dec in Current Assets | 893.3 | -34.6 | -282.3 | -714.2 |
| Inc/(dec) in CL and Provisions | -270.7 | 411.3 | 114.5 | 416.9 |
| CF from operating activities | 1690.8 | 969.6 | 1350.3 | 1695.2 |
| (Inc)/dec in Investments | -525.8 | -1011.1 | -150.0 | -150.0 |
| (Inc)/dec in Fixed Assets | -1101.3 | -1256.0 | -325.0 | -300.0 |
| Others | 385.1 | 499.3 | -235.2 | -220.6 |
| CF from investing activities | -1242.0 | -1767.9 | -710.2 | -670.6 |
| Issue/(Buy back) of Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Inc/(dec) in loan funds | 325.5 | 481.4 | -300.0 | -500.0 |
| Dividend paid & dividend tax | -196.1 | -93.1 | -186.2 | -279.3 |
| Inc/(dec) in Sec. premium | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | -478.6 | 307.6 | -113.2 | -100.7 |
| CF from financing activities | -349.2 | 695.9 | -599.5 | -880.1 |
| Net Cash flow | 99.7 | -102.3 | 40.7 | 144.5 |
| Opening Cash | 475.4 | 575.1 | 472.8 | 513.4 |
| Closing Cash | 575.1 | 472.8 | 513.4 | 658.0 |

Source: Company, ICICI Direct Research

| Exhibit 11: Balance Sheet | | | | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21P | FY22E | FY23E |
| Liabilities | | | | |
| Equity Capital | 93.1 | 93.1 | 93.1 | 93.1 |
| Reserve and Surplus | 5,158.6 | 5,353.7 | 5,905.8 | 6,789.5 |
| Total Shareholders funds | 5,251.7 | 5,446.8 | 5,999.0 | 6,882.6 |
| Total Debt | 4,348.4 | 4,829.8 | 4,529.8 | 4,029.8 |
| Deferred Tax Liability | 131.1 | 234.6 | 234.6 | 234.6 |
| Minority Interest / Others | 337.9 | 761.6 | 761.6 | 761.6 |
| Total Liabilities | 10,069.0 | 11,272.8 | 11,525.0 | 11,908.6 |
| Assets | | | | |
| Gross Block | 9,426.1 | 10,924.7 | 11,499.7 | 12,049.7 |
| Less: Acc Depreciation | 5,595.1 | 6,207.3 | 6,873.8 | 7,602.5 |
| Net Block | 3,831.0 | 4,717.4 | 4,625.9 | 4,447.1 |
| Capital WIP | 1,142.7 | 900.1 | 650.1 | 400.1 |
| Total Fixed Assets | 4,973.7 | 5,617.5 | 5,276.0 | 4,847.2 |
| Investments | 1,655.2 | 2,639.4 | 2,889.4 | 3,189.4 |
| Inventory | 1,734.7 | 1,793.9 | 1,826.1 | 2,203.1 |
| Debtors | 1,493.8 | 1,409.6 | 1,597.9 | 1,927.7 |
| Loans and Advances | 5.2 | 2.8 | 3.7 | 4.5 |
| Other Current Assets | 396.1 | 458.1 | 519.0 | 525.6 |
| Cash | 575.1 | 472.8 | 513.4 | 658.0 |
| Total Current Assets | 4,205.0 | 4,137.2 | 4,460.2 | 5,318.9 |
| Creditors | 1,030.9 | 1,206.8 | 1,141.3 | 1,376.9 |
| Provisions | 98.5 | 108.3 | 102.4 | 123.6 |
| Other Current Liabilities | 364.3 | 590.0 | 775.8 | 935.9 |
| Total Current Liabilities | 1,493.8 | 1,905.1 | 2,019.6 | 2,436.4 |
| Net Current Assets | 2,711.2 | 2,232.1 | 2,440.6 | 2,882.4 |
| Other non-current assets | 728.9 | 783.8 | 919.0 | 989.6 |
| Application of Funds | 10,069.0 | 11,272.8 | 11,525.0 | 11,908.6 |

Source: Company, ICICI Direct Research

| Exhibit 12: Key ratios | | | | |
|-----------------------------|------------|------------|------------|------------|
| (Year-end March) | FY20 | FY21P | FY22E | FY23E |
| Per share data (₹) | | | | |
| EPS | 7.5 | -2.7 | 15.9 | 25.0 |
| Cash EPS | 19.3 | 10.4 | 30.2 | 40.6 |
| BV | 112.8 | 117.0 | 128.9 | 147.8 |
| DPS | 3.5 | 2.0 | 4.0 | 6.0 |
| Cash Per Share | 35.3 | 54.8 | 58.9 | 65.2 |
| Operating Ratios | | | | |
| EBITDA Margin (%) | 13.8 | 13.6 | 19.0 | 21.6 |
| PBT / Net sales (%) | 7.0 | 3.9 | 11.0 | 14.4 |
| PAT Margin (%) | 4.3 | -2.0 | 8.9 | 11.6 |
| Inventory days | 78.6 | 103.3 | 80.0 | 80.0 |
| Debtor days | 67.7 | 81.2 | 70.0 | 70.0 |
| Creditor days | 46.7 | 69.5 | 50.0 | 50.0 |
| Return Ratios (%) | | | | |
| RoCE | 5.6 | 2.2 | 8.0 | 12.1 |
| RoE | 7.8 | 3.3 | 12.3 | 16.9 |
| RoIC | 7.8 | 3.2 | 11.3 | 17.0 |
| Valuation Ratios (x) | | | | |
| P/E | 85.2 | NM | 47.4 | 30.1 |
| EV / EBITDA | 33.8 | 43.2 | 23.2 | 16.6 |
| EV / Net Sales | 4.7 | 5.9 | 4.4 | 3.6 |
| Market Cap / Sales | 4.3 | 5.5 | 4.2 | 3.5 |
| Price to Book Value | 6.7 | 6.4 | 5.8 | 5.1 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 3.9 | 5.6 | 2.9 | 1.9 |
| Debt / Equity | 0.8 | 0.9 | 0.8 | 0.6 |
| Current Ratio | 2.4 | 1.9 | 2.0 | 1.9 |
| Quick Ratio | 1.3 | 1.0 | 1.1 | 1.0 |

Source: Company, ICICI Direct Research

Exhibit 13: ICICI Direct coverage universe (Auto & Auto Ancillary)

| Sector / Company | CMP | TP | Rating | M Cap | EPS (₹) | | | P/E (x) | | | EV/EBITDA (x) | | | RoCE (%) | | | RoE (%) | | |
|------------------------------|------------|------------|------------|---------------|-------------|-------------|-------------|-----------|-------------|-------------|---------------|-------------|-------------|------------|------------|-------------|------------|-------------|-------------|
| | (₹) | (₹) | | (₹ Cr) | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E |
| Apollo Tyre (APOTYR) | 221 | 260 | Buy | 14,034 | 5.5 | 9.9 | 16.2 | 40.1 | 22.4 | 13.6 | 6.7 | 6.9 | 5.0 | 7.6 | 6.1 | 9.1 | 6.4 | 5.3 | 8.2 |
| Ashok Leyland (ASHLEY) | 128 | 150 | Buy | 37,467 | -1.7 | 1.4 | 4.6 | -74.4 | 92.0 | 28.1 | 127.3 | 26.3 | 14.2 | -3.6 | 6.1 | 16.4 | -6.9 | 5.9 | 17.5 |
| Bajaj Auto (BAAUTO) | 4,250 | 4,500 | Buy | 1,22,982 | 157.4 | 183.5 | 210.0 | 27.0 | 23.2 | 20.2 | 20.5 | 16.8 | 14.4 | 18.2 | 21.9 | 25.2 | 18.1 | 20.6 | 23.1 |
| Balkrishna Ind. (BALIND) | 2,214 | 2,250 | Buy | 42,800 | 59.8 | 68.2 | 80.5 | 37.0 | 32.5 | 27.5 | 24.2 | 20.8 | 17.7 | 19.3 | 20.4 | 21.6 | 19.2 | 19.0 | 19.4 |
| Bharat Forge (BHAFOR) | 751 | 875 | Buy | 34,964 | -2.7 | 15.9 | 25.0 | NM | 47.4 | 30.1 | 43.2 | 23.2 | 16.6 | 2.2 | 8.0 | 12.1 | 3.3 | 12.3 | 16.9 |
| Eicher Motors (EICMOT) | 2,742 | 2,970 | Hold | 74,747 | 49.3 | 66.7 | 87.4 | 55.6 | 41.1 | 31.4 | 37.7 | 28.9 | 22.0 | 11.3 | 13.5 | 15.8 | 11.8 | 14.3 | 16.6 |
| Escorts (ESCORT) | 1,218 | 1,140 | Hold | 14,930 | 71.2 | 62.0 | 76.9 | 17.1 | 19.6 | 15.8 | 10.6 | 12.2 | 9.5 | 18.7 | 13.8 | 14.8 | 16.2 | 12.6 | 13.7 |
| Exide Industries (EXIIND) | 194 | 200 | Hold | 16,490 | 8.9 | 9.3 | 11.0 | 16.6 | 16.0 | 13.5 | 11.4 | 11.0 | 9.5 | 14.0 | 13.8 | 15.1 | 11.0 | 10.5 | 11.5 |
| Hero Moto (HERHON) | 3,050 | 3,440 | Buy | 60,909 | 148.4 | 170.8 | 196.5 | 20.5 | 17.9 | 15.5 | 13.2 | 11.1 | 9.5 | 20.8 | 23.1 | 24.5 | 19.5 | 20.7 | 21.7 |
| M&M (MAHMAH) | 805 | 1,000 | Buy | 1,00,078 | 2.3 | 29.9 | 37.8 | 357.5 | 27.0 | 21.3 | 14.9 | 15.7 | 12.5 | 9.5 | 8.2 | 10.5 | 2.7 | 9.6 | 11.1 |
| Maruti Suzuki (MARUTI) | 7,214 | 6,080 | Reduce | 2,17,921 | 140.0 | 172.9 | 225.1 | 51.5 | 41.7 | 32.0 | 32.6 | 24.3 | 18.1 | 4.3 | 6.6 | 9.1 | 8.2 | 9.5 | 11.4 |
| Minda Industries (MININD) | 588 | 625 | Buy | 15,988 | 5.8 | 11.6 | 17.9 | 101.0 | 50.5 | 32.9 | 24.6 | 17.1 | 13.4 | 8.7 | 14.2 | 19.1 | 8.7 | 15.9 | 19.5 |
| Motherson (MOTSUM) | 252 | 300 | Buy | 79,580 | 3.3 | 7.4 | 10.0 | NM | 33.9 | 25.2 | 17.4 | 10.6 | 8.6 | 6.7 | 16.2 | 20.5 | 8.8 | 16.7 | 19.7 |
| Tata Motors (TATMOT) | 335 | 400 | Buy | 1,20,523 | -35.0 | 17.6 | 38.3 | NM | 19.0 | 8.7 | 5.3 | 4.3 | 3.0 | 6.4 | 9.7 | 14.3 | -23.6 | 10.6 | 18.8 |

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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ANALYST CERTIFICATION

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