

# Bharat Forge

## Estimate changes

TP change

Rating change



	BHFC IN
Bloomberg	
Equity Shares (m)	466
M.Cap.(INRb)/(USDb)	308.1 / 4
52-Week Range (INR)	848 / 596
1, 6, 12 Rel. Per (%)	-1/-5/-7
12M Avg Val (INR M)	1562

## Consol. Financials & Valuations (INR b)

Y/E Mar	2022	2023E	2024E
Sales	104.6	115.4	128.3
EBITDA (%)	18.9	19.9	21.3
Adj. PAT	10.1	12.7	16.1
EPS (INR)	21.7	27.2	34.6
EPS Gr. (%)	1047.8	25.6	27.1
BV/Sh. (INR)	141.1	162.1	190.5

## Ratios

Net D:E	0.9	0.7	0.6
RoE (%)	16.9	18.0	19.6
RoCE (%)	10.5	10.9	12.5
ROIC(%)	13.7	13.9	15.9
Payout (%)	23.2	23.0	18.1

## Valuations

P/E (x)	30.5	24.3	19.1
P/BV (x)	4.7	4.1	3.5
EV/EBITDA (x)	18.1	15.5	12.7
Div. Yield (%)	0.8	0.9	0.9
FCF Yield (%)	-1.8	3.3	5.0

## Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	45.3	44.8	45.8
DII	23.7	20.2	12.5
FII	19.8	23.4	24.9
Others	11.2	11.7	16.9

FII Includes depository receipts

**CMP: INR662**

**TP: INR865 (+31%)**

**Buy**

## Strong all-round performance drives beat

**Core businesses to see sustained recovery in FY23; geographical expansion on the cards**

- Bharat Forge (BHFC)'s 4QFY22 result was above expectation propelled by strong all-round performance with better-than-expected revenue, margins and PAT. While all the core businesses are seeing a sharp cyclical recovery, BHFC's initiatives to diversify into aluminum/lightweighting and EV components have started to bear fruit. FY23E will be the first full year of contribution from the company's recently acquired businesses.
- We upgrade our FY23E/24E consolidated EPS by ~10%/4% to factor in: a) a good recovery in India Auto and tractors, b) lowering of estimates for the US CVs and c) higher steel prices. We are yet to build in any contributions from its US aluminum business, Sanghvi Forgings, and JS Auto. **Reiterate BUY with a TP of INR865** (premised on 24x Jun'24E EPS).

## Non-auto business grows both in the domestic and export markets

- BHFC's standalone revenue/EBITDA/adjusted PAT grew 28%/29%/28% YoY to INR16.7b/INR4.3b/INR2.6b in 4QFY22 and rose 71%/127%/ 227.5% in FY22 (on a low base), respectively.
- Volumes grew 3% YoY to 57.5k tonne (est. 56k tonne). Realization improved 24% YoY to INR290.9k/t (est. INR273.8k/t) led by RM cost pass through and mix improvement (higher CVs and non-auto exports).
- The Auto/Non-auto businesses grew 7%/79% YoY, respectively. Non-auto exports rose 113% YoY, while Non-auto domestic grew 50% YoY. Domestic Auto grew 14% YoY, while Auto exports increased 3% YoY.
- Gross margin contracted ~300bp YoY to 56.7% (est. 58.2%). EBITDA margin was flat YoY to 25.7% (est. 24.3%), aided by operating leverage. Adjusted PAT rose 28% YoY to INR2.64b (est. INR2.2b).
- Consolidated FCFF stood at negative INR5.6b in FY22 (v/s positive INR1.05b in FY21) due to weak CFO of INR4b (v/s INR13b in FY21), on account of higher working capital (a swing of INR8b). Hence, the company's net debt rose to INR25.3b in FY22 (from INR16b in FY21).
- BHFC's management declared a final dividend of INR5.5/share for FY22.

## Highlights from the management interaction

- In FY22, the Indian operations have received new orders of ~INR10b p.a. and the US operations have won new orders worth USD150m p.a. The EV vertical has secured orders from a global EV OEM for supply of aluminum castings; the company also received its first order from an Indian OEM to supply DC-DC converters for the CV segment.
- At a consolidated level, management expects FY23 to be a strong year with healthy revenue growth and cashflows. It expects a ramp-up of the US aluminum operations and higher revenue contribution from the newer verticals that should diversify revenue further.

Jinesh Gandhi – Research Analyst (Jinesh@MotilalOswal.com)

Research Analyst: Vipul Agrawal (Vipul.Agrawal@motilalosal.com) | Aniket Desai (Aniket.Desai@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Demand outlook for CV exports is positive as order backlogs with OEMs are quite healthy with low cancellation rates and slots booked for the next 12-15 months. The management expects good traction in CY22/23, despite supply chain woes. India M&HCV's 1QFY23E schedule is at ~97k, which is close to the historical peak and the outlook is healthy too.
- ATAG gun trials have completed successfully and management expects ordering to happen in FY23. BHFC currently has a capacity of 100 guns p.a., which can be expanded to 200 guns p.a.

#### Valuation and view

- All the businesses of BHFC are experiencing a sharp cyclical recovery. This, coupled with its focus in creating new revenue pools in Aerospace, Defense, and e-Mobility could lead to the de-risking of the business.
- We have cut our P/E multiple for BHFC to 24x from 26x to factor in: a) an increasing contribution from the overseas operations, and b) a rise in risk-free rate. We estimate a consolidated revenue/EBITDA/PAT CAGR of 11%/17%/26% over FY22-24, respectively. The stock trades at 24.3x/19.1x FY23E/FY24E consolidated EPS. We maintain our **BUY** rating with a TP of INR865 (premised on 24x Jun'24E EPS).

#### S/A Quarterly

	(INR Million)											
	FY21				FY22				FY21	FY22	Variance	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
<b>Tonnage</b>	17,840	40,775	50,943	55,837	53,512	57,094	53,365	57,543	1,65,396	2,21,514	56,006	2.7
Change (%)	-70.7	-23.8	8.4	39.0	200.0	40.0	4.8	3.1	-18.0	33.9	0.3	
<b>Realization (INR '000/ton)</b>	239.3	216.2	203.3	234.1	256.4	279.5	300.2	290.9	220.8	281.9	273.8	6.3
Change (%)	8.2	-8.1	-11.3	6.7	7.1	29.3	47.7	24.3	-2.5	27.7	16.9	
<b>Net operating income</b>	4,270	8,815	10,357	13,073	13,718	15,956	16,021	16,741	36,515	62,436	15,332	9.2
Change (%)	-68.3	-30.0	-3.8	48.4	221.3	81.0	54.7	28.1	-20.0	71.0	17.3	
<b>EBITDA</b>	17	1,660	2,333	3,338	3,910	4,437	4,034	4,307	7,348	16,687	3,729	15.5
EBITDA Margins (%)	0.4	18.8	22.5	25.5	28.5	27.8	25.2	25.7	20.1	26.7	24.3	140bp
Non-Operating Income	420	313	352	320	333	322	358	662	1,405	1,675	387	71.1
Interest	299	75	268	137	406	142	118	407	779	1,073	137	
Depreciation	808	883	964	1006	1019	1026	1031	1042	3,661	4,118	1076	
Fx loss/(gain)	46	94	185	-253	-4	-307	-45	-4	72	-360	0	
<b>PBT after EO items</b>	-716	892	1,214	2,760	2,206	4,009	4,247	3,499	4,149	13,959	2,903	20.5
Eff. Tax Rate (%)	21.4	21.2	23.6	25.6	24.4	22.2	20.5	25.1	24.8	22.8	24.3	
<b>Rep. PAT</b>	-563	702	927	2,054	1,667	3,118	3,374	2,620	3,121	10,778	2,197	19.2
Change (%)	-132.3	-71.3	-27.5	-380.3	-396.0	343.9	263.9	27.5	-34.1	245.4	6.9	
<b>Adj. PAT</b>	-563	724	968	2,061	2,143	3,033	2,633	2,639	3,190	10,448	2,197	20.1
Change (%)	-132.3	-70.4	-24.2	11,691.5	-480.6	318.7	172.0	28.1	-41.9	227.5	6.6	

E: MOFSL Estimates

## Key Performance Indicators

Segment Mix	FY21				FY22				FY21	FY22	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Auto	1,800	4,368	6,655	8,508	8,000	8,311	7,773	9,067	21,359	33,151	8,615
Growth (%)	-76.9	-33.4	14.3	69.5	344.4	90.3	16.8	6.6	-15.2	55.2	1.3
Contribution (%)	44.8	52.8	67.9	69.3	62.2	55.5	51.5	57.4	62.2	56.5	58.7
Non-Auto	2,218	3,906	3,140	3,764	4,855	6,673	7,314	6,727	13,001	25,569	6,066
Growth (%)	-50.9	-20.8	-24.9	18.5	118.9	70.8	132.9	78.7	-22.7	96.7	61.1
Contribution (%)	55.2	47.2	32.1	30.7	37.8	44.5	48.5	42.6	37.8	43.5	41.3
<b>Total Product sales</b>	<b>4,018</b>	<b>8,274</b>	<b>9,795</b>	<b>12,272</b>	<b>12,855</b>	<b>14,984</b>	<b>15,087</b>	<b>15,794</b>	<b>34,360</b>	<b>58,720</b>	<b>14,680</b>
<b>Tonnage</b>	<b>17,840</b>	<b>40,775</b>	<b>50,943</b>	<b>55,837</b>	<b>53,512</b>	<b>57,094</b>	<b>53,365</b>	<b>57,543</b>	<b>1,65,396</b>	<b>2,21,514</b>	<b>56,006</b>
Change (%)	-70.7	-23.8	8.4	39.0	200.0	40.0	4.8	3.1	-18.0	33.9	0.3
Realization (INR '000/ton)	239	216	203	234	256	279	300	291	221	282	274
Change (%)	8.2	-8.1	-11.3	6.7	7.1	29.3	47.7	24.3	-2.5	27.7	16.9
<b>Net operating revenues</b>	<b>4270</b>	<b>8815</b>	<b>10357</b>	<b>13073</b>	<b>13718</b>	<b>15956</b>	<b>16021</b>	<b>16741</b>	<b>36515</b>	<b>62436</b>	<b>15332</b>
Change (%)	-68.3	-30.0	-3.8	48.4	221.3	81.0	54.7	28.1	-20.0	71.0	17.3
RM/Sales %	43.2	36.3	37.0	40.3	38.0	40.0	41.7	43.3	38.7	40.9	41.8
Staff Cost (% of sales)	26.6	12.6	10.6	8.7	8.9	8.0	8.0	7.7	12.3	8.1	8.1
Other Cost (% of sales)	29.8	32.3	29.9	25.5	24.6	24.2	25.1	23.3	28.9	24.3	25.8
Gross Margin (%)	56.8	63.7	63.0	59.7	62.0	60.0	58.3	56.7	61.3	59.1	58.2
EBITDA Margins (%)	0.4	18.8	22.5	25.5	28.5	27.8	25.2	25.7	20.1	26.7	24.3
EBIT Margins (%)	-18.5	8.8	13.2	17.8	21.1	21.4	18.7	19.5	10.1	20.1	17.3

E:MOFSL Estimates

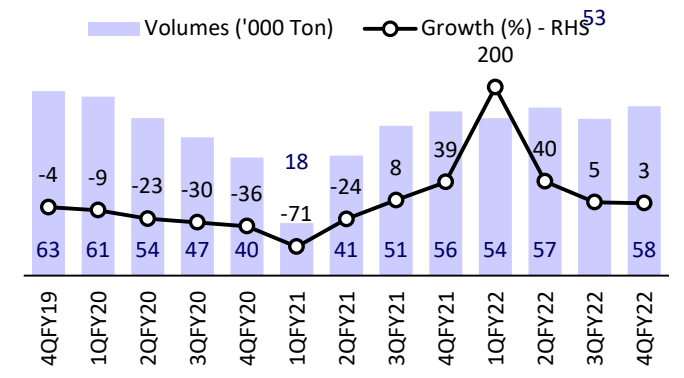


## Highlights from the management interaction

- In FY22, the Indian operations have won new orders of ~INR10b p.a. across segments, with a healthy mix of existing and new customers across traditional and new products. In the international operations, it won new orders worth USD150m p.a., across steel and aluminum forging in North America (to be manufactured in the US).
- The EV vertical has secured orders from a global EV OEM for supply of aluminum castings; the company also received its first order from an Indian OEM to supply DC-DC converters for the CV segment.
- At a consolidated level, management expects FY23 to be a strong year with healthy revenue growth and cashflows. It expects a ramp-up of the US aluminum operations and higher revenue contribution from the newer verticals that should diversify revenue further.
- Demand outlook for CV exports is positive as order backlogs with OEMs are quite healthy with low cancellation rates and slots booked for the next 12-15 months. The management expects good traction in CY22/23, despite supply chain woes. India M&HCV's 1QFY23E schedule is at ~97k, which is close to the historical peak and the outlook is healthy too.
- **Shale gas** revenue is likely to remain stable at FY22 levels of ~INR7.2b, as the life of its supplied product has gone up and key customers are more financially disciplined. It has received new products and orders for the fracking segment, supplies for which will start in FY23E and ramp-up next year.
- **India industrial** is expected to be a big growth area over the medium term as it targets import substitution opportunity in the capital goods segment.
- **ATAG gun** trials have completed successfully and management expects ordering to happen in FY23. BHFC currently has a capacity of 100 guns p.a., which can be expanded to 200 guns p.a. Apart from ATAG, the company also has other artillery guns and armored vehicles and it is targeting the export market.

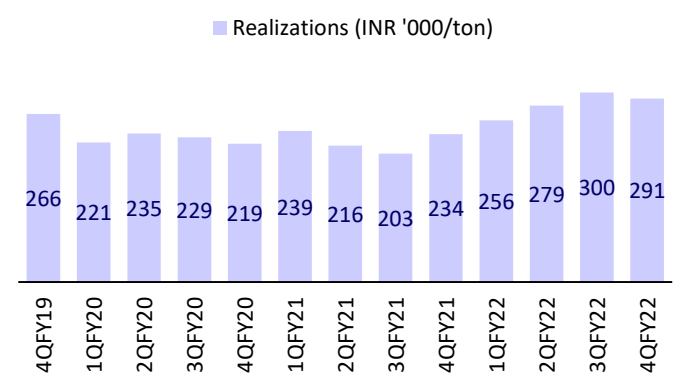
- Sanghavi Forgings had revenues of INR0.75-0.8b in 9MFY22 and operated at EBITDA margin of 15-16%. For FY23, it expects 50% growth on an annualized basis.
- JS Autocast’s revenue was at INR3.8-3.9b for FY22 and BHFC’s goal is to triple its revenues over five years.
- Capex at consolidated level is likely to be INR3.5b p.a. for FY23/24E (v/s IN10.7b in FY22).

**Exhibit 1: Volume trend**



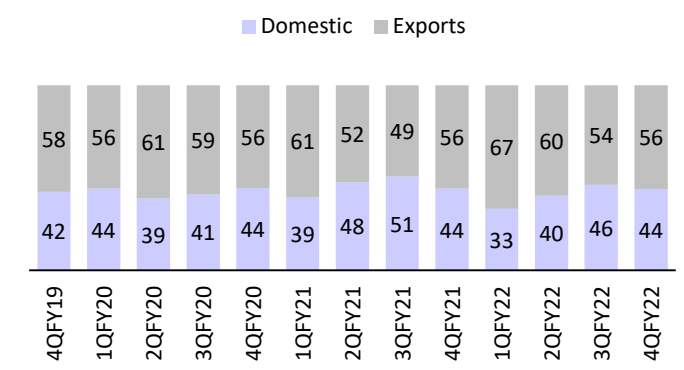
Source: Company, MOFSL

**Exhibit 2: Trend in realizations**



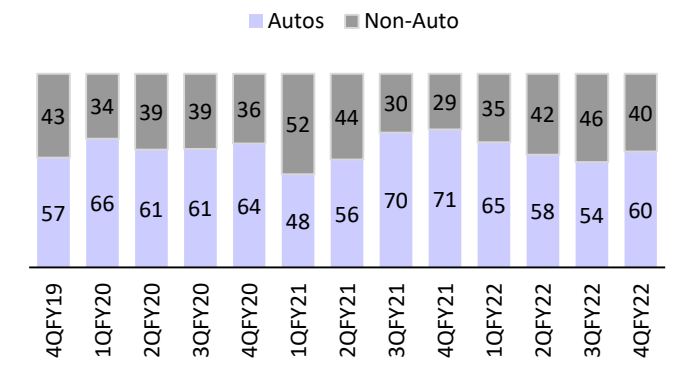
Source: Company, MOFSL

**Exhibit 3: Market mix trend**



Source: Company, MOFSL

**Exhibit 4: Trend in product mix**



Source: Company, MOFSL

**Exhibit 5: Geography wise revenue breakup**

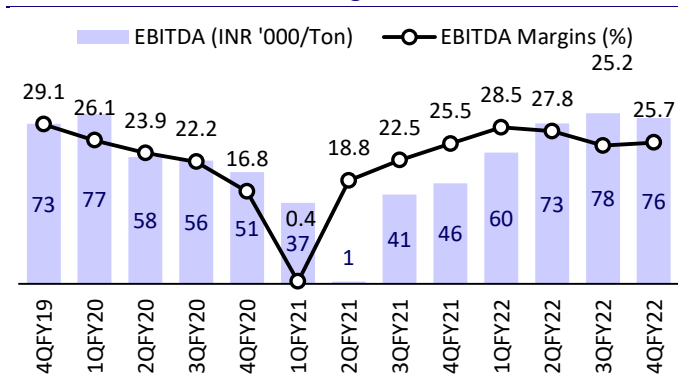
INR m	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
India	3,916	1,678	4,192	5,158	5,653	4,562	6,419	7,403	7,350
Growth (%)	-45	-72	-14	17	44	172	53	44	30
Contribution (%)	44	39	48	50	44	33	40	46	44
US	3,396	1,393	2,791	3,510	4,380	6,247	6,793	5,775	6,290
Growth (%)	-52	-74	-49	-22	29	348	143	65	44
Contribution (%)	39	33	32	34	34	46	43	36	38
EU	1,426	1,089	1,502	1,340	2,671	2,645	2,545	2,656	2,778
Growth (%)	-36	-41	-21	-19	87	143	69	98	4
Contribution (%)	16	26	17	13	21	19	16	17	17
Others	73	110	330	260	259	265	199	187	323
Growth (%)	-77	-70	-7	35	255	141	-40	-28	25
Contribution (%)	1	3	4	3	2	2	1	1	2
<b>Total</b>	<b>8,811</b>	<b>4,270</b>	<b>8,815</b>	<b>10,268</b>	<b>12,963</b>	<b>13,719</b>	<b>15,956</b>	<b>16,021</b>	<b>16,741</b>
Growth (%)	-47	-68	-30	-5	47	221	81	56	29

Source: Company, MOFSL

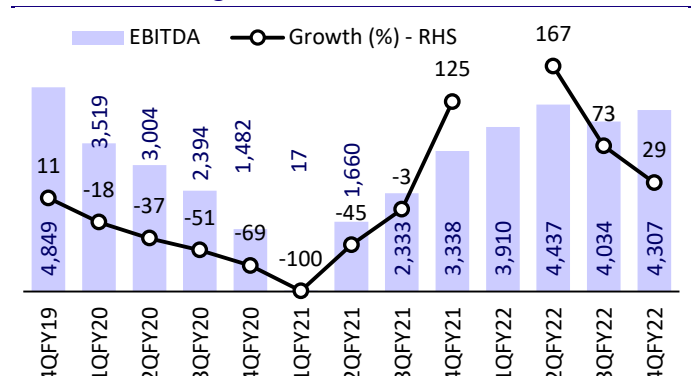
**Exhibit 6: Segment wise revenue breakup**

INR m	4QFY22	4QFY21	YoY (%)	3QFY22	QoQ (%)
<b>Domestic</b>	<b>7,349</b>	<b>5,764</b>	<b>27.5</b>	<b>7,402</b>	<b>-0.7</b>
% of total revenues	43.9	44.1		46.2	
<b>Autos</b>	<b>3,324</b>	<b>2,913</b>	<b>14.1</b>	<b>2,707</b>	<b>22.8</b>
% of total revenues	19.9	22.3		16.9	
CVs	2,532	2,222	14.0	1,955	29.5
% of total revenues	15.1	17.0		12.2	
PVs	792	691	14.6	752	5.3
% of total revenues	4.7	5.3		4.7	
Industrial	3,078	2,049	50.2	3,762	-18.2
% of total revenues	18.4	15.7		23.5	
Other Op Income	947	802	18.1	933	1.5
% of total revenues	5.7	6.1		5.8	
<b>Exports</b>	<b>9,392</b>	<b>7,310</b>	<b>28.5</b>	<b>8,618</b>	<b>9.0</b>
% of total revenues	56.1	55.9		53.8	
<b>Autos</b>	<b>5,743</b>	<b>5,595</b>	<b>2.6</b>	<b>5,066</b>	<b>13.4</b>
% of total revenues	34.3	42.8		31.6	
CVs	4,032	3,958	1.9	3,830	5.3
% of total revenues	24.1	30.3		23.9	
PVs	1,711	1,637	4.5	1,236	38.4
% of total revenues	10.2	12.5		7.7	
Industrial	3,649	1,715	112.8	3,552	2.7
% of total revenues	21.8	13.1		22.2	
<b>Total Revenues</b>	<b>16,741</b>	<b>13,074</b>	<b>28.0</b>	<b>16,020</b>	<b>4.5</b>

Source: Company, MOFSL

**Exhibit 7: Trend in EBITDA margin**

Source: Company, MOFSL

**Exhibit 8: EBITDA growth trend**

Source: Company, MOFSL

## Valuation and view

### Continued focus on de-risking the business and emphasizing on value addition

Over the last decade, BHFC has broadened its revenue stream by entering into new segments (non-Auto) and markets across the globe, resulting in a decline in the share of the Auto business to ~62% in FY20 from ~80% in FY07. BHFC has improved its value-add by focusing on machined components, whose contribution grew ~50%, thereby boosting realization and margin. It is currently focused on adding new lines of business beyond steel forgings in the form of: a) aluminum forgings, b) non-metal materials, and c) electronic components for EVs. The benefits from these initiatives should start reflecting from FY24E, driving not just revenue growth but boosting improvement in profitability and capital efficiencies.

### **Auto business: Recovery underway across markets**

After witnessing prolonged cyclical pressures in domestic and export CVs, due to the impact of COVID-19, the outlook for India and the US CVs has improved considerably during the last nine months. Over the last two years, BHFC has developed capabilities in Truck transmission parts, which should improve its content per Truck considerably and drive growth in the CV segment over the next three-to-five years. The PV space is a focus area as it offers an opportunity size of 4x that of CVs. To tap this opportunity, the management is increasing customer penetration and moving up the value chain.

### **Recovery in O&G and ramp-up in Defense and Aerospace to drive growth**

The O&G segment is recovering from the lows of FY21, underpinned by sustained higher oil prices. The management expects the O&G business to remain stable at FY22 levels of ~INR7.2b. Despite near-term challenges, Aerospace is on track to see a revenue ramp-up to USD20m over the next two-to-three years, driven by new customer wins. Defense is another large opportunity. It will reap the benefits of the recently announced localization drive by the Indian government. BHFC is well prepared in this regard, but visibility on a ramp-up is poor due to elongated timelines. Over the next three-to-five years, Defense has the potential to drive strong growth for BHFC, as the government systematically focuses on reducing imports. The company is among the few players that offer holistic localization solutions on artillery guns, armored vehicles, etc. Its planned Greenfield expansion at Khed, Pune, would boost capacities in Defense and e-Mobility.

### **BHFC to emerge stronger and benefit from the possible diversification away from China**

BHFC would emerge stronger from this downcycle, strengthen its position in the global supply chain, and potentially benefit from the possible diversification away from China. Unlike previous downcycles, BHFC is more resilient, with a diversified revenue stream, more value-added content, a methodical reduction in breakeven points, and lower leverage on its books. BHFC has seeded many new segments (Aerospace, Defense, PVs, etc.) and technologies (aluminum forgings, other lightweight materials, electrical components, etc.). This is particularly exciting owing to: a) a possible consolidation, driven by the COVID-19 challenges, and b) a possible diversification and realignment of global supply chains.

### **Valuation and view**

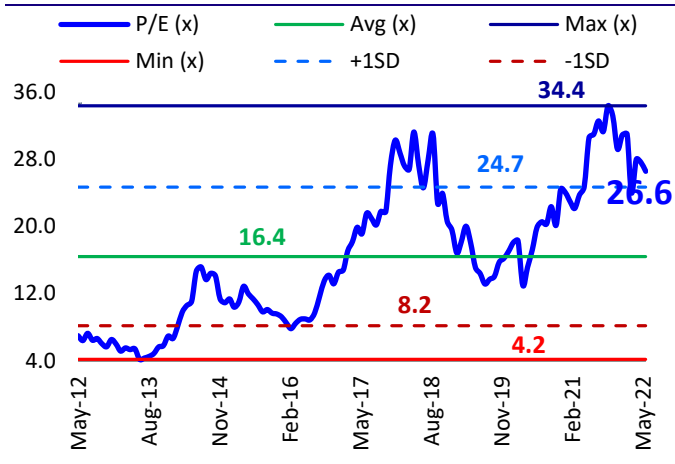
We upgrade our FY23E/24E consolidated EPS by ~10%/4% to factor in: a) a good recovery in India Auto and tractors, b) lowering of estimates for the US CVs and c) higher steel prices. We are yet to build in any contributions from its US aluminum business, Sanghvi Forgings, and JS Auto. We have cut our P/E multiple for BHFC to 24x from 26x to factor in: a) an increasing contribution from the overseas operations, and b) a rise in risk-free rate. A cyclical recovery across key businesses and contribution from new businesses will drive a sharp recovery for BHFC over the next two-to-three years. We estimate a consolidated revenue/EBITDA/PAT CAGR of 11%/17%/26% over FY22-24, respectively. The stock trades at 24.3x/19.1x FY23E/FY24E consolidated EPS. We maintain our **BUY** rating with a TP of INR865 (premised on 24x Jun'24E EPS).

**Exhibit 9: Our revised forecast (consolidated)**

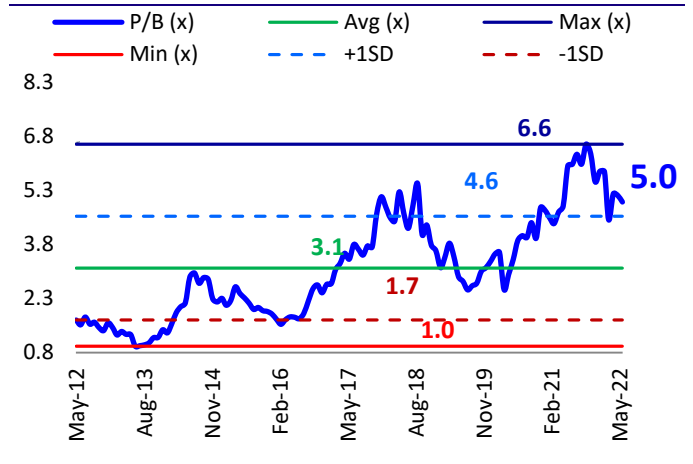
(INR M)	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,15,379	1,03,256	11.7	1,28,280	1,14,962	11.6
EBITDA (%)	19.9	20.9	-100bp	21.3	23.2	-190bp
Net Profit	12,634	11,471	10.1	16,070	15,438	4.1
EPS (INR)	27.2	24.6	10.5	34.6	33.2	4.4

Source: MOFSL

**Exhibit 10: P/E chart**



**Exhibit 11: P/B chart**



Source: MOFSL

## Key operating metrics

### Revenue model

INR M	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Autos	28,525	34,148	25,194	21,359	33,151	38,227	43,435
% of total revenues	57	56	60	62	56	58	58
CV	23,419	26,900	17,884	14,702	24,597	27,681	31,413
% of total revenues	47	44	43	43	42	42	42
PV	5,106	7,248	7,310	6,657	8,554	10,546	12,022
% of total revenues	10	12	17	19	15	16	16
Non-Autos	21,505	26,565	16,811	13,001	25,569	27,893	31,312
% of total revenues	43	44	40	38	44	42	42
<b>Market mix (net sales incl Op Income)</b>							
India	23,448	27,942	19,137	16,873	25,733	29,982	34,656
% of total revenues	44	43	42	46	41	43	44
Growth (%)	22	19	-32	-12	53	17	16
Exports	29,712	37,258	26,502	19,642	36,703	40,357	44,744
% of total revenues	56	57	58	54	59	0	0
Growth (%)	53	25	-29	-26	87	0	0
<b>Total Net Op Revenues</b>	<b>53,160</b>	<b>65,200</b>	<b>45,639</b>	<b>36,515</b>	<b>62,436</b>	<b>70,339</b>	<b>79,400</b>
Growth (%)	38	23	-30	-20	71	0	0
Subsidiary Revenues	30,417	36,257	34,919	26,848	42,175	45,039	48,881
Growth (%)	20	19	-4	-23	57	7	9
<b>Net Consolidated Revenues</b>	<b>83,577</b>	<b>1,01,457</b>	<b>80,558</b>	<b>63,363</b>	<b>1,04,611</b>	<b>1,15,379</b>	<b>1,28,280</b>
Growth (%)	31	21	-21	-21	65	10	11
S/A EBITDA margins (%)	29.6	28.8	22.8	20.1	26.7	26.3	27.4
Consol EBITDA margins (%)	20.6	20.3	14.1	13.6	18.9	19.9	21.3
<b>Consol EPS (INR)</b>	<b>17.7</b>	<b>22.2</b>	<b>8.8</b>	<b>1.9</b>	<b>21.7</b>	<b>27.2</b>	<b>34.6</b>
Growth (%)	34.9	25.5	-60.3	-78.5	1,047.8	25.6	27.1



## Financials and valuations

Consolidated - Income Statement							(INR Million)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Net Sales</b>	<b>63,962</b>	<b>83,577</b>	<b>1,01,457</b>	<b>80,558</b>	<b>63,363</b>	<b>1,04,611</b>	<b>1,15,379</b>	<b>1,28,280</b>
Change (%)	-6.1	30.7	21.4	-20.6	-21.3	65.1	10.3	11.2
<b>EBITDA</b>	<b>12,511</b>	<b>17,230</b>	<b>20,556</b>	<b>11,389</b>	<b>8,634</b>	<b>19,810</b>	<b>22,968</b>	<b>27,324</b>
Margin (%)	19.6	20.6	20.3	14.1	13.6	18.9	19.9	21.3
Depreciation	4,521	4,669	5,208	5,477	6,122	7,303	7,121	7,439
<b>EBIT</b>	<b>7,990</b>	<b>12,561</b>	<b>15,348</b>	<b>5,912</b>	<b>2,512</b>	<b>12,507</b>	<b>15,847</b>	<b>19,885</b>
Int. and Finance Charges	1,000	1,065	1,272	1,713	1,077	1,604	1,396	1,192
Other Income - Rec.	1,193	1,420	2,028	1,637	1,673	2,308	1,731	1,901
<b>PBT bef. EO Exp.</b>	<b>8,183</b>	<b>12,916</b>	<b>16,104</b>	<b>5,835</b>	<b>3,107</b>	<b>13,211</b>	<b>16,182</b>	<b>20,593</b>
EO Expense/(Income)	-1,284	955	0	789	3,062	-924	0	0
<b>PBT after EO Exp.</b>	<b>9,468</b>	<b>11,961</b>	<b>16,104</b>	<b>5,046</b>	<b>45</b>	<b>14,135</b>	<b>16,182</b>	<b>20,593</b>
Tax Rate (%)	26.3	36.9	35.2	22.3	2245.8	21.5	21.9	22.0
<b>Reported PAT</b>	<b>6,976</b>	<b>7,544</b>	<b>10,440</b>	<b>3,921</b>	<b>-970</b>	<b>11,101</b>	<b>12,634</b>	<b>16,070</b>
<b>PAT Adj for EO items</b>	<b>6,030</b>	<b>8,145</b>	<b>10,440</b>	<b>4,518</b>	<b>1,174</b>	<b>10,375</b>	<b>12,634</b>	<b>16,070</b>
Change (%)	-7.7	35.1	28.2	-56.7	-74.0	784.0	21.8	27.2
Margin (%)	9.4	9.7	10.3	5.6	1.9	9.9	10.9	12.5
Less: Minority Interest	-70	-81	118	423	294	281	-47	-47
<b>Adj PAT</b>	<b>6,100</b>	<b>8,226</b>	<b>10,322</b>	<b>4,095</b>	<b>880</b>	<b>10,098</b>	<b>12,681</b>	<b>16,117</b>

Consolidated - Balance Sheet							(INR Million)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	466	931	931	931	931	931	931	931
Total Reserves	40,698	45,586	52,829	51,266	53,220	64,775	74,546	87,752
<b>Net Worth</b>	<b>41,164</b>	<b>46,517</b>	<b>53,761</b>	<b>52,197</b>	<b>54,151</b>	<b>65,707</b>	<b>75,477</b>	<b>88,684</b>
Minority Interest	100	294	298	320	317	561	561	561
Deferred Liabilities	2,606	2,147	2,062	507	1,445	1,718	1,718	1,718
Total Loans	31,241	32,570	37,728	38,784	45,798	56,545	54,545	52,545
<b>Capital Employed</b>	<b>75,111</b>	<b>81,528</b>	<b>93,850</b>	<b>91,807</b>	<b>1,01,711</b>	<b>1,24,531</b>	<b>1,32,301</b>	<b>1,43,508</b>
Gross Block	72,328	80,211	54,985	64,236	77,837	86,337	1,01,085	1,06,085
Less: Accum. Deprn.	39,560	45,217	18,739	24,216	30,337	37,640	44,761	52,200
<b>Net Fixed Assets</b>	<b>32,768</b>	<b>34,994</b>	<b>36,246</b>	<b>40,020</b>	<b>47,500</b>	<b>48,697</b>	<b>56,324</b>	<b>53,885</b>
Capital WIP	4,532	3,438	8,307	11,427	9,001	11,248	1,000	1,000
<b>Total Investments</b>	<b>11,916</b>	<b>15,011</b>	<b>15,237</b>	<b>16,180</b>	<b>26,068</b>	<b>26,038</b>	<b>28,038</b>	<b>30,038</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>39,192</b>	<b>46,324</b>	<b>55,993</b>	<b>47,197</b>	<b>48,309</b>	<b>68,933</b>	<b>77,146</b>	<b>92,169</b>
Inventory	10,752	13,599	18,447	17,347	17,939	27,105	31,611	35,145
Account Receivables	13,419	19,605	21,478	14,938	14,096	21,623	23,708	26,359
Cash and Bank Balance	3,361	3,041	4,755	5,751	4,729	6,030	6,971	14,147
Loans and Advances	11,661	10,080	11,314	9,161	11,546	14,176	14,857	16,518
<b>Curr. Liability &amp; Prov.</b>	<b>13,296</b>	<b>18,240</b>	<b>21,933</b>	<b>23,017</b>	<b>29,167</b>	<b>29,371</b>	<b>30,206</b>	<b>33,584</b>
Creditors	8,463	13,268	13,664	10,309	12,068	16,314	15,805	17,573
Other Current Liabilities	2,980	3,019	6,200	10,000	14,093	10,380	11,448	12,728
Provisions	1,853	1,953	2,069	2,707	3,006	2,677	2,953	3,283
<b>Net Current Assets</b>	<b>25,896</b>	<b>28,085</b>	<b>34,060</b>	<b>24,181</b>	<b>19,142</b>	<b>39,563</b>	<b>46,940</b>	<b>58,585</b>
<b>Appl. of Funds</b>	<b>75,111</b>	<b>81,528</b>	<b>93,850</b>	<b>91,807</b>	<b>1,01,711</b>	<b>1,25,545</b>	<b>1,32,301</b>	<b>1,43,508</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>13.1</b>	<b>17.7</b>	<b>22.2</b>	<b>8.8</b>	<b>1.9</b>	<b>21.7</b>	<b>27.2</b>	<b>34.6</b>
Cash EPS	22.8	27.7	33.4	20.6	15.0	37.4	42.5	50.6
BV/Share	88.4	99.9	115.5	112.1	116.3	141.1	162.1	190.5
DPS	3.8	4.5	5.5	2.0	2.0	5.5	6.3	6.3
Payout (%)	30.1	33.4	24.5	28.5	-96.0	23.2	23.0	18.1
<b>Valuation (x)</b>								
P/E	50.5	37.5	29.9	75.2	350.2	30.5	24.3	19.1
Cash P/E	29.0	23.9	19.8	32.2	44.0	17.7	15.6	13.1
P/BV	7.5	6.6	5.7	5.9	5.7	4.7	4.1	3.5
EV/Sales	5.3	4.0	3.4	4.2	5.5	3.4	3.1	2.7
EV/EBITDA	26.9	19.6	16.6	30.0	40.4	18.1	15.5	12.7
Dividend Yield (%)	0.6	0.7	0.8	0.3	0.3	0.8	0.9	0.9
FCF per share	17.5	8.6	-4.7	12.0	2.3	-12.1	22.0	32.8
<b>Return Ratios (%)</b>								
RoE	16.2	18.8	20.6	7.7	1.7	16.9	18.0	19.6
RoCE (Post-tax)	9.6	11.6	13.2	6.4	3.2	10.5	10.9	12.5
RoIC	10.9	13.7	15.8	7.4	3.0	13.7	13.9	15.9
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.9	1.0	1.8	1.3	0.8	1.2	1.1	1.2
Inventory (Days)	61	59	66	79	103	95	100	100
Debtor (Days)	77	86	77	68	81	75	75	75
Creditor (Days)	48	58	49	47	70	57	50	50
Working Capital Turnover (Days)	129	109	105	84	83	117	126	126
<b>Leverage Ratio (x)</b>								
Debt/Equity	0.8	0.7	0.7	0.7	0.8	0.9	0.7	0.6

### Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Operating PBT	9,468	11,961	16,104	5,046	45	14,135	15,847	19,885
Depreciation	4,520	4,669	5,208	5,477	6,122	7,303	7,121	7,439
Other income	-536	1,902	52	3,208	4,101	-1,510	1,778	1,948
Direct Taxes Paid	-2,729	-3,925	-5,502	-2,331	-934	-3,525	-3,549	-4,524
(Inc)/Dec in WC	-214	-3,979	-6,747	4,607	3,837	-12,269	-6,437	-4,469
<b>CF from Operations</b>	<b>10,510</b>	<b>10,628</b>	<b>9,115</b>	<b>16,008</b>	<b>13,171</b>	<b>4,134</b>	<b>14,760</b>	<b>20,279</b>
<b>CF from Operating incl EO</b>	<b>10,517</b>	<b>9,674</b>	<b>9,115</b>	<b>15,219</b>	<b>10,200</b>	<b>5,058</b>	<b>14,760</b>	<b>20,279</b>
(inc)/dec in FA	-6,439	-5,684	-11,318	-9,618	-9,143	-10,683	-4,500	-5,000
<b>Free Cash Flow</b>	<b>4,078</b>	<b>3,990</b>	<b>-2,203</b>	<b>5,601</b>	<b>1,058</b>	<b>-5,625</b>	<b>10,260</b>	<b>15,279</b>
(Pur)/Sale of Investments	-405	-2,458	-433	-1,705	-5,494	3,634	-2,000	-2,000
<b>CF from Investments</b>	<b>-6,844</b>	<b>-8,142</b>	<b>-11,751</b>	<b>-11,322</b>	<b>-14,636</b>	<b>-7,049</b>	<b>-6,500</b>	<b>-7,000</b>
Inc/(Dec) in Debt	-2,641	881	7,313	1,082	6,591	6,517	-2,000	-2,000
Interest Paid	-1,048	-875	-1,038	-1,380	-808	-1,444	-1,396	-1,192
Dividend Paid	-841	-2,522	-2,806	-3,335	0	-1,642	-2,910	-2,910
<b>CF from Fin. Activity</b>	<b>-4,529</b>	<b>-2,225</b>	<b>3,468</b>	<b>-3,633</b>	<b>5,783</b>	<b>3,102</b>	<b>-6,306</b>	<b>-6,103</b>
<b>Inc/Dec of Cash</b>	<b>-856</b>	<b>-693</b>	<b>832</b>	<b>263</b>	<b>1,347</b>	<b>1,111</b>	<b>1,954</b>	<b>7,176</b>
Add: Beginning Balance	3,579	2,723	2,030	2,862	3,126	4,473	5,584	7,538
<b>Closing Balance</b>	<b>2,723</b>	<b>2,030</b>	<b>2,862</b>	<b>3,126</b>	<b>4,473</b>	<b>5,584</b>	<b>7,538</b>	<b>14,714</b>

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website [www.motilaloswal.com](http://www.motilaloswal.com). CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)\*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP00000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.: 022-71881085.

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