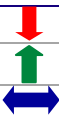


Bharat Forge

Estimate changes	
TP change	
Rating change	

CMP: INR859 TP: INR985 (+15%) Buy

Bloomberg	BHFC IN
Equity Shares (m)	466
M.Cap.(INRb)/(USD\$b)	400.1 / 4.9
52-Week Range (INR)	896 / 596
1, 6, 12 Rel. Per (%)	9/20/9
12M Avg Val (INR M)	1216

Consol. Financials & Valuations (INR b)

Y/E Mar	2022	2023E	2024E
Sales	104.6	126.3	140.7
EBITDA (%)	18.9	17.6	20.5
Adj. PAT	10.1	9.9	15.6
EPS (INR)	21.7	21.2	33.5
EPS Gr. (%)	1047.8	-2.2	58.0
BV/Sh. (INR)	141.1	156.1	183.3

Ratios

Net D:E	0.9	0.8	0.6
RoE (%)	16.9	14.3	19.8
RoCE (%)	10.5	8.9	12.8
ROIC(%)	13.7	11.1	15.6
Payout (%)	23.2	29.6	18.7

Valuations

P/E (x)	39.6	40.5	25.6
P/BV (x)	6.1	5.5	4.7
EV/EBITDA (x)	22.8	20.4	15.3
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	-1.4	1.1	4.1

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	45.3	45.3	44.8
DII	24.7	24.5	13.5
FII	19.3	18.8	25.1
Others	10.7	11.4	16.7

FII Includes depository receipts

Below our estimate; performance hurt by cost inflation and one-time cost

Performance in its Aluminum subsidiaries hurt by cost inflation and startup cost

- BHFC's 2QFY23 standalone performance was a miss due to a one-time cost in the Defense business and cost inflation. While all its core businesses are seeing a sharp cyclical recovery, its initiatives to diversify into aluminum, light-weighting, and EV components have started to fructify. FY23 will be the first year to clock a contribution from the recently acquired businesses as well as from new aluminum forging capacities in the EU and US.
- We have lowered our FY23 consolidated EPS estimate by ~19% to factor in: a) consolidation of Sanghvi Forgings and JS Autocast (positive contribution) and the 10k tonne aluminum plant in the US (losses in its first year of operation), and b) cost inflation and a one-time charge in the standalone business. However, we upgrade our FY24 consolidated EPS by 4%, led by revenue upgrades in the standalone business as well as a net positive contribution from the above three businesses. We maintain our **Buy** rating.

Strong revenue traction, but cost inflation restricts margin

- Standalone revenue grew 17% YoY to INR18.6b (est. INR17.8b) and EBITDA rose 2% to INR4.5b (est. INR4.7b). Adjusted PAT fell 11.5% YoY to INR2.7b (est. INR2.8b). Revenue/EBITDA/adjusted PAT grew 22%/9%/flat YoY in 1HFY23.
- Tonnage grew 7% YoY to 61.15k tonne. Net realizations grew 9% YoY to ~INR304.8k, led by a mix.
- The Auto/non-Auto business grew 26%/5% YoY. Non-Auto exports stood flat YoY, while the non-Auto domestic business grew 14%. The domestic Auto business/exports grew 39%/21% YoY.
- Gross margin eroded by 4.4pp YoY and 3.1pp QoQ to 55.6% (est. 59%), impacted by RM costs inflation (40-45bp) and a one-time charge for the defense business (~70bp). Consequently, EBITDA margin declined by 3.5pp YoY to 24.3% (est. 26.4%).
- Overseas manufacturing subsidiaries reported an operating loss of INR341m (v/s an EBITDA of INR495m in 1QFY23) given: a) the ramp-up in the US aluminum forging business (operating loss of INR200m) and b) the impact of high cost inflation (RM, energy, and staff) in the EU aluminum forging business.
- FCFF stood at INR651m (v/s a cash outflow of INR2.4b in 1HFY22) due to lower capex of INR1.2b (v/s INR2.5b in 1HFY22) and better operating performance of INR1.86b (v/s INR81m in 1HFY22).
- The company declared an interim dividend of INR1.5/share.

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Research Analyst: Amber Shukla (Amber.Shukla@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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management interaction

- **Outlook on CV exports:** OEM production slots in CY23 have already been booked, which should provide stability over the next 12-15 months, based on build rate of 28-29k/month. EU demand for CVs stood flat YoY and is expected to remain stable in CY24.
- **The aluminum forging business in the EU has been** adversely impacted mainly by: a) lower sales due to supply-chain issues; b) cost increases, which is yet to be passed on; and c) higher level of staffing in anticipation of higher demand. It expects turnaround in this business in 2HFY23. The US plant is yet to scale-up to break-even level.
- **Defense:** It has bagged an export order worth USD155.5m for the supply of an artillery gun system, which is to be executed over three years. It has secured multiple orders for components and consumables, which will help ramp-up its defense business to INR7-10b/year from INR3b at present (without any major program coming in).

Valuation and view

- All the core businesses are seeing a good cyclical recovery, whereas new businesses are in various stages of ramp-up. This, coupled with its focus on creating new revenue pools in Aerospace, Defense, and e-Mobility, can lead to the de-risking of the business.
- We estimate a consolidated revenue/EBITDA/PAT CAGR of 14%/20%/24% over FY22-25. The stock trades at 40.5x/25.6x FY23E/FY24E consolidated EPS. We maintain our **Buy** rating, with a TP of INR985 (at 25x Dec'24E EPS).

S/A Quarterly**(INR m)**

	FY22				FY23E				FY22	FY23E	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
Tonnage	53,512	57,094	53,365	57,543	57,915	61,149	60,302	62,084	2,21,514	2,41,450	59,949
Change (%)	200.0	40.0	4.8	3.1	8.2	7.1	13.0	7.9	33.9	9.0	5.0
Realization (INR '000/ton)	256.4	279.5	300.2	290.9	303.8	304.8	304.5	303.7	281.9	304.2	296.8
Change (%)	7.1	29.3	47.7	24.3	18.5	9.1	1.4	4.4	27.7	7.9	6.2
Net operating income	13,718	15,956	16,021	16,741	17,594	18,639	18,361	18,854	62,436	73,447	17,791
Change (%)	221.3	81.0	54.7	28.1	28.2	16.8	14.6	12.6	71.0	17.6	11.5
EBITDA	3,910	4,437	4,034	4,307	4,600	4,522	4,689	5,029	16,687	18,841	4,699
EBITDA Margins (%)	28.5	27.8	25.2	25.7	26.1	24.3	25.5	26.7	26.7	25.7	26.4
Non-Operating Income	333	322	358	662	259	477	300	343	1,675	1,380	300
Interest	406	142	118	407	263	357	275	275	1,073	1,171	275
Depreciation	1019	1026	1031	1042	1064	1066	1070	1073	4,118	4,273	1000
Fx loss/(gain)	-4	-307	-45	-4	250	-8	0	0	-360	242	0
PBT after EO items	2,206	4,009	4,247	3,499	3,252	3,579	3,644	4,024	13,959	14,498	3,724
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	25.1	25.1	25.1	25.1	22.8	25.1	25.3
Rep. PAT	1,667	3,118	3,374	2,620	2,436	2,681	2,729	3,012	10,778	10,859	2,782
Change (%)	-396.0	343.9	263.9	27.5	46.2	-14.0	-19.1	15.0	245.4	0.8	-10.8
Adj. PAT	2,143	3,033	2,633	2,639	2,459	2,686	2,729	3,012	10,448	10,888	2,782
Change (%)	-480.6	318.7	172.0	28.1	14.8	-11.5	3.6	14.1	227.5	4.2	-8.3

E: MOFSL Estimates

Key Performance Indicators

Segment Mix	FY22				FY23E				FY22	FY23E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Auto	7,996	8,311	7,773	9,063	9,630	10,474			33,143	41,070	
Growth (%)	344.2	90.3	16.8	6.5	20.4	26.0			55.2	23.9	
Contribution (%)	62.2	55.5	51.5	57.4	58.3	59.9			56.4	59.5	
Non-Auto	4,855	6,673	7,314	6,731	6,882	7,007			25,573	27,969	
Growth (%)	118.9	70.8	132.9	78.8	41.8	5.0			96.7	9.4	
Contribution (%)	37.8	44.5	48.5	42.6	41.7	40.1			43.6	40.5	
Total Product sales	12,851	14,984	15,087	15,794	16,512	17,481			58,716	69,039	
Tonnage	53,512	57,094	53,365	57,543	57,915	61,149	60,302	62,084	2,21,514	2,41,450	59,949
Change (%)	200.0	40.0	4.8	3.1	8.2	7.1	13.0	7.9	33.9	9.0	5.0
Realization (INR '000/ton)	256	279	300	291	304	305	304	304	282	304	297
Change (%)	7.1	29.3	47.7	24.3	18.5	9.1	1.4	4.4	27.7	7.9	6.2
Net operating revenues	13718	15956	16021	16741	17594	18639	18361	18854	62436	73447	17791
Change (%)	221.3	81.0	54.7	28.1	28.2	16.8	14.6	12.6	71.0	17.6	11.5
RM/Sales %	38.0	40.0	41.7	43.3	41.3	44.4	43.0	42.2	40.9	42.8	41.0
Staff Cost (% of sales)	8.9	8.0	8.0	7.7	7.7	7.2	7.5	7.3	8.1	7.4	7.6
Other Cost (% of sales)	24.6	24.2	25.1	23.3	24.8	24.1	24.0	23.8	24.3	24.2	25.0
Gross Margin (%)	62.0	60.0	58.3	56.7	58.7	55.6	57.0	57.8	59.1	57.3	59.0
EBITDA Margins (%)	28.5	27.8	25.2	25.7	26.1	24.3	25.5	26.7	26.7	25.7	26.4
EBIT Margins (%)	21.1	21.4	18.7	19.5	20.1	18.5	19.7	21.0	20.1	19.8	20.8

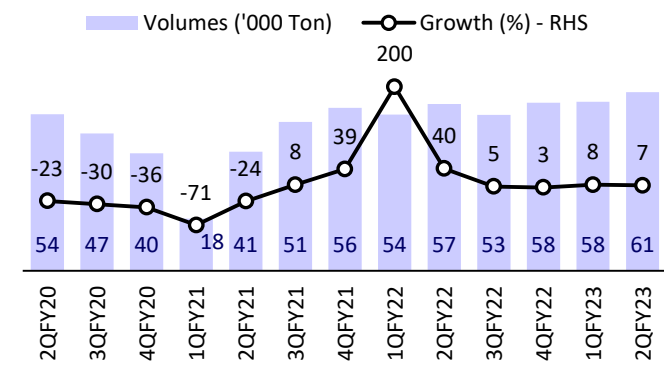
E: MOFSL Estimates



Highlights from the management interaction

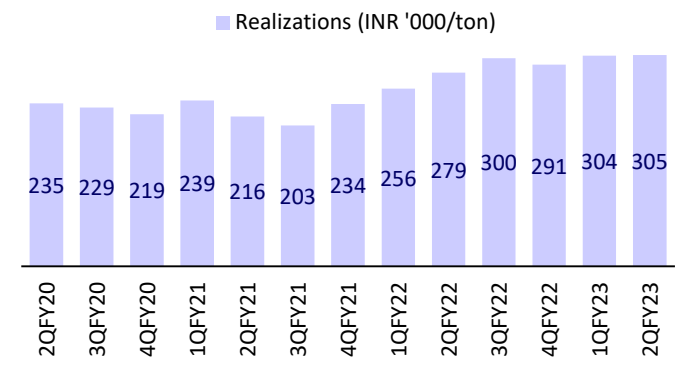
- **CV export outlook:** OEM production slots for CY23 is already booked, which should provide stability for next 12-15 months based on build rate is 28-29k/month. EU demand for CV is flat as compared to last year and is expected to remain stable for the next year as well.
- **Aluminum forging business in EU has been** adversely impacted mainly by a) lower sales due to supply chain issues, b) cost increase which is yet to be passed on, and c) higher level of staffing in anticipation of higher demand. It expects turnaround in this business in 2HFY23. The US plant is yet to scale-up to break-even level. It is seeing good traction in order wins in this segment and is targeting to get back to normal margins (18-20%) by next year end.
- **New orders:** In 2Q, the Indian operations secured new business worth INR8.5b across auto and industrial segment, driven by market share gains in the PV business and new product introduction in the Industrial space.
- **Defence:** It has won an export order worth USD155.5m for supply of artillery gun system, which is to be executed in 3 years. BHFC owns 100% of intellectual property for this gun. Additionally, it has started supplies of armoured vehicle Kalyani M4, with INR800m revenues in 2Q and large part of the order is yet to be executed. Further, it has secured multiple orders for components and consumables, which will help to ramp-up its defence business from INR3b to INR7-10b/year (without any major program coming in).
- PV business is driven by new products getting into commercial mode, While margins are similar to CV business, but currently it only does raw forged components and not machined components.
- **JSA Auto:** In the first quarter post acquisition, JSA has secured new orders worth ~INR1b. The management expects synergistic benefits to fully play out over next 12-18 months. It expects strong double digit growth for next few years for this business.
- EBITDA margins declined was on primarily on account a) of unfavorable product mix, b) one-time charge of INR130m (~70bp) on defence business, and c) raw material impact (40-45bp impact).
- It recently announced JV with Harbinger Motors, an EV start-up, where the JV would be an exclusive manufacturing partner for electric powertrain for Class 3 to 8. It expects start of production from FY25 and scale-up in FY26.
- There is increase in net debt by ~INR9.4b QoQ to INR23.2b, due to increase in the working capital (led by higher exports and RM cost inflation).

Exhibit 1: Volume trend



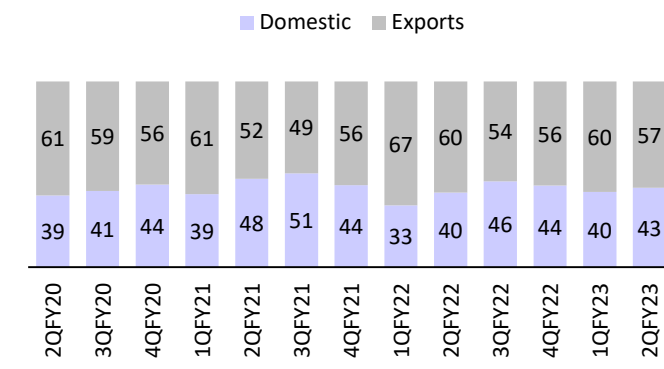
Source: Company, MOFSL

Exhibit 2: Trend in realizations



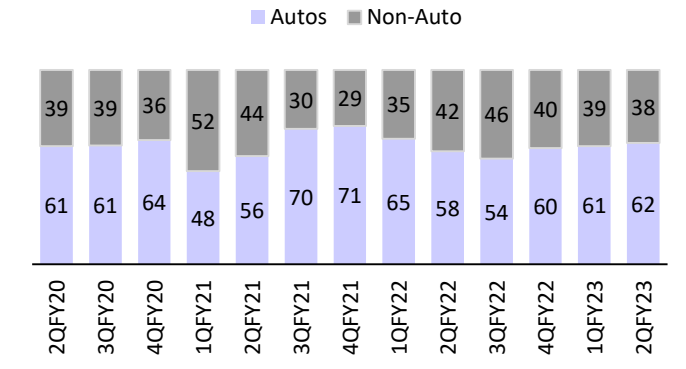
Source: Company, MOFSL

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	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
India	4,192	5,158	5,653	4,562	6,419	7,403	7,350	7,118	7,975
Growth (%)	-14	17	44	172	53	44	30	56	24
Contribution (%)	48	50	44	33	40	46	44	40	43
US	2,791	3,510	4,380	6,247	6,793	5,775	6,290	7,029	7,186
Growth (%)	-49	-22	29	348	143	65	44	13	6
Contribution (%)	32	34	34	46	43	36	38	40	39
EU	1,502	1,340	2,671	2,645	2,545	2,656	2,778	3,108	2,860
Growth (%)	-21	-19	87	143	69	98	4	18	12
Contribution (%)	17	13	21	19	16	17	17	18	15
Others	330	260	259	265	199	187	323	339	618
Growth (%)	-7	35	255	141	-40	-28	25	28	211
Contribution (%)	4	3	2	2	1	1	2	2	3
Total	8,815	10,268	12,963	13,719	15,956	16,021	16,741	17,594	18,639
Growth (%)	-30	-5	47	221	81	56	29	28	17

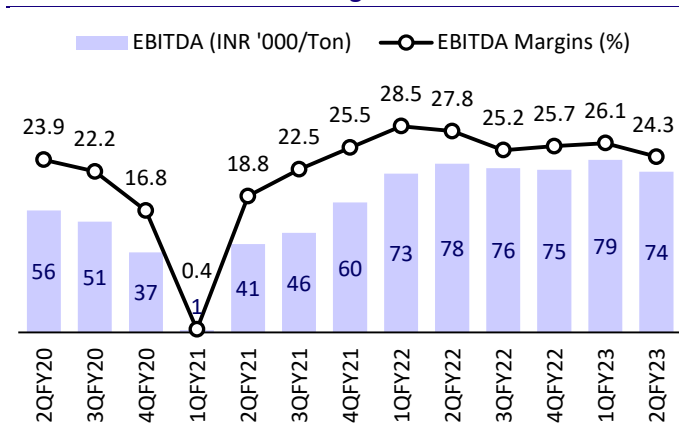
Source: Company, MOFSL

Exhibit 6: Segment-wise revenue breakup

INR M	2QFY23	2QFY22	YoY (%)	4QFY22	QoQ (%)
Domestic	7,976	6,418	24.3	7,119	12.0
% of total revenues	42.8	40.2		40.5	
Autos	3,421	2,458	39.2	3,112	9.9
% of total revenues	18.4	15.4		17.7	
CVs	2,428	1,659	46.4	2,338	3.8
% of total revenues	13.0	10.4		13.3	
PVs	993	799	24.3	774	28.3
% of total revenues	5.3	5.0		4.4	
Industrial	3,396	2,989	13.6	2,925	16.1
% of total revenues	18.2	18.7		16.6	
Other Op Income	1,159	971	19.4	1,082	7.1
% of total revenues	6.2	6.1		6.1	
Exports	10,664	9,537	11.8	10,475	1.8
% of total revenues	57.2	59.8		59.5	
Autos	7,053	5,853	20.5	6,518	8.2
% of total revenues	37.8	36.7		37.0	
CVs	4,630	4,780	-3.1	4,576	1.2
% of total revenues	24.8	30.0		26.0	
PVs	2,423	1,073	125.8	1,942	24.8
% of total revenues	13.0	6.7		11.0	
Industrial	3,611	3,684	-2.0	3,957	-8.7
% of total revenues	19.4	23.1		22.5	
Total Revenues	18,640	15,955	16.8	17,594	5.9

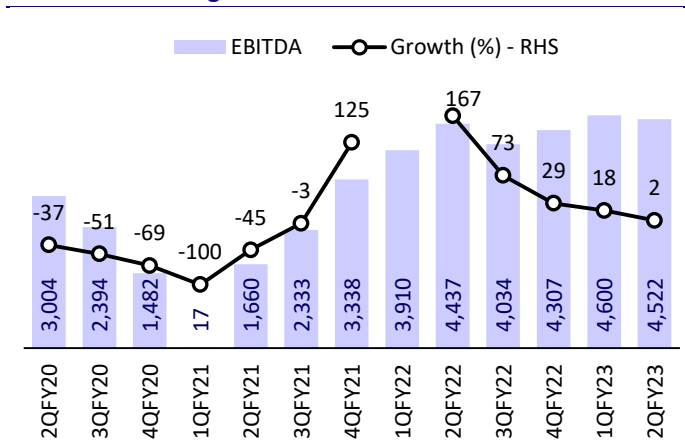
Source: Company, MOFSL

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 increasing value add

Over the last decade, BHFC has broadened its revenue stream by entering 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. It has increased its value-add by focusing on machined components, whose contribution grew ~50%, boosting realizations and margin. It is currently focused on adding a new line of businesses beyond steel forgings in the form of: a) aluminum forgings, b) non-metal materials, and c) electronic components for EVs. The benefit of these initiatives will start reflecting from FY25E, driving not just revenue growth, but aiding 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 US CVs has improved considerably in 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 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, supported 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 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 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 leverage on its books. Over the next decade, it 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) possible consolidation, driven by on-going COVID-19 challenges, and b) possible diversification and realignment of global supply chains.

Valuation and view

We have lowered our numbers for consol. EPS estimates for FY23 by ~19% to factor in for a) consolidation of Sanghvi Forgings, JS Autocast (positive contribution) and US Aluminium 10k ton plant (losses in the 1st year of operation), and b) cost inflation and one-time charge in standalone business. However, we upgrade our FY24E consol. EPS by 4% driven by revenue upgrades in FY24 standalone business as well net positive contribution from above three businesses. We estimate a consolidated revenue/EBITDA/PAT CAGR of 14%/20%/24% over FY22-25E. The stock trades at 40.5x/25.6x FY23E/FY24E consolidated EPS. We maintain our **Buy** rating, with a TP of INR985/share (at 25x Dec'24E EPS).

Exhibit 9: Revised forecast (consolidated)

(INR M)	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,26,286	1,17,624	7.4	1,40,724	1,27,156	10.7
EBITDA (%)	17.6	19.5	-190bp	20.5	20.9	-40bp
Net Profit	9,832	12,089	-18.7	15,561	14,921	4.3
EPS (INR)	21.2	26.1	-18.6	33.5	32.1	4.3

Source: MOFSL

Exhibit 10: P/E chart

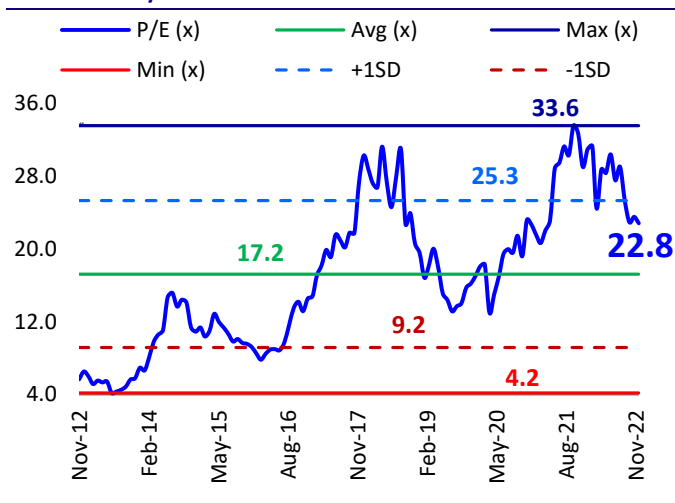
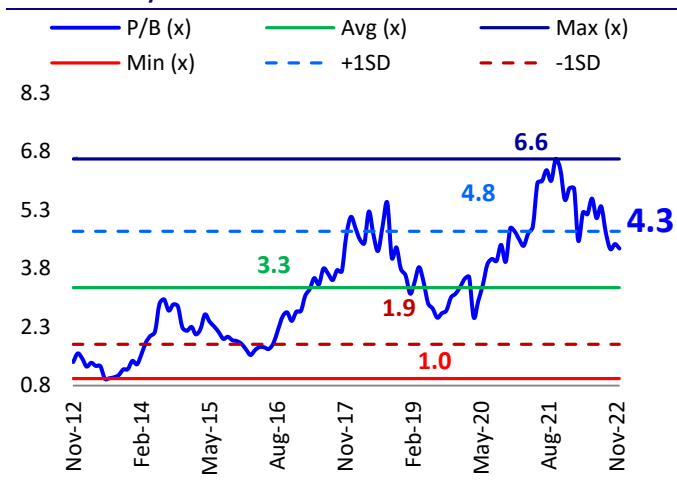


Exhibit 11: P/B chart



Source: MOFSL

Key operating metrics

Revenue model

INR M	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Autos	34,148	25,194	21,359	33,143	41,070	43,839	48,213
% of total revenues	56	60	62	56	59	57	56
CV	26,900	17,884	14,702	24,597	28,197	29,197	31,814
% of total revenues	44	43	43	42	41	38	37
PV	7,248	7,310	6,657	8,546	12,873	14,642	16,399
% of total revenues	12	17	19	15	19	19	19
Non-Autos	26,565	16,811	13,001	25,573	27,969	32,812	37,646
% of total revenues	44	40	38	44	41	43	44
Market mix (net sales incl Op Income)							
India	27,942	19,137	16,873	25,737	30,726	35,871	41,667
% of total revenues	43	42	46	41	42	44	46
Growth (%)	19	-32	-12	53	19	17	16
Exports	37,258	26,502	19,642	36,699	42,721	45,144	48,982
% of total revenues	57	58	54	59	0	0	0
Growth (%)	25	-29	-26	87	0	0	0
Total Net Op Revenues	65,200	45,639	36,515	62,436	73,447	81,015	90,649
Growth (%)	23	-30	-20	71	0	0	0
Subsidiary Revenues	36,257	34,919	26,848	42,175	52,839	59,710	65,799
Growth (%)	19	-4	-23	57	25	13	10
Net Consolidated Revenues	1,01,457	80,558	63,363	1,04,611	1,26,286	1,40,724	1,56,448
Growth (%)	21	-21	-21	65	21	11	11
S/A EBITDA margins (%)	28.8	22.8	20.1	26.7	25.7	26.7	27.2
Consol EBITDA margins (%)	20.3	14.1	13.6	18.9	17.6	20.5	21.6
Consol EPS (INR)	22.2	8.8	1.9	21.7	21.2	33.5	41.4
Growth (%)	25.5	-60.3	-78.5	1,047.8	-2.2	58.0	23.6

Financials and valuations

Consolidated - Income Statement

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	1,01,457	80,558	63,363	1,04,611	1,26,286	1,40,724	1,56,448
Change (%)	21.4	-20.6	-21.3	65.1	20.7	11.4	11.2
EBITDA	20,556	11,389	8,634	19,810	22,251	28,882	33,860
Margin (%)	20.3	14.1	13.6	18.9	17.6	20.5	21.6
Depreciation	5,208	5,477	6,122	7,303	7,942	8,368	8,754
EBIT	15,348	5,912	2,512	12,507	14,309	20,514	25,106
Int. and Finance Charges	1,272	1,713	1,077	1,604	1,856	1,838	1,683
Other Income - Rec.	2,028	1,637	1,673	2,308	1,616	1,923	2,207
PBT bef. EO Exp.	16,104	5,835	3,107	13,211	14,069	20,599	25,630
EO Expense/(Income)	0	789	3,062	-924	0	0	0
PBT after EO Exp.	16,104	5,046	45	14,135	14,069	20,599	25,630
Tax Rate (%)	35.2	22.3	2245.8	21.5	30.1	24.5	24.9
Reported PAT	10,440	3,921	-970	11,101	9,832	15,561	19,248
PAT Adj for EO items	10,440	4,518	1,174	10,375	9,832	15,561	19,248
Change (%)	28.2	-56.7	-74.0	784.0	-5.2	58.3	23.7
Margin (%)	10.3	5.6	1.9	9.9	7.8	11.1	12.3
Less: Minority Interest	118	423	294	281	-47	-47	-47
Adj PAT	10,322	4,095	880	10,098	9,879	15,608	19,295

Consolidated - Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	931	931	931	931	931	931	931
Total Reserves	52,829	51,266	53,220	64,775	71,744	84,441	1,00,826
Net Worth	53,761	52,197	54,151	65,707	72,675	85,372	1,01,757
Minority Interest	298	320	317	561	561	561	561
Deferred Liabilities	2,062	507	1,445	1,718	1,718	1,718	1,718
Total Loans	37,728	38,784	45,798	56,545	54,545	52,545	50,545
Capital Employed	93,850	91,807	1,01,711	1,24,531	1,29,499	1,40,197	1,54,582
Gross Block	54,985	63,299	76,756	81,926	97,424	1,01,924	1,06,424
Less: Accum. Deprn.	18,739	23,279	29,256	33,226	41,168	49,536	58,290
Net Fixed Assets	36,246	40,020	47,500	48,700	56,255	52,388	48,134
Capital WIP	8,307	11,427	9,001	11,248	1,000	1,000	1,000
Total Investments	15,237	16,180	26,068	26,038	28,038	30,038	32,038
Curr. Assets, Loans&Adv.	55,993	47,197	48,309	68,933	78,496	94,981	1,15,889
Inventory	18,447	17,347	17,939	27,105	34,599	38,555	42,863
Account Receivables	21,478	14,938	14,096	21,623	25,949	28,916	32,147
Cash and Bank Balance	4,755	5,751	4,729	6,030	1,686	9,390	20,734
Loans and Advances	11,314	9,161	11,546	14,176	16,262	18,121	20,145
Curr. Liability & Prov.	21,933	23,017	29,167	30,387	34,289	38,209	42,479
Creditors	13,664	10,309	12,068	16,314	17,299	19,277	21,431
Other Current Liabilities	6,200	10,000	14,093	11,396	13,758	15,331	17,044
Provisions	2,069	2,707	3,006	2,677	3,232	3,601	4,004
Net Current Assets	34,060	24,181	19,142	38,546	44,207	56,772	73,410
Appl. of Funds	93,850	91,807	1,01,711	1,24,531	1,29,499	1,40,197	1,54,582

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)							
EPS	22.2	8.8	1.9	21.7	21.2	33.5	41.4
Cash EPS	33.4	20.6	15.0	37.4	38.3	51.5	60.2
BV/Share	115.5	112.1	116.3	141.1	156.1	183.3	218.5
DPS	5.5	2.0	2.0	5.5	6.3	6.3	6.3
Payout (%)	24.5	28.5	-96.0	23.2	29.6	18.7	15.1
Valuation (x)							
P/E	38.8	97.7	454.8	39.6	40.5	25.6	20.7
Cash P/E	25.8	41.8	57.2	23.0	22.5	16.7	14.3
P/BV	7.4	7.7	7.4	6.1	5.5	4.7	3.9
EV/Sales	4.3	5.4	7.0	4.3	3.6	3.2	2.7
EV/EBITDA	21.1	38.0	51.1	22.8	20.4	15.3	12.7
Dividend Yield (%)	0.6	0.2	0.2	0.6	0.7	0.7	0.7
FCF per share	-4.7	12.0	2.3	-12.1	9.5	35.3	42.8
Return Ratios (%)							
RoE	20.6	7.7	1.7	16.9	14.3	19.8	20.6
RoCE (Post-tax)	13.2	6.4	3.2	10.5	8.9	12.8	14.1
RoIC	15.8	7.4	3.0	13.7	11.1	15.6	18.8
Working Capital Ratios							
Fixed Asset Turnover (x)	1.8	1.3	0.8	1.3	1.3	1.4	1.5
Inventory (Days)	66	79	103	95	100	100	100
Debtor (Days)	77	68	81	75	75	75	75
Creditor (Days)	49	47	70	57	50	50	50
Working Capital Turnover (Days)	105	84	83	113	123	123	123
Leverage Ratio (x)							
Debt/Equity	0.7	0.7	0.8	0.9	0.8	0.6	0.5

Consolidated - Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Operating PBT	16,104	5,046	45	14,135	14,309	20,514	25,106
Depreciation	5,208	5,477	6,122	7,303	7,942	8,368	8,754
Other income	52	3,208	4,101	-1,510	1,663	1,970	2,254
Direct Taxes Paid	-5,502	-2,331	-934	-3,525	-4,238	-5,038	-6,382
(Inc)/Dec in WC	-6,747	4,607	3,837	-12,269	-10,005	-4,861	-5,294
CF from Operations	9,115	16,008	13,171	4,134	9,672	20,952	24,438
CF from Operating incl EO	9,115	15,219	10,200	5,058	9,672	20,952	24,438
(inc)/dec in FA	-11,318	-9,618	-9,143	-10,683	-5,250	-4,500	-4,500
Free Cash Flow	-2,203	5,601	1,058	-5,625	4,422	16,452	19,938
(Pur)/Sale of Investments	-433	-1,705	-5,494	3,634	-2,000	-2,000	-2,000
CF from Investments	-11,751	-11,322	-14,636	-7,049	-7,250	-6,500	-6,500
Inc/(Dec) in Debt	7,313	1,082	6,591	6,517	-2,000	-2,000	-2,000
Interest Paid	-1,038	-1,380	-808	-1,444	-1,856	-1,838	-1,683
Dividend Paid	-2,806	-3,335	0	-1,642	-2,910	-2,910	-2,910
CF from Fin. Activity	3,468	-3,633	5,783	3,102	-6,766	-6,748	-6,593
Inc/Dec of Cash	832	263	1,347	1,111	-4,344	7,704	11,345
Add: Beginning Balance	2,030	2,862	3,126	4,473	5,584	1,240	8,943
Closing Balance	2,862	3,126	4,473	5,584	1,240	8,943	20,288

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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