


Estimate changes	
TP change	
Rating change	

Bloomberg	BHFC IN
Equity Shares (m)	466
M.Cap.(INRb)/(USD\$b)	353 / 4.3
52-Week Range (INR)	920 / 598
1, 6, 12 Rel. Per (%)	-3/-11/4
12M Avg Val (INR M)	1134

Consol. Financials & Valuations (INR b)			
Y/E Mar	2023	2024E	2025E
Sales	129.1	146.6	161.2
EBITDA (%)	13.8	19.7	20.8
Adj. PAT	5.4	14.4	18.3
EPS (INR)	11.6	31.0	39.4
EPS Gr. (%)	-46.4	166.5	27.0
BV/Sh. (INR)	144	169	202
Ratios			
RoE (%)	8.2	19.8	21.2
RoCE (%)	5.9	12.0	13.6
Payout (%)	47.3	20.2	15.9
Valuations			
P/E (x)	65.2	24.5	19.3
P/BV (x)	5.3	4.5	3.8
EV/EBITDA (x)	23.1	14.1	11.8
Div. Yield (%)	0.7	0.8	0.8
FCF Yield (%)	0.9	3.4	6.0

Shareholding pattern (%)			
As On	Mar-23	Dec-22	Mar-22
Promoter	45.3	45.3	45.3
DII	27.9	26.3	23.7
FII	16.2	17.9	19.8
Others	10.7	10.6	11.2

FII Includes depository receipts

**CMP: INR758**

**TP: INR985 (+30%)**

**Buy**

## SA operationally in line; overseas subs losses narrowed Defense, Aerospace divisions moving from incubation to harvest phase

- BHFC's 4QFY23 standalone performance was operationally in line with EBITDA margin expanding ~90bp QoQ to 26.2% (est. 25.8%). While CV demand outlook remains stable for both domestic and exports market, PV witnessed subdued growth due to supply chain issues globally. Additionally, defense business continues to gain momentum with exports order book of INR20b and AON for 300 ATAGs.
- We have lowered our consolidated EPS estimates for FY24/FY25 by ~3.6%/4.7% to factor in moderation in revenue growth and higher interest cost. We reiterate our **Buy** rating on the stock with a TP of INR985 (25x Mar-25E consolidated EPS).

## In-line performance, while Fx loss leads to PAT miss

- Standalone revenue/EBITDA/adj. PAT grew 19%/21%/4% YoY to INR20b/INR5.2b/INR2.8b (v/s est. INR20.5b/INR4.8b/INR2.85b). FY23 revenues/EBITDA/adj. PAT grew 23%/-10%/46% YoY.
- Volumes grew 12% YoY to 64.65k tons (v/s est. 65.7k tons). Realizations grew 6% YoY (flat QoQ) to INR309k/ton (v/s est. INR311k/ton).
- Net revenues grew 19% YoY to INR20b (v/s est. INR20.4b), driven by 16% YoY growth in non-auto exports. Domestic auto segment grew 10% YoY and Export autos grew 32% YoY.
- Gross margins improved 60bp QoQ (down 20bp YoY) to 56.5% (v/s est 56.2%). EBITDA margins expanded 40bp YoY (up 90bp QoQ) to 26.2% (v/s est.25.8 %). EBITDA grew 21% YoY to INR5.2b (v/s est. INR5.3b).
- Further, forex loss of INR347m restricted adj. PAT, which grew 4% YoY to INR2.75b (v/s est INR3b).
- The company declared a final dividend of INR5.5 (same for FY22)
- The company reported an overseas subsidiary loss of INR1.3b in 4QFY23 (v/s net loss of INR1.5b in 3QFY23 and profit of INR0.8b in 4QFY22).

## Highlights from the management interaction

- **Demand outlook** - Domestic CV industry for FY24 is expected to grow in single digits. The demand over the next two to three years is expected to remain positive; The PV segment, both internationally and domestically, experienced a decline in sequential performance, due to certain challenges related to supply and demand adjustments. The company is optimistic about recovering from this setback as no significant structural issues have been identified so far.
- **Global truck business** – Although demand is stable, the business is experiencing some supply-side challenges. **US** - Demand is still holding up while order backlog too is strong. There have been some supply chain difficulties that are not just specific to semiconductor and despite this the company has managed to increase its market share across various areas.

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

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- **Defense** - It currently has exports order of over INR2k crore and received AON for 300 ATAGS guns. Also, the company has significant orders for Protective vehicle, components, and consumables from across India and globally. This business is expected to cross USD100m this year. The new mega plant will be ready by Jan-Feb'24 and will be ready for production by Mar'24.
- **AI forging facility is overbooked** - Have to ramp up production and increase prices as well. There has been a 25-40% increase in prices, and as a result, the company is currently in the process of cost recovery from multiple customers. This process is expected to be finalized within the next 1-1.5 months. Utilization stands at ~50% and the company is targeting mid-teen EBITDA margin by 2HFY25.

#### Valuation and view

- While BHFC's core business is seeing a cyclical recovery, the underlying macro environment in the US and EU is weakening. However, these new businesses incubated in the last 5-10 years are at their inflection points and could more than dilute any weakness expected in its core businesses. Of these new businesses, we expect industrials and aluminum businesses to see a sharp scale-up over the next couple of years. The Defense business is ready to take off and has started getting orders. The E-mobility business offers a big opportunity and has building blocks in place, but the competitive landscape is yet to evolve.
- We estimate a consolidated revenue/EBITDA/PAT CAGR of 12%/37%/84% over FY23-25E. The stock trades at 24.5x/19.3x FY24E/FY25E consolidated EPS. We reiterate our **BUY** rating with a TP of INR985 (at 25x Mar'25E consolidated EPS).

#### S/A Quarterly

	(INR M)											
	FY22				FY23				FY22	FY23		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	
<b>Tonnage</b>	<b>53,512</b>	<b>57,094</b>	<b>53,365</b>	<b>57,543</b>	<b>57,915</b>	<b>61,149</b>	<b>62,755</b>	<b>64,648</b>	<b>2,21,514</b>	<b>2,46,467</b>	<b>65,723</b>	
Change (%)	200.0	40.0	4.8	3.1	8.2	7.1	17.6	12.3	33.9	11.3	14.2	
<b>Realization (INR '000/ton)</b>	<b>256.4</b>	<b>279.5</b>	<b>300.2</b>	<b>290.9</b>	<b>303.8</b>	<b>304.8</b>	<b>311.1</b>	<b>308.9</b>	<b>281.9</b>	<b>307.3</b>	<b>311.2</b>	
Change (%)	7.1	29.3	47.7	24.3	18.5	9.1	3.6	6.2	27.7	9.0	7.0	
<b>Net operating income</b>	<b>13,718</b>	<b>15,956</b>	<b>16,021</b>	<b>16,741</b>	<b>17,594</b>	<b>18,639</b>	<b>19,521</b>	<b>19,973</b>	<b>62,436</b>	<b>75,727</b>	<b>20,456</b>	
Change (%)	221.3	81.0	54.7	28.1	28.2	16.8	21.8	19.3	71.0	21.3	22.2	
<b>EBITDA</b>	<b>3,910</b>	<b>4,437</b>	<b>4,034</b>	<b>4,307</b>	<b>4,600</b>	<b>4,522</b>	<b>4,936</b>	<b>5,226</b>	<b>16,687</b>	<b>19,284</b>	<b>5,279</b>	
EBITDA Margins (%)	28.5	27.8	25.2	25.7	26.1	24.3	25.3	26.2	26.7	25.5	25.8	
Non-Operating Income	333	322	358	662	259	477	377	391	1,675	1,505	436	
Interest	406	142	118	407	263	357	849	658	1,073	2,127	536	
Depreciation	1019	1026	1031	1042	1064	1066	1079	1051	4,118	4,260	1093	
Fx loss/(gain)	-4	-307	-45	-4	250	-8	-415	347	-360	173	0	
<b>PBT after EO items</b>	<b>2,206</b>	<b>4,009</b>	<b>4,247</b>	<b>3,499</b>	<b>3,252</b>	<b>3,579</b>	<b>3,844</b>	<b>3,154</b>	<b>13,959</b>	<b>13,827</b>	<b>4,086</b>	
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	25.1	25.1	24.8	22.5	22.8	24.4	25.5	
<b>Rep. PAT</b>	<b>1,667</b>	<b>3,118</b>	<b>3,374</b>	<b>2,620</b>	<b>2,436</b>	<b>2,681</b>	<b>2,892</b>	<b>2,445</b>	<b>10,778</b>	<b>10,454</b>	<b>3,046</b>	
Change (%)	-396.0	343.9	263.9	27.5	46.2	-14.0	-14.3	-6.7	245.4	-3.0	16.3	
<b>Adj. PAT</b>	<b>2,143</b>	<b>3,033</b>	<b>2,633</b>	<b>2,639</b>	<b>2,460</b>	<b>2,686</b>	<b>2,859</b>	<b>2,754</b>	<b>10,448</b>	<b>10,776</b>	<b>3,046</b>	
Change (%)	-480.6	318.7	172.0	28.1	14.8	-11.5	8.6	4.4	227.5	3.1	15.4	

E: MOFSL Estimates

## Key Performance Indicators

Segment Mix	FY22				FY23E				FY22	FY23	4Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Auto	7,996	8,311	7,773	9,063	9,630	10,474	10,988	11,233	33,143	42,325	11,472
Growth (%)	344.2	90.3	16.8	6.5	20.4	26.0	41.4	23.9	55.2	27.7	26.6
Contribution (%)	62.2	55.5	51.5	57.4	58.3	59.9	59.4	59.9	56.4	59.4	59.6
Non-Auto	4,855	6,673	7,314	6,731	6,882	7,007	7,503	7,519	25,573	28,911	7,784
Growth (%)	118.9	70.8	132.9	78.8	41.8	5.0	2.6	11.7	96.7	13.1	15.6
Contribution (%)	37.8	44.5	48.5	42.6	41.7	40.1	40.6	40.1	43.6	40.6	40.4
<b>Total Product sales</b>	<b>12,851</b>	<b>14,984</b>	<b>15,087</b>	<b>15,794</b>	<b>16,512</b>	<b>17,481</b>	<b>18,491</b>	<b>18,752</b>	<b>58,716</b>	<b>71,236</b>	<b>19,256</b>
<b>Tonnage</b>	53,512	57,094	53,365	57,543	57,915	61,149	62,755	64,648	2,21,514	2,46,467	65,723
Change (%)	200.0	40.0	4.8	3.1	8.2	7.1	17.6	12.3	33.9	11.3	14.2
Realization (INR '000/ton)	256	279	300	291	304	305	311	309	282	307	311
Change (%)	7.1	29.3	47.7	24.3	18.5	9.1	3.6	6.2	27.7	9.0	7.0
<b>Net operating revenues</b>	<b>13718</b>	<b>15956</b>	<b>16021</b>	<b>16741</b>	<b>17594</b>	<b>18639</b>	<b>19521</b>	<b>19973</b>	<b>62436</b>	<b>75727</b>	<b>20456</b>
Change (%)	221.3	81.0	54.7	28.1	28.2	16.8	21.8	19.3	71.0	21.3	22.2
RM/Sales %	38.0	40.0	41.7	43.3	41.3	44.4	44.1	43.5	40.9	43.4	43.8
Staff Cost (% of sales)	8.9	8.0	8.0	7.7	7.7	7.2	7.0	6.8	8.1	7.2	6.8
Other Cost (% of sales)	24.6	24.2	25.1	23.3	24.8	24.1	23.7	23.6	24.3	24.0	23.6
Gross Margin (%)	62.0	60.0	58.3	56.7	58.7	55.6	55.9	56.5	59.1	56.6	56.2
EBITDA Margins (%)	28.5	27.8	25.2	25.7	26.1	24.3	25.3	26.2	26.7	25.5	25.8
EBIT Margins (%)	21.1	21.4	18.7	19.5	20.1	18.5	19.8	20.9	20.1	19.8	20.5

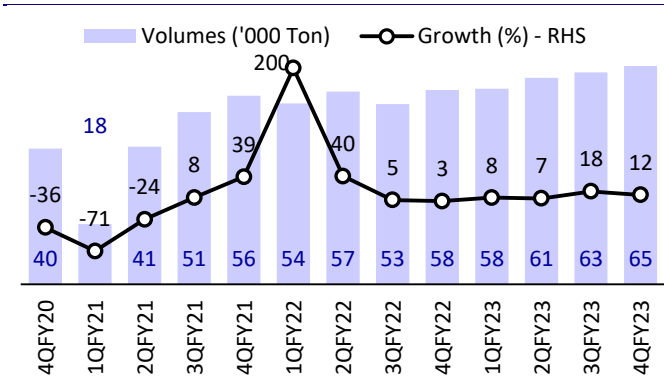


## Highlights from the management interaction

- **Demand outlook** - Domestic CV industry for FY24 is expected to grow by single digits. Demand is expected to remain positive over the next two to three years. The company anticipates that the next two to three quarters will be favorable, primarily due to reduced channel inventory and increased demand from infrastructure-related projects.
- **PV segment both global and domestic** - The PV segment, both internationally and domestically, experienced a decline in sequential performance, due to certain challenges related to supply and demand adjustments. The company is optimistic about recovering from this setback as no significant structural issues have been identified so far.
- **Global truck business** - Demand is stable but seeing supply-side challenges. **US** - Demand is still holding up, while order backlog too is strong.
- There have been some supply chain difficulties that are not just specific to semiconductor and despite this the company has managed to increase its market share across various areas. **Europe** - Similar condition in EU wherein demand is strong but supply chain issues are affecting build. Rest of the year will be strong and should remain at a similar level. **South America** - Seeing some decline there but BHFC's base is very low.
- **Industrial** - FY24 projection is yet to be out. Construction and mining industry are growing rapidly. Many companies are moving production to India and it is soon expected to become a major export hub to Africa, Australia, and South East Asia. Domestic mining would ~10% of the total industrials. The Oil & gas sector outlook is steady.
- New order wins worth INR15b for standalone business across component business and industrial verticals.

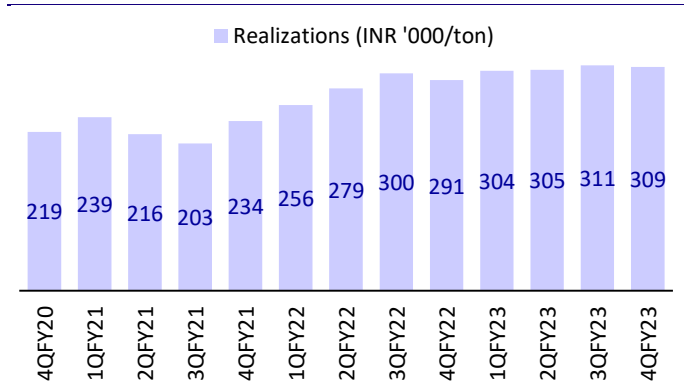
- Defense** - This is the biggest inflection point for the company. All the IPs are home grown. It currently has exports order of over INR20b and received AOM for 300 ATAGS guns. Also, the company has significant orders for Protective vehicle, components, and consumables across India and globally. This business will cross USD100m this year with solid profitability and return ratios. Guns are approved and ready for trial. This is only the initial order (for four years), overall order will be huge. The new mega plant will be ready by Jan-Feb'24. By March'24, facility will be ready for the production. The company will have 3x capacities by that time. Profitability will be positively surprising for everyone as BHFC controls the IP and the entire value chain.
- Aerospace** - Has grown more than 100% YoY in FY23. It is expected to grow by 30-50% this year as well. Now the business accounts for 11% of the revenue. The target of achieving INR5-6b per year is well within reach.
- AI forging facility is overbooked**- There has been a 25-40% increase in prices, and as a result, the company is currently in the process of cost recovery from multiple customers. This process is expected to be finalized within the next 1-1.5 months. Utilization stands at ~50% and the company is targeting mid-teen EBITDA margin by 2HFY25. Should see black numbers from 1Q in EU and from 3Q in US.
- JSA- Revenue of INR438cr in first year.** Won INR4b plus orders and expect this business to substantially ramp up in the next two years. Acquisition of new unit in Coimbatore (ISML) will close in the next two weeks. Led by the capex in JSA and ISML, the company will increase capacity by more than double (from 40k tons to 120k tons) in the next two years and revenue will also more than double in the next two years.
- E-mobility- Tork-** The company has successfully sold more than 1000 bikes without any safety incidents or recalls. They have also received incentives as most of the parts used are locally sourced, except for the batteries. Furthermore, the company is actively increasing its production capacity, with a new plant being operational for the past six weeks. The current aim is to increase the production capacity to 1800 bikes from the current 1500 and then to over 2000.

Exhibit 1: Volume trend



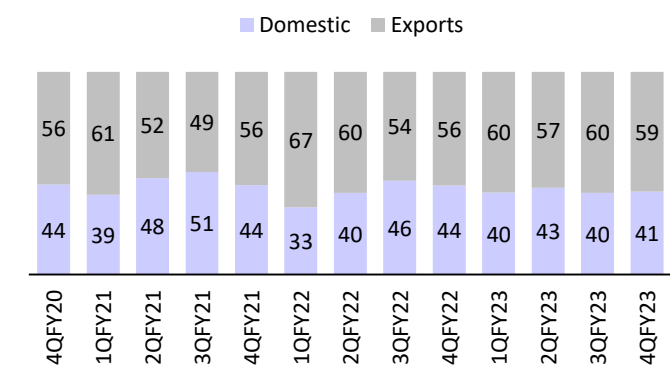
Source: Company, MOFSL

Exhibit 2: Trend in realizations



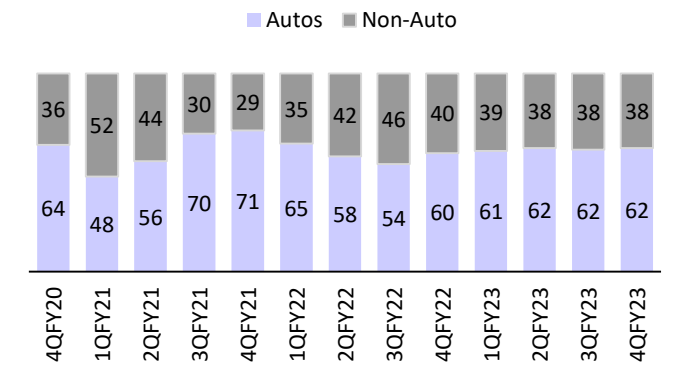
Source: Company, MOFSL

**Exhibit 3: Market mix trend**



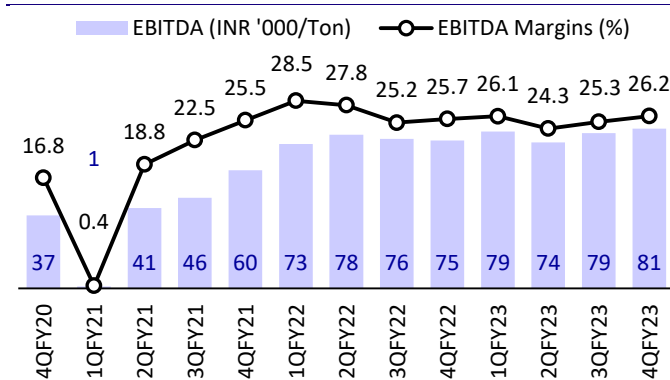
Source: Company, MOFSL

**Exhibit 4: Trend in product mix**



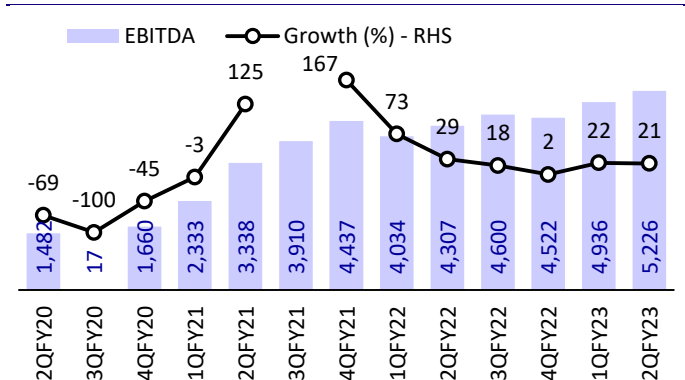
Source: Company, MOFSL

**Exhibit 5: Trend in EBITDA margin**



Source: Company, MOFSL

**Exhibit 6: EBITDA growth trend**



Source: Company, MOFSL

**Exhibit 7: Geography-wise revenue breakup**

INR m	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
India	5,653	4,562	6,419	7,403	7,350	7,118	7,975	7,858	8,170
Growth (%)	44	172	53	44	30	56	24	6	11
Contribution (%)	44	33	40	46	44	40	43	40	41
US	4,380	6,247	6,793	5,775	6,290	7,029	7,186	8,135	8,108
Growth (%)	29	348	143	65	44	13	6	41	29
Contribution (%)	34	46	43	36	38	40	39	42	41
EU	2,671	2,645	2,545	2,656	2,778	3,108	2,860	2,832	3,072
Growth (%)	87	143	69	98	4	18	12	7	11
Contribution (%)	21	19	16	17	17	18	15	15	15
Others	259	265	199	187	323	339	618	696	623
Growth (%)	255	141	-40	-28	25	28	211	272	93
Contribution (%)	2	2	1	1	2	2	3	4	3
<b>Total</b>	<b>12,963</b>	<b>13,719</b>	<b>15,956</b>	<b>16,021</b>	<b>16,741</b>	<b>17,594</b>	<b>18,639</b>	<b>19,521</b>	<b>19,973</b>
Growth (%)	47	221	81	56	29	28	17	22	19

Source: Company, MOFSL

**Exhibit 8: Segment-wise revenue breakup**

INR M	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Autos	34,148	25,194	21,359	33,143	42,325	47,365	48,306
% of total revenues	56	60	62	56	59	58	54
CV	26,900	17,884	14,702	24,597	29,260	32,592	31,760
% of total revenues	44	43	43	42	41	40	36
PV	7,248	7,310	6,657	8,546	13,065	14,773	16,546
% of total revenues	12	17	19	15	18	18	19
Non-Autos	26,565	16,811	13,001	25,573	28,911	34,693	40,676
% of total revenues	44	40	38	44	41	42	46
<b>Market mix (net sales incl Op Income)</b>							
India	27,942	19,137	16,873	25,737	31,122	35,915	41,191
% of total revenues	43	42	46	41	41	41	44
Growth (%)	19	-32	-12	53	21	15	15
Exports	37,258	26,502	19,642	36,699	44,605	50,850	52,898
% of total revenues	57	58	54	59	59	0	0
Growth (%)	25	-29	-26	87	22	0	0
<b>Total Net Op Revenues</b>	<b>65,200</b>	<b>45,639</b>	<b>36,515</b>	<b>62,436</b>	<b>75,727</b>	<b>86,765</b>	<b>94,089</b>
Growth (%)	23	-30	-20	71	21	0	0
Subsidiary Revenues	36,257	34,919	26,848	42,175	53,375	59,852	67,072
Growth (%)	19	-4	-23	57	27	12	12
<b>Net Consolidated Revenues</b>	<b>1,01,457</b>	<b>80,558</b>	<b>63,363</b>	<b>1,04,611</b>	<b>1,29,103</b>	<b>1,46,617</b>	<b>1,61,162</b>
Growth (%)	21	-21	-21	65	23	14	10
S/A EBITDA margins (%)	28.8	22.8	20.1	26.7	25.5	26.6	27.0
Consol EBITDA margins (%)	20.3	14.1	13.6	18.9	13.8	19.7	20.8
<b>Consol EPS (INR)</b>	<b>22.2</b>	<b>8.8</b>	<b>1.9</b>	<b>21.7</b>	<b>11.6</b>	<b>31.0</b>	<b>39.4</b>
Growth (%)	25.5	-60.3	-78.5	1,047.8	-46.4	166.5	27.0

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 ~59% in FY23 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 benefits 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 FY23. 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. It is also tapping opportunities in PV light-weighting through aluminum forging subsidiaries, with focus on hybrids and EVs.

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

The O&G segment is recovering from the lows of FY21, supported by sustained higher oil prices. BHFC sees tremendous opportunity in Industrial space (renewable, off-highway, and others) and it has invested in expanding its capacities (Sanghvi Forgings) and capabilities (JS Autocast) through acquisitions in the last 1-1.5 years. BHFC has a relatively smaller contribution coming from the renewable energy and industrial segment in India. Aerospace is on track to see a revenue ramp-up to INR5-6b over the next few years, driven by new customer wins.

### Option value of INR125-170/share in defence and EVs

Over the last decade, Bharat Forge (BHFC) has developed new frontiers for growing beyond its core business, with investments in capabilities and capacities in place. Some of these new businesses offer huge potential in the long term and scope to drive the next phase of evolution for the company. Of these new initiatives, we expect opportunities in Defence and EV are at inflection points, though substantial realization of value might be back-ended. We took a deep dive into these two businesses to evaluate prospects for value creation, which we estimate at INR125-170/share from just two guns and TORQ Motors.

### Valuation and view

We have lowered our consol. EPS estimates for FY24/FY25 by ~3.6%/4.7% to factor in moderation in revenue growth and higher interest cost. We estimate a consolidated revenue/EBITDA/ PAT CAGR of 12%/37%/84% over FY23-25E. The stock trades at 24.5x/19.3x FY24E/FY25E consolidated EPS. We reiterate our **Buy** rating, with a revised TP of INR985 (at 25x Mar'25E EPS).

#### Revised forecast (Consol)

(INR M)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,46,617	1,46,761	-0.1	1,61,162	1,64,262	-1.9
EBITDA (%)	19.7	19.8	-20bp	20.8	21.1	-30bp
Net Profit	14,382	14,924	-3.6	18,276	19,174	-4.7
EPS (INR)	31.0	32.2	-3.6	39.4	41.3	-4.7

Exhibit 9: P/E chart

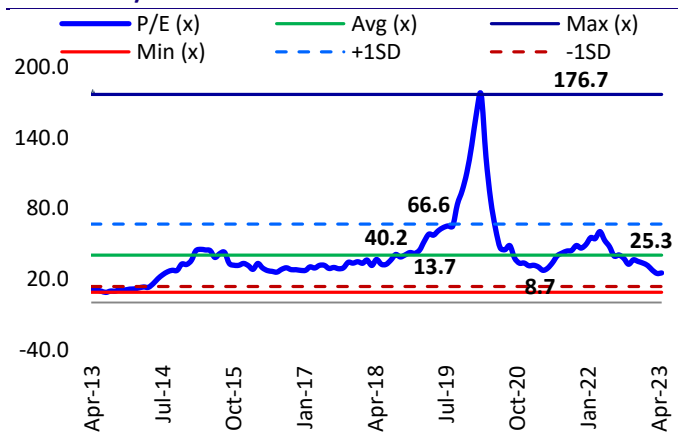
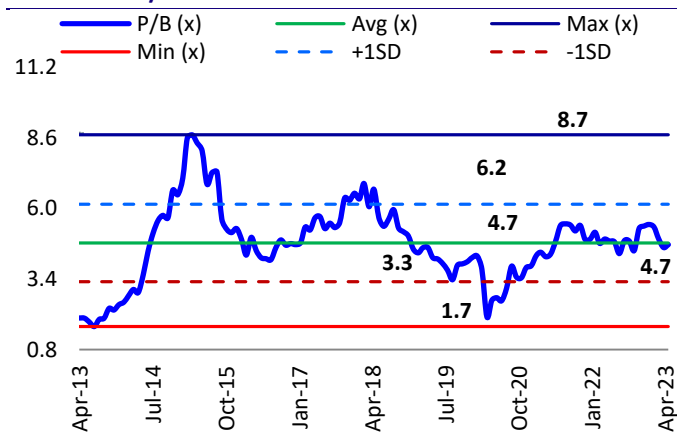


Exhibit 10: P/B chart



Source: MOFSL

## Financials and valuations

### Consolidated - Income Statement

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>1,01,457</b>	<b>80,558</b>	<b>63,363</b>	<b>1,04,611</b>	<b>1,29,103</b>	<b>1,46,617</b>	<b>1,61,162</b>
Change (%)	21.4	-20.6	-21.3	65.1	23.4	13.6	9.9
<b>EBITDA</b>	<b>20,556</b>	<b>11,389</b>	<b>8,634</b>	<b>19,810</b>	<b>17,774</b>	<b>28,833</b>	<b>33,454</b>
Margin (%)	20.3	14.1	13.6	18.9	13.8	19.7	20.8
Depreciation	5,208	5,477	6,122	7,303	7,356	8,212	8,495
<b>EBIT</b>	<b>15,348</b>	<b>5,912</b>	<b>2,512</b>	<b>12,507</b>	<b>10,418</b>	<b>20,621</b>	<b>24,959</b>
Int. and Finance Charges	1,272	1,713	1,077	1,604	2,986	3,382	3,148
Other Income - Rec.	2,028	1,637	1,673	2,308	1,630	2,031	2,390
<b>PBT bef. EO Exp.</b>	<b>16,104</b>	<b>5,835</b>	<b>3,107</b>	<b>13,211</b>	<b>9,062</b>	<b>19,270</b>	<b>24,201</b>
EO Expense/(Income)	0	789	3,062	-924	458	0	0
<b>PBT after EO Exp.</b>	<b>16,104</b>	<b>5,046</b>	<b>45</b>	<b>14,135</b>	<b>8,604</b>	<b>19,270</b>	<b>24,201</b>
Tax Rate (%)	35.2	22.3	2245.8	21.5	37.0	25.4	24.5
<b>Reported PAT</b>	<b>10,440</b>	<b>3,921</b>	<b>-970</b>	<b>11,101</b>	<b>5,418</b>	<b>14,382</b>	<b>18,276</b>
<b>PAT Adj for EO items</b>	<b>10,440</b>	<b>4,518</b>	<b>1,174</b>	<b>10,375</b>	<b>5,707</b>	<b>14,382</b>	<b>18,276</b>
Change (%)	28.2	-56.7	-74.0	784.0	-45.0	152.0	27.1
Less: Minority Interest	118	423	294	281	286	-47	-47
<b>Adj PAT</b>	<b>10,322</b>	<b>4,095</b>	<b>880</b>	<b>10,098</b>	<b>5,414</b>	<b>14,429</b>	<b>18,323</b>

### Consolidated - Balance Sheet

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	931	931	931	931	931	931	931
Total Reserves	52,829	51,266	53,220	64,775	66,124	77,643	93,056
<b>Net Worth</b>	<b>53,761</b>	<b>52,197</b>	<b>54,151</b>	<b>65,707</b>	<b>67,055</b>	<b>78,574</b>	<b>93,987</b>
Minority Interest	298	320	317	561	361	361	361
Deferred Liabilities	2,062	507	1,445	1,718	658	658	658
Total Loans	37,728	38,784	45,798	56,545	68,523	66,523	64,523
<b>Capital Employed</b>	<b>93,850</b>	<b>91,807</b>	<b>1,01,711</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,46,116</b>	<b>1,59,529</b>
Gross Block	54,985	63,299	76,756	81,926	1,02,188	1,12,700	1,17,200
Less: Accum. Deprn.	18,739	23,279	29,256	33,226	40,582	48,794	57,289
<b>Net Fixed Assets</b>	<b>36,246</b>	<b>40,020</b>	<b>47,500</b>	<b>48,700</b>	<b>61,606</b>	<b>63,906</b>	<b>59,911</b>
Capital WIP	8,307	11,427	9,001	11,248	7,012	1,000	1,000
<b>Total Investments</b>	<b>15,237</b>	<b>16,180</b>	<b>26,068</b>	<b>26,038</b>	<b>25,691</b>	<b>27,691</b>	<b>29,691</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>55,993</b>	<b>47,197</b>	<b>48,309</b>	<b>68,933</b>	<b>88,038</b>	<b>1,01,128</b>	<b>1,21,258</b>
Inventory	18,447	17,347	17,939	27,105	31,263	40,169	44,154
Account Receivables	21,478	14,938	14,096	21,623	30,875	30,127	33,115
Cash and Bank Balance	4,755	5,751	4,729	6,030	10,395	11,953	23,237
Loans and Advances	11,314	9,161	11,546	14,176	15,505	18,879	20,752
<b>Curr. Liability &amp; Prov.</b>	<b>21,933</b>	<b>23,017</b>	<b>29,167</b>	<b>30,387</b>	<b>45,749</b>	<b>47,608</b>	<b>52,331</b>
Creditors	13,664	10,309	12,068	16,314	21,513	20,084	22,077
Other Current Liabilities	6,200	10,000	14,093	11,396	21,923	24,897	27,367
Provisions	2,069	2,707	3,006	2,677	2,313	2,627	2,887
<b>Net Current Assets</b>	<b>34,060</b>	<b>24,181</b>	<b>19,142</b>	<b>38,546</b>	<b>42,288</b>	<b>53,519</b>	<b>68,927</b>
<b>Appl. of Funds</b>	<b>93,850</b>	<b>91,807</b>	<b>1,01,711</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,46,116</b>	<b>1,59,529</b>



## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>22.2</b>	<b>8.8</b>	<b>1.9</b>	<b>21.7</b>	<b>11.6</b>	<b>31.0</b>	<b>39.4</b>
Cash EPS	33.4	20.6	15.0	37.4	27.4	48.6	57.6
BV/Share	115.5	112.1	116.3	141.1	144.0	168.7	201.8
DPS	5.5	2.0	2.0	5.5	5.5	6.3	6.3
Payout (%)	24.5	28.5	-96.0	23.2	47.3	20.2	15.9
<b>Valuation (x)</b>							
P/E	34.2	86.2	401.3	35.0	65.2	24.5	19.3
Cash P/E	22.7	36.9	50.4	20.3	27.6	15.6	13.2
P/BV	6.6	6.8	6.5	5.4	5.3	4.5	3.8
EV/Sales	3.8	4.8	6.2	3.9	3.2	2.8	2.4
EV/EBITDA	18.8	33.9	45.7	20.4	23.1	14.1	11.8
Dividend Yield (%)	0.7	0.3	0.3	0.7	0.7	0.8	0.8
FCF per share	-4.7	12.0	2.3	-12.1	7.0	25.4	45.8
<b>Return Ratios (%)</b>							
RoE	20.6	7.7	1.7	16.9	8.2	19.8	21.2
RoCE (Post-tax)	13.2	6.4	3.2	10.5	5.9	12.0	13.6
RoIC	15.8	7.4	3.0	13.7	7.5	15.5	17.9
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	1.8	1.3	0.8	1.3	1.3	1.3	1.4
Inventory (Days)	66	79	103	95	88	100	100
Debtor (Days)	77	68	81	75	87	75	75
Creditor (Days)	49	47	70	57	61	50	50
Working Capital (Days)	105	84	83	113	90	103	103
<b>Leverage Ratio (x)</b>							
Net Debt/Equity	0.3	0.3	0.3	0.4	0.5	0.3	0.1

### Consolidated - Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>(INR M)</b>							
Operating PBT	16,104	5,046	45	14,135	8,604	20,621	24,959
Depreciation	5,208	5,477	6,122	7,303	7,356	8,212	8,495
Other income	52	3,208	4,101	-1,510	1,979	2,078	2,437
Direct Taxes Paid	-5,502	-2,331	-934	-3,525	-4,172	-4,888	-5,925
(Inc)/Dec in WC	-6,747	4,607	3,837	-12,269	-363	-9,674	-4,124
<b>CF from Operations</b>	<b>9,115</b>	<b>16,008</b>	<b>13,171</b>	<b>4,134</b>	<b>13,403</b>	<b>16,350</b>	<b>25,843</b>
(inc)/dec in FA	-11,318	-9,618	-9,143	-10,683	-9,699	-4,500	-4,500
<b>Free Cash Flow</b>	<b>-2,203</b>	<b>5,601</b>	<b>1,058</b>	<b>-5,625</b>	<b>3,246</b>	<b>11,850</b>	<b>21,343</b>
(Pur)/Sale of Investments	-433	-1,705	-5,494	3,634	-6,957	-2,000	-2,000
<b>CF from Investments</b>	<b>-11,751</b>	<b>-11,322</b>	<b>-14,636</b>	<b>-7,049</b>	<b>-16,656</b>	<b>-6,500</b>	<b>-6,500</b>
Inc/(Dec) in Debt	7,313	1,082	6,591	6,517	8,443	-2,000	-2,000
Interest Paid	-1,038	-1,380	-808	-1,444	-2,387	-3,382	-3,148
Dividend Paid	-2,806	-3,335	0	-1,642	-3,253	-2,910	-2,910
<b>CF from Fin. Activity</b>	<b>3,468</b>	<b>-3,633</b>	<b>5,783</b>	<b>3,102</b>	<b>2,803</b>	<b>-8,293</b>	<b>-8,058</b>
<b>Inc/Dec of Cash</b>	<b>832</b>	<b>263</b>	<b>1,347</b>	<b>1,111</b>	<b>-908</b>	<b>1,557</b>	<b>11,284</b>
Add: Beginning Balance	2,030	2,862	3,126	4,473	5,584	4,675	6,233
<b>Closing Balance</b>	<b>2,862</b>	<b>3,126</b>	<b>4,473</b>	<b>5,584</b>	<b>4,675</b>	<b>6,233</b>	<b>17,517</b>

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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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