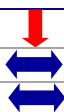


# Bharat Forge

Estimate changes

TP change

Rating change



Bloomberg	BHFC IN
Equity Shares (m)	466
M.Cap.(INRb)/(USD\$b)	500.8 / 6
52-Week Range (INR)	1148 / 744
1, 6, 12 Rel. Per (%)	0/34/19
12M Avg Val (INR M)	1079

## Consol. Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	129.1	150.6	164.7
EBITDA (%)	13.8	18.6	20.3
Adj. PAT	5.4	12.9	18.0
EPS (INR)	11.6	27.6	38.6
EPS Gr. (%)	-46.4	137.5	39.9
BV/Sh. (INR)	144	165	198

## Ratios

RoE (%)	8.2	17.9	21.3
RoCE (%)	5.9	11.1	13.7
Payout (%)	47.3	22.7	16.2

## Valuations

P/E (x)	92.5	39.0	27.8
P/BV (x)	7.5	6.5	5.4
EV/EBITDA (x)	31.5	20.0	16.4
Div. Yield (%)	0.5	0.6	0.6
FCF Yield (%)	0.6	1.3	4.1

## Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	45.3	45.3	45.3
DII	28.1	28.8	24.7
FII	16.3	15.8	19.3
Others	10.3	10.2	10.7

FII Includes depository receipts

**CMP: INR1076**

**TP: INR1,250 (+16%)**

**Buy**

## In-line result; demand commentary a mixed bag

### Wins orders of INR7.4b for SA business in 1H (incl. INR3b for e-mobility)

- Bharat Forge (BHFC)'s 2QFY24 standalone performance was in line. The company reported record high shipment tonnage at 70.3k tons during the quarter, registering 15% YoY growth. However, the overall demand commentary was a mixed bag, as outlook for the India business remains positive while overseas business growth is anticipated to remain flattish.
- We cut our EPS by 8%/ 3% for FY24E/25E to factor in slower-than-expected ramp up in overseas subsidiaries. **Reiterate BUY with a TP of INR1,250 (based on 27x Dec-25E consolidated EPS + INR133 for two gun platforms).**

### Foreign subsidiary losses widen sequentially

- BHFC's 2QFY24 standalone revenue/EBITDA/adj. PAT grew 21%/36%/29% YoY to INR22.5b/INR6.2b/INR3.5b (vs. est. INR22.8b/INR6.1b/INR3.6b). 1HFY24 revenue/EBITDA/adj. PAT grew 21%/28%/28% YoY.
- Tonnage grew 15% YoY to 70.3k tons (vs. est. 70.9k tons). Net realizations grew 5% YoY to ~INR320k (v/s est. INR322k), benefitting from the mix.
- Net revenue grew 21% YoY to INR22.5b (v/s est. INR22.8b). Both domestic and export revenue grew 21% YoY each. Auto segment grew 15% YoY, whereas non-autos grew 33% YoY.
- Gross margin expanded 110bp YoY (+100bp QoQ) to 56.7% (v/s est. 56.1%) led by better product mix and cost reduction initiatives. EBITDA margin improved 310bp YoY to 27.4% (v/s est. 26.8%).
- Further, a slightly higher-than-estimated interest cost and FX loss restricted adj. PAT growth to 29% YoY at INR3.5b (v/s est. INR3.6b).
- Foreign subsidiaries reported a loss of INR1.15b (v/s INR1.16m PBT in 2QFY23 and loss of INR930m in 1QFY24) primarily due to losses in the US/EU aluminum forging operations.
- FCF stood at INR6.3b (v/s INR651m in 1HFY23) led by a strong CFO of INR7.5b (v/s INR1.9b in 1HFY23) and controlled capex of INR1.2b similar to last year's levels.

### Highlights from the management interaction

- **Outlook- i)** CVs: Positive outlook for the India business while it is expected to remain flattish for the US business next year, **ii)** Industrials: the US business is likely to remain flattish next year. In India, while outlook is expected to remain positive, there are structural challenges for the businesses such as wind energy and some softness in construction mining.
- **Defense:** Reported revenue of INR2b in 2QFY24 (vs. INR2.5b in 1QFY24). KSSL won orders worth INR11b during the quarter for multiple products and customers, taking the total executable order pipeline to INR30b that will be executed over the next two years.

Jinesh Gandhi - Research analyst (Jinesh@MotilalOswal.com)

Research analyst: Amber Shukla (Amber.Shukla@MotilalOswal.com) | Aniket Desai (Aniket.Desai@motilalosal.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.

- **BHFC has won INR5b of new business in 2QFY24** for the industrials and CV divisions. Order wins for 1HFY24 stood at INR7.4b, including INR3b for e-mobility platforms.
- **Overseas subsidiaries (combining both the US and EU) reported EBITDA of INR90m in 2QFY24** vs. operating loss of INR340m in 2QFY23. The EU subsidiaries reported EBITDA of INR350m (down sequentially due to holiday season in the EU), while the US operations posted operating loss of INR260m.

#### Valuation and view

- While BHFC's core India business is on the growth path, it's worth noting that the underlying macro environment in the US and EU is showing signs of weakening. However, the newly established businesses incubated over the last 5-10 years have reached pivotal moments and they have the potential to offset the anticipated challenges in core operations. The Defense segment is poised for significant growth, with execution already underway. The e-mobility sector presents a substantial opportunity and possesses foundational elements, but the competitive landscape is yet to evolve.
- We cut our EPS by 8%/ 3% for FY24E/25E to factor in the slower-than-expected ramp up in the US and EU facilities. We estimate a consolidated revenue/ EBITDA/PAT CAGR of 13%/37%/82% over FY23-25E. The stock trades at 39.0x/ 27.8x FY24E/FY25E consolidated EPS. **Reiterate BUY with a TP of INR1,250 (based on 27x Dec-25E consolidated EPS + INR133 for two gun platforms).**

#### S/A Quarterly

	(INR m)										
	FY23				FY24E				FY23	FY24E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>Tonnage</b>	57,915	61,149	62,755	64,648	67,780	70,316	72,168	75,637	2,46,467	2,85,902	70,933
Change (%)	8.2	7.1	17.6	12.3	17.0	15.0	15.0	17.0	11.3	16.0	16.0
<b>Realization (INR '000/ton)</b>	303.8	304.8	311.1	308.9	313.9	319.9	324.6	331.1	307.3	322.6	322.1
Change (%)	18.5	9.1	3.6	6.2	3.3	4.9	4.4	7.2	9.0	5.0	5.7
<b>Net operating income</b>	17,594	18,639	19,521	19,973	21,273	22,494	23,429	25,042	75,727	92,238	22,844
Change (%)	28.2	16.8	21.8	19.3	20.9	20.7	20.0	25.4	21.3	21.8	22.6
<b>EBITDA</b>	4,600	4,522	4,936	5,226	5,530	6,163	6,339	6,790	19,284	24,822	6,126
EBITDA Margins (%)	26.1	24.3	25.3	26.2	26.0	27.4	27.1	27.1	25.5	26.9	26.8
Non-Operating Income	259	477	377	391	472	424	475	414	1,505	1,785	425
Interest	263	357	849	658	705	726	700	694	2,127	2,825	675
Depreciation	1064	1066	1079	1051	1089	1128	1140	1152	4,260	4,509	1090
Fx loss/(gain)	250	-8	-415	347	43	95	0	0	173	138	0
<b>PBT after EO items</b>	3,252	3,579	3,844	3,154	4,165	4,616	4,974	5,358	13,827	19,113	4,786
Eff. Tax Rate (%)	25.1	25.1	24.8	22.5	25.2	25.0	25.0	25.0	24.4	25.1	24.7
<b>Rep. PAT</b>	2,436	2,681	2,892	2,445	3,115	3,460	3,730	4,020	10,454	14,325	3,604
Change (%)	46.2	-14.0	-14.3	-6.7	27.9	29.0	29.0	64.4	-3.0	37.0	34.4
<b>Adj. PAT</b>	2,460	2,686	2,859	2,754	3,115	3,476	3,730	4,020	10,776	14,342	3,604
Change (%)	14.8	-11.5	8.6	4.4	26.7	29.4	30.5	46.0	3.1	33.1	34.2

E: MOFSL Estimates

## Key Performance Indicators

Segment Mix	FY23				FY24E				FY23	FY24E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Auto	9,630	10,621	10,988	11,233	11,291	12,258	12,517	13,288	42,472	49,354	11,795
Growth (%)	20.4	27.8	41.4	23.9	17.2	15.4	13.9	18.3	28.1	16.2	12.6
Contribution (%)	58.3	60.8	59.4	59.9	56.0	57.4	56.2	55.8	59.6	56.3	54.4
Non-Auto	6,882	6,860	7,503	7,519	8,889	9,113	9,761	10,541	28,764	38,305	9,899
Growth (%)	41.8	2.8	2.6	11.7	29.2	32.8	30.1	40.2	12.5	33.2	41.3
Contribution (%)	41.7	39.2	40.6	40.1	44.0	42.6	43.8	44.2	40.4	43.7	45.6
<b>Total Product sales</b>	<b>16,512</b>	<b>17,481</b>	<b>18,491</b>	<b>18,752</b>	<b>20,180</b>	<b>21,371</b>	<b>22,279</b>	<b>23,829</b>	<b>71,236</b>	<b>87,659</b>	<b>21,694</b>
<b>Tonnage</b>	57,915	61,149	62,755	64,648	67,780	70,316	72,168	75,637	2,46,467	2,85,902	70,933
Change (%)	8.2	7.1	17.6	12.3	17.0	15.0	15.0	17.0	11.3	16.0	16.0
Realization (INR '000/ton)	304	305	311	309	314	320	325	331	307	323	322
Change (%)	18.5	9.1	3.6	6.2	3.3	4.9	4.4	7.2	9.0	5.0	5.7
<b>Net operating revenues</b>	<b>17594</b>	<b>18639</b>	<b>19521</b>	<b>19973</b>	<b>21273</b>	<b>22494</b>	<b>23429</b>	<b>25042</b>	<b>75727</b>	<b>92238</b>	<b>22844</b>
Change (%)	28.2	16.8	21.8	19.3	20.9	20.7	20.0	25.4	21.3	21.8	22.6
RM/Sales %	41.3	44.4	44.1	43.5	44.3	43.3	43.7	43.7	43.4	43.8	43.9
Staff Cost (% of sales)	7.7	7.2	7.0	6.8	7.0	6.7	6.7	6.5	7.2	6.7	6.8
Other Cost (% of sales)	24.8	24.1	23.7	23.6	22.7	22.6	22.5	22.6	24.0	22.6	22.5
Gross Margin (%)	58.7	55.6	55.9	56.5	55.7	56.7	56.3	56.3	56.6	56.3	56.1
EBITDA Margins (%)	26.1	24.3	25.3	26.2	26.0	27.4	27.1	27.1	25.5	26.9	26.8
EBIT Margins (%)	20.1	18.5	19.8	20.9	20.9	22.4	22.2	22.5	19.8	22.0	22.0

E:MOFSL Estimates



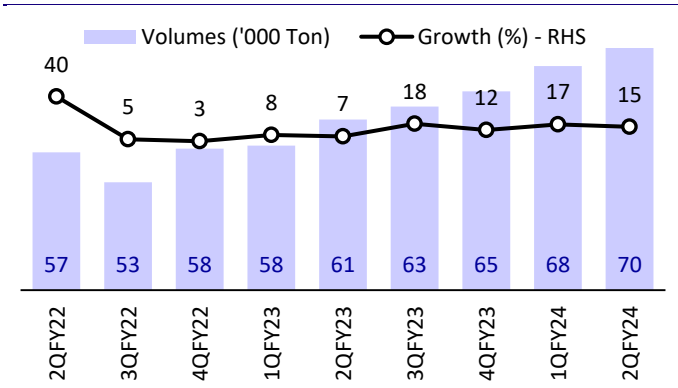
## Highlights from the management interaction

- **Outlook- i)** CVs: Positive outlook for the India business while it is expected to remain flattish for the US business next year, **ii)** Industrials: the US business is likely to remain flattish next year. In India, while outlook is expected to remain positive, there are structural challenges for the businesses such as wind energy and some softness in construction mining.
- **Sales grew 21% YoY** during the quarter driven by i) ~39% YoY growth in PV exports and ii) ~50% YoY growth in domestic industrials led by execution of defense orders that has started since the last two quarters.
  - PV exports are now one-fourth of the total exports led by market share gains, increasing value additions and geographical expansion. The growth is expected to continue as there were multiple business wins. Some of them have ramped up and some got affected by the current problems in the US.
  - Domestic CVs underperformed due to destocking at certain CV OEMs.
- **BHFC has won INR5b of new business in 2QFY24** for the industrials and CV divisions. Order wins for 1HFY24 stood at INR7.4b, including INR3b for e-mobility platforms.
- **The company incurred SA capex of INR1.7b in 1HFY24.** Consol. capex was INR3b over SA business largely allocated towards defense, EVs, aluminum casting and forgings.
- **Overseas subsidiaries (combining both the US and EU) reported EBITDA of INR90m in 2QFY24** vs. operating loss of INR340m in 2QFY23. The EU subsidiaries reported EBITDA of INR350m (down sequentially due to holiday season in the EU), while the US operations posted operating loss of INR260m.
  - The company aims to achieve a breakeven at EBITDA level and then breakeven at PBT level, which will be driven by improved utilizations.
  - Capacity utilization for the Aluminum business in the US and EU stood at 50% and 70%, respectively. Breakeven level in the US business can be achieved at 75-

78% without pricing being adjusted. After the second phase, there is a possibility to bring it down further.

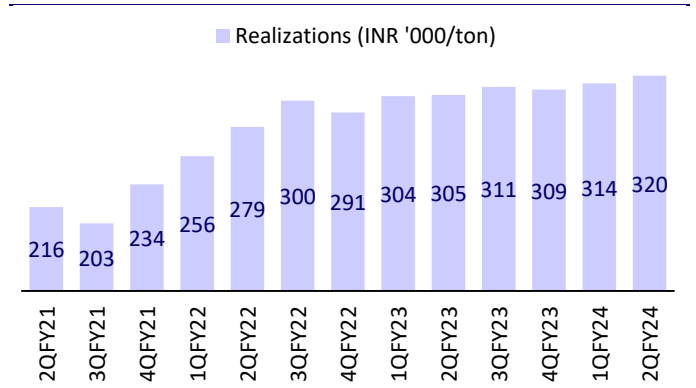
- In the aluminum business, it aims to take EBITDA margin to mid-teens. Steel is a 10-11% EBITDA margin business, which the company aims to improve led by new products and value additions. It aims to achieve this by FY25E.
- **Defense business: Won orders worth INR11b** for multiple products and customers that will be executed over the next two years. The order book is increasing and includes products such as artillery systems, unmanned vehicle components, and solutions for naval forces & unmanned systems. The SA business revenue stood at INR2b.
- **JS Auto:** Won a new business worth INR550m in 2Q. It has witnessed ~28% YoY growth in revenue, ~38% YoY growth in EBITDA and includes INR40m acquisition expenses towards ISML, which have been charged to P&L.
- **E-mobility:** The business continues to make progress; however, the 2W business has been affected by a reduction in FAME subsidy.
- **Global EV orders:** Currently, the company has INR3b orders from the global companies manufacturing EVs (not for 2Ws/3Ws).
- **Repowering business:** Getting good traction as they are completely made in India. Test trucks have covered 200k km of test runs and 20k km of actual loaded customer load case.
- **M&A-** It has executed three deals over the last three years with a cumulative outlay of INR5b focused on industrials and new technology. The focus will continue to be on domestic industrials with a potential of healthy exports.
- **Indian subsidiaries:** It has a target to achieve a 25% EBITDA margin for both domestic industrials and defense and should reach close to the target by FY25.

**Exhibit 1: Volume trend**



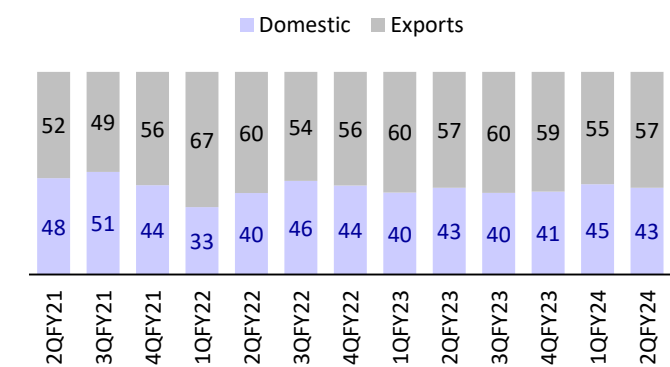
Source: Company, MOFSL

**Exhibit 2: Trend in realizations**



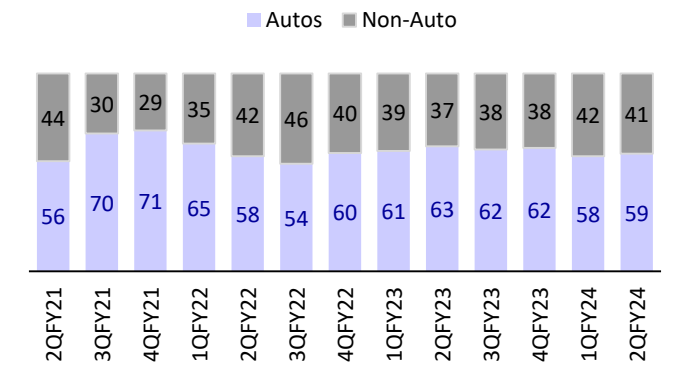
Source: Company, MOFSL

**Exhibit 3: Market mix trend**



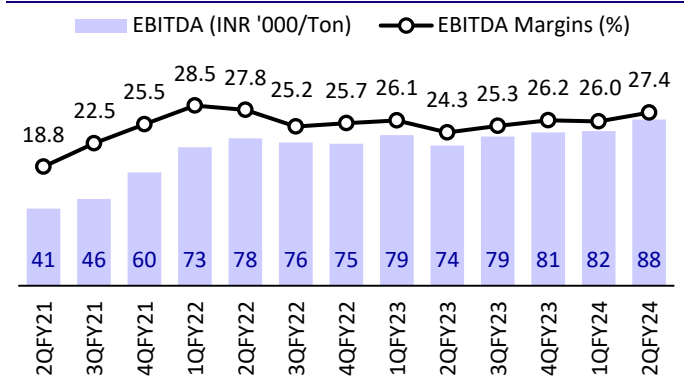
Source: Company, MOFSL

**Exhibit 4: Trend in product mix**



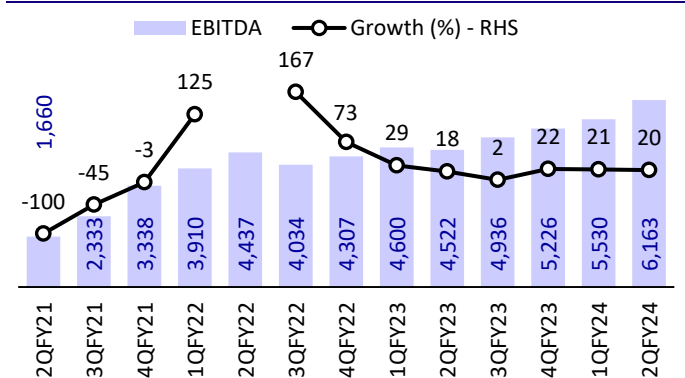
Source: Company, MOFSL

**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	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
India	6,419	7,403	7,350	7,118	7,975	7,858	8,170	9,484	9,623
Growth (%)	53	44	30	56	24	6	11	33	21
Contribution (%)	40	46	44	40	43	40	41	45	43
US	6,793	5,775	6,290	7,029	7,186	8,135	8,108	7,645	8,151
Growth (%)	143	65	44	13	6	41	29	9	13
Contribution (%)	43	36	38	40	39	42	41	36	36
EU	2,545	2,656	2,778	3,108	2,860	2,832	3,072	3,404	3,327
Growth (%)	69	98	4	18	12	7	11	10	16
Contribution (%)	16	17	17	18	15	15	15	16	15
Others	199	187	323	339	618	696	623	740	1,393
Growth (%)	-40	-28	25	28	211	272	93	118	125
Contribution (%)	1	1	2	2	3	4	3	3	6
<b>Total</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>21,273</b>	<b>22,494</b>
Growth (%)	81	56	29	28	17	22	19	21	21

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	42,472	49,354	49,819
% of total revenues	56	60	62	56	60	56	53
CV	26,900	17,884	14,702	24,597	29,407	33,514	31,764
% of total revenues	44	43	43	42	41	38	34
PV	7,248	7,310	6,657	8,546	13,065	15,841	18,055
% of total revenues	12	17	19	15	18	18	19
Non-Autos	26,565	16,811	13,001	25,573	28,764	38,305	43,544
% of total revenues	44	40	38	44	40	44	47
<b>Market mix (net sales incl Op Income)</b>							
India	27,942	19,137	16,873	25,737	31,122	40,581	45,342
% of total revenues	43	42	46	41	41	44	46
Growth (%)	19	-32	-12	53	21	30	12
Exports	37,258	26,502	19,642	36,699	44,605	51,657	52,916
% of total revenues	57	58	54	59	59	56	54
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>92,238</b>	<b>98,258</b>
Growth (%)	23	-30	-20	71	21	0	0
Subsidiary Revenues	36,257	34,919	26,848	42,175	53,375	58,326	66,404
Growth (%)	19	-4	-23	57	27	9	14
<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>1,50,564</b>	<b>1,64,662</b>
Growth (%)	21	-21	-21	65	23	17	9
S/A EBITDA margins (%)	28.8	22.8	20.1	26.7	25.5	26.9	26.7
Consol EBITDA margins (%)	20.3	14.1	13.6	18.9	13.8	18.6	20.3
<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>27.6</b>	<b>38.6</b>
Growth (%)	25.5	-60.3	-78.5	1,047.8	-46.4	137.5	39.9

Source: Company, MOFSL

**Valuation and view****Continued focus on de-risking the business and increasing value additions**

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 value additions by focusing on machined components, whose contribution grew ~50%, boosting realizations and margin. It is currently focused on adding 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 in FY25E, driving not just revenue growth, but also improving the profitability and capital efficiencies.

**Auto business: Demand outlook positive for India business**

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 a 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. While the demand outlook is healthy for FY24, the growth trajectory is projected to remain relatively modest, primarily due to disciplined investment approaches adopted by industry participants. BHFC sees tremendous opportunity in the 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 1.0-1.5 years. BHFC has a relatively smaller contribution coming from renewable energy and the 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 defense 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 Defense 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 the prospects for value creation, which we estimate at INR125-170/share from just two guns and TORK Motors.

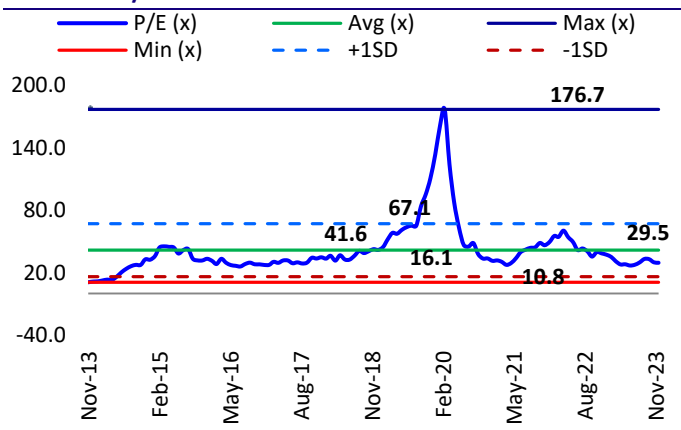
**Valuation and view**

We cut our EPS by 8%/ 3% for FY24E/25E to factor in the slower-than-expected ramp up in the US and EU facilities. We estimate a consolidated revenue/ EBITDA/PAT CAGR of 13%/37%/82% over FY23-25E. The stock trades at 39.0x/ 27.8x FY24E/FY25E consolidated EPS. **Reiterate BUY with a TP of INR1,250 (based on 27x Dec-25E consolidated EPS + INR133 for two gun platforms).**

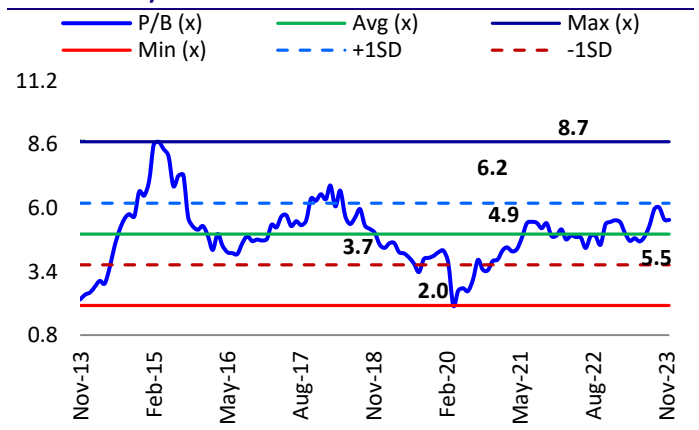
**Revised forecast (Consol)**

(INR M)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,50,564	1,50,108	0.3	1,64,662	1,64,176	0.3
EBITDA (%)	18.6	19.2	-70bp	20.3	20.7	-40bp
Net Profit	12,813	13,883	-7.7	17,949	18,473	-2.8
EPS (INR)	27.6	29.9	-7.7	38.6	39.8	-2.8

**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>1,50,564</b>	<b>1,64,662</b>
Change (%)	21.4	-20.6	-21.3	65.1	23.4	16.6	9.4
<b>EBITDA</b>	<b>20,556</b>	<b>11,389</b>	<b>8,634</b>	<b>19,810</b>	<b>17,774</b>	<b>27,992</b>	<b>33,469</b>
Margin (%)	20.3	14.1	13.6	18.9	13.8	18.6	20.3
Depreciation	5,208	5,477	6,122	7,303	7,356	8,423	8,714
<b>EBIT</b>	<b>15,348</b>	<b>5,912</b>	<b>2,512</b>	<b>12,507</b>	<b>10,418</b>	<b>19,569</b>	<b>24,755</b>
Int. and Finance Charges	1,272	1,713	1,077	1,604	2,986	3,732	3,469
Other Income - Rec.	2,028	1,637	1,673	2,308	1,630	2,031	2,640
<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>17,868</b>	<b>23,927</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>17,868</b>	<b>23,927</b>
Tax Rate (%)	35.2	22.3	2245.8	21.5	37.0	28.3	25.0
<b>Reported PAT</b>	<b>10,440</b>	<b>3,921</b>	<b>-970</b>	<b>11,101</b>	<b>5,418</b>	<b>12,813</b>	<b>17,949</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>12,813</b>	<b>17,949</b>
Change (%)	28.2	-56.7	-74.0	784.0	-45.0	124.5	40.1
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>12,860</b>	<b>17,996</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	76,074	91,159
<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>77,005</b>	<b>92,091</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>1,44,547</b>	<b>1,57,633</b>
Gross Block	54,985	63,299	76,756	81,926	1,02,188	1,13,200	1,18,700
Less: Accum. Deprn.	18,739	23,279	29,256	33,226	40,582	49,005	57,719
<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>64,195</b>	<b>60,980</b>
Capital WIP	8,307	11,427	9,001	11,248	7,012	3,500	3,500
<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>98,051</b>	<b>1,16,929</b>
Inventory	18,447	17,347	17,939	27,105	31,263	41,250	45,113
Account Receivables	21,478	14,938	14,096	21,623	30,875	30,938	33,835
Cash and Bank Balance	4,755	5,751	4,729	6,030	10,395	6,475	16,778
Loans and Advances	11,314	9,161	11,546	14,176	15,505	19,388	21,203
<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>48,890</b>	<b>53,468</b>
Creditors	13,664	10,309	12,068	16,314	21,513	20,625	22,556
Other Current Liabilities	6,200	10,000	14,093	11,396	21,923	25,567	27,961
Provisions	2,069	2,707	3,006	2,677	2,313	2,698	2,950
<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>49,161</b>	<b>63,461</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>1,44,547</b>	<b>1,57,633</b>

E: MOFSL Estimates



## 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>27.6</b>	<b>38.6</b>
Cash EPS	33.4	20.6	15.0	37.4	27.4	45.7	57.4
BV/Share	115.5	112.1	116.3	141.1	144.0	165.4	197.8
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	22.7	16.2
<b>Valuation (x)</b>							
P/E	48.5	122.3	569.5	49.6	92.5	39.0	27.8
Cash P/E	32.3	52.3	71.6	28.8	39.2	23.5	18.8
P/BV	9.3	9.6	9.3	7.6	7.5	6.5	5.4
EV/Sales	5.3	6.6	8.6	5.3	4.3	3.7	3.3
EV/EBITDA	26.0	46.9	62.8	27.8	31.5	20.0	16.4
Dividend Yield (%)	0.5	0.2	0.2	0.5	0.5	0.6	0.6
FCF per share	-4.7	12.0	2.3	-12.1	7.0	14.4	44.4
<b>Return Ratios (%)</b>							
RoE	20.6	7.7	1.7	16.9	8.2	17.9	21.3
RoCE (Post-tax)	13.2	6.4	3.2	10.5	5.9	11.1	13.7
RoIC	15.8	7.4	3.0	13.7	7.5	14.0	17.3
<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	0.4	0.2

### 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	19,569	24,755
Depreciation	5,208	5,477	6,122	7,303	7,356	8,423	8,714
Other income	52	3,208	4,101	-1,510	1,979	2,078	2,687
Direct Taxes Paid	-5,502	-2,331	-934	-3,525	-4,172	-5,055	-5,978
(Inc)/Dec in WC	-6,747	4,607	3,837	-12,269	-363	-10,793	-3,997
<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>14,222</b>	<b>26,182</b>
(inc)/dec in FA	-11,318	-9,618	-9,143	-10,683	-9,699	-7,500	-5,500
<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>6,722</b>	<b>20,682</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>-9,500</b>	<b>-7,500</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	-3,732	-3,469
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>-8,642</b>	<b>-8,379</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>-3,920</b>	<b>10,303</b>
Add: Beginning Balance	2,030	2,862	3,126	4,473	5,584	4,675	755
<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>755</b>	<b>11,058</b>

E: MOFSL Estimates

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.