

Bharat Forge

Estimate changes



TP change



Rating change



Bloomberg	BHFC IN
Equity Shares (m)	466
M.Cap.(INRb)/(USDb)	654.2 / 7.8
52-Week Range (INR)	1474 / 753
1, 6, 12 Rel. Per (%)	21/21/58
12M Avg Val (INR M)	1297

Consol. Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	156.8	175.8	195.5
EBITDA (%)	16.4	19.6	20.6
Adj. PAT	9.6	18.0	22.8
EPS (INR)	20.6	38.7	48.9
EPS Gr. (%)	72.3	88.1	26.3
BV/Sh. (INR)	154	181	217

Ratios

RoE (%)	13.8	23.1	24.6
RoCE (%)	8.7	12.6	14.2
Payout (%)	45.9	30.4	27.1

Valuations

P/E (x)	68.4	36.3	28.8
P/BV (x)	9.1	7.8	6.5
EV/EBITDA (x)	27.8	21.0	17.8
Div. Yield (%)	0.6	0.8	0.9
FCF Yield (%)	0.2	0.0	2.9

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	45.3	45.3	45.3
DII	28.3	27.9	27.9
FII	16.5	16.6	16.2
Others	10.0	10.2	10.7

FII Includes depository receipts

CMP: INR1,405 TP: INR1,370 (-3%) Downgrade to Neutral

Operating performance in line

Positives appear fully priced in

- Bharat Forge's (BHFC) 4QFY24 standalone performance was in line with our estimates. Management sounded quite positive about demand in FY25, led by the scaling up of defense orders, stable US Class 8 orders, and turnarounds in overseas subsidiaries.
- While the earnings outlook is positive, it seems fully priced in at valuations of 36x/29x FY25E/FY26E, after the recent sharp run up in the stock. **We hence downgrade the stock to Neutral with a TP of INR1,370 (based on 28x Mar'26E consolidated EPS).**

Losses in subsidiaries rise sequentially

- BHFC's 4QFY24 standalone revenue/EBITDA/adj. PAT grew 17%/25%/45% YoY to INR23.3b/INR6.5b/INR4.0b (vs. est. INR23.7b/INR6.8b/INR3.9b). FY24 revenue/EBITDA/adj. PAT grew 18%/28%/33.5% YoY.
- Tonnage grew 3% YoY to 66.6k tons (est. 69.5k tons). Net realizations improved 13% YoY to ~INR349.5k (est. INR340.9k), led by an improved mix.
- Overall revenue growth of 17% YoY was driven by execution on defense export orders and PV exports. Domestic/export revenue grew 38%/6% YoY. The auto segment grew 4.5% YoY, whereas non-autos grew 38% YoY.
- Gross margin improved 200bp YoY to 58.6% (vs. est. 58%).
- EBITDA margin improved 190bp YoY to 28.1% (est. 28.5%) due to an improved product mix.
- Further, lower interest costs coupled with FX gains led to an in-line adj. PAT of INR4b, reporting 45% YoY growth.
- The Board declared a final dividend of INR6.5/share (total INR9/share in FY24 vs. INR5.5/share in FY23).
- Foreign subsidiaries posted losses of INR1.3b in 4QFY24 (vs. INR1.1b loss in 3QFY24 and loss of INR1.3b in 4QFY23).
- Consolidated FCF stood at INR1.1b in FY24 (vs. INR3.25b in FY23) despite generating a better operating cash flow of INR16.8b (vs. INR13.4b in FY23). Capex for FY24 stood at INR15.5b (vs. INR9.7b in FY23).

Highlights from the management interaction

- **Demand outlook:** There is an encouraging traction visible from global OEMs for moving supplies to India from other geographies, including China and Europe. The impact of the Red Sea crisis has reduced, and there is a stronger outlook from the customers than anticipated earlier. There is a stable demand commentary by OEMs for North America Class 8 trucks, while domestic CV volume is likely to be flattish YoY for FY25.
- **Defense: 80% of the order book of INR51.92b comes from exports.** Execution is expected to happen over the next 3-4 years. This does not include the domestic ATAG opportunity, which is likely to be awarded post-elections.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- With an order book of INR51.9b to be executed over the next 3-4 years, BHFC's defense business is expected to be its key growth driver over FY24-26E. Further, strong traction in outsourcing opportunities from China and Europe to India, especially in the Industrials' segment, is likely to be the other key driver for BHFC going forward. It expects its aerospace business to double in the next 3-4 years. With the capacity ramp-up of overseas subsidiaries and new order wins with better pricing, its performance is likely to improve over FY24-26.
- On account of a better-than-expected scale up of defense orders, we raise our earnings estimates by 1-3% for FY25-26. We estimate a consolidated revenue/EBITDA/PAT CAGR of 12%/25%/54% over FY24-26. After the recent sharp run up, the stock at 36x/29x FY25E/FY26E consolidated EPS appears fairly valued. **We hence downgrade the stock to Neutral with a TP of INR1,370 (based on 28x Mar'26E consolidated EPS).**

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

	FY23				FY24				FY23	FY24	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Tonnage	57,915	61,149	62,755	64,648	67,780	70,316	67,477	66,619	2,46,467	2,72,631	69,483
Change (%)	8.2	7.1	17.6	12.3	17.0	15.0	7.5	3.0	11.3	10.6	7.5
Realization (INR '000/ton)	303.8	304.8	311.1	308.9	313.9	319.9	335.4	349.5	307.3	329.0	340.9
Change (%)	18.5	9.1	3.6	6.2	3.3	4.9	7.8	13.1	9.0	7.1	10.4
Net operating income	17,594	18,639	19,521	19,973	21,273	22,494	22,634	23,286	75,727	89,686	23,689
Change (%)	28.2	16.8	21.8	19.3	20.9	20.7	15.9	16.6	21.3	18.4	18.6
EBITDA	4,600	4,522	4,936	5,226	5,530	6,163	6,453	6,541	19,284	24,686	6,761
EBITDA Margins (%)	26.1	24.3	25.3	26.2	26.0	27.4	28.5	28.1	25.5	27.5	28.5
Non-Operating Income	259	477	377	391	472	424	346	382	1,505	1,623	360
Interest	263	357	849	658	705	726	809	634	2,127	2,874	857
Depreciation	1064	1066	1079	1051	1089	1128	1124	1079	4,260	4,420	1132
Fx loss/(gain)	250	-8	-415	347	43	95	-179	-51	173	-92	0
PBT after EO items	3,252	3,579	3,844	3,154	4,165	4,616	5,044	5,127	13,827	18,952	5,132
Eff. Tax Rate (%)	25.1	25.1	24.8	22.5	25.2	25.0	25.1	24.0	24.4	24.8	24.1
Rep. PAT	2,436	2,681	2,892	2,445	3,115	3,460	3,778	3,897	10,454	14,250	3,895
Change (%)	46.2	-14.0	-14.3	-6.7	27.9	29.0	30.6	59.4	-3.0	36.3	59.3
Adj. PAT	2,460	2,686	2,859	2,754	3,115	3,476	3,778	3,997	10,776	14,366	3,895
Change (%)	14.8	-11.5	8.6	4.4	26.7	29.4	32.1	45.1	3.1	33.3	41.4

E: MOFSL Estimates

Key Performance Indicators

	FY23				FY24				FY23	FY24	4QE
Segment Mix	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Auto	9,630	10,621	10,988	11,233	11,291	12,258	11,880	11,737	42,472	47,166	12,286
Growth (%)	20.4	27.8	41.4	23.9	17.2	15.4	8.1	4.5	28.1	11.1	9.4
Contribution (%)	58.3	60.8	59.4	60.1	56.0	57.4	55.6	53.2	59.7	55.5	54.8
Non-Auto	6,882	6,860	7,503	7,446	8,889	9,113	9,505	10,307	28,691	37,814	10,130
Growth (%)	41.8	2.8	2.6	10.6	29.2	32.8	26.7	38.4	12.2	31.8	34.7
Contribution (%)	41.7	39.2	40.6	39.9	44.0	42.6	44.4	46.8	40.3	44.5	45.2
Total Product sales	16,512	17,481	18,491	18,679	20,180	21,371	21,385	22,044	71,163	84,980	22,416
Tonnage	57,915	61,149	62,755	64,648	67,780	70,316	67,477	66,619	2,46,467	2,72,631	69,483
Change (%)	8.2	7.1	17.6	12.3	17.0	15.0	7.5	3.0	11.3	10.6	7.5
Realization (INR '000/ton)	304	305	311	309	314	320	335	350	307	329	341
Change (%)	18.5	9.1	3.6	6.2	3.3	4.9	7.8	13.1	9.0	7.1	10.4
Net operating revenues	17594	18639	19521	19973	21273	22494	22634	23286	75727	89686	23689
Change (%)	28.2	16.8	21.8	19.3	20.9	20.7	15.9	16.6	21.3	18.4	18.6
RM/Sales %	41.3	44.4	44.1	43.5	44.3	43.3	41.9	41.4	43.4	42.7	42.0
Staff Cost (% of sales)	7.7	7.2	7.0	6.8	7.0	6.7	6.7	6.5	7.2	6.7	6.6
Other Cost (% of sales)	24.8	24.1	23.7	23.6	22.7	22.6	22.9	24.0	24.0	23.1	22.8
Gross Margin (%)	58.7	55.6	55.9	56.5	55.7	56.7	58.1	58.6	56.6	57.3	58.0
EBITDA Margins (%)	26.1	24.3	25.3	26.2	26.0	27.4	28.5	28.1	25.5	27.5	28.5
EBIT Margins (%)	20.1	18.5	19.8	20.9	20.9	22.4	23.5	23.5	19.8	22.6	23.8

E:MOFSL Estimates

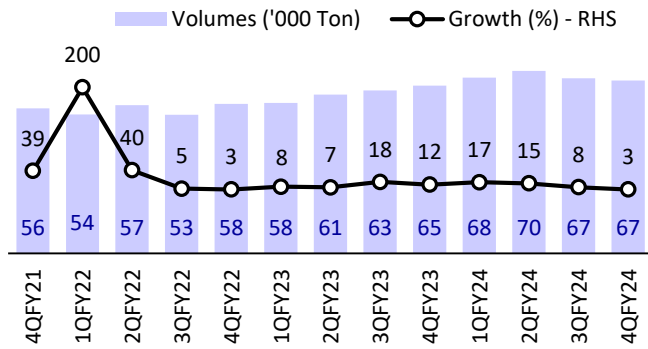
Highlights from the management interaction

- **Demand outlook-** There is an encouraging traction visible from global OEMs for moving supplies to India from other geographies, including China and Europe. The impact of the Red Sea crisis has reduced, and there is a stronger outlook from the customers than anticipated earlier. There is a stable demand commentary by OEMs for North America Class 8 trucks, while domestic CV volume is likely to be flattish YoY for FY25.
- **New orders-** During the year, the company secured new businesses worth almost INR63b across all key sectors, including defense, the traditional business, as well as the casting business. Order book for defense stood at INR51.92b.
- **Overseas subs- Top priority is achieving profitability and stable operations.** The European subsidiary will be positive for the whole year of FY25 and the US subsidiary will turn positive in the second half of this year.
 - In 4Q, European operations posted an EBITDA of INR330m, while the US operations posted an operating loss of about INR340m.
 - Operations in the European aluminum business have stabilized and now it is working on getting the price increase from the customers. The EU business will be profitable in FY25 at both EBITDA and PBT level.
 - The US operations continue to show incremental improvement. Certain one-offs impacted the overall performance in 4Q. Management expect US subsidiary to post positive EBITDA by 4QFY25
 - The phase 2 capex in the US is on track. The current utilization for aluminum business in the US is about 50% and the same for Europe, is about 75%.
- **Defense- 80% of the order book of INR51.92b comes from exports.** Execution is expected to happen over the next 3-4 years. This does not include the domestic ATAG opportunity, which is likely to be awarded post-elections.
 - FY24 revenue for the defense business stood at INR15.6b, with all the export order execution on schedule. 4QFY24 defense revenue was INR4.65b. The defense business will move to KSSL in FY25; the new facility is fully commissioned.
 - It is creating a capability to build initially over 100 guns per year and 50 vehicles a month, but it can be scaled up, at least on the gun side, to ~200-250 guns a year and close to 1,000 vehicles per year.
 - Capacity for defense is adequate for fabrication and assembly for the current order book. It will require more investments if more value addition is needed.
- **JS Auto -** Closed FY24 with revenue of INR5.67b and EBITDA margin in 4Q crossing 16.5%. This business will double over the next four years, and the company is working on a number of new initiatives around more value addition, operational efficiency and capacity expansion.
- **Contribution of oil and gas is ~ INR3b** in FY24 and is expected to go up a little bit this year, because it is developing new products.
- **Capex-** Indian operations incurred a capex of ~INR8b while overseas subsidiaries incurred a USD60m capex in FY24. INR5b capex for SA business and ~USD65m in overseas subs mainly towards the US aluminum Phase 2 and some maintenance capex in Europe. Overall, management expects consolidated capex to be lower at INR8-10b in FY25 vs. FY24 capex of INR15b.

Financials-

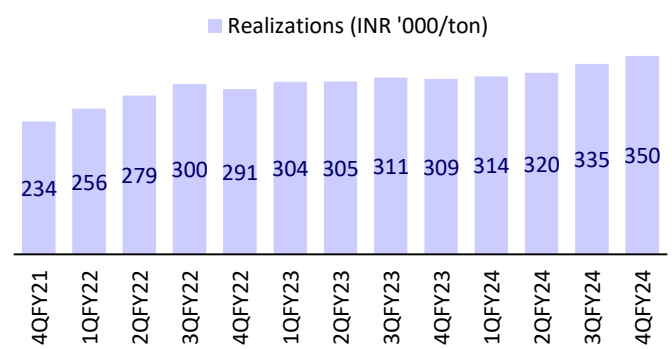
- The balance sheet continues to remain robust, with surplus funds net of long-term loans now about INR8b, and ROC net of cash was at 20%.
- Given the multiple growth engines, it is expected to see strong growth for FY25 and ROC to incrementally keep growing and reach the 25% mark in the next two years.

Exhibit 1: Volume trend



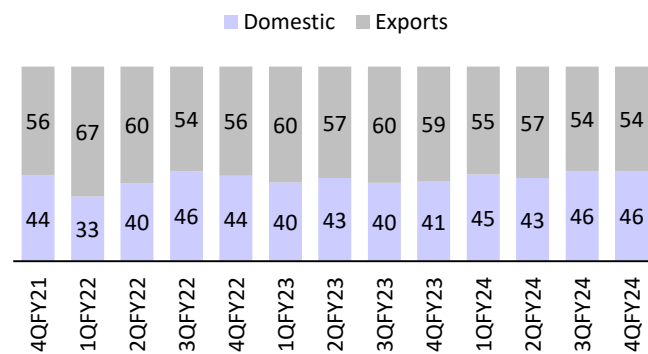
Source: Company, MOFSL

Exhibit 2: Trend in realizations



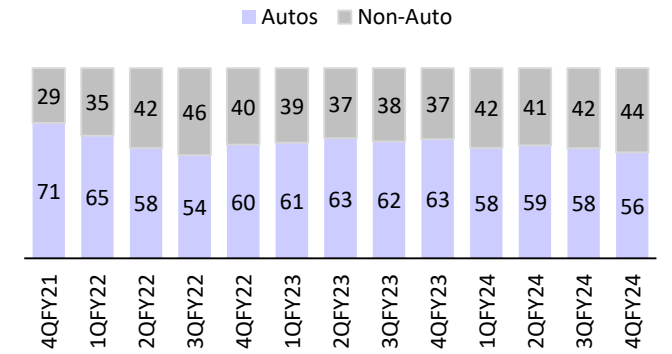
Source: Company, MOFSL

Exhibit 3: Market mix trend



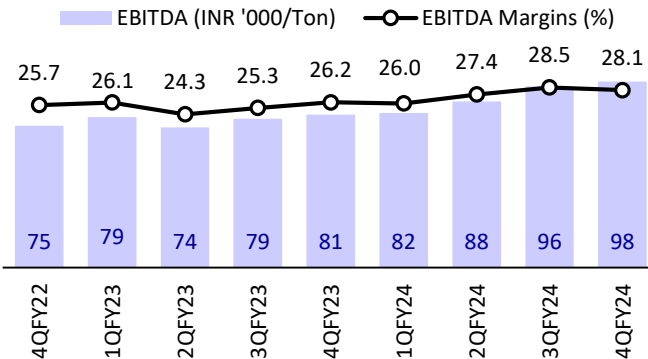
Source: Company, MOFSL

Exhibit 4: Trend in product mix



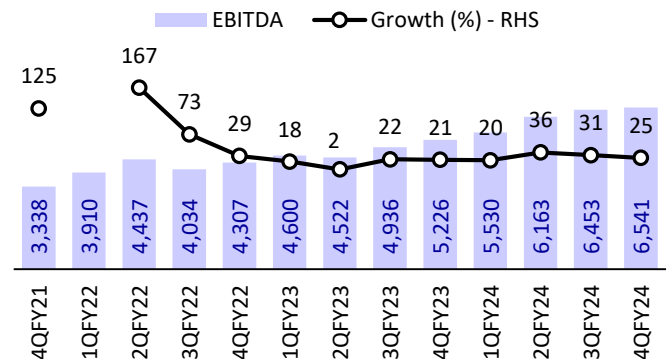
Source: Company, MOFSL

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	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
India	7,350	7,118	7,975	7,858	8,170	9,484	9,623	10,500	10,798
Growth (%)	30	56	24	6	11	33	21	34	32
Contribution (%)	44	40	43	40	41	45	43	46	46
US	6,290	7,029	7,186	8,135	8,108	7,645	8,151	8,076	7,883
Growth (%)	44	13	6	41	29	9	13	-1	-3
Contribution (%)	38	40	39	42	41	36	36	36	34
EU	2,778	3,108	2,860	2,832	3,072	3,404	3,327	2,820	3,734
Growth (%)	4	18	12	7	11	10	16	0	22
Contribution (%)	17	18	15	15	15	16	15	12	16
Others	323	339	618	696	623	740	1,393	1,238	871
Growth (%)	25	28	211	272	93	118	125	78	40
Contribution (%)	2	2	3	4	3	3	6	5	4
Total	16,741	17,594	18,639	19,521	19,973	21,273	22,494	22,634	23,286
Growth (%)	29	28	17	22	19	21	21	16	17

Source: Company, MOFSL

Exhibit 8: Segment-wise revenue breakup

INR M	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Autos	34,148	25,194	21,359	33,143	42,472	47,166	50,250	54,774
% of total revenues	56	60	62	56	60	56	51	50
CV	26,900	17,884	14,702	24,597	29,407	31,475	32,415	34,361
% of total revenues	44	43	43	42	41	37	33	32
PV	7,248	7,310	6,657	8,546	13,065	15,691	17,835	20,413
% of total revenues	12	17	19	15	18	18	18	19
Non-Autos	26,565	16,811	13,001	25,573	28,691	37,814	47,793	54,132
% of total revenues	44	40	38	44	40	44	49	50
Market mix (net sales incl Op Income)								
India	27,942	19,137	16,873	25,737	31,195	40,404	50,741	55,707
% of total revenues	43	42	46	41	41	45	49	49
Growth (%)	19	-32	-12	53	21	30	26	10
Exports	37,258	26,502	19,642	36,699	44,532	49,282	52,381	58,894
% of total revenues	57	58	54	59	59	55	51	51
Growth (%)	25	-29	-26	87	21	11	0	0
Total Net Op Revenues	65,200	45,639	36,515	62,436	75,727	89,686	1,03,123	1,14,601
Growth (%)	23	-30	-20	71	21	0	0	0
Subsidiary Revenues	36,257	34,919	26,848	42,175	53,375	67,134	72,638	80,945
Growth (%)	19	-4	-23	57	27	26	8	11
Net Consolidated Revenues	1,01,457	80,558	63,363	1,04,611	1,29,103	1,56,821	1,75,761	1,95,547
Growth (%)	21	-21	-21	65	23	21	12	11
S/A EBITDA margins (%)	28.8	22.8	20.1	26.7	25.5	27.5	27.5	27.5
Consol EBITDA margins (%)	20.3	14.1	13.6	18.9	13.8	16.4	19.6	20.6
Consol EPS (INR)	22.2	8.8	1.9	21.7	12.0	20.6	38.7	0.0
Growth (%)	25.5	-60.3	-78.5	1,047.8	-44.9	72.3	88.1	0.0

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 ~58% in FY24 from ~80% in FY07. It has increased value additions by focusing on machined components, whose contribution grew ~50%, boosting realizations and margin. After having invested for over 10 years, it is now seeing meaningful traction in the defense business. It is also ramping up the AI mix in its overseas subsidiaries. Further, it has set up a dedicated team to work on advanced EV components, which it targets to materially ramp-up in a couple of years. These diversification initiatives have helped reduce cyclicity in BHFC revenues over the last few years.

Auto business: PVs to drive growth, CVs likely to remain steady

In domestic CVs, management expects demand to remain flat YoY. Also, in US Class 8, industry expects demand to remain stable in CY24 (vs. earlier expectation of a decline). 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. BHFC continues to see strong traction in PV exports to its key customers. It is also tapping opportunities in PV light-weighting through aluminum forging subsidiaries, with a focus on hybrids and EVs.

Defense to be the key growth driver for BHFC over FY24-26E

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 the scope to drive the next phase of evolution for the company. BHFC has ramped up its defense business to INR15.6b in FY24. On the back of strong demand, its defense order book has sharply scaled up to INR51.9b to be executable over the next 3 to 4 years. This does not include the domestic ATAG order where BHFC has already qualified with another partner which is to the tune of INR45b. Thus, defense business is likely to be the key growth driver for BHFC in the coming years.

Ramp-up in Industrial and Aerospace to drive growth

BHFC sees a 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 from renewable energy and the industrial segment in India. JS Auto Cast has scaled up very well to INR5.7b in revenues for FY24, with margin at 16.5%. This business is expected to sustain its growth momentum in the coming years as well. Aerospace is on track to double over the next 3-4 years (from INR3b currently), driven by new order wins.

Improvement in overseas subsidiary performance has lagged expectations

In FY24, while its Europe subsidiary posted PBT loss of INR2b (from loss of INR2.2b in FY23), its US subsidiary loss has widened to INR2.4b (from loss of INR2.1b in FY23). Overseas subsidiaries continue to remain a drag on BHFC's standalone performance and have been the key concern for the company. The EV subsidiary, KPTL, is also now dragging down BHFC's performance with a loss of INR1.8b in FY24. This subsidiary is likely to take at least a couple of years to break-even, in our view.

Valuation and view

On account of a better-than-expected scale up of defense orders, we raise our earnings estimates by 1-3% for FY25-26. We estimate a consolidated revenue/EBITDA/PAT CAGR of 12%/25%/54% over FY24-26. After the recent sharp run up, the stock at 36x/29x FY25E/FY26E consolidated EPS appears fairly valued. **We hence downgrade the stock to Neutral with a TP of INR1,370 (based on 28x Mar'26E consolidated EPS).**

Our revised forecasts (Consol)

(INR M)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,75,761	1,76,100	-0.2	1,95,547	1,95,452	0.0
EBITDA (%)	19.6	19.8	-20bp	20.6	20.1	50bp
Net Profit	17,629	17,772	-0.8	22,368	22,051	1.4
EPS (INR)	38.7	38.3	1.2	48.9	47.5	3.1

Financials and valuations

Consolidated - Income Statement

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	1,01,457	80,558	63,363	1,04,611	1,29,103	1,56,821	1,75,761	1,95,547
Change (%)	21.4	-20.6	-21.3	65.1	23.4	21.5	12.1	11.3
EBITDA	20,556	11,389	8,634	19,810	17,774	25,661	34,406	40,241
Margin (%)	20.3	14.1	13.6	18.9	13.8	16.4	19.6	20.6
Depreciation	5,208	5,477	6,122	7,303	7,356	8,482	8,789	9,315
EBIT	15,348	5,912	2,512	12,507	10,418	17,179	25,617	30,926
Int. and Finance Charges	1,272	1,713	1,077	1,604	2,986	4,912	2,224	1,642
Other Income - Rec.	2,028	1,637	1,673	2,308	1,729	2,274	2,710	3,363
PBT bef. EO Exp.	16,104	5,835	3,107	13,211	9,160	14,541	26,102	32,648
EO Expense/(Income)	0	789	3,062	-924	458	123	0	0
PBT after EO Exp.	16,104	5,046	45	14,135	8,702	14,418	26,102	32,648
Tax Rate (%)	35.2	22.3	2245.8	21.5	36.6	36.7	32.5	31.5
Reported PAT	10,440	3,921	-970	11,101	5,517	9,130	17,629	22,368
PAT Adj for EO items	10,440	4,518	1,174	10,375	5,807	9,208	17,629	22,368
Change (%)	28.2	-56.7	-74.0	784.0	-44.0	58.6	91.5	26.9
Minority Interest & Profit/Loss of Asso	118	423	294	281	135	-463	-469	-476
Adj PAT	10,322	4,095	880	10,098	5,565	9,589	18,039	22,778

Consolidated - Balance Sheet

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	931	931	931	931	931	931	931	931
Total Reserves	52,829	51,266	53,220	64,775	66,124	70,771	83,455	1,00,180
Net Worth	53,761	52,197	54,151	65,707	67,055	71,702	84,386	1,01,111
Minority Interest	298	320	317	561	361	-49	-49	-49
Deferred Liabilities	2,062	507	1,445	1,718	658	39	39	39
Total Loans	37,728	38,784	45,798	56,545	68,523	75,221	73,221	71,221
Capital Employed	93,850	91,807	1,01,711	1,24,531	1,36,597	1,46,913	1,57,597	1,72,322
Gross Block	54,985	63,299	76,756	81,926	1,02,188	1,12,155	1,28,567	1,37,567
Less: Accum. Deprn.	18,739	23,279	29,256	33,226	40,582	49,064	57,853	67,168
Net Fixed Assets	36,246	40,020	47,500	48,700	61,606	63,091	70,714	70,399
Capital WIP	8,307	11,427	9,001	11,248	7,012	9,912	3,500	2,500
Total Investments	15,237	16,180	26,068	26,038	25,691	18,493	20,493	22,493
Curr. Assets, Loans&Adv.	55,993	47,197	48,309	68,933	88,038	1,00,344	1,11,966	1,31,531
Inventory	18,447	17,347	17,939	27,105	31,263	32,161	48,154	53,574
Account Receivables	21,478	14,938	14,096	21,623	30,875	31,672	36,115	40,181
Cash and Bank Balance	4,755	5,751	4,729	6,030	10,395	16,899	5,066	12,596
Loans and Advances	11,314	9,161	11,546	14,176	15,505	19,612	22,632	25,180
Curr. Liability & Prov.	21,933	23,017	29,167	30,387	45,749	44,927	49,076	54,601
Creditors	13,664	10,309	12,068	16,314	21,513	22,621	24,077	26,787
Other Current Liabilities	6,200	10,000	14,093	11,396	21,923	18,999	21,293	23,690
Provisions	2,069	2,707	3,006	2,677	2,313	3,307	3,706	4,124
Net Current Assets	34,060	24,181	19,142	38,546	42,288	55,417	62,890	76,930
Appl. of Funds	93,850	91,807	1,01,711	1,24,531	1,36,597	1,46,913	1,57,597	1,72,322

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	22.2	8.8	1.9	21.7	12.0	20.6	38.7	48.9
Cash EPS	33.4	20.6	15.0	37.4	27.7	38.8	57.6	68.9
BV/Share	115.5	112.1	116.3	141.1	144.0	154.0	181.2	217.1
DPS	5.5	2.0	2.0	5.5	5.5	9.0	11.5	13.0
Payout (%)	24.5	28.5	-96.0	23.2	46.4	45.9	30.4	27.1
Valuation (x)								
P/E	63.5	160.1	745.3	64.9	117.8	68.4	36.3	28.8
Cash P/E	42.2	68.5	93.6	37.7	50.7	36.3	24.4	20.4
P/BV	12.2	12.6	12.1	10.0	9.8	9.1	7.8	6.5
EV/Sales	6.8	8.5	11.0	6.8	5.5	4.6	4.1	3.7
EV/EBITDA	33.5	60.5	80.7	35.6	40.2	27.8	21.0	17.8
Dividend Yield (%)	0.4	0.1	0.1	0.4	0.4	0.6	0.8	0.9
FCF per share	-4.7	12.0	2.3	-12.1	7.0	2.4	-0.5	41.3
Return Ratios (%)								
RoE	20.6	7.7	1.7	16.9	8.4	13.8	23.1	24.6
RoCE (Post-tax)	13.2	6.4	3.2	10.5	6.0	8.7	12.6	14.2
RoIC	15.8	7.4	3.0	13.7	7.6	11.2	15.0	16.1
Working Capital Ratios								
Fixed Asset Turnover (x)	1.8	1.3	0.8	1.3	1.3	1.4	1.4	1.4
Inventory (Days)	66	79	103	95	88	75	100	100
Debtor (Days)	77	68	81	75	87	74	75	75
Creditor (Days)	49	47	70	57	61	53	50	50
Working Capital (Days)	105	84	83	113	90	90	120	120
Leverage Ratio (x)								
Net Debt/Equity	0.3	0.3	0.3	0.4	0.5	0.6	0.6	0.4

Consolidated - Cash Flow Statement

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Operating PBT	16,104	5,046	45	14,135	8,604	14,337	25,617	30,926
Depreciation	5,208	5,477	6,122	7,303	7,356	8,482	8,789	9,315
Other income	52	3,208	4,101	-1,510	1,979	3,370	3,120	3,773
Direct Taxes Paid	-5,502	-2,331	-934	-3,525	-4,172	-5,185	-8,473	-10,279
(Inc)/Dec in WC	-6,747	4,607	3,837	-12,269	-363	-4,236	-19,307	-6,510
CF from Operations	9,115	16,008	13,171	4,134	13,403	16,767	9,745	27,225
(inc)/dec in FA	-11,318	-9,618	-9,143	-10,683	-9,699	-15,544	-10,000	-8,000
Free Cash Flow	-2,203	5,601	1,058	-5,625	3,246	1,100	-255	19,225
(Pur)/Sale of Investments	-433	-1,705	-5,494	3,634	-6,546	8,993	-2,000	-2,000
CF from Investments	-11,751	-11,322	-14,636	-7,049	-16,244	-6,551	-12,000	-10,000
Inc/(Dec) in Debt	7,313	1,082	6,591	6,517	8,443	6,669	-2,000	-2,000
Interest Paid	-1,038	-1,380	-808	-1,444	-2,387	-4,896	-2,224	-1,642
Dividend Paid	-2,806	-3,335	0	-1,642	-3,253	-3,801	-5,355	-6,053
CF from Fin. Activity	3,468	-3,633	5,783	3,102	2,803	-2,027	-9,579	-9,695
Inc/Dec of Cash	832	263	1,347	1,111	-497	8,066	-11,834	7,530
Add: Beginning Balance	2,030	2,862	3,126	4,473	5,584	5,087	13,153	1,319
Closing Balance	2,862	3,126	4,473	5,584	5,087	13,153	1,319	8,849

E: MOFSL Estimates

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