

# Bharat Forge

Estimate changes

TP change

Rating change



Bloomberg	BHFC IN
Equity Shares (m)	478
M.Cap.(INRb)/(USDb)	532.3 / 6.2
52-Week Range (INR)	1826 / 919
1, 6, 12 Rel. Per (%)	7/-22/-30
12M Avg Val (INR M)	1896

## Consol. Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	151.2	158.2	180.1
EBITDA (%)	17.8	18.4	19.4
Adj. PAT	10.1	14.1	18.6
EPS (INR)	21.4	29.4	38.9
EPS Gr. (%)	8.5	37.4	32.4
BV/Sh. (INR)	194	215	244

## Ratios

Net D:E	0.6	0.5	0.3
RoE (%)	12.3	14.4	17.0
RoCE (%)	8.2	9.7	11.6
Payout (%)	31.3	27.3	25.8

## Valuations

P/E (x)	52.1	37.9	28.6
P/BV (x)	5.8	5.2	4.6
EV/EBITDA (x)	21.0	19.0	15.6
Div. Yield (%)	0.5	0.7	0.9

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	44.1	44.1	45.3
DII	30.4	28.5	28.3
FII	16.1	17.9	16.5
Others	9.5	9.6	10.0

FII Includes depository receipts

**CMP: INR1,113**

**TP: INR1,090 (-2%)**

**Neutral**

## Steady performance but weak outlook

### Demand outlook for most of the businesses remains weak

- In 4QFY25, BHFC (standalone) posted a 9% YoY decline in PAT to INR3.6b (in line). The key highlight of 4Q was that the US subsidiary achieved EBITDA break-even for the first time in many quarters. However, the demand outlook for most of its segments remains uncertain given the adverse global macro.
- We have marginally lowered our estimates to factor in demand weakness across its key auto segments. Given the current uncertain outlook for standalone and overseas subsidiaries, the stock at 37.9x/28.6x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,090 (based on 28x FY7E cons. EPS).

### 4Q performance in line with estimates

- In 4Q, standalone revenue declined 7% YoY to INR 21.6b (in line). While domestic business declined 14% YoY, exports were down 1% YoY.
- Domestic revenue fell 14% YoY, largely due to a 30% YoY drop in the non-auto segment, which was attributed to the conclusion of some export orders at KSSL.
- EBITDA margin declined 60bp QoQ to 28.5% (+40bp YoY), below our estimate of 29%.
- Adjusted PAT fell 9% YoY to INR 3.6b, largely in line with our estimate.
- At a consolidated level, margins declined 30bp YoY to 17.7% (+230bp YoY). Its overseas subsidiaries posted improved performance in 4Q. The key highlight was that the US subsidiary posted positive EBITDA margin (1.3%) for the first time in many quarters.
- For FY25, standalone business revenue declined 1% YoY to INR88.4b. While domestic revenues grew 2% YoY, exports declined 4% YoY. The key growth driver in FY25 was non-auto, wherein segments like defense, aerospace and oil and gas posted healthy growth.
- BHFC standalone margins improved 70bp YoY to 28.3%.
- Overall, BHFC standalone business posted 7% YoY decline in FY25.
- At a consolidated level, BHFC has posted 10% YoY growth in PAT to INR10.1b. Overseas subsidiaries and KPTL continued to be a drag on overseas performance.
- Consolidated long-term debt has come down to INR19.8b from INR24.6b YoY. As a result, net D/E decreased to 0.35x from 0.61x.

### Highlights from the management interaction

- Management has refrained from giving any growth guidance for its exports business (30% of consolidated revenues) given the volatility and lack of visibility caused by the tariff situation globally.
- In the domestic market, BHFC is likely to grow largely in line with the industry in both PVs and CVs.
- In domestic non-auto, the scale-up of the defense business and opportunities for component supply to small nuclear reactors would be key growth drivers. Management has guided for 15-20% YoY growth in defense business in FY26.
- In this situation, management has indicated that they would focus on improving its consolidated profitability by: 1) evaluating options for steel forging business in Europe, 2) improving operational performance in AI business leading to meaningful reduction in losses, 3) leveraging their manufacturing footprint in North America to garner new business, and 4) reducing losses in e-mobility vertical. Further, the integration of AAM India is expected to be completed in FY26 after which they will target to leverage that platform to grow their product portfolio.

### Valuation and view

- The majority of BHFC's core segments, auto (both domestic and exports) and select industrials businesses, are currently witnessing a demand slowdown. Further, the ongoing slowdown in the European PV segment has hurt the ramp-up of its overseas subsidiaries. Given this backdrop, its defense, JS Auto Cast, and aerospace segments are likely to be the growth pillars in the near term.
- We have marginally lowered our estimates to factor in demand weakness across its key auto segments. Given the current uncertain outlook for standalone and overseas subsidiaries, the stock at 37.9x/28.6x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,090 (based on 28x FY7E consolidated EPS).

### S/A Quarterly

	FY24				FY25				FY24	FY25E	(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			Variance	(%)
<b>Net operating income</b>	<b>21,273</b>	<b>22,494</b>	<b>22,634</b>	<b>23,286</b>	<b>23,381</b>	<b>22,467</b>	<b>20,960</b>	<b>21,630</b>	<b>89,686</b>	<b>88,437</b>	<b>21,374</b>	<b>1.2</b>
Change (%)	20.9	20.7	15.9	16.6	9.9	-0.1	-7.4	-7.1	18.4	-1.4	-8.2	
<b>EBITDA</b>	<b>5,534</b>	<b>6,111</b>	<b>6,453</b>	<b>6,541</b>	<b>6,515</b>	<b>6,255</b>	<b>6,099</b>	<b>6,167</b>	<b>24,777</b>	<b>25,034</b>	<b>6,219</b>	<b>-0.8</b>
EBITDA Margins (%)	26.0	27.2	28.5	28.1	27.9	27.8	29.1	28.5	27.6	28.3	29.1	
Non-Operating Income	472	424	346	382	446	348	314	481	1,623	1,589	353	
Interest	705	726	809	634	702	635	573	588	2,874	2,498	580	
Depreciation	1089	1128	1124	1079	1094	1083	1104	1122	4,420	4,404	1139	
EO Exp / (Inc)	47	63	-179	82	1,457	-135	9	203	154		0	
<b>PBT after EO items</b>	<b>4,165</b>	<b>4,616</b>	<b>5,044</b>	<b>5,127</b>	<b>3,708</b>	<b>5,019</b>	<b>4,727</b>	<b>4,735</b>	<b>18,952</b>	<b>19,721</b>	<b>4,853</b>	<b>-2.4</b>
Tax	1050	1156	1266	1231	1014	1407	1266	1278	4,703	4,965	1315	
Eff. Tax Rate (%)	25.2	25.0	25.1	24.0	27.3	28.0	26.8	27.0	24.8	25.2	27.1	
<b>Rep. PAT</b>	<b>3,115</b>	<b>3,460</b>	<b>3,778</b>	<b>3,897</b>	<b>2,694</b>	<b>3,612</b>	<b>3,461</b>	<b>3,456</b>	<b>14,250</b>	<b>14,756</b>	<b>3,538</b>	
Change (%)	42.4	28.7	21.6	85.7	-13.5	4.4	-8.4	-11.3	36.3	3.6	-9.2	
<b>Adj. PAT</b>	<b>3,150</b>	<b>3,508</b>	<b>3,644</b>	<b>3,958</b>	<b>3,787</b>	<b>3,510</b>	<b>3,468</b>	<b>3,608</b>	<b>14,250</b>	<b>13,223</b>	<b>3,538</b>	<b>2.0</b>
Change (%)	19.0	30.9	32.3	31.4	20.2	0.1	-4.8	-8.8	36.3	-7.2	-10.6	

E: MOFSL Estimates

## Key Performance Indicators

Segment Mix	FY24				FY25				FY24	FY25	Var (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Auto	11,163	12,253	11,880	11,737	11,375	11,087	10,673	11,418	47,033	44,553	11,178	2.1
Growth (%)	15.9	17.0	8.1	4.5	1.9	-9.5	-10.2	-2.7	11.1	-5.3	-4.8	
Contribution (%)	52.5	54.5	52.5	50.4	48.7	49.3	50.9	52.8	52.4	50.4	52.3	
<b>Non-Auto</b>	<b>10,110</b>	<b>10,241</b>	<b>10,754</b>	<b>11,549</b>	<b>12,006</b>	<b>11,380</b>	<b>10,287</b>	<b>10,212</b>	<b>42,654</b>	<b>43,885</b>	<b>10,196</b>	<b>0.2</b>
Growth (%)	26.9	25.4	26.0	32.1	18.8	11.1	-4.3	-11.6	27.7	2.9	-11.7	
Contribution (%)	47.5	45.5	47.5	49.6	51.3	50.7	49.1	47.2	47.6	49.6	47.7	
<b>Net operating revenues</b>	<b>21,273</b>	<b>22,494</b>	<b>22,634</b>	<b>23,286</b>	<b>23,381</b>	<b>22,467</b>	<b>20,960</b>	<b>21,630</b>	<b>89,686</b>	<b>88,437</b>	<b>21374</b>	<b>1.2</b>
Change (%)	20.9	20.7	15.9	16.6	9.9	-0.1	-7.4	-7.1	18.4	-1.4	-8.2	
RM/Sales %	44.3	43.3	41.9	41.4	41.8	40.8	40.1	39.6	42.7	40.6	40.5	-90bp
Staff Cost (% of sales)	7.0	6.7	6.7	6.5	7.0	7.2	7.6	7.1	6.7	7.2	7.4	-30bp
Other Cost (% of sales)	22.7	22.8	22.9	24.0	23.4	24.2	23.3	24.7	23.0	23.9	23.0	180bp
Gross Margin (%)	55.7	56.7	58.1	58.6	58.2	59.2	59.9	60.4	57.3	59.4	59.5	90bp
EBITDA Margins (%)	26.0	27.2	28.5	28.1	27.9	27.8	29.1	28.5	27.6	28.3	29.1	-60bp
EBIT Margins (%)	20.9	22.1	23.5	23.5	23.2	23.0	23.8	23.3	22.7	23.3	23.8	-40bp

E:MOFSL Estimates



## Highlights from the management interaction

### Result highlights

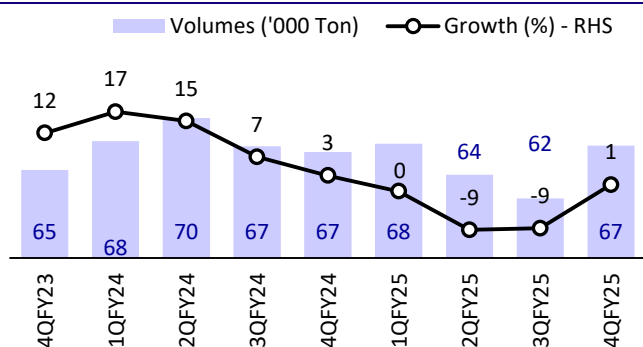
- CV exports declined 12% YoY to INR 4.6b, largely due to weakness in NA Class8 market even as CV exports to Europe saw some revival after the lows seen in 3Q.
- While PV exports were down 1.5% YoY, they have picked up well QoQ as demand conditions in Europe improved slightly and some pockets of strength emerged in Latin America.
- Non-auto exports grew 13% YoY, led by contributions from HHP Engines and Aerospace. The aerospace sector's contribution to industrial exports stands at 24% in 4Q and 14% in FY25.
- Domestic revenues declined 14% YoY, largely due to a 30% YoY decline in non-auto segment. This was driven largely by the conclusion of some export orders at KSSL.
- The overseas subsidiaries posted improved performance in 4Q. The key highlight was that the US subsidiary posted positive EBITDA margin (1.3%) for the first time in many quarters.
- BHFC has incurred a capex of about INR7.5b in FY25. Capex guidance for FY26 stands at INR5b, with very minimal capex required in the overseas subsidiaries.
- For FY25, the standalone business posted 1% YoY decline in revenues to INR88.4b. While domestic revenues grew 2% YoY, exports declined 4% YoY. The key growth driver in FY25 was non-auto, wherein segments like defense, aerospace and oil and gas posted healthy growth.

### Outlook

- With the potential deferment of emission norm changes in North America and continued weakness in EU, BHFC expects the CV business to witness a decline in FY26.
- In FY25, PV export business consolidated its gains after a stupendous performance in FY24. However, an unpredictable policy environment in the near future can lead to lower discretionary spends impacting overall volumes in North America.

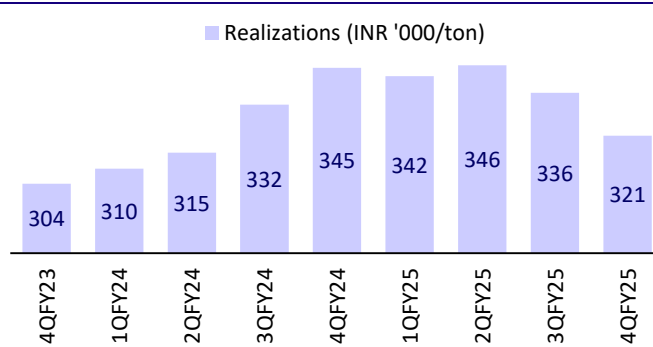
- The non-auto segment has seen 3% YoY growth in FY25, largely driven by recovery in oil and gas segment and strong momentum in aerospace. BHFC expects the momentum in Aerospace to continue over the next 2-3 years as its new ring mill and machining facilities for Aerospace comes online in 2027.
- However, management has refrained from giving any growth guidance for its export business (30% of consolidated revenues) given the volatility and lack of visibility caused by the tariff situation globally
- In the domestic market, BHFC is likely to grow largely in line with the industry in both PVs and CVs.
- In domestic non-auto, the scale-up of the defense business and opportunities for component supply to small nuclear reactors would be key growth drivers. Management has guided for 15-20% YoY growth in defense business in FY26.
- In this situation, management has indicated that they would focus on improving the consolidated profitability by: 1) evaluating options for steel forging business in Europe, 2) improving operational performance in AI business leading to meaningful reduction in losses, 3) leveraging their manufacturing footprint in North America to garner new business, and 4) reducing losses in e-mobility vertical. Further, the integration of AAM India is expected to be completed in FY26 after which they will target to leverage that platform to growth their product portfolio.

**Exhibit 1: Volume trend**



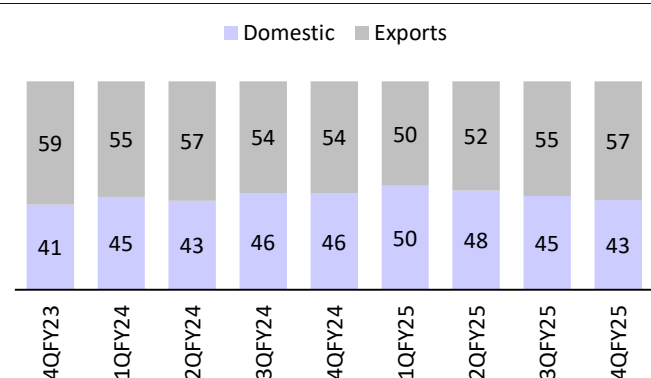
Source: Company, MOFSL

**Exhibit 2: Trend in realizations**



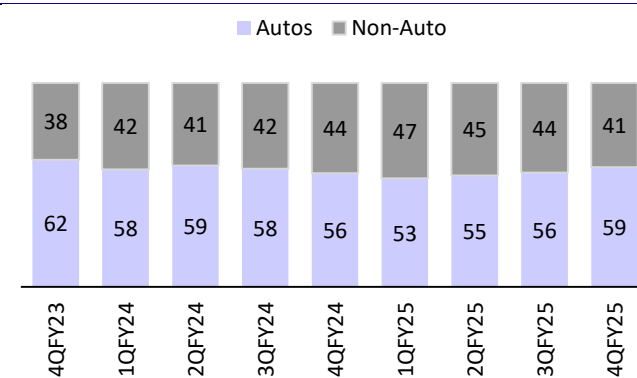
Source: Company, MOFSL

**Exhibit 3: Market mix trend**



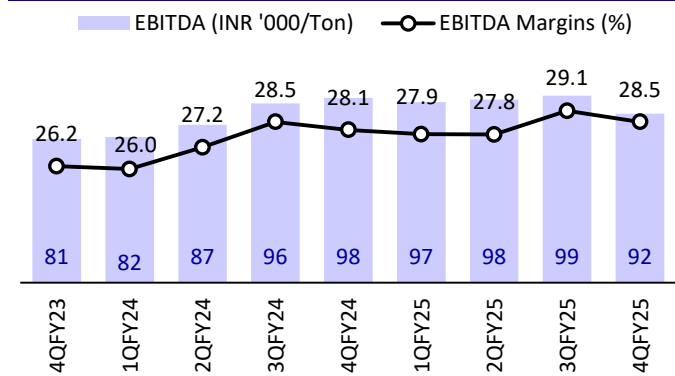
Source: Company, MOFSL

**Exhibit 4: Trend in product mix**



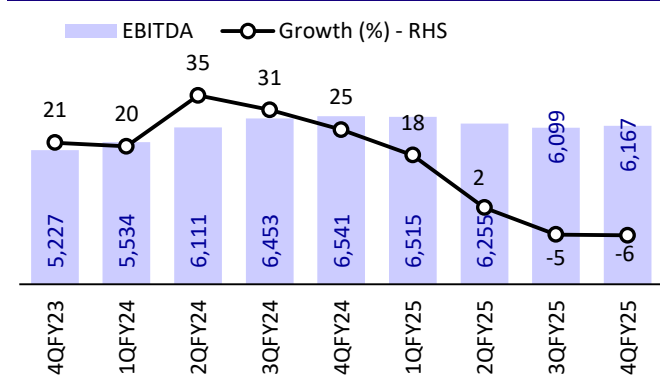
Source: Company, MOFSL

**Exhibit 5: Trend in EBITDA margin**



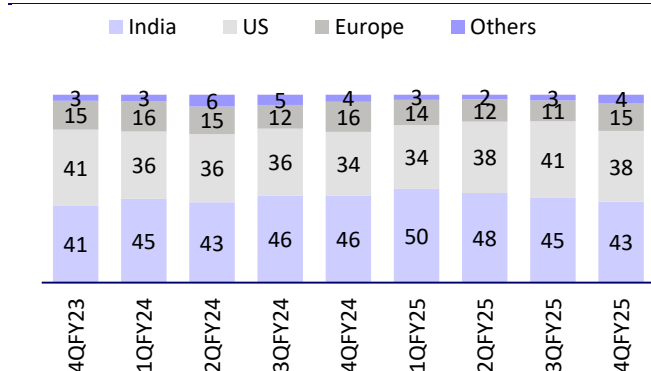
Source: Company, MOFSL

**Exhibit 6: EBITDA growth trend**



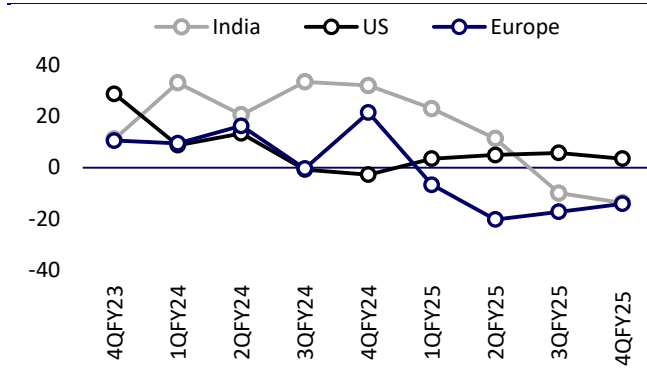
Source: Company, MOFSL

**Exhibit 7: Standalone revenue breakup %**



Source: Company, MOFSL

**Exhibit 8: Standalone revenue growth % across geography**



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 ~56% in FY25 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: Muted outlook across key segments

The domestic CV demand has seen weak demand trends in the last 12 months, with the MHCV goods segment posting 4% YoY decline in FY25. The outlook for the same remains modest with an expectation of low-single-digit growth for FY26E. Similarly, domestic PV industry expects a modest growth of about 2-4% for the industry in FY26E. Management has indicated that they expect the CV export business to post a decline in FY26E. While BHFC has a good order backlog, PV export is also likely to see subdued demand given the ongoing geopolitical challenges in the region. Overall, the outlook across its key auto segment remains modest for FY26.

### Defense to be the key growth driver for BHFC over FY25-27E

Over the last decade, 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 and further to INR17.7b in FY25, a growth of 14% YoY. On the back of strong demand, its defense order book has sharply scaled up to INR94.2b to be executable over the next 3 to 4 years, which includes the domestic ATAG order worth about INR34b, which is likely to commence from FY27 onward. Thus, defense business is likely to be the key growth driver for BHFC in the coming years.

### Ramp-up in Industrial and Aerospace to fuel 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 INR6.9b in revenue for FY25, with margin of about 14%. This business is expected to sustain its growth momentum in the coming years as well. Further, aerospace has posted strong growth and now contributes to 24% of non-auto exports in 4Q and to 14% in FY25. BHFC expects the momentum in Aerospace to continue over the next 2-3 years as its new ring mill and machining facilities for Aerospace come online in 2027.

### Improvement in subsidiary performance lags expectations

While the performance of BHFC's overseas subsidiaries has improved in the last couple of quarters, they continue to bleed, with the European subsidiary posting FY25 PBT loss of ~INR2.67b (from loss of INR2.1b in FY24) and its US subsidiary posting loss of INR1.9b (from loss of INR2.4b in FY24). Overseas subsidiaries 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 INR933m in FY25. This subsidiary is likely to take at least a couple of years to break even, in our view.

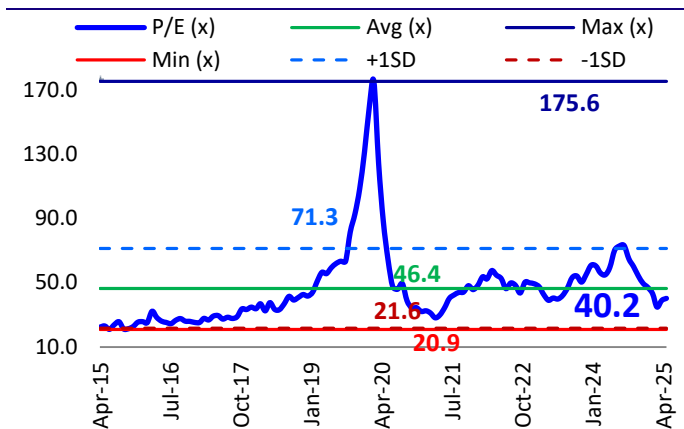
### Valuation and view

We have marginally lowered our estimates to factor in demand weakness across its key auto segments. Given the current uncertain outlook for standalone and overseas subsidiaries, the stock at 37.9x/28.6x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,090 (based on 28x FY7E consolidated EPS).

**Exhibit 9: Our revised estimates (Consolidated)**

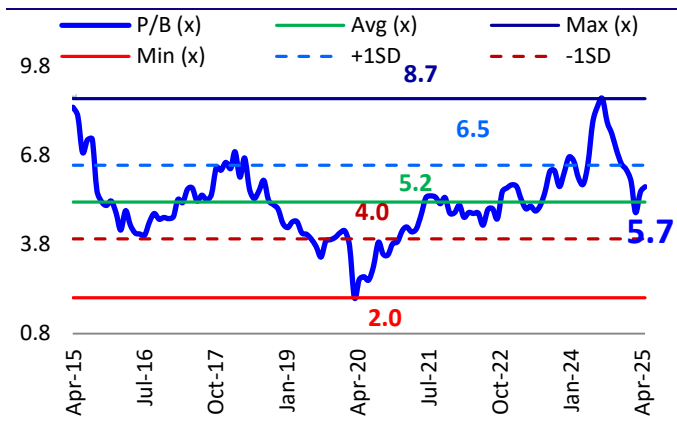
(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,58,189	1,55,516	1.7	1,80,070	1,81,920	-1.0
EBITDA (%)	18.4	19.0	-60bp	19.4	19.6	-20bp
Net Profit	14,063	14,321	-1.8	18,616	19,148	-2.8
EPS (INR)	29.4	30.0	-1.8	38.9	40.0	-2.8

**Exhibit 10: BHFC's PE trend**



Source: Company, MOFSL

**Exhibit 11: BHFC's PB trend**

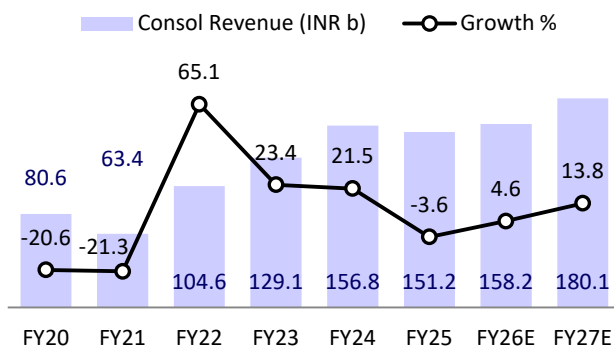


Source: Company, MOFSL



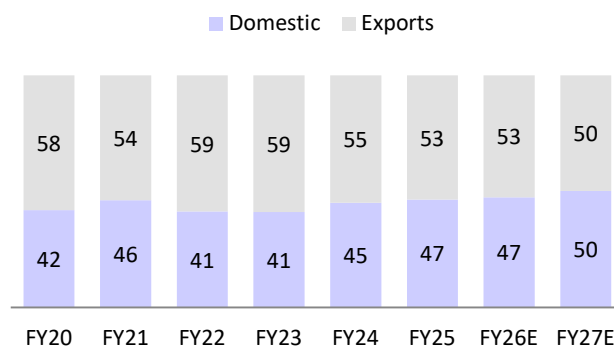
## Story in charts

**Exhibit 12: Consol revenue mix trend**



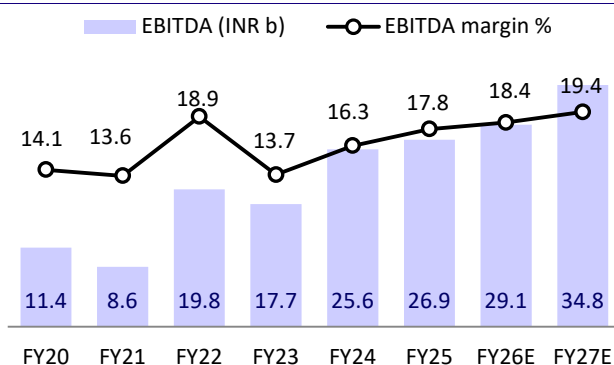
Source: Company, MOFSL

**Exhibit 13: Trend in geography mix %**



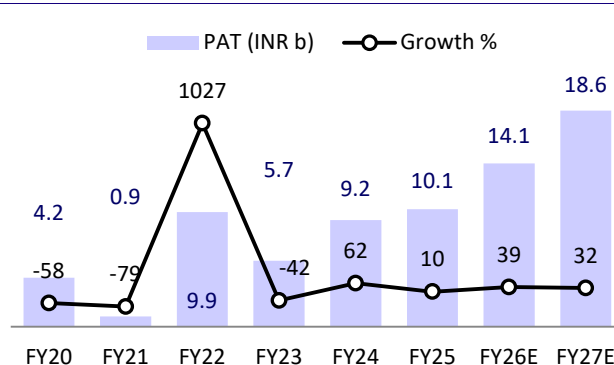
Source: Company, MOFSL

**Exhibit 14: Trend in EBITDA and EBITDA margin**



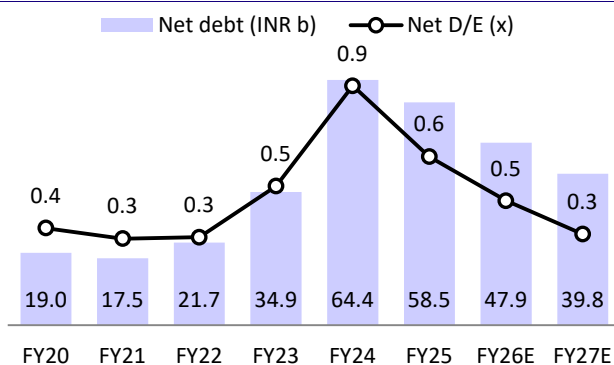
Source: Company, MOFSL

**Exhibit 15: PAT and growth over the years**



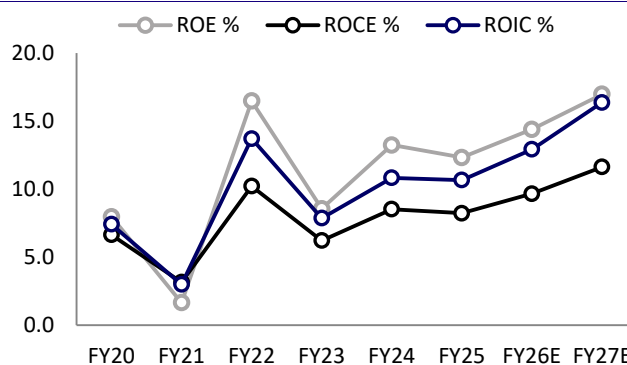
Source: Company, MOFSL

**Exhibit 16: Net debt and Net Debt to Equity trend**



Source: Company, MOFSL

**Exhibit 17: Return ratio trend over the years**



Source: Company, MOFSL



## Financials and valuations

### Consolidated - Income Statement

(InR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>80,558</b>	<b>63,362</b>	<b>1,04,611</b>	<b>1,29,103</b>	<b>1,56,821</b>	<b>1,51,228</b>	<b>1,58,189</b>	<b>1,80,070</b>
Change (%)	-20.6	-21.3	65.1	23.4	21.5	-3.6	4.6	13.8
<b>EBITDA</b>	<b>11,389</b>	<b>8,617</b>	<b>19,803</b>	<b>17,676</b>	<b>25,579</b>	<b>26,939</b>	<b>29,107</b>	<b>34,843</b>
Margin (%)	14.1	13.6	18.9	13.7	16.3	17.8	18.4	19.4
Depreciation	5,477	6,122	7,303	7,356	8,482	8,736	9,348	9,815
<b>EBIT</b>	<b>5,912</b>	<b>2,495</b>	<b>12,500</b>	<b>10,320</b>	<b>17,097</b>	<b>18,203</b>	<b>19,759</b>	<b>25,028</b>
Int. and Finance Charges	1,713	1,077	1,604	2,986	4,912	4,175	2,313	1,341
Other Income - Rec.	1,879	1,689	1,959	1,729	2,274	2,138	2,565	2,822
<b>PBT bef. EO Exp.</b>	<b>6,077</b>	<b>3,107</b>	<b>12,855</b>	<b>9,062</b>	<b>14,460</b>	<b>16,166</b>	<b>20,011</b>	<b>26,509</b>
EO Expense/(Income)	1,031	3,062	-1,280	-458	123	1,571	0	0
<b>PBT after EO Exp.</b>	<b>5,046</b>	<b>45</b>	<b>14,135</b>	<b>9,520</b>	<b>14,337</b>	<b>14,595</b>	<b>20,011</b>	<b>26,509</b>
Current Tax	1,125	1,015	3,035	3,186	5,288	5,426	6,003	7,953
Tax Rate (%)	22.3	2276.6	21.5	33.5	36.9	37.2	30.0	30.0
<b>Reported PAT</b>	<b>3,921</b>	<b>-971</b>	<b>11,101</b>	<b>6,334</b>	<b>9,049</b>	<b>9,170</b>	<b>14,008</b>	<b>18,556</b>
MI & Profit/Loss of Asso	420	297	330	334	-53	37	-55	-60
<b>Adj PAT</b>	<b>4,223</b>	<b>876</b>	<b>9,875</b>	<b>5,680</b>	<b>9,188</b>	<b>10,120</b>	<b>14,063</b>	<b>18,616</b>

### Consolidated - Balance Sheet

(InR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	931	931	931	931	931	956	956	956
Total Reserves	51,266	53,219	64,775	66,124	70,771	91,577	1,01,815	1,15,650
<b>Net Worth</b>	<b>52,197</b>	<b>54,150</b>	<b>65,707</b>	<b>67,055</b>	<b>71,702</b>	<b>92,533</b>	<b>1,02,771</b>	<b>1,16,606</b>
Minority Interest	320	317	561	361	-49	-328	-328	-328
Deferred Liabilities	507	1,445	1,718	658	39	-703	-703	-703
Total Loans	38,784	45,798	56,545	68,523	75,221	66,983	60,983	54,983
<b>Capital Employed</b>	<b>91,807</b>	<b>1,01,710</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,46,913</b>	<b>1,58,485</b>	<b>1,62,723</b>	<b>1,70,558</b>
Gross Block	95,553	1,09,197	81,087	98,375	1,07,096	1,20,247	1,26,247	1,33,247
Less: Accum. Deprn.	55,902	62,024	32,896	39,723	46,965	55,701	65,049	74,864
<b>Net Fixed Assets</b>	<b>40,020</b>	<b>47,497</b>	<b>48,697</b>	<b>61,606</b>	<b>63,091</b>	<b>67,174</b>	<b>63,827</b>	<b>61,011</b>
Capital WIP	11,427	9,001	11,248	7,012	9,912	17,317	17,317	17,317
<b>Total Investments</b>	<b>16,180</b>	<b>26,070</b>	<b>26,040</b>	<b>25,691</b>	<b>18,493</b>	<b>26,425</b>	<b>29,425</b>	<b>32,425</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>47,197</b>	<b>48,309</b>	<b>68,934</b>	<b>88,038</b>	<b>1,00,344</b>	<b>88,065</b>	<b>94,582</b>	<b>1,06,519</b>
Inventory	17,347	17,939	27,105	31,263	32,161	35,784	33,805	38,481
Account Receivables	14,938	14,096	21,736	30,988	31,672	29,132	32,505	37,001
Cash and Bank Balance	5,751	4,729	6,030	10,395	16,899	6,210	10,487	12,363
Loans and Advances	9,161	11,545	14,063	15,392	19,612	16,939	17,786	18,675
<b>Curr. Liability &amp; Prov.</b>	<b>23,017</b>	<b>29,167</b>	<b>30,387</b>	<b>45,749</b>	<b>44,927</b>	<b>40,497</b>	<b>42,428</b>	<b>46,715</b>
Creditors	10,309	12,068	16,314	21,513	22,621	23,442	24,521	27,913
Other Current Liabilities	10,000	14,093	11,396	21,923	18,999	12,916	13,562	14,240
Provisions	2,707	3,006	2,677	2,313	3,307	4,138	4,345	4,562
<b>Net Current Assets</b>	<b>24,181</b>	<b>19,142</b>	<b>38,546</b>	<b>42,288</b>	<b>55,417</b>	<b>47,568</b>	<b>52,154</b>	<b>59,804</b>
<b>Appl. of Funds</b>	<b>91,807</b>	<b>1,01,710</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,46,913</b>	<b>1,58,485</b>	<b>1,62,723</b>	<b>1,70,558</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>9.1</b>	<b>1.9</b>	<b>21.2</b>	<b>12.2</b>	<b>19.7</b>	<b>21.4</b>	<b>29.4</b>	<b>38.9</b>
Cash EPS	20.8	15.0	36.9	28.0	37.9	39.4	49.0	59.5
BV/Share	112.1	116.3	141.1	144.0	154.0	193.5	214.9	243.9
DPS	3.5	2.0	5.5	5.5	9.0	6.0	8.0	10.0
Payout (%)	50.1	-96.0	23.1	40.4	46.3	31.3	27.3	25.8
<b>Valuation (x)</b>								
P/E	120.6	581.3	51.6	89.7	55.4	52.1	37.9	28.6
Cash P/E	52.5	72.8	29.7	39.1	28.8	28.2	22.8	18.7
P/BV	9.8	9.4	7.8	7.6	7.1	5.8	5.2	4.6
EV/Sales	6.9	8.3	5.1	4.2	3.5	3.7	3.5	3.0
EV/EBITDA	46.2	60.9	27.0	30.7	21.5	21.0	19.0	15.6
Dividend Yield (%)	0.3	0.2	0.5	0.5	0.8	0.5	0.7	0.9
<b>Return Ratios (%)</b>								
RoE	8.0	1.6	16.5	8.6	13.2	12.3	14.4	17.0
RoCE (Post-tax)	6.6	3.2	10.2	6.2	8.7	8.2	9.7	11.6
RoIC	7.4	3.0	13.7	7.9	11.1	10.7	12.9	16.4
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.8	0.6	1.3	1.3	1.5	1.3	1.3	1.4
Inventory (Days)	79	103	95	88	75	86	78	78
Debtor (Days)	68	81	76	88	74	70	75	75
Creditor (Days)	47	70	57	61	53	57	57	57
Working Capital (Days)	84	83	113	90	90	100	96	96
<b>Leverage Ratio (x)</b>								
Net Debt/Equity	0.4	0.3	0.3	0.5	0.5	0.6	0.5	0.3

### Consolidated - Cash Flow Statement

(INR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Operating PBT	5,912	2,495	12,500	10,320	14,337	14,595	19,759	25,028
Depreciation	5,477	6,122	7,303	7,356	8,482	8,736	9,348	9,815
Other income	1,900	1,686	2,203	1,529	3,246	4,139	2,620	2,882
Direct Taxes Paid	-2,681	-77	-2,762	-4,246	-5,185	-6,050	-6,003	-7,953
(Inc)/Dec in WC	10,876	4,016	-18,103	623	-4,236	-3,457	-309	-5,774
<b>CF from Operations</b>	<b>21,485</b>	<b>14,243</b>	<b>1,142</b>	<b>15,581</b>	<b>16,644</b>	<b>17,963</b>	<b>25,415</b>	<b>23,999</b>
EO Expense	-1,031	-3,062	1,280	458	0	0	0	0
<b>CF from Operating incl EO</b>	<b>20,454</b>	<b>11,180</b>	<b>2,422</b>	<b>16,039</b>	<b>16,644</b>	<b>17,963</b>	<b>25,415</b>	<b>23,999</b>
(inc)/dec in FA	-12,371	-11,173	-10,750	-16,029	-15,003	-14,439	-6,000	-7,000
<b>Free Cash Flow</b>	<b>8,083</b>	<b>8</b>	<b>-8,328</b>	<b>10</b>	<b>1,641</b>	<b>3,524</b>	<b>19,415</b>	<b>16,999</b>
(Pur)/Sale of Investments	-944	-9,890	30	349	8,336	-5,204	-3,000	-3,000
<b>CF from Investments</b>	<b>-13,315</b>	<b>-21,063</b>	<b>-10,720</b>	<b>-15,680</b>	<b>-6,667</b>	<b>-19,643</b>	<b>-9,000</b>	<b>-10,000</b>
Issue of Shares	-3,519	3,855	3,017	-2,425	0	16,500	0	0
Inc/(Dec) in Debt	1,055	7,014	10,748	11,978	7,183	-12,428	-6,000	-6,000
Interest Paid	-1,713	-1,077	-1,604	-2,986	-4,896	-4,729	-2,313	-1,341
Dividend Paid	-1,965	-931	-2,561	-2,561	-9,506	-4,605	-3,825	-4,781
<b>CF from Fin. Activity</b>	<b>-6,143</b>	<b>8,860</b>	<b>9,599</b>	<b>4,006</b>	<b>-7,219</b>	<b>-5,263</b>	<b>-12,138</b>	<b>-12,123</b>
<b>Inc/Dec of Cash</b>	<b>996</b>	<b>-1,023</b>	<b>1,301</b>	<b>4,365</b>	<b>2,758</b>	<b>-6,943</b>	<b>4,277</b>	<b>1,876</b>
Add: Beginning Balance	4,755	5,751	4,729	6,030	10,395	13,153	6,210	10,487
<b>Closing Balance</b>	<b>5,751</b>	<b>4,728</b>	<b>6,030</b>	<b>10,395</b>	<b>13,153</b>	<b>6,210</b>	<b>10,487</b>	<b>12,363</b>

E: MOFSL Estimates

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Explanation of Investment Rating	
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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

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Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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 dp@grievances@motilaloswal.com.