

Healthy profitability; a generally positive outlook all around

Auto & Auto Ancillaries ▶ Result Update ▶ August 9, 2024

TARGET PRICE (Rs): 1,850

BHFC logged healthy operating profit in Q1 (4% beat on EBITDA despite a ~4% miss on revenue), amid improvement in profitability at subsidiaries. BHFC expects a stable-to-positive business outlook, with profitability at overseas subsidiaries seen improving this year and the next. Order win momentum sustained (Q1: Rs9.8bn), particularly in Defence, with orderbook at Rs54bn now vs Rs52bn in Q4, even as domestic artillery gun orders are yet to follow. Outlook for base businesses is also improving; we expect domestic CVs to enter an upcycle from FY26E, while pre-buy from CY25 may aid the US Class 8 market. We upgrade FY26E EPS a tad on better margins and introduce FY27 estimates, retaining our BUY and raising TP to Rs1,850/sh (21x EV/EBITDA rolled-over to Jun-26E; features 25x EV/EBITDA for Defence and 20x EV/EBITDA for Others).

Bharat Forge: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	129,103	156,821	176,678	206,939	238,512
EBITDA	17,675	25,579	32,862	39,525	46,271
Adj. PAT	5,742	9,635	12,825	16,230	19,599
Adj. EPS (Rs)	12.3	20.7	27.5	34.9	42.1
EBITDA margin (%)	13.7	16.3	18.6	19.1	19.4
EBITDA growth (%)	(10.8)	44.7	28.5	20.3	17.1
Adj. EPS growth (%)	(51.2)	80.0	34.8	26.5	20.8
RoE (%)	8.6	13.9	17.0	19.2	20.6
RoIC (%)	7.6	11.1	13.9	16.4	18.8
P/E (x)	130.2	77.6	58.3	46.1	38.1
EV/EBITDA (x)	45.0	31.1	24.2	20.1	17.0
P/B (x)	11.1	10.4	9.4	8.4	7.4
FCFF yield (%)	0.6	2.0	1.8	1.7	2.8

Source: Company, Emkay Research

Healthy profitability performance

Consolidated revenue rose 6% YoY to Rs41bn (below estimates); among segments, India Industrials business (led by Defence) and the India PV business led the growth (+45% YoY/+31% YoY, resp.), while the domestic CV business saw a 9% fall. Exports revenues overall were flattish YoY. Consolidated EBITDA rose 25% YoY to 7.4bn, standing ~4% above Consensus estimate. EBITDA margin improved by 260bps QoQ to 18%; the margin improvement QoQ was due to gross margin expansion. Margins of subsidiaries rose to 5.1% vs. 2.7% in Q1FY24/-0.9% in Q4FY24. Adjusted PAT rose 59% YoY to Rs3.5bn.

Earnings call KTAs

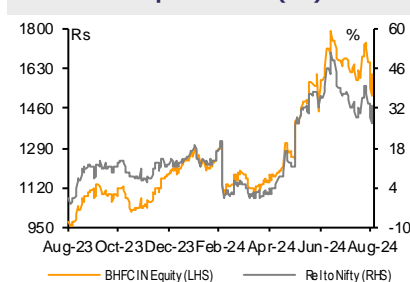
1) Expects a stable-to-positive FY25; Industrials space is seeing good traction, while Defence is continuing to ramp up well; the management sees the company entering a new growth trajectory hereon. 2) The company won new orders worth Rs9.8bn in Q1 of which Rs7.8bn pertained to Defence; the executable Defence order book now stands at Rs54bn vs Rs52bn in Q4; BHFC is confident of clocking 50% growth in the Defence business this year while maintaining profitability. 3) Current orders in Defence largely pertain to exports; order for domestic artillery guns (no. of ATAGs; ~300, with potential orders worth ~Rs45bn) may materialize soon; India has requirement of 4K such guns and BHFC has strong capabilities to cater to these programs. 4) BHFC has gained market share in domestic CVs; it expects to perform better than the industry (expects -5% to +5% industry performance) on growth in content per vehicle. 5) North American Class 8 truck market production levels are steady; outlook for next year is stable; BHFC has a sufficient pipeline for this as well as the next year. 6) Expects double-digit growth in Aerospace this year and the next; Oil & Gas exports have recovered from a low base and are moving toward the positive territory. 7) The Board has approved capital raise of Rs20bn; BHFC expects to utilize proceeds for organic as well as inorganic growth in India. 8) JSA Autocast is seen crossing the Rs10bn revenue mark soon, along with strong margin improvement. 9) Expects overseas subsidiaries to clock strong improvement in profitability this year (esp. Europe), with the next year expected to be even better.

Target Price – 12M	Jun-25
Change in TP (%)	12.1
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	15.2
CMP (08-Aug-24) (Rs)	1,605.5

Stock Data	Ticker
52-week High (Rs)	1,826
52-week Low (Rs)	887
Shares outstanding (mn)	465.6
Market-cap (Rs bn)	747
Market-cap (USD mn)	8,902
Net-debt, FY25E (Rs mn)	48,335
ADTV-3M (mn shares)	2
ADTV-3M (Rs mn)	2,815.2
ADTV-3M (USD mn)	33.5
Free float (%)	54.7
Nifty-50	24,117
INR/USD	84.0
Shareholding, Jun-24	
Promoters (%)	45.3
FPIs/MFs (%)	17.0/28.1

Price Performance

(%)	1M	3M	12M
Absolute	(4.1)	14.3	77.3
Rel. to Nifty	(3.3)	5.7	43.8

1-Year share price trend (Rs)**Jaimin Desai**

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Exhibit 1: Q1FY25 Result snapshot – Standalone revenues up 10% YoY, with margins up by 207bps YoY (down by 40bps QoQ)

Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Standalone Revenue	19,973	21,273	22,494	22,634	23,286	23,381	9.9	0.4
Expenditure	14,747	15,786	16,426	16,002	16,694	16,866	6.8	1.0
<i>as % of sales</i>	73.8	74.2	73.0	70.7	71.7	72.1		
Consumption of RM	8,678	9,420	9,744	9,491	9,647	9,777	3.8	1.4
<i>as % of sales</i>	43.5	44.3	43.3	41.9	41.4	41.8		
Employee Cost	1,357	1,494	1,506	1,510	1,504	1,626	8.9	8.1
<i>as % of sales</i>	6.8	7.0	6.7	6.7	6.5	7.0		
Other expenditure	4,711	4,873	5,175	5,002	5,543	5,463	12.1	(1.4)
<i>as % of sales</i>	23.6	22.9	23.0	22.1	23.8	23.4		
EBITDA	5,226	5,487	6,068	6,632	6,592	6,515	18.7	(1.2)
EBITDA margin (%)	26.2	25.8	27.0	29.3	28.3	27.9		
Depreciation	1,051	1,089	1,128	1,124	1,079	1,094	0.5	1.4
EBIT	4,176	4,398	4,940	5,507	5,512	5,420	23.2	(1.7)
Other Income	391	472	424	346	382	446	(5.6)	16.8
Interest	658	705	726	809	634	702	(0.5)	10.7
PBT	3,909	4,165	4,637	5,044	5,261	5,164	24.0	(1.8)
Total Tax	708	1,050	1,156	1,266	1,231	1,014	(3.5)	(17.6)
Adjusted PAT	3,201	3,115	3,481	3,778	4,030	4,151	33.3	3.0
Extra ordinary items Loss/(Gain)	755	0	21	0	133	1,457		
Reported PAT	2,445	3,115	3,460	3,778	3,897	2,694	(13.5)	(30.9)
Adjusted EPS (Rs)	6.9	6.7	7.5	8.1	8.7	8.9	33.3	3.0
(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (bps)	QoQ (bps)
EBITDAM	26.2	25.8	27.0	29.3	28.3	27.9	207	(44)
EBITM	20.9	20.7	22.0	24.3	23.7	23.2	251	(49)
EBTM	19.6	19.6	20.6	22.3	22.6	22.1	251	(50)
PATM	16.0	14.6	15.5	16.7	17.3	17.8	311	45
Effective Tax rate	18.1	25.2	24.9	25.1	23.4	19.6	(558)	(377)

Source: Company, Emkay Research

Exhibit 2: Q1FY25 Consol. Snapshot – Revenues up ~6% YoY; margins up by 260bps QoQ to 18%

Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Consolidated Revenue	36,291	38,773	37,742	38,664	41,642	41,061	5.9	(1.4)
Expenditure	31,508	32,819	31,528	31,686	35,209	33,652	2.5	(4.4)
<i>as % of sales</i>	86.8	84.6	83.5	82.0	84.6	82.0		
Consumption of RM	17,512	18,780	17,642	17,803	19,566	18,369	(2.2)	(6.1)
<i>as % of sales</i>	48.3	48.4	46.7	46.0	47.0	44.7		
Employee Cost	4,201	4,726	4,627	4,498	4,749	4,987	5.5	5.0
<i>as % of sales</i>	11.6	12.2	12.3	11.6	11.4	12.1		
Other expenditure	9,794	9,313	9,258	9,384	10,894	10,296	10.6	(5.5)
<i>as % of sales</i>	27.0	24.0	24.5	24.3	26.2	25.1		
EBITDA	4,783	5,954	6,214	6,979	6,433	7,410	24.5	15.2
EBITDA margin (%)	13.2	15.4	16.5	18.0	15.4	18.0		
Depreciation	1,811	2,061	2,113	2,237	2,071	2,183	5.9	5.4
EBIT	2,972	3,893	4,101	4,742	4,362	5,227	34.3	19.8
Other Income	578	642	525	560	548	516	(19.5)	(5.8)
Interest	973	1,145	1,243	1,368	1,155	1,237	8.0	7.1
PBT	2,577	3,389	3,382	3,933	3,755	4,506	32.9	20.0
Total Tax	490	1,278	1,218	1,406	1,387	1,250	(2.2)	(9.9)
Minority interest/ Associate share	-73	-122	-131	-118	-94	-289	136.7	207.8
Adjusted PAT	2,159	2,234	2,296	2,645	2,462	3,546	58.7	44.0
Extra ordinary items Loss/(Gain)	-804	0	-21	0	-102	-1,518		
Reported PAT	1,355	2,234	2,275	2,645	2,360	2,028	(9.2)	(14.0)
(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (bps)	QoQ (bps)
EBITDAM	13.2	15.4	16.5	18.0	15.4	18.0	269	260
EBITM	8.2	10.0	10.9	12.3	10.5	12.7	269	226
EBTM	7.1	8.7	9.0	10.2	9.0	11.0	223	196
PATM	5.9	5.8	6.1	6.8	5.9	8.6	287	272
Effective Tax rate	19.0	37.7	36.0	35.7	36.9	27.7	(996)	(921)

Source: Company, Emkay Research

Exhibit 3: Global CV OEMs expect double-digit decline in developed markets in CY24

Daimler Trucks (no. of units)	2023	2024 Expectation		Change		Growth YoY (%)	
	Actual	Earlier	Latest	Units	%	Earlier	Now
North America Class 8 trucks	331,423	280,000 - 320,000	280,000 - 320,000	-	-	(9)	(9)
Europe HD trucks	341,585	260,000 - 300,000	260,000 - 300,000	-	-	(18)	(18)
Volvo Trucks	2023	2024 Expectation		Change		Growth YoY	
	Actual	Earlier	Latest	Units	%	Earlier	Now
North America HD trucks	331,423	290,000	290,000	-	-	(12)	(12)
Europe HD trucks	341,585	280,000	290,000	10,000	10,000	(18)	(15)
Paccar (>16T market)	2023	2024 Expectation		Change		Growth YoY	
	Actual	Earlier	Latest	Units	%	Earlier	Now
US and Canada	331,423	250,000 - 290,000	240,000 - 280,000	(10,000)	(4)	(16)	(19)
Europe	341,585	260,000 - 300,000	260,000 - 300,000	-	-	(18)	(18)

Source: Company, Emkay Research

Exhibit 4: Revenue Model – We build-in 15%/43% revenue/EPS CAGR over FY24-27E

Rs mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Segmental revenues									
India CV	10,948	5,167	5,111	7,417	10,140	10,341	10,858	12,161	13,864
Growth (%)	5.5	(53)	(1)	45	37	2	5	12	14.0
India Industrial	10,133	8,078	7,446	11,665	12,978	22,360	29,621	39,668	47,489
Growth (%)	28	(20)	(8)	57	11	72	32	34	20
India PV	2,373	2,263	2,161	2,936	3,513	2,997	3,207	3,495	3,880
Growth (%)	16	(5)	(5)	36	20	(15)	7	9	11
Export CV	15,912	12,702	9,591	17,180	19,120	21,134	19,157	22,827	26,617
Growth (%)	22	(20)	(24)	79	11	11	(9)	19	17
Export Industrial	16,471	8,753	5,555	13,932	15,933	15,454	17,155	18,949	21,020
Growth (%)	21	(47)	(37)	151	14	(3)	11	10	11
Export PV	4,875	5,047	4,496	5,591	9,552	12,694	14,598	16,788	19,306
Growth (%)	59	4	(11)	24	71	33	15	15	15
Others	2,813	2,310	1,670	2,978	3,452	3,546	3,724	3,910	4,311
Growth (%)	44	(18)	(28)	78	16	3	5	5	10
Total Standalone revenues	65,200	65,200	36,515	62,546	75,727	89,686	99,595	119,201	138,031
Growth (%)	23	-	(44)	71	21	18	11	20	16
Consolidated revenues		83,577	80,558	104,611	129,103	156,821	176,678	206,939	238,512
Growth (%)				30	23	21	13	17	15
EBITDA	18,761	11,389	8,634	19,810	17,675	25,579	32,862	39,525	46,271
Growth (%)	19	(39)	(24)	129	(11)	45	28	20	17
EBITDA Margin %		17.5	10.7	18.9	13.7	16.3	18.6	19.1	19.4
PAT	10,413	4,332	1,815	9,544	5,742	9,635	12,825	16,230	28,307
PAT Margin %	16.0	6.6	5.0	15.3	7.6	10.7	12.9	13.6	20.5
EPS (Rs)	22	12	3.9	20.5	12.3	20.7	27.5	34.9	60.8
ROCE (%)	14.6	7.3	4.1	10.1	10.5	12.9	14.0	15.0	17.4
ROE (%)	20.0	8.2	3.4	15.9	8.6	13.9	17.0	19.2	20.6
Net D/E (x)	0.6	0.5	0.5	0.5	0.7	0.7	0.6	0.5	0.4

Source: Company, Emkay Research

Exhibit 5: Segment-wise growth expectations

Revenues (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	Comments for FY24-27E
Domestic CV	5,111	7,417	10,140	10,341	10,858	12,161	13,864	10% CAGR vs 4% production CAGR for the underlying industry on improving mix (higher tonnage) and market share gains for BHFC
Domestic PV	2,161	2,936	3,513	2,997	3,207	3,495	3,880	9% CAGR amid 5% rise in production for the underlying industry; on new products, new customer orders and realization growth
Domestic Industrial	7,446	11,665	12,978	22,360	29,621	39,668	47,489	
Domestic Rail	397	682	750	938	1,125	1,294	1,488	Expect healthy growth from a low base
Domestic Tractors	1,554	1,785	2,039	1,898	2,107	2,339	2,596	11% CAGR amid ~7% growth in the industry after 3 years of consolidation, expectations of good monsoons in CY24
CE/Others	4,230	5,120	6,086	3,919	4,389	4,915	5,505	~12% CAGR amid sustained focus on capex and increased spends on power infra, etc.
Defence	1,265	4,078	4,103	15,606	22,000	31,120	37,900	34% CAGR on execution of the Defence order book as well as of ATAG orders
Export CV	9,591	17,180	19,120	21,134	19,157	22,827	26,617	
North America CV	4,968	10,249	12,088	13,800	13,110	15,994	19,033	11% CAGR, amid 5% production for the underlying segment owing to new products and light weighting, market share gains, and realization growth.
Europe CV	4,623	6,931	7,032	6,871	6,046	6,833	7,584	
Export PV	4,496	5,591	9,552	12,694	14,598	16,788	19,306	15% CAGR due to growth in the underlying industry (+4%), traction for orders for new products, new customers and products, realization growth
Export Industrial	5,555	13,932	15,933	15,454	17,155	18,949	21,020	
Oil and Gas (mainly export)	1,360	7,227	7,709	6,555	6,228	6,850	7,535	
Aerospace (mainly exports)	396	397	794	2,500	3,125	3,906	4,883	Expect strong growth from a low base
CE/Mining/Others	3,799	6,308	7,430	7,430	7,802	8,192	8,602	

Source: Emkay Research

Exhibit 6: We marginally raise FY26E EPS led by margin uptick and introduce FY27E

Rs mn	FY25E				FY26E				FY27E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introduced	% YoY
Revenues	181,979	176,678	(2.9)	12.7	209,134	206,939	(1.0)	17.1	238,512	15.3
EBITDA	33,302	32,862	(1.3)	28.5	39,108	39,525	1.1	20.3	46,271	17.1
Margin (%)	18.3	18.6	30 bps	229 bps	18.7	19.1	40 bps	50 bps	19.4	30 bps
Net Profit	13,174	12,825	(2.6)	33.1	15,831	16,230	2.5	26.5	19,599	20.8

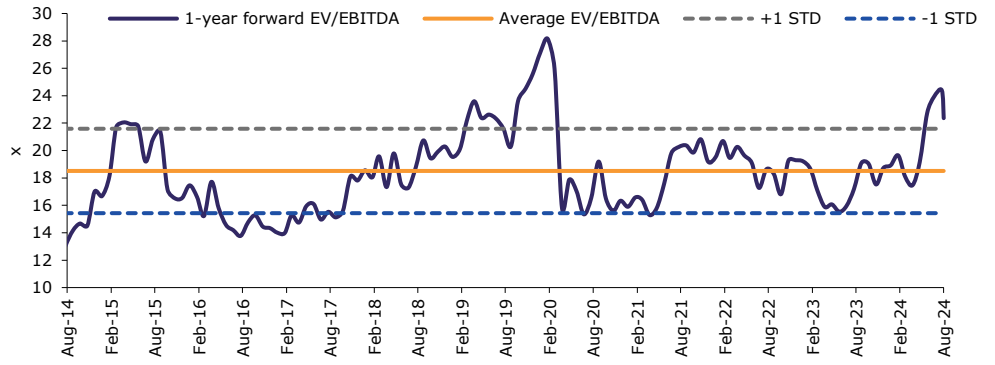
Source: Emkay Research

Exhibit 7: Emkay vs Consensus

Bharat Forge	Emkay Estimates			Bloomberg estimates			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	176,678	206,939	238,512	179,973	202,911	221,025	-1.8%	2.0%	7.9%
EBITDA	32,862	39,525	46,271	32,825	38,644	43,348	0.1%	2.3%	6.7%
EBITDA margin (%)	18.6	19.1	19.4	18.2	19.0	19.6			

Source: Bloomberg, Emkay Research

Exhibit 8: BHFC trades at its LTA on 1-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

Bharat Forge: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	129,103	156,821	176,678	206,939	238,512
Revenue growth (%)	23.4	21.5	12.7	17.1	15.3
EBITDA	17,675	25,579	32,862	39,525	46,271
EBITDA growth (%)	(10.8)	44.7	28.5	20.3	17.1
Depreciation & Amortization	7,356	8,482	9,712	10,512	11,312
EBIT	10,319	17,097	23,150	29,013	34,959
EBIT growth (%)	(17.5)	65.7	35.4	25.3	20.5
Other operating income	0	0	0	0	0
Other income	1,729	2,274	2,456	2,579	2,708
Financial expense	2,986	4,912	5,386	6,004	6,767
PBT	9,062	14,460	20,221	25,588	30,900
Extraordinary items	(458)	(123)	0	0	0
Taxes	3,186	5,288	7,395	9,358	11,301
Minority interest	0	0	0	0	0
Income from JV/Associates	(135)	463	0	0	0
Reported PAT	5,284	9,511	12,825	16,230	19,599
PAT growth (%)	(51.2)	80.0	34.8	26.5	20.8
Adjusted PAT	5,742	9,635	12,825	16,230	19,599
Diluted EPS (Rs)	12.3	20.7	27.5	34.9	42.1
Diluted EPS growth (%)	(51.2)	80.0	34.8	26.5	20.8
DPS (Rs)	7.0	9.0	11.0	13.5	18.2
Dividend payout (%)	61.7	44.1	39.8	38.7	43.3
EBITDA margin (%)	13.7	16.3	18.6	19.1	19.4
EBIT margin (%)	8.0	10.9	13.1	14.0	14.7
Effective tax rate (%)	35.2	36.6	36.6	36.6	36.6
NOPLAT (pre-IndAS)	6,692	10,845	14,684	18,403	22,174
Shares outstanding (mn)	465.7	465.7	465.7	465.7	465.7

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	9,062	14,460	20,221	25,588	30,900
Others (non-cash items)	2,328	19,252	11,030	8,279	9,300
Taxes paid	(3,955)	(4,436)	(5,798)	(7,133)	(9,651)
Change in NWC	447	(8,360)	(6,140)	(8,320)	(8,680)
Operating cash flow	7,883	20,916	19,313	18,414	21,869
Capital expenditure	(2,850)	(5,242)	(5,000)	(5,000)	(166)
Acquisition of business	(3,426)	(3,082)	(5,140)	(3,000)	(3,000)
Interest & dividend income	268	0	0	0	0
Investing cash flow	(6,008)	(8,088)	(10,140)	(8,000)	(3,166)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	3,410	463	472	5,870	5,598
Payment of lease liabilities	(335)	0	0	0	0
Interest paid	(1,546)	(2,611)	(2,802)	(2,764)	(3,096)
Dividend paid (incl tax)	(3,253)	(3,801)	(4,191)	(5,102)	(6,277)
Others	43	(364)	0	0	0
Financing cash flow	(1,680)	(6,312)	(6,522)	(1,996)	(3,776)
Net chg in Cash	195	6,516	2,651	8,418	14,928
OCF	7,883	20,916	19,313	18,414	21,869
Adj. OCF (w/o NWC chg.)	8,330	12,555	13,173	10,094	13,189
FCFF	5,033	15,674	14,313	13,414	21,703
FCFE	2,315	10,762	8,927	7,410	14,936
OCF/EBITDA (%)	44.6	81.8	58.8	46.6	47.3
FCFE/PAT (%)	43.8	113.2	69.6	45.7	76.2
FCFF/NOPLAT (%)	75.2	144.5	97.5	72.9	97.9

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	931	931	931	931	931
Reserves & Surplus	66,124	70,771	78,494	88,448	99,555
Net worth	67,055	71,702	79,426	89,379	1,00,486
Minority interests	361	(49)	(49)	(49)	(49)
Deferred tax liability (net)	658	39	39	39	39
Total debt	68,523	75,221	82,391	93,320	1,04,721
Total liabilities & equity	136,597	146,913	161,807	182,689	205,198
Net tangible fixed assets	30,088	29,275	29,305	28,681	31,682
Net intangible assets	103	103	103	103	103
Net ROU assets	2,186	2,186	2,186	2,186	2,186
Capital WIP	7,012	9,912	7,707	7,707	7,707
Goodwill	2,955	2,960	2,960	2,960	2,960
Investments [JV/Associates]	15,191	8,238	10,941	11,941	12,941
Cash & equivalents	20,896	27,154	34,057	47,654	64,374
Current assets (ex-cash)	77,642	83,444	94,010	1,10,112	1,26,912
Current Liab. & Prov.	45,749	44,927	50,491	59,798	70,497
NWC (ex-cash)	31,893	38,517	43,519	50,315	56,416
Total assets	136,597	146,913	161,807	182,689	205,198
Net debt	47,628	48,067	48,335	45,665	40,347
Capital employed	136,597	146,913	161,807	182,689	205,198
Invested capital	93,499	101,608	109,103	115,387	120,177
BVPS (Rs)	144.0	154.0	170.6	191.9	215.8
Net Debt/Equity (x)	0.7	0.7	0.6	0.5	0.4
Net Debt/EBITDA (x)	2.7	1.9	1.5	1.2	0.9
Interest coverage (x)	0.2	0.3	0.2	0.2	0.2
RoCE (%)	10.5	12.9	14.0	15.0	17.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	130.2	77.6	58.3	46.1	38.1
P/CE(x)	57.1	41.3	33.2	28.0	24.2
P/B (x)	11.1	10.4	9.4	8.4	7.4
EV/Sales (x)	6.2	5.1	4.5	3.8	3.3
EV/EBITDA (x)	45.0	31.1	24.2	20.1	17.0
EV/EBIT(x)	77.1	46.5	34.4	27.3	22.5
EV/IC (x)	8.5	7.8	7.3	6.9	6.6
FCFF yield (%)	0.6	2.0	1.8	1.7	2.8
FCFE yield (%)	0.3	1.4	1.2	1.0	2.0
Dividend yield (%)	0.4	0.6	0.7	0.8	1.1
DuPont-RoE split					
Net profit margin (%)	4.4	6.1	7.3	7.8	8.2
Total asset turnover (x)	1.0	1.1	1.1	1.2	1.2
Assets/Equity (x)	2.0	2.0	2.0	2.0	2.0
RoE (%)	8.6	13.9	17.0	19.2	20.6
DuPont-RoIC					
NOPLAT margin (%)	5.2	6.9	8.3	8.9	9.3
IC turnover (x)	1.4	1.5	1.6	1.8	2.0
RoIC (%)	7.6	11.1	13.9	16.4	18.8
Operating metrics					
Core NWC days	90.2	89.6	89.9	88.7	86.3
Total NWC days	90.2	89.6	89.9	88.7	86.3
Fixed asset turnover	1.4	1.5	1.5	1.6	1.7
Opex-to-revenue (%)	40.1	36.6	36.4	36.0	35.8

Source: Company, Emkay Research

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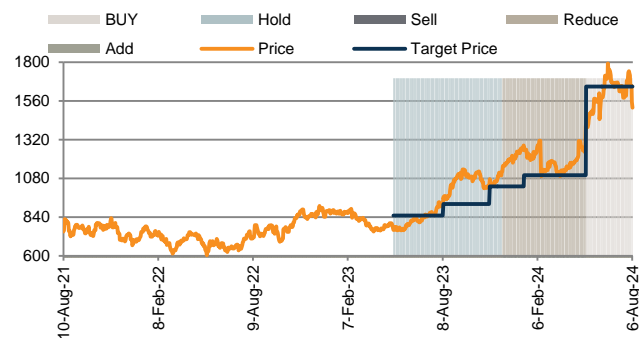
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RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
09-May-24	1,413	1,650	Buy	Chirag Jain
13-Feb-24	1,092	1,100	Reduce	Chirag Jain
11-Jan-24	1,275	1,100	Reduce	Chirag Jain
30-Nov-23	1,120	1,030	Reduce	Chirag Jain
06-Nov-23	1,076	1,030	Hold	Chirag Jain
09-Aug-23	963	920	Hold	Chirag Jain
05-May-23	760	850	Hold	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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