

Upgrade to BUY on robust Defense wins, healthy growth outlook

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

TARGET PRICE (Rs): 1,650

BHFC reported a steady Q4 (17% standalone rev. growth; margins slightly ahead of estimates at 28.3%). The company continues to post robust order wins in Defense (order book now at Rs52bn vs. Rs20bn in Q3; largely exports for now, with domestic artillery gun orders yet to follow), even as base business outlook has also improved vs. earlier expectations (sees flattish performance in CVs; witnessing strong market share gains in other businesses). We build 13%/28% revenue/EPS CAGR over FY24-26E (upgrade EPS by 20%/12% in FY26SE/26E backed by higher revenues and improvement in margins incl. at overseas subsidiaries). We upgrade to BUY from REDUCE with revised TP Rs1,650 (Rs1,100 earlier); we assign 21x FY26E EV/EBITDA on consolidated basis (25x EV/EBITDA to defense and 20x EV/EBITDA to other businesses).

Bharat Forge: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	1,04,611	1,29,103	1,56,821	1,81,979	2,09,134
EBITDA	19,810	17,675	25,579	33,302	39,108
Adj. PAT	9,544	5,742	9,635	13,232	16,142
Adj. EPS (Rs)	20.5	12.3	20.7	28.4	34.7
EBITDA margin (%)	18.9	13.7	16.3	18.3	18.7
EBITDA growth (%)	129.5	(10.8)	44.7	30.2	17.4
Adj. EPS growth (%)	0.0	(51.2)	80.0	39.1	22.0
RoE (%)	15.9	8.6	13.9	17.5	19.1
RoIC (%)	12.8	7.6	11.1	14.1	16.0
P/E (x)	68.6	114.0	67.9	49.5	40.5
EV/EBITDA (x)	34.6	39.7	27.5	21.1	17.9
P/B (x)	10.0	9.8	9.1	8.2	7.3
FCFF yield (%)	0.0	0.7	2.2	1.9	2.2

Source: Company, Emkay Research

In-line revenue performance; margins slightly ahead of estimates

Standalone revenue grew ~17% YoY to Rs23.3bn (largely in-line); standalone margins declined by 99bps QoQ to 28.3% (vs. 28% estimate); the QoQ decline was on account of higher other expenses, with gross margins up by ~50bps. Consolidated revenues rose 14.7% YoY, with margins at 15.4% vs 18% in Q3, impacted by one-offs in overseas subsidiaries. BHFC declared a final dividend of Rs6.5/share for FY24.

Earnings call KTAs

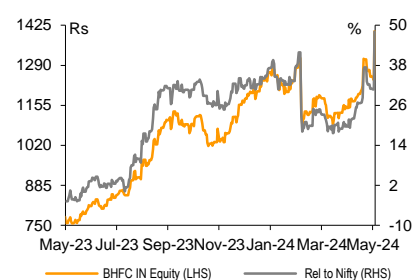
1) Company has won orders worth Rs63bn across businesses, incl. Defense, industrial castings and others; of this, the executable order book for Defense stands at Rs52bn (vs. Rs20bn as of Q3) – this is to be executed over 3-4 years. 2) Defense revenues in FY24 stood at Rs15.6bn; over 80% of the current Defense order book pertains to exports, with orders for domestic artillery guns (ATAGs) not yet part of it; Company believes orders for ATAGs will perhaps come through post-elections; current Defense capacity of 100 guns per annum and 500 vehicles a month can be scaled up to 200-250 guns per annum and 1,000 vehicles per month; profitability in this business is seen as being similar to overall levels. 3) India is seeing strong traction from businesses moving away from China as well as other regions; outlook shared by BHFC customers is now stronger than anticipated earlier; Company is also winning market share in existing as well as new products. 4) Domestic CVs are expected to be flat in FY25; US truck market is expected to be stable, with moderately negative bias in CY24. 5) BHFC would continue scaling up newer businesses like Defense, industrial castings, EVs, and Aerospace (Aerospace/JS Auto revenues seen doubling over the next 3/4 years, resp.). 6) US manufacturing operations saw 50% utilization in Q2 (Europe at 75%); utilization in US to reach 100% in 2 quarters (phase 1, with upcoming phase 2 capacity to be fully utilized by FY27); Company expects Europe to continue posting positive EBITDA this year, with US reaching EBITDA-positive status by Q4FY25; overseas subsidiaries to reach double-digit EBITDA by end-FY25; 8) FY25 capex: Rs8-10bn; expects to clock 20% RoCE in 2 years.

Target Price – 12M	Mar-25
Change in TP (%)	50.0
Current Reco.	BUY
Previous Reco.	REDUCE
Upside/(Downside) (%)	17.4
CMP (08-May-24) (Rs)	1,405.2

Stock Data	Ticker
52-week High (Rs)	1,474
52-week Low (Rs)	753
Shares outstanding (mn)	465.6
Market-cap (Rs bn)	654
Market-cap (USD mn)	7,833
Net-debt, FY23E (Rs mn)	32,398
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	1,758.7
ADTV-3M (USD mn)	21.1
Free float (%)	54.8
Nifty-50	22,303
INR/USD	83.5
Shareholding, Mar-24	
Promoters (%)	45.3
FPIs/MFs (%)	16.5/28.2

Price Performance

(%)	1M	3M	12M
Absolute	19.7	9.6	80.5
Rel. to Nifty	21.7	6.7	47.9

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

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Exhibit 1: Q4FY24 Result snapshot – Standalone revenues up 16% YoY, with margins down by 100bps QoQ

Rs mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Change YoY (%)	Change QoQ (%)
Revenue	17,594	18,639	19,521	19,973	21,273	22,494	22,634	23,286	16.6	2.9
Expenditure	12,993	14,109	14,170	14,747	15,786	16,426	16,002	16,694	13.2	4.3
as % of sales	73.8	75.7	72.6	73.8	74.2	73.0	70.7	71.7		
Consumption of RM	7,272	8,281	8,602	8,678	9,420	9,744	9,491	9,647	11.2	1.6
as % of sales	41.3	44.4	44.1	43.5	44.3	43.3	41.9	41.4		
Employee Cost	1,357	1,351	1,365	1,357	1,494	1,506	1,510	1,504	10.8	(0.4)
as % of sales	7.7	7.2	7.0	6.8	7.0	6.7	6.7	6.5		
Other expenditure	4,364	4,477	4,204	4,711	4,873	5,175	5,002	5,543	17.7	10.8
as % of sales	24.8	24.0	21.5	23.6	22.9	23.0	22.1	23.8		
EBITDA	4,601	4,530	5,351	5,226	5,487	6,068	6,632	6,592	26.1	(0.6)
EBITDA margin (%)	26.2	24.3	27.4	26.2	25.8	27.0	29.3	28.3		
Depreciation	1,064	1,066	1,079	1,051	1,089	1,128	1,124	1,079	2.7	(4.0)
EBIT	3,536	3,465	4,272	4,176	4,398	4,940	5,507	5,512	32.0	0.1
Other Income	259	477	377	391	472	424	346	382	(2.3)	10.5
Interest	263	357	849	658	705	726	809	634	(3.6)	(21.6)
PBT	3,532	3,585	3,801	3,909	4,165	4,637	5,044	5,261	34.6	4.3
Total Tax	815	897	952	708	1,050	1,156	1,266	1,231	73.7	(2.8)
Adjusted PAT	2,717	2,687	2,849	3,201	3,115	3,481	3,778	4,030	25.9	6.7
Extra ordinary items Loss/(Gain)	280	6	-43	755	0	21	0	133		
Reported PAT	2,437	2,681	2,892	2,445	3,115	3,460	3,778	3,897	59.4	3.1
Adjusted EPS (Rs)	5.8	5.8	6.1	6.9	6.7	7.5	8.1	8.7	25.9	6.7
(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Change YoY (bps)	Change QoQ (bps)
EBITDAM	26.2	24.3	27.4	26.2	25.8	27.0	29.3	28.3	214	(99)
EBITM	20.1	18.6	21.9	20.9	20.7	22.0	24.3	23.7	277	(66)
EBTM	20.1	19.2	19.5	19.6	19.6	20.6	22.3	22.6	302	31
PATM	15.4	14.4	14.6	16.0	14.6	15.5	16.7	17.3	128	61
Effective Tax rate	23.1	25.0	25.0	18.1	25.2	24.9	25.1	23.4	527	(170)

Source: Company, Emkay Research

Exhibit 2: Q4FY24 Consol. Snapshot – Revenues up 14.7% YoY; margins down by 260bps, affected by one-offs in subsidiaries

Rs mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Change YoY (%)	Change QoQ (%)
Revenue	28,515	30,764	33,534	36,291	38,773	37,742	38,664	41,642	14.7	7.7
Expenditure	24,136	26,479	29,207	31,508	32,819	31,528	31,686	35,209	11.7	11.1
as % of sales	137.2	142.1	149.6	157.8	154.3	140.2	140.0	151.2		
Consumption of RM	12,474	13,612	16,016	17,512	18,780	17,642	17,803	19,566	11.7	9.9
as % of sales	70.9	73.0	82.0	87.7	88.3	78.4	78.7	84.0		
Employee Cost	3,713	4,006	3,710	4,201	4,726	4,627	4,498	4,749	13.0	5.6
as % of sales	21.1	21.5	19.0	21.0	22.2	20.6	19.9	20.4		
Other expenditure	7,948	8,861	9,482	9,794	9,313	9,258	9,384	10,894	11.2	16.1
as % of sales	45.2	47.5	48.6	49.0	43.8	41.2	41.5	46.8		
EBITDA	4,379	4,285	4,326	4,783	5,954	6,214	6,979	6,433	34.5	(7.8)
EBITDA margin (%)	15.4	13.9	12.9	13.2	15.4	16.5	18.0	15.4		
Depreciation	1,808	1,881	1,856	1,811	2,061	2,113	2,237	2,071	14.3	(7.4)
EBIT	2,571	2,404	2,470	2,972	3,893	4,101	4,742	4,362	46.8	(8.0)
Other Income	326	459	366	578	642	525	560	548	(5.1)	(2.0)
Interest	395	526	1,092	973	1,145	1,243	1,368	1,155	18.7	(15.6)
PBT	2,502	2,337	1,744	2,577	3,389	3,382	3,933	3,755	45.7	(4.5)
Total Tax	742	932	1,021	490	1,278	1,218	1,406	1,387	182.9	(1.3)
Minority interest/ Associate share	-16	-41	264	-73	-127	-131	-118	-94	29.5	(20.4)
Adjusted PAT	1,776	1,446	459	2,159	2,239	2,296	2,645	2,462	14.0	(6.9)
Extra ordinary items Loss/(Gain)	-131	13	366	-804	0	-21	0	-102		
Reported PAT	1,645	1,459	825	1,355	2,239	2,275	2,645	2,360	74.1	(10.8)
(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Change YoY (bps)	Change QoQ (bps)
EBITDAM	15.4	13.9	12.9	13.2	15.4	16.5	18.0	15.4	227	(260)
EBITM	9.0	7.8	7.4	8.2	10.0	10.9	12.3	10.5	229	(179)
EBTM	8.8	7.6	5.2	7.1	8.7	9.0	10.2	9.0	192	(116)
PATM	6.2	4.7	1.4	5.9	5.8	6.1	6.8	5.9	(4)	(93)
Effective Tax rate	29.7	39.9	58.5	19.0	37.7	36.0	35.7	36.9	1,791	119

Source: Company, Emkay Research

Exhibit 3: Global CV OEMs expect double-digit decline in developed markets in CY24, amid demand normalization

Daimler Trucks	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	280,000	-	-	(18)	(18)
Paccar (>16T market)	2023	2024 Expectation		Change		Growth YoY	
	Actual	Earlier	Latest	Units	%	Earlier	Now
US & Canada	331,423	260,000 - 300,000	250,000 - 290,000	(10,000)	(4)	(16)	(19)
Europe	341,585	260,000 - 300,000	260,000 - 300,000	-	-	(18)	(18)
Traton	2023	2024 Expectation		Change		Growth YoY	
	Actual	Earlier	Latest	Units	%	Earlier	Now
North America Class 6-8	445,000	-5% to -15%	-5% to -15%	-	-	-5% to -15%	-5% to -15%
Europe (>6T)	387,000	-5% to -15%	-5% to -15%	-	-	-5% to -15%	-5% to -15%

Source: Company, Emkay Research

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Exhibit 4: Revenue Model – We build-in 13%/28% revenue/EPS CAGR over FY24-26E

Rs mn	FY21	FY22	FY23	FY24	FY25E	FY26E
Segmental revenues						
India CV	5,111	7,417	10,140	11,207	11,544	11,890
Growth (%)	(1)	45	37	11	3	3
India Industrial	7,446	11,665	12,978	24,892	31,578	40,194
Growth (%)	(8)	57	11	92	27	27
India PV	2,161	2,936	3,513	4,003	4,363	4,843
Growth (%)	(5)	36	20	14	9	11
Export CV	9,591	17,180	19,120	20,671	19,157	21,728
Growth (%)	(24)	79	11	8	(7)	13
Export Industrial	5,555	13,932	15,933	16,986	17,780	19,543
Growth (%)	(37)	151	14	7	5	10
Export PV	4,496	5,591	9,552	11,940	13,731	15,379
Growth (%)	(11)	24	71	25	15	12
Others	1,670	2,978	3,452	3,797	3,987	4,187
Growth (%)	(28)	78	16	10	5	5
Total Standalone revenues	36,515	62,546	75,727	95,640	104,896	121,396
Growth (%)	(44)	71	21	26	10	16
Consolidated revenues	80,558	104,611	129,103	156,821	181,979	209,134
Growth (%)		30	23	21	16	15
EBITDA	8,634	19,810	17,675	25,579	33,302	39,108
Growth (%)	(24)	129	(11)	45	30	17
EBITDA Margin (%)	10.7	18.9	13.7	16.3	18.3	18.7
PAT	1,815	9,544	5,742	9,635	13,174	15,831
PAT Margin (%)	5.0	15.3	7.6	10.1	12.6	13.0
EPS (Rs)	3.9	20.5	12.3	20.7	28.3	34.0

Source: Company, Emkay Research

Exhibit 5: Segment-wise growth expectations

Revenues (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	Comments for FY24-26E
Domestic CV	7,417	10,140	11,207	11,544	11,890	3% CAGR amid flat production for underlying industry, higher tonnage mix driving increase in content/vehicle and realization growth
Domestic PV	2,936	3,513	4,003	4,363	4,843	10% CAGR growth led by 5% rise in production for underlying industry, new products, new customer orders and realization growth
Domestic Industrial	11,665	12,978	24,892	31,578	40,194	
Domestic Rail	682	750	938	1,125	1,294	17% CAGR growth led by traction for new products and low base
Domestic Tractors	1,785	2,039	1,898	2,050	2,214	8% CAGR growth amid ~5% growth in industry post 3 years of consolidation, expectations of good monsoon in CY24
CE/Others	5,120	6,086	6,451	6,902	7,385	7% CAGR broadly in line with domestic GDP growth
Defence (largely exports)	4,078	4,103	15,606	21,500	29,300	37% CAGR on execution of Defence order book and partial execution of ATAGs order
Export CV	17,180	19,120	20,671	19,157	21,728	
North America CV	10,249	12,088	13,800	13,110	15,077	5% CAGR, amid -1% production for underlying segment owing to new products and light weighting, market share gains and realization growth
Europe CV	6,931	7,032	6,871	6,046	6,651	-2% CAGR growth amid 5% de-growth in production for underlying segment
Export PV	5,591	9,552	11,940	13,731	15,379	13% CAGR growth due to growth in underlying industry (+4%), traction for orders for new products, new customers and products, realization growth
Export Industrial	13,932	15,933	16,986	17,780	19,543	
Oil and Gas (mainly export)	7,227	7,709	6,555	6,228	6,663	Flattish outlook driven by similar prospects for oil rig count
Aerospace (mainly exports)	397	794	3,000	3,750	4,688	20% CAGR growth, led by new customer wins and products
CE/Mining/Others	6,308	7,430	7,430	7,802	8,192	5% CAGR growth led by gradual recovery in industrial activity

Source: Emkay Research

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Exhibit 6: We raise FY25E/26E consol. EPS by ~20%/12% on higher revenues and margins

Rs mn	FY24		FY25E				FY26E			
	Actual	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenues	156,821	177.9	169,557	181,979	7.3	16.0	191,499	209,134	9.2	14.9
EBITDA	25,579	54.7	27,438	33,302	21.4	30.2	31,733	39,108	23.2	17.4
Margin (%)	16.3	-1298 bps	16.2	18.3	212 bps	199 bps	16.6	18.7	213 bps	40 bps
Net Profit	9,635	934.4	11,019	13,174	19.6	36.7	14,089	15,831	12.4	20.2

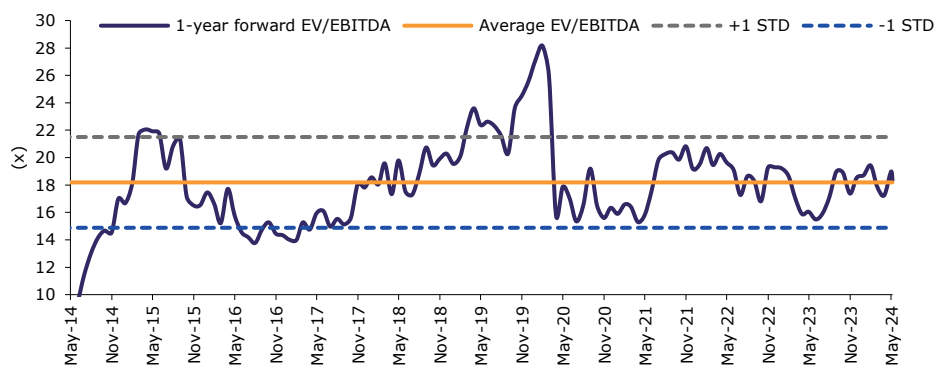
Source: Emkay Research

Exhibit 7: Emkay vs Consensus

Bharat Forge	Emkay Estimates		Bloomberg estimates		Difference	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Net revenue	181,979	209,134	175,086	193,899	3.9%	7.9%
EBITDA	33,302	39,108	32,631	37,371	2.1%	4.6%
EBITDA margin (%)	18.3	18.7	18.6	19.3		

Source: Bloomberg, Emkay Research

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



Source: Bloomberg, Emkay Research

Bharat Forge: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	1,04,611	1,29,103	1,56,821	1,81,979	2,09,134
Revenue growth (%)	65.1	23.4	21.5	16.0	14.9
EBITDA	19,810	17,675	25,579	33,302	39,108
EBITDA growth (%)	129.5	(10.8)	44.7	30.2	17.4
Depreciation & Amortization	7,303	7,356	8,482	9,712	10,512
EBIT	12,507	10,319	17,097	23,590	28,596
EBIT growth (%)	397.9	(17.5)	65.7	38.0	21.2
Other operating income	0	0	0	0	0
Other income	1,959	1,729	2,274	2,456	2,653
Financial expense	1,604	2,986	4,912	5,185	5,799
PBT	12,862	9,062	14,460	20,862	25,450
Extraordinary items	1,273	(458)	(123)	0	0
Taxes	3,035	3,186	5,288	7,630	9,308
Minority interest	0	0	0	0	0
Income from JV/Associates	(283)	(135)	463	0	0
Reported PAT	10,818	5,284	9,511	13,232	16,142
PAT growth (%)	0.0	(51.2)	80.0	39.1	22.0
Adjusted PAT	9,544	5,742	9,635	13,232	16,142
Diluted EPS (Rs)	20.5	12.3	20.7	28.4	34.7
Diluted EPS growth (%)	0.0	(51.2)	80.0	39.1	22.0
DPS (Rs)	5.5	7.0	9.0	11.3	13.6
Dividend payout (%)	23.7	61.7	44.1	39.7	39.2
EBITDA margin (%)	18.9	13.7	16.3	18.3	18.7
EBIT margin (%)	12.0	8.0	10.9	13.0	13.7
Effective tax rate (%)	23.6	35.2	36.6	36.6	36.6
NOPLAT (pre-IndAS)	9,556	6,692	10,845	14,963	18,138
Shares outstanding (mn)	465.7	465.7	465.7	465.7	465.7

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	12,862	9,062	14,460	20,862	25,450
Others (non-cash items)	2,722	2,328	19,252	10,903	9,345
Taxes paid	(3,446)	(3,955)	(4,436)	(5,970)	(7,200)
Change in NWC	(10,481)	447	(8,360)	(7,598)	(7,466)
Operating cash flow	2,754	7,883	20,916	18,196	20,129
Capital expenditure	(3,026)	(2,850)	(5,242)	(5,000)	(5,000)
Acquisition of business	295	(3,426)	(3,082)	(5,140)	(3,000)
Interest & dividend income	245	268	0	0	0
Investing cash flow	(2,487)	(6,008)	(8,088)	(10,140)	(8,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	3,380	3,410	463	2,329	4,781
Payment of lease liabilities	(277)	(335)	0	0	0
Interest paid	(714)	(1,546)	(2,611)	(2,861)	(2,840)
Dividend paid (incl tax)	(1,642)	(3,253)	(3,801)	(4,191)	(5,253)
Others	12	43	(364)	0	0
Financing cash flow	759	(1,680)	(6,312)	(4,723)	(3,312)
Net chg in Cash	1,027	195	6,516	3,333	8,817
OCF	2,754	7,883	20,916	18,196	20,129
Adj. OCF (w/o NWC chg.)	(7,727)	8,330	12,555	10,598	12,663
FCFF	(271)	5,033	15,674	13,196	15,129
FCFE	(1,631)	2,315	10,762	8,011	9,330
OCF/EBITDA (%)	13.9	44.6	81.8	54.6	51.5
FCFE/PAT (%)	(15.1)	43.8	113.2	60.5	57.8
FCFF/NOPLAT (%)	(2.8)	75.2	144.5	88.2	83.4

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	931	931	931	931	931
Reserves & Surplus	64,775	66,124	70,771	78,749	88,556
Net worth	65,707	67,055	71,702	79,681	89,487
Minority interests	561	361	(49)	(49)	(49)
Deferred tax liability (net)	1,718	658	39	39	39
Total debt	57,053	68,523	75,221	84,306	94,112
Total liabilities & equity	1,25,039	1,36,597	1,46,913	1,63,977	1,83,589
Net tangible fixed assets	30,722	30,088	29,275	28,475	27,850
Net intangible assets	103	103	103	103	103
Net ROU assets	2,186	2,186	2,186	2,186	2,186
Capital WIP	11,248	7,012	9,912	7,707	7,707
Goodwill	506	2,955	2,960	2,960	2,960
Investments [JV/Associates]	6,960	15,191	8,238	10,941	11,941
Cash & equivalents	25,110	20,896	27,154	34,981	48,036
Current assets (ex-cash)	62,903	77,642	83,444	96,831	1,11,280
Current Liab. & Prov.	29,880	45,749	44,927	52,068	60,446
NWC (ex-cash)	33,023	31,893	38,517	44,763	50,834
Total assets	1,25,039	1,36,597	1,46,913	1,63,977	1,83,589
Net debt	31,943	47,628	48,067	49,325	46,076
Capital employed	1,25,039	1,36,597	1,46,913	1,63,977	1,83,589
Invested capital	82,227	93,499	1,01,608	1,10,348	1,15,906
BVPS (Rs)	141.1	144.0	154.0	171.1	192.2
Net Debt/Equity (x)	0.5	0.7	0.7	0.6	0.5
Net Debt/EBITDA (x)	1.6	2.7	1.9	1.5	1.2
Interest coverage (x)	0.1	0.2	0.3	0.2	0.2
RoCE (%)	10.1	10.5	12.9	14.3	15.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	68.6	114.0	67.9	49.5	40.5
P/CE(x)	38.8	50.0	36.1	28.5	24.6
P/B (x)	10.0	9.8	9.1	8.2	7.3
EV/Sales (x)	6.6	5.4	4.5	3.9	3.3
EV/EBITDA (x)	34.6	39.7	27.5	21.1	17.9
EV/EBIT(x)	54.9	68.0	41.1	29.8	24.5
EV/IC (x)	8.3	7.5	6.9	6.4	6.0
FCFF yield (%)	0.0	0.7	2.2	1.9	2.2
FCFE yield (%)	(0.2)	0.4	1.6	1.2	1.4
Dividend yield (%)	0.4	0.5	0.6	0.8	1.0
DuPont-RoE split					
Net profit margin (%)	9.1	4.4	6.1	7.3	7.7
Total asset turnover (x)	0.9	1.0	1.1	1.2	1.2
Assets/Equity (x)	1.9	2.0	2.0	2.1	2.1
RoE (%)	15.9	8.6	13.9	17.5	19.1
DuPont-RoIC					
NOPLAT margin (%)	9.1	5.2	6.9	8.2	8.7
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	12.8	7.6	11.1	14.1	16.0
Operating metrics					
Core NWC days	115.2	90.2	89.6	89.8	88.7
Total NWC days	115.2	90.2	89.6	89.8	88.7
Fixed asset turnover	1.3	1.4	1.5	1.5	1.6
Opex-to-revenue (%)	40.8	40.1	36.6	35.2	34.8

Source: Company, Emkay Research

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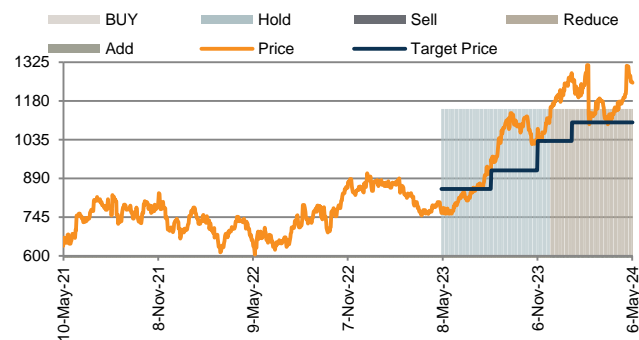
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RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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
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