

Bharat Forge

BSE SENSEX	S&P CNX
39,353	11,828
Bloomberg	BHFC IN
Equity Shares (m)	466
M.Cap.(INRb)/(USDb)	225.8 / 3.2
52-Week Range (INR)	724 / 445
1, 6, 12 Rel. Per (%)	-4/-28/-46
12M Avg Val (INR M)	817
Free float (%)	54.2

CMP: INR485
TP: INR595 (+23%)
Buy

In-line operating performance; Headwinds emerging in key businesses

- S/A revenue grew 14% YoY to INR16.7b (our est. INR17.3b), as realization grew 24.7% YoY to INR266k/t, but tonnage declined ~4% YoY to 62.7k/t. EBITDA was in line at INR4.8b, up 22% YoY. EBITDA margin at 29.1% (our est. 28.3%) expanded 30bp QoQ (+200bp YoY). Higher other income, Fx gains and lower depreciation aided adj. PAT to grow 63% YoY to INR3b (our est. INR2.7b). FY19 Revenue/EBITDA/PAT grew 23%/19%/35%.
- **Key highlights from earnings call:** (a) In FY19, BHFC won new orders worth USD50m — of this, 60-70% was from the non-CV segment. (b) US Class 8 volumes expected at 330k in CY19 (+5% YoY). (c) Sees headwinds in CVs (domestic), PVs (global) and Oil & Gas (O&G) in 1QFY20, but expect recovery from 2QFY20. (d) Capex for FY20 at INR4-5b (FY19 at ~INR8.6b); expect capex intensity to decline significantly post FY20.
- **Valuation view:** We have lowered our FY20/21 consol. EPS by ~10%/2% to factor in headwinds in key businesses. BHFC has delivered strong operating performance over the last two years, led by strong recovery in all its key segments (CVs in the US and India, and Oil & Gas) and ramp-up in nascent businesses like PVs, aerospace, defense, etc. However, all three key businesses are staring at weakness in FY21, though BHFC would continue to outperform due to new products/customers. Also, noise surrounding the US-China trade war has resulted in the stock correcting over 30% from the recent highs (despite PAT growth of ~35% in FY19). Post correction, valuations are attractive at 19.8x/18x FY20/21 consol. EPS. Maintain **Buy** with TP of ~INR595 (~22x Mar-21 consol EPS).

Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	101.5	108.5	115.5
EBITDA	20.6	23.0	24.3
PAT	10.3	11.4	12.6
EPS (INR)	22.2	24.5	27.0
Gr. (%)	20.3	10.4	10.3
BV/Sh (INR)	114.8	131.8	151.2
RoE (%)	20.6	19.8	19.1
RoCE (%)	13.2	13.1	13.4
P/E (x)	21.9	19.8	18.0
P/BV (x)	4.2	3.7	3.2

Estimate change
TP change
Rating change


S/A Quarterly

(INR M)

	FY18				FY19				FY18	FY19	FY19	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Tonnage	55,100	58,659	65,050	65,050	66,815	69,683	66,764	62,690	242,103	265,952	69,669	-10.0
Change (%)	12.2	27.0	38.2	17.9	21.3	18.8	2.6	-3.6	22.5	9.9	1.4	
Realization (INR '000/ton)	217.9	214.5	213.8	225.5	221.5	241.0	253.5	266.2	219.6	245.2	248.8	7.0
Change (%)	18.3	11.2	6.7	10.5	1.6	12.4	18.6	18.1	12.3	11.7	16.5	
Net operating income	12,008	12,580	13,906	14,666	14,797	16,792	16,925	16,686	53,160	65,200	17,333	-3.7
Change (%)	32.8	41.2	47.4	30.3	23.2	33.5	21.7	13.8	37.6	22.6	18.2	
RM/Sales (%)	35.0	35.0	35.6	36.1	36.1	39.1	36.8	37.3	35.5	37.4	37.0	20bp
Staff Cost (% of Sales)	8.9	8.5	8.0	7.6	8.3	7.3	7.2	7.1	8.2	7.5	7.5	-30bp
Other Exp. (% of Sales)	27.3	26.1	26.8	29.1	26.6	25.4	27.2	26.5	26.7	26.4	27.2	-60bp
EBITDA	3,457	3,814	4,115	3,979	4,288	4,754	4,869	4,849	15,762	18,761	4,905	-1.1
EBITDA Margins (%)	28.8	30.3	29.6	27.1	29.0	28.3	28.8	29.1	29.6	28.8	28.3	80bp
Non-Operating Income	259	366	219	342	343	338	478	501	1,187	1,660	381	31.5
Interest	185	217	143	303	253	321	136	315	848	1,024	295	
Depreciation	774	781	807	705	824	914	907	821	3,068	3,466	934	
Fx loss/(gain)	124	120	-48	-198	2	410	-389	-323	394	-300	0	
EO Exp / (Inc)	0	0	0	1,332	0	0	0	0	1,332	0	0	
PBT after EO items	2,633	3,063	3,432	2,179	3,552	3,447	4,694	4,538	11,307	16,231	4,058	11.8
Eff. Tax Rate (%)	33.5	33.5	33.5	37.4	34.0	34.0	34.0	34.0	37.4	34.0	34.0	
Rep. PAT	1,751	2,037	2,282	1,003	2,345	2,275	3,098	2,995	7,073	10,713	2,678	11.8
Change (%)	43.4	60.5	77.4	-51.6	33.9	11.7	35.8	198.5	20.9	51.5	166.9	
Adj. PAT	1,751	2,037	2,282	1,837	2,345	2,275	3,098	2,995	7,906	10,713	2,678	11.8
Change (%)	43.4	60.5	77.4	1.4	33.9	11.7	35.8	63.1	41.5	35.5	45.8	

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Key earnings call highlights

- **New orders:** BHFC secured new orders worth over USD50m from the CV and industrial segment in FY19, of this, ~60-70% is from new segments.
- **Domestic CV:** Muted 1QFY20 outlook led by slowdown in production. However, FY20E outlook remains positive, with strong demand expected due to pre-buying on account of BS6 (particularly in 2Q and 3Q).
- **Lost market share in domestic CVs (especially in beams) led by capacity constraints.** Expect to regain lost market share with commencement of new forging and machining lines (engine and chassis) for cars and trucks at Baramati.
- **BS6: Expect slight increase in content for existing products.** However, expect an increase of INR8-10k/vehicle post BS6, especially in driveline/axle components.
- **Management expects 3-5% growth at 335k units in the US class 8 truck orders in CY19** due to strong order backlog.
- Revenue from **O&G segment** was stable in 4QFY19. With new products and customers, management expects O&G revenues to witness good growth over the next two years.
- **Aerospace and Defense** recorded revenues of INR4.4b (domestic + exports) while railway segment revenues stood at INR0.8b.
- It is setting up an aluminum forging plant in Europe (subsidiary) with an investment of ~EUR55m over CY18/19. Also, the company has an investment of EUR30m in a new line at CDP. Both these investments should double its aluminum capacity.
- **Capex:** Project capex at INR8.5b and maintenance capex at INR4b over FY19/20. Expect capex intensity to decline significantly post on-going capex.

Exhibit 1: Volume trend

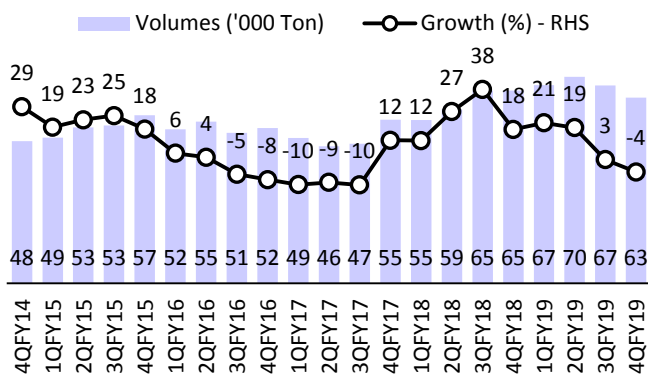


Exhibit 2: Trend in realizations

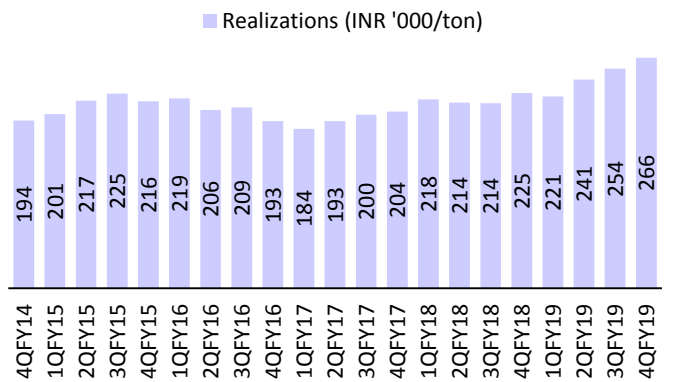


Exhibit 3: Market mix trend

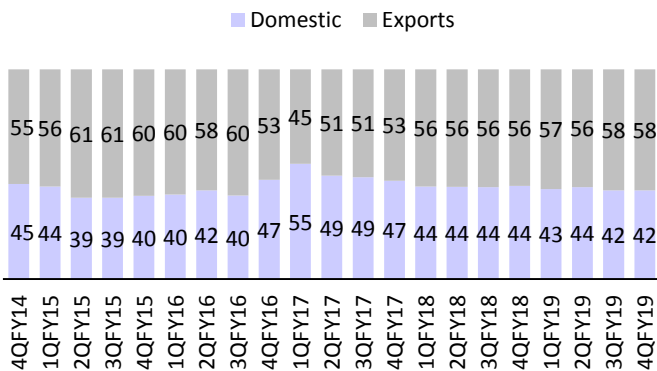
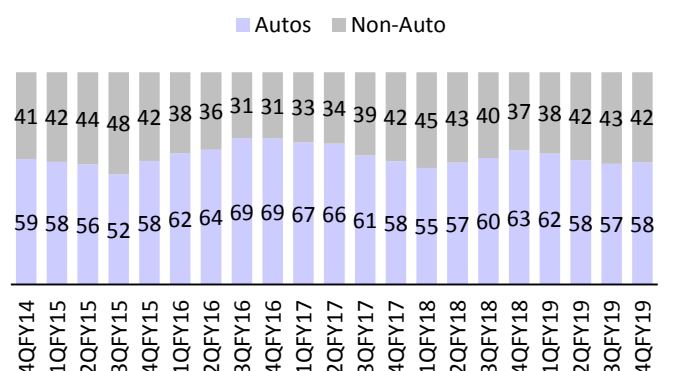


Exhibit 4: Trend in product mix



Source: Company, MOFSL

Source: Company, MOFSL

Exhibit 5: Revenue break-up

INR m	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19
India	5,285	5,294	5,541	6,095	6,518	6,354	7,358	7,170	7,060
Growth (%)	10	7	26	33	23	20	33	18	8
Contribution (%)	47	44	44	44	44	43	44	42	42
US	3,576	4,384	4,761	5,468	5,596	5,724	6,617	6,590	7,075
Growth (%)	23	104	97	98	56	31	39	21	26
Contribution (%)	32	37	38	39	38	39	39	39	42
EU	2,071	1,873	1,922	1,923	2,368	2,527	2,537	2,660	2,233
Growth (%)	-8	6	8	14	14	35	32	38	-4
Contribution (%)	18	16	15	14	16	17	15	16	13
Others	325	457	356	420	184	192	280	505	318
Growth (%)	81	184	11	4	-43	-58	-21	20	59
Contribution (%)	3	4	3	3	1	1	2	3	2
Total	11,257	12,008	12,580	13,906	14,666	14,797	16,792	16,925	16,686
Growth (%)	11	33	41	47	30	23	33	22	14

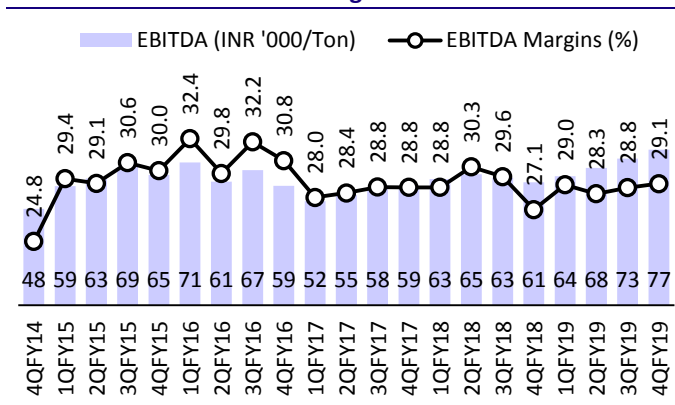
Source: Company, MOFSL

Exhibit 6: Revenue break-up

INR M	4QFY19	4QFY18	YoY (%)	3QFY19	QoQ (%)
Domestic	7,060	6,518	8.3	7,170	-1.5
% of total revenues	42.3	44.4		42.4	
Autos	2,950	3,817	-22.7	3,311	-10.9
% of total revenues	17.7	26.0		19.6	
CVs	2,278	3,297	-30.9	2,695	-15.5
% of total revenues	13.7	22.5		15.9	
PVs	672	520	29.2	616	9.1
% of total revenues	4.0	3.5		3.6	
Industrial	2,873	1,815	58.3	2,682	7.1
% of total revenues	17.2	12.4		15.8	
Others	1,237	886	39.6	1,177	5.1
% of total revenues	7.4	6.0		7.0	
Exports	9,626	8,148	18.1	9,755	-1.3
% of total revenues	57.7	55.6		57.6	
Autos	5,416	4,555	18.9	5,137	5.4
% of total revenues	32.5	31.1		30.4	
CVs	4,061	3,554	14.3	4,136	-1.8
% of total revenues	24.3	24.2		24.4	
PVs	1,355	1,001	35.4	1,001	35.4
% of total revenues	8.1	6.8		5.9	
Industrial	4,210	3,593	17.2	4,618	-8.8
% of total revenues	25.2	24.5		27.3	
Total Revenues	16,686	14,666	13.8	16,925	-1.4

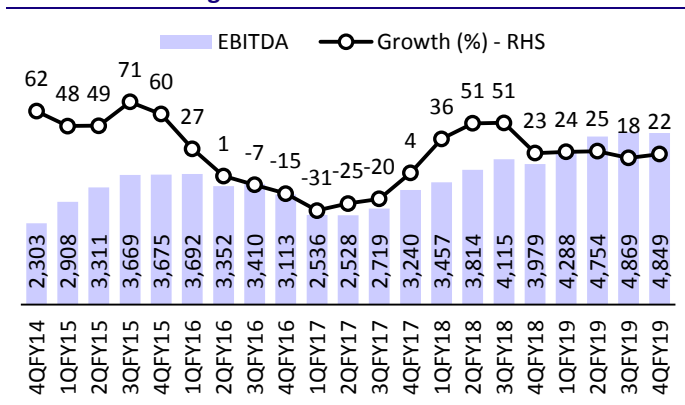
Source: Company, MOFSL

Exhibit 7: Trend in EBITDA margins



Source: Company, MOFSL

Exhibit 8: EBITDA growth trend



Source: Company, MOFSL

Valuation and view

Business is getting structurally stronger, less vulnerable to deep cycles

BHFC has broadened its revenue stream by entering new segments (non-auto) and global markets. The share of auto business has declined from ~80% in FY07 to ~56% in FY19. Further, it has increased value-addition by focusing on machined components, the contribution of which has increased to ~50%, boosting realizations and margins. It has improved its balance sheet by focusing on controlling debt through lower capex.

Auto business: New customer/component addition to drive CV segment; PVs also to witness ramp-up

Outlook for domestic CV demand for FY20E remain positive, while US CV would witness moderate growth in CY19. In the last 1.5 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 next 2-3 years. The PV segment is a focus area as this segment offers an opportunity size 4x that of CVs. To tap this opportunity, BHFC is focusing on increasing customer penetration and moving up the value chain, and is already making in-roads. BHFC expects current contribution from the PV segment of 11-12% to double from over the next 2-3 years.

Non-auto business; Ramp-up in Oil & Gas, PV, Rail to drive

O&G segment witnessed strong growth in FY19, though there are signs of near term weakness due to inventory destocking. Management is confident of strong revenue growth from this segment in next 3 years on the back of new products, customers and geographies. In Aerospace, BHFC currently has five contracts from marquee customers. This segment is on track for becoming USD100m over next 5 years. In Railways, approvals are in place for engine components with OEMs and ramp-up is expected from FY19 onwards. BHFC has become the main supplier to Indian Railways for all key components of diesel locomotive engines and sees tremendous opportunity in this segment, which would play out over the next two years.

Valuation & view

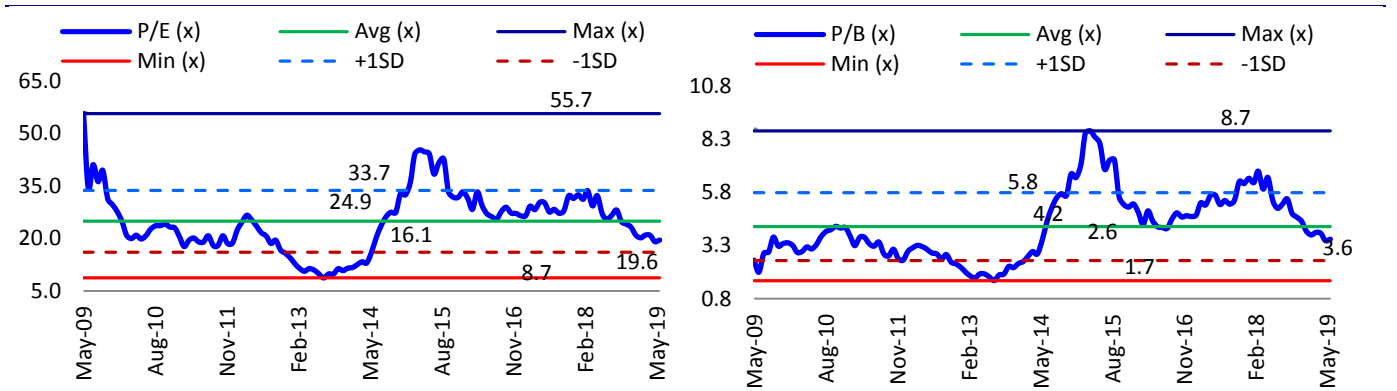
We have lowered our FY20/21 consol EPS by ~10%/2% to factor in for headwinds in key businesses. It has delivered strong operating performance over last 2 years, led by strong recovery in all its key segments (US & India CVs and Oil & Gas) as well as ramp-up in nascent businesses like PVs, aerospace, defence etc. However, all the three key businesses are staring at weakness in FY21, though BHFC would continue to outperform due to new products/customers. This coupled with noise around trade-wars has resulted in stock correction of over 30% from recent highs (despite PAT growth of ~35% in FY19). Post stock corrections, valuations are attractive at 19.8x/18x FY20/21 consol EPS. Maintain **Buy** with TP of ~INR595 (~22x Mar-21 consol EPS v/s 10 year LPA of ~25x).

Exhibit 9: Revised Forecast (Consol.)

(INR M)	FY20E			FY21E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	108,461	110,323	-1.7	115,530	117,154	-1.4
EBITDA (%)	21.2	22.3	-100bp	21.0	21.0	0bp
Net Profit	11,395	12,615	-9.7	12,568	12,700	-1.0
EPS (INR)	24.5	27.3	-10.3	27.0	27.5	-1.7

Source: MOFSL

Exhibit 10: BHFC is trading at a discount to LPA



Source: MOFSL, Company

Exhibit 11: Comparative valuation – ADD MACA

	CMP (INR)	Rating	TP (INR)	P/E (x)		EV/EBITDA (x)		RoE (%)		Div Yield (%)		EPS CAGR (%)
				FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY19-21E
Auto OEM's												
Bajaj Auto	3,006	Neutral	3,050	17.2	15.8	11.8	10.3	21.9	21.5	2.2	2.3	7.2
Hero MotoCorp	2,710	Neutral	2,912	15.3	14.7	8.9	8.2	26.1	24.8	3.3	3.5	4.4
TVS Motor	494	Neutral	480	27.2	21.6	14.1	11.5	23.5	24.6	0.8	0.8	27.4
M&M	654	Buy	793	14.8	14.7	10.9	10.8	13.1	11.7	1.5	1.5	4.6
Maruti Suzuki	7,088	Buy	8,047	25.6	21.2	14.7	12.3	16.4	18.1	1.8	2.0	16.2
Tata Motors	190	Neutral	199	13.4	12.3	3.4	3.2	7.7	7.8	0.2	0.2	NM
Ashok Leyland	88	Buy	113	12.0	14.7	6.0	6.8	24.1	17.7	3.0	3.0	-7.4
Eicher Motors	21,302	Buy	23,500	24.3	21.1	20.0	17.0	24.4	23.6	0.6	0.6	11.3
Escorts	587	Neutral	724	10.1	9.7	-0.6	-0.9	17.7	15.8	0.5	0.6	6.5
Auto Ancillaries												
Bharat Forge	485	Buy	595	19.8	18.0	11.1	10.3	19.8	19.1	1.3	1.3	10.3
Exide Industries	215	Buy	281	19.7	17.6	10.8	9.7	14.0	14.2	1.5	1.5	16.1
Amara Raja Batteries	642	Buy	761	19.3	16.9	9.9	8.6	16.1	16.4	1.3	1.5	15.9
BOSCH	17,580	Neutral	19,556	28.6	24.3	19.3	15.6	17.4	20.4	1.2	1.4	16.6
Endurance Tech	1,157	Buy	1,350	27.0	23.4	11.9	10.2	21.7	21.5	0.9	1.1	16.9
Motherson Sumi	127	Buy	186	18.4	16.4	1.1	0.6	19.4	19.1	1.5	1.6	21.5
Mahindra CIE	228	Buy	290	13.3	11.8	8.0	6.6	14.0	13.8	0.0	0.0	17.1
CEAT	1,008	Buy	1,277	13.8	11.1	3.3	3.1	10.3	11.7	1.2	1.3	19.7

Key Operating Metrics

Exhibit 12: Revenue model

INR M	FY14	FY15E	FY16	FY17	FY18	FY19	FY20E	FY21E
Autos	18,333	22,434	25,058	21,796	28,525	34,148	38,183	36,257
% of total revenues	59	54	63	60	57	56	56	52
CV	15,930	19,277	21,448	18,016	23,419	26,900	29,492	26,542
% of total revenues	51	46	54	50	47	44	43	38
PV	2,403	3,157	3,610	3,780	5,106	7,248	8,691	9,715
% of total revenues	8	8	9	10	10	12	13	14
Non-Autos	12,827	19,461	14,929	14,366	21,505	26,565	30,056	33,642
% of total revenues	41	46	37	40	43	44	44	48
Total Net Op Revenues	33,993	45,481	43,054	38,647	53,160	65,200	73,237	75,327
Growth (%)	8	34	-5	-10	38	23	12	3
Subsidiary Revenues	33,166	30,742	25,037	25,315	30,417	36,257	35,225	40,203
Growth (%)	65	-7	-19	1	20	19	-3	14
Net Consolidated Revenues	67,158	76,222	68,092	63,962	83,577	101,457	108,461	115,530
Growth (%)	30	13	-11	-6	31	21	7	7
S/A EBITDA margins (%)	25.4	29.8	31.0	28.5	29.6	28.8	28.7	27.9
Consol EBITDA margins (%)	15.3	18.9	20.7	19.6	20.6	20.3	21.2	21.0
Consol EPS (INR)	9.6	15.8	14.1	13.1	18.4	22.2	24.5	27.0
Growth (%)	59.9	64.0	-10.8	-7.0	40.7	20.3	10.4	10.3

Source: MOFSL

Financials and valuations

Consolidated - Income Statement								(INR M)
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	67,158	76,222	68,092	63,962	83,577	101,457	108,461	115,530
Change (%)	30.0	13.5	-10.7	-6.1	30.7	21.4	6.9	6.5
EBITDA	10,272	14,390	14,081	12,511	17,230	20,556	23,048	24,313
Margin (%)	15.3	18.9	20.7	19.6	20.6	20.3	21.2	21.0
Depreciation	3,572	3,623	4,530	4,521	4,669	5,208	5,821	6,333
EBIT	6,700	10,766	9,551	7,990	12,561	15,348	17,226	17,980
Int. and Finance Charges	1,692	1,356	1,160	1,000	1,065	1,272	1,465	1,447
Other Income - Rec.	1,249	1,367	1,321	1,193	1,420	2,028	2,084	2,817
PBT bef. EO Exp.	6,258	10,777	9,713	8,183	12,916	16,104	17,845	19,349
EO Expense/(Income)	-1,037	-428	55	-1,284	955	0	0	0
PBT after EO Exp.	7,295	11,205	9,658	9,468	11,961	16,104	17,845	19,349
Current Tax	2,100	3,587	3,165	2,492	4,418	5,664	6,450	6,781
Deferred Tax	0	0	0	0	0	0	0	0
Tax Rate (%)	28.8	32.0	32.8	26.3	36.9	35.2	36.1	35.0
Reported PAT	5,195	7,618	6,493	6,976	7,544	10,440	11,395	12,568
PAT Adj for EO items	4,456	7,327	6,530	6,030	8,498	10,440	11,395	12,568
Change (%)	61.3	64.4	-10.9	-7.7	40.9	22.8	9.2	10.3
Margin (%)	6.6	9.6	9.6	9.4	10.2	10.3	10.5	10.9
Less: Minority Interest	-28	-30	-31	-70	-81	118	4	4
Net Profit	4,485	7,357	6,561	6,100	8,579	10,322	11,391	12,564

Balance Sheet								(INR M)
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Equity Share Capital	466	466	466	466	931	931	931	931
Total Reserves	26,367	32,039	33,667	40,698	45,586	52,529	60,422	69,488
Net Worth	26,832	32,504	34,132	41,164	46,517	53,461	61,353	70,419
Minority Interest	170	-35	-43	100	294	298	298	298
Deferred Liabilities	1,645	2,754	1,628	2,606	2,147	2,062	2,062	2,062
Total Loans	25,612	33,619	34,445	31,241	32,570	37,728	35,728	33,728
Capital Employed	54,259	68,843	70,162	75,111	81,528	93,550	99,443	106,508
Gross Block	53,945	57,108	66,569	72,328	80,211	86,671	101,978	107,978
Less: Accum. Deprn.	28,604	30,697	35,227	39,560	45,217	50,425	56,247	62,580
Net Fixed Assets	25,340	26,411	31,343	32,768	34,994	36,246	45,731	45,398
Capital WIP	5,827	4,008	4,088	4,532	3,438	8,307	1,000	1,000
Total Investments	8,012	5,624	8,854	11,916	15,011	15,237	17,237	19,237
Curr. Assets, Loans&Adv.	36,166	45,156	38,299	39,192	46,324	55,993	62,464	69,622
Inventory	10,386	8,664	9,968	10,752	13,599	18,447	17,829	18,991
Account Receivables	8,660	15,967	14,038	13,419	19,605	21,478	24,367	25,955
Cash and Bank Balance	4,227	6,261	4,493	3,361	3,041	4,755	6,302	9,799
Loans and Advances	12,893	14,265	9,800	11,661	10,080	11,314	13,966	14,877
Curr. Liability & Prov.	21,086	12,356	12,422	13,296	18,240	22,233	26,989	28,748
Creditors	10,554	9,026	8,372	8,463	13,268	13,664	17,829	18,991
Other Current Liabilities	7,526	1,759	2,394	2,980	3,019	6,500	6,949	7,402
Provisions	3,006	1,571	1,656	1,853	1,953	2,069	2,211	2,355
Net Current Assets	15,080	32,800	25,877	25,896	28,085	33,760	35,475	40,874
Appl. of Funds	54,259	68,842	70,162	75,111	81,528	93,550	99,443	106,508

Financials and valuations

Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Basic (INR) *								
EPS	9.6	15.8	14.1	13.1	18.4	22.2	24.5	27.0
Cash EPS	17.2	23.5	23.7	22.7	28.3	33.6	37.0	40.6
BV/Share	57.6	69.8	73.3	88.4	99.9	114.8	131.8	151.2
DPS	2.2	3.7	3.7	3.8	4.5	5.0	6.2	6.2
Payout (%)	23.6	27.6	32.4	30.1	33.4	26.8	30.7	27.8
Valuation (x) *								
P/E	50.4	30.7	34.4	37.0	26.3	21.9	19.8	18.0
P/BV	8.4	6.9	6.6	5.5	4.9	4.2	3.7	3.2
EV/Sales	3.7	3.3	3.8	4.0	3.1	2.6	2.4	2.2
EV/EBITDA	24.1	17.6	18.2	20.3	14.8	12.6	11.1	10.3
Dividend Yield (%)	0.5	0.8	0.8	0.8	0.9	1.0	1.3	1.3
Return Ratios (%)								
RoE	18.2	24.8	19.7	16.2	19.6	20.6	19.8	19.1
RoCE	11.0	13.9	10.9	9.6	11.6	13.2	13.1	13.4
RoIC	12.9	16.4	12.2	10.9	13.7	15.9	15.7	15.4
Working Capital Ratios								
Fixed Asset Turnover (x)	1.2	1.3	1.0	0.9	1.0	1.2	1.1	1.1
Inventory (Days)	56	41	53	61	59	66	60	60
Debtor (Days)	47	76	75	77	86	77	82	82
Creditor (Days)	57	43	45	48	58	49	60	60
Working Capital Turnover (Days)	59	127	115	129	109	104	98	98
Leverage Ratio (x)								
Debt/Equity	1.0	1.0	1.0	0.8	0.7	0.7	0.6	0.5

* Adjusted for treasury stocks

Cash Flow Statement

(INR M)

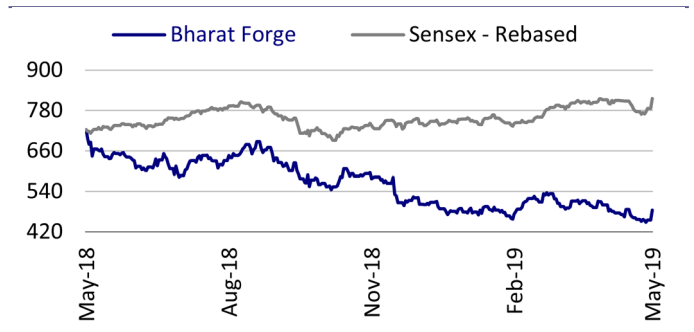
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Operating PBT	7,322	11,223	9,551	9,468	11,961	15,348	17,226	17,980
Depreciation	3,571	3,624	4,530	4,520	4,669	5,208	5,821	6,333
Other income	70	1,358	1,328	-536	1,902	1,994	2,079	2,813
Direct Taxes Paid	-2,113	-4,088	-4,291	-2,729	-3,925	-5,749	-6,450	-6,781
(Inc)/Dec in WC	-1,629	-1,240	5,156	-214	-3,979	-3,962	-167	-1,901
CF from Operations	7,222	10,877	16,273	10,510	10,628	12,840	18,511	18,443
CF from Operating incl EO	7,222	10,877	16,219	10,517	9,674	12,840	18,511	18,443
(inc)/dec in FA	-5,843	-7,113	-9,526	-6,439	-5,684	-11,409	-8,000	-6,000
Free Cash Flow	1,379	3,764	6,693	4,078	3,990	1,431	10,511	12,443
(Pur)/Sale of Investments	3,343	1,913	-3,231	-405	-2,458	-225	-2,000	-2,000
CF from Investments	-2,500	-5,201	-12,756	-6,844	-8,142	-11,634	-10,000	-8,000
Inc/(Dec) in Debt	-3,477	-621	825	-2,118	-38	5,159	-2,000	-2,000
Interest Paid	-1,701	-1,460	-1,160	-1,048	-875	-1,272	-1,465	-1,447
Dividend Paid	-1,221	-1,519	-2,101	-841	-2,522	-2,798	-3,498	-3,498
CF from Fin. Activity	-6,399	-3,599	-5,230	-4,007	-3,144	508	-6,963	-6,945
Inc/Dec of Cash	-1,677	2,077	-1,768	-334	-1,612	1,714	1,547	3,497
Add: Beginning Balance	4,074	2,397	0	3,579	2,723	3,041	4,755	6,302
Closing Balance	2,397	4,474	-1,768	3,245	1,111	4,755	6,302	9,799

Corporate profile

Company description

BHFC, part of USD2.5b Kalyani group, is global leader in forging business having transcontinental presence across India, Germany and Sweden, serving several sectors including automotive, power, oil and gas, construction & mining, locomotive, marine and aerospace.

Exhibit 1: Sensex rebased



Source: MOFSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Mar-19	Dec-18	Mar-18
Promoter	45.8	45.8	45.7
DII	13.0	12.5	12.8
FII	19.4	19.4	21.4
Others	21.9	22.4	20.1

Note: FII Includes depository receipts Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
Life Insurance Corporation Of India	3.5
Reliance Capital Trustee Co. Ltd. - A/C Reliance Large Cap Fund	3.5
Amansa Holdings Private Limited	2.2
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Fund	1.4
Hermes Investment Funds Plc On Behalf Of Hermes Global Emerging Markets Fund	1.2

Source: Capitaline

Exhibit 4: Top management

Name	Designation
B N Kalyani	Chairman & Managing Director
G K Agarwal	Deputy Managing Director
P C Bhalerao	Director
Amit B Kalyani	Executive Director
B P Kalyani	Executive Director
Kishore Saletore	Executive Director
S E Tandale	Executive Director
Tejaswini Chaudhari	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Lalita D Gupte	S M Thakore
Naresh Narad	T Mukherjee
P G Pawar	Vimal Bhandari
P H Ravikumar	

Exhibit 6: Auditors

Name	Type
Dhananjay V Joshi & Associates	Cost Auditor
S R B C & Co LLP	Statutory
SVD & Associates	Secretarial Audit

Source: Capitaline

Exhibit 7: MOFSL forecast v/s consensus

EPS (INR)	MOFSL forecast	Consensus forecast	Variation (%)
FY20	24.5	27.4	-10.5
FY21	27.0	28.8	-6.3

Source: Bloomberg

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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