

Sona BLW Precision Forgings Limited IPO Note



Sona BLW Precision Forgings Ltd

Issue Opens On
Jun 14, 2021

Issue Closes On
Jun 16, 2021

Price Band (INR)
285 – 291

Issue Size (INR Cr.)
5,550

Rating
SUBSCRIBE

Sona BLW Precision Forgings Limited (Sona Comstar) is one of the leading automotive technology companies in India. The company is primarily engaged in designing, manufacturing, and supplying high-quality mission-critical automotive components such as differential assemblies, gears, conventional and micro-hybrid starter motors, etc. It is among the top 10 auto-component manufacturers. In 2020, Sona Comstar was among the top 10 global players for the differential bevel gear segment and among the largest exporters of starter motors in India. The firm supplies its products across the countries such as India, US, Europe, and China. It has 9 manufacturing and assembly facilities across the USA, India (6), China, and Mexico.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (#)	190,721,649
Net offer (# shares)	190,721,649
Price band (INR)	285 – 291
Post issue MCAP (INR Cr.)	5,550

Source: IPO Prospectus

Indicative Timetable	
Offer Closing Date	June 16, 2021
Finalization of Basis of Allotment with Stock Exchange	On or about 21 st Jun 2021
Initiation of Refunds	On or about 22 nd Jun 2021
Credit of Equity Shares to Demat accounts	On or about 23 rd Jun 2021
Commencement of Trading of Eq.shares on NSE	On or about 24 th Jun 2021

Source: IPO Prospectus

Issue	# Shares	INR in cr	%
QIB	57,216,495	1,665	30%
NIB	114,432,989	3,330	60%
Retail (Cr)	19,072,165	555	10%
Net Offer	190,721,649	5,550	100%

Source: IPO Prospectus

Objects of the Offer: The net proceeds will be utilized for the following purpose
Repayment and pre-payment of identified borrowings in full availed by the Company (~INR 2,250 Mn)
General corporate purposes

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	100%	67.3%
Others	0%	32.7%
Total	100.0%	100.0%

Source: IPO Prospectus

Particulars (In INR Mn)*	FY18	FY19	FY20
Revenue	6,231	6,992	10,380
EBITDA	1,707	2,000	2,423
EBITDA Margin	27.4%	28.6%	23.3%
PAT	861	1,001	3,603
PAT Margin	13.8%	14.3%	34.7%
RONW	NM	111.9%	53.2%
ROCE	11.2%	19.2%	18.7%

Source: IPO Presentation, * Restated Consolidated, # Proforma Ind AS

Sona BLW Precision Forgings Ltd

INVESTMENT RATIONALE

One of the leading manufacturers and suppliers to global EV markets:

While Battery Electric Vehicle (BEV) sales as a percentage of total global vehicle sales was 3.3% in 2020, the company's revenue from BEV sales was 13.7% of the total revenue during 9MFY21. As a percentage of its total sale of goods, income from sale of goods to the BEV market has grown from 1.1% in FY18 to 2.0% in FY20 and 13.7% during 9MFY21. During 9MFY21, the BEV, Hybrid / Micro Hybrid and Power Source Neutral Products contributed around 72.8% of the total revenue. The company have been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018, and according to the Ricardo Report, company's global market share of BEV differential assemblies in calendar year 2020 was 8.7%. The company also design and manufacture traction motors and motor control units for electric vehicles, with PMSM motors for EV and hybrid PVs and BLDC motors for electric two-wheelers and electric three-wheelers. According to the Ricardo Report, Sona Comstar is one of the leading suppliers of BLDC motors in India for the two-wheeler and three-wheeler EV market.

One of the leading global companies and gaining market share, diversified across key automotive geographies, products, vehicle segments and customers:

Sona Comstar have nine manufacturing and assembly facilities, of which six are located in India and one each in China, Mexico and USA, as well as eight warehouses across India, USA, Germany and Belgium. Its facilities are strategically located in order to serve and prioritize customers' needs. The company's capabilities in precision-forging technology has enabled it to become one of the top 10 players globally in the differential bevel gear market. Sona Comstar is also one of the two largest exporters of starter motors from India and expected to be among the top 10 global starter motor suppliers in calendar year 2020 based on its exposure to the PV segment. The company have increased its global market share of differential gears and starter motors to 5.0% and 3.0%, respectively in calendar year 2020 from 4.5% and 2.5%, respectively in calendar year 2019 and its global market share of BEV differential assemblies was 8.7% in calendar year 2020, according to the Ricardo Report. Further, according to the CRISIL Report, the company is the largest manufacturer of differential gears for PV, CV and tractor OEMs in India, with an estimated market share of approximately 55% to 60%, 80% to 90% and 75% to 85%, respectively.

Strong research and development and technological capabilities in both hardware and software development:

Sona Comstar have developed strong in-house capabilities to deliver evolving green technologies for future mobility, with an aggregate expenditure on R&D of INR 1,566 Mn during Fiscal Years 2018, 2019 and 2020 and the nine months ended December 31, 2020. Its R&D expenditure as a percentage of revenue from operations were 1.8%, 1.7%, 3.3% and 6.8% for Fiscal Years 2018, 2019 and 2020 and the nine months ended December 31, 2020, respectively. In comparison, average spend of the top 10 listed auto component players was 0.9% over Fiscal 2018 to Fiscal 2020, according to CRISIL Report. As at December 31, 2020, the company had 175 on-roll employees engaged in R&D activities, representing approximately 15% of its total on-roll manpower, with 14 software engineers focused on R&D.

Consistent financial performance with industry leading metrics:

According to the CRISIL Report, as compared to the publicly listed top 10 auto-component manufacturers in India by market capitalization, Sona Comstar are the highest in terms of operating EBITDA margin, PAT margin, ROCE and ROE and one of the top ten auto-component manufacturers in India in terms of operating EBITDA and profit before tax in Fiscal Year 2020. For the Fiscal Years 2018, 2019 and 2020 and the nine months ended December 31, 2020, the company achieved an EBITDA margin of 28.2%, 28.9%, 26.7% and 29.2%, respectively. Its average ROE was 36.0%, 35.6%, 35.2% and 35.9%, respectively in Fiscal Years 2018, 2019 and 2020 and the nine months ended December 31, 2020, and ROCE was 39.4%, 40.3%, 29.0% and 32.5%, respectively. The total operating income has grown at a CAGR of 10.9% from Fiscal 2016 to 2020 as compared to the average CAGR of 8.1% for the top 10 listed auto-component manufacturers in India by market capitalization, in the same period, according to the CRISIL Report.

Strong business development with customer centric approach :

As at December 31, 2020, Sona Comstar have been awarded 50 programs from 26 customers across its product portfolio, from customers in India and overseas, where the start of production is either during Fiscal Year 2021 or a period subsequent to Fiscal Year 2021. The company have long-standing relationships of 15 years and more with 13 of its top 20 customers. Some of the key OEM customers (in alphabetical order) includes a Global OEM of EVs, a North American OEM of PVs and CVs, Ampere Vehicles, an Indian OEM of PVs, CVs and EVs, Ashok Leyland, CNH, Daimler, Escorts, Escorts Kubota, Geely, Jaguar Land Rover, John Deere, Mahindra and Mahindra, Mahindra Electric, Maruti Suzuki, Renault Nissan, Revolt Intellincorp, TAFE, Volvo Cars and Volvo Eicher. We also serve selected leading Tier 1 automotive system suppliers such as Carraro, Dana, Jing-Jin Electric, Linamar and Maschio.

Highly experienced board of directors and management team:

The company is led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry and a proven track record of performance. Mr. Sunjay Kapur, the Chairman on the Board of the Company, has over 21 years of experience in the automotive industry. Previously, he has also served as director on the board of directors of various companies and was the managing director of Sona Koyo Steering Systems Limited (now JTKET India Limited). Mr. Kapur has extensive expertise in the automobile industry, which provides leadership team with the vision to steer the long-term strategic direction of the business.

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Sona Comstar's USP's

According to the Ricardo Report, in CY20, Sona Comstar is among the top 10 players globally in the differential bevel gear market. The company is also among the top 10 global starter motor suppliers based on their exposure to the PV segment. The company have gaining global market share across products to reach a share of approximately 5% for differential bevel gears, 3% for starter motors and 8.7% for Battery electric vehicle ("BEV") differential assemblies, in CY20.

Sona Comstar is a global supplier and they derived INR 11,162 Mn representing 75% of their income from sale of goods with end-use in the overseas markets, including 36.1% (INR 5,368 Mn) in North America, 26.5% (INR 3,951 Mn) in Europe and 7.6% (INR 1,130 Mn) in China and 25% (INR 3,727 Mn) of the income was derived from sale of goods with end-use in India, for FY21. The company is also one of the two largest exporters of starter motors from India.

Sona Comstar is a technology and innovation driven company. With a strong focus on research and development ("R&D"), the company develop mechanical and electrical hardware systems, components as well as base and application software solutions, to meet the evolving demands of their customers. The company is one of a few companies globally, with the ability to design high power density EV systems handling high torque requirements with a lightweight design, while meeting stringent durability, performance and NVH specifications, enabling EV manufacturers to enhance the vehicle range, acceleration and the overall efficiency.

Sona Comstar has increased their sales to the EV market at a CAGR of 243.6% from INR 174 Mn in FY19 to INR 2,057 Mn in FY21. They currently supply differential assemblies, differential gears, EV Traction Motors to customers in US, China and India, for use in hybrid and battery electric passenger vehicles, hybrid and battery electric light commercial vehicles, electric 2-wheelers and electric 3-wheelers.

Industry Overview and Outlook

- BEVs are expected to grow at a CAGR of approximately 36% between CY20 to CY25 with increased market penetration, which will be positive for Sona Comstar as they supply EV differential assemblies, differential gears, BSG systems and EV traction motors into this market. BEV global vehicle production volume is expected to grow by 5 times in the next five years from 2.3 million units in CY20 to 11.2 million units in CY25. Further, revenue realization of various components is expected to change according to various degrees of electrification as stated in the Ricardo Report.
- Demand for electric 2-wheelers is expected to grow at a CAGR of 72% to 74% between FY21 to FY26 and the electric 3-wheeler segment is expected to grow at a CAGR of approximately 46% between CY21 to CY25 to reach 400,000 units in sales. Sona Comstar supply e-axes, BLDC motors and motor control units for use in the electric 2-wheeler and 3-wheeler segments.
- According to the Ricardo Report, 2030 targets for India indicate that 70% of all commercial PV, 30% of private PV, 40% of buses, 80% of 2-wheeler and 80% of 3-wheeler sales would be electric.
- Indian CV and PV sales are expected to increase 9% to 10% CAGR and 12% to 14% CAGR, respectively, over FY21 to FY26, with growth of 38% and 23%, respectively in FY22. This will be positive for the company's differential gears business as their estimated market share of the Indian CV and PV markets is approximately 80% to 90% and 55% to 60%, respectively.
- The mix of SUVs, CUVs, multi axle trucks and high powered EVs in the Indian and global PV and CV market is expected to increase leading to higher usage of differential gears per vehicle as these vehicles are AWD/4WD/multi-axle. Sona Comstar expects this trend to be positive for revenue growth of their differential gear business.
- The National Infrastructure Pipeline (NIP) for Fiscals 2019 to 2025 is a first-of-its-kind, whole-of-government exercise to provide world-class infrastructure to citizens and improve their quality of life. Infrastructure investment in India from Fiscals 2013 to 2019 was INR 57 trillion. Power, roads and bridges, urban, digital infrastructure and railways together constituted more than 85% of the total infrastructure investment. The total capital expenditure in infrastructure sectors in India during Fiscals 2020 to 2025 is projected at INR 111 trillion. The National Infrastructure plan aims to double infrastructure investment per year from the current average of INR 10 trillion per year to INR 22 trillion per year. Of the total NIP of INR 111 trillion, INR 44 trillion (40%) worth of projects are under implementation, Rs. 34 trillion (30%) worth of projects are at the conceptualization stage, and Rs. 22 trillion (20%) worth of projects are under development. Almost 83% of project allocation indirectly benefits the commercial vehicle sector in India, and this push for infrastructure is a major driver of growth.

Sona BLW Precision Forgings Ltd

Company Overview

Sona BLW Precision Forgings Ltd. (“Sona Comstar”) is one of India’s leading automotive technology companies, designing, manufacturing and supplying highly engineered, mission critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across US, Europe, India and China, for both electrified and non-electrified powertrain segments. Sona Comstar has 9 manufacturing and assembly facilities across India, China, Mexico and USA, of which 6 are located in India, from where they supply their products to 6 out of the top 10 global PV OEMs, 3 out of the top 10 global CV OEMs and 7 out of the top 8 global tractor OEMs by volume. Sona Comstar has 8 warehouses, of which, 5 are located in India and 3 across USA, Germany, and Belgium. The warehouses work as the delivery point to key customer locations help the customers manage their requirements in an efficient manner and enhances their engagement with them. These warehouses are owned by third parties and their storage space can be flexibly increased depending on the requirement.






As at March 31, 2021, they had 3,143 employees, (comprising of 1,204 on-roll and 1,939 off-roll employees), of which 3,067 are employed in India and 76 are employed outside India. Company’s global OEM customer portfolio includes a Global OEM of EVs, a North American OEM of PVs and CVs, Ampere Vehicles, an Indian OEM of PVs, CVs and EVs, Ashok Leyland, CNH, Daimler, Escorts, Escorts Kubota, Geely, Jaguar Land Rover, John Deere, Mahindra and Mahindra, Mahindra Electric, Maruti Suzuki, Renault Nissan, Revolt Intellicorp, TAFE, Volvo Cars and Volvo Eicher. The company also serve selected leading Tier 1 automotive system suppliers such as Carraro, Dana, Jing-Jin Electric, Linamar and Maschio.

Management:

Key Managerial Personnel	Position	Experience
Mr. Sunjay Kapur	Chairman & Non-Executive Director	He holds a bachelor’s degree in science (business studies) from the University of Buckingham. He has over 21 years of experience in the automotive industry. He also served as director on the board of directors of various companies and was the managing director of Sona Koyo Steering Systems Limited (now JTKET India Limited).
Mr. Vivek Vikram Singh	MD & CEO	He holds a bachelor’s degree in technology (computer science and engineering) from HBTI, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 15 years of experience, including six years of experience in the automotive industry.
Mr. Jeff M. Overly	Independent Director	He holds a bachelor’s degree of science in industrial management from the University of Cincinnati and a master’s degree of science in admin from Central Michigan University. Prior to joining the Company, he has worked with The Blackstone Group for approximately 10 years where he also served as the operating partner.
Mr. Prasan Abhaykumar Firodia	Independent Director	He holds a bachelor’s degree of arts in international business from the Regents Business School, London. He has over 12 years of experience in the automotive industry. He is the MD of Force Motors Limited and the trustee and president of the Aluminium Casters Association and is also a member of the Society of Indian Automobile Manufacturers
Mr. Shradha Suri	Independent Director	She holds a master’s degree of science in international marketing and management from the University of Leeds and a master’s of science in analysis, design and management of information systems from the London School of Economics and Political Science, University of London. She has over 20 years of experience in the automotive industry.

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Product Portfolio

Products	Our Product Offerings Across Vehicle and Powertrain Segments					Description
	Passenger Vehicles	Commercial Vehicles	Off-Highway Vehicles	Three-Wheelers	Two-Wheelers	
 Differential Assembly	BEV & Hybrid	BEV	BEV	BEV	NA	A mechanism including gears that transmits power to the wheels differently, allowing them to rotate at different speeds while executing a turn. Differential assembly is part of the drivetrain.
	ICE	ICE	ICE	ICE		
 Differential Gears	BEV & Hybrid	BEV	BEV	BEV	NA	Gear arrangement which goes into the differential assembly.
	ICE	ICE	ICE	ICE		
 Starter Motors (Micro-hybrid and Conventional)	Hybrid	Hybrid	NA	NA	NA	Micro Hybrid- An electric device that apart from cranking the engine, automatically shuts the engine to reduce engine idle time.
	ICE	ICE	No presence	No presence	No presence	Conventional- An electric device required to crank the engine and provide initial starting power to the engine.
 BSG	Hybrid	Hybrid	NA	No presence	No presence	Synchronous or asynchronous electric machine, which provides torque to the powertrain in motor mode and produces electricity in generator mode.
 EV Traction Motors (BLDC & PMSM) and Motor Control Units	BEV & Hybrid	No presence	No presence	BEV	BEV	Synchronous Motors powered by direct current (DC) electricity to drive the electric vehicles - PMSM for BEV & Hybrid EVs, BLDC for electric 2Ws & 3Ws. Motor Control Units regulate the power given to motors for providing the torque and speed to vehicle, and it also charges battery during braking.

Manufacturing Units

Location	Leased / Owned	Installed Capacity	Actual Production	Capacity Utilization in FY20	Capacity Utilization in FY19	Capacity Utilization in FY18	Manufacturing Processes at the location
Gurugram (manufacturing)	1 unit owned, 2 leased	28.70 million gears	21.6	75%	72%	91%	Forging, heat Treatment and machining
Manesar (assembly)	Leased	0.53 differential Assemblies	0.39	93%	0%	0%	Case housing and FDG machining and final assembly
Pune (manufacturing)	Owned	9.33 million gears	6.07	65%	72%	89%	Forging, heat Treatment and machining
Chennai (manufacturing)	Owned	3.8 million starter motors	1.96	52%	39%	46%	Manufacture and assembly of kits, starter motors and traction motors
Hangzhou (assembly)	Leased	1 million starter motors	0.13	13%	7%	7%	Starter motor assembly
Mexico (assembly)	Leased	1 million starter motors	0.33	33%	26%	2%	Starter motor assembly
Tecumseh (assembly)	Owned	1 million starter motors	0.2	20%	23%	24%	Starter motor assembly

Source: IPO Prospectus

Sona BLW Precision Forgings Ltd

VALUATION & VIEW:

Sona BLW Precision Forgings Limited (Sona Comstar) is one of the leading automotive technology companies in India. The company is primarily engaged in designing, manufacturing, and supplying high-quality mission-critical automotive components such as differential assemblies, gears, conventional and micro-hybrid starter motors, etc. It is among the top 10 auto-component manufacturers. In 2020, Sona Comstar was among the top 10 global players for the differential bevel gear segment and among the largest exporters of starter motors in India. The firm supplies its products across the countries such as India, US, Europe, and China. It has 9 manufacturing and assembly facilities across the USA, India (6), China, and Mexico.

At the upper band of issue price, Sona Comstar will trade at a P/E multiple of 40x of its annualized 9MFY21 revenue, which is at a discount to its listed peer like Motherson Sumi (77x), Bosh Ltd (97x); however, it is likely to trade at a premium to its peers like Sundaram Clayton Ltd (23x). Looking at the growth potential in the company we anticipate listing gains and give a 'SUBSCRIBE' rating to Sona Comstar IPO.

Peer Comparison:

Company Name	Net Sales (INR Mn)	OPM (%)	D/E (x)	RoCE (%)	RoE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	Mcap/Sales (x)	M. Cap (INR Mn)
Sona BLW Precision Forgings Ltd.	10,380	23.3	0	25.1	13.4	78.9	10.6	38.6	10.8	169,737
Motherson Sumi Systems Ltd.	635,368	8.5	1.1	12.1	12	76.7	6.8	18.9	1.4	796,905
Bosch Ltd.	99,121	20.4	0	10	7.1	97	4.8	26.7	4.8	467,560
Bharat Forge Ltd.	80,558	16.1	0.8	7.1	7.4	0	6.5	37.9	5.6	352,893
Endurance Technologies Ltd.	69,177	17	0.2	21.7	20.3	40.7	5.9	19.9	3.2	211,543
Sundram Fasteners Ltd.	37,232	16.7	0.4	15.7	16.9	48.6	7.4	26.5	4.9	174,522
Minda Industries Ltd.	54,651	12	0.6	11.9	9.9	203.5	7.4	29.3	3.2	159,105
Wabco India Ltd.	19,296	16.3	0	12.3	8.6	125.1	6.5	51.2	7	129,881
Mahindra CIE Automotive Ltd.	60,501	9.2	0.3	3.9	2.2	157.8	1.7	14.6	1.3	84,846
Sundaram-Clayton Ltd.	198,587	12.4	4.9	13	25.5	23.6	2.6	7.5	0.4	76,376
Varroc Engineering Ltd.	111,219	8.3	1.2	3.1	0.4	0	2	16.1	0.5	59,380

Source: Company RHP

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Revenue Break-up:

(INR Mn)	FY19		FY20		FY21	
	Sale of Goods	% of Total	Sale of Goods	% of Total	Sale of Goods	% of Total
Systems & Components						
Differential Assembly	611	4.5%	658	5.6%	2,614	17.6%
Differential Gears	5,658	41.5%	4,111	34.8%	4,144	27.8%
Micro Hybrid Starter Motors	2,325	17.0%	3,480	29.5%	3,975	26.7%
Conventional Starter Motors	4,613	33.8%	3,055	25.9%	3,541	23.8%
Other Gears	318	2.3%	387	3.3%	419	2.8%
Others	125	0.9%	113	1.0%	196	1.3%
Total	13,650	100.0%	11,804	100.0%	14,889	100.0%
Powertrain						
Battery EV	174	1.3%	234	2.0%	2,057	13.8%
Micro Hybrid / Hybrid	2,325	17.0%	3,480	29.5%	3,975	26.7%
Power Source Neutral	6,415	47.0%	4,924	41.7%	5,125	34.4%
ICE Dependent	4,736	34.7%	3,166	26.8%	3,732	25.1%
Total	13,650	100.0%	11,804	100.0%	14,889	100.0%
Geographic Markets						
North America	5,792	42.4%	4,731	40.1%	5,368	36.1%
Europe	2,480	18.2%	2,767	23.4%	3,950	26.5%
India	4,302	31.5%	3,230	27.4%	3,727	25.0%
China	265	1.9%	258	2.2%	1,130	7.6%
Others	811	5.9%	818	6.9%	714	4.8%
Total	13,650	100.0%	11,804	100.0%	14,889	100.0%
Top 10-Customers						
North American OEM of PVs and CVs	3,645	33.8%	2,762	29.0%	2,523	21.3%
European OEM of PVs and CVs	2,061	19.1%	2,374	24.9%	2,296	19.4%
Global OEM of EVs	22	0.2%	164	1.7%	1,951	16.5%
Global OEM of PVs, CVs & EVs	191	1.8%	281	2.9%	1,015	8.6%
Global Tier 1 Supplier for PVs, CVs, OHVs & EVs	838	7.8%	767	8.0%	834	7.0%
Indian OEM of PVs, CVs and EVs	984	9.1%	632	6.6%	730	6.2%
Global OEM of OHVs	668	6.2%	541	5.7%	727	6.1%
Indian OEM of PVs, CVs, OHVs & EVs	688	6.4%	588	6.2%	644	5.4%
North American Tier 1 Supplier for PVs & EVs	1,343	12.5%	954	10.0%	602	5.1%
Asian OEM of PVs and CVs	348	3.2%	472	5.0%	536	4.5%
Total for Top 10 Customers	10,789	79.0%	9,535	80.8%	11,858	79.6%
Total Sales	13,650	100.0%	11,804	100.0%	14,889	100.0%
Vehicle Segment						
Passenger Vehicle (PV)	8,460	62.0%	7,698	65.2%	10,190	68.4%
Commercial Vehicle (CV)	2,934	21.5%	2,138	18.1%	2,141	14.4%
Off Highway Vehicle (OHV)	2,234	16.4%	1,946	16.5%	2,544	17.1%
Others	22	0.2%	22	0.2%	14	0.1%
Total	13,650	100.0%	11,804	100.0%	14,889	100.0%

Source: RHP

Sona BLW Precision Forgings Ltd

Financials:

Ratio Analysis (%)	FY18	FY19	FY20	9MFY21
EBITDA Margin	27.4%	28.6%	23.3%	29.2%
PAT Margin	13.8%	14.3%	34.7%	15.1%
RONW	NM	111.9%	53.2%	9.2%
ROCE	11.2%	19.2%	18.7%	7.7%
Asset Turnover (x)	0.4 x	0.4 x	0.6 x	0.5 x
Debt/Equity (x)	NM	1.0 x	0.3 x	0.4 x
Diluted EPS (INR) (Adjusted Post IPO)	2.59	5.2	7.06	2.71

Source: RHP

Income Statement (INR Mn)	FY18	FY19	FY20	9MFY21
Total Revenue from Operations	6,231	6,992	10,380	10,270
COGS	1,675	2,051	4,456	4,141
Gross profit	4,557	4,942	5,924	6,129
Employee cost	418	490	1,027	1,016
Other expenses	2,432	2,452	2,474	2,110
EBITDA	1,707	2,000	2,423	3,003
EBITDA Margin	27.4%	28.6%	23.3%	29.2%
Other Income	28	33	58	27
Depreciation	233	310	671	689
EBIT	1,502	1,723	1,809	2,341
Interest expense	191	178	260	231
Exceptional Item	0	0	2,321	0
PBT	1,311	1,545	3,870	2,111
Tax	448	546	267	556
Share of Profit / MI	-2	2	0	0
PAT	861	1,001	3,603	1,555
PAT Margin	13.8%	14.3%	34.7%	15.1%
Basic EPS (INR)	2.59	5.2	7.06	2.71
Diluted EPS (INR)	2.59	5.2	7.06	2.71

Source: RHP

Cashflow Statement (INR Mn)	FY18	FY19	FY20	9MFY21
Net cash flow from operating activities	1,489	1,546	2,533	1,078
Net cash flow used in investing activities	-1,379	2,041	-9,542	-869
Net cash flow generated from / (used in) in financing activities	-128	-3,461	7,668	-925
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(19.05)	126.29	659.55	(716.47)
Adjustment for Forex changes	0.0	0.0	0.0	0.0
Opening Cash and cash equivalents	283	264	390	1,050
Closing Cash and cash equivalents	264	390	1,050	333

Source: RHP

Sona BLW Precision Forgings Ltd

Financials:

Balance Sheet (INR Mn)	FY18	FY19	FY20	9MFY21
ASSETS				
Property, plant and equipment	5,270	1,784	2,845	3,219
Capital work-in-progress	180	132	581	821
Right-of-use assets	1,005	405	1,419	1,608
Goodwill on consolidation	1,552	0	1,758	1,758
Other intangible assets	105	724	4,629	4,451
Intangible assets under development	0	0	315	910
Investments accounted for using the equity method	5	0	0	0
Financial assets				
(i) Investments	0	0	19	0
(ii) Loans	17	23	51	54
(iii) Other financial assets	27	38	1	0
Income tax assets (net)	14	11	291	243
Other non-current assets	92	84	278	210
Deferred tax asset (net)	172	0	0	0
Current assets				
Inventories	2,839	678	1,962	2,838
Financial assets				
(i) Trade receivables	2,810	1,521	2,336	3,939
(ii) Cash and cash equivalents	264	2	1,050	333
(iii) Bank balances other than (ii) above	0	254	623	3
(iv) Loans	149	0	5	2
(v) Other financial assets	38	32	5	160
Income tax assets (net)	10	0	0	0
Other current assets	290	130	336	572
Assets of disposal group classified as held for sale	0	10,507	0	0
Total Assets	14,838	16,326	18,507	21,120
LIABILITIES				
Equity				
Equity share capital	277	277	472	472
Instruments entirely equity in nature	0	0	6	6
Other equity	-275	1,461	11,302	12,408
Non-controlling interest	25	24	0	0
Non-current liabilities				
(i) Borrowings	3,944	733	1,768	1,698
(ii) Lease liabilities	928	157	532	733
(iii) Other financial liabilities	1	1	1	1
Provisions	3,941	24	67	104
Deferred tax liabilities (net)	0	111	1,077	1,195
Current liabilities				
(i) Borrowings	350	389	846	604
(ii) Trade payables	3,298	692	1,162	2,421
(iii) Lease liabilities	336	24	72	99
(iv) Other financial liabilities	1,284	1,027	923	939
Other current liabilities	296	121	110	159
Provisions	377	16	51	71
Current tax liabilities (net)	55	1	118	210
Liabilities of disposal group classified as held for sale	0	11,268	0	0
Total Liabilities	14,838	16,326	18,507	21,120

Source: RHP

Sona BLW Precision Forgings Ltd

ANALYST CERTIFICATION:

I, Parvati Rai (MBA-Finance, M.com), Head Research, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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