

Q2 likely the bottom quarter; pace of recovery monitorable

Auto & Auto Ancillaries ▶ Result Update ▶ November 12, 2025

CMP (Rs): 1,402 | TP (Rs): 1,450

Bharat Forge (BHFC) logged a steady Q2, with consol revenue up 9% YoY to Rs40bn and EBITDA up 12% YoY to Rs7.3bn. Margin improved by 80bps QoQ to 18%, aided by cost rationalization and better subs performance (on improved product mix which is likely to sustain). The management reiterated that Q2 likely marks the bottom of the current downcycle, with Q3 expected to maintain similar levels; gradual recovery is expected from Q4, as global destocking eases/US demand stabilizes. ATAGS execution to commence in CY26 (in 6-9M), ramping up over the next 3Y; FY27 defense revenue is expected to see an uptick from FY26 levels. Also, tariff-related headwinds in US exports would be more than offset by the industrial business across India, exports to non-US regions, and ramp up in the defense business. We believe the worst cyclical trough is largely priced-in and, hence, raise target multiple to 20x Sep-27E EV/EBITDA (vs 17x earlier). We haul up our TP by ~21% to Rs1,450 (from Rs1,200); revival remains the key monitorable. Our estimates are largely unchanged; retain ADD.

Beat across parameters; however, North America still lagging

Consol revenue rose ~9% YoY to Rs40bn. At the SA level, revenue fell 13% YoY at Rs19bn, impacted by a sharp drop in the North American CV demand. Domestic Auto revenue was flattish owing to 1% de-growth in PVs, while domestic non-auto revenue fell 7% YoY. Exports fell 20% YoY. Consol EBITDA rose 12% YoY to 7.3bn; EBITDA margin rose by 80bps QoQ to 18%, on account of lower opex/staff costs partially offset by GM contraction. Margin of subsidiaries (consol-SA) stood at 8.4% vs 5.6%/3.8% in Q1FY26/Q4FY25. PAT was up 23% YoY to Rs3bn, owing to strong margin performance.

Earnings call KTAs

1) The mgmt highlighted that Q2 marked the trough of the current downcycle; Q3 is expected to see a similar trend, while Q4 should see an uptick as global destocking eases and US demand stabilizes. 2) India MHCV demand expected to be flat for FY26, while tractor demand remains strong; defense, aerospace to be key growth drivers over FY27-28. 3) BHFC reiterated that the US CV market slowdown continues to weigh on exports, but demand normalization is likely by early-FY27. 3) The defense order book stood at Rs110bn, excl a Rs14bn carbine order (execution to begin in 9-12M; full execution over 4Y). 4) Defense revenue recognition typically lags by 6-9M post-order, as FOMP (final order manufacturing protocol) is required before deliveries start. 5) The recent order worth Rs2.5bn, from the Navy for underwater and unmanned marine systems, was won via Kalyani Strategic Systems (KSSL), a 100% subsidiary, and will be delivered in a year. 6) ATAGS (artillery gun) execution will start from CY26, ramping up over 3Y; FY27 defense revenue expected to be meaningfully higher YoY. 7) Aerospace revenue expected to grow from Rs2.5bn in FY25 to Rs3.5bn in FY26, with strong 3-4Y visibility ahead, driven by new engine and structural component programs. 8) For the American Axles subsidiary, near-term focus (Horizon 1) is on stabilization/better profitability; Horizon 2 to focus on aggressive growth in LCV/ICV and OFH applications in India. 9) BHFC noted that tariff cost rose to Rs240mn in Q2 (Q1: Rs140mn) due to sharing US export duties.

Target Price – 12M	Sep-26
Change in TP (%)	20.8
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	3.4

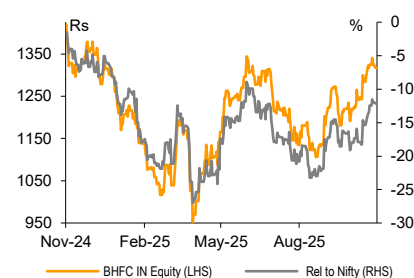
Stock Data	BHFC IN
52-week High (Rs)	1,420
52-week Low (Rs)	919
Shares outstanding (mn)	478.1
Market-cap (Rs bn)	670
Market-cap (USD mn)	7,569
Net-debt, FY26E (Rs mn)	33,390.1
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	1,382.3
ADTV-3M (USD mn)	15.6
Free float (%)	54.7
Nifty-50	25,694.9
INR/USD	88.6

Shareholding, Sep-25

Promoters (%)	44.1
FPIs/MFs (%)	13.6/32.3

Price Performance

(%)	1M	3M	12M
Absolute	14.9	20.3	0.3
Rel. to Nifty	13.1	15.1	(5.7)

1-Year share price trend (Rs)**Bharat Forge: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	156,821	151,228	155,829	184,683	206,906
EBITDA	25,579	26,939	27,915	33,268	37,685
Adj. PAT	9,635	10,982	10,367	13,154	15,238
Adj. EPS (Rs)	20.7	23.0	21.7	27.5	31.9
EBITDA margin (%)	16.3	17.8	17.9	18.0	18.2
EBITDA growth (%)	44.7	5.3	3.6	19.2	13.3
Adj. EPS growth (%)	67.8	11.0	(5.6)	26.9	15.8
RoE (%)	13.9	13.4	10.9	12.9	13.9
RoIC (%)	11.1	11.8	10.3	12.2	13.7
P/E (x)	68.6	71.2	64.7	51.0	44.0
EV/EBITDA (x)	27.4	26.0	25.1	21.1	18.6
P/B (x)	9.1	7.2	6.8	6.4	5.9
FCFF yield (%)	0.2	0.5	1.7	1.5	2.2

Source: Company, Emkay Research

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Exhibit 1: Consolidated Q1FY26 results – Revenue was up 9% YoY, with EBITDA up 12%; EBITDAM was up by 78bps QoQ, on lower staff costs and other expenses

Consolidated (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY25	Q2FY26	YoY (%)	QoQ (%)
Revenue	37,742	38,664	41,642	41,061	36,885	34,755	38,526	39,087	40,319	9.3	3.2
Growth YoY (%)	23	15	15	6	-2	-10	-7	-5	9		
Expenditure	31,528	31,686	35,209	33,652	30,412	28,512	31,713	32,358	33,063	8.7	2.2
as a % of sales	83.5	82.0	84.6	82.0	82.5	82.0	82.3	82.8	82.0		
Consumption of RM	17,642	17,803	19,566	18,369	15,643	14,698	17,234	16,962	17,674	13.0	4.2
as a % of sales	46.7	46.0	47.0	44.7	42.4	42.3	44.7	43.4	43.8		
Employee Cost	4,627	4,498	4,749	4,987	4,672	4,362	4,678	5,137	5,206	11.4	1.3
as a % of sales	12.3	11.6	11.4	12.1	12.7	12.5	12.1	13.1	12.9		
Other expenditure	9,258	9,384	10,894	10,296	10,097	9,452	9,801	10,260	10,183	0.8	(0.8)
as % of sales	24.5	24.3	26.2	25.1	27.4	27.2	25.4	26.2	25.3		
EBITDA	6,214	6,979	6,433	7,410	6,473	6,244	6,813	6,729	7,257	12.1	7.8
Growth YoY (%)	45	61	34	24	4	-11	6	-9	12		
EBITDA margin (%)	16.5	18.0	15.4	18.0	17.5	18.0	17.7	17.2	18.0		
Depreciation	2,113	2,237	2,071	2,183	2,133	2,182	2,238	2,261	2,409	12.9	6.5
EBIT	4,101	4,742	4,362	5,227	4,339	4,061	4,576	4,468	4,848	11.7	8.5
Other Income	525	560	548	516	616	384	621	497	535	(13.2)	7.6
Interest	1,243	1,368	1,155	1,237	1,098	960	880	822	801	(27.1)	(2.6)
PBT	3,382	3,933	3,755	4,506	3,858	3,485	4,317	4,143	4,582	18.8	10.6
Total Tax	1,218	1,406	1,387	1,250	1,419	1,342	1,415	1,271	1,576	11.0	23.9
Minority interest/ Associate share	-129	-118	-94	-289	3	15	29	35	14	385.8	(59.0)
Adjusted PAT	2,293	2,645	2,462	3,546	2,436	2,128	2,873	2,837	2,992	22.8	5.5
Growth YoY (%)	59	477	14	59	6	-20	17	-20	23		
Extraordinary items Loss/(Gain)	-21	0	-102	-1,518	0	0	-53	0	0		
Reported PAT	2,272	2,645	2,360	2,028	2,436	2,128	2,820	2,837	2,992	22.8	5.5

(%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY25	Q2FY26	YoY (bps)	QoQ (bps)
EBITDAM	16.5	18.0	15.4	18.0	17.5	18.0	17.7	17.2	18.0	45	78
EBITM	10.9	12.3	10.5	12.7	11.8	11.7	11.9	11.4	12.0	26	59
EBTM	9.0	10.2	9.0	11.0	10.5	10.0	11.2	10.6	11.4	91	76
PATM	6.1	6.8	5.9	8.6	6.6	6.1	7.5	7.3	7.4	82	16
Effective Tax rate	36.0	35.7	36.9	27.7	36.8	38.5	32.8	30.7	34.4	(239)	370

Source: Company, Emkay Research

Exhibit 2: Actual vs Estimates

Consolidated (Rs mn)	Actual	Emkay Est	% variance	Consensus	% variance
Net sales	40,319	38,001	6.1	33,478	20.4
EBITDA	7,257	6,542	10.9	6,076	19.4
EBITDA margin (%)	18.0	17.2	78 bps	18.1	-15 bps
Standalone (Rs mn)	Actual	Emkay Est	% variance	Consensus	% variance
Net sales	19,469	22,574	(13.8)	22,796	(14.6)
EBITDA	5,511	6,133	(10.1)	6,095	(9.6)
EBITDA margin (%)	28.3	27.2	114 bps	26.7	157 bps

Source: Company, Bloomberg, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 3: Standalone Q1FY26 results – Revenue down 13% YoY, with EBITDA also down, by 12%; EBITDAM down by 130bps QoQ, on higher staff costs and other expenses despite gross-margin expansion

Standalone (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY25	Q2FY26	YoY (%)	QoQ (%)
Revenue	22,494	22,634	23,286	23,381	22,467	20,959	21,630	21,047	19,469	(13.3)	(7.5)
Growth YoY (%)	21	16	17	10	-0	-7	-7	-10	-13		
Expenditure	16,426	16,002	16,694	16,866	16,212	14,861	15,464	15,329	13,958	(13.9)	(8.9)
as a % of sales	73.0	70.7	71.7	72.1	72.2	70.9	71.5	72.8	71.7		
Consumption of RM	9,744	9,491	9,647	9,777	9,167	8,401	8,576	8,156	7,053	(23.1)	(13.5)
as a % of sales	43.3	41.9	41.4	41.8	40.8	40.1	39.6	38.8	36.2		
Employee Cost	1,506	1,510	1,504	1,626	1,617	1,583	1,539	1,696	1,674	3.5	(1.3)
as a % of sales	6.7	6.7	6.5	7.0	7.2	7.6	7.1	8.1	8.6		
Other expenditure	5,175	5,002	5,543	5,463	5,428	4,877	5,348	5,477	5,232	(3.6)	(4.5)
as % of sales	23.0	22.1	23.8	23.4	24.2	23.3	24.7	26.0	26.9		
EBITDA	6,068	6,632	6,592	6,515	6,254	6,098	6,167	5,718	5,511	(11.9)	(3.6)
Growth YoY (%)	34	24	26	19	3	-8	-6	-12	-12		
EBITDA margin (%)	27.0	29.3	28.3	27.9	27.8	29.1	28.5	27.2	28.3		
Depreciation	1,128	1,124	1,079	1,094	1,083	1,104	1,122	1,125	1,112	2.6	(1.1)
EBIT	4,940	5,507	5,512	5,420	5,171	4,995	5,045	4,593	4,399	(14.9)	(4.2)
Other Income	424	346	382	446	348	314	481	422	465	33.5	10.1
Interest	726	809	634	702	635	573	588	522	483	(24.0)	(7.6)
PBT	4,637	5,044	5,261	5,164	4,884	4,735	4,937	4,493	4,380	(10.3)	(2.5)
Total Tax	1,156	1,266	1,231	1,014	1,407	1,266	1,278	1,108	1,202	(14.6)	8.5
Adjusted PAT	3,481	3,778	4,030	4,151	3,476	3,470	3,659	3,385	3,178	(8.6)	(6.1)
Growth YoY (%)	30	33	26	33	-0	-8	-9	-18	-9		
Extraordinary Loss/(Gain)	21	0	133	1,457	-135	9	203	0	79		
Reported PAT	3,460	3,778	3,897	2,694	3,612	3,460	3,456	3,385	3,099	(14.2)	(8.4)
Adjusted EPS (Rs)	7.5	8.1	8.7	8.9	7.5	7.5	7.9	7.3	6.8	(8.6)	(6.1)

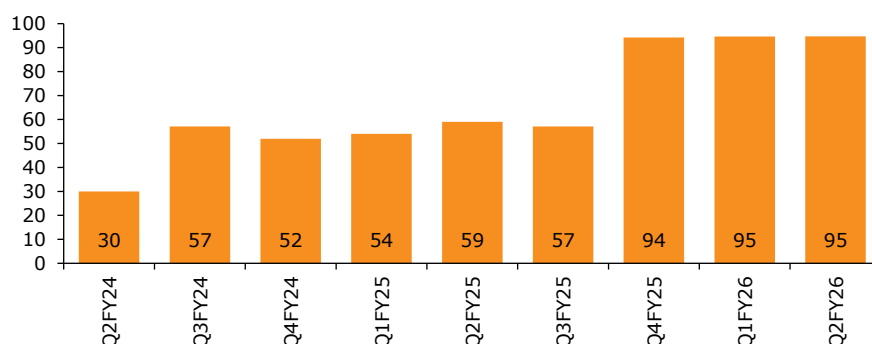
(%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY25	Q2FY26	YoY (bps)	QoQ (bps)
EBITDAM	27.0	29.3	28.3	27.9	27.8	29.1	28.5	27.2	28.3	47	114
EBITM	22.0	24.3	23.7	23.2	23.0	23.8	23.3	21.8	22.6	(42)	77
EBTM	20.6	22.3	22.6	22.1	21.7	22.6	22.8	21.3	22.5	76	115
PATM	15.5	16.7	17.3	17.8	15.5	16.6	16.9	16.1	16.3	85	24
Effective Tax rate	24.9	25.1	23.4	19.6	28.8	26.7	25.9	24.7	27.4	(138)	279

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Exhibit 4: BHFC's defense order book stands at ~Rs95bn as of Q2FY26; of this, new orders worth Rs1.6bn were secured in H1

Defence Order Book (Rs bn)



Source: Company, Emkay Research

Exhibit 5: As per management commentary of major CV OEMs, outlook for EU/NA CVs remains weak

Daimler Trucks	CY25 Earlier Forecast	CY25 Revised Forecast	Revision in Guidance (%)	CY26 Outlook	Growth YoY (%)	Date
NA Class 8 trucks	260,000 - 290,000	250,000 - 280,000	-4	NA		NA Aug-25
Europe HD trucks	270,000 - 310,000	270,000 - 310,000	0	NA		NA Aug-25

Volvo Trucks	CY25 Earlier Forecast	CY25 Revised Forecast	Revision in Guidance (%)	CY26 Outlook	Growth YoY (%)	Date
NA HD trucks	275,000	265,000	-4	250,000	-6	Oct-25
Europe HD trucks	290,000	290,000	0	295,000	2	Oct-25

Paccar (>16T)	CY25 Earlier Forecast	CY25 Revised Forecast	Revision in Guidance (%)	CY26 Outlook	Growth YoY (%)	Date
US and Canada	230,000 - 260,000	230,000 - 245,000	-3	230,000-270,000	5	Oct-25
Europe	270,000-300,000	275,000 - 295,000	0	270,000-300,000	0	Oct-25

Traton	CY25 Earlier Forecast	CY25 Revised Forecast	Revision in Guidance (%)	CY26 Outlook	Growth YoY (%)	Date
NA Class 6-8	-7.5% to -17.5%	-7.5% to -17.5%	NA	NA		NA Oct-25
Europe (>6T)	-5% to -15%	-5% to -15%	NA	NA		NA Oct-25

Source: Company, Emkay Research

Other Key Highlights

- The management is evaluating entry into datacenter/server manufacturing, exploring system-level architecture and potential participation in the value chain. BHFC expects clarity on opportunity and approach, within the next 6-9M.
- BHFC has obtained Board approval to raise up to Rs20bn via debt/NCDs, to be deployed for organic + inorganic growth (timing to depend on market conditions).
- The management also noted that the North American non-compete clause (5Y) restricts competing products, hence the Indian market will be the core expansion area for now.
- The management emphasized that K Drive Mobility integration is progressing well, with Q2 being the first full consolidation quarter.

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 6: We build in 11%/12%/12% revenue/EBITDA/PAT CAGR over FY25-28E

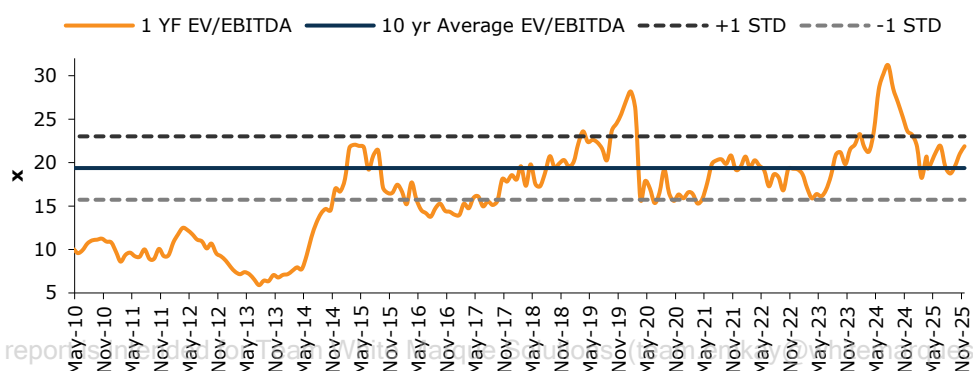
Rs mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Segmental revenues							
India CV	7,417	10,140	10,341	9,626	9,722	10,014	10,515
Growth (%)	45	37	2	(7)	1	3	5
India Non-Auto	11,665	12,978	22,360	23,283	23,849	38,415	45,523
Growth (%)	57	11	72	4	2	61	19
India PV	2,936	3,513	2,997	3,622	3,803	3,993	4,233
Growth (%)	36	20	(15)	21	5	5	6
Export CV	17,180	19,120	21,134	20,144	18,449	18,343	19,419
Growth (%)	79	11	11	(5)	(8)	(1)	6
Export Non-Auto	13,932	15,933	15,454	15,962	17,100	18,767	20,721
Growth (%)	151	14	(3)	3	7	10	10
Export PV	5,591	9,552	12,694	11,174	11,956	12,554	13,182
Growth (%)	24	71	33	(12)	7	5	5
Others	2,978	3,452	3,546	3,724	3,724	4,106	4,106
Growth (%)	78	16	3	5	-	10	-
Total Standalone revenues	62,546	75,727	89,686	88,437	89,595	107,284	118,899
Growth (%)	71	21	18	(1)	1	20	11
Subsidiary revenues	42,065	53,375	67,134	62,791	66,234	77,399	88,008
Growth (%)	57	27	26	(6)	5	17	14
Consolidated revenues	104,611	129,103	156,821	151,228	155,829	184,683	206,906
Growth (%)	65	23	21	(4)	3	19	12
EBITDA	19,810	17,675	25,579	26,939	27,915	33,268	37,685
Growth (%)	129	(11)	45	5	4	19	13
EBITDA Margin %	18.9	13.7	16.3	17.8	17.9	18.0	18.2
PAT	9,544	5,742	9,635	10,982	10,367	13,154	15,238
PAT Margin %	15.3	7.6	10.7	12.4	11.6	12.3	12.8
EPS (Rs)	20.5	12.3	20.7	23.0	21.7	27.5	31.9

Source: Company, Emkay Research

Exhibit 7: We marginally raise our FY27E/28E estimates by 2-4%

Consolidated (Rs mn)	FY26E				FY27E				FY28E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenues	155,108	155,829	0.5	3.0	181,423	184,683	1.8	18.5	201,099	206,906	2.9	12.0
EBITDA	28,096	27,915	(0.6)	3.6	33,044	33,268	0.7	19.2	37,030	37,685	1.8	13.3
Margin (%)	18.1	17.9	-20 bps	10 bps	18.2	18.0	-20 bps	10 bps	18.4	18.2	-20 bps	20 bps
Net Profit	10,337	10,367	0.3	(5.6)	12,875	13,154	2.2	26.9	14,707	15,238	3.6	15.8

Source: Emkay Research

Exhibit 8: AT CMP, BHFC trades near its LTA on 1YF Price/Book basis

Source: Company, Bloomberg, Emkay Research

Bharat Forge: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	156,821	151,228	155,829	184,683	206,906
Revenue growth (%)	21.5	(3.6)	3.0	18.5	12.0
EBITDA	25,579	26,939	27,915	33,268	37,685
EBITDA growth (%)	44.7	5.3	3.6	19.2	13.3
Depreciation & Amortization	8,482	8,736	10,305	11,043	11,782
EBIT	17,097	18,203	17,610	22,225	25,904
EBIT growth (%)	65.7	6.5	(3.3)	26.2	16.6
Other operating income	-	-	-	-	-
Other income	2,274	2,138	2,202	2,312	2,427
Financial expense	4,912	4,175	3,848	4,180	4,687
PBT	14,460	16,166	15,964	20,357	23,644
Extraordinary items	(123)	(1,571)	0	0	0
Taxes	5,288	5,426	5,838	7,445	8,647
Minority interest	-	-	-	-	-
Income from JV/Associates	463	242	242	242	242
Reported PAT	9,511	9,412	10,367	13,154	15,238
PAT growth (%)	80.0	(1.0)	10.2	26.9	15.8
Adjusted PAT	9,635	10,982	10,367	13,154	15,238
Diluted EPS (Rs)	20.7	23.0	21.7	27.5	31.9
Diluted EPS growth (%)	67.8	11.0	(5.6)	26.9	15.8
DPS (Rs)	8.2	8.8	8.3	10.2	12.6
Dividend payout (%)	40.0	44.8	38.2	37.1	39.5
EBITDA margin (%)	16.3	17.8	17.9	18.0	18.2
EBIT margin (%)	10.9	12.0	11.3	12.0	12.5
Effective tax rate (%)	36.6	33.6	36.6	36.6	36.6
NOPLAT (pre-IndAS)	10,845	12,094	11,170	14,097	16,430
Shares outstanding (mn)	466	478	478	478	478

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	14,443	14,521	15,964	20,357	23,644
Others (non-cash items)	(1,012)	730	0	0	0
Taxes paid	(5,185)	(6,050)	(5,838)	(7,445)	(8,647)
Change in NWC	(4,236)	(3,457)	(2,422)	(7,781)	(5,993)
Operating cash flow	16,644	17,963	21,857	20,354	25,473
Capital expenditure	(15,003)	(14,439)	(10,000)	(10,000)	(10,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	-	-	-	-	-
Investing cash flow	(6,667)	(19,643)	(12,879)	(13,000)	(13,000)
Equity raised/(repaid)	0	16,500	0	0	0
Debt raised/(repaid)	6,669	(12,944)	1,512	9,481	7,302
Payment of lease liabilities	0	0	0	0	0
Interest paid	(4,896)	(4,729)	(3,848)	(4,180)	(4,687)
Dividend paid (incl tax)	(3,801)	(4,221)	(3,958)	(4,881)	(6,016)
Others	(1,446)	3,089	0	0	0
Financing cash flow	(3,472)	(2,306)	(6,294)	420	(3,402)
Net chg in Cash	6,504	(3,985)	2,683	7,774	9,071
OCF	16,644	17,963	21,857	20,354	25,473
Adj. OCF (w/o NWC chg.)	20,880	21,421	24,278	28,135	31,466
FCFF	1,641	3,524	11,857	10,354	15,473
FCFE	(3,271)	(651)	8,009	6,174	10,786
OCF/EBITDA (%)	65.1	66.7	78.3	61.2	67.6
FCFE/PAT (%)	(34.4)	(6.9)	77.2	46.9	70.8
FCFF/NOPLAT (%)	15.1	29.1	106.1	73.4	94.2

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	931	956	956	956	956
Reserves & Surplus	70,771	91,577	97,063	104,201	112,822
Net worth	71,702	92,533	98,020	105,157	113,778
Minority interests	(49)	(328)	(569)	(811)	(1,053)
Non-current liab. & prov.	39	(703)	(703)	(703)	(703)
Total debt	75,221	62,884	64,396	73,877	81,179
Total liabilities & equity	146,913	154,387	161,143	177,520	193,201
Net tangible fixed assets	29,275	28,723	32,235	31,937	31,385
Net intangible assets	103	103	103	103	103
Net ROU assets	-	-	-	-	-
Capital WIP	9,912	17,317	8,940	8,940	8,940
Goodwill	2,960	2,628	2,628	2,628	2,628
Investments [JV/Associates]	8,238	7,379	8,379	9,379	10,379
Cash & equivalents	27,154	26,443	31,006	40,779	51,851
Current assets (ex-cash)	83,444	81,855	84,345	99,963	111,991
Current Liab. & Prov.	44,927	44,595	45,587	54,558	61,196
NWC (ex-cash)	38,517	37,259	38,758	45,404	50,796
Total assets	146,913	154,387	161,143	177,520	193,201
Net debt	48,067	36,441	33,390	33,097	29,328
Capital employed	146,913	154,387	161,143	177,520	193,201
Invested capital	101,608	103,247	112,818	118,421	122,030
BVPS (Rs)	154.0	193.5	205.0	219.9	238.0
Net Debt/Equity (x)	0.7	0.4	0.3	0.3	0.3
Net Debt/EBITDA (x)	1.9	1.4	1.2	1.0	0.8
Interest coverage (x)	3.9	4.9	5.1	5.9	6.0
RoCE (%)	13.7	13.5	12.5	14.4	15.2

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	68.6	71.2	64.7	51.0	44.0
P/CE(x)	36.0	34.0	32.4	27.7	24.8
P/B (x)	9.1	7.2	6.8	6.4	5.9
EV/Sales (x)	4.5	4.6	4.5	3.8	3.4
EV/EBITDA (x)	27.4	26.0	25.1	21.1	18.6
EV/EBIT(x)	41.0	38.5	39.8	31.5	27.1
EV/IC (x)	6.9	6.8	6.2	5.9	5.7
FCFF yield (%)	0.2	0.5	1.7	1.5	2.2
FCFE yield (%)	(0.5)	(0.1)	1.2	0.9	1.6
Dividend yield (%)	0.6	0.6	0.6	0.7	0.9
DuPont-RoE split					
Net profit margin (%)	6.1	7.3	6.7	7.1	7.4
Total asset turnover (x)	1.1	1.0	1.0	1.1	1.1
Assets/Equity (x)	2.0	1.8	1.7	1.7	1.7
RoE (%)	13.9	13.4	10.9	12.9	13.9
DuPont-RoIC					
NOPLAT margin (%)	6.9	8.0	7.2	7.6	7.9
IC turnover (x)	1.6	1.5	1.4	1.6	1.7
RoIC (%)	11.1	11.8	10.3	12.2	13.7
Operating metrics					
Core NWC days	89.6	89.9	90.8	89.7	89.6
Total NWC days	89.6	89.9	90.8	89.7	89.6
Fixed asset turnover	1.5	1.3	1.2	1.3	1.3
Opex-to-revenue (%)	36.6	38.6	38.5	38.5	38.5

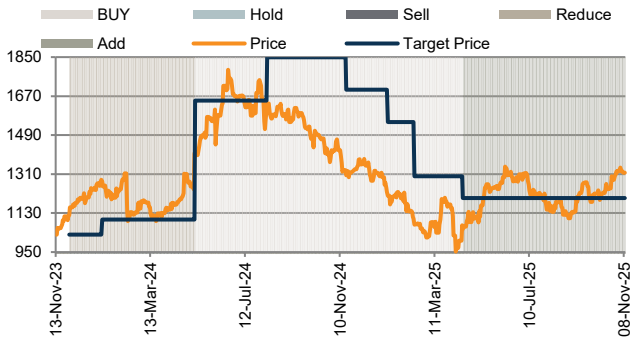
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
07-Aug-25	1,162	1,200	Add	Chirag Jain
09-May-25	1,166	1,200	Add	Chirag Jain
16-Apr-25	1,055	1,200	Add	Chirag Jain
13-Feb-25	1,076	1,300	Buy	Chirag Jain
10-Jan-25	1,210	1,550	Buy	Chirag Jain
18-Nov-24	1,305	1,700	Buy	Chirag Jain
09-Aug-24	1,637	1,850	Buy	Chirag Jain
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

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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REDUCE	5% upside to 15% downside
SELL	>15% downside

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