

# Bharat Forge

## Estimate changes

TP change

Rating change



Bloomberg	BHFC IN
Equity Shares (m)	478
M.Cap.(INRb)/(USD\$)	825.5 / 9.1
52-Week Range (INR)	1757 / 919
1, 6, 12 Rel. Per (%)	18/44/44
12M Avg Val (INR M)	1582

## Consol. Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	171.7	202.3	228.0
EBITDA (%)	17.8	18.7	19.1
Adj. PAT	13.3	18.5	22.9
EPS (INR)	27.8	38.8	47.9
EPS Gr. (%)	30.0	39.4	23.6
BV/Sh. (INR)	213	240	273

## Ratios

Net D:E	0.5	0.4	0.3
RoE (%)	13.7	17.1	18.7
RoCE (%)	9.7	12.4	14.0
Payout (%)	29.3	28.2	31.1

## Valuations

P/E (x)	62.3	44.7	36.2
P/BV (x)	8.2	7.2	6.3
EV/EBITDA (x)	27.9	22.4	19.1
Div. Yield (%)	0.5	0.6	0.9

## Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	44.1	44.1	44.1
DII	34.2	32.3	28.5
FII	12.4	13.6	17.9
Others	9.3	10.1	9.6

FII Includes depository receipts

**CMP: INR1,727**

**TP: INR1,597 (-8%)**

**Neutral**

## US Class8 appears to have bottomed out

### GST rate cut helps drive domestic auto revival

- Bharat Forge's (BHFC) standalone adjusted earnings at INR3.2b came 14.7% below our estimate due to lower-than-expected margins. Margins were impacted by weak exports, adverse mix and increase in tariff costs in Q3.
- The GST rate cut has helped revive the domestic auto business, which augurs well for BHFC. Further, the US Class8 cycle appears to have bottomed out, with early signs of revival. Defense, aerospace, and JSA are likely to remain key growth drivers for BHFC over the coming years. Given its improved outlook, we have raised our FY26-27E EPS by 10%/8%. We now expect BHFC to post a 15%/17%/31% CAGR in revenue/EBITDA/PAT over FY25-28E. However, following the recent rally in the stock, most positives seem to be factored in (valuation now at 44.7x FY27E and 36.2x FY28E). Reiterate Neutral with a TP of INR1,597 per share (valued at 35x Dec-27 EPS).

### Earnings below estimates due to weak demand and adverse mix

- Standalone revenue was flat YoY at INR20.8b (largely in line with estimates). Volumes in 3Q declined 6% YoY to 57,859MT, while realizations grew 7% YoY to INR360/kg, driven by a higher non-auto mix.
- Auto revenue declined 18.5% YoY to INR8.7b (8.5% below est), and contribution fell to 41.7% vs 51% in 3QFY25 and 46% in 2QFY26. Meanwhile, non-auto revenue grew 18% YoY to INR12.1b (in line) and contribution touched 58.3%.
- Export revenues declined 20.8% YoY to INR9.1b on account of lower production and inventory de-stocking in the CV segment in North America, as North America CV revenue declined 51% YoY.
- On the other hand, domestic CV revenues were strong, driven by higher production volumes across OEMs in 3Q, as the benefits of GST rate cuts percolated into lower TCO for end-users. Overall, domestic revenues grew 24% YoY to INR11.7b
- Standalone EBITDA margin contracted 190bp YoY to 27.2% vs est of 29.6%, due to weak demand, adverse mix, and increase in tariff costs. As a result, EBITDA declined 7% YoY to INR5.7b (vs est of INR6.3b).
- Overall, adjusted PAT (adjusted for INR487m on account of labor code changes) declined 7% YoY to INR3.2b (15% below estimates).
- Consolidated revenue grew 25% YoY to INR43.4b, led by the integration of K-mobility. Consolidated EBITDA stood at INR7.5b, up 20% YoY.
- Consolidated margins contracted 70bp YoY at 17.3%.
- Overseas subsidiaries' margins expanded to 3.8% in 3Q from 0.3% YoY, led by improved utilization. Europe subsidiaries' margin expanded 320bp YoY to 4.3%, and US subsidiaries' margin surged to 2.7% (from a loss in 3QFY25).

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Highlights from the management interaction

- BHFC secured orders worth INR23.9b in 3Q, with INR18.7b coming from defense, INR3.8b coming from components, INR780m from castings, and INR550m from K mobility. The defense order book as of Dec'25 stood at INR111b.
- According to management, the worst seems to be behind in both the domestic and export markets across segments.
- The implementation of GST has boosted domestic auto demand, leading to a healthy uptick across segments.
- The US CV market seems to be bottoming out with early signs of recovery visible, given higher order intake in the last couple of months.
- Regarding the India-US deal, while the fine print is awaited, it removes uncertainty between the two trading partners, thereby facilitating the long-term resumption of trade.
- Standalone Net D/E at the end of 3QFY26 stood at 0.15x, and management aims to close the year with long-term debt of INR6b.

### Valuation and view

The GST rate cut has helped revive the domestic auto business, which augurs well for BHFC. Further, the US Class8 cycle appears to have bottomed out, with early signs of revival. Defense, aerospace, and JSA are likely to remain the key growth drivers for BHFC in the coming years. Given its improved outlook, we have raised our FY26-27E EPS by 10%/8%. We now expect BHFC to post a 15%/17%/31% CAGR in revenue/EBITDA/PAT over FY25-28E. However, following the recent rally in the stock, most positives seem to be factored in (valuation now at 44.7x FY27E and 36.2x FY28E). Reiterate Neutral with a TP of INR1,597 per share (valued at 35x Dec-27 EPS).

### S/A Quarterly

	FY25				FY26E				FY25	FY26E	3QE	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net operating income</b>	<b>23,381</b>	<b>22,467</b>	<b>20,960</b>	<b>21,630</b>	<b>21,047</b>	<b>19,469</b>	<b>20,837</b>	<b>24,047</b>	<b>88,437</b>	<b>85,401</b>	<b>21,565</b>	<b>-3.4</b>
Change (%)	9.9	-0.1	-7.4	-7.1	-10.0	-13.3	-0.6	11.2	-1.4	-3.4	2.9	
<b>EBITDA</b>	<b>6,515</b>	<b>6,255</b>	<b>6,099</b>	<b>6,167</b>	<b>5,718</b>	<b>5,511</b>	<b>5,664</b>	<b>6,859</b>	<b>25,034</b>	<b>23,753</b>	<b>6,383</b>	<b>-11.3</b>
EBITDA Margins (%)	27.9	27.8	29.1	28.5	27.2	28.3	27.2	28.5	28.3	27.8	29.6	-240bp
Change (%)	17.7	2.4	-5.5	-5.7	-12.2	-11.9	-7.1	11.2	-60.3	-5.1		
Non-Operating Income	446	348	314	481	422	465	273	461	1,589	1,620	455	-40.0
Interest	702	635	573	588	522	483	414	405	2,498	1,825	450	-7.9
Depreciation	1094	1083	1104	1122	1125	1112	1120	1134	4,404	4,490	1140	-1.8
EO Exp / (Inc)	1,457	-135	9	203	0	79	487	0		566	0	
<b>PBT after EO items</b>	<b>3,708</b>	<b>5,019</b>	<b>4,727</b>	<b>4,735</b>	<b>4,493</b>	<b>4,380</b>	<b>4,403</b>	<b>5,780</b>	<b>19,721</b>	<b>18,492</b>	<b>5,248</b>	<b>-16.1</b>
Tax	1014	1407	1266	1278	1108	1202	1035	1801	4,965	5,146	1459	
Eff. Tax Rate (%)	27.3	28.0	26.8	27.0	24.7	27.9	26.4	31.2	25.2	27.8	27.8	
<b>Rep. PAT</b>	<b>2,694</b>	<b>3,612</b>	<b>3,461</b>	<b>3,456</b>	<b>3,385</b>	<b>3,099</b>	<b>2,880</b>	<b>3,980</b>	<b>14,756</b>	<b>13,346</b>	<b>3,789</b>	
Change (%)	-13.5	4.4	-8.4	-11.3	25.6	-14.2	-16.8	15.1	2.4	0.9	9.5	
<b>Adj. PAT</b>	<b>3,787</b>	<b>3,510</b>	<b>3,468</b>	<b>3,608</b>	<b>3,385</b>	<b>3,156</b>	<b>3,232</b>	<b>3,980</b>	<b>13,223</b>	<b>13,755</b>	<b>3,789</b>	<b>-14.7</b>
Change (%)	20.2	0.1	-4.8	-8.8	-10.6	-10.1	-6.8	10.3	-7.2	-4.3	9.3	

## Key Performance Indicators

Segment Mix	FY25				FY26E				FY25	FY26E	3QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Auto	11,375	11,087	10,673	11,418	10,801	8,938	8,697	10,143	44,553	38,579	9,501	-8.5
Growth (%)	1.9	-9.5	-10.2	-2.7	-5.0	-19.4	-18.5	-11.2	-5.3	-13.4	-11.0	
Contribution (%)	48.7	49.3	50.9	52.8	51.3	45.9	41.7	42.2	50.4	45.2	44.1	
Non-Auto	12,006	11,380	10,287	10,212	10,246	10,531	12,140	13,904	43,885	46,820	12,064	0.6
Growth (%)	18.8	11.1	-4.3	-11.6	-14.7	-7.5	18.0	36.1	2.9	6.7	17.3	
Contribution (%)	51.3	50.7	49.1	47.2	48.7	54.1	58.3	57.8	49.6	54.8	55.9	
<b>Net operating revenues</b>	<b>23,381</b>	<b>22,467</b>	<b>20,960</b>	<b>21,630</b>	<b>21,047</b>	<b>19,469</b>	<b>20,837</b>	<b>24,047</b>	<b>88,437</b>	<b>85,401</b>	<b>21565</b>	<b>-3.4</b>
Change (%)	9.9	-0.1	-7.4	-7.1	-10.0	-13.3	-0.6	11.2	-1.4	-3.4	2.9	
RM/Sales %	41.8	40.8	40.1	39.6	38.8	36.2	38.8	38.4	0.0	38.1	37.0	180bp
Staff Cost (% of sales)	7.0	7.2	7.6	7.1	8.1	8.6	8.2	7.2	7.2	8.0	7.8	40bp
Other Cost (% of sales)	23.4	24.2	23.3	24.7	8.2	8.0	7.8	8.2	23.9	8.1	7.8	0bp
Gross Margin (%)	58.2	59.2	59.9	60.4	61.2	63.8	61.2	61.6	100.0	61.9	63.0	-180bp
EBITDA Margins (%)	27.9	27.8	29.1	28.5	27.2	28.3	27.2	28.5	28.3	27.8	29.6	-240bp
EBIT Margins (%)	23.2	23.0	23.8	23.3	21.8	22.6	21.8	23.8	23.3	22.6	24.3	-250bp



## Highlights from the management interaction

### 3Q highlights

- Standalone revenue declined 1% YoY to INR20.8b and was largely in line with estimates.
- Revenue growth was impacted by continued destocking in the North American CV market.
- North America truck revenue declined 51% YoY in 3Q.
- While non-auto exports were also down 1% YoY, they have recovered 11% QoQ, led by a pick-up in the oil & gas and aerospace segments.
- Hence, overall exports revenue declined 21% YoY to INR9.1b.
- Domestic revenue grew 24% YoY to INR11.7b, led by a 15% YoY growth in the CV segment and 38% YoY growth in non-auto due to better execution of defense orders.
- The company also faced a tariff cost impact of INR310m during 3QFY26. With the recent removal of a 25% punitive tariff, the company is now in a better position to compete against other countries with higher tariffs and is set to accelerate new product development with customers.
- Despite patchy demand, EU operations remained stable with capacity utilization at 60-65%. On the back of its cost cutting initiatives, Europe EBITDA margin expanded 320bp YoY to 4.3%.
- The tariff on aluminum in the US has impacted both demand and profitability. Hence, US margins contracted 150bp QoQ to 2.7%. Utilization levels have now reached 65%.
- K-Drive mobility saw an EBITDA margin expansion from 3.1% to 5.1% QoQ. However, the topline growth remains muted. The company expects margins to continue improving steadily over the next three years.
- BHFC secured orders worth INR23.9b in 3Q, with INR18.7b coming from defense, INR3.8b coming from components, INR780m from castings, and INR550m from K mobility. The defense order book as of Dec'25 stood at INR111b.
- Standalone Net D/E at the end of 3QFY26 stood at 0.15x, and management aims to close the year with long-term debt of INR6b.

### Update on defense and aerospace

- Management expects the defense segment to achieve a revenue growth of 30-40% in FY27. Incremental growth is expected to be driven by the execution of the ATAG order and the recent signing of the CQB Carbine contract with the Ministry of Defense, under which more than 250,000 units will be supplied to the Indian armed forces. This significant order opens up considerable growth opportunities for the Small Arms vertical within the defense business.
- In terms of order book execution of INR111b, all orders, except for the small arms contract (which has an execution timeline of five years), have an execution timeline of four years.
- The company plans to diversify its defense business, reducing dependence on a single vertical. New opportunities are emerging in unmanned systems and drones in both underwater and aerial domains. Moreover, increasing defense budgets in regions like India and the EU provide global growth opportunities in the segment.
- Over time, the defense business is expected to reach profitability levels similar to the auto business, with higher ROCE due to lower capex.
- The aerospace segment is expected to experience strong growth in FY27 and FY28, driven by new capabilities and programs in coming years.

### Update on JSA

- JS Autocast reported revenue of INR2b in 3QFY26, reflecting a growth of 22% YoY. EBITDA stood at INR320m, up 39% YoY growth, representing an EBITDA margin of 15.7%. Premji Invest has invested INR3b in JSA for a 23% stake, at a valuation of around 3-4x of what BHFC had acquired it.

### Update on overseas subsidiaries

- A review of EU steel manufacturing business is expected to be completed by the end of FY26. While efforts are being made to reduce costs, this remains challenging due to the high volatility in the EU market.

### Outlook

- According to management, the worst seems to be behind in both the domestic and export markets across segments.
- The implementation of GST has boosted auto demand in the domestic market, which is driving a healthy demand uptick in the domestic auto segment.
- The US CV market appears to be bottoming out with early signs of recovery, given the higher order intake in the last couple of months.
- Beyond this, defense and aerospace would continue to remain the key growth drivers for the business, given the healthy order backlog.
- On the India-US deal, while fine print is awaited, it removes uncertainty between the two trading partners, thereby facilitating trade resumption for the long term.

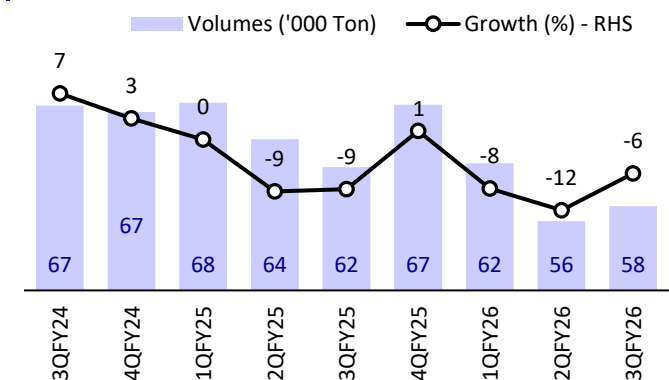
### Capex

- The Kalyani Group has committed to invest INR170b in Odisha through its group entities. The investment will be divided into three key areas: 1) a specialty steel plant to be set up by Kalyani Steel, 2) a super alloy plant for aerospace and other super alloy products, and 3) forgings, castings, and machining capacity to be set up by BHFC. Of the INR170b, BHFC will be investing INR30b. This investment is likely to commence from FY28.

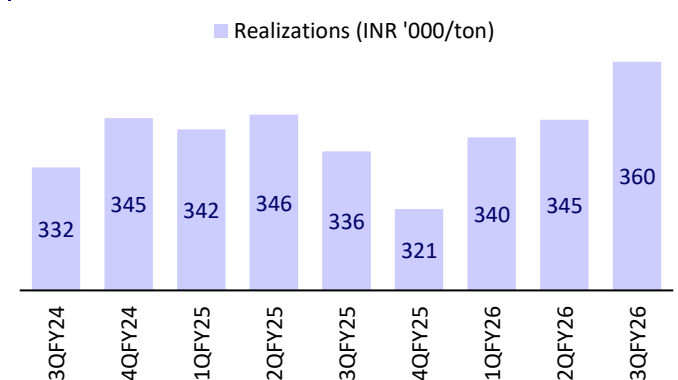
### Other highlights

- Since its acquisition, American Axle has seen a 200bp expansion in margins. This is a high-growth sector, with new business wins from Indian OEMs further strengthening the outlook for the same.

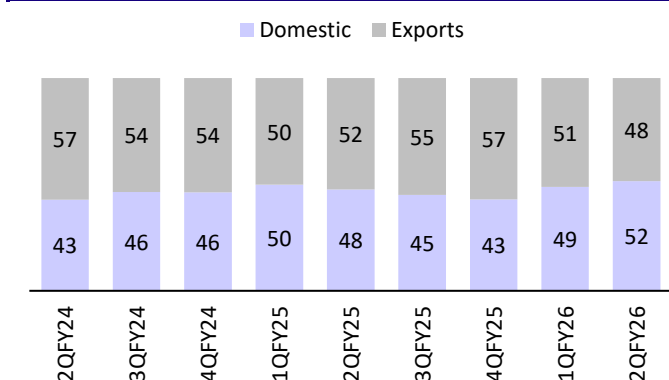
**Exhibit 1: Volume trend**



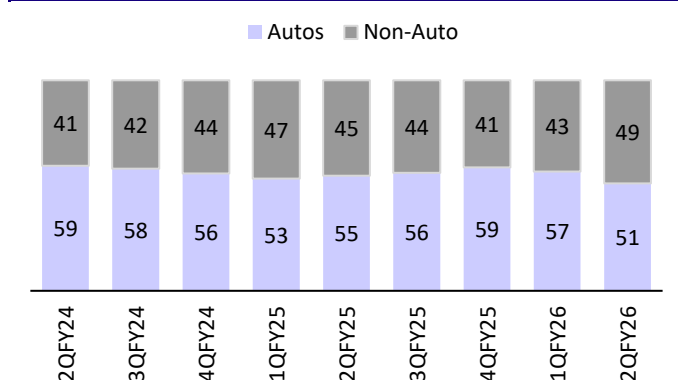
**Exhibit 2: Trend in realizations**



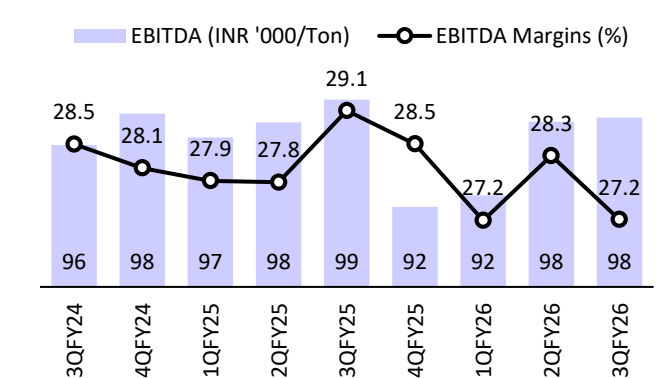
**Exhibit 3: Market mix trend**



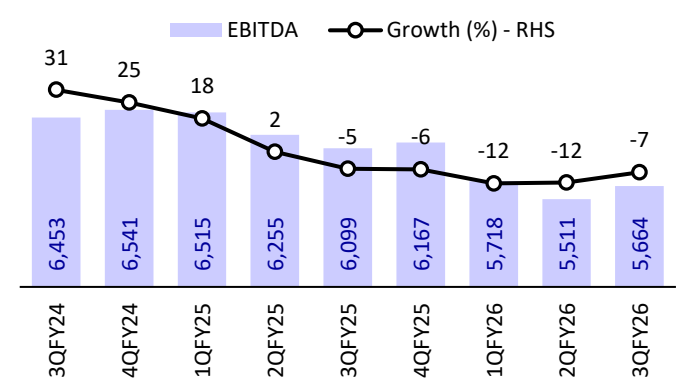
**Exhibit 4: Trend in product mix**



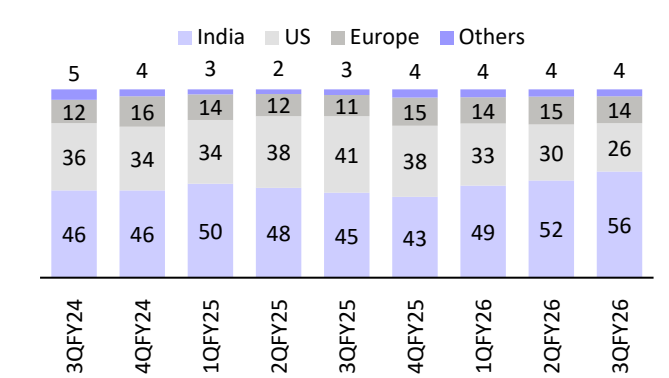
**Exhibit 5: Trend in EBITDA margin**



**Exhibit 6: EBITDA growth trend**

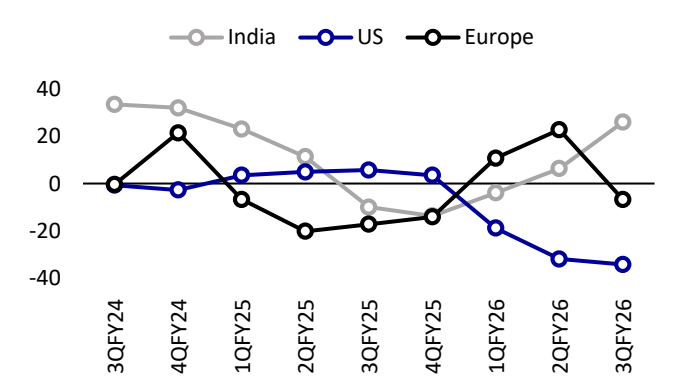


**Exhibit 7: Standalone revenue breakup %**



Source: Company, MOFSL

**Exhibit 8: Standalone revenue growth % across geography**



Source: Company, MOFSL

## Valuation and view

### Continued focus on de-risking the business and increasing value additions

Over the last decade, BHFC has broadened its revenue stream by entering new segments (non-Auto) and markets across the globe, resulting in a decline in the share of the Auto business to ~56% in FY25 from ~80% in FY07. It has increased value addition by focusing on machined components, whose contribution grew ~50%, boosting realizations and margin. After having invested for over 10 years, it is now seeing meaningful traction in the defense business. It is also ramping up the AI mix in its overseas subsidiaries. These diversification initiatives have helped reduce cyclicity in BHFC revenue over the last few years.

### Domestic Auto business: Recovery expected in PVs and CVs

Post the GST rate cut, the entire auto segment has seen a pickup in demand, especially in the festive season. CV demand has picked up well in the festive season, and has sustained its momentum even post-festive. Same is the case with domestic PV demand. Needless to say, an overall auto segment revival bodes well for BHFC's domestic business. For BHFC, we expect the domestic CV / PV segments to post 8% / 9% revenue CAGR over FY25-28E.

### Defense to be the key growth driver for BHFC over FY25-28E

Over the last decade, BHFC has developed new frontiers for growing beyond its core business, with investments in capabilities and capacities in place. Some of these new businesses offer huge potential in the long term and the scope to drive the next phase of evolution for the company. BHFC is on track to ramp up its defense business to about INR18b in FY26 from INR14.2b in FY24. Over the years, its order book has now scaled up to ~INR111b to be executable over the next 4 to 5 years, which includes the domestic ATAG order worth about INR45b, which is likely to commence in FY27. Beyond this, BHFC has recently won a carbine order worth INR14b and an INR2.5b order from the Indian Navy for unmanned marine systems. Given the robust order backlog, we expect the defense business to be the key growth driver for BHFC in the coming years.

### Auto export outlook seems to be improving

The US Class8 industry was witnessing a cyclical downturn in CY25. However, improved order intake over the last couple of months is signaling signs of a recovery in the trend. Further, while fine print is awaited on the India-US trade deal, it clearly removes uncertainty between the two trading partners, facilitating trade resumption for the long term. Given these factors, we think the worst seems to be behind and expect a gradual pick-up in exports in the coming quarters.

### Valuation and view

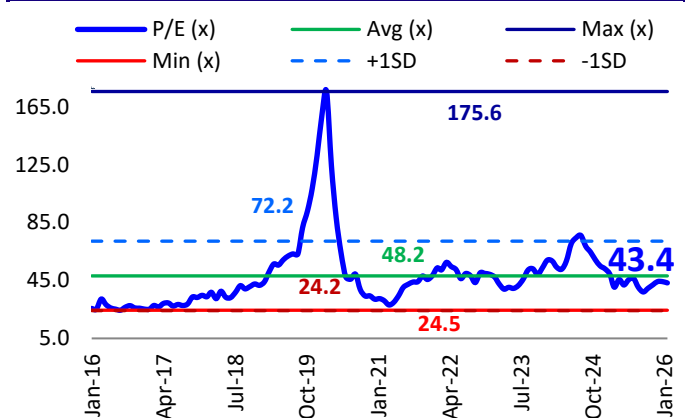
The GST rate cut has helped revive the domestic auto business, which augurs well for BHFC. Further, the US Class8 cycle appears to have bottomed out now, with early signs of revival. Defense, aerospace, and JSA are likely to remain the key growth drivers for BHFC in the coming years. Given its improved outlook, we have raised our FY26-27E EPS by 10%/8%. We now expect BHFC to post a 15%/17%/31% CAGR in revenue/EBITDA/PAT over FY25-28. However, post the recent rally in the stock, most positives seem to be factored in (valuation now at 44.7x FY27E and 36.2x FY28E). Reiterate Neutral with a TP of INR1,597 per share (valued at 35x Dec-27 EPS).



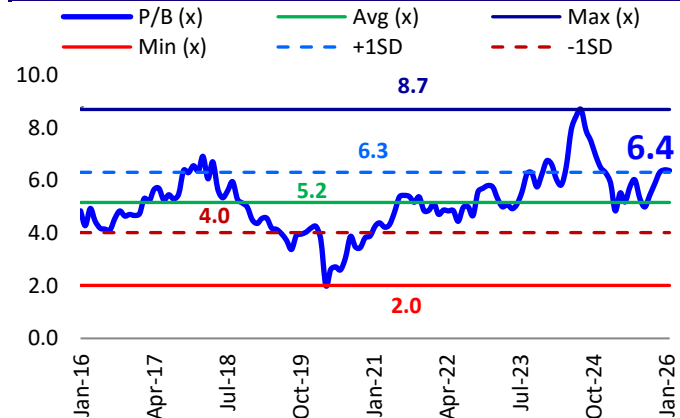
**Exhibit 9: Our revised estimates (Consolidated)**

(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,71,718	1,63,645	4.9	2,02,275	1,90,111	6.4
EBITDA (%)	17.8	17.6	20bp	18.7	18.4	30bp
Net Profit	13,293	12,105	9.8	18,543	17,168	8.0
EPS (INR)	27.8	25.3	9.9	38.8	35.9	8.0

**Exhibit 10: BHFC's PE trend**

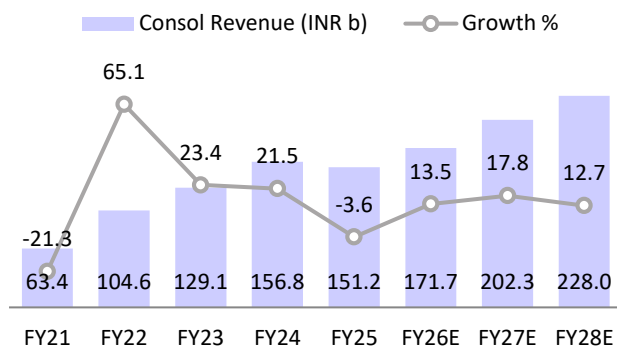


**Exhibit 11: BHFC's PB trend**



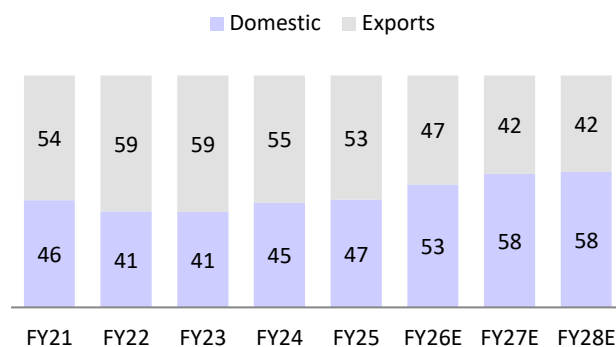
## Story in charts

**Exhibit 12: Consol revenue trend**



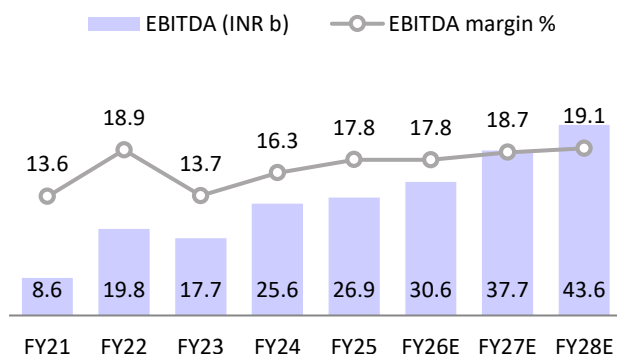
Source: Company, MOFSL

**Exhibit 13: Trend in geography mix %**



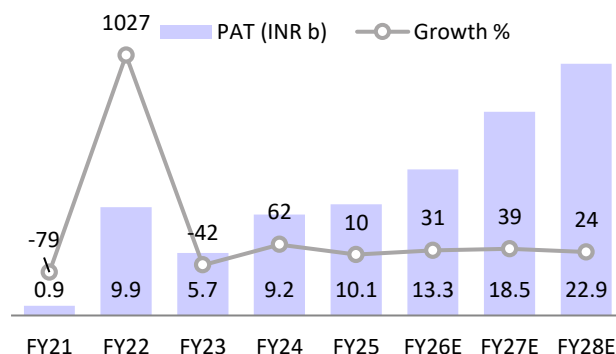
Source: Company, MOFSL

**Exhibit 14: Trend in EBITDA and EBITDA margin**



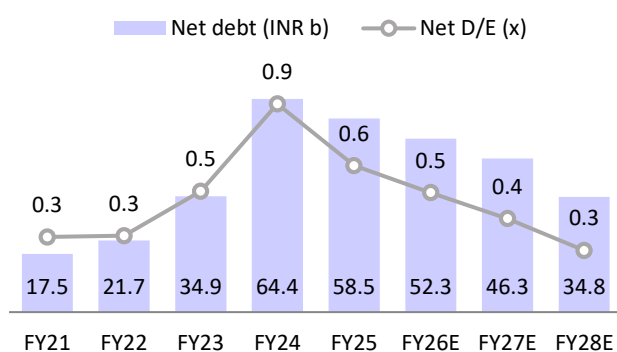
Source: Company, MOFSL

**Exhibit 15: PAT and growth over the years**



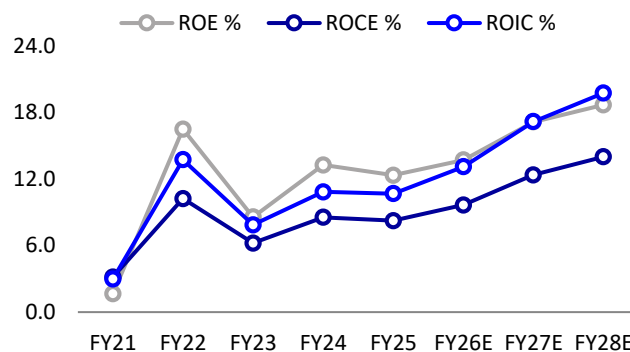
Source: Company, MOFSL

**Exhibit 16: Net debt and Net Debt to Equity trend**



Source: Company, MOFSL

**Exhibit 17: Return ratio trend over the years**



Source: Company, MOFSL



## Financials and valuations

### Consolidated - Income Statement

(InR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>63,362</b>	<b>1,04,611</b>	<b>1,29,103</b>	<b>1,56,821</b>	<b>1,51,228</b>	<b>1,71,718</b>	<b>2,02,275</b>	<b>2,28,016</b>
Change (%)	-21.3	65.1	23.4	21.5	-3.6	13.5	17.8	12.7
<b>EBITDA</b>	<b>8,617</b>	<b>19,803</b>	<b>17,676</b>	<b>25,580</b>	<b>26,939</b>	<b>30,566</b>	<b>37,724</b>	<b>43,597</b>
Margin (%)	13.6	18.9	13.7	16.3	17.8	17.8	18.7	19.1
Depreciation	6,122	7,303	7,356	8,482	8,736	9,653	10,522	11,469
<b>EBIT</b>	<b>2,495</b>	<b>12,500</b>	<b>10,320</b>	<b>17,098</b>	<b>18,203</b>	<b>20,912</b>	<b>27,202</b>	<b>32,127</b>
Int. and Finance Charges	1,077	1,604	2,986	4,912	4,175	3,131	2,662	1,863
Other Income - Rec.	1,689	1,959	1,729	2,274	2,138	1,945	2,140	2,675
<b>PBT bef. EO Exp.</b>	<b>3,107</b>	<b>12,855</b>	<b>9,062</b>	<b>14,460</b>	<b>16,166</b>	<b>19,726</b>	<b>26,680</b>	<b>32,939</b>
EO Expense/(Income)	3,062	-1,280	-458	123	1,571	557	0	0
<b>PBT after EO Exp.</b>	<b>45</b>	<b>14,135</b>	<b>9,520</b>	<b>14,337</b>	<b>14,595</b>	<b>19,169</b>	<b>26,680</b>	<b>32,939</b>
Current Tax	1,015	3,035	3,186	5,288	5,426	6,134	8,004	9,882
Tax Rate (%)	2276.6	21.5	33.5	36.9	37.2	32.0	30.0	30.0
<b>Reported PAT</b>	<b>-971</b>	<b>11,101</b>	<b>6,334</b>	<b>9,049</b>	<b>9,170</b>	<b>13,035</b>	<b>18,676</b>	<b>23,057</b>
MI & Profit/Loss of Asso	297	330	334	-53	37	121	133	146
<b>Adj PAT</b>	<b>876</b>	<b>9,875</b>	<b>5,680</b>	<b>9,188</b>	<b>10,120</b>	<b>13,293</b>	<b>18,543</b>	<b>22,911</b>

### Consolidated - Balance Sheet

(InR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	931	931	931	931	956	956	956	956
Total Reserves	53,219	64,775	66,124	70,771	91,577	1,00,666	1,13,950	1,29,689
<b>Net Worth</b>	<b>54,150</b>	<b>65,707</b>	<b>67,055</b>	<b>71,702</b>	<b>92,533</b>	<b>1,01,622</b>	<b>1,14,906</b>	<b>1,30,645</b>
Minority Interest	317	561	361	-49	-328	-328	-328	-328
Deferred Liabilities	1,445	1,718	658	39	-703	-703	-703	-703
Total Loans	45,798	56,545	68,523	79,475	66,983	60,983	54,983	47,983
<b>Capital Employed</b>	<b>1,01,710</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,51,167</b>	<b>1,58,485</b>	<b>1,61,574</b>	<b>1,68,858</b>	<b>1,77,597</b>
Gross Block	1,09,197	81,087	98,375	1,07,096	1,20,929	1,26,929	1,33,929	1,41,929
Less: Accum. Depn.	62,024	32,896	39,723	46,965	56,383	66,037	76,559	88,028
<b>Net Fixed Assets</b>	<b>47,497</b>	<b>48,697</b>	<b>61,606</b>	<b>63,091</b>	<b>67,174</b>	<b>63,521</b>	<b>59,998</b>	<b>56,529</b>
Capital WIP	9,001	11,248	7,012	9,912	17,317	17,317	17,317	17,317
<b>Total Investments</b>	<b>26,070</b>	<b>26,040</b>	<b>25,691</b>	<b>22,239</b>	<b>26,425</b>	<b>29,425</b>	<b>32,425</b>	<b>35,425</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>48,309</b>	<b>68,934</b>	<b>88,038</b>	<b>96,597</b>	<b>88,065</b>	<b>95,836</b>	<b>1,09,274</b>	<b>1,23,413</b>
Inventory	17,939	27,105	31,263	32,161	35,784	36,696	43,226	46,853
Account Receivables	14,096	21,736	30,988	31,672	29,132	35,285	41,563	46,853
Cash and Bank Balance	4,729	6,030	10,395	13,153	6,210	6,070	5,810	10,111
Loans and Advances	11,545	14,063	15,392	19,612	16,939	17,786	18,675	19,596
<b>Curr. Liability &amp; Prov.</b>	<b>29,167</b>	<b>30,387</b>	<b>45,749</b>	<b>40,672</b>	<b>40,497</b>	<b>44,525</b>	<b>50,157</b>	<b>55,088</b>
Creditors	12,068	16,314	21,513	22,621	23,442	26,618	31,355	35,345
Other Current Liabilities	14,093	11,396	21,923	14,744	12,916	13,562	14,240	14,952
Provisions	3,006	2,677	2,313	3,307	4,138	4,345	4,562	4,790
<b>Net Current Assets</b>	<b>19,142</b>	<b>38,546</b>	<b>42,288</b>	<b>55,925</b>	<b>47,568</b>	<b>51,311</b>	<b>59,117</b>	<b>68,325</b>
<b>Appl. of Funds</b>	<b>1,01,710</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,51,167</b>	<b>1,58,485</b>	<b>1,61,574</b>	<b>1,68,858</b>	<b>1,77,597</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>1.9</b>	<b>21.2</b>	<b>12.2</b>	<b>19.7</b>	<b>21.4</b>	<b>27.8</b>	<b>38.8</b>	<b>47.9</b>
Cash EPS	15.0	36.9	28.0	37.9	39.4	48.0	60.8	71.9
BV/Share	116.3	141.1	144.0	154.0	193.5	212.5	240.3	273.2
DPS	2.0	5.5	5.5	9.0	6.0	8.0	11.0	15.0
Payout (%)	-96.0	23.1	40.4	46.3	31.3	29.3	28.2	31.1
<b>Valuation (x)</b>								
P/E	744.9	66.1	114.9	71.0	65.5	62.3	44.7	36.2
Cash P/E	93.3	38.0	50.1	36.9	35.5	36.1	28.5	24.1
P/BV	12.1	9.9	9.7	9.1	7.2	8.2	7.2	6.3
EV/Sales	10.5	6.5	5.3	4.4	4.7	5.0	4.2	3.6
EV/EBITDA	77.5	34.2	38.8	27.2	26.2	27.9	22.4	19.1
Dividend Yield (%)	0.1	0.4	0.4	0.6	0.4	0.5	0.6	0.9
<b>Return Ratios (%)</b>								
RoE	1.6	16.5	8.6	13.2	12.3	13.7	17.1	18.7
RoCE (Post-tax)	3.2	10.2	6.2	8.5	8.2	9.7	12.4	14.0
RoIC	3.0	13.7	7.9	10.8	10.7	13.1	17.1	19.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.6	1.3	1.3	1.5	1.3	1.4	1.5	1.6
Inventory (Days)	103	95	88	75	86	78	78	75
Debtor (Days)	81	76	88	74	70	75	75	75
Creditor (Days)	70	57	61	53	57	57	57	57
Working Capital (Days)	83	113	90	100	100	96	96	93
<b>Leverage Ratio (x)</b>								
Net Debt/Equity	0.3	0.3	0.5	0.9	0.6	0.5	0.4	0.3

### Consolidated - Cash Flow Statement

(InR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating PBT	2,495	12,500	10,320	14,337	14,595	20,912	27,202	32,127
Depreciation	6,122	7,303	7,356	8,482	8,736	9,653	10,522	11,469
Other income	1,686	2,203	1,529	3,246	4,139	1,824	2,007	2,675
Direct Taxes Paid	-77	-2,762	-4,246	-5,185	-6,050	-6,134	-8,004	-9,882
(Inc)/Dec in WC	4,016	-18,103	623	-4,236	-3,457	-3,883	-8,066	-4,907
<b>CF from Operations</b>	<b>14,243</b>	<b>1,142</b>	<b>15,581</b>	<b>16,644</b>	<b>17,963</b>	<b>22,373</b>	<b>23,661</b>	<b>31,482</b>
EO Expense	-3,062	1,280	458	0	0	-557	0	0
<b>CF from Operating incl EO</b>	<b>11,180</b>	<b>2,422</b>	<b>16,039</b>	<b>16,644</b>	<b>17,963</b>	<b>21,816</b>	<b>23,661</b>	<b>31,482</b>
(inc)/dec in FA	-11,173	-10,750	-16,029	-15,003	-14,439	-6,000	-7,000	-8,000
<b>Free Cash Flow</b>	<b>8</b>	<b>-8,328</b>	<b>10</b>	<b>1,641</b>	<b>3,524</b>	<b>15,816</b>	<b>16,661</b>	<b>23,482</b>
(Pur)/Sale of Investments	-9,890	30	349	8,336	-5,204	-3,000	-3,000	-3,000
<b>CF from Investments</b>	<b>-21,063</b>	<b>-10,720</b>	<b>-15,680</b>	<b>-6,667</b>	<b>-19,643</b>	<b>-9,000</b>	<b>-10,000</b>	<b>-11,000</b>
Issue of Shares	3,855	3,017	-2,425	0	16,500	0	0	-146
Inc/(Dec) in Debt	7,014	10,748	11,978	7,183	-12,428	-6,000	-6,000	-7,000
Interest Paid	-1,077	-1,604	-2,986	-4,896	-4,729	-3,131	-2,662	-1,863
Dividend Paid	-931	-2,561	-2,561	-9,506	-4,605	-3,825	-5,259	-7,172
<b>CF from Fin. Activity</b>	<b>8,860</b>	<b>9,599</b>	<b>4,006</b>	<b>-7,219</b>	<b>-5,263</b>	<b>-12,956</b>	<b>-13,921</b>	<b>-16,181</b>
<b>Inc/Dec of Cash</b>	<b>-1,023</b>	<b>1,301</b>	<b>4,365</b>	<b>2,758</b>	<b>-6,943</b>	<b>-140</b>	<b>-260</b>	<b>4,301</b>
Add: Beginning Balance	5,751	4,729	6,030	10,395	13,153	6,210	6,070	5,810
<b>Closing Balance</b>	<b>4,728</b>	<b>6,030</b>	<b>10,395</b>	<b>13,153</b>	<b>6,210</b>	<b>6,070</b>	<b>5,810</b>	<b>10,111</b>

E: MOFSL Estimates

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