10 August 2026

1QFY27 Results Update | Sector: Automobiles

Bharat Forge

Estimate changes	↓
TP change	↔
Rating change	↔

Bloomberg	BHFC IN
Equity Shares (m)	478
M.Cap.(INRb)/(USDb)	1000.7 / 10.5
52-Week Range (INR)	2295 / 1101
1, 6, 12 Rel. Per (%)	-3/35/83
12M Avg Val (INR M)	2130

Consol. Financials & Valuations (INR b)

Y/E Mar	2026	2027E	2028E
Sales	168.1	197.6	229.7
EBITDA (%)	17.4	17.6	19.6
Adj. PAT	11.9	15.8	23.1
EPS (INR)	25.0	33.0	48.3
EPS Gr. (%)	17.0	31.9	46.2
BV/Sh. (INR)	200	222	255
Ratios			
Net D:E	0.7	0.6	0.4
RoE (%)	12.6	15.6	20.2
RoCE (%)	8.6	10.6	14.1
Payout (%)	34.8	33.4	30.9
Valuations			
P/E (x)	84.2	63.8	43.7
P/BV (x)	10.5	9.5	8.3
EV/EBITDA (x)	36.0	30.2	23.1
Div. Yield (%)	0.4	0.5	0.7

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	44.1	44.1	44.1
DII	32.3	32.8	31.4
FII	15.0	14.2	14.4
Others	8.6	9.0	10.2

FII Includes depository receipts

CMP: INR2,093 TP: INR1,931 (-8%) Neutral

Margins likely to revive gradually from Q2

Plans fund raise of INR 25b to fund future growth

- Bharat Forge's (BHFC) 1QFY27 standalone adjusted earnings at INR3.4b came in 12% below our estimate of INR3.9b, primarily due to lower-than-expected margins. BHFC posted a consolidated loss in 1Q which was attributed to a one-off provision of INR3.5b toward CDP restructuring.
- Due to margin pressure witnessed in 1Q and losses in US operations, we have cut our FY27 earnings estimate by 7%. The GST rate cut has helped revive the domestic auto business, which augurs well for BHFC. Further, the US Class 8 cycle appears to have bottomed out, with clear signs of revival. Defense, aerospace, and JSA are likely to remain the key growth drivers for BHFC over the coming years. We now expect BHFC to post a CAGR of 17%/24%/39% in revenue/ EBITDA/PAT over FY26-28. However, following the recent rally in the stock, most positives seem to be factored in (valuation now at 64x FY27E EPS and 44x FY28E EPS). Reiterate Neutral with a TP of INR1,931 per share (valued at 40x FY28E EPS).

Earnings below estimates due to weak margins

- 1Q standalone revenue grew 11.5% YoY to INR23.5b (in line). Volumes grew 8% YoY to 66,787MT, while realizations grew 3.3% YoY to INR352/kg.
- Auto revenue grew 8% YoY to INR11.6b (slightly above estimate), whereas non-auto revenue grew 5% YoY to INR11.7b (missing estimate of INR12.4b).
- Export revenue at INR12b grew ~12% YoY on account of double-digit growth in the non-auto and PV business. 1Q exports performance was driven by a combination of inventory restocking and a rebound in NA truck production volumes, supported by a recovery in the cycle. On the other hand, domestic CV revenue was stable both YoY and QoQ. Overall, domestic revenue grew 11% YoY to INR11.4b.
- Standalone EBITDA margin contracted 220bp YoY to 25% vs. est. of 27.1% due to higher energy and input costs. EBITDA, however, was flat YoY at INR5.8b (missing estimate of INR6.35b).
- There was an exceptional expense of INR245m on account of incidental expenses pertaining to the restructuring of Bharat Forge CDP (German sub).
- Adjusted for this expense, PAT was flat YoY at INR3.4b, missing our estimate by ~12%.
- Consolidated revenue rose 19% YoY to INR46.3b, while consolidated margin contracted ~200bp YoY to 15.3%. The company reported a net loss of INR899m on account of an extraordinary expense of ~INR3.6b pertaining to the restructuring provision at CDP Bharat Forge.
- Overseas subsidiaries' margin contracted 220bp YoY to 1.7% in 1Q from 3.9% YoY due to losses in the US business. Europe subsidiaries' margin was largely flat YoY at 2.8%, and US subsidiaries' margin contracted from 6.1% in 1QFY26 to -0.8% in 1QFY27.

Research analyst - Aniket Mhatre (Aniket.Mhatre@MotilalOswal.com) | **Radha Agarwalla** (Radha.Agarwalla@MotilalOswal.com)
Research analyst - Jeemit Shah (Jeemit.Shah@MotilalOswal.com) | **Uday Nair** (Uday.Nair@MotilalOswal.com)

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management interaction

- Management indicated that the overall demand environment remains favorable despite cost escalations. India and the US continue to witness firm demand. In EU, CV demand remains strong, while PV demand is stable.
- BHFC maintained its FY27 growth outlook of 20–25% for the Indian manufacturing business, with growth expected to be more pronounced in 2HFY27 and a sustained momentum expected even in FY28.
- Over the next five years, automotive growth is expected to be driven primarily by new products from JSA and K-Drive, while growth in non-automotive businesses will likely be driven by defense, aerospace, power generation, semiconductors, data centers, and other industrial segments.
- During the quarter, the forging business secured new orders worth INR5.2b, defense won INR6.8b of orders, and the ferrous casting business secured ~INR1.5b of new orders. The outstanding defense order book stood at INR112b as of June 30, 2026.
- The company plans to raise up to INR25b through either debt or equity to support organic growth and M&A opportunities.

Valuation and view

Due to margin pressure witnessed in 1Q and losses in US operations, we have cut our FY27 earnings estimate by 7%. The GST rate cut has helped revive the domestic auto business, which augurs well for BHFC. Further, the US Class 8 cycle appears to have bottomed out, with clear signs of revival. Defense, aerospace, and JSA are likely to remain the key growth drivers for BHFC over the coming years. We expect BHFC to post a CAGR of 17%/24%/39% in revenue/ EBITDA/PAT over FY26-28. However, following the recent rally in the stock, most positives seem to be factored in (valuation now at 64x FY27E EPS and 44x FY28E EPS). Reiterate Neutral with a TP of INR1,931 per share (valued at 40x FY28E EPS).

Bharat Forge: S/A Quarterly **(INR m)**

	FY26				FY27E				FY26	FY27E		Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net operating income	**21,047**	**19,469**	**20,837**	**22,604**	**23,474**	**24,842**	**26,480**	**27,325**	**83,957**	**1,02,121**	**23,431**	**0.2**
Change (%)	-10.0	-13.3	-0.6	4.5	11.5	27.6	27.1	20.9	-5.1	21.6	11.3	
EBITDA	**5,718**	**5,511**	**5,664**	**6,173**	**5,857**	**6,571**	**7,245**	**7,751**	**23,066**	**27,425**	**6,350**	**-7.8**
EBITDA Margins (%)	27.2	28.3	27.2	27.3	25.0	26.5	27.4	28.4	27.5	26.9	27.1	-210bp
Change (%)	-12.2	-11.9	-7.1	0.1	2.4	19.2	27.9	25.6	-7.9	18.9	11.1	
Non-Operating Income	422	465	273	285	343	390	420	436	1,445	1,589	370	-7.4
Interest	522	483	414	402	432	420	380	368	1,822	1,600	450	-4.0
Depreciation	1125	1112	1120	1124	1150	1180	1190	1205	4,480	4,725	1130	1.8
EO Exp / (Inc)	0	79	487	4,930	245	0	0	0	5,496	245	0	
PBT after EO items	**4,493**	**4,380**	**4,403**	**4,932**	**4,618**	**5,361**	**6,095**	**6,615**	**12,712**	**22,444**	**5,140**	**-10.2**
Tax	1108	1202	1035	1180	1159	1351	1536	1672	4,525	5,718	1295	
Eff. Tax Rate (%)	24.7	27.9	26.4	23.9	25.1	25.2	25.2	25.3	35.6	25.5	25.2	
Rep. PAT	**3,385**	**3,099**	**2,880**	**-1,178**	**3,214**	**4,010**	**4,559**	**4,943**	**8,187**	**16,726**	**3,845**	
Change (%)	25.6	-14.2	-16.8	-134.1	-5.1	29.4	58.3	-519.8	-38.1	104.3	13.6	
Adj. PAT	**3,385**	**3,150**	**3,194**	**3,752**	**3,397**	**4,010**	**4,559**	**4,943**	**11,727**	**16,909**	**3,845**	**-11.7**
Change (%)	-10.6	-10.3	-7.9	4.0	0.3	27.3	42.7	31.7	-18.4	44.2	13.6	

E: MOFSL Estimates

Key Performance Indicators

Segment Mix	FY26				FY27E				FY26	FY27E	1QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Auto	10,801	8,938	8,697	10,603	11,683	11,512	12,055	12,623	39,039	28,238	11,008	**6.1**
Growth (%)	-5.0	-19.4	-18.5	-7.1	8.2	28.8	38.6	19.0	-12.4	-27.7	1.9	
Contribution (%)	51.3	45.9	41.7	46.9	49.8	46.3	45.5	46.2	46.5	27.7	47.0	
Non-Auto	10,246	10,531	12,140	12,001	11,791	13,330	14,426	14,702	44,918	34,672	12,423	**-5.1**
Growth (%)	-14.7	-7.5	18.0	17.5	15.1	26.6	18.8	22.5	2.4	-22.8	21.2	
Contribution (%)	48.7	54.1	58.3	53.1	50.2	53.7	54.5	53.8	53.5	34.0	53.0	
Net operating revenues	**21,047**	**19,469**	**20,837**	**22,604**	**23,474**	**24,842**	**26,480**	**27,325**	**83,957**	**1,02,121**	**23431**	**0.2**
Change (%)	-10.0	-13.3	-0.6	4.5	11.5	27.6	27.1	20.9	-5.1	21.6	11.3	
RM/Sales %	38.8	36.2	38.8	42.8	40.7	39.5	39.0	38.4	38.7	39.0	39.0	170bp
Staff Cost (% of sales)	8.1	8.6	8.2	7.4	7.9	7.6	7.8	8.0	8.1	7.7	7.6	30bp
Other Cost (% of sales)	8.2	8.0	7.8	8.2	7.8	7.8	8.3	8.8	8.1	8.2	7.8	0bp
Gross Margin (%)	61.2	63.8	61.2	57.2	59.3	60.5	61.0	61.6	61.3	61.0	61.0	-170bp
EBITDA Margins (%)	27.2	28.3	27.2	27.3	25.0	26.5	27.4	28.4	27.5	26.9	27.1	-210bp
EBIT Margins (%)	21.8	22.6	21.8	22.3	20.1	21.7	22.9	24.0	22.1	22.2	22.3	-220bp

E:MOFSL Estimates

Highlights from the management interaction

1Q highlights

- Escalation in energy prices, other input costs, and logistics had an overall impact of ~160bp on EBITDA margin. Management continues to work with customers to recover these indirect cost increases. Normalizing for these pressures, EBITDA margin would have been ~28% in 1Q, according to management.
- Management expects EBITDA margin to continue recovering QoQ in 2Q as cost pressures ease and recovery mechanisms with customers progress.
- Operations faced supply chain challenges during the middle of 1Q due to energy-related disruptions and manpower shortages across several sub-suppliers. Despite these constraints, the company maintained production and delivery schedules and expects execution to improve going forward.
- Manpower availability across the supplier ecosystem has improved, with management indicating that requirements have already reached ~75% of normal levels.

Update on Fund Raise

- The company plans to raise up to INR25b to support organic capex and M&A opportunities.
- Management has earmarked an INR18b capex program over the next 18 months to support capacity expansion across existing businesses sectors, including large engines, power generation, semiconductor components, aerospace, and defense energetics. The capex plans will enhance capacities across forging, machining, and heat-treatment capabilities for both automotive and non-automotive applications, with estimated asset turn in excess of 1.5x.

Update on order wins

- During the quarter, the forging business secured new orders worth INR5.22b, defense won INR6.81b of orders, and the ferrous casting business secured ~INR1.5b of new orders. The outstanding defense order book stood at INR112b as of June 30, 2026.

- The company signed its largest-ever naval order for 12 Marine Gas Turbine Generator sets with the Ministry of Defense. Bharat Forge's naval presence is expanding beyond shafting and propellant-related products into power-generation systems. Management expects the Indian Navy to become a larger customer, supported by the announced program to build ~140 new ships.

Business outlook
- Management indicated that the overall demand environment remains favorable despite cost escalations. India and the US continue to witness firm demand. In EU, CV demand continues to remain strong, while PV demand is stable.
- Management maintained its FY27 growth outlook of 20–25% for the Indian manufacturing business, with growth expected to be more pronounced in 2HFY27. This is expected to be followed-up with strong growth even in FY28.
- Business sentiment in North America is being supported by higher corporate capex, which is driving demand across construction, mining, data centers, and power systems.
- Over the next five years, automotive growth is expected to be driven primarily by new products from JSA and K-Drive, while growth in non-automotive businesses will likely be driven by defense, aerospace, power generation, semiconductors, data centers, and other industrial segments.

Update on defense/aerospace segment
- The company plans to invest in a defense energetics facility in Andhra Pradesh for shell filling, propellants, and other energetics used in defense applications. This facility is planned as a modular plant, allowing capacity to be expanded progressively as demand scales.
- The company has applied for the required license of explosives for the Andhra Pradesh energetics facility but has not yet received approval.
- Management expects the defense business to expand across a wider range of products and applications as new programs move into production. A new defense facility is expected to enter serial production during FY27 and will support deliveries of assault rifles and CQB carbines to the Indian Armed Forces.
- Once the final ATAGS approval is received, management expects production to ramp up within 2–3 months. Approval has been delayed by a few weeks due to procedural issues.
- Management expects steady-state EBITDA margin in the defense business to be in the 22–23% range.
- Management expects aerospace revenue to double over the next two years from the current level of ~INR4b pa, supported by new capacities coming online and its existing order ramp up.

Update on semiconductor/data center segments
- Management targets USD30–40m of semiconductor-related revenue organically over the next two years. The company expects the semiconductor business to potentially double again beyond this level as additional machining lines come onstream.
- On the data center space, BHFC has been supplying components to the data center ecosystem for ~18 years. The company already has long term contracts in

the data center segment and is adding capacity to service the expected increase in demand. Management expects the data center business to double over the next four years.

Update on overseas business

- The US steel forging operation suffered a major maintenance breakdown during 1Q, resulting in almost three months without production. Management expects performance and margins to improve as the plant resumes normal operations.
- Management indicated a normalized EBITDA margin aspiration of about 12% for the US steel business and around 15–16% for the US aluminum business.

Update on CDP restructuring

- The company plans to close its European CDP entity around 2Q–3QCY27. The entity will cease to exist after restructuring, and a sizeable portion of the remaining orders will be transferred to India and supplied from India at better margins.
- Not all European CDP orders will move to India because some programs/products are already being phased out. The remaining live business is expected to migrate to India at or before the plant closure.

Exhibit 1: Volume trend

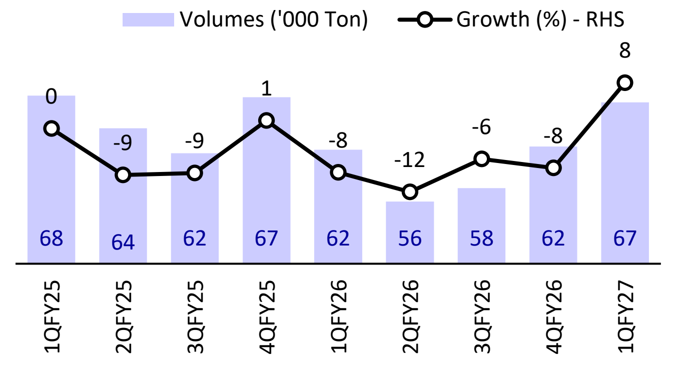


Exhibit 2: Trend in realizations

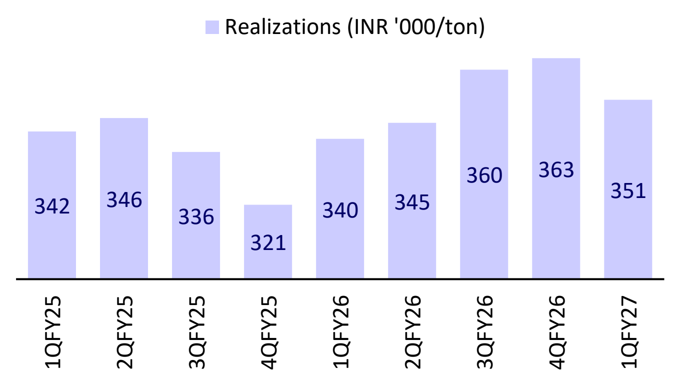


Exhibit 3: Market mix trend

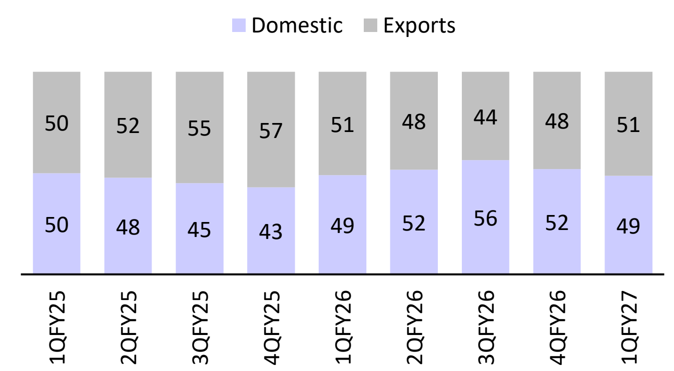


Exhibit 4: Trend in product mix

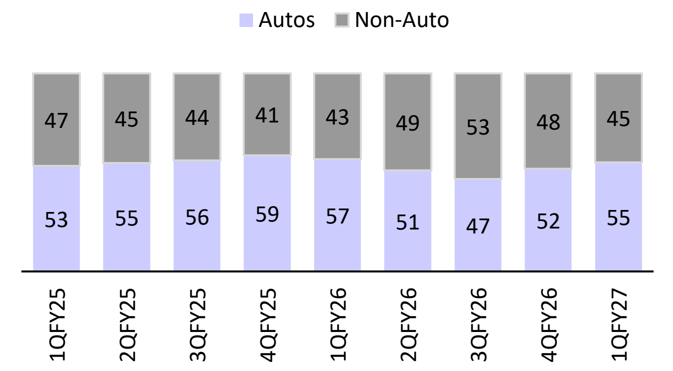


Exhibit 5: Trend in EBITDA margin

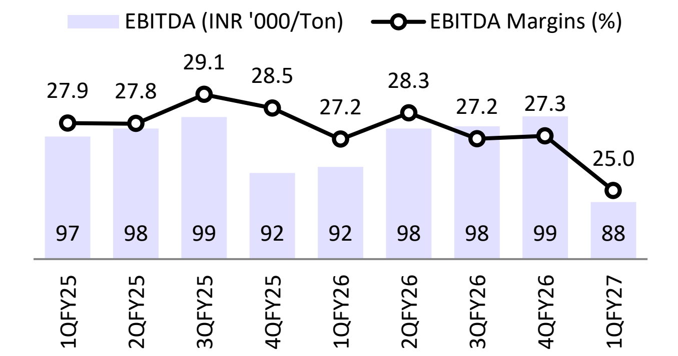


Exhibit 6: EBITDA growth trend

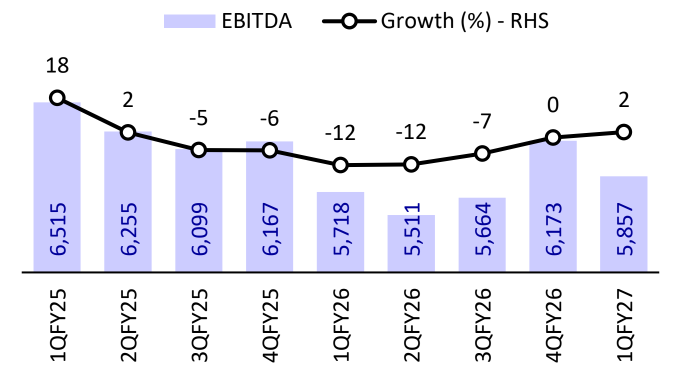
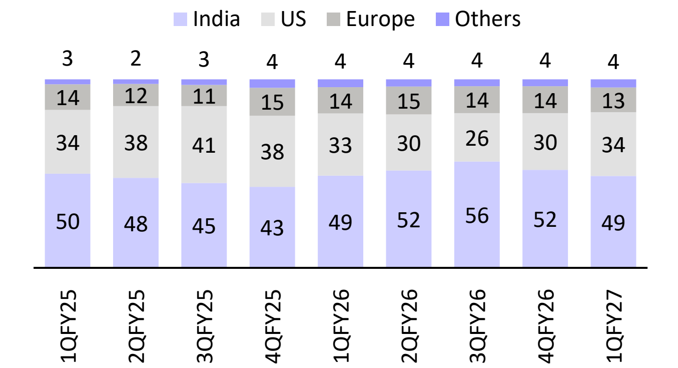
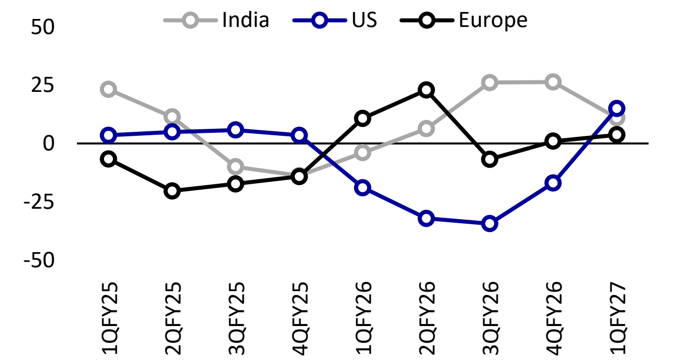


Exhibit 7: Standalone revenue breakup %



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 ~47% in FY26 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 Al mix in its overseas subsidiaries. These diversification initiatives have helped reduce cyclicality 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 5%/9% revenue CAGR over FY26-28.

Defense to be the key growth driver for BHFC over FY26-28E

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 INR29b in FY28 from INR13b in FY25. Over the years, its order book has now scaled up to ~INR112b 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 2HFY27. 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 Class 8 industry witnessed a cyclical downturn in CY25. However, it is now seeing a clear cyclical upturn as is reflected in pick up in order backlogs over last few months. We expect a pick-up in US Class8 demand to be one of the key growth drivers in exports for BHFC. Demand for higher HP engines continues to be strong. This and a strong order intake in aerospace are the other two key growth drivers for BHFC exports. PV exports have also started to revive and the momentum is likely to sustain going forward. Overall, we expect BHFC to post a healthy 20% revenue CAGR in exports over FY26-28E.

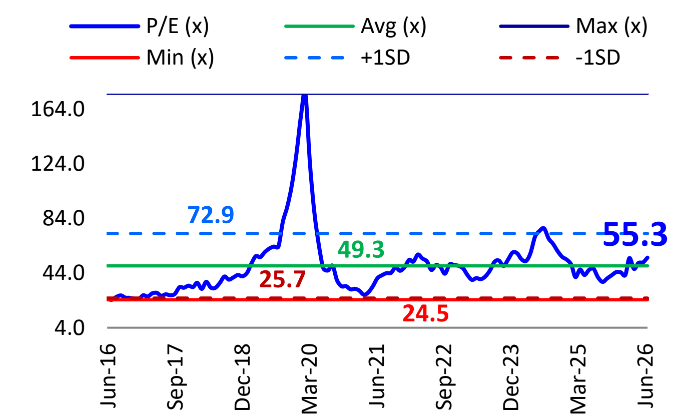
Valuation and view

The GST rate cut has helped revive the domestic auto business, which augurs well for BHFC. Further, the US Class 8 cycle appears to have bottomed out now, with clear signs of revival. Defense, aerospace, and JSA are likely to remain the key growth drivers for BHFC in the coming years. We now expect BHFC to post a CAGR of 17%/24%/39% in revenue/ EBITDA/PAT over FY26-28. However, following the recent rally in the stock, most positives seem to be factored in (valuation now at 64x FY27E EPS and 44x FY28E EPS). Reiterate Neutral with a TP of INR1,931 per share (valued at 40x FY28E EPS).

Exhibit 9: Our revised estimates (Consolidated)

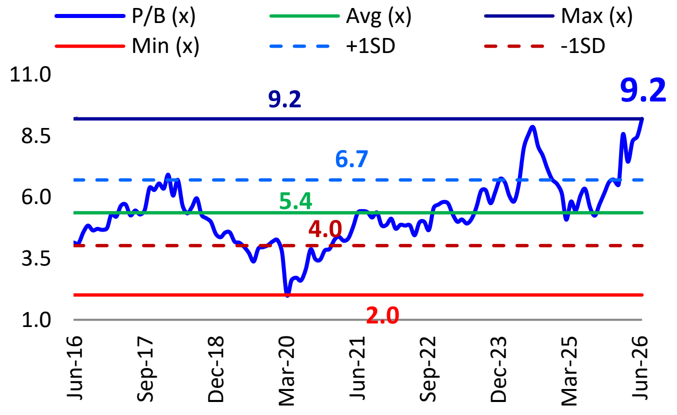
(INR m)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,97,628	1,94,986	1.4	2,29,743	2,26,738	1.3
EBITDA (%)	17.6	18.3	-70bp	19.6	19.4	30bp
Net Profit	15,793	17,044	-7.3	23,085	23,088	0.0
EPS (INR)	33.0	35.6	-7.3	48.3	48.3	0.0

Exhibit 10: BHFC's PE trend



Source: Company, MOFSL

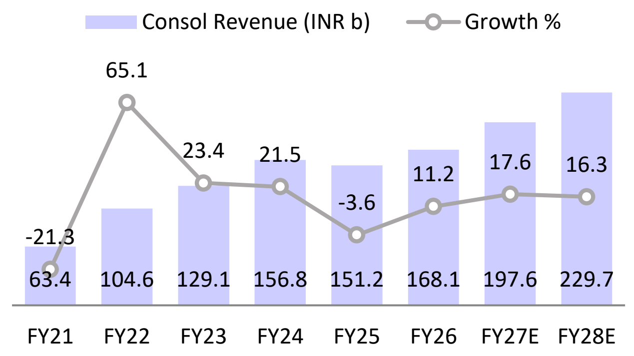
Exhibit 11: BHFC's PB trend



Source: Company, MOFSL

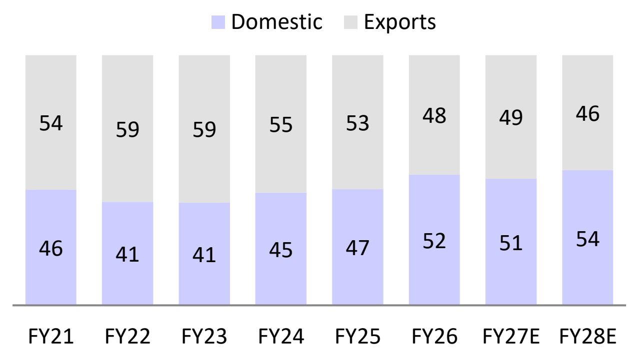
Story in charts

Exhibit 12: Consol. revenue trend



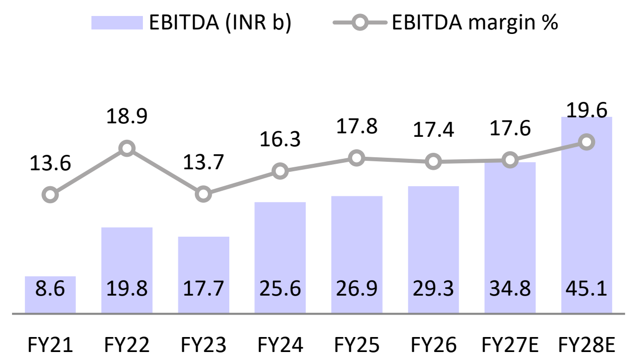
Source: Company, MOFSL

Exhibit 13: Trend in geography mix %



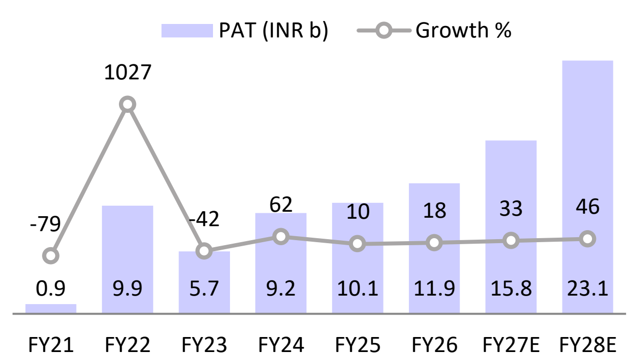
Source: Company, MOFSL

Exhibit 14: Trend in EBITDA and EBITDA margin



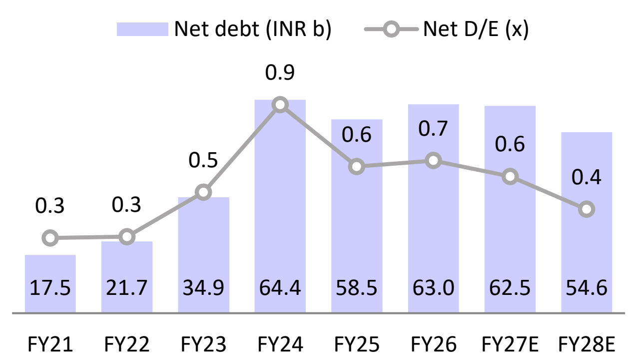
Source: Company, MOFSL

Exhibit 15: PAT and growth over the years



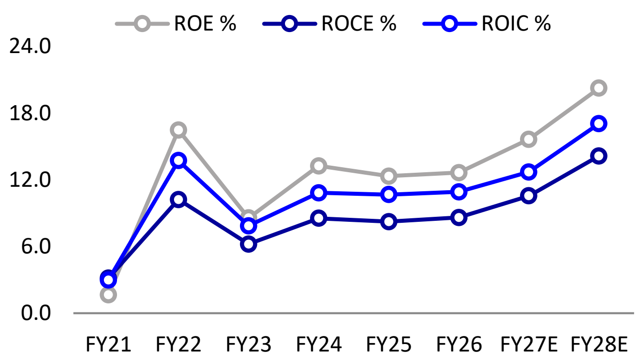
Source: Company, MOFSL

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	FY26	FY27E	FY28E
Net Sales	**63,362**	**1,04,611**	**1,29,103**	**1,56,821**	**1,51,228**	**1,68,117**	**1,97,628**	**2,29,743**
Change (%)	-21.3	65.1	23.4	21.5	-3.6	11.2	17.6	16.3
EBITDA	**8,617**	**19,803**	**17,676**	**25,580**	**26,939**	**29,267**	**34,763**	**45,122**
Margin (%)	13.6	18.9	13.7	16.3	17.8	17.4	17.6	19.6
Depreciation	6,122	7,303	7,356	8,482	8,736	9,709	11,166	11,947
EBIT	**2,495**	**12,500**	**10,320**	**17,098**	**18,203**	**19,557**	**23,597**	**33,174**
Int. and Finance Charges	1,077	1,604	2,986	4,912	4,175	3,233	3,072	2,765
Other Income - Rec.	1,689	1,959	1,729	2,274	2,138	1,987	2,186	2,732
PBT bef. EO Exp.	**3,107**	**12,855**	**9,062**	**14,460**	**16,166**	**18,311**	**22,711**	**33,142**
EO Expense/(Income)	3,062	-1,280	-458	123	1,571	1,544	245	0
PBT after EO Exp.	**45**	**14,135**	**9,520**	**14,337**	**14,595**	**16,766**	**22,466**	**33,142**
Current Tax	1,015	3,035	3,186	5,288	5,426	5,778	6,740	9,942
Tax Rate (%)	2276.6	21.5	33.5	36.9	37.2	34.5	30.0	30.0
Reported PAT	**-971**	**11,101**	**6,334**	**9,049**	**9,170**	**10,989**	**15,726**	**23,199**
MI & Profit/Loss of Asso	297	330	334	-53	37	95	104	115
Adj PAT	**876**	**9,875**	**5,680**	**9,188**	**10,120**	**11,906**	**15,793**	**23,085**

Consolidated - Balance Sheet (INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	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	94,842	1,05,205	1,21,117
Net Worth	**54,150**	**65,707**	**67,055**	**71,702**	**92,533**	**95,798**	**1,06,161**	**1,22,073**
Minority Interest	317	561	361	-49	-328	-230	-230	-230
Deferred Liabilities	1,445	1,718	658	39	-703	-1,907	-1,907	-1,907
Total Loans	45,798	56,545	68,523	79,475	66,983	73,086	67,086	60,086
Capital Employed	**1,01,710**	**1,24,531**	**1,36,597**	**1,51,167**	**1,58,485**	**1,66,748**	**1,71,110**	**1,80,023**
Gross Block	1,09,197	81,087	98,375	1,07,096	1,20,929	1,44,340	1,54,340	1,62,340
Less: Accum. Deprn.	62,024	32,896	39,723	46,965	56,383	66,092	77,258	89,205
Net Fixed Assets	**47,497**	**48,697**	**61,606**	**63,091**	**67,174**	**82,150**	**80,984**	**77,037**
Capital WIP	9,001	11,248	7,012	9,912	17,317	12,984	12,984	12,984
Total Investments	**26,070**	**26,040**	**25,691**	**22,239**	**26,425**	**18,806**	**21,806**	**24,806**
Curr. Assets, Loans&Adv.	**48,309**	**68,934**	**88,038**	**96,597**	**88,065**	**1,06,538**	**1,15,513**	**1,32,344**
Inventory	17,939	27,105	31,263	32,161	35,784	40,528	47,647	55,390
Account Receivables	14,096	21,736	30,988	31,672	29,132	39,267	46,023	53,502
Cash and Bank Balance	4,729	6,030	10,395	13,153	6,210	8,479	2,665	3,326
Loans and Advances	11,545	14,063	15,392	19,612	16,939	18,265	19,178	20,126
Curr. Liability & Prov.	**29,167**	**30,387**	**45,749**	**40,672**	**40,497**	**53,730**	**60,177**	**67,148**
Creditors	12,068	16,314	21,513	22,621	23,442	29,957	35,215	40,938
Other Current Liabilities	14,093	11,396	21,923	14,744	12,916	18,763	19,701	20,686
Provisions	3,006	2,677	2,313	3,307	4,138	5,010	5,261	5,524
Net Current Assets	**19,142**	**38,546**	**42,288**	**55,925**	**47,568**	**52,808**	**55,336**	**65,196**
Appl. of Funds	**1,01,710**	**1,24,531**	**1,36,597**	**1,51,167**	**1,58,485**	**1,66,748**	**1,71,110**	**1,80,023**

E: MOFSL Estimates

Financials and valuations

Ratios								
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)								
EPS	**1.9**	**21.2**	**12.2**	**19.7**	**21.4**	**25.0**	**33.0**	**48.3**
Cash EPS	15.0	36.9	28.0	37.9	39.4	45.2	56.4	73.3
BV/Share	116.3	141.1	144.0	154.0	193.5	200.4	222.0	255.3
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	34.8	33.4	30.9
Valuation (x)								
P/E	1,120.6	99.4	172.9	106.9	98.5	84.2	63.8	43.7
Cash P/E	140.3	57.2	75.3	55.6	53.5	46.6	37.4	28.8
P/BV	18.1	14.9	14.6	13.7	10.9	10.5	9.5	8.3
EV/Sales	15.7	9.6	7.9	6.5	6.9	6.3	5.3	4.5
EV/EBITDA	115.7	50.8	57.4	40.1	38.7	36.0	30.2	23.1
Dividend Yield (%)	0.1	0.3	0.3	0.4	0.3	0.4	0.5	0.7
Return Ratios (%)								
RoE	1.6	16.5	8.6	13.2	12.3	12.6	15.6	20.2
RoCE (Post-tax)	3.2	10.2	6.2	8.5	8.2	8.6	10.6	14.1
RoIC	3.0	13.7	7.9	10.8	10.7	10.9	12.7	17.0
Working Capital Ratios								
Fixed Asset Turnover (x)	0.6	1.3	1.3	1.5	1.3	1.2	1.3	1.4
Inventory (Days)	103	95	88	75	86	88	88	88
Debtor (Days)	81	76	88	74	70	85	85	85
Creditor (Days)	70	57	61	53	57	65	65	65
Working Capital (Days)	83	113	90	100	100	96	97	98
Leverage Ratio (x)								
Net Debt/Equity	0.3	0.3	0.5	0.9	0.6	0.7	0.6	0.4

Consolidated - Cash Flow Statement								(INR M)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Operating PBT	2,495	12,500	10,320	14,337	14,595	16,766	23,597	33,174
Depreciation	6,122	7,303	7,356	8,482	8,736	9,709	11,166	11,947
Other income	1,686	2,203	1,529	3,246	4,139	3,074	2,081	2,732
Direct Taxes Paid	-77	-2,762	-4,246	-5,185	-6,050	-5,646	-6,740	-9,942
(Inc)/Dec in WC	4,016	-18,103	623	-4,236	-3,457	-9,037	-8,342	-9,199
CF from Operations	**14,243**	**1,142**	**15,581**	**16,644**	**17,963**	**14,866**	**21,763**	**28,712**
EO Expense	-3,062	1,280	458	0	0	0	-245	0
CF from Operating incl EO	**11,180**	**2,422**	**16,039**	**16,644**	**17,963**	**14,866**	**21,518**	**28,712**
(inc)/dec in FA	-11,173	-10,750	-16,029	-15,003	-14,439	-11,131	-10,000	-8,000
Free Cash Flow	**8**	**-8,328**	**10**	**1,641**	**3,524**	**3,736**	**11,518**	**20,712**
(Pur)/Sale of Investments	-9,890	30	349	8,336	-5,204	800	-3,000	-3,000
CF from Investments	**-21,063**	**-10,720**	**-15,680**	**-6,667**	**-19,643**	**-10,330**	**-13,000**	**-11,000**
Issue of Shares	3,855	3,017	-2,425	0	16,500	0	0	-115
Inc/(Dec) in Debt	7,014	10,748	11,978	7,183	-12,428	784	-6,000	-7,000
Interest Paid	-1,077	-1,604	-2,986	-4,896	-4,729	-3,752	-3,072	-2,765
Dividend Paid	-931	-2,561	-2,561	-9,506	-4,605	701	-5,259	-7,172
CF from Fin. Activity	**8,860**	**9,599**	**4,006**	**-7,219**	**-5,263**	**-2,268**	**-14,331**	**-17,051**
Inc/Dec of Cash	**-1,023**	**1,301**	**4,365**	**2,758**	**-6,943**	**2,269**	**-5,814**	**661**
Add: Beginning Balance	5,751	4,729	6,030	10,395	13,153	6,210	8,479	2,665
Closing Balance	**4,728**	**6,030**	**10,395**	**13,153**	**6,210**	**8,479**	**2,665**	**3,326**

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.