



India

**HOLD** (no change)

Consensus ratings\*: Buy 9 Hold 9 Sell 10

Current price:	Rs1,727
Target price:	Rs1,843
Previous target:	Rs1,209
Up/downside:	6.7%
InCred Research / Consensus:	32.9%
Reuters:	BFRG.NS
Bloomberg:	BHFC IN
Market cap:	US\$9,112m
	Rs825,516m
Average daily turnover:	US\$16.7m
	Rs1512.3m
Current shares o/s:	478.1m
Free float:	54.8%

\*Source: Bloomberg

**Key changes in this note**

- Maintain FY26F EPS.
- FY27F-28F EBITDA raised by 4-5%.
- FY27F-28F EPS raised by 2-4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	18.5	24.3	56.3
Relative (%)	18.5	25.5	42.2

**Major shareholders**

	% held
Kalyani Family	45.3
Kotak Mutual Fund	5.6
Dsp Midcap Fund	2.1

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# Bharat Forge

## India biz recovery to be followed by exports

- 3Q standalone EPS growth of 6% qoq was above our estimate, but in line with Bloomberg consensus estimate. India sales growth of 24% yoy is impressive.
- Early signs of US class-8 truck new order improvement & US-India trade deal provide hope of strong export recovery soon. Raise EPS estimates by 2-4%.
- Feb 2026 spike in stock price makes the risk-reward ratio unfavourable near +1SD P/E valuation. Maintain HOLD rating with a higher TP of Rs1,843.

**India sales recovery impressive in 3QFY26**

Bharat Forge's standalone 3QFY26 EBITDA dipped 7% yoy to Rs5.7bn but rose by 3% qoq. This was just 2% above our estimate, aided by a 70bp beat in EBITDA margin of 27.2% (-110bp qoq). The weakness in exports (-3% qoq and -21% yoy) was overcome by strong 24% yoy and 17% qoq rise in domestic sales. Strong growth in India industrial and commercial vehicle segments, and exports to Europe are impressive. Lower interest costs (-14% qoq) and flat depreciation led to 6% qoq rise in normalised PAT to Rs3.4bn, 6% above our estimate. Consolidated entity's PAT rose by 10% qoq to Rs3.3bn, aided by 3% qoq EBITDA growth.

**Management indicates the worst is behind**

The bottoming out of US class-8 truck net orders in the Dec 2025 quarter and a spike in Dec 2025 (Fig. 7) provide hope of a better CY26F ahead. With the India-US trade deal signed recently and India truck cyclical demand recovery being strong, guides for the worst in terms of sales is behind, as sales weakness was seen from Sep 2024 onwards. Management indicated that Rs23.9bn of orders were received during the quarter and gave guidance of gun order execution for Indian Army to commence in 2HFY27F. Castings subsidiary J S Auto raised equity funding of Rs3bn to support its next phase of growth. The Orissa plant capex of Rs30bn may be incurred early in FY28F.

**Consolidated EPS upgrade by 2-4%**

While signs of bottoming out were visible, the extent of recovery is debatable. We support domestic truck demand recovery, while global recovery may be gradual and geopolitical risks can still result in volatility. Hence, we limit sales upgrade to 2-3% for FY27F-28F. With the trade deal helping ease import duties from current peak levels, we raise EBITDA by 4-5% for FY27F-28F. Easing interest costs and depreciation leads to EPS upgrade of 2-4% for FY27F-28F.

**Recent stock price spike demands quick recovery; maintain HOLD**

The sharp stock price rise so far in Feb 2026 on the back of US trade deal has pushed forward P/E and PBV valuations to near +1SD above 10-year mean level, thereby demanding a quick recovery in its sales and profitability. Considering global geopolitical challenges, we feel the ask is tall and so we maintain our HOLD rating on the stock with a higher DCF-based target price of Rs1,843 (Rs1,209 earlier). Upside risk: Quick resolution of trade tensions. Downside risk: Global recession prolonging profitability challenges.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	156,821	151,228	154,740	178,978	204,763
Operating EBITDA (Rsm)	25,579	26,939	28,627	33,111	38,291
Net Profit (Rsm)	9,101	9,133	12,266	15,310	18,652
Core EPS (Rs)	19.2	21.2	25.7	32.0	39.0
Core EPS Growth	87.0%	10.2%	21.2%	24.8%	21.8%
FD Core P/E (x)	90.71	90.40	67.31	53.92	44.26
DPS (Rs)	10.0	11.0	10.0	11.0	12.0
Dividend Yield	0.56%	0.64%	0.58%	0.64%	0.69%
EV/EBITDA (x)	33.83	31.72	28.82	24.93	21.51
P/FCFE (x)	71.65	669.66	52.45	(217.87)	(136.02)
Net Gearing	81.4%	54.2%	24.1%	27.7%	28.6%
P/BV (x)	11.51	8.92	6.57	5.94	5.31
ROE	13.2%	12.3%	11.2%	11.6%	12.7%
% Change In Core EPS Estimates			0.93%	2.38%	3.62%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## India biz recovery to be followed by exports

### Management conference-call highlights ►

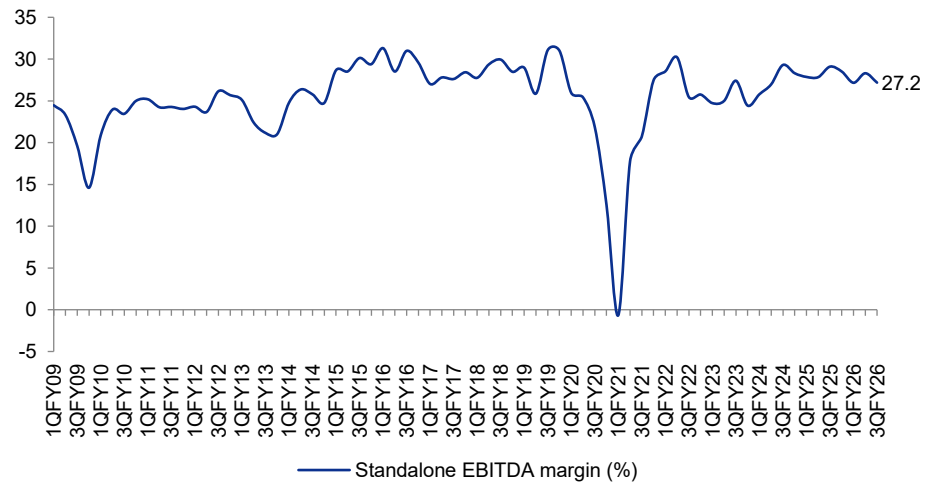
- **Outlook:** Management indicated that the worst is behind and things are starting to look up in 4QFY26F and FY27F. With both domestic and export markets looking strong across sectors, and the commencement of ATAGS execution in 2HFY27F, it expects high double-digit topline growth and its commensurate impact on profitability.
- **Order book:** In 3Q, the company secured new orders worth Rs23.88bn including Rs18.78bn in defence segment. As of 31 Dec 2025, the defence order book stood at Rs111.3bn. Signed the CQB carbine contract with the Ministry of Defence for supply of more than 250,000 units to Indian armed forces. This order unlocks significant growth opportunities for small arms vertical within the defence business. Small arms biz has four years execution time, while the remaining orders have five years execution plan.
- **Standalone business:** Revenue was up 7% qoq and EBITDA up 4.6% qoq, translating into an EBITDA margin of 27.3%, while the traffic impact was Rs.310m. The performance was aided by strong growth in domestic automotive business and execution of defence order book.
- **Domestic CV business:** Performance was driven by higher production volume in 3Q across OEMs, as benefits of Goods and Services Tax (GST) rates cut percolated in lower TCO (total cost of ownership) to end-users.
- **Domestic passenger car:** The segment saw GST-related benefits resulting in higher demand. Expect these tailwinds to support demand in the near term. In the long term, the expanding per capita car ownership to drive meaningful growth in this sector.
- **Domestic industrial:** Business saw strong performance driven by better execution in defence segment and good traction in heavy horse-power engines.
- **Subsidiaries' performance:** In 3Q, JS Auto's castings business (JSA) recorded revenue of Rs2.03bn (+22% yoy), EBITDA of Rs320m (+39% yoy) and 15.7% EBITDA. K-Drive mobility, a supplier of axle assembly across segments witnessed muted topline but a sharp jump in profitability. with EBITDA margin moving up from 3.1% in 2QFY26 to 5.1% in 3Q. Expect the margin profile to continue to improve over a three-year time frame.
- **Overseas business:** Export revenue witnessed a 3% qoq decline, with auto sector down 13%. The US & European operations reported modest operating profit despite seasonal weakness in the passenger vehicle market. Review of the European steel manufacturing footprint is on track, and company expects to have concrete measures in place by the end of this fiscal.
- **CV export business:** Lower production and inventory destocking impacted commercial vehicle (CV) exports to North America (NA) sharply. NA truck revenue declined by 51% yoy. Early indicators such as net orders and increasing order backlog give comfort that the worst may be over for the truck sector.
- **Passenger car export business:** Performed well in a seasonally weak quarter. As trade disputes subside, we anticipate a recovery in consumer confidence, leading to higher personal mobility spending.
- **Industrial export business:** Saw a mixed performance; HHP engines and aerospace saw better performance driven by improved execution; oil & gas continued to suffer from weak crude oil prices.

**Figure 1: Standalone results comparison**

Y/E Mar 24 (Rs m)	3QFY26	3QFY25	yoy % chg	2QFY26	qoq % chg	9MFY26	9MFY25	yoy % chg	Comments for the quarter
Revenue	20,837	20,959	(0.6)	19,469	7.0	61,352	66,807	(8.2)	1% below with our estimate.
Raw material costs	8,086	8,401	(3.8)	7,053	14.6	23,295	27,346	(14.8)	
RM costs as a % of revenue	38.8	40.1	(128)	36.2	257.9	38.0	40.9	(296)	
<b>EBITDA</b>	<b>5,664</b>	<b>6,098</b>	<b>(7.1)</b>	<b>5,511</b>	<b>2.8</b>	<b>16,892</b>	<b>18,867</b>	<b>(10.5)</b>	<b>2% above our estimate.</b>
EBITDA margin %	27.2	29.1	(191)	28.3	(112)	27.5	28.2	(71)	68bp above our estimate.
Depreciation & amortisation	1,120	1,104	1.5	1,112	0.7	3,356	3,282	2.3	14% below with our estimate.
EBIT	4,544	4,995	(9.0)	4,399	3.3	13,536	15,586	(13.2)	
Interest expenses	414	573	(27.7)	483	(14.2)	1,420	1,910	(25.7)	13% above our estimate.
Other Income	273	314	(13.0)	465	(41.2)	1,160	1,108	4.7	32% below our estimate.
Pre-tax profit	4,403	4,735	(7.0)	4,380	0.5	13,276	14,783	(10.2)	
Tax	1,035	1,266	(18.2)	1,202	(13.9)	3,345	3,687	(9.3)	
Tax rate (%)	23.5	26.7	(321)	27	(393)	25	25	26 -	
<b>Normalised net profit</b>	<b>3,368</b>	<b>3,470</b>	<b>(2.9)</b>	<b>3,178</b>	<b>6.0</b>	<b>9,931</b>	<b>11,097</b>	<b>(10.5)</b>	<b>5% above our estimate</b>
Extraordinary Income/expenses	(487)	(9)	nm	(79)	nm	(566)	(1,330)	nm	
Reported net profit	2,880	3,460	(16.8)	3,099	(7.1)	9,365	9,766	(4.1)	
Normalised EPS (Rs)	7.2	7.5	(2.9)	6.8	6.0	21.2	23.7	(10.5)	

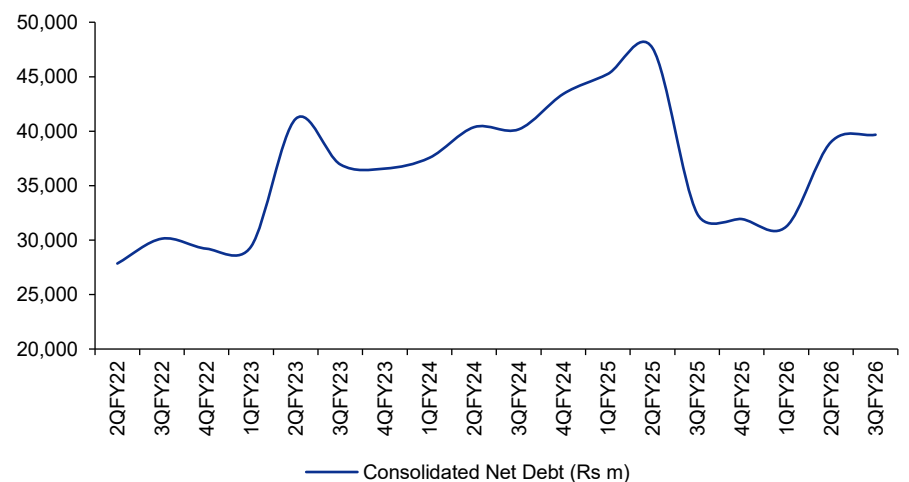
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Standalone EBITDA witnesses a sequential decline**



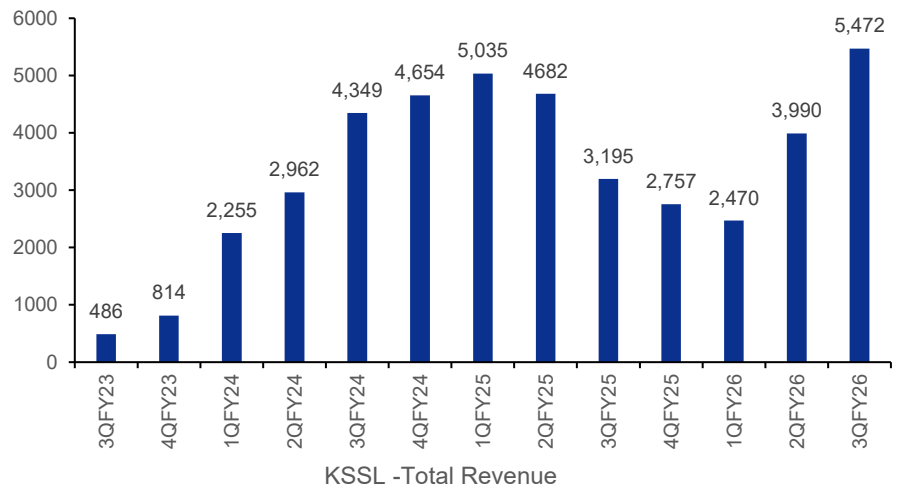
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Net debt is stable**



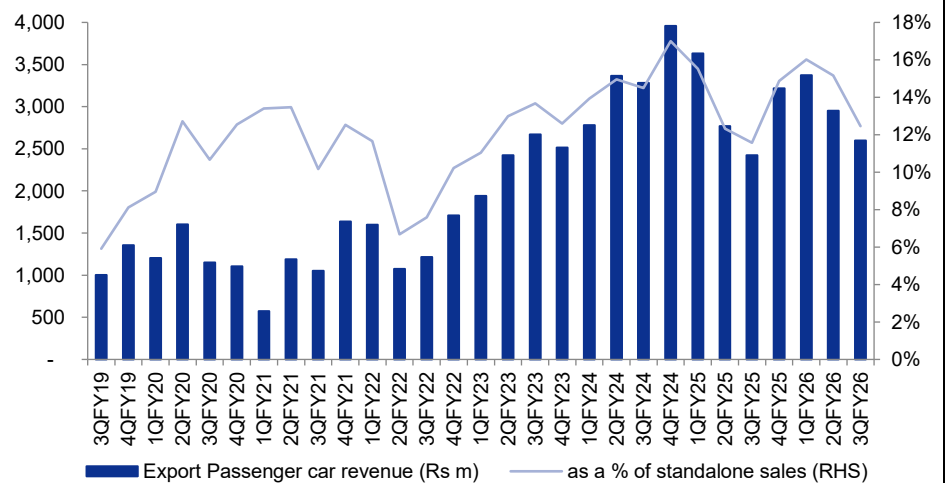
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Defence subsidiary KSSL's revenue rises on execution (Rs m)**



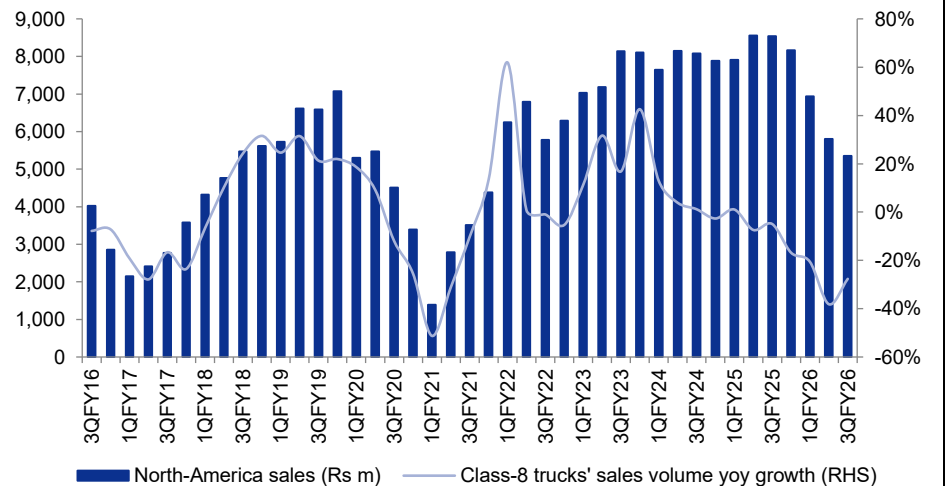
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Passenger car component exports are weak**



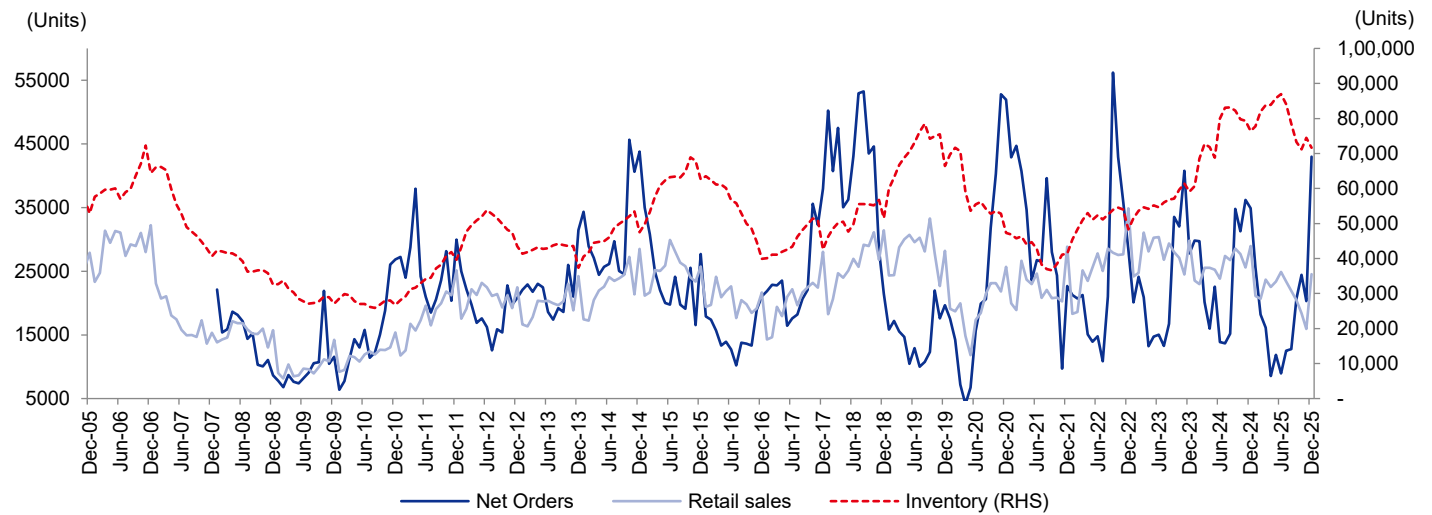
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: North America's revenue correlation to Class-8 trucks' volume growth**



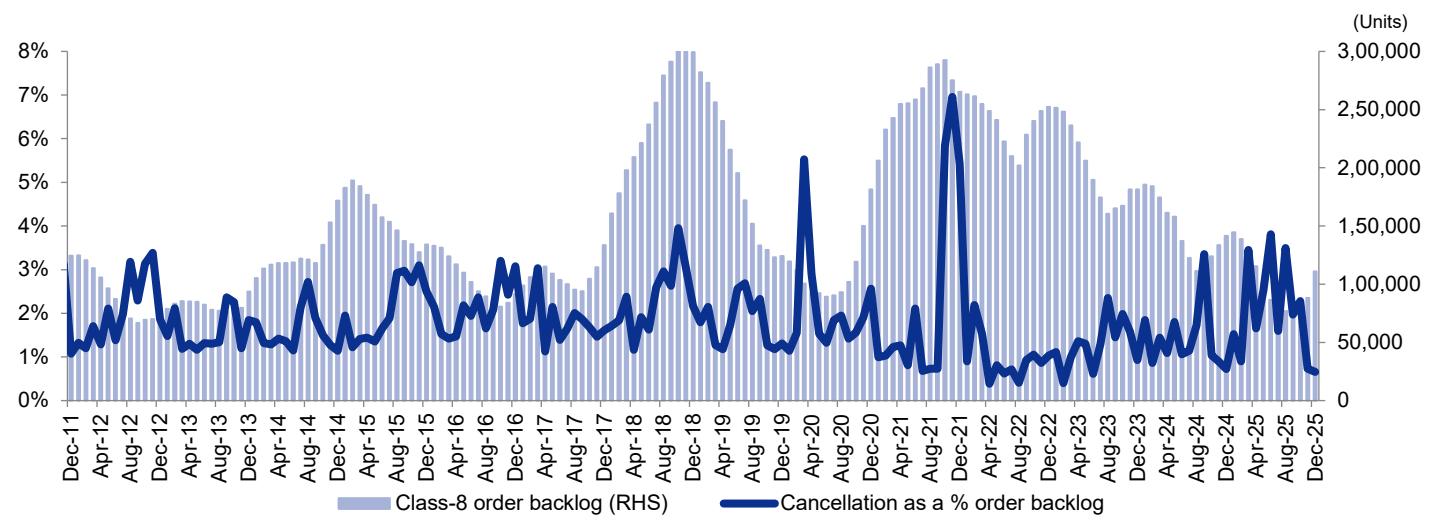
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: North America Class-8 truck net orders declined during the quarter, leading to inventory build-up**



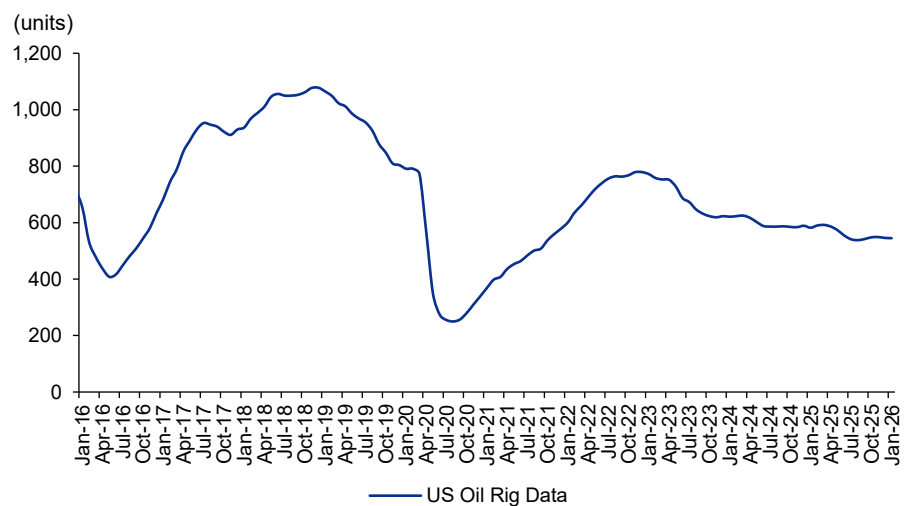
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

**Figure 8: North America Class-8 truck order backlog situation improves due to cancellation**



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

**Figure 9: US oil rig count flattens**



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

**Figure 10: Revenue by segment (Rs m)**

	3QFY26	3QFY25	% yoy	2QFY26	% qoq	9MFY26	9MFY25	%yoy
<b>India Revenue</b>	<b>11,740</b>	<b>9,449</b>	<b>24.2%</b>	<b>10,049</b>	<b>16.8%</b>	<b>32,082</b>	<b>31,847</b>	<b>0.7%</b>
Commercial Vehicle	2,614	2,279	14.7%	2,231	17.2%	7,292	6,967	4.7%
Industrial	8,104	6,185	31.0%	6,906	17.3%	21,883	22,159	-1.2%
Passenger car	1,022	985	3.8%	912	12.1%	2,907	2,721	6.8%
<b>International Revenue</b>	<b>9,097</b>	<b>11,490</b>	<b>-20.8%</b>	<b>9,420</b>	<b>-3.4%</b>	<b>29,270</b>	<b>34,939</b>	<b>-16.2%</b>
Commercial Vehicle	2,463	4,985	-50.6%	2,844	-13.4%	9,806	15,501	-36.7%
Industrial	4,036	4,081	-1.1%	3,625	11.3%	10,543	10,613	-0.7%
Passenger car	2,598	2,424	7.2%	2,951	-12.0%	8,921	8,825	1.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 11: Revenue by region**

(Rs m)	3QFY26	3QFY25	% yoy	2QFY26	% qoq	9MFY26	9MFY25	%yoy
India	11,740	9,449	24.2%	10,049	16.8%	32,082	31,847	0.7%
USA	5,355	8,540	-37.3%	5,800	-7.7%	18,088	25,007	-27.7%
Europe	2,988	2,333	28.1%	2,867	4.2%	8,792	8,159	7.8%
Asia	754	637	18.4%	753	0.1%	2,391	1,795	33.2%
<b>Total</b>	<b>20,837</b>	<b>20,959</b>	<b>-0.6%</b>	<b>19,469</b>	<b>7.0%</b>	<b>61,353</b>	<b>66,808</b>	<b>-8.2%</b>
<b>Sales Mix</b>								
India	56%	45%	1,126	52%	473	52%	48%	462
USA	26%	41%	-1,505	30%	-409	29%	37%	-795
Europe	14%	11%	321	15%	-39	14%	12%	212
Asia	4%	3%	58	4%	-25	4%	3%	121

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 12: Standalone entity's EPS revision summary**

	FY26F		FY27F		FY28F	
	Old	New	Old	New	New	New
Net sales (Rs m)	85,600	83,723	93,239	94,157	1,05,779	1,08,107
Change (%)		-2.2%		1.0%		2.2%
EBITDA (Rs m)	23,626	23,191	25,454	25,893	29,195	30,378
Change (%)		-1.8%		1.7%		4.1%
Normalised PAT (Rs m)	13,999	13,943	15,515	15,965	18,377	19,304
Change (%)		-0.4%		2.9%		5.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 13: Consolidated entity's earnings revision summary**

	FY26F		FY27F		FY28F	
	Old	New	Old	New	Old	New
Net sales (Rs m)	1,56,215	1,54,740	1,75,459	1,78,978	1,99,489	2,04,763
Change (%)		-0.9%		2.0%		2.6%
EBITDA (Rs m)	28,119	28,627	31,934	33,111	36,507	38,291
Change (%)		1.8%		3.7%		4.9%
Normalised PAT (Rs m)	12,153	12,266	14,954	15,310	18,001	18,652
Change (%)		0.9%		2.4%		3.6%
Normalised EPS(Rs)	26.1	26.3	32.1	32.9	38.7	40.1
Change (%)		0.9%		2.4%		3.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 14: Key assumptions**

Rs m	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F
International sales	97,982	1,16,417	1,10,072	1,10,497	1,27,656	1,44,203
Change (%)		18.8%	-5.5%	0.4%	15.5%	13.0%
India domestic sales	31,121	40,403	41,156	44,243	51,322	60,560
Change (%)		29.8%	1.9%	7.5%	16.0%	18.0%
Net sales	1,29,103	1,56,821	1,51,228	1,54,740	1,78,978	2,04,763
Net raw material costs	59,614	73,413	65,943	67,776	78,750	89,481
as % of net sales	46.2%	46.8%	43.6%	43.8%	44.0%	43.7%
Personnel costs	15,631	18,600	18,699	19,652	22,551	25,800
as % of net sales	12.1%	11.9%	12.4%	12.7%	12.6%	12.6%
Mfg. expenses	21,947	21,955	22,684	22,901	26,310	30,714
as % of net sales	17.0%	14.0%	15.0%	14.8%	14.7%	15.0%
Other expenses	14,235	17,274	16,962	15,783	18,256	20,476
as % of net sales	11.0%	11.0%	11.2%	10.2%	10.2%	10.0%
Total expenditure	1,11,427	1,31,242	1,24,289	1,26,113	1,45,867	1,66,472
EBITDA	17,675	25,579	26,939	28,627	33,111	38,291
EBITDA margin (%)	13.7	16.3	17.8	18.5	18.5	18.7

SOURCE: INCRED RESEARCH, COMPANY REPORTS

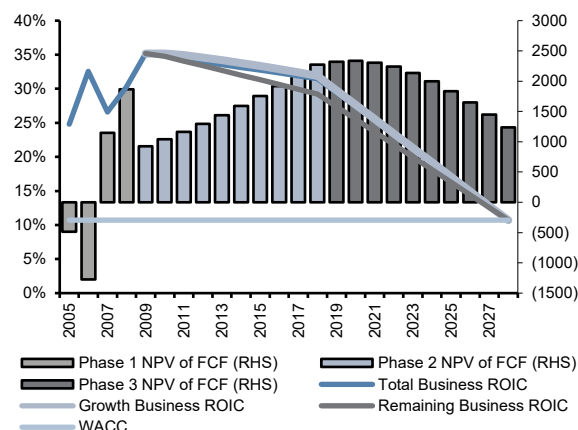
**Figure 15: Discounted cash flow or DCF-based valuation**

Economic Profit Valuation			Discounted Cash Flow Valuation		
	Rs m	%		Rs m	%
Adjusted Opening Invested Capital	1,42,249	15.6	Value of Phase 1: Explicit (2025 to 2027)	2,031	0.2
NPV of Economic Profit During Explicit Period	9,116	1.0	Value of Phase 2: Value Driver (2028 to 2038)	3,94,13	6
NPV of Econ Profit of Remaining Business (1, 2)	15,581	1.7	Value of Phase 3: Fade (2039 to 2049)	4,05,84	43.3
NPV of Econ Profit of Net Inv (Grth Business) (1, 3)	7,43,785	81.7	Terminal Value	1,08,67	3
Enterprise Value	9,10,731	100.	Enterprise Value	0	11.9
Plus: Other Assets	0	0.0	FCF Grth Rate at end of Phs 1 implied by DCF Valuation	9,10,68	100.
Less: Minorities	36	0.0	FCF Grth Rate at end of Phs 1 implied by Current Price	0	0
Less: Net Debt (as at 13 Feb 2026)	29,343	3.2			
Equity Value	8,81,351	96.8			
No. Shares (millions)	478				
Per Share Equity Value	Rs. 1,843				

Sensitivity Table		No of Years in Fade Period				
		6	9	11	13	16
WACC	9.1%	1808	2122	2340	2565	2914
	10.1%	1628	1893	2074	2259	2542
	11.1%	1468	1692	1843	1996	2225
	12.1%	1327	1516	1642	1767	1954
	13.1%	1200	1360	1466	1570	1722

Performance Summary		Phase 2 Avg (2028 - 2038)			
		2025	2026	2027	
Invested Capital Growth (%)		5.1	11.4	11.0	12.0
Operating Margin (%)		14.0	14.3	14.8	12.6
Capital Turnover (x)		1.3	1.4	1.4	1.3

**Returns, WACC and NPV of Free Cash Flow**

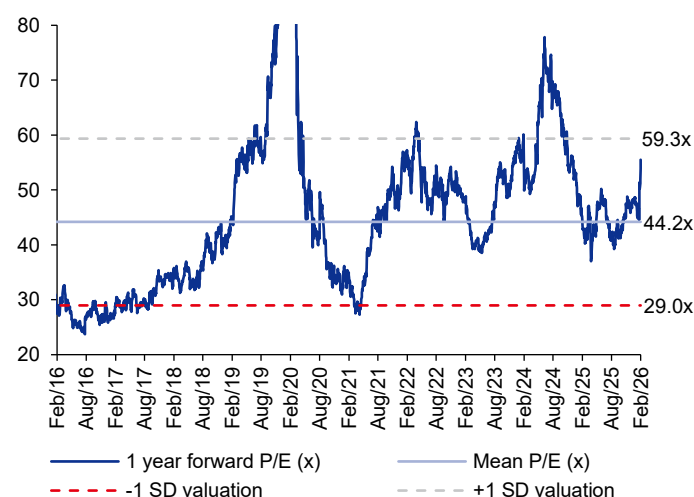


Note:

1. In periods following the Explicit Period i.e. Phase 2 and Phase 3
2. Remaining Business is defined as Capital as at the end of Phase 1 and capex = depreciation thereafter
3. Net Investment is defined as capex over and above depreciation after Phase 1

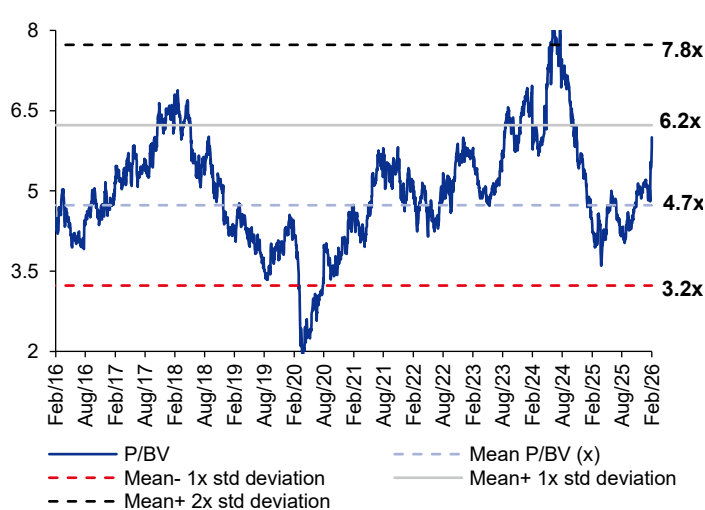
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 16: Forward P/E valuation below the +1SD level**



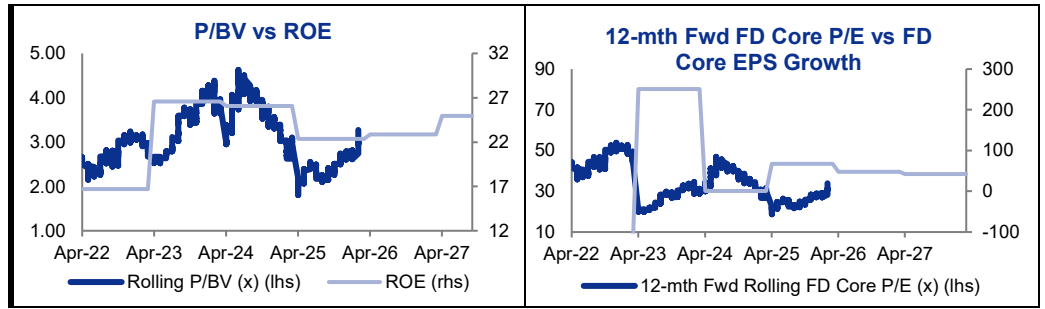
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

**Figure 17: Forward P/BV valuation below the +1SD level**



SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	<b>156,821</b>	<b>151,228</b>	<b>154,740</b>	<b>178,978</b>	<b>204,763</b>
<b>Gross Profit</b>	<b>42,853</b>	<b>43,901</b>	<b>44,410</b>	<b>51,367</b>	<b>58,767</b>
<b>Operating EBITDA</b>	<b>25,579</b>	<b>26,939</b>	<b>28,627</b>	<b>33,111</b>	<b>38,291</b>
Depreciation And Amortisation	(8,482)	(8,736)	(9,219)	(10,133)	(10,678)
<b>Operating EBIT</b>	<b>17,097</b>	<b>18,203</b>	<b>19,408</b>	<b>22,978</b>	<b>27,612</b>
Financial Income/(Expense)	(4,912)	(4,175)	(3,074)	(2,493)	(2,333)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,274	2,138	2,197	2,590	2,784
<b>Profit Before Tax (pre-EI)</b>	<b>14,460</b>	<b>16,166</b>	<b>18,531</b>	<b>23,075</b>	<b>28,063</b>
Exceptional Items	(123)	(1,571)			
<b>Pre-tax Profit</b>	<b>14,336</b>	<b>14,595</b>	<b>18,531</b>	<b>23,075</b>	<b>28,063</b>
Taxation	(5,288)	(5,426)	(6,115)	(7,615)	(9,261)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>9,048</b>	<b>9,170</b>	<b>12,416</b>	<b>15,460</b>	<b>18,802</b>
Minority Interests	53	(37)	(150)	(150)	(150)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>9,101</b>	<b>9,133</b>	<b>12,266</b>	<b>15,310</b>	<b>18,652</b>
Recurring Net Profit	9,179	10,120	12,266	15,310	18,652
<b>Fully Diluted Recurring Net Profit</b>	<b>9,179</b>	<b>10,120</b>	<b>12,266</b>	<b>15,310</b>	<b>18,652</b>

### Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>25,579</b>	<b>26,939</b>	<b>28,627</b>	<b>33,111</b>	<b>38,291</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(572)	(165)	(1,345)	(3,765)	(7,272)
(Incr)/Decr in Total Provisions	(6,052)	(479)	5,387	(1,100)	(100)
Other Non-Cash (Income)/Expense	(619)	1,159	2,644	1,011	1,156
Other Operating Cashflow	(123)	(1,571)			
Net Interest (Paid)/Received	(2,637)	(2,037)	(876)	97	450
Tax Paid	(5,691)	(5,849)	(3,706)	(4,615)	(5,613)
<b>Cashflow From Operations</b>	<b>9,884</b>	<b>17,999</b>	<b>30,731</b>	<b>24,739</b>	<b>26,913</b>
Capex	(12,862)	(19,648)	(19,470)	(20,000)	(19,100)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	7,803	15,219	13,296	(7,778)	(8,132)
<b>Cash Flow From Investing</b>	<b>(5,060)</b>	<b>(4,429)</b>	<b>(6,174)</b>	<b>(27,778)</b>	<b>(27,232)</b>
Debt Raised/(repaid)	6,697	(12,337)	(8,817)	(750)	(5,750)
Proceeds From Issue Of Shares	(356)	(291)			
Shares Repurchased					
Dividends Paid	(4,656)	(5,259)	(4,781)	(5,259)	(5,738)
Preferred Dividends					
Other Financing Cashflow	(5)				
<b>Cash Flow From Financing</b>	<b>1,680</b>	<b>(17,887)</b>	<b>(13,598)</b>	<b>(6,009)</b>	<b>(11,488)</b>
Total Cash Generated	6,504	(4,317)	10,958	(9,049)	(11,807)
<b>Free Cashflow To Equity</b>	<b>11,522</b>	<b>1,233</b>	<b>15,740</b>	<b>(3,789)</b>	<b>(6,070)</b>
<b>Free Cashflow To Firm</b>	<b>9,736</b>	<b>17,745</b>	<b>27,630</b>	<b>(547)</b>	<b>2,014</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	16,899	12,914	23,872	14,823	3,016
Total Debtors	31,769	29,132	31,796	35,796	39,831
Inventories	32,161	35,784	35,611	40,209	44,880
Total Other Current Assets	19,514	18,840	18,500	20,800	22,000
<b>Total Current Assets</b>	<b>100,344</b>	<b>96,670</b>	<b>109,779</b>	<b>111,627</b>	<b>109,726</b>
Fixed Assets	70,046	80,959	91,209	101,076	109,498
Total Investments	18,490	20,627	30,627	38,627	46,627
Intangible Assets	2,960	2,628	2,628	2,628	2,628
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>91,496</b>	<b>104,213</b>	<b>124,464</b>	<b>142,331</b>	<b>158,753</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	22,621	23,442	24,589	29,421	30,855
Other Current Liabilities	18,999	17,015	22,000	23,000	24,000
<b>Total Current Liabilities</b>	<b>41,620</b>	<b>40,457</b>	<b>46,589</b>	<b>52,421</b>	<b>54,855</b>
Total Long-term Debt	75,221	62,884	54,067	53,317	47,567
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>75,221</b>	<b>62,884</b>	<b>54,067</b>	<b>53,317</b>	<b>47,567</b>
Total Provisions	3,346	5,336	8,043	9,253	10,510
<b>Total Liabilities</b>	<b>120,186</b>	<b>108,677</b>	<b>108,698</b>	<b>114,991</b>	<b>112,931</b>
Shareholders Equity	71,702	92,533	125,723	138,995	155,425
Minority Interests	(49)	(328)	(178)	(28)	122
<b>Total Equity</b>	<b>71,653</b>	<b>92,206</b>	<b>125,545</b>	<b>138,967</b>	<b>155,547</b>

### Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	21.5%	(3.6%)	2.3%	15.7%	14.4%
Operating EBITDA Growth	44.7%	5.3%	6.3%	15.7%	15.6%
Operating EBITDA Margin	16.3%	17.8%	18.5%	18.5%	18.7%
Net Cash Per Share (Rs)	(121.98)	(104.51)	(63.15)	(80.51)	(93.18)
BVPS (Rs)	149.96	193.53	262.94	290.70	325.06
Gross Interest Cover	3.48	4.36	6.31	9.22	11.83
Effective Tax Rate	36.9%	37.2%	33.0%	33.0%	33.0%
Net Dividend Payout Ratio	50.5%	49.1%	39.0%	34.4%	30.8%
Accounts Receivables Days	73.03	73.49	71.86	68.92	67.40
Inventory Days	101.56	115.54	118.10	108.43	106.36
Accounts Payables Days	70.67	78.33	79.45	77.24	75.35
ROIC (%)	11.1%	10.6%	10.2%	11.6%	12.5%
ROCE (%)	12.1%	12.0%	11.4%	12.1%	13.6%
Return On Average Assets	6.7%	6.9%	6.7%	7.0%	7.8%

### Key Drivers

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
ASP (% chg, main prod./serv.)	7.1%	(1.5%)	(19.7%)	12.5%	14.8%
Unit sales grth (% , main prod./serv.)	10.6%	0.1%	17.9%	N/A	N/A

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## Recommendation Framework

### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.