

# Bharat Forge

Estimate changes

TP change

Rating change



Bloomberg	BHFC IN
Equity Shares (m)	478
M.Cap.(INRb)/(USD\$)	544.7 / 6.2
52-Week Range (INR)	1655 / 919
1, 6, 12 Rel. Per (%)	-10/-4/-27
12M Avg Val (INR M)	1592

## Consol. Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	151.2	157.3	175.5
EBITDA (%)	17.8	17.3	17.8
Adj. PAT	10.1	12.4	15.8
EPS (INR)	21.4	25.9	33.1
EPS Gr. (%)	8.5	20.8	28.2
BV/Sh. (INR)	194	211	234

## Ratios

Net D:E	0.6	0.5	0.4
RoE (%)	12.3	12.8	14.9
RoCE (%)	8.2	8.8	10.2
Payout (%)	31.3	30.7	33.3

## Valuations

P/E (x)	53.2	44.1	34.4
P/BV (x)	5.9	5.4	4.9
EV/EBITDA (x)	21.5	20.8	17.9
Div. Yield (%)	0.5	0.7	1.0

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	44.1	44.1	45.3
DII	31.4	30.4	28.1
FII	14.4	16.1	17.0
Others	10.2	9.5	9.6

FII Includes depository receipts

**CMP: INR1,139**

**TP: INR1,060 (-7%)**

**Neutral**

## Weak demand leads to margin pressure

### Multiple headwinds ahead

- In 1QFY26, BHFC standalone PAT declined 10.6% YoY to INR3.4b (below expectations) due to weaker than expected demand. Key highlight of the quarter was the improvement in the performance of its overseas subsidiaries.
- Considering the weak 1Q performance and a weak outlook for most of its key segments, we have lowered our FY26/FY27 EPS estimates by 12%/15%. Management has noted that FY26 is likely to be challenging amid tariff-led uncertainties and changes in emission regulation in North America. Given these factors, the stock at 44x/34.4x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,060 (based on 30x Jun'27E consolidated EPS).

## Weak demand drives margin pressure, overseas margin improves

- Standalone revenue declined 10% YoY/2.7% QoQ to INR21.0b, impacted by weak export demand (down 12.7% QoQ/8.1% YoY), particularly in North America due to emission regulation delays and tariff-related challenges.
- Domestic revenue declined 9.7% YoY due to a high base in defense and aerospace. In domestic business, the non-auto segment declined 21% YoY to INR5.7b, below our estimate of INR6.2b. While domestic CV declined 2% YoY (in line), domestic PV grew 19% YoY to INR 973m (ahead of our estimate of INR 857m).
- In exports, the ramp-up in CVs and non-auto was lower than estimated. CV exports declined 15% YoY to INR 4.5b (est. INR5.1b) and non-auto revenue declined 7% YoY to INR3.4b (est. INR4b). PV exports grew 5% YoY to INR2.9b (in line).
- Standalone EBITDA margin stood at 27.9% (est. 28.1%), down 120bp QoQ and 20bp YoY, impacted by lower utilization, an unfavorable product mix and adverse currency. Additionally, the company absorbed nearly INR140m in tariff-related expenses, which hurt margins.
- Overall, adjusted PAT declined 10.6% YoY (down 6.2% QoQ) to INR3.4b, lower than our estimate of INR3.9b.
- Consolidated revenue declined 4.8% YoY to INR39.1b, though grew 1.5% QoQ. Consolidated EBITDA stood at INR6.7b, down 9.2% YoY; however, it improved QoQ primarily due to increased profitability of overseas business and a reduction in losses of Kalyani Powertrain.
- Overseas subsidiaries' margins improved to 3.9% in 1Q from 1% YoY led by improved utilization levels. Europe subsidiaries' margin increased to 3.1% (from 1.2% YoY), while US subsidiaries' margin surged to 6.1% (from 1.3% YoY).

### Highlights from the management interaction

- 2Q outlook remains cautious as the impact of new revised tariffs on Indian exports would be reflected in 2Q. Based on customer feedback, BHFC expects demand to revive in 2H. Over the medium to long term, management has stated that the primary focus will shift back to India operations from overseas, as India manufacturing will become more lucrative, driven by opportunities from machine tools and emerging sectors in the domestic market.
- US accounted for about one-third of exports from Indian manufacturing in 1Q.
- BHFC does not plan to set up a manufacturing facility anywhere outside India in the near term. Competitive landscape remains stable since, among major competitors in BHFC's crankshaft business, India faces the lowest tariff rates from the US.
- Management expects strong growth of over 20% in the aerospace business in FY26, based on the order backlog.
- Defense business has an order backlog of ~INR95b. BHFC has emerged as an L1 bidder for another tender to supply carbines with an order size of INR14b.
- Management aims to get into the server manufacturing business; however, this is still in the early stages and the primary focus would be on serving a niche customer base before scaling up capabilities and addressing the mass market.

### Valuation and view

Given the weak 1Q performance and an expected weak outlook for most of its key segments, we have lowered our FY26/FY27 EPS estimates by 12% / 15%. Management has noted that FY26 is likely to be challenging amid tariff-led uncertainties and changes in emission regulation in North America. Given these factors, the stock at 44x/34.4x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,060 (based on 30x Jun'27E consolidated EPS).

### S/A Quarterly

S/A Quarterly											(INR M)	
	FY25				FY26E				FY25	FY26E	1QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net operating income	23,381	22,467	20,960	21,630	21,047	22,223	23,311	24,635	88,437	91,217	22,632	-7.0
Change (%)	9.9	-0.1	-7.4	-7.1	-10.0	-1.1	11.2	13.9	-1.4	3.1	-3.2	
EBITDA	6,515	6,255	6,099	6,167	5,718	5,822	6,247	6,742	25,034	24,531	6,360	-10.1
EBITDA Margins (%)	27.9	27.8	29.1	28.5	27.2	26.2	26.8	27.4	28.3	26.9	28.1	
Non-Operating Income	446	348	314	481	422	420	455	530	1,589	1,827	510	
Interest	702	635	573	588	522	490	450	438	2,498	1,900	490	
Depreciation	1094	1083	1104	1122	1125	1140	1150	1168	4,404	4,582	1098	
EO Exp / (Inc)	1,457	-135	9	203	0	0	0	0		0	0	
PBT after EO items	3,708	5,019	4,727	4,735	4,493	4,612	5,102	5,667	19,721	19,875	5,282	-14.9
Tax	1014	1407	1266	1278	1108	1130	1250	1521	4,965	5,009	1320	
Eff. Tax Rate (%)	27.3	28.0	26.8	27.0	24.7	24.5	24.5	26.8	25.2	25.2	25.0	
Rep. PAT	2,694	3,612	3,461	3,456	3,385	3,482	3,852	4,146	14,756	14,867	3,961	
Change (%)	-13.5	4.4	-8.4	-11.3	25.6	-3.6	11.3	20.0	2.4	12.4	47.0	
Adj. PAT	3,787	3,510	3,468	3,608	3,385	3,482	3,852	4,146	13,223	14,867	3,961	-14.5
Change (%)	20.2	0.1	-4.8	-8.8	-10.6	-0.8	11.1	14.9	-7.2	3.4	4.6	

E: MOFSL Estimates

## Key Performance Indicators

	FY25				FY26E				FY25	FY26E	1QE	Var (%)
Segment Mix	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Auto	11,375	11,087	10,673	11,418	10,801	10,919	11,349	12,139	44,553	45,208	11,231	-3.8
Growth (%)	1.9	-9.5	-10.2	-2.7	-5.0	-1.5	6.3	6.3	-5.3	1.5	-1.3	
Contribution (%)	48.7	49.3	50.9	52.8	51.3	49.1	48.7	49.3	50.4	49.6	49.6	
Non-Auto	12,006	11,380	10,287	10,212	10,246	11,303	11,963	12,496	43,885	46,008	11,401	-10.1
Growth (%)	18.8	11.1	-4.3	-11.6	-14.7	-0.7	16.3	22.4	2.9	4.8	-5.0	
Contribution (%)	51.3	50.7	49.1	47.2	48.7	50.9	51.3	50.7	49.6	50.4	50.4	
Net operating revenues	23,381	22,467	20,960	21,630	21,047	22,223	23,311	24,635	88,437	91,217	22,632	-7.0
Change (%)	9.9	-0.1	-7.4	-7.1	-10.0	-1.1	11.2	13.9	-1.4	3.1	-3.2	
RM/Sales %	41.8	40.8	40.1	39.6	38.8	41.2	41.2	41.1	0.0	40.6	41.0	-220bp
Staff Cost (% of sales)	7.0	7.2	7.6	7.1	8.1	7.6	7.5	7.3	7.2	7.6	7.2	90bp
Other Cost (% of sales)	23.4	24.2	23.3	24.7	8.2	8.0	8.0	8.6	23.9	8.2	8.2	0bp
Gross Margin (%)	58.2	59.2	59.9	60.4	61.2	58.8	58.8	58.9	100.0	59.4	59.0	220bp
EBITDA Margins (%)	27.9	27.8	29.1	28.5	27.2	26.2	26.8	27.4	28.3	26.9	28.1	-90bp
EBIT Margins (%)	23.2	23.0	23.8	23.3	21.8	21.1	21.9	22.6	23.3	21.9	23.2	-140bp

E:MOFSL Estimates



## Highlights from the management interaction

### Result highlights

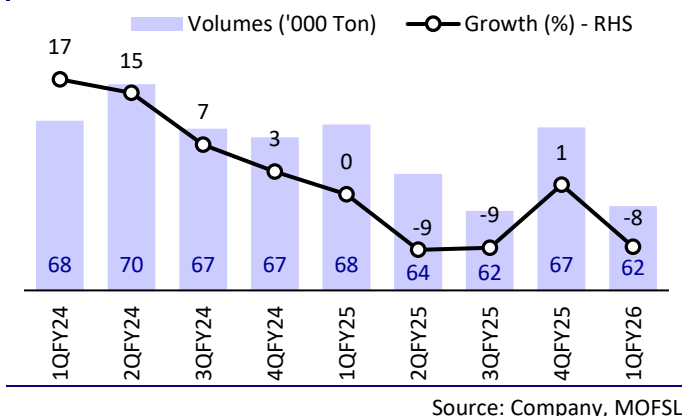
- CV exports declined 15% YoY to INR4.5b largely due to disruptions in North America caused by a pause in emission norm changes and the ongoing tariff uncertainties. Europe exports saw some revival after the lows seen last year.
- PV exports were up marginally by 5% YoY, driven by diversification efforts beyond North America. Non-auto exports declined 7% YoY due to slower growth in HHP engines, construction and mining, and seasonality impact in the aerospace business.
- Domestic revenue declined 9.7% YoY. CV business revenue fell marginally by ~2% YoY, largely attributed to market softness and seasonality in the beginning of FY26. PVs saw robust performance, growing 19% YoY, aided by new business wins and higher volumes at some of their key OEM customers. While non-auto was down 21% YoY due to high base of defense execution, it posted 28% QoQ growth, driven by better execution in defense and small one-time orders for machine tools.
- EU aluminum operations remained stable with fair utilization of 70%, delivering EBITDA of INR330m (margin at 3.1%, down 40bp YoY). US aluminum business saw a second consecutive quarter of positive EBITDA margins, at 6.1%, driven by operational efficiencies and better utilization of capacity to 70% of phase 1. The restructuring of European steel business is under consideration and a final decision is likely by FY26 end.
- The acquisition of American Axles is seen as another step in value addition for its product lineup as BHFC would get access to know-how on design and manufacturing of axles. With this acquisition, it gets access to supply components to LCV/SUV segments with a good RFQ pipeline. This acquisition should add INR10b to revenue. American Axles will produce products for highway and off-highway sectors.
- New business worth ~INR 9bn was secured in 1Q, which included INR4.29b from India business, INR2.69b from defense, and INR1.49b from JSA.
- Defense business has signed MOU with French company Turgis Gaillard to offer MALE unmanned aerial vehicles (AAROK) to the Indian defense ministry. The

order pipeline consists of unmanned aerial, land and water drones, artillery systems, naval guns and carbines.

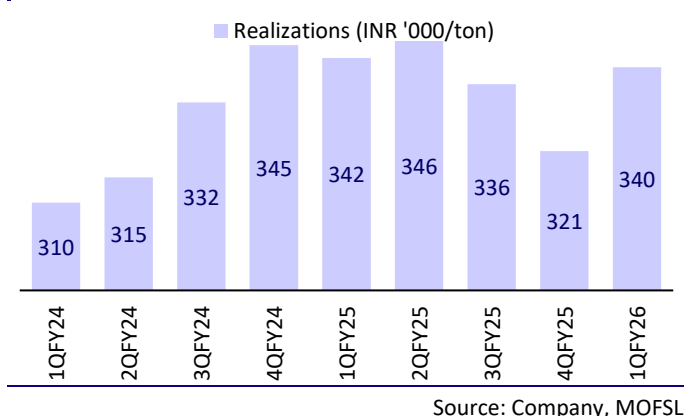
#### Outlook

- 2Q outlook remains cautious as the impact of the new revised US tariffs on Indian exports would be reflected in 2Q. BHFC expects demand to revive in 2H, based on customer feedback. Over the medium to long term, management stated that the primary focus will shift back to India operations from overseas, as India manufacturing will become more lucrative, driven by opportunities from machine tools and emerging sectors in the domestic market.
- US accounted for one-third of exports from Indian manufacturing in 1Q.
- BHFC does not plan to set up a manufacturing facility anywhere outside India in the near term. Competitive landscape remains stable since, among major competitors in BHFC's crankshaft business, India faces the lowest tariff rates from the US.
- Management expects strong growth of over 20% for the aerospace business in FY26, based on the order backlog.
- Defense business has an order backlog of ~INR95b in orders. BHFC has emerged as L1 for another tender to supply carbines with an order size of INR14b.
- Management aims to get into the server manufacturing business; however, this is still in the early stages and the primary focus would be on serving a niche customer base before scaling up capabilities and addressing the mass market.

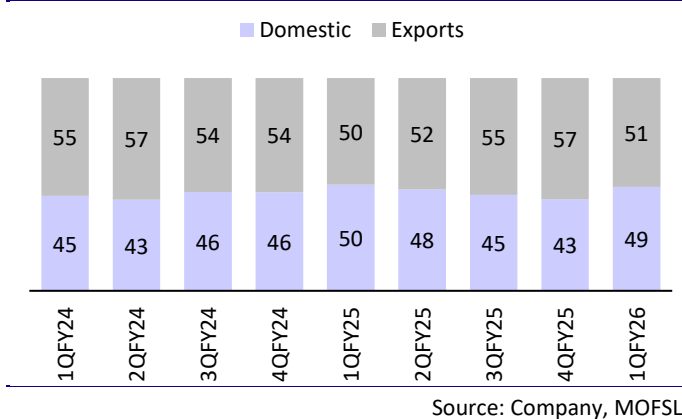
**Exhibit 1: Volume trend**



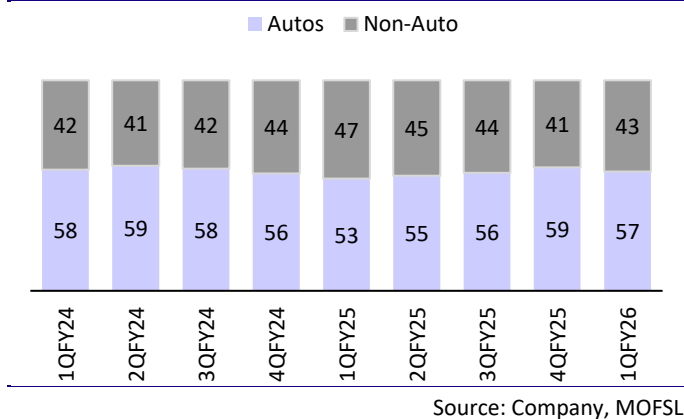
**Exhibit 2: Trend in realizations**



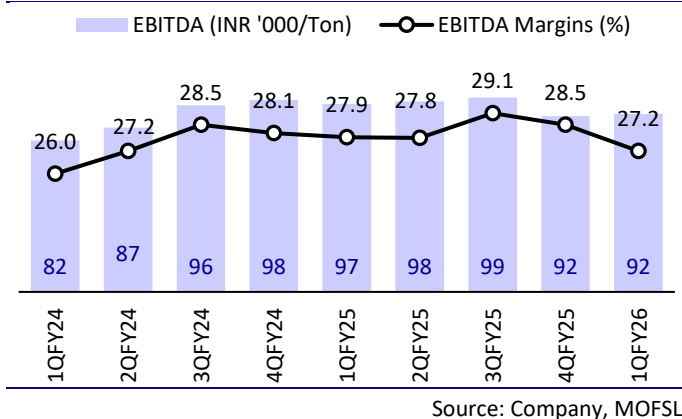
**Exhibit 3: Market mix trend**



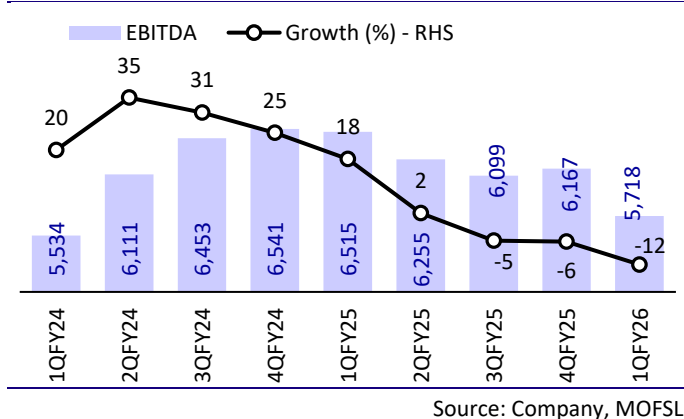
**Exhibit 4: Trend in product mix**



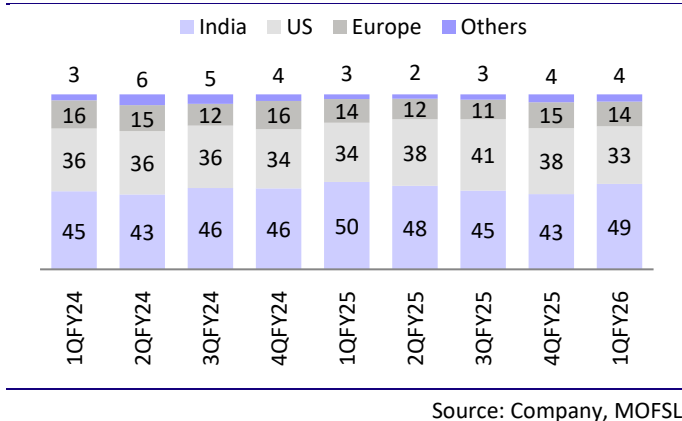
**Exhibit 5: Trend in EBITDA margin**



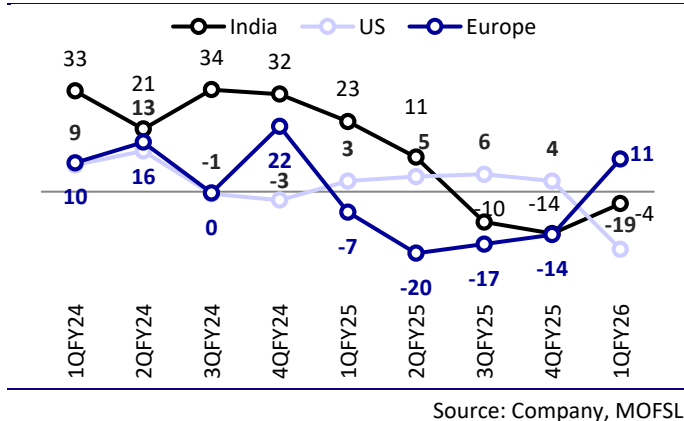
**Exhibit 6: EBITDA growth trend**



**Exhibit 7: Standalone revenue breakup %**



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



## 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. Further, it has set up a dedicated team to work on advanced EV components, which it targets to materially ramp up in a couple of years. These diversification initiatives have helped reduce cyclicity in BHFC revenue over the last few years.

### Auto business: Muted outlook across key segments

The domestic CV demand has seen weak demand trend in the last 12 months, with the MHCV goods segment posting 4% YoY decline in FY25. The outlook for the same remains modest with an expectation of low single-digit growth for FY26. Similarly, domestic PV industry expects modest growth of about 2-4% for the industry in FY26. Management has indicated that BHFC expect the CV exports business to post a decline in FY26. While BHFC has a good order backlog, PV exports are also likely to see subdued demand given the ongoing geopolitical challenges in the region. Overall, the FY26 outlook for its key auto segment remains modest.

### Defense to be the key growth driver for BHFC over FY25-27E

Over the last decade, Bharat Forge (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 has ramped up its defense business to INR15.6b in FY24 and further to INR17.7b in FY25, up 14% YoY. On the back of strong demand, its defense order book has scaled up to ~INR95b to be executable over the next 3 to 4 years, which includes the domestic ATAG order worth about INR34b, which is likely to commence from FY27 onward. Thus, defense business is likely to be the key growth driver for BHFC in the coming years.

### Ramp-up in Industrial and Aerospace to fuel growth

BHFC sees a tremendous opportunity in the industrial space (renewable, off-highway, and others), and it has invested in expanding its capacities (Sanghvi Forgings) and capabilities (JS Autocast) through acquisitions in the last 1.0-1.5 years. BHFC has a relatively smaller contribution from renewable energy and the industrial segment in India. JS Auto Cast has scaled up well to INR6.9b in revenue in FY25, with margin of 14%. This business is expected to sustain its growth momentum in the coming years as well. Further, aerospace posted strong growth and contributed to 24% of non-auto exports in 4Q and 14% in FY25.

BHFC expects the momentum in Aerospace to continue over the next 2-3 years as its new ring mill and machining facilities for Aerospace come online in 2027.

### Valuation and view

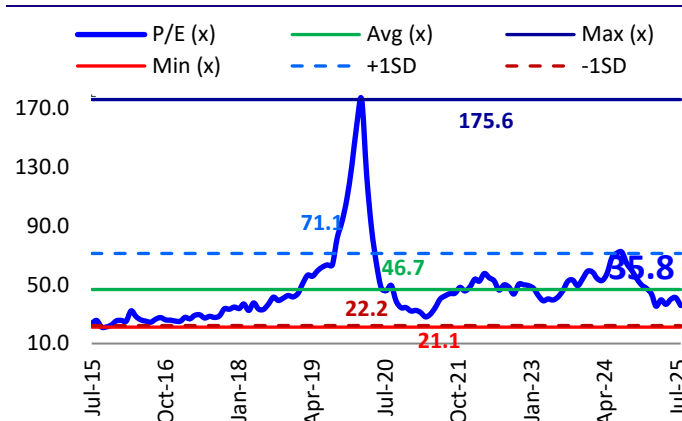
Given the weak 1Q performance and an expected weak outlook for most of its key segments, we have lowered our FY26/FY27 EPS estimates by 12%/15%.

Management has indicated that FY26 is likely to be challenging amid tariff-led uncertainties and changes in emission regulation in North America. Given these factors, the stock at 44x/34.4x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,060 (based on 30x June-27E consolidated EPS).

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

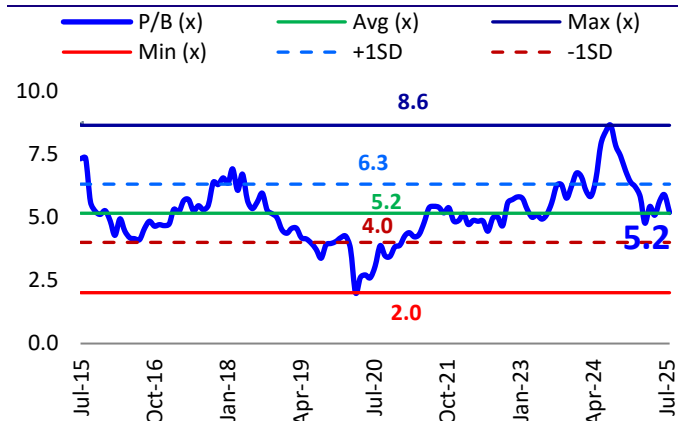
(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	157,282	158,189	-0.6	175,524	180,070	-2.5
EBITDA (%)	17.3	18.4	-110bp	17.8	19.4	-160bp
Net Profit	12,361	14,063	-12.1	15,849	18,616	-14.9
EPS (INR)	25.9	29.4	-12.1	33.1	38.9	-14.9

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



Source: Company, MOFSL

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

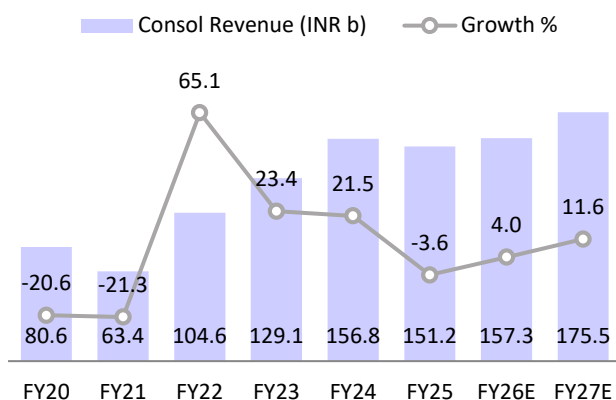


Source: Company, MOFSL



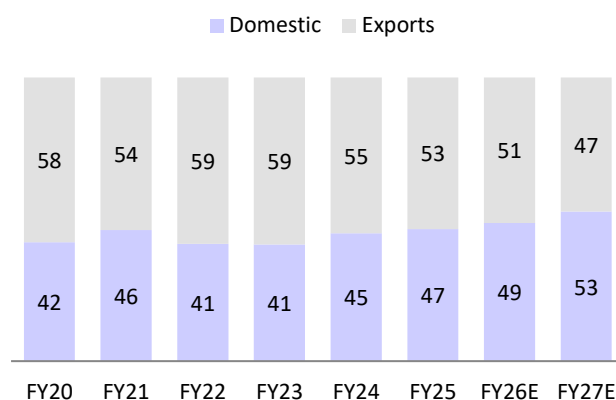
## Story in charts

**Exhibit 12: Consol revenue trend**



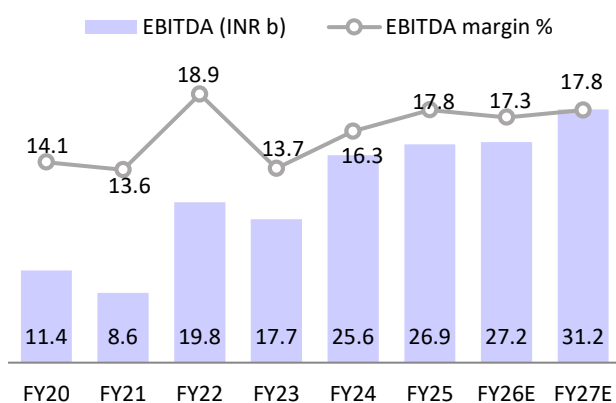
Source: Company, MOFSL

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



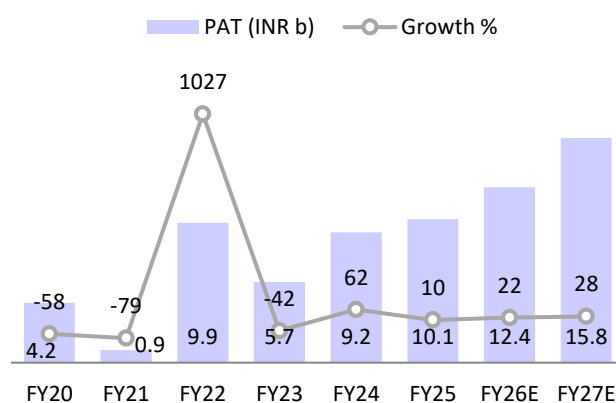
Source: Company, MOFSL

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



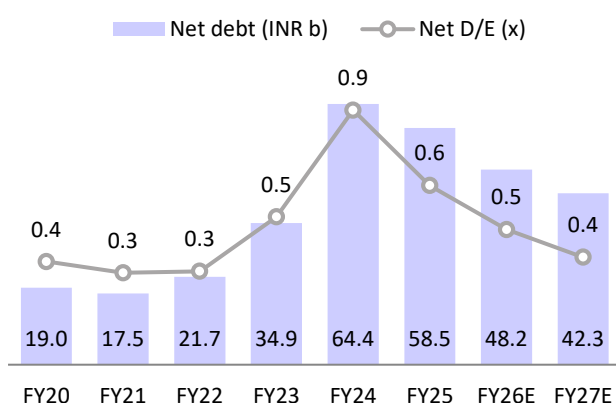
Source: Company, MOFSL

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



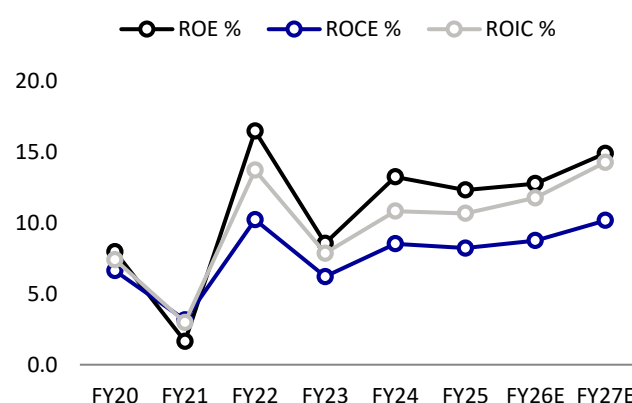
Source: Company, MOFSL

**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	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>80,558</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>157,282</b>	<b>175,524</b>
Change (%)	-20.6	-21.3	65.1	23.4	21.5	-3.6	4.0	11.6
<b>EBITDA</b>	<b>11,389</b>	<b>8,617</b>	<b>19,803</b>	<b>17,676</b>	<b>25,579</b>	<b>26,939</b>	<b>27,210</b>	<b>31,243</b>
Margin (%)	14.1	13.6	18.9	13.7	16.3	17.8	17.3	17.8
Depreciation	5,477	6,122	7,303	7,356	8,482	8,736	9,348	9,815
<b>EBIT</b>	<b>5,912</b>	<b>2,495</b>	<b>12,500</b>	<b>10,320</b>	<b>17,097</b>	<b>18,203</b>	<b>17,862</b>	<b>21,428</b>
Int. and Finance Charges	1,713	1,077	1,604	2,986	4,912	4,175	2,313	1,341
Other Income - Rec.	1,879	1,689	1,959	1,729	2,274	2,138	2,245	2,469
<b>PBT bef. EO Exp.</b>	<b>6,077</b>	<b>3,107</b>	<b>12,855</b>	<b>9,062</b>	<b>14,460</b>	<b>16,166</b>	<b>17,794</b>	<b>22,556</b>
EO Expense/(Income)	1,031	3,062	-1,280	-458	123	1,571	0	0
<b>PBT after EO Exp.</b>	<b>5,046</b>	<b>45</b>	<b>14,135</b>	<b>9,520</b>	<b>14,337</b>	<b>14,595</b>	<b>17,794</b>	<b>22,556</b>
Current Tax	1,125	1,015	3,035	3,186	5,288	5,426	5,338	6,767
Tax Rate (%)	22.3	2276.6	21.5	33.5	36.9	37.2	30.0	30.0
<b>Reported PAT</b>	<b>3,921</b>	<b>-971</b>	<b>11,101</b>	<b>6,334</b>	<b>9,049</b>	<b>9,170</b>	<b>12,456</b>	<b>15,789</b>
MI & Profit/Loss of Asso	420	297	330	334	-53	37	95	-60
<b>Adj PAT</b>	<b>4,223</b>	<b>876</b>	<b>9,875</b>	<b>5,680</b>	<b>9,188</b>	<b>10,120</b>	<b>12,361</b>	<b>15,849</b>

Consolidated - Balance Sheet								(INR M)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	931	931	931	931	931	956	956	956
Total Reserves	51,266	53,219	64,775	66,124	70,771	91,577	1,00,113	1,10,702
<b>Net Worth</b>	<b>52,197</b>	<b>54,150</b>	<b>65,707</b>	<b>67,055</b>	<b>71,702</b>	<b>92,533</b>	<b>1,01,069</b>	<b>1,11,658</b>
Minority Interest	320	317	561	361	-49	-328	-328	-328
Deferred Liabilities	507	1,445	1,718	658	39	-703	-703	-703
Total Loans	38,784	45,798	56,545	68,523	75,221	66,983	60,983	54,983
<b>Capital Employed</b>	<b>91,807</b>	<b>1,01,710</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,46,913</b>	<b>1,58,485</b>	<b>1,61,021</b>	<b>1,65,610</b>
Gross Block	95,553	1,09,197	81,087	98,375	1,07,096	1,20,929	1,26,929	1,33,929
Less: Accum. Deprn.	55,902	62,024	32,896	39,723	46,965	56,383	65,731	75,546
<b>Net Fixed Assets</b>	<b>40,020</b>	<b>47,497</b>	<b>48,697</b>	<b>61,606</b>	<b>63,091</b>	<b>67,174</b>	<b>63,827</b>	<b>61,011</b>
Capital WIP	11,427	9,001	11,248	7,012	9,912	17,317	17,317	17,317
<b>Total Investments</b>	<b>16,180</b>	<b>26,070</b>	<b>26,040</b>	<b>25,691</b>	<b>18,493</b>	<b>26,425</b>	<b>29,425</b>	<b>32,425</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>47,197</b>	<b>48,309</b>	<b>68,934</b>	<b>88,038</b>	<b>1,00,344</b>	<b>88,065</b>	<b>92,739</b>	<b>1,00,867</b>
Inventory	17,347	17,939	27,105	31,263	32,161	35,784	33,611	37,509
Account Receivables	14,938	14,096	21,736	30,988	31,672	29,132	32,318	36,067
Cash and Bank Balance	5,751	4,729	6,030	10,395	16,899	6,210	9,025	8,616
Loans and Advances	9,161	11,545	14,063	15,392	19,612	16,939	17,786	18,675
<b>Curr. Liability &amp; Prov.</b>	<b>23,017</b>	<b>29,167</b>	<b>30,387</b>	<b>45,749</b>	<b>44,927</b>	<b>40,497</b>	<b>42,288</b>	<b>46,011</b>
Creditors	10,309	12,068	16,314	21,513	22,621	23,442	24,381	27,208
Other Current Liabilities	10,000	14,093	11,396	21,923	18,999	12,916	13,562	14,240
Provisions	2,707	3,006	2,677	2,313	3,307	4,138	4,345	4,562
<b>Net Current Assets</b>	<b>24,181</b>	<b>19,142</b>	<b>38,546</b>	<b>42,288</b>	<b>55,417</b>	<b>47,568</b>	<b>50,452</b>	<b>54,856</b>
<b>Appl. of Funds</b>	<b>91,807</b>	<b>1,01,710</b>	<b>1,24,531</b>	<b>1,36,597</b>	<b>1,46,913</b>	<b>1,58,485</b>	<b>1,61,021</b>	<b>1,65,610</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>9.1</b>	<b>1.9</b>	<b>21.2</b>	<b>12.2</b>	<b>19.7</b>	<b>21.4</b>	<b>25.9</b>	<b>33.1</b>
Cash EPS	20.8	15.0	36.9	28.0	37.9	39.4	45.4	53.7
BV/Share	112.1	116.3	141.1	144.0	154.0	193.5	211.4	233.5
DPS	3.5	2.0	5.5	5.5	9.0	6.0	8.0	11.0
Payout (%)	50.1	-96.0	23.1	40.4	46.3	31.3	30.7	33.3
<b>Valuation (x)</b>								
P/E	125.6	605.1	53.7	93.4	57.7	125.6	44.1	34.4
Cash P/E	54.7	75.8	30.9	40.7	30.0	54.7	25.1	21.2
P/BV	10.2	9.8	8.1	7.9	7.4	10.2	5.4	4.9
EV/Sales	7.2	8.6	5.3	4.4	3.7	7.2	3.6	3.2
EV/EBITDA	48.0	63.3	28.0	31.8	22.5	48.0	20.8	17.9
Dividend Yield (%)	0.3	0.2	0.5	0.5	0.8	0.3	0.7	1.0
<b>Return Ratios (%)</b>								
RoE	8.0	1.6	16.5	8.6	13.2	12.3	12.8	14.9
RoCE (Post-tax)	6.6	3.2	10.2	6.2	8.7	8.2	8.8	10.2
RoIC	7.4	3.0	13.7	7.9	11.1	10.7	11.7	14.1
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.8	0.6	1.3	1.3	1.5	1.3	1.2	1.3
Inventory (Days)	79	103	95	88	75	86	78	78
Debtor (Days)	68	81	76	88	74	70	75	75
Creditor (Days)	47	70	57	61	53	57	57	57
Working Capital (Days)	84	83	113	90	90	100	96	96
<b>Leverage Ratio (x)</b>								
Net Debt/Equity	0.4	0.3	0.3	0.5	0.5	0.6	0.5	0.4

### Consolidated - Cash Flow Statement

(InR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Operating PBT	5,912	2,495	12,500	10,320	14,337	14,595	17,862	21,428
Depreciation	5,477	6,122	7,303	7,356	8,482	8,736	9,348	9,815
Other income	1,900	1,686	2,203	1,529	3,246	4,139	2,150	2,529
Direct Taxes Paid	-2,681	-77	-2,762	-4,246	-5,185	-6,050	-5,338	-6,767
(Inc)/Dec in WC	10,876	4,016	-18,103	623	-4,236	-3,457	-69	-4,813
<b>CF from Operations</b>	<b>21,485</b>	<b>14,243</b>	<b>1,142</b>	<b>15,581</b>	<b>16,644</b>	<b>17,963</b>	<b>23,952</b>	<b>22,193</b>
EO Expense	-1,031	-3,062	1,280	458	0	0	0	0
<b>CF from Operating incl EO</b>	<b>20,454</b>	<b>11,180</b>	<b>2,422</b>	<b>16,039</b>	<b>16,644</b>	<b>17,963</b>	<b>23,952</b>	<b>22,193</b>
(inc)/dec in FA	-12,371	-11,173	-10,750	-16,029	-15,003	-14,439	-6,000	-7,000
<b>Free Cash Flow</b>	<b>8,083</b>	<b>8</b>	<b>-8,328</b>	<b>10</b>	<b>1,641</b>	<b>3,524</b>	<b>17,952</b>	<b>15,193</b>
(Pur)/Sale of Investments	-944	-9,890	30	349	8,336	-5,204	-3,000	-3,000
<b>CF from Investments</b>	<b>-13,315</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>
Issue of Shares	-3,519	3,855	3,017	-2,425	0	16,500	0	0
Inc/(Dec) in Debt	1,055	7,014	10,748	11,978	7,183	-12,428	-6,000	-6,000
Interest Paid	-1,713	-1,077	-1,604	-2,986	-4,896	-4,729	-2,313	-1,341
Dividend Paid	-1,965	-931	-2,561	-2,561	-9,506	-4,605	-3,825	-5,259
<b>CF from Fin. Activity</b>	<b>-6,143</b>	<b>8,860</b>	<b>9,599</b>	<b>4,006</b>	<b>-7,219</b>	<b>-5,263</b>	<b>-12,138</b>	<b>-12,601</b>
<b>Inc/Dec of Cash</b>	<b>996</b>	<b>-1,023</b>	<b>1,301</b>	<b>4,365</b>	<b>2,758</b>	<b>-6,943</b>	<b>2,814</b>	<b>-408</b>
Add: Beginning Balance	4,755	5,751	4,729	6,030	10,395	13,153	6,210	9,025
<b>Closing Balance</b>	<b>5,751</b>	<b>4,728</b>	<b>6,030</b>	<b>10,395</b>	<b>13,153</b>	<b>6,210</b>	<b>9,025</b>	<b>8,616</b>

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. 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](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) 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. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.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/PublishView/Litigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://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](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- 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
- 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
- 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.
- 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.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- 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.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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 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

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 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. 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 dp@grievances@motilaloswal.com.