20 May 2026

4QFY26 Result Update| Sector: Capital Goods

Bharat Electronics

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	BHE IN
Equity Shares (m)	7310
M.Cap.(INRb)/(USDb)	3021.1 / 31.2
52-Week Range (INR)	473 / 359
1, 6, 12 Rel. Per (%)	-7/7/18
12M Avg Val (INR M)	7934

Financials Snapshot (INR b)

Y/E March	2026	2027E	2028E
Sales	274.8	319.2	378.2
Sales Gr. (%)	16.2	16.2	18.5
EBITDA	80.2	92.9	108.2
EBITDA Margin	29.2	29.1	28.6
Adj. PAT	60.5	70.2	82.5
Adj. EPS (INR)	8.3	9.6	11.3
EPS Gr. (%)	14.4	16.1	17.4
BV/Sh.(INR)	32.5	41.5	52.0
Ratios			
RoE (%)	25.5	23.2	21.7
RoCE (%)	27.8	26.0	24.2
Payout (%)	6.6	6.6	6.6
Valuations			
P/E (x)	50.0	43.0	36.6
P/BV (x)	12.7	10.0	7.9
EV/EBITDA (x)	36.7	31.0	26.1
Div. Yield (%)	0.1	0.2	0.2

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	51.1	51.1	51.1
DII	20.0	20.5	20.9
FII	19.5	18.5	17.6
Others	9.4	9.9	10.4

FII Includes depository receipts

CMP: INR413 TP: INR510 (+23%) Buy

Decent performance

Bharat Electronics' (BHE) 4QFY26 revenue/EBITDA/PAT came in line with our estimates, driven by strong execution and better-than-expected margins. Its order inflows for FY26 stood at INR300b, ahead of its own guidance. Margin performance for the year remained strong at 29%; however, NWC increased on lower customer advances and higher receivables. Going ahead, the company expects QRSAM order to be awarded by Jun-Jul'26. BHE remains a key beneficiary of large platform orders across Army, Navy, and Airforce, and with a strong addressable market, BHE can sustain revenue growth of 15%+ over the next few years. With improved indigenization levels and operating leverage benefits, we expect BHE's strong margin performance to continue. We marginally tweak our estimates and expect a CAGR of 17%/17% in revenue/PAT over FY26-28. Maintain BUY with a revised TP of INR510 based on 45x Mar'28E EPS (INR520 earlier).

Decent set of results, in line with our estimates

BHE reported a decent set of results in 4QFY26, broadly in line with our estimates. Revenue grew 12% YoY to INR102b, supported by a strong opening order book of INR730b. Gross margin expanded 40bp YoY to 48.2% (170bp higher than our estimates). Absolute EBITDA increased 6% YoY to INR29.6b (vs. our est. of INR28.4b), while margin contracted 150bp YoY to 29.1% (vs. our estimate of 27.4%), mainly due to higher other expenses. PAT rose 5% YoY on a high base to INR22b, in line with our estimates. Order book as of FY26-end stood at INR739b, with an order inflow of ~INR300b during the year. For FY26, revenue/EBITDA/PAT grew 16%/18%/14% YoY, while margin expanded 60bp YoY to 29.2%. OCF increased 211% YoY to INR14.9b, while the company reported FCF inflow of INR5b in FY26 vs. FCF outflow of INR5b in FY25.

Current order book composition

BHE's order book stood at INR739b as of Mar'26, providing strong multi-year execution visibility. Major projects include electronic fuses (INR43b executable over seven years), LRSAM orders (INR35b), LCA Mk1A-related systems (INR32b), BMP-2 upgrades (INR28b), Ashwini radar (INR24.6b), Mi-17V5 EW suites (INR22b) and spare/services contracts (INR25b). Most programs are executable over the next 1-3 years, while select long-gestation projects such as electronic fuses extend over a longer horizon.

Pipeline remains strong with large orders expected in near term

BHE's near-term order pipeline remains strong across missile systems, naval electronics, EW systems and strategic defense programs. The company expects order inflows exceeding INR550b in FY27 (including QRSAM). Beyond QRSAM, key opportunities include order from projects such as Next-Generation Corvette (NGC), Shatrughat and Samaghat EW systems, P75I submarine, Hammer, Shakti Phase-4 and naval multi-function radar (MFR). The company also highlighted large opportunities emerging in indigenous data center solutions, where initial opportunities could range around INR10b-50b, while broader fully indigenous data center projects may eventually scale up toward INR100b.

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Update on QRSAM, AMCA and P-75I order

BHE expects the **QRSAM** contract to be finalized by Jun-Jul'26. The company has already initiated preparatory activities ahead of formal ordering and expects to deliver the first production model within 18 months of contract signing, after which bulk execution will commence. On the **AMCA program**, pre-RFP discussions have been completed, while the formal RFP is expected over the next 15-45 days. Detailed infrastructure and investment plans are already being prepared, with larger capex commitments likely once the consortium is selected as the successful bidder. For the **P75I submarine program**, BHE is expected to supply six key electronic subsystems, including communication, combat management, navigation and fire control systems. Defense electronics could account for nearly 25-30% of total submarine costs, with BHE likely addressing 50-60% of the electronics scope, while the balance would be supplied by the foreign partner.

Exports witnessing traction

BHE continues to see improving traction in exports, with the export order book currently at around USD96m. The company is witnessing strong interest in software-defined radios (SDRs), satellite communication systems and customized C4I solutions following recent geopolitical developments. While exports currently contribute around 4-5% of revenue, BHE aims to scale this up to over 10% in the next four to five years. Export execution remains subject to geopolitical approvals and procurement cycles, though repeat orders from existing customers continue to provide stability.

Investing into next-generation defense technologies

BHE is significantly increasing investments toward next-generation defense and strategic technologies, including drones, quantum communication, AI-led systems, cyber security, directed energy weapons (DEWs), etc. The company has already invested over INR1b in the last two years in AI and high-performance computing infrastructure, with an additional INR1b-2b of investments currently under approval. Dedicated infrastructure is being built across Bangalore, Ghaziabad, Palasamudram and other strategic centers. The company also highlighted investments of over INR2b each in 8-10 advanced technology programs aimed at strengthening long-term leadership in indigenous defense electronics.

Supply chain remains manageable

The supply chain disruptions remain manageable despite geopolitical tensions in the Middle East. Certain subcomponents for programs such as LRSAM witnessed delays of 1-1.5 months. However, the company does not foresee any material impact on annual execution targets. Semiconductor dependency remains largely import-driven, with semiconductors accounting for nearly 17-19% of material costs. Most semiconductor sourcing currently comes from Europe, the US and Taiwan, while exposure to the Middle East remains limited to select high-end detectors and niche components. The company continues to mitigate risks through deeper indigenization, and local vendor development.

Management guidance for FY27

BHE retained a strong FY27 outlook with revenue growth guidance of over 15% and EBITDA margins above 28%. Order inflow guidance for FY27 stands at over INR550b, supported by QRSAM and other large defense programs. The company plans to increase R&D investments to around INR22b, while capex is expected to exceed INR12b. Defense-to-non-defense revenue mix is expected to remain around 90:10 in the near term, although BHE continues to target a gradual scale-up in non-defense and export businesses over the medium term.

Financial outlook and valuation

We marginally trim our estimates by 1% each for FY27/FY28 and expect a CAGR of 17%/16%/17% in sales/ EBITDA/PAT over FY26-28. We expect OCF/FCF to remain strong, led by control over working capital. BHE is currently trading at 43.0x/36.6x on FY27E/FY28E EPS. We arrive at **a revised TP of INR510, based on 45x two-year forward earnings. Maintain BUY**.

Key risks and concerns

A slowdown in order inflows from the defense and non-defense segments, intensified competition, further delays in the finalization of large tenders, a sharp rise in commodity prices, and delays in payments from the MoD can adversely impact our estimates on revenue, margins, and cash flows.

Standalone Quarterly Performance (INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Net Sales	**41,988**	**45,834**	**57,561**	**91,197**	**44,168**	**57,637**	**71,220**	**1,01,772**	**2,36,580**	**2,74,796**	**1,03,713**	**-2**
Change (%)	19.6	14.8	39.1	6.9	5.2	25.8	23.7	11.6	17.3	16.2	13.7	
EBITDA	**9,367**	**13,885**	**16,533**	**27,890**	**12,399**	**16,953**	**21,176**	**29,624**	**67,676**	**80,153**	**28,375**	**4**
Change (%)	41.0	38.2	57.5	22.3	32.4	22.1	28.1	6.2	35.4	18.4	1.7	
As of % Sales	22.3	30.3	28.7	30.6	28.1	29.4	29.7	29.1	28.6	29.2	27.4	
Depreciation	997	1,032	1,029	1,298	1,129	1,185	1,275	1,651	4,356	5,239	1,380	20
Interest	12	13	13	58	14	17	20	16	96	67	45	-64
Other Income	2,015	1,668	2,051	1,942	1,636	1,591	1,595	1,082	7,676	5,904	1,969	-45
PBT	**10,373**	**14,509**	**17,542**	**28,476**	**12,892**	**17,343**	**21,477**	**29,038**	**70,900**	**80,750**	**28,919**	**0**
Tax	2,612	3,596	4,381	7,428	3,201	4,482	5,576	7,007	18,017	20,266	7,231	
Effective Tax Rate (%)	25.2	24.8	25.0	26.1	24.8	25.8	26.0	24.1	25.4	25.1	25.0	
Reported PAT	**7,761**	**10,913**	**13,161**	**21,048**	**9,691**	**12,861**	**15,901**	**22,032**	**52,883**	**60,485**	**21,688**	**2**
Change (%)	46.2	34.3	47.3	18.0	24.9	17.9	20.8	4.7	31.5	14.4	3.0	
Adj PAT	**7,761**	**10,913**	**13,161**	**21,048**	**9,691**	**12,861**	**15,901**	**22,032**	**52,883**	**60,485**	**21,688**	**2**
Change (%)	46.2	34.3	47.3	18.0	24.9	17.9	20.8	4.7	31.5	14.4	3.0	

CONFERENCE CALL

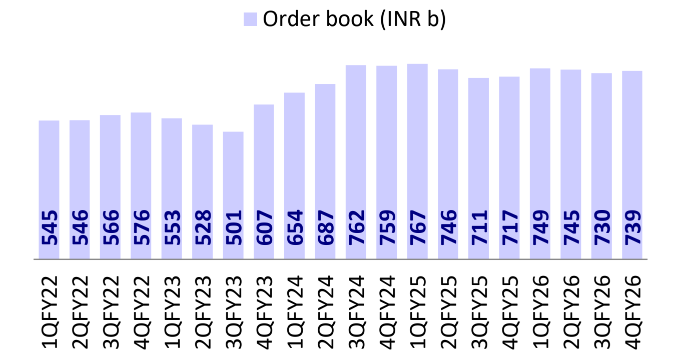
Conference call highlights

- **Prospect pipeline:** Management expects a strong pipeline of big-ticket orders over FY27 and beyond, supported by both ongoing programs and new opportunities. Management highlighted NGC, Shatrughat and Samaghat EW solutions, P75I, Hammer program, Shakti Phase 4, and MFR radar for naval ships as key prospects expected in FY27, with some spillover into FY28. Management also said that after QRSAM, additional large projects of INR200-250b should emerge over the next two to three years.
- **Order book composition:** The order book stood at INR739b as of Mar'26, while orders acquired during FY26 were ~INR300b. Management said the order book is mainly comprised of big-ticket items such as LRFM, LCA, Mark 1, Mark 1A, BMP2 upgrade, spare services and miscellaneous items, Ashwini radar, and EW suite for Mi-V17 V5.
- **Update on Project Kusha and QRSAM:** Management said Project Kusha is headed by DRDO, while BHE is one of the largest development and production partners for the program. Management explained that the company is directly responsible only for the subsystems it is working on, such as radars, control centers, and communication systems, which are in advanced stages of delivery or prototype realization. On QRSAM, the company remains fully optimistic that the contract will be signed by the end of June, with only a small chance of slipping into July. Management said first-of-production delivery is targeted within 18 months of signing, and bulk supplies would begin thereafter.

- **AMCA update:** Pre-RFP meetings have already taken place. Management said the formal RFP is expected to be received within the next 1-1.5 months. ADA is handling land and test facilities for the program, while BHE will participate as a DCPP partner for the five prototypes. Management said real capital investment will increase only after the company receives the RFP and is selected as the successful bidder.
- **Submarine program:** Management said the P75I submarine program is at an advanced stage of discussion with MDL and the foreign partner, and that more than 50-60% of the electronics in the program will come from BHE. Management said the program contains around six subsystems, including communication suite, navigation complex system, combat weapon control system, combat information system, torpedo fire control system, and missile fire control system. Management added that the electronics portion of a submarine program is typically around 25-30% of the project value.
- **Semiconductor availability:** SI semiconductors are currently imported because domestic infrastructure is still developing. Semiconductors account for around 17-19% of material costs, so any increase in semiconductor prices affects only that portion of the cost base. Management added that the overall impact on margins should not be significant because semiconductors are only one part of the total system cost. The company is in the process of indigenizing some of the related technology to offset pricing pressure over time.
- **Data center:** BHE is targeting a differentiated data center solution with cybersecurity features and a homegrown hardware-software stack. Few projects worth a few billions are already in hand, but a much larger opportunity remains in the pipeline. The company is in advanced discussions with C-DAC and Tier-1 and Tier-2 partners to offer fully indigenous data center solutions. The eventual order opportunity could be in the range of INR20-100b, with a larger segment expected from the total homegrown solution approach.
- **Indigenization:** Management said indigenization has been the key driver of margin improvement across the defense ecosystem in recent years. Management stated that the government's minimum 60% local-content policy in new projects has helped, and BHE is currently at around 80-85% of indigenous content across various programs. Management added that some homegrown and DRDO-driven programs touch 90% of indigenous content, while older TOT-based programs remain in the 55-65% range.
- **Working capital:** Receivables increased in FY26 because some customer collections that were due in the previous year were received in April and May. Management noted that the current ratio increased to 1.97x in FY26 from 1.76x last year, and that receivable days have broadly remained in the 140-150 range over the last four to five years. Total customer advances stood at INR125b as of Mar'26.
- **Guidance:** Management said FY27 revenue growth will be more than 15%, EBITDA margins will be more than 28%, and order inflow is expected to be more than INR550b, including QRSAM. R&D investment for the year is targeted at around INR22b, while capex is expected to be more than INR12b. The defense-to-non-defense revenue mix is expected to remain around 90:10.

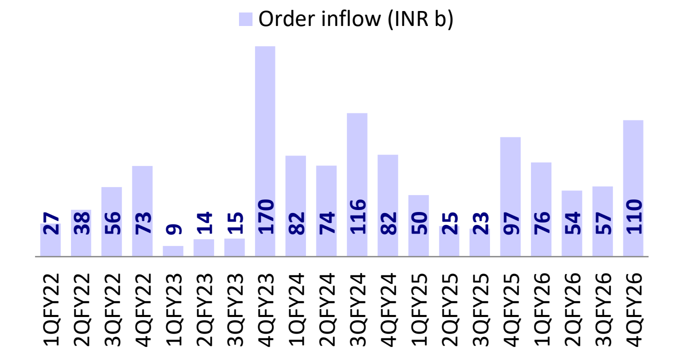
Key Exhibits

Exhibit 1: Order book remains at strong levels



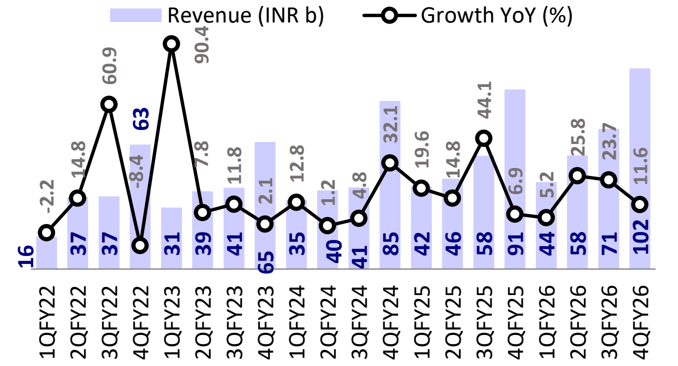
Source: MOFSL, Company

Exhibit 2: Order inflows increased 14% YoY



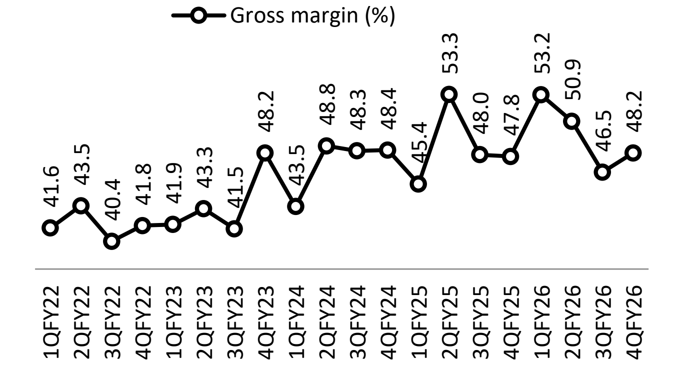
Source: MOFSL, Company

Exhibit 3: Revenue grew strongly by 12% YoY



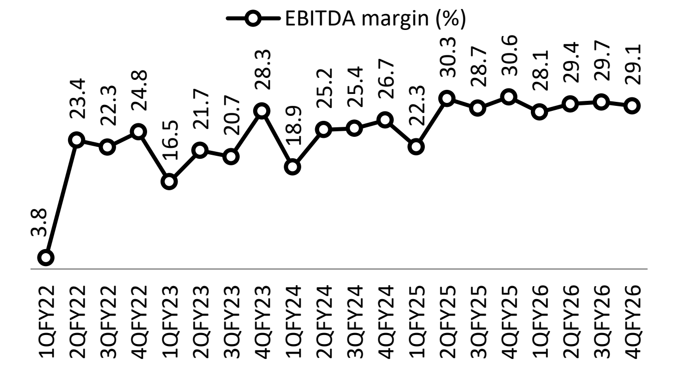
Source: MOFSL, Company

Exhibit 4: Gross margin expanded 40bp YoY



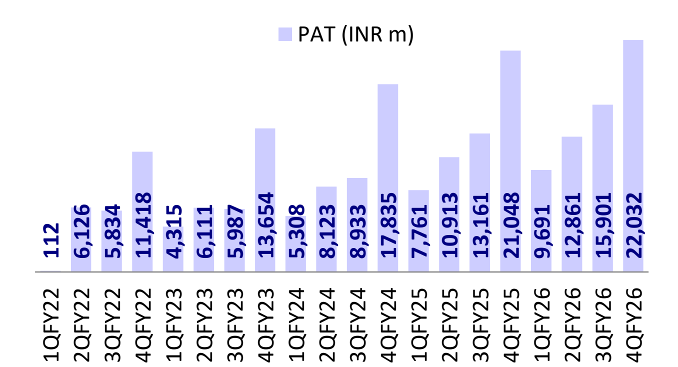
Source: MOFSL, Company

Exhibit 5: EBITDA margin contracted 150bp YoY



Source: MOFSL, Company

Exhibit 6: PAT remains strong, increasing 5% YoY



Source: MOFSL, Company

Exhibit 7: We broadly maintain our estimates

(INR m)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Order inflow	5,61,972	5,83,500	(3.7)	3,71,395	3,37,500	10.0
Net Sales	3,19,199	3,28,496	(2.8)	3,78,202	3,91,063	(3.3)
EBITDA	92,926	93,662	(0.8)	1,08,212	1,09,546	(1.2)
EBITDA (%)	29.1	28.5	60 bp	28.6	28.0	60 bp
Adj. PAT	70,247	71,307	(1.5)	82,485	83,546	(1.3)
EPS (INR)	9.6	9.8	(1.5)	11.3	11.4	(1.3)

Source: MOFSL

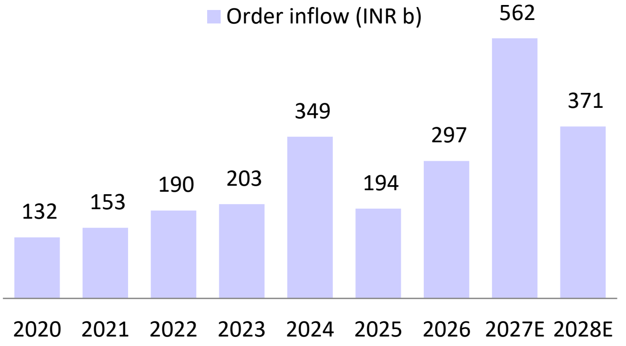
Exhibit 8: BHE orders announced in FY26 stood at INR300b

Date	Order	Amount (INR b)	Accumulated Orders (INR b)	Customer
05-May-26	Supply of ground-based mobile ELINT system (GBMES)	12.5	319	Indian Army
22-Apr-26	Major orders include avionics, EW system, high energy laser, communication equipment, tank sub systems, laser-based fuzes, test equipment, upgrades, spares, services, etc.	5.7	306	
31-Mar-26	Orders include mountain radars from MoD, **Avionics package for LCA from HAL**, major export order for communication equipment, electronic fuzes, strategic components, upgrades, spares, services, etc.	68.0	301	
30-Mar-26	Major orders include satellite communication network, electronic warfare systems, communication equipment, avionics, software solutions, munitions, EVM, strategic components, upgrades, spares, services.	16.6	233	
17-Mar-26	Major orders include communication equipment, radar warning and jamming system, fire control system, electro optic sight, fire detection & warning system for fighter aircraft, high energy laser, automatic train supervision system, headup display, software solutions, jammers, shelters, strategic components, upgrades, spares, services, etc.	10.1	216	
25-Feb-26	Major orders include TR modules, communication equipment, encryptors, radars, jammers, software solutions, test equipment, upgrades, spares, services, etc.	7.3	206	
06-Feb-26	Major orders include communication equipment, radar warning receivers, tank sub systems, radar, software solutions, upgrades, spares, services, etc.	5.8	199	
23-Jan-26	Major orders include communication equipment, medical electronics, thermal imagers, jammers, spares, services, etc.	6.1	193	
08-Jan-26	Major orders include drone detection and jamming system, mobile communication terminal, software solution, upgrades, spares, services, etc.	6.0	187	
01-Jan-26	Major orders include communication equipment, medical electronics, instant fire detection & suppression system, upgrades, spares, services, etc.	5.7	181	
29-Dec-25	Major orders include radars, tank overhaul, communication equipment, fire control systems, simulators, antenna stabilization systems, security software, components, upgrades, spares, services, etc.	5.7	175	
12-Dec-25	Major orders include indigenous counter unmanned aerial system **(SAKSHAM)**, software-defined radios, anti drone systems, communication equipment, medical electronics, gun control systems, weapon control systems, security software, avionics, masts, components, upgrades, spares, services, etc.	7.8	169	
14-Nov-25	Major orders include fire control system, thermal imager, ground support equipment, upgrades, spares, services, etc.	8.7	162	
10-Nov-25	Major orders include defense network upgrade, radio communication network, radars, communication equipment, drones, combat management system, gun sighting system, upgrades, spares, services, etc.	7.9	153	
30-Oct-25	Major orders include software-defined radios, tank sub systems, communication equipment, missile components, financial management software, cyber security solution, upgrades, spares, services, etc.	7.3	145	
22-Oct-25	Supply of items required for various sensors, weapon equipment, fire control system and communication equipment.	6.3	138	Cochin Shipyard
15-Oct-25	Major orders include tank subsystems and overhauling, communication equipment, combat management system, ship data network, train collision avoidance system (Kavach), laser dazzler, jammers, upgrades, spares, services, etc.	5.9	131	
19-Sep-25	Major orders include EW system upgrade, defense network upgrade, tank sub systems, TR modules, communication equipment, EVM, spares, services, etc.	10.9	126	
16-Sep-25	Major orders include IT infra & cyber security solution, ESM systems, block chain solution platform, communication equipment, spares, services, etc.	7.1	115	
01-Sep-25	Major orders include data center, ship fire control system, tank navigation system, communication equipment, seekers, jammers, simulators, electronic voting machines, upgrades, spares, services, etc.	6.4	107	
30-Jul-25	Major orders received include Optronic Systems for Aircraft, Integrated Financial Management Information System Software, Automated Access Control System, Integrated Communication and Control Terminal, Low Band Receiver Unit, Communication Equipment, Spares, Services etc.	5.5	101	
25-Jul-25	Order for Air Defense Fire Control Radars (Atulya)	16.4	96	Indian Army
24-Jul-25	Major orders received include National Maritime Domain Awareness, Inertial Navigation System for guns, Communication equipment, Active Antenna Array unit, Satcom Interception System, Seekers, Target Acquisition System, Jammers, Spares, Services etc.	5.6	79	
30-Jun-25	Major orders received include Radars, communication equipment, EVMs, jammers, shelters, control center, spares, services etc.	5.3	73	
20-Jun-25	Major orders received include fire control and sighting system for missiles, communication equipment, jammers, spares, services etc.	5.9	68	
05-Jun-25	Supply of base and depot spares for the missile systems on Indian Naval ships.	23.2	62	MDL & GRSE
04-Jun-25	Major orders received include communication equipment, advanced composite communication system for ship, jammers, software, simulator upgrades, spares, test rigs, services etc.	5.4	39	
16-May-25	Major orders received include Integrated Drone Detection and Interdiction System (IDDIS), Software Defined Radio (SDR) and Data Communication Unit (DCU) for attack guns, AI based solutions for ships, simulators, communication equipment, jammers, spares, services etc.	5.7	34	
07-Apr-25	Supply of EW Suite for Mi 17 V5 Helicopters of Indian Air Force comprising of comprises Radar Warning Receiver (RWR), Missile Approach Warning System (MAWS) and Counter Measure Dispensing System (CMDS)	22.1	28	IAF
02-Apr-25	Maintenance services for the Akash Missile System	5.9	6	IAF

Source: Company, MOFSL

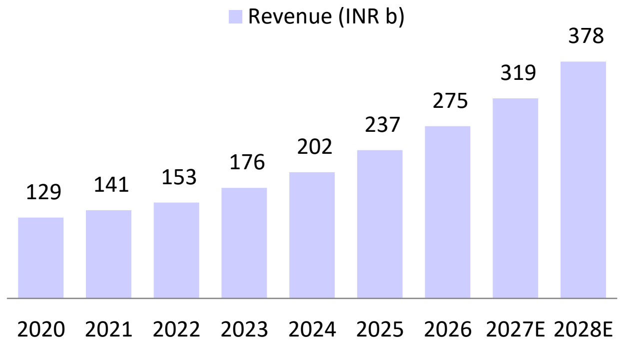
Financial outlook

Exhibit 9: We bake in large sized inflows to materialize during FY27



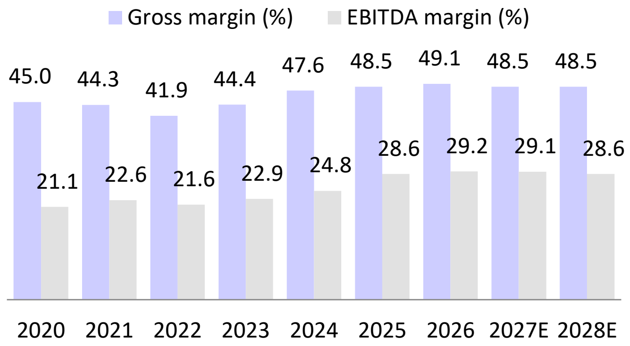
Source: MOFSL, Company

Exhibit 10: We expect revenue to clock a CAGR of 17% over FY26-28E



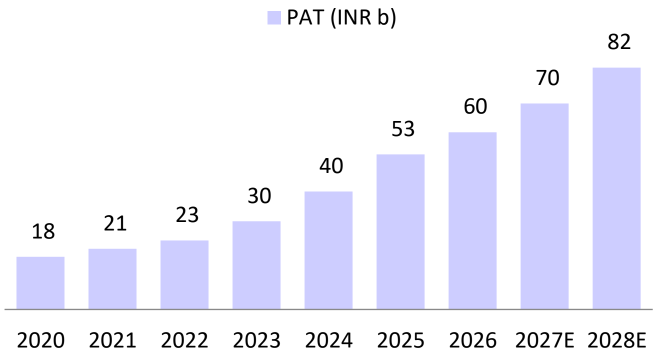
Source: MOFSL, Company

Exhibit 11: Gross/EBITDA margin to range around 49%/29%



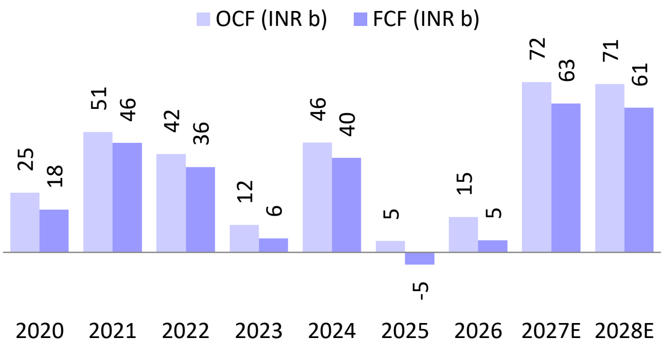
Source: MOFSL, Company

Exhibit 12: We expect a CAGR of 17% in PAT over FY26-28E



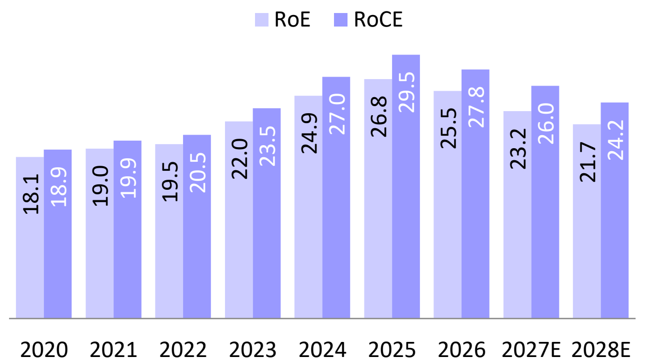
Source: MOFSL, Company

Exhibit 13: OCF & FCF to improve beyond FY26



Source: MOFSL, Company

Exhibit 14: RoE and RoCE to remain in the range of 22-26%



Source: MOFSL, Company

Financials and valuation

Income statement									(INR m)
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**
Net Sales	**1,29,211**	**1,40,638**	**1,53,138**	**1,76,462**	**2,01,694**	**2,36,580**	**2,74,796**	**3,19,199**	**3,78,202**
Change (%)	6.9	8.8	8.9	15.2	14.3	17.3	16.2	16.2	18.5
Raw Materials	71,052	78,278	89,025	98,088	1,05,659	1,21,810	1,39,793	1,64,349	1,94,728
Gross Profit	**58,160**	**62,360**	**64,113**	**78,374**	**96,035**	**1,14,770**	**1,35,003**	**1,54,851**	**1,83,474**
Staff Cost	20,575	19,407	21,094	22,977	24,667	27,344	30,909	35,750	42,359
Other expenses	10,283	11,142	9,926	14,921	21,386	19,751	23,941	26,174	32,904
EBITDA	**27,301**	**31,811**	**33,092**	**40,475**	**49,982**	**67,676**	**80,153**	**92,926**	**1,08,212**
% of Net Sales	21.1	22.6	21.6	22.9	24.8	28.6	29.2	29.1	28.6
Depreciation	3,496	3,663	3,802	4,079	4,124	4,356	5,239	5,876	6,541
Interest	33	61	49	148	70	96	67	67	67
Other Income	1,019	1,261	2,336	3,600	7,558	7,676	5,904	6,801	8,518
PBT	**24,792**	**29,348**	**31,578**	**39,849**	**53,346**	**70,900**	**80,750**	**93,784**	**1,10,122**
Tax	6,853	8,694	8,089	9,782	13,146	18,017	20,266	23,537	27,637
Rate (%)	27.6	29.6	25.6	24.5	24.6	25.4	25.1	25.1	25.1
Adjusted PAT	**17,938**	**20,654**	**23,489**	**30,067**	**40,200**	**52,883**	**60,485**	**70,247**	**82,485**
EO Income (Net of Expenses)	0	0	0	0	0	0	0	0	0
Reported PAT	**17,938**	**20,654**	**23,489**	**30,067**	**40,200**	**52,883**	**60,485**	**70,247**	**82,485**
Change (%)	-6.9	15.1	13.7	28.0	33.7	31.5	14.4	16.1	17.4

Balance sheet									(INR m)
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**
Share Capital	2,437	2,437	2,437	7,310	7,310	7,310	7,310	7,310	7,310
Reserves	96,824	1,06,331	1,18,055	1,29,146	1,54,116	1,90,237	2,30,269	2,95,847	3,72,849
Net Worth	**99,261**	**1,08,768**	**1,20,492**	**1,36,455**	**1,61,426**	**1,97,546**	**2,37,579**	**3,03,156**	**3,80,159**
Loans	-	-	-	-	-	-	-	-	-
Deferred Tax Liability	(4,974)	(4,634)	(6,207)	(5,034)	(5,742)	(5,341)	(5,870)	(5,870)	(5,870)
Capital Employed	**94,287**	**1,04,134**	**1,14,285**	**1,31,422**	**1,55,684**	**1,92,205**	**2,31,708**	**2,97,286**	**3,74,288**
Gross Fixed Assets	42,815	45,103	50,090	55,847	60,414	70,287	79,496	88,496	98,496
Less: Depreciation	12,784	16,448	20,250	24,328	28,453	32,808	38,048	43,924	50,465
Net Fixed Assets	**30,030**	**28,655**	**29,840**	**31,518**	**31,962**	**37,479**	**41,449**	**44,573**	**48,032**
Capital WIP	1,994	3,507	3,986	3,616	4,538	4,688	4,821	4,821	4,821
Investments	12,233	13,313	15,543	6,645	7,678	8,204	8,637	8,637	8,637
Curr. Assets	**1,89,879**	**2,40,423**	**2,78,924**	**3,03,732**	**3,41,637**	**3,48,469**	**3,80,127**	**4,74,451**	**5,91,469**
Inventory	39,628	49,547	55,669	64,121	74,076	90,697	1,00,942	1,17,253	1,38,926
Debtors	40,055	65,515	61,034	70,220	73,622	90,920	1,28,453	1,40,161	1,66,069
Cash & Bank Balance	15,562	50,082	74,991	80,090	1,09,681	93,973	84,187	1,42,519	1,98,181
Loans & Advances	400	527	88	83	84	81	100	20	23
Other Current Assets	94,235	74,752	87,142	89,219	84,174	72,799	66,446	74,498	88,269
Current Liab. & Prov.	**1,39,850**	**1,81,764**	**2,14,008**	**2,14,089**	**2,30,131**	**2,06,635**	**2,03,325**	**2,35,195**	**2,78,670**
Liabilities	1,25,091	1,64,265	1,91,851	1,99,468	2,13,630	1,90,387	1,84,057	2,12,813	2,52,151
Provisions	14,759	17,499	22,157	14,621	16,500	16,248	19,269	22,382	26,520
Net Current Assets	**50,029**	**58,659**	**64,916**	**89,643**	**1,11,506**	**1,41,834**	**1,76,802**	**2,39,256**	**3,12,799**
Application of Funds	**94,287**	**1,04,134**	**1,14,285**	**1,31,422**	**1,55,684**	**1,92,205**	**2,31,708**	**2,97,286**	**3,74,288**

Financials and valuation

Ratios									
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**
Adjusted EPS	**7.4**	**8.5**	**9.6**	**4.1**	**5.5**	**7.2**	**8.3**	**9.6**	**11.3**
Growth (%)	-6.9	15.1	13.7	-57.3	33.7	31.5	14.4	16.1	17.4
Cash EPS	8.8	10.0	11.2	4.7	6.1	7.8	9.0	10.4	12.2
Book Value	40.7	44.6	49.5	18.7	22.1	27.0	32.5	41.5	52.0
DPS	3.1	3.4	4.2	1.7	0.8	0.9	0.6	0.6	0.8
Payout (incl. Div. Tax.)	42	40	44	41	15	12	7	7	7
Valuation (x)									
P/E (standalone)	56.2	48.8	42.9	100.5	75.2	57.1	50.0	43.0	36.6
Cash P/E	47.0	41.4	36.9	88.5	68.2	52.8	46.0	39.7	33.9
EV/EBITDA	36.3	30.1	28.2	72.7	58.3	43.3	36.7	31.0	26.1
EV/Sales	7.9	6.9	6.2	17.0	14.4	12.4	10.7	9.0	7.5
Price/Book Value	10.1	9.3	8.4	22.1	18.7	15.3	12.7	10.0	7.9
Dividend Yield (%)	0.7	0.8	1.0	0.4	0.2	0.2	0.1	0.2	0.2
Profitability Ratios (%)									
RoE	18.1	19.0	19.5	22.0	24.9	26.8	25.5	23.2	21.7
RoCE	18.9	19.9	20.5	23.5	27.0	29.5	27.8	26.0	24.2
RoIC	26.7	38.9	76.5	90.3	92.3	79.3	51.2	47.4	50.1
Turnover Ratios									
Debtors (Days)	113	170	145	145	133	140	171	160	160
Inventory (Days)	112	129	133	133	134	140	134	134	134
Fixed Asset Turnover (x)	2.9	3.1	3.0	3.1	3.3	3.4	3.5	3.6	3.8

Cash flow statement									(INR m)
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**
PBT before Extraordinary	**24,792**	**29,348**	**31,578**	**39,849**	**53,346**	**70,900**	**80,750**	**93,784**	**1,10,122**
Add : Depreciation	3,496	3,663	3,802	4,079	4,124	4,356	5,239	5,876	6,541
Interest and others	(292)	750	(1,241)	(2,046)	5,516	(6,437)	(5,384)	67	67
Less : Direct Taxes Paid	5,684	5,323	8,024	9,150	14,130	16,674	20,187	23,537	27,637
(Inc)/Dec in WC	3,013	22,597	15,498	(21,179)	(2,376)	(47,341)	(45,476)	(4,122)	(17,881)
CF from Operations	**25,325**	**51,035**	**41,612**	**11,552**	**46,480**	**4,804**	**14,943**	**72,069**	**71,211**
CF from Operations after EOI	**25,325**	**51,035**	**41,612**	**11,552**	**46,480**	**4,804**	**14,943**	**72,069**	**71,211**
(Inc)/Dec in FA	(7,264)	(4,664)	(5,461)	(5,621)	(6,423)	(10,010)	(9,792)	(9,000)	(10,000)
Free Cash Flow	**18,062**	**46,371**	**36,151**	**5,931**	**40,057**	**(5,206)**	**5,152**	**63,069**	**61,211**
(Pur)/Sale of Investments	(731)	(1,094)	(43,145)	33,442	(52,465)	17,494	27,266	-	-
CF from Investments	**(7,995)**	**(5,758)**	**(48,606)**	**27,820**	**(58,888)**	**7,484**	**17,474**	**(9,000)**	**(10,000)**
(Inc)/Dec in Networth	(250)	(83)	-	-	-	-	-	0	0
(Inc)/Dec in Debt	(13)	(16)	-	-	-	-	-	-	-
Less : Interest Paid	552	431	539	697	128	156	140	67	67
Dividend Paid	9,793	10,227	10,233	12,424	14,615	16,806	20,825	4,669	5,483
CF from Fin. Activity	**(10,608)**	**(10,757)**	**(10,772)**	**(13,121)**	**(14,743)**	**(16,961)**	**(20,965)**	**(4,736)**	**(5,550)**
Inc/Dec of Cash	**6,722**	**34,519**	**(17,766)**	**26,251**	**(27,152)**	**(4,673)**	**11,453**	**58,333**	**55,661**
Add: Beginning Balance	8,840	15,562	50,082	74,991	80,090	98,646	72,734	84,187	1,42,519
Other adjustments	-	-	42,675	(21,153)	56,743	(11,035)	(21,239)	-	-
Closing Balance	**15,562**	**50,082**	**74,991**	**80,090**	**1,09,681**	**93,973**	**84,187**	**1,42,519**	**1,98,181**

N O T E S

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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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.

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