

Bharat Electronics

Estimate change	
TP change	
Rating change	

Bloomberg	BHE IN
Equity Shares (m)	7310
M.Cap.(INRb)/(USDb)	3311.3 / 36.1
52-Week Range (INR)	458 / 240
1, 6, 12 Rel. Per (%)	16/14/65
12M Avg Val (INR M)	7574

Financials Snapshot (INR b)			
Y/E March	2026E	2027E	2028E
Sales	276.7	328.5	391.1
Sales Gr. (%)	17.0	18.7	19.0
EBITDA	78.9	93.7	109.5
EBITDA Margin	28.5	28.5	28.0
Adj. PAT	60.1	71.3	83.5
Adj. EPS (INR)	8.2	9.8	11.4
EPS Gr. (%)	13.7	18.6	17.2
BV/Sh.(INR)	34.2	42.8	52.8
Ratios			
RoE (%)	24.0	22.8	21.7
RoCE (%)	26.9	25.4	23.9
Payout (%)	12.4	12.4	12.4
Valuations			
P/E (x)	55.1	46.5	39.7
P/BV (x)	13.2	10.6	8.6
EV/EBITDA (x)	40.2	33.4	28.0
Div. Yield (%)	0.2	0.3	0.3

Shareholding pattern (%)			
As On	Dec-25	Sep-25	Dec-24
Promoter	51.1	51.1	51.1
DII	20.5	20.9	20.9
FII	18.5	18.2	17.4
Others	9.9	9.8	10.6

FII includes depository receipts

CMP: INR453 **TP: INR520 (+15%)** **Buy**

Continued outperformance!

Bharat Electronics (BHE)'s 3QFY26 revenue/EBITDA/PAT exceeded our estimates, driven by strong execution and better-than-expected margins. Revenue growth was fueled by a strong order book, which stood at INR730b. Order inflows were INR181b during 9MFY26. BHE continues to remain a key beneficiary of large platform orders across the Army, Navy, and Air Force, as it stands to benefit from large orders such as QRSSAM, next-generation corvettes, and Akash-NG, along with the base orders. A strong addressable market can continue to sustain >15% revenue growth over the next few years. BHE has managed the supply chain well and is not impacted much by the semiconductor shortage or commodity prices. With improved indigenization levels and operating leverage benefits, we expect the strong margin performance of BHE to continue. We expect BHE's revenue/PAT to clock an 18%/16% CAGR over FY25-28; we roll forward our valuation to Mar'28E EPS. We reiterate our BUY rating with a revised TP of INR520, based on 45x Mar'28E EPS.

Beat across all parameters

BHE posted a strong set of results with a beat across revenue, EBITDA, and PAT. Revenue grew 24% YoY to INR71.2b, surpassing our estimate by 5%. Gross margin contracted 150bp YoY. However, cost optimization supported EBITDA margin expansion. Absolute EBITDA stood at INR21.2b (+28%YoY), while margin improved 100bp YoY to 29.7% vs. our estimate of 28.2%. Strong revenue and margin performance resulted in a 7% beat to our PAT estimates. BHE's PAT was INR15.9b, up 21% YoY vs. our estimate of INR14.8b. The order book was INR730b as of 31st Dec'25, with an order inflow of ~INR57b during 3Q. For 9MFY26, BHE's revenue/EBITDA/PAT grew 19%/27%/21% YoY, while margin expanded 180bp YoY to 29.2%. The company assessed the financial impact of changes in the labor law, which resulted in a rise in gratuity liability by ~INR166m.

Sustained execution momentum

Execution during 3QFY26 remained strong and diversified, with LRSAM, Him-Shakti, battlefield surveillance systems, Akash missile systems for the Army, LCA Mk-1A LRUs, and Shakti-EW systems contributing over INR50b, reflecting broad-based delivery across missile, EW, avionics, and surveillance platforms. This reduces dependence on any single program and supports revenue stability. Looking ahead, 4QFY26 execution is expected from 6-7 major programs, including BMP-2 upgrade, LCA Mk-1A LRUs, Akash Army, LRSAM, Arudhra radar, and D29 EW systems, with revenues guided at INR40-50b from these platforms. Management indicated higher execution from BMP-2 upgrades, LCA LRUs, and D29 EW, pointing to a strong year-end execution push.

Strong multi-year order pipeline with near-to-long-term visibility

BHE's prospect pipeline remains strong with clear visibility across both near-term base orders and large strategic programs. Key near-term opportunities include LCA Mk-1A orders of ~INR24b, Shatrughat EW of ~INR30b, NGC orders of ~INR20-30b in FY26 (with the balance ~INR100b-120b by 1HFY27), and a few additional large programs of ~INR20b, providing strong support to FY26 order inflows. On larger strategic programs, QRSAM (~INR300b) is expected in 4QFY26 or early FY27, Akash NG (~INR25–30b) is likely by FY28, Project Kusha (indigenous S-400) is targeted around FY29, and AMCA remains an optional upside with RFP issuance expected by mid-Feb'26 and workshare currently envisaged at 50:50 between BHE and L&T. Management also highlighted a list of 30+ programs, each with INR10b+ potential, providing medium- to long-term order inflow sustainability.

Non-defence growth opportunities

BHE expects export opportunities to expand gradually, aided by the evolving India-EU defense cooperation, which could open new markets and joint development avenues over time. The company is targeting exports to reach ~10% of revenues in the long term, up from the current low single-digit contribution. In the near term, management expects export orders in 4QFY26 related to satellite communication equipment, TR modules, data link projects, and coastal surveillance systems. These opportunities are expected to materialize incrementally, supporting diversification of revenues beyond the domestic defense market.

Non-defense growth opportunities

BHE is also focused to scale non-defence revenues, which currently contribute around 6-7% of overall turnover, with a clear target to cross 10% in the near to medium term. Key opportunity areas include railways and metros, where BEL has received good leads from the Kavach program and platform screen door systems, alongside increasing traction in airport authority projects related to radars and air traffic management systems. Space was identified as a mixed opportunity, contributing to both defense and non-defense revenues over time. In addition, cybersecurity and data center solutions are emerging as meaningful non-defense growth avenues, supported by increasing engagement with central and state government customers.

Supply chain & semiconductor readiness

BHE remains well secured on both supply chain management and semiconductor availability, with close monitoring at multiple levels across the organization. Supply chain conditions have improved meaningfully on a YoY basis and are expected to strengthen further, with management targeting ~95% on-time delivery of items in FY26 and 100% by next year. While some challenges persist in specific components such as semiconductors and rotary joints, these are being identified early and mitigated proactively to avoid execution disruptions. Semiconductors typically account for ~20-30% of the bill of materials, with the balance comprising assembly, testing, and other components, limiting overall risk to execution. The company is currently not facing any impact from semiconductor shortages, aided by more generic and flexible designs.

Financial outlook

Our estimates already factor in large-sized order inflows from QRSAM and next-generation corvettes to materialize between FY26 and FY27. We also bake in a longer gestation period for these orders and expect a sales/EBITDA/PAT CAGR of

18%/17%/16% over FY25-28. We expect OCF/FCF to remain strong over FY26-28, led by control over working capital.

Valuation and view

BHE is currently trading at 55.1x/46.5x/39.7x on FY26E/FY27E/FY28E EPS. We broadly maintain our estimates and **roll forward our TP to INR520, based on 45x Mar'28E earnings. We reiterate our BUY rating on BHE.**

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.

Y/E March	Standalone Quarterly Performance (INR m)											
	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		3QE	Var (%)	
Net Sales	41,988	45,834	57,561	91,197	44,168	57,637	71,220	1,03,713	2,36,580	2,76,738	67,801	5
Change (%)	19.6	14.8	39.1	6.9	5.2	25.8	23.7	13.7	17.3	17.0	17.8	
EBITDA	9,367	13,885	16,533	27,890	12,399	16,953	21,176	28,375	67,676	78,904	19,120	11
Change (%)	41.0	38.2	57.5	22.3	32.4	22.1	28.1	1.7	35.4	16.6	15.6	
As of % Sales	22.3	30.3	28.7	30.6	28.1	29.4	29.7	27.4	28.6	28.5	28.2	
Depreciation	997	1,032	1,029	1,298	1,129	1,185	1,275	1,380	4,356	4,968	1,242	3
Interest	12	13	13	58	14	17	20	45	96	96	13	55
Other Income	2,015	1,668	2,051	1,942	1,636	1,591	1,595	1,969	7,676	6,791	2,076	-23
PBT	10,373	14,509	17,542	28,476	12,892	17,343	21,477	28,919	70,900	80,631	19,940	8
Tax	2,612	3,596	4,381	7,428	3,201	4,482	5,576	7,231	18,017	20,490	5,067	
Effective Tax Rate (%)	25.2	24.8	25.0	26.1	24.8	25.8	26.0	25.0	25.4	25.4	25.4	
Reported PAT	7,761	10,913	13,161	21,048	9,691	12,861	15,901	21,688	52,883	60,141	14,873	7
Change (%)	46.2	34.3	47.3	18.0	24.9	17.9	20.8	3.0	31.5	13.7	13.0	
Adj PAT	7,761	10,913	13,161	21,048	9,691	12,861	15,901	21,688	52,883	60,141	14,873	7
Change (%)	46.2	34.3	47.3	18.0	24.9	17.9	20.8	3.0	31.5	13.7	13.0	



Key highlights from the management commentary

- **Order book composition:** Management stated that the order book stood at around INR734.5b as of late January FY26. Key contributors to the order book include electronic fuses (10-year requirement), LRFM, BMP-2 upgrade, Akash Army, Ashwini Radar, Arudhra Radar, and WW suite for MiG-29. These seven major programs together account for ~INR200b+ of the order book. Most projects have execution timelines ranging from one to two years, except electronic fuses, which extend up to eight more years.
- **Prospect pipeline:** Management reiterated confidence in crossing INR270b of order inflows in FY26, even without QRSAM. Large expected orders include LCA LRUs (~INR24b before FY26-end), next-gen corvettes (~INR20-30b in FY26 and balance INR100b-INR120b in 1HFY27), and Shatrughat (~INR30b before FY26-end). Additional programs of INR10b+ size are also in advanced stages of processing. Management stated that a strong pipeline supports sustained growth visibility for the next three to four years.
- **3Q executions:** Key projects executed during 9MFY26 include LRSAM, Him-Shakti, battlefield surveillance system, Lynx fire control, Akash Army system, LCA Mk-1A LRUs, and Shakti-EW system. Management indicated that these seven projects

- alone contributed over INR50b of execution during 3QFY26. Execution remained broad-based across radar, missile systems, and electronic warfare platforms.
- **4Q execution outlook:** For 4QFY26, management expects execution from LRSAM, Akash Army, Him Shakti, Arudhra MPR, D29 EW system, BMP-2 upgrade, and LCA LRUs. D29 EW deliveries are expected to increase to ~INR5b in the quarter. BMP-2 upgrade supplies are also expected to pick up meaningfully. These six to seven programs together are expected to contribute approximately INR40b of execution in 4Q.
 - **Semiconductor availability:** Management stated that semiconductor shortages will not materially impact BHE due to design flexibility and alternate sourcing. BHE uses over 2,000 types of semiconductor components and has redesigned systems to avoid dependence on single-chip solutions.
 - **Project Kusha, QRSAM, and Akash NG update:** Management indicated that QRSAM is expected to be finalized shortly, with high confidence of order receipt either in 4QFY26 or early FY27. Missile content, accounting for roughly 30% of the order value, will be sourced from BDL, while the remaining ~70% will be executed by BHE and its partners. Akash NG has completed trials and is awaiting AoN approval, with potential order placement indicated in FY28, while Project Kusha, an indigenous S-400 equivalent, is under development and may materialize around FY29 with multi-year execution.
 - **AMCA update:** RFP expected to be issued around mid-Feb'26. Workshare between BHE and L&T is expected to be broadly 50:50, aligned with investment commitments. Management expressed confidence in qualifying technically and being competitive on pricing once RFP details are finalized.
 - **LCA Tejas additional orders:** Management confirmed expectations of receiving the LCA Mk-1A LRU order from HAL shortly, with an estimated value of INR24b+. Regarding the Uttam radar for the 97 aircraft order, management clarified that configuration decisions rest with HAL and ADA. BHE has not factored Uttam radar orders into near-term expectations due to a lack of final configuration clarity. An RFP would be issued only after HAL finalizes the radar mix.
 - **9M other expense increase:** Other expenses in 9MFY26 increased to **INR12.8b** from **INR11.6b**, primarily due to higher provisions for doubtful debts, which rose to **INR7.1b** from **INR6.0b** last year. Excluding provisions, underlying other expenses remained largely stable, with **INR2.6b** of provision write-backs recorded in **3QFY26**.
 - **Guidance intact:** Management reiterated its FY26 guidance of >15% revenue growth, ~27% EBITDA margin, and INR270b+ order inflows. R&D investment is guided at INR16-17b+, while capex is expected to be ~NR10b. Management also reiterated the medium-term objective of maintaining a 90:10 defence-to-non-defence revenue mix.

Key exhibits

Exhibit 1: Order book remains strong

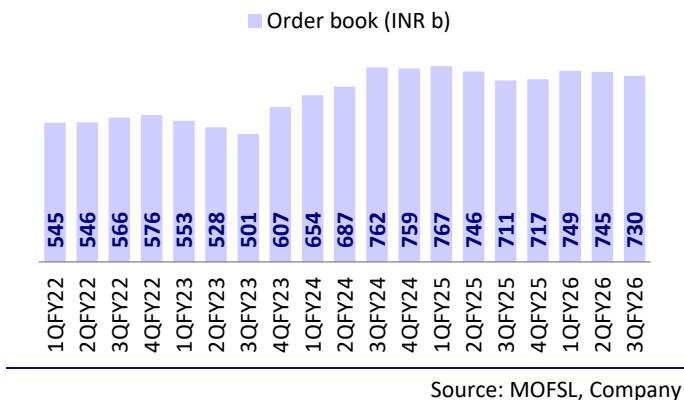


Exhibit 2: Order inflows jumped 151% YoY

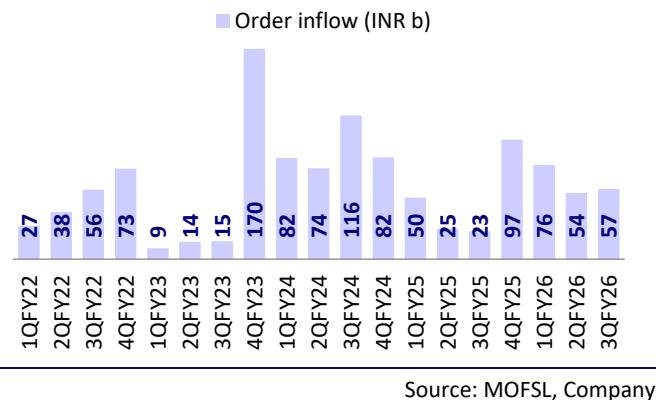


Exhibit 3: Revenue surged 24% YoY, beating our estimate by 5%...

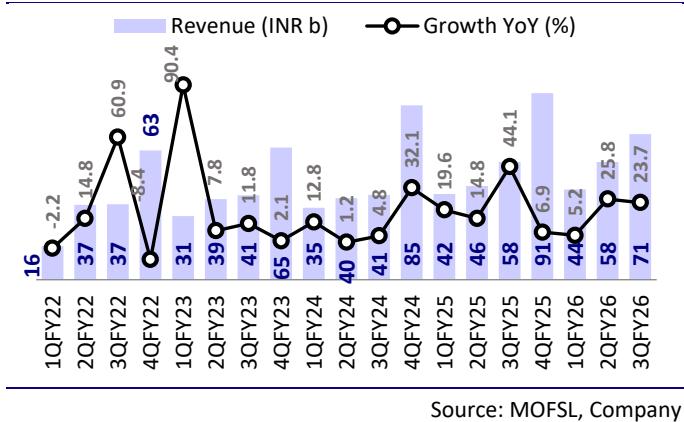


Exhibit 4: Even though gross margin contracted 150bp YoY during the quarter...

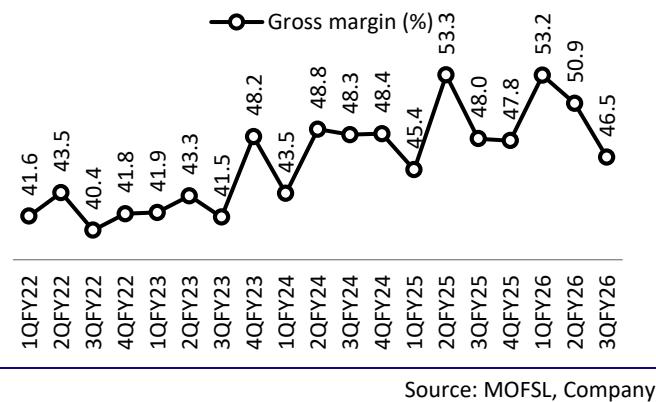


Exhibit 5: ...EBITDA margin expanded 100bp YoY on better cost optimization

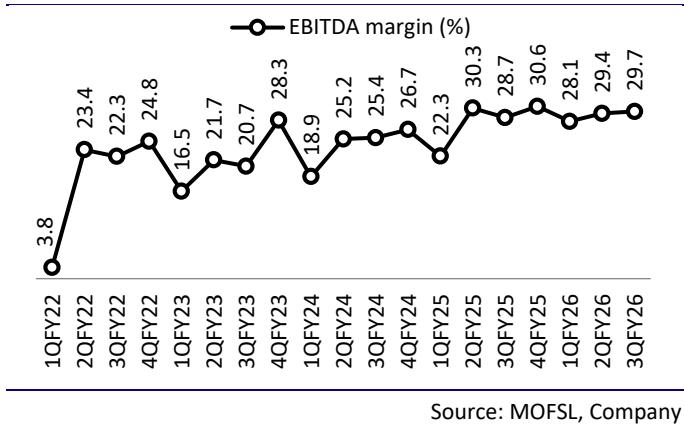


Exhibit 6: Profitability remains strong with PAT increasing 21% YoY

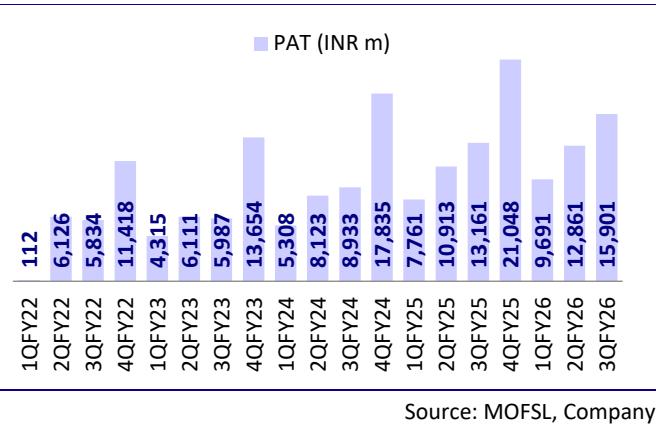


Exhibit 7: BHE – orders announced so far in FY26

Date	Order	Amount (INR b)	Accumulated Orders (INR b)	Customer
23-Jan-26	Major orders received include communication equipment, medical electronics, thermal imagers, jammers, spares, services, etc.	6.1	192.9	
08-Jan-26	Major orders received include drone detection and jamming systems, mobile communication terminals, software solutions, upgrades, spares, services, etc.	6.0	186.8	
01-Jan-26	Major orders received include communication equipment, medical electronics, instant fire detection & suppression system, upgrades, spares, services, etc	5.7	180.8	
29-Dec-25	Major orders received include radars, tank overhaul, communication equipment, fire control systems, simulators, antenna stabilization systems, security software, components, upgrades, spares, services, etc	5.7	175.2	
12-Dec-25	Major orders received 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	169.5	
14-Nov-25	Major orders received include fire control system, thermal imager, ground support equipment, upgrades, spares, services, etc.	8.7	161.7	
10-Nov-25	Major orders received include Defence network upgrade, radio communication network, radars, communication equipment, drones, combat management system, gun sighting system, upgrades, spares, services, etc.	7.9	153.0	
30-Oct-25	Major orders received include Software Defined Radios (SDRs), tank sub systems, communication equipment, missile components, financial management software, cyber security solutions, upgrades, spares, services, etc.	7.3	145.1	
22-Oct-25	Supply of items required for various sensors, weapon equipment, fire control system and communication equipment	6.3	137.8	Cochin Shipyard
15-Oct-25	Major orders received 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	131.4	
19-Sep-25	Major orders received include EW System Upgrade, Defence Network Upgrade, Tank Sub Systems, TR Modules, Communication Equipment, EVM, Spares, Services, etc.	10.9	125.5	
16-Sep-25	Major orders received include IT Infra & Cyber Security Solution, ESM Systems, Blockchain Solution Platform, Communication Equipment, Spares, Services, etc.	7.1	114.6	
01-Sep-25	Major orders received include Data Centre, Ship Fire Control System, Tank Navigation System, Communication Equipment, Seekers, Jammers, Simulators, Electronic Voting Machines, Upgrades, Spares, Services, etc.	6.4	107.5	
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	101.0	
25-Jul-25	Order for Air Defence Fire Control Radars (Atulya)	16.4	95.5	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	79.1	
30-Jun-25	Major orders received include Radars, communication equipment, EVMs, jammers, shelters, control centre, spares, services, etc.	5.3	73.5	
20-Jun-25	Major orders received include fire control and sighting systems for missiles, communication equipment, jammers, spares, services, etc.	5.9	68.2	
05-Jun-25	Supply of base and depot spares for the missile systems on Indian Naval ships.	23.2	62.4	MDL & GRSE
04-Jun-25	Major orders received include communication equipment, an advanced composite communication system for a ship, jammers, software, simulator upgrades, spares, test rigs, services, etc.	5.4	39.1	
16-May-25	Major orders received include Integrated Drone Detection and Interdiction System (IDDSI), 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	33.8	
07-Apr-25	Supply of EW Suite for Mi-17 V5 Helicopters of Indian Air Force, comprising Radar Warning Receiver (RWR), Missile Approach Warning System (MAWS), and Counter Measure Dispensing System (CMDS)	22.1	28.0	Indian Air Force
02-Apr-25	Maintenance services for the Akash Missile System	5.9	5.9	Indian Air Force

Source: Company, MOFSL

Exhibit 8: We broadly maintain our estimates

(INR m)	FY26E			FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Order inflow	2,70,000	2,70,000	0.0	5,83,500	5,83,500	0.0	3,37,500	3,37,500	0.0
Net Sales	2,76,738	2,76,738	0.0	3,28,496	3,25,492	0.9	3,91,063	3,86,417	1.2
EBITDA	78,904	78,904	0.0	93,662	92,805	0.9	1,09,546	1,08,244	1.2
EBITDA (%)	28.5	28.5	0 bp	28.5	28.5	0 bp	28.0	28.0	0 bp
Adj. PAT	60,141	60,810	(1.1)	71,307	72,140	(1.2)	83,546	83,803	(0.3)
EPS (INR)	8.2	8.3	(1.1)	9.8	9.9	(1.2)	11.4	11.5	(0.3)

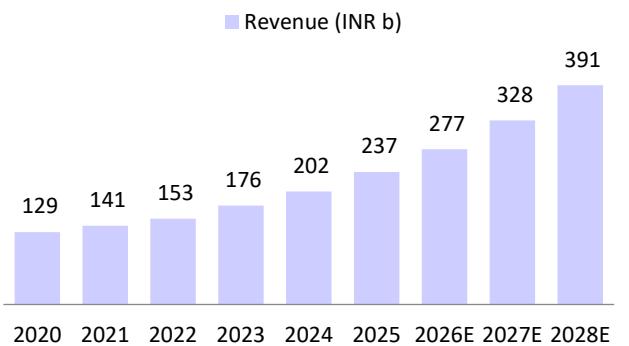
Source: MOFSL

Financial outlook

Exhibit 9: We bake in large inflows to materialize during FY26/27



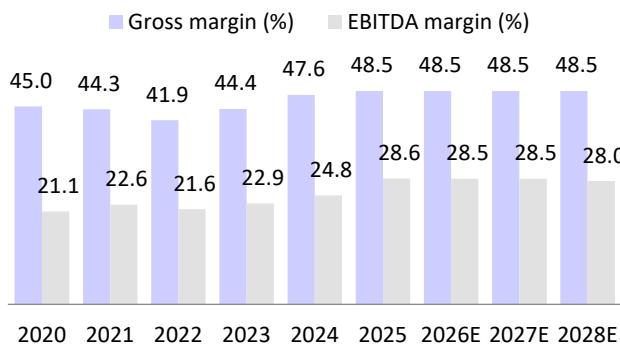
Exhibit 10: We expect revenue to clock a CAGR of 18% over FY25-28



Source: MOFSL, Company

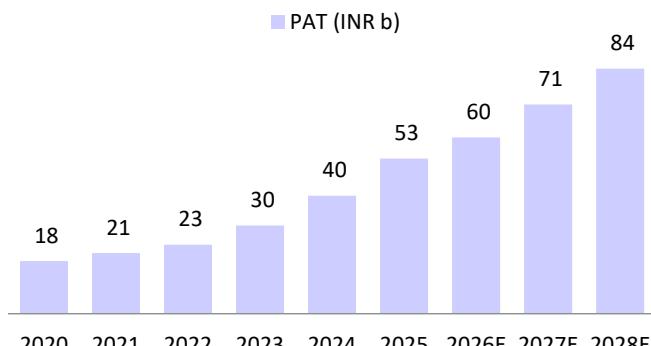
Source: MOFSL, Company

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



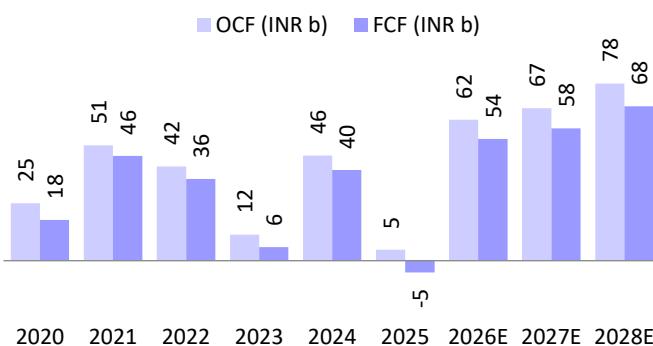
Source: MOFSL, Company

Exhibit 12: We expect a CAGR of 16% in PAT over FY25-28



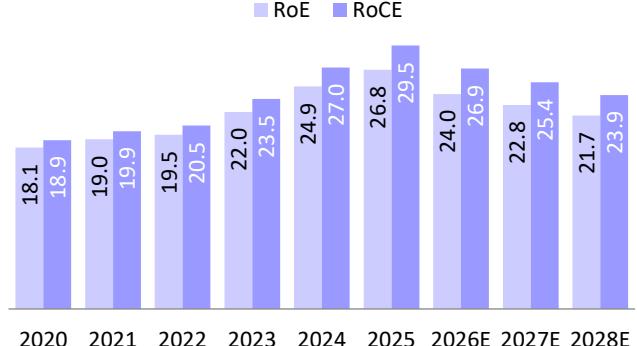
Source: MOFSL, Company

Exhibit 13: OCF & FCF to increase beyond FY25



Source: MOFSL, Company

Exhibit 14: RoE and RoCE to remain in the range of 22-27%



Source: MOFSL, Company

Financials and valuation

Income statement		(INR M)								
Y/E March		2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net Sales		1,29,211	1,40,638	1,53,138	1,76,462	2,01,694	2,36,580	2,76,738	3,28,496	3,91,063
Change (%)		6.9	8.8	8.9	15.2	14.3	17.3	17.0	18.7	19.0
Raw Materials		71,052	78,278	89,025	98,088	1,05,659	1,21,810	1,42,486	1,69,135	2,01,350
Gross Profit		58,160	62,360	64,113	78,374	96,035	1,14,770	1,34,252	1,59,361	1,89,713
Staff Cost		20,575	19,407	21,094	22,977	24,667	27,344	33,762	40,077	47,710
Other expenses		10,283	11,142	9,926	14,921	21,386	19,751	21,586	25,623	32,458
EBITDA		27,301	31,811	33,092	40,475	49,982	67,676	78,904	93,662	1,09,546
% of Net Sales		21.1	22.6	21.6	22.9	24.8	28.6	28.5	28.5	28.0
Depreciation		3,496	3,663	3,802	4,079	4,124	4,356	4,968	5,551	6,185
Interest		33	61	49	148	70	96	96	96	96
Other Income		1,019	1,261	2,336	3,600	7,558	7,676	6,791	7,588	8,746
PBT		24,792	29,348	31,578	39,849	53,346	70,900	80,631	95,602	1,12,011
Tax		6,853	8,694	8,089	9,782	13,146	18,017	20,490	24,295	28,465
Rate (%)		27.6	29.6	25.6	24.5	24.6	25.4	25.4	25.4	25.4
Adjusted PAT		17,938	20,654	23,489	30,067	40,200	52,883	60,141	71,307	83,546
Reported PAT		17,938	20,654	23,489	30,067	40,200	52,883	60,141	71,307	83,546
Change (%)		-6.9	15.1	13.7	28.0	33.7	31.5	13.7	18.6	17.2

Balance sheet		(INR M)								
Y/E March		2020	2021	2022	2023	2024	2025	2026E	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	2,42,896	3,05,332	3,78,485
Net Worth		99,261	1,08,768	1,20,492	1,36,455	1,61,426	1,97,546	2,50,205	3,12,642	3,85,794
Loans		-	-	-	-	-	-	-	-	-
Deferred Tax Liability		(4,974)	(4,634)	(6,207)	(5,034)	(5,742)	(5,341)	(5,341)	(5,341)	(5,341)
Capital Employed		94,287	1,04,134	1,14,285	1,31,422	1,55,684	1,92,205	2,44,864	3,07,301	3,80,453
Gross Fixed Assets		42,815	45,103	50,090	55,847	60,414	70,287	78,787	87,787	97,787
Less: Depreciation		12,784	16,448	20,250	24,328	28,453	32,808	37,776	43,328	49,512
Net Fixed Assets		30,030	28,655	29,840	31,518	31,962	37,479	41,011	44,459	48,275
Capital WIP		1,994	3,507	3,986	3,616	4,538	4,688	4,688	4,688	4,688
Investments		12,233	13,313	15,543	6,645	7,678	8,204	8,204	8,204	8,204
Curr. Assets		1,89,879	2,40,423	2,78,924	3,03,732	3,41,637	3,48,469	4,65,664	5,76,030	7,07,474
Inventory		39,628	49,547	55,669	64,121	74,076	90,697	1,21,255	1,43,934	1,71,348
Debtors		40,055	65,515	61,034	70,220	73,622	90,920	1,21,516	1,44,243	1,71,717
Cash & Bank Balance		15,562	50,082	74,991	80,090	1,09,681	93,973	1,40,213	1,89,709	2,47,572
Loans & Advances		400	527	88	83	84	81	17	20	24
Other Current Assets		94,235	74,752	87,142	89,219	84,174	72,799	82,663	98,124	1,16,813
Current Liab. & Prov.		1,39,850	1,81,764	2,14,008	2,14,089	2,30,131	2,06,635	2,74,703	3,26,081	3,88,188
Liabilities		1,25,091	1,64,265	1,91,851	1,99,468	2,13,630	1,90,387	2,55,697	3,03,520	3,61,330
Provisions		14,759	17,499	22,157	14,621	16,500	16,248	19,006	22,561	26,858
Net Current Assets		50,029	58,659	64,916	89,643	1,11,506	1,41,834	1,90,961	2,49,949	3,19,286
Application of Funds		94,287	1,04,134	1,14,285	1,31,422	1,55,684	1,92,205	2,44,864	3,07,301	3,80,453

Financials and valuation

Ratios

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Adjusted EPS	7.4	8.5	9.6	4.1	5.5	7.2	8.2	9.8	11.4
Growth (%)	-6.9	15.1	13.7	-57.3	33.7	31.5	13.7	18.6	17.2
Cash EPS	8.8	10.0	11.2	4.7	6.1	7.8	8.9	10.5	12.3
Book Value	40.7	44.6	49.5	18.7	22.1	27.0	34.2	42.8	52.8
DPS	3.1	3.4	4.2	1.7	0.8	0.9	1.0	1.2	1.4
Payout (incl. Div. Tax.)	42	40	44	41	15	12	12	12	12
Valuation (x)									
P/E (standalone)	53.4	46.4	40.8	95.6	71.5	54.4	47.8	40.3	34.4
Cash P/E	44.7	39.4	35.1	84.2	64.9	50.2	44.2	37.4	32.0
EV/EBITDA	34.5	28.6	26.7	69.1	55.3	41.1	34.7	28.7	24.0
EV/Sales	7.5	6.6	5.9	16.1	13.7	11.8	9.9	8.2	6.7
Price/Book Value	9.7	8.8	8.0	21.1	17.8	14.6	11.5	9.2	7.5
Dividend Yield (%)	0.8	0.9	1.1	0.4	0.2	0.2	0.3	0.3	0.4
Profitability Ratios (%)									
RoE	18.1	19.0	19.5	22.0	24.9	26.8	24.0	22.8	21.7
RoCE	18.9	19.9	20.5	23.5	27.0	29.5	26.9	25.4	23.9
RoIC	26.7	38.9	76.5	90.3	92.3	79.3	62.3	66.9	68.6
Turnover Ratios									
Debtors (Days)	113	170	145	145	133	140	160	160	160
Inventory (Days)	112	129	133	133	134	140	160	160	160
Fixed Asset Turnover (x)	2.9	3.1	3.0	3.1	3.3	3.4	3.5	3.7	4.0

Cash flow statement

(INR M)

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
PBT before Extraordinary	24,792	29,348	31,578	39,849	53,346	70,900	80,631	95,602	1,12,011
Add : Depreciation	3,496	3,663	3,802	4,079	4,124	4,356	4,968	5,551	6,185
Interest and others	(292)	750	(1,241)	(2,046)	5,516	(6,437)	96	96	96
Less : Direct Taxes Paid	5,684	5,323	8,024	9,150	14,130	16,674	20,490	24,295	28,465
(Inc)/Dec in WC	3,013	22,597	15,498	(21,179)	(2,376)	(47,341)	(2,888)	(9,492)	(11,474)
CF from Operations	25,325	51,035	41,612	11,552	46,480	4,804	62,317	67,463	78,353
CF from Operations after EOI	25,325	51,035	41,612	11,552	46,480	4,804	62,317	67,463	78,353
(Inc)/Dec in FA	(7,264)	(4,664)	(5,461)	(5,621)	(6,423)	(10,010)	(8,500)	(9,000)	(10,000)
Free Cash Flow	18,062	46,371	36,151	5,931	40,057	(5,206)	53,817	58,463	68,353
(Pur)/Sale of Investments	(731)	(1,094)	(43,145)	33,442	(52,465)	17,494	-	-	-
CF from Investments	(7,995)	(5,758)	(48,606)	27,820	(58,888)	7,484	(8,500)	(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	96	96	96
Dividend Paid	9,793	10,227	10,233	12,424	14,615	16,806	7,482	8,871	10,393
CF from Fin. Activity	(10,608)	(10,757)	(10,772)	(13,121)	(14,743)	(16,961)	(7,578)	(8,967)	(10,490)
Inc/Dec of Cash	6,722	34,519	(17,766)	26,251	(27,152)	(4,673)	46,239	49,496	57,863
Add: Beginning Balance	8,840	15,562	50,082	74,991	80,090	98,646	93,973	1,40,213	1,89,709
Other adjustments	-	-	42,675	(21,153)	56,743	(11,035)	-	-	-
Closing Balance	15,562	50,082	74,991	80,090	1,09,681	93,973	1,40,212	1,89,709	2,47,572

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NOTES

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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

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