PRIME RESEARCH
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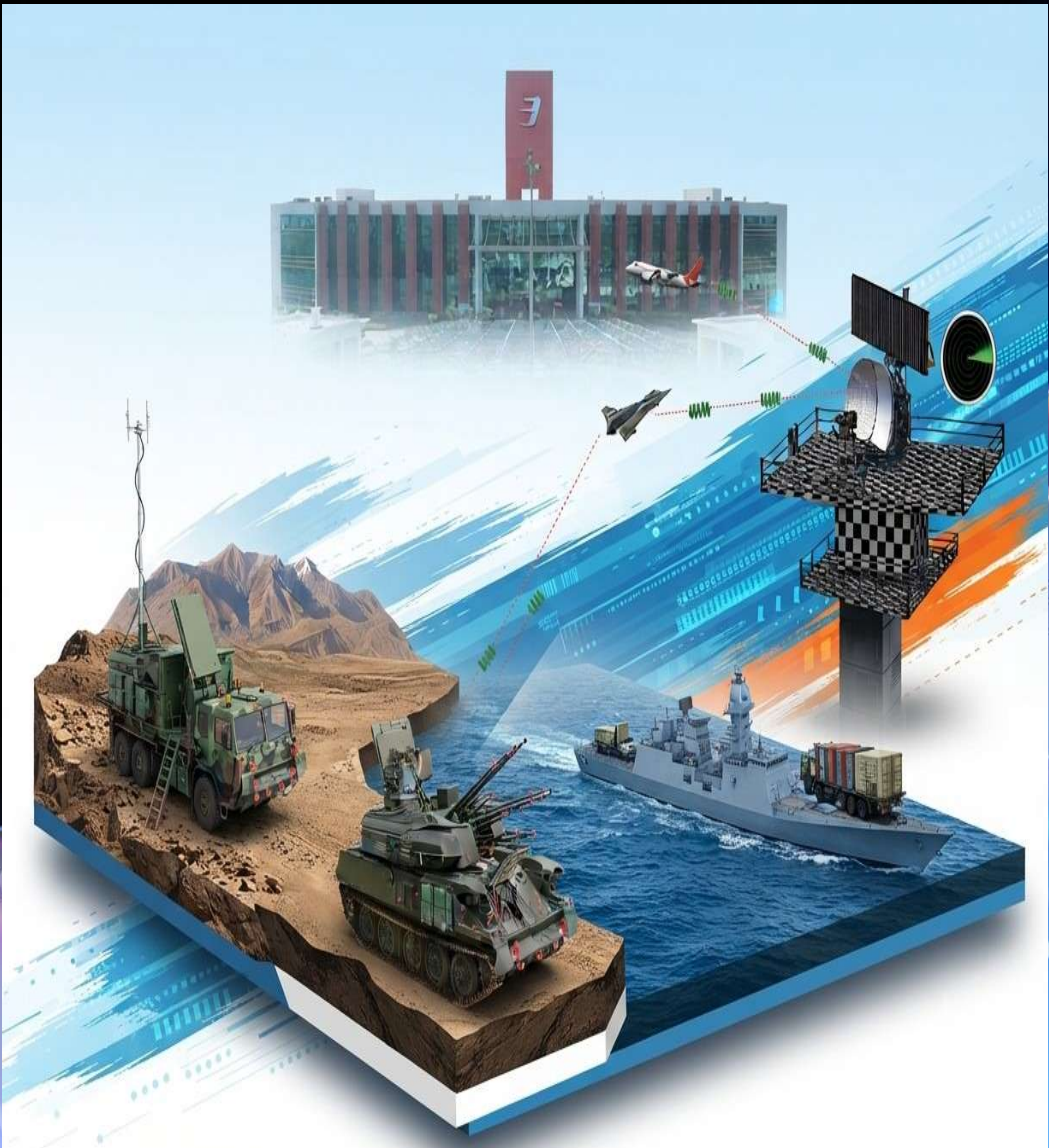
HDFC securities

Pick of the Week

Bharat Electronics Ltd

Dominating Defence Electronics with Scale, Strength and Strategy



August 30th, 2026

Bharat Electronics Ltd

Reco	BUY

Industry	Aerospace/Defence
LTP (Aug 28, 2026)	Rs 411.90
Entry Range	**Rs 405-420**
Add on Dips	**Rs 370-380**
Base Case Target	**Rs 450**
Bull Case Target	**Rs 475**
Time Horizon	4 Quarters

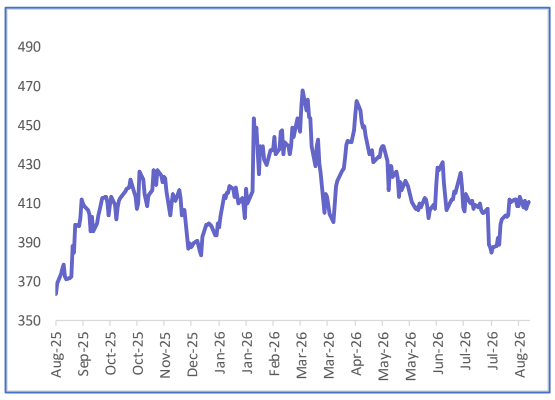
Stock Info

BSE Code	500049
NSE Code	BEL
Bloomberg	BHE IN
CMP Aug 28, 2026	411.90
Equity Capital (Rs Cr)	731.0
Face Value (Rs)	1.0
Equity Share O/S (Cr)	731.0
Market Cap (Rs Cr)	301,089.8
Adj. Book Value (Rs)	32.8
Avg. 52 Wk Volumes	16,017,762
52 Week High	473.5
52 Week Low	361.2

Share Holding Pattern % (Jun'26)

Promoters	51.2
Institutions	39.0
Non-Institutions	9.8
Total	100.0

One Year Price Chart



Fundamental Research Analyst

Abdul Karim

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Building a Self-Reliant, Scalable and Future-Ready Defence Ecosystem with Robust Order Visibility.

Our Take

- ***Bharat Electronics Ltd. (BEL) is the largest domestic electronics manufacturer enjoying benefits associated with the economies of scale. The company is the dominant supplier of radar, communication and electronic warfare equipment to the Indian armed forces. Amidst the current geopolitical scenario, BEL is transitioning to build a strong, self-reliant and globally competitive defence ecosystem.***
- ***The company has an advantage over its competitors due to its dominant market position, proven track record and association with the armed forces, established infrastructure and manufacturing facilities, along with strong R&D capabilities. Government ownership leads to a sizeable inflow of orders on a nomination basis, and large defence offset requirements of foreign suppliers provide opportunities for business growth over the medium term.***
- ***BEL's established track record, large manufacturing capacities, strong R&D base, robust order book with healthy order prospects and strong financial profile led by zero debt, attractive return ratios and better profitability keep us positive towards the stock. we expect that the company could report revenue ~15% CAGR over the FY26 to FY28E.***
- ***We feel that investors can buy the stock in the band of Rs 405-420 and add more on dips in Rs 370-380 band. We expect the Base case fair value of Rs 450 (39.5x June'28E EPS) and the Bull case fair value of Rs 475 (41.25x June' 28E EPS) over the next 4 quarters.***

Commanding the Frontline of Defence Electronics

BEL is a defence public sector undertaking engaged in the business of Defence Electronics, empowering the Nation's Defence Forces, and engaged in other chosen areas of Professional Electronics. BEL is the largest domestic electronics manufacturer, enjoying the benefits of economies of scale. BEL is the dominant supplier of radar, communication and electronic warfare equipment to the Indian armed forces. Besides, government ownership leads to a sizeable inflow of orders on a nominated basis, providing the company with a steady earnings stream. BEL is one of 16 PSUs under the administration of India's Ministry of Defence. It has been granted Navratna status by the Government of India.

Steady, strong and sustainable order inflow

The order book position of the company as on July 01, 2026, stood at Rs 72,258 crore; book-to-bill stood at 2.5x TTM Sales. Order book stood at Rs 73,882 crore as on March 31, 2026 vs Rs 71,650 crore as on March 31, 2025. The order book stands at 2.5 times of the operating income on TTM basis, which provides adequate revenue visibility over the medium term. Order inflow stood at Rs 3,750 crore in Q1FY27 and Rs 25,850 crore in TTM, vs Rs 29,700 crore in FY26 and Rs 19,443 crore in FY25. The full-year guidance for order inflow was maintained at Rs 55,000 crore, led by a robust pipeline including QRSAM (~Rs 30,000 crore).

Strengthening its export potential through defence electronics products and systems

BEL is focused on sustainable growth plans supported by various initiatives, like enhancing its R&D capability, and manufacturing capabilities through timely modernisation and expansion of facilities, and entering into joint ventures for existing and emerging businesses to enhance business visibility. BEL is focused on exploring the export (primarily non-defence currently) potential of defence electronics products and systems. The company's export contribution stood at ~5% of revenue in FY26 and is expected to increase in the long term. The company interacted with the international clients (defence forces/ministers), like Uganda, Kyrgyzstan, Armenia, Nigeria, and Columbia. The company is optimistic about increasing export orders, with a $500 million pipeline of potential leads.

Expansion in products & systems and expanding global business opportunities

BEL achieved export sales turnover of US$ 141.96 Mn, up 33.71% from US$ 106.17 Mn in FY25. The company's order book, as of 1 April 2026, stood at US$ 495.51 Mn. Major exported products/systems included – Radar Warning Receiver, Missile Approach Warning System, Communication Equipment, On-board Naval Equipment, Coastal Radar System, Maritime Reconnaissance Centre, TR Modules, Micro Modules, Vacuum Interrupters, Software Services, EOS CoMPASS, 3D Surveillance Radar, Portable Surveillance System, C4ISR Training, ESM Systems, NFS Network, Medical Components, Shelters, and more. The company is planning to enhance business opportunities in Latin America, Africa, CIS countries, Southeast Asia, Europe and the Middle East through incessant engagement with customers.

Focused on cost-control measures and extensive indigenisation efforts

BEL has been conservative on giving profitability guidance over the past. BEL has been focused on cost-control measures and extensive indigenisation efforts to improve profitability, which could lead to the company achieving its margin guidance as well. We expect gross margin at 48.3%/48.4%/48.3% and EBITDA margin at 28.8%/29%/28.7% for FY27E/FY28E/FY29E, respectively.

Q1FY27 results; Mixed performance, however healthy order book visibility

- BEL's revenue was above expectations, and net profit was almost in line with estimates in Q1FY27. With a robust order book, the company could report strong revenue growth going forward. Its consolidated revenue grew 24.9% YoY to Rs 5,547 crore in Q1FY27.
- The company's EBITDA was up by 12.1% on YoY basis to Rs 1,388 crore, supported by better revenue growth and EBITDA margin was at 25% in Q1FY27 vs. 27.9% in Q1FY26.
- The company's net profit rose 8.7% on YoY basis to Rs 1,054 crore and the net profit margin stood at 19.8% in Q1FY27 vs. 21.8% in Q1FY26.

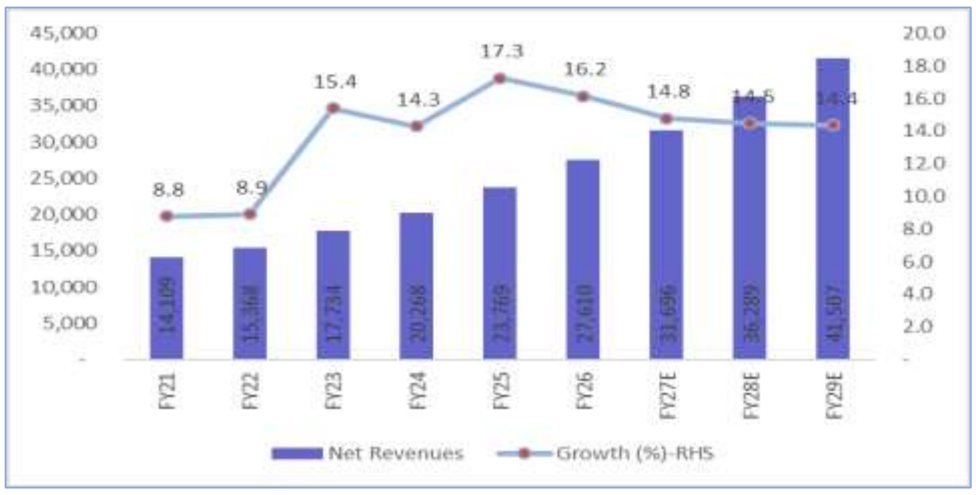
Financial Summary

Particulars (Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	5547	4440	24.9	10224	-45.7	20,268	23,769	27,610	31,696	36,289	41,507
EBITDA	1388	1238	12.1	2982	-53.4	5,046	6,834	8,049	9,120	10,514	11,902
Adj. PAT	1054	970	8.7	2225	-52.6	3,985	5,321	6,062	6,933	8,020	9,178
EPS (Rs)	1.4	1.3	8.7	3.0	-52.6	5.5	7.3	8.3	9.5	11.0	12.6
RoE (%)						26.4	29.3	27.6	26.3	25.5	24.6
P/E (x)						75.6	56.6	49.7	43.4	37.5	32.8
EV/EBITDA (x)						57.5	42.7	36.3	31.8	27.4	24.1

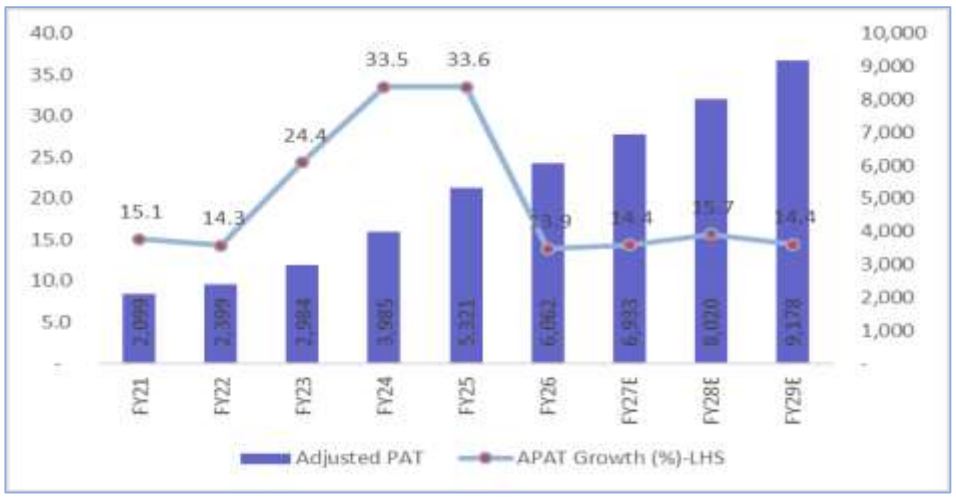
(Source: Company, HDFC sec)

Story in Charts

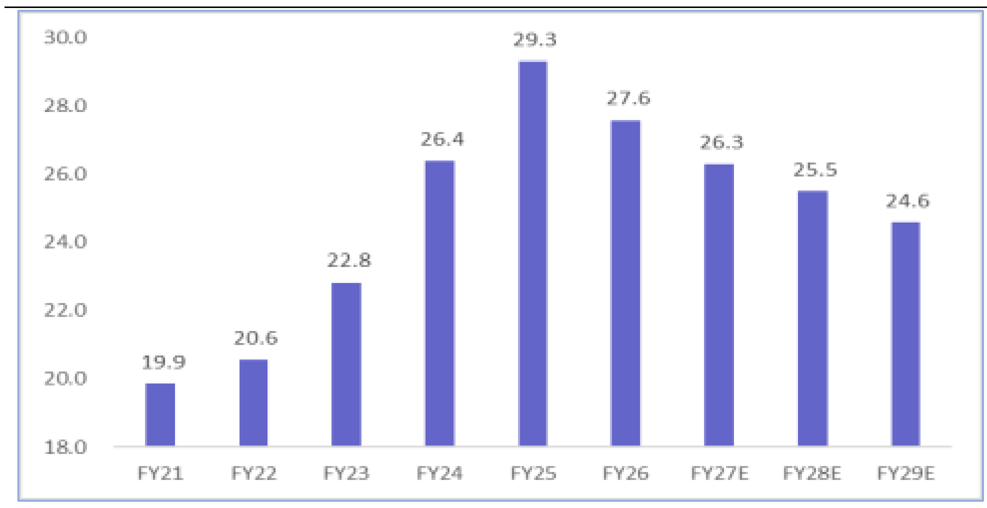
Total Income from Operation (Rs in Cr) and Growth (%)



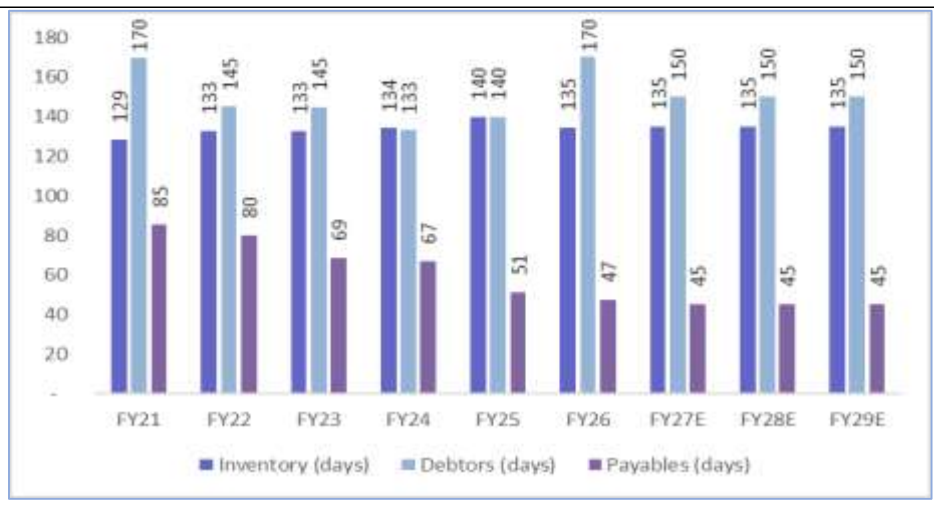
PAT (Rs in Cr) and Growth (%)



RoE (%)



Cash Conversion Cycle (Days)



(Source: Company, HDFC sec)

Key Drivers

The near term catalyst is QRSAM order of Rs ~30000 crore, is expected by Sep 2027.

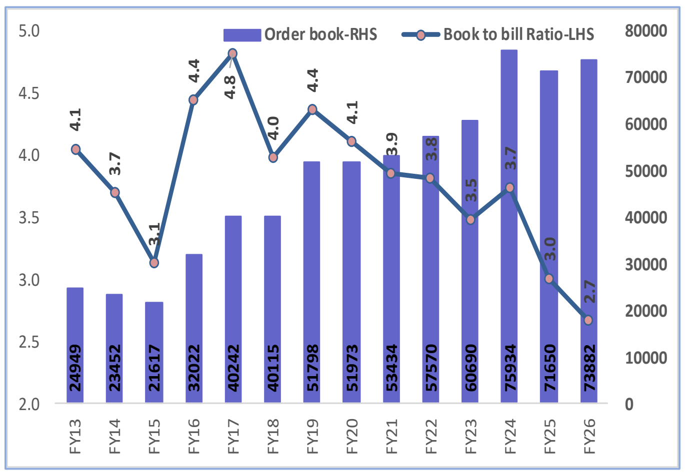
Strong order book brings better earnings visibility going forward

- The order book position of the company as on July 01, 2026, stood at Rs 72,258 crore, book-to-bill stood at 2.5x TTM Sales. Order book stood at Rs 73,882 crore as on March 31, 2026 vs. Rs 71,650 as on March 31, 2025. The order book stands at 2.5 times the operating income on a TTM basis, which provides adequate revenue visibility over the medium term. Order inflow stood at Rs 3,750 crore in Q1FY27 and Rs 25,850 crore in TTM vs Rs 29,700 crore in FY26 and Rs 19,443 in FY25.
- BEL has acquired the highest-ever annual export orders worth USD 346 from France, USA, Sweden, Sri Lanka, SEZ, etc. The company has an all-time high export order book of US$ 496 Mn as of April 01, 2026.
- The company has witnessed major Defence orders, including Avionics for LCA, Mountain Radars, EW Suite for Helicopters, Air Defence Radars, EOIR Payloads for Airborne and Naval Platforms, EW Systems

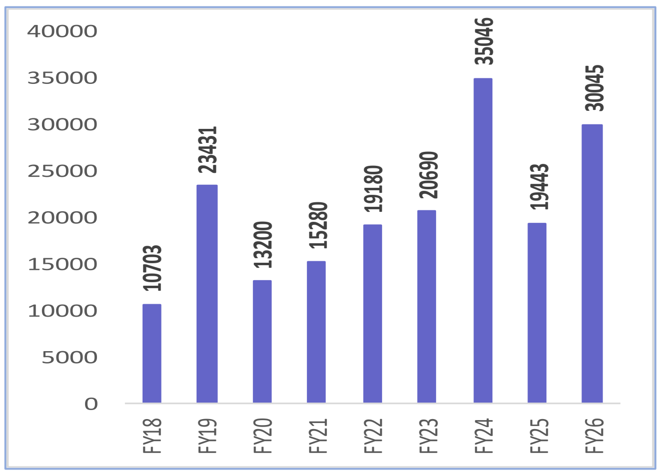
for Naval Platforms, Fire Control & Sighting System for Tanks, Mobile Communication Terminal, Network Systems, Counter Unmanned Aerial System, Upgrades, and Spares & Services. Its major orders in Non-Defence orders included Communication Equipment, IT Infra, Airport Surveillance Radars, Software Solutions, Automatic Train Supervision System and EVM. On the export front, the major orders received included Communication Equipment, Satellite Communication Network, TR modules, Electronic Fuzes, drones, and more.

- The Government's growing capital budget allocation and continued focus on increasing India's defence product manufacturing capability is expected to support the order inflow for BEL in the medium to long term. With projections of healthy order inflows over the next 2-3 years, BEL is targeting 15-20% growth in FY27E. Segments like Radar and Weapon Systems, Communication and Network Centric systems, Electronic Warfare & Avionics system, Anti-Submarine Warfare & Sonar Systems, Tank Electronics and Gun Upgrades, Electro Optic Systems and Unmanned Systems will continue to drive growth in the coming years. Non-Defence segment businesses like Rail & Metro solutions, civil aviation solutions, network and cyber security solutions, and other diversification areas will also continue to contribute to growth.
- **Despite a steady order inflow in Q1FY27, the full year guidance for order inflow was maintained at Rs 55,000 crore, led by a robust pipeline including QRSAM (~Rs 30,000 crore), Shatrughat & Samaghaat EW systems (~Rs 9000 crore), HAMMER (~Rs 2500 crore), Shakti Phase-IV (~Rs 2000 crore) and P75I/NGC programmes. The near-term catalyst is the QRSAM order, expected by Sep 2027, with repeat orders from current platforms and Project Kusha (Rs 40000 crore), where BEL is the largest subsystem partner, remaining key long-term growth opportunities.**
- **Other major order inflows expected over FY27 and FY28 are electronics for NGC and P-75I submarines, Shatrughat and Samaghat project, Hammer project, Shakti Phase IV and MRF-X radar for naval ships, estimated at Rs 30,000+ crore. These new order inflows are long cycle in nature, providing extended revenue visibility in the medium term.**

Order book (Rs in Cr) and Book to bill (x)



Order inflow (Rs in Cr)

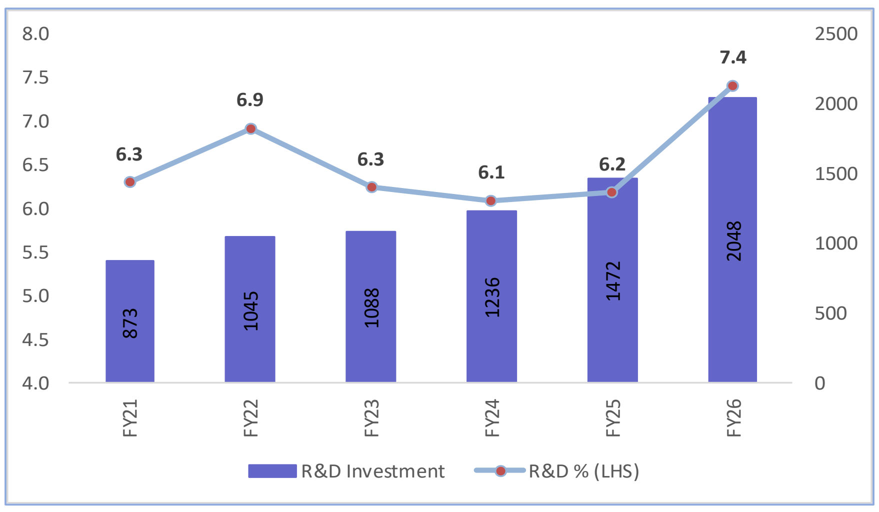


Expectations of sustainable growth on capex plan

Plans to develop the latest generation products and services, and gradually increase indigenisation of its product offerings.

- BEL has been focused on establishing robust infrastructure, preparedness through indigenous technologies, and increased focus on R&D to ensure timely order execution and generate growth over the years.
- The company has been investing in a three-tier R&D framework, namely Central Research Laboratories (CRL), Product Design and Innovation Centre (PD & IC) and Development & Engineering (D&Es) attached to strategic business units, expanding manufacturing capacity, strengthening system integration capabilities and closely aligning its R&D and Marketing functions to develop solutions that meet the evolving and customised needs of India's Armed Forces.
- The company is planning to develop the latest generation products and services, and gradually increase indigenisation of its product offerings.

R&D spend (Rs in Cr) and Sales (%)



- The company incurs considerable expenditure on R&D at 6-8% of revenue. BEL incurred capex of Rs 892 crore in FY26 towards modernisation of Plant & Machinery, Test instruments, R&D investments, infrastructure upgradation-, etc. The company is placing strategic emphasis on Electronic Warfare, Avionics, Cyber Security, Arms & Ammunitions, Unmanned Aerial Systems (UAS) and Counter UAS systems.
- BEL is strategically expanding its R&D focus into next-generation technologies such as Quantum, Semiconductor and Space to address the evolving requirements of defence and strategic sectors.
- Additionally, BEL is also upgrading its Hyderabad facility. These expansions will help BEL generate a new revenue stream, expand margins, and prepare for the next level of growth. The company is confident of revenue growth of 15% for the next five years.

Diverse product portfolio, extensive technological experience, and committed to order execution

The GoI ownership leads to a sizeable inflow of orders on a nomination basis (around 80-90% of defence orders)

- BEL has a diverse portfolio that includes Radars & Fire Control Systems, Weapon Systems, Communication & Network-Centric Systems, Electronic Warfare & Avionics, Anti-Submarine Warfare Systems, Electro Optics, Tank Electronics, Strategic Components and Homeland Security Solutions. The company has dedicated Strategic Business Units (SBUs): Homeland Security, Network & Cyber Security and Software Solutions.
- With strong in-house design, development and manufacturing capabilities, BEL has extended its technological expertise beyond defence – to strategic civilian sectors, including Civil Aviation, Railways & Metro Systems, Space Electronics, Artificial Intelligence, Cyber Security, Medical Electronics, Smart Cities and Unmanned Systems. Apart from this, the company has also made a lasting contribution to India's democracy through the successful development and deployment of Electronic Voting Machines (EVMs) and Voter-Verified Paper Audit Trails (VVPATs).
- The company has in-house design and manufacturing of a wide array of systems and products across fields, and streamlines processes and secures continuous advancement and digitisation of processes and systems. The company has been in contract manufacturing for the aerospace and defence sector.
- The company has secured fresh orders worth Rs 30,045 crore and recorded export sales of US$ 141.96 Mn. With an order book of around Rs 73,882 crore as on April 01, 2026, the company remains committed to developing next-generation indigenous technologies. 10-year sales growth at 14%, contributed by enhanced execution of key orders and supply chain challenge mitigation.
- BEL is the largest domestic electronics manufacturer, leading to benefits associated with economies of scale. In addition, the Government ownership leads to a sizeable inflow of orders on a nomination basis (around 80-90% of defence orders), providing a steady earnings stream for the company.

Investment in non-defence sectors like healthcare and education to add incremental revenue ahead

Exploring opportunities for civilian/non-defence products and solutions

- BEL is initiating its investment, primarily in healthcare and education sectors, which include Image Guided Therapy (IGT) Facility in the Interventional Radiology Division at NIMS, Hyderabad;
- The company is setting up of an Obstetric Intensive Care Unit (OICU) and a Neonatal Intensive Care Unit (NICU) at MCH in Yadgiri Institute of Medical Sciences (YIMS), Yadgiri Aspirational District;
- The company is providing AI-based Digital Microscopy Devices for Haematology and Urine Microscopy in CHCs/ PHCs and District and Sub-District Hospitals and Polyclinics in Gurugram district; and Smart Classrooms in Malkangiri Tribal District of Odisha.
- BEL supported Uttar Pradesh State Industrial Development Authority (UPSIDA) with Garbage Tippers for the collection and transportation of industrial waste in Ghaziabad, which is expected to benefit more than 25,000 people every year.
- BEL is also exploring opportunities for civilian/non-defence products and solutions in developed and developing countries in the areas of Cyber Security Solutions, Training & Maintenance Service, Software Applications, Vacuum Interrupters, Civil Aviation Radars, Electronics System Design & Manufacturing Services, etc.

Leveraging the growing demand for indigenous equipment

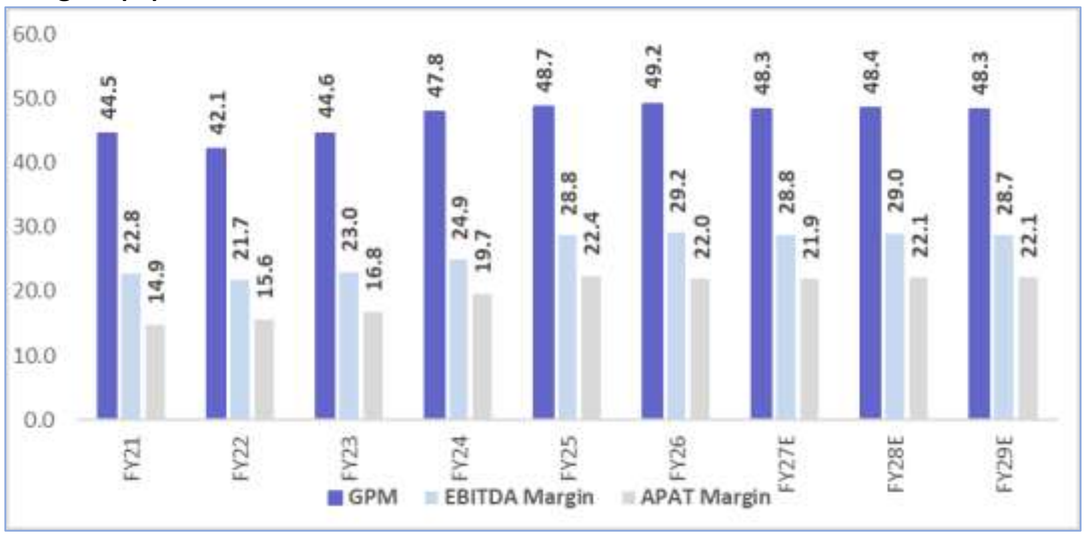
- BEL is diversified in newer and emerging business verticals like data centres, cyber-security, drones and quantum communication to expand non-defence growth
- BEL is focused on strengthening its capabilities across counter-drone systems, directed energy weapons, missile electronics, and non-defence applications, while maintaining healthy export visibility.

Expectation of margins stability

- BEL's EBITDA margin was at 25% in Q1FY27 vs. 27.9% in Q1FY26, impacted by higher raw material costs on YoY basis. Net profit margin stood at 19% in Q1FY27 vs. 21.8% in Q1FY26. The company's gross profit margin, EBITDA, and PAT margin stood at 49.2%, 29.2% and 22% in FY26, vs. 48.7%, 28.8% and 22% in FY25, respectively.
- On account of robust revenue growth and cost rationalisation efforts, the company expects significant growth going forward and is optimistic about the current and next financial year's performance. The company maintained its ~28% EBITDA margin guidance for FY27E.

- Despite the limited impact due to the 8th Pay Commission, the EBITDA margins are expected to be sustainable, and the company anticipates strong revenue and profitability growth in the next few years. We expect the company to report an EBITDA margin in the 25.5-26% range over the next two to three years.

Margins (%)



Robust financial profile led by healthy profitability supported by cost control measures and return ratio

Robust financials led by a strong profitability, zero debt and healthy liquidity.

- BEL's financial profile remains strong because of healthy profitability and return indicators, zero debt, superior liquidity and strong debt coverage metrics. It has maintained its growth momentum by delivering robust operational and financial performance with enhanced emphasis on R&D, quality, expansion of manufacturing facilities, exports and sustainability initiatives.
- BEL reported revenue CAGR over a decade (from FY16 to FY26) at ~14%, net profit CAGR of ~16% over the same period and the company reported a margin at a range of 20-25% over the period. We expect, the company to report revenue CAGR at ~15% and PAT CAGR at ~15.5% over the FY26 to FY29E.
- BEL has focused on cost-control measures and extensive indigenisation efforts to improve profitability. BEL has met its entire working capital requirement through internal accruals over the last seven years. The company has also sufficient liquidity with healthy cash and bank balance of about Rs 8572 crore as on March 31, 2026.
- BEL is debt free company and liquidity profile is superior, supported by comfortable cash flow from operations, which are expected to be adequate to meet the capital expenditure outlay and dividend outflows, we expect Rs 3 and Rs 3.50 dividend per share to shareholders in FY27E and FY28E, respectively.
- Working capital position is expected to remain stable in the second half of the year.
- BEL reported double-digit returns ratios (RoE), supported by healthy and sustainable margins, and continues to expect to earn 25-26.5% over FY27E-FY29E.

Risks & Concerns

- Any changes in the procurement policy of the defence forces or a significant reduction in defence spending could impact its revenue and order book position. Besides, any adverse change in government policy/terms for Defence PSUs could impact BEL's operation over the longer term. BEL's major customer- the Indian Defence Sector- contributed ~ 88% of the revenue in FY26.
- Due to the high concentration of the Government sector orders, BEL's revenue generation and cash flows are vulnerable to delays in project execution or final payment clearance in some cases. BEL targets increasing the share of non-defence revenues to 25% over the medium term to reduce dependence on Govt. defence business.
- The defence sector has been opened up to the private sector, leading to a threat of competition from private players like Adani Defence and Aerospace, L&T, Bharat Forge, etc. However, BEL will continue to benefit from its strategic importance as the major supplier of defence electronics equipment to the Indian defence forces and the high sectoral entry barriers, which would limit competition.
- BEL's working capital intensity had remained elevated in the past due to high receivables and unbilled revenues on account of long gestation periods for the orders executed.
- Shortage of Lithium and semiconductor chips could impact its projects for EV Battery production and providing battery charging point facilities.
- BEL's 10% order book depends on the supply of raw material from Israel; geopolitical instability in Israel and ongoing conflict could impact its execution going forward.
- Due to diversification efforts, geopolitical and external environment, BEL is exposed to a variety of risks which are dynamic in nature

Company Description

Bharat Electronics Ltd (BEL), a Navratna defence public sector undertaking, is engaged in the business of Defence Electronics, empowering the Nation’s Defence Forces and in other chosen areas of Professional Electronics. BEL is the dominant supplier of radar, communication and electronic warfare equipment to the Indian armed forces. Over the last 72 years, the Company has grown into a Navratna Defence PSU and one of India's foremost technology enterprises, delivering advanced electronic systems that support national security and strategic capability.

The company has nine manufacturing units across India and two research units. The Bangalore and Ghaziabad units are BEL's two major units, with the former contributing the largest share to the company’s total revenue and profits. The GOI remains BEL's largest shareholder with the current shareholding of 51.14%, as of June 30, 2026.

Manufacturing Infrastructure

Bengaluru
Key Operations
- Military Communications
- Network Centric Systems
- Military Radars
- Weapon Systems
- Naval Systems
- Airborne Electronic Warfare & Avionic Systems
- Strategic Communication
- Unmanned Systems
- Homeland Security
- Strategic Components
- Seekers (RF)
- Arms & Ammunition (Precision Guided Munitions)
- Network & Cyber Security
- Coastal Surveillance Systems
- Electronic Voting Machines
- Software Solutions

Navi Mumbai
Key Operations
- Shelters for Systems
- MAST Systems
- Auxiliary Support Systems for Defence

Pune
Key Operations
- Laser Systems
- Combat Systems
- Electronic Fuzes
- Ammunition
- Energy Storage

Chennai
Key Operations
- Tank Electronics
- Gun Control Systems
- Airborne EO Payloads
- Gun Upgrades
- Navigation Systems

Panchkula
Key Operations
- Military Communication Equipment
- Jammers
- Avionics (HUD)
- Rail / Metro Solutions

Ghaziabad
Key Operations
- Network Centric Systems
- Radars
- Antenna Systems
- Satcom (Defence)
- Civil Aviation Solutions
- Rail & Metro

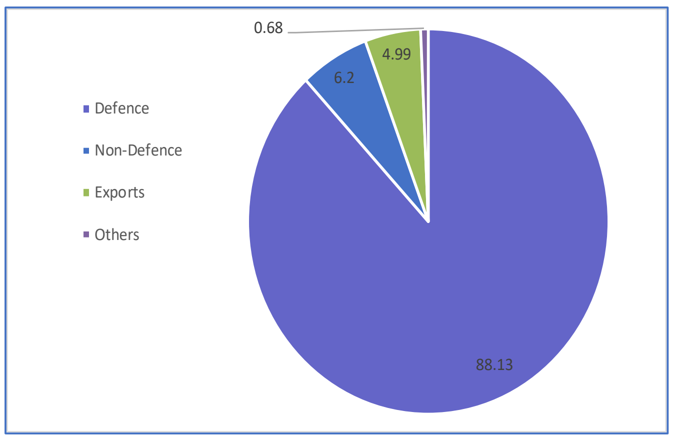
Hyderabad
Key Operations
- Land-Based EW Systems
- Naval-Based EW Systems

Machilipatnam
Key Operations
- Electro Optics
- Night Vision Devices
- Thermal Imagers
- Infra Red (IR) Seekers
- Anti Drone Systems

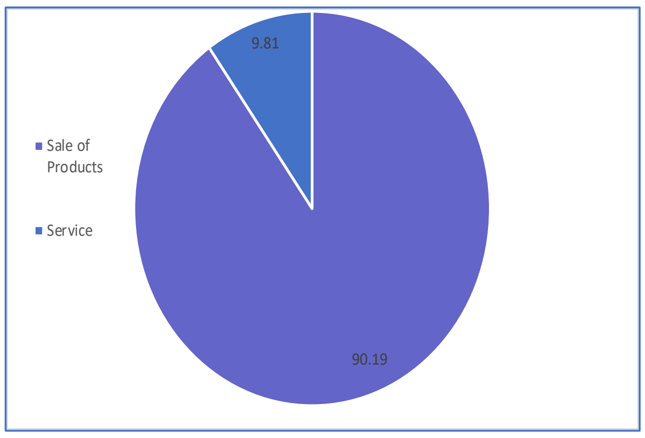
Kotdwar
Key Operations
- Tele-communication Systems
- Rail & Metro Solutions
- VCCS Solutions

Revenue Mix (FY26)-%

By Customer type



By Source



Financial Statements

Income Statements

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	**20268**	**23769**	**27610**	**31696**	**36289**	**41507**
Growth (%)	16.5	17.3	16.2	14.8	14.5	14.4
Operating Expenses	15222	16935	19561	22576	25775	29605
EBITDA	**5046**	**6834**	**8049**	**9120**	**10514**	**11902**
Growth (%)	**23.5**	**35.4**	**17.8**	**13.3**	**15.3**	**13.2**
EBITDA Margin (%)	**24.9**	**28.8**	**29.2**	**28.8**	**29.0**	**28.7**
Depreciation	443	467	556	568	481	542
EBIT	**4603**	**6366**	**7494**	**8553**	**10033**	**11360**
Other Income	670	742	566	707	684	909
Interest expenses	7	10	7	8	8	9
PBT	**5266**	**7099**	**8053**	**9252**	**10709**	**12260**
Tax	1323	1812	2029	2359	2731	3126
RPAT	**3943**	**5287**	**6023**	**6893**	**7978**	**9134**
APAT	**3985**	**5321**	**6062**	**6933**	**8020**	**9178**
Growth (%)	33.5	33.6	13.9	14.4	15.7	14.4
EPS	5.5	7.3	8.3	9.5	11.0	12.6

(Source: Company, HDFC sec)

Balance Sheet

Particulars (in Rs Cr) - As at March	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCE OF FUNDS						
Share Capital	731	731	731	731	731	731
Reserves	15595	19243	23257	27998	33460	39714
Shareholders' Funds	**16326**	**19974**	**23988**	**28729**	**34191**	**40445**
Net Deferred Taxes	-569	-525	-577	-517	-464	-416
Long Term Provisions & Others	1150	1077	1260	1160	1072	994
Minority Interest	**18**	**19**	**19**	**19**	**19**	**19**
Total Source of Funds	**16925**	**20544**	**24690**	**29390**	**34817**	**41042**
APPLICATION OF FUNDS						
Net Block & Goodwill	3473	3994	4366	4606	5014	5365
CWIP	456	477	486	510	535	562
Other Non-Current Assets	960	968	1041	1095	1160	1237
Total Non Current Assets	**4889**	**5439**	**5893**	**6211**	**6710**	**7164**
Inventories	7447	9119	10176	11723	13422	15352
Trade Receivables	7392	9116	12876	13026	14913	17058
Cash & Equivalents	11057	9545	8572	10800	12608	14847
Other Current Assets	8167	7077	6434	6755	6417	6097
Total Current Assets	**34063**	**34858**	**38057**	**42304**	**47361**	**53353**
Short-Term Borrowings	2	3	3	0	0	0
Trade Payables	3706	3339	3583	3908	4474	5117
Other Current Liab & Provisions	18318	16411	15673	15217	14779	14358
Total Current Liabilities	**22027**	**19753**	**19260**	**19125**	**19253**	**19475**
Net Current Assets	**12036**	**15105**	**18797**	**23179**	**28108**	**33878**
Total Application of Funds	**16925**	**20544**	**24690**	**29390**	**34817**	**41042**

(Source: Company, HDFC sec)

Cash Flow Statement

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	5,308	7,090	8,075	9,293	10,751	12,305
Non-operating & EO items	628	-672	-541	14	13	13
Interest Expenses	3	5	2	8	8	9
Depreciation	436	436	524	568	481	542
Working Capital Change	-304	-4,734	-4,548	-2,151	-3,120	-3,532
Tax Paid	-1,418	-1,667	-2,019	-2,359	-2,731	-3,126
OPERATING CASH FLOW (a)	**4,652**	**457**	**1,494**	**5,372**	**5,403**	**6,211**
Capex	-644	-1,001	-979	-875	-950	-950
Free Cash Flow	4,008	-544	515	4,497	4,453	5,261
Investments	-33	-32	-24	-80	-88	-97
Non-operating income	-5,247	1,805	2,750	12	10	7
INVESTING CASH FLOW (b)	**-5,924**	**772**	**1,747**	**-943**	**-1,028**	**-1,040**
Interest Expenses	-3	-5	-2	-8	-8	-9
FCFE	4,005	-549	513	4,489	4,445	5,252
Dividend	-1,462	-1,681	-2,083	-2,193	-2,558	-2,924
Other	-10	-10	-11	0	0	0
FINANCING CASH FLOW (c)	**-1,475**	**-1,696**	**-2,096**	**-2,201**	**-2,567**	**-2,933**
NET CASH FLOW (a+b+c)	**-2,747**	**-468**	**1,145**	**2,228**	**1,808**	**2,239**

(Source: Company, HDFC sec)

Key Ratios

Particulars	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profitability Ratio (%)						
EBITDA Margin	24.9	28.8	29.2	28.8	29.0	28.7
EBIT Margin	22.7	26.8	27.1	27.0	27.6	27.4
APAT Margin	19.7	22.4	22.0	21.9	22.1	22.1
RoE	26.4	29.3	27.6	26.3	25.5	24.6
RoCE	67.9	65.5	46.0	41.7	40.9	40.0
Solvency Ratio						
Net Debt/EBITDA (x)	-2.2	-1.4	-1.1	-1.2	-1.2	-1.2
Net D/E	-0.7	-0.5	-0.4	-0.4	-0.4	-0.4
PER SHARE DATA						
EPS	5.5	7.3	8.3	9.5	11.0	12.6
CEPS	6.1	7.9	9.1	10.3	11.6	13.3
BV	2.2	2.4	2.5	3.0	3.5	4.0
Dividend	22.3	27.3	32.8	39.3	46.8	55.3
Turnover Ratios (days)						
Debtor days	133	140	170	150	150	150
Inventory days	134	140	135	135	135	135
Creditors days	67	51	47	45	45	45
VALUATION						
P/E	75.6	56.6	49.7	43.4	37.5	32.8
P/BV	18.4	15.1	12.6	10.5	8.8	7.4
EV/EBITDA	57.5	42.7	36.3	31.8	27.4	24.1
EV / Revenues	14.3	12.3	10.6	9.2	7.9	6.9
Dividend Yield (%)	0.5	0.6	0.6	0.7	0.8	1.0

(Source: Company, HDFC sec)

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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