

Happy Forgings

BSE Sensex 83,216 S&P CNX 25,492

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HAPPY FORGINGS LIMITED

Stock Info

Bloomberg	HAPPYFOR IN
Equity Shares (m)	94
M.Cap.(INRb)/(USDb)	96.9 / 1.1
52-Week Range (INR)	1185 / 716
1, 6, 12 Rel. Per (%)	5/18/-14
12M Avg Val (INR M)	53
Free float (%)	21.5

Financial Snapshot (INR b)

INR b	FY26E	FY27E	FY28E
Sales	15.2	17.9	22.3
EBITDA	4.4	5.4	7.0
Adj. PAT	2.8	3.5	4.8
EPS (INR)	30.1	37.5	51.4
EPS growth %	5.9	24.9	36.9
BV/Sh. (INR)	222	254	297

Ratios

RoE (%)	14.4	15.8	18.7
RoCE (%)	13.2	14.5	17.2
Payout (%)	13.3	16.0	16.5

Valuations

P/E (x)	34.0	27.2	19.9
P/BV (x)	4.6	4.0	3.4
EV/EBITDA (x)	21.4	17.8	13.7
Div. Yield (%)	0.4	0.6	0.8

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	78.5	78.5	78.6
DII	17.0	17.0	17.1
FII	2.0	2.2	2.3
Others	2.5	2.3	2.0

FII Includes depository receipts

CMP: INR1,028 TP: INR1,200 (+17%) Buy

Growth to revive led by pick-up in demand and new wins

Industrials and PVs to be key growth drivers

One of the key investor concerns for Happy Forgings (HFL) has been its subdued revenue growth over the past few quarters, despite a strong order backlog, which is also reflected in the stock's underperformance over the past 12M relative to the broader index. Notably, this slowdown in revenue growth has largely been led by its exposure to overseas markets, which are currently experiencing a marked slowdown. While demand outlook in key export markets continues to remain weak, we expect HFL's revenue to start picking up from the coming quarters, driven by: 1) an expected pickup in the domestic CV and PV business following the GST rate cuts, 2) the positive outlook for domestic tractors, 3) new order wins in key segments, including Industrials, 4) and stabilization of demand in Europe/US for CVs and tractors, albeit at lower levels. Overall, we expect HFL to post a CAGR of 17%/20%/22% in standalone revenue/EBITDA/PAT during FY25-28. We reiterate our BUY rating on the stock with a TP of INR1,200 (based on 27x Sep'27E EPS).

Industrials business to be the key growth driver

- The Industrials segment continues to be a key growth driver for the company. HFL is investing INR6.5b to set up a heavyweight precision components facility, which will be among the largest in Asia, capable of producing 250-3,000kg forged and fully-machined parts.
- The company has already secured orders worth INR3.5b from this new facility and expects a further boost once the new plant is on stream and customers gain confidence in its execution capabilities.
- Given the company's healthy new order wins, we expect the Industrials segment to post a robust 41% revenue CAGR over FY25-28E.
- HFL appears well on track to achieve its guidance of 30% contribution from the Industrials sector by FY30E.

PV mix on track to reach 10% of the mix in a couple of years

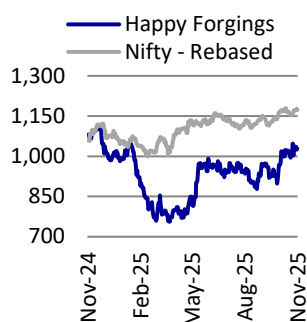
- The PV segment, which is a focus area for the management, remains a major growth driver, contributing 6% of revenue in 1QFY26, up from just 1% in FY24.
- Leveraging its competitive advantage, the company has won multiple orders over the last few years, both for domestic and export businesses.
- To execute these orders, HFL plans to invest INR800m in the PV business in FY26. The company has also set a target for PV contribution to rise to 8-10% of revenue over the next two years, up from 6% in 1QFY26 (this was just 0.9% in FY24).
- Accordingly, we expect the PV segment to post a robust 53% revenue CAGR over FY25-28E.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Stock Performance (1-year)



Outlook gradually improves in key core segments

- The outlook for HFL's core segments, domestic CVs and tractors, has improved following the GST rate cuts announced in Sept. While the domestic market outlook has improved, the demand in key developed markets such as the US and Europe remains weak.
- The silver lining is that demand for these segments, especially in Europe, is now stabilizing, albeit at lower levels.
- The outlook for CV exports has improved for FY27E, as one of the company's key export clients anticipates a recovery.
- Tractor exports are also expected to drive a revenue pick-up for HFL next year, supported by new order wins.
- Overall, we expect the CV and tractor segments for HFL to deliver a steady 10% revenue CAGR over FY26-28E, after a projected flat growth in FY24-26E.

Valuation and view

- Given its healthy new order wins, we expect HFL to post a 17% standalone revenue CAGR over FY25-28E.
- Further, we expect HFL to post a 230bp margin expansion to 31.2% over FY25-28E, led by an improved mix in the coming years.
- We, thus, expect HFL to post a 22% earnings CAGR over FY25-28.
- HFL's superior financial track record compared to its peers serves as a testament to its inherent operational efficiencies and is likely to be a key competitive advantage going forward.
- **We reiterate our BUY rating on the stock with a TP of INR1,200 (based on 27x Sep'27E EPS).**

Industrials business to be a key growth driver

The Industrials business continues to be a key growth driver for the company. Its 14k T press is ramping up well and has reached ~55% capacity utilization. As a result, from a mere 4% contribution from the Industrial segment in FY23, it has increased to 14% by FY25. HFL continues to win new orders in this business. In the Power Genset business, HFL won an INR1.35-1.45b order from a North American manufacturer of power generation equipment for industrial, commercial, and residential applications, with annual revenue of around INR280m. Deliveries are expected to start by 4QFY26 and last till FY31, providing the company with strong revenue visibility. The company will supply the order from its existing capacities.

Heavy components capex to further boost Industrials mix

- HFL is investing INR6.5b to set up a heavyweight precision components facility, which will be among the largest in Asia to produce 250-3,000kg forged and fully-machined parts. The aim is to move up the value chain into complex, higher-realization components for industrials and farm equipment (notably power gen, marine, mining, wind, oil & gas, and select aerospace/defense use-cases).
- The global market for heavy forging products is close to INR100b, majorly dominated by a European OEM, which presents a huge opportunity for HFL to mark its presence in this attractive high-value segment.
- The company has already secured a couple of large orders. The first is for large engine families for data center applications, with an order size of INR1.8b, which is expected to be executed in a fully-machined condition.
- Further, the company has recently announced another order win in the wind energy business, which currently accounts for only 7% of overall revenue (~50% of industrials revenue). The company has won an order worth INR3b, with annual revenue potential of INR600-700m p.a. for wind shafts ranging from 150kg to 300kg. This order is expected to begin commercialization from Jan'26.
- Additionally, HFL is quoting for several orders in its high-horsepower segment, with OEMs awaiting accelerated capex, after which strong traction for this facility is expected. This expansion is not only expected to drive revenue growth but also diversify HFL's revenue base away from the cyclical auto industry.
- Given its healthy new order wins, we expect the Industrials segment to post a robust 41% revenue CAGR over FY25-28. The company appears well on track to achieve its guidance of 30% contribution from the Industrials segment by FY30.

Exhibit 1: Industrials revenue to grow 41% CAGR

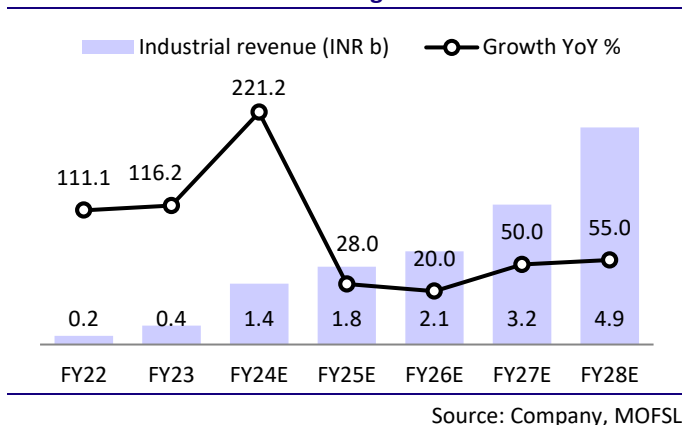
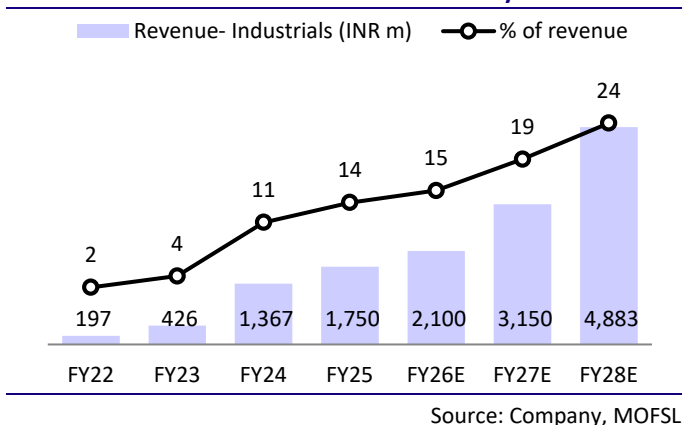


Exhibit 2: Industrial mix to increase to 24% by FY28E



PV – strongest growth segment for the next two years

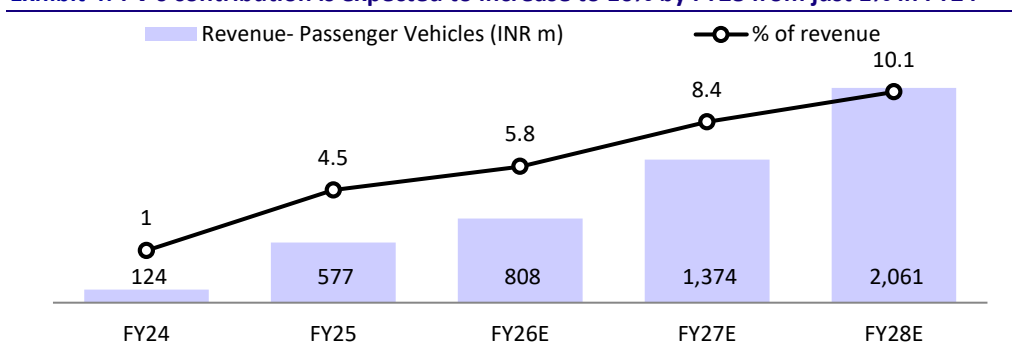
- The PV segment, which is a key focus area for the management, remains a major growth driver. Leveraging its competitive advantage, the company has won multiple orders in this segment over the last few years and has planned capex to scale revenue further.
- On the exports front, HFL received an order worth INR3.5b from a leading global manufacturer and supplier of automotive components to supply E Axle components for electric SUVs in the US Passenger Vehicle segment. The contract was executed in 3QFY25, with full volume ramp-up expected by 4QFY26. The contract spans seven years and will extend till FY32, with fully ramped-up annual sales projected at ~INR500m.
- HFL secured another export order worth INR5b to supply brake flanges to a leading global Tier 1 manufacturer of driveline components and systems in the US for utility vehicles/pickup trucks. This order is expected to provide annual revenue to the tune of INR600-700m, starting from 4QFY26/1QFY27, and will extend until Dec'34.
- On the domestic front, HFL secured an order to supply crankshafts to a leading Indian passenger vehicle manufacturer. The supply for this project is expected to start from FY26 and will last till FY31, with peak annual revenue reaching INR270m under the current order, and a total contract value of INR1.4b. The contract also includes an option to increase peak annual revenue to over INR500m from FY28, contingent on higher vehicle volumes.
- To execute these orders, HFL will invest INR800m in the PV business in FY26. Given its strong order wins, HFL has set a target for PV contribution to rise to 8-10% of revenue over the next two years, from 6% as of 1QFY26 (this was just 0.9% in FY24). Accordingly, we expect the PV segment to post a robust 53% revenue CAGR over FY25-28.

Exhibit 3: Order wins in PVs across different regions and segments

Product	Customer	Geography/vehicle	Contract value	Validity/supply window
Fully-machined SUV components	❖ Leading Indian PV OEM	❖ India / SUVs	❖ INR600–700m p.a.; ~INR4b total	❖ 6 years starting 1 Apr 2024
Brake Flanges	❖ Large global Tier-1 driveline supplier	❖ USA / PV (utility vehicles & pickups)	❖ INR600–700m p.a.; ~INR5b total	❖ Start from Q4FY26/Q1FY27 till Dec 2034
E-axle components (machined axle seats & steering knuckles) for electric SUVs	❖ Prominent global OEM	❖ USA / Electric SUVs	❖ Peak ~INR500m p.a.; ~INR3.2–3.5b total	❖ Q3 FY25 start; full ramp Q4 FY26; 7 years to FY32
Crankshafts	❖ Domestic PV OEM	❖ India / PV	❖ ~INR1.4b total; peak ~INR270m p.a. (potential >INR500m p.a. incl upside)	❖ Deliveries from FY26 post testing/approvals to FY31

Source: Company, MOFSL

Exhibit 4: PV's contribution is expected to increase to 10% by FY28 from just 1% in FY24



Outlook gradually improving in key core segments

- The CV segment's contribution to HFL's revenue stood at 38% as of FY25, while the farm equipment segment's contribution stood at 32%. Both these segments together contributed almost 70% to HFL's revenues. Further, while domestic sales contributed 82%, exports stood at 18%. Within exports, almost 50% came from CVs, about 1% from farm exports, and the remaining largely from Industrial and PV exports. Further, beyond the 18% direct exports contribution, HFL has another 11% contribution coming from deemed / indirect exports.

We have highlighted below the industry outlook for HFL's core business segments below.

The outlook for domestic CVs and tractors has improved post GST rate cuts

- The domestic CV industry witnessed weak demand until Aug'25. However, following the GST rate cuts announced on 15th Aug, consumption has picked up across multiple product categories over the last couple of months.
- A sustainable pick-up in consumption, reduction in interest rates, an aging fleet, and healthy fleet operator profitability are likely to drive a revival in CV demand. While the LCV industry has already started to see a pick-up in demand, we expect the MHCV industry to follow with a lag as consumption continues to pick-up in the country. We now expect domestic MHCV goods to post 7.5% volume growth in FY27 (1Q was -4%), after an estimated 5% growth in FY26.
- The domestic tractor industry has witnessed healthy demand since the beginning of the fiscal, supported by positive rural sentiment. Timely monsoons further boosted expectations, with industry experts projecting high single-digit growth in FY26. The industry has received a further fillip post the GST rate cuts to 5% from 12% for the tractor industry. We now expect the industry to post ~14% volume growth for FY26 and a steady 5% for FY27.

Europe tractor and CV demand stabilizing at lower levels

- Global OEM Deere highlighted an improvement in European sentiment, supported by stabilizing interest rates, solid dairy fundamentals, and improving arable crop yields, leading to a 'flat to down 5%' forecast for European agriculture equipment sales in 2025. Further, we understand that the outlook for 2026 hinges on recovery in farmer income, normalization of inventories, and stabilization of global trade and financing conditions.
- Further, the first 9M of 2025 continued to prove challenging for the European CV market, with EU truck registrations declining 9.8% YoY. Service demand remained resilient and order backlogs in Europe remained at healthy levels. Post a weak 2025, truck sales are likely to remain stable YoY at 295k units in 2026, according to Volvo Group.

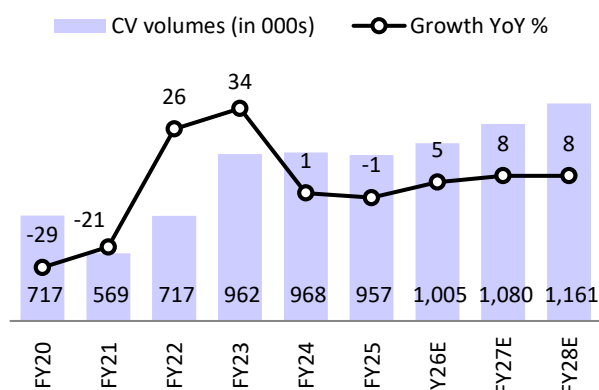
Exhibit 5: Demand for HFL's core export segments stabilizing at lower levels

CV	Outlook
Volvo Group	❖ For 2026, Volvo Group projects a flat to marginally stable outlook for the European truck market, expecting heavy-duty registrations to hold steady at around 295,000 units. ❖ The company characterizes the region as replacement-driven rather than expansionary, supported by healthy fleet utilization and solid service demand despite weaker freight activity and persistent macro uncertainty.
Daimler Truck	❖ In Europe, Daimler Truck maintains a cautiously optimistic view for 2026, noting that any potential volume recovery will depend on improvements in macroeconomic factors such as freight demand, inventory normalization, and regional economic momentum.
IVECO Group	❖ In Europe, Iveco expects only modest unit growth in 2026, as industry demand remains subdued despite the rollout of new product lines and electrification partnerships.
Tractors	Outlook
CNH Industrial	❖ For 2026, CNH Industrial maintains a cautious outlook for Europe, noting that agricultural and construction equipment demand is likely to remain subdued until farmer income improves and channel inventories normalize. ❖ The company does not anticipate a material rebound in industry volumes in the near term, emphasizing that any recovery will be gradual and dependent on macroeconomic stabilization, financing conditions, and trade normalization.
John Deere	❖ For 2026, Deere & Company projects a gradual recovery in European agricultural equipment demand, supported by stabilizing interest rates, stronger dairy economics, and improving crop yields. ❖ The company expects production volumes to rise in line with retail demand as dealer inventories normalize following deliberate underproduction in 2025. ❖ While near-term caution persists due to macro and financing headwinds, Deere anticipates a modest rebound driven by cleaner channel inventories and improving farmer sentiment, with continued emphasis on cost discipline, lean operations, and innovation in precision and connected agriculture technologies to sustain medium-term growth momentum.
Claas	❖ For 2026, Claas maintains a cautious, 'wait-and-watch' outlook for Europe, expecting market conditions to remain subdued as high interest rates, weak commodity prices, and elevated equipment inventories continue to restrain purchasing activity. ❖ Management anticipates industry volumes to remain flat at current levels, with any meaningful rebound dependent on clearer signs of monetary easing and improved crop profitability.

New order wins across these segments to further help boost revenue

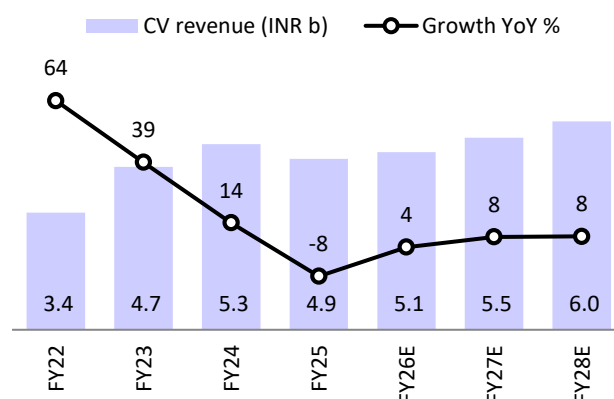
- While the domestic business is expected to remain buoyant, the exports CV business, which constitutes ~9-10% of overall revenue, is expected to remain under pressure in the near term. However, growth for HFL will be driven by a healthy pipeline of orders. While HFL holds a large share of business from one of the top-three CV OEMs, it has recently won a new order for front axle beams from another top-three OEM. It expects to supply components worth about INR300-400m in FY26E and ramp up to about INR500-600m by FY27. The company also won a crankshaft order from a large domestic CV player, which is likely to ramp up in the coming quarters. Overall, we factor in HFL to post 7% revenue CAGR in CV's over FY25-28E.
- Further, while demand in key export markets remains weak for tractors, HFL's revenue contribution from tractor exports is marginal. Further, In the farm equipment segment, HFL secured almost INR2.5b business with one of the largest farm equipment OEMs in Europe, translating to approximately INR500-600m p.a. Development work for this order has already started. Additionally, another European farm equipment order is in the finalization stage. While HFL has historically operated largely as a Tier-2 supplier, this order will elevate it to a Tier-1 supplier for global OEMs. Overall, we expect the company to record a 10% revenue CAGR in farm equipment division over FY25-27.

Exhibit 6: MHCV volumes expected at ~7% CAGR...



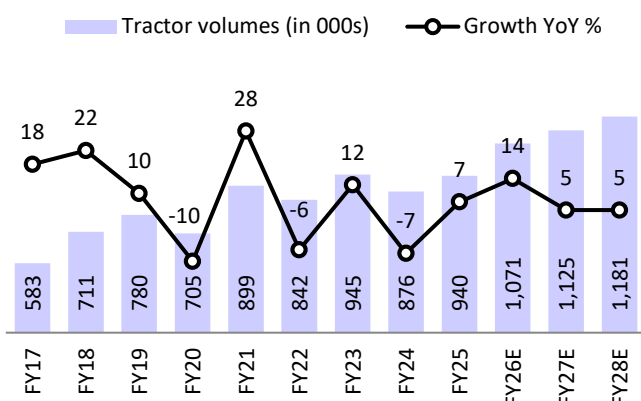
Source: Company, MOFSL

Exhibit 7: HFL CV revenue also to grow at ~7% over FY25-28E



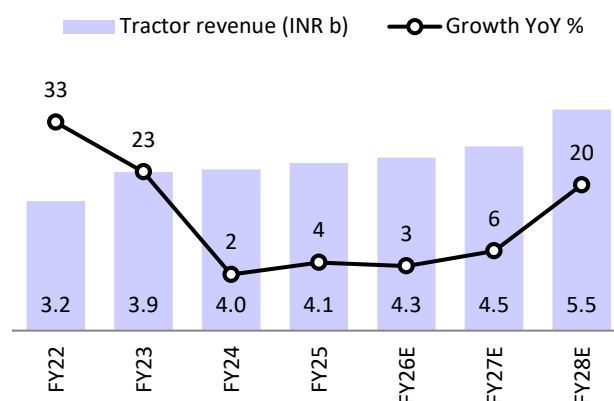
Source: Company, MOFSL

Exhibit 8: Domestic tractor volumes to grow at 8% CAGR



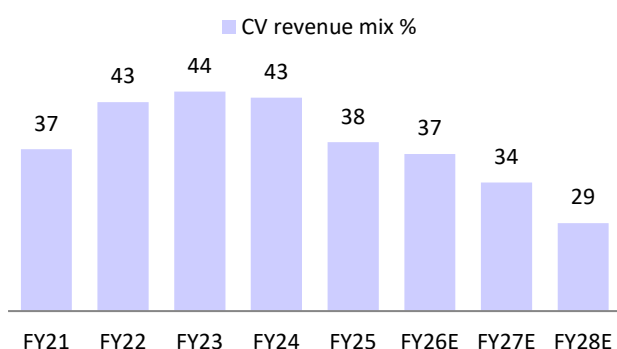
Source: Company, MOFSL

Exhibit 9: HFL's FE division to report 10% revenue CAGR



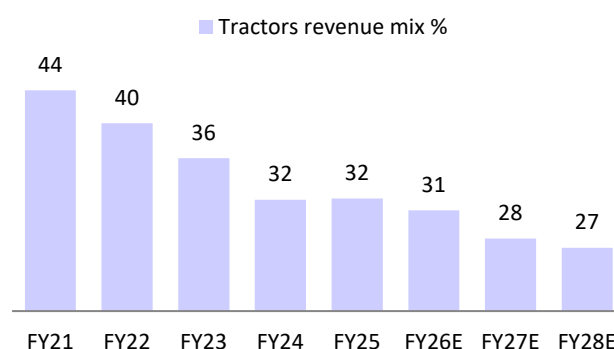
Source: Company, MOFSL

Exhibit 10: Due to diversification, the revenue mix of CVs...



Source: Company, MOFSL

Exhibit 11: ...and FES are expected to decline over FY25-28



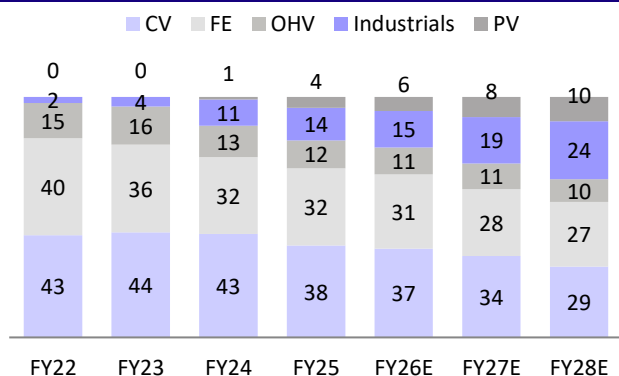
Source: Company, MOFSL

HFL to post healthy PAT growth, led by new order wins

Expect 22% PAT CAGR, led by 17% revenue CAGR and margin expansion

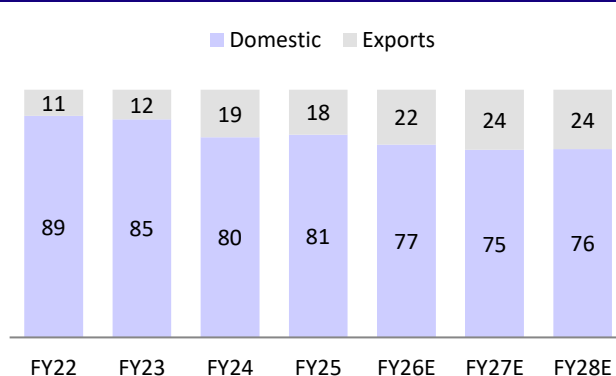
- We expect HFL to post a 17% standalone revenue CAGR over FY25E-28, driven by: i) ramp-up in contribution from the Industrials and PV segments, led by new order wins, ii) a pickup in domestic CV and tractor segments post GST rate cuts, and iii) a gradual pickup in exports in segments like CV, tractors, and OHV.
- Despite a challenging business environment and export market volatility, HFL has consistently delivered strong profitability, maintaining EBITDA margins of 28.3-29.2% over the past four quarters. Its 2QFY26 operational performance particularly stood out, as it posted a record-high margin of 30.7% despite a weak global macro. Due to an anticipated improved mix in the coming years, we expect HFL to post a 230bp margin expansion to 31.2% over FY25-28. As a result, HFL is expected to post a healthy ~20% CAGR in EBITDA over FY25-28E.
- With strong revenue growth and gradual margin expansion, we expect HFL to post a 22% earnings CAGR over FY25-28E.
- The company has utilised INR3b from its INR4b fresh issue for debt repayment (INR1.53b), capex (INR0.94b), and general corporate purposes (INR0.54b).
- ROE and ROCE are projected to rise to 18.7%/17.2% by FY28E from 15.5%/14.3% in FY25.

Exhibit 12: Share of industrials & PVs to rise



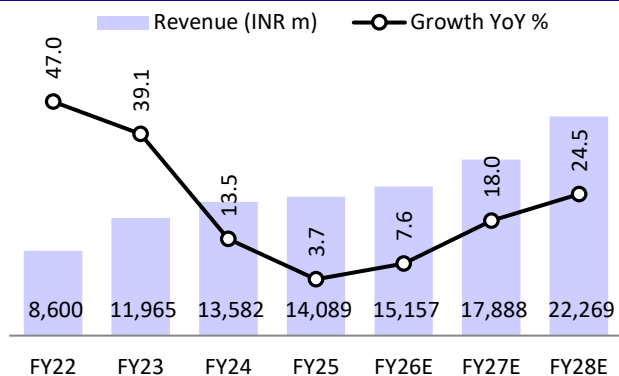
Source: Company, MOFSL

Exhibit 13: Revenue share of exports to continue improving



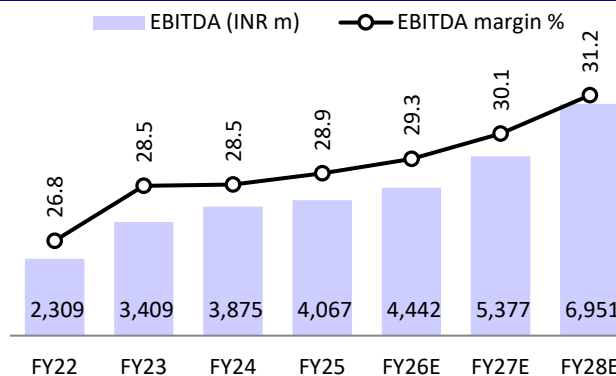
Source: Company, MOFSL

Exhibit 14: Revenue to register ~17% CAGR over FY25-28E



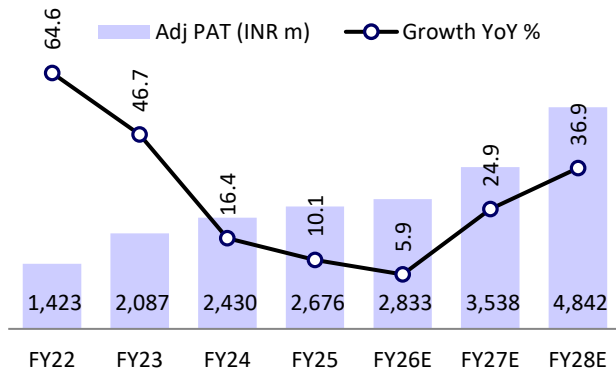
Source: Company, MOFSL

Exhibit 15: EBITDA margin to expand ~230bp over FY25-28E



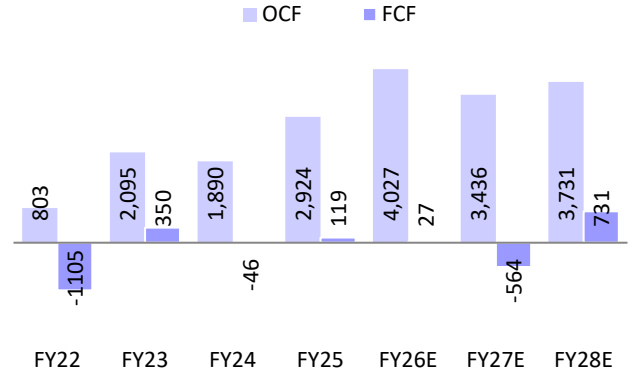
Source: Company, MOFSL

Exhibit 16: PAT to register ~22% CAGR over FY25-28E



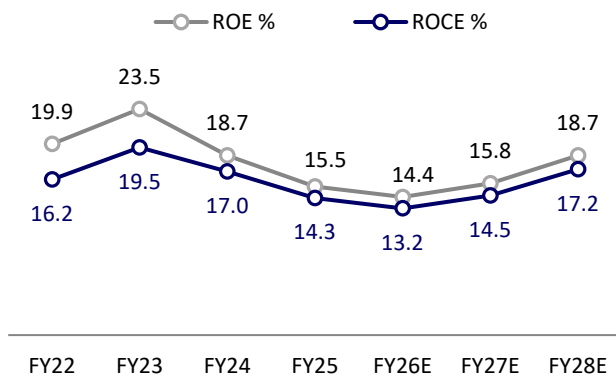
Source: Company, MOFSL

Exhibit 17: Bulk of capex will be met from internal accruals



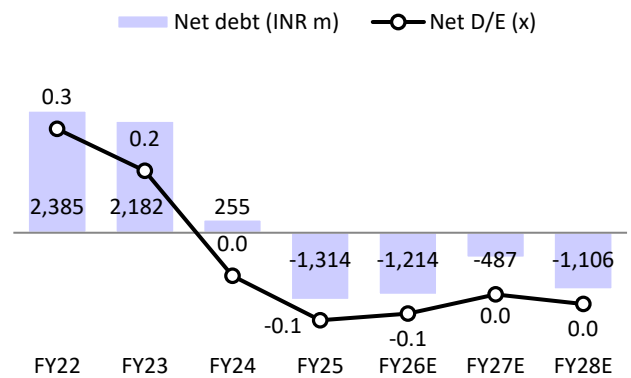
Source: Company, MOFSL

Exhibit 18: Returns to gradually improve in the coming years



Source: Company, MOFSL

Exhibit 19: Overall debt continues to decline

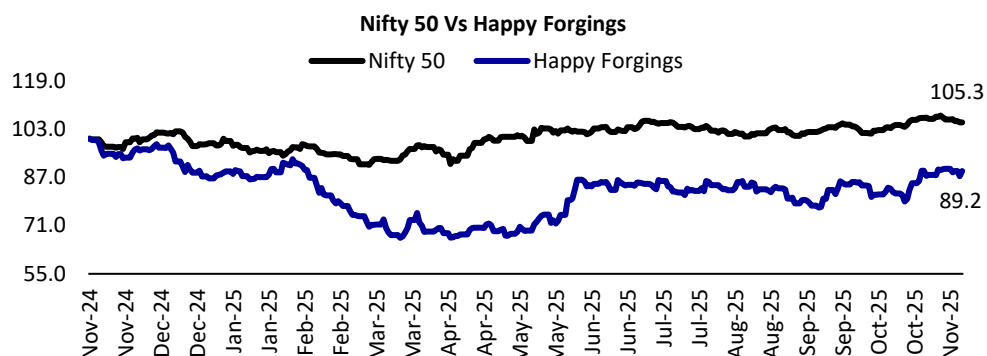


Source: Company, MOFSL

Valuation and view

- One of the key investor concerns regarding HFL since its listing, and especially over the past nine quarters, has been its revenue remaining in the INR3.4b-3.6b range despite its healthy order backlog and diversification efforts beyond CVs and tractors. As a result, revenue growth has remained in the low to mid-single-digit range for the past six quarters. This has resulted in the relative stock underperformance compared to broader indices.

Exhibit 20: HFL has underperformed the broader index over the last 12M



- While the above is true, HFL's slower-than-expected revenue growth over the past few quarters has largely been driven by weak end-market conditions. To put things in perspective, while direct exports account for ~18% of revenue, total exposure to end overseas markets (including deemed/indirect) is relatively high at ~40%. This is because the company supplies to multiple Tier-1 global players who, in turn, export these components to other overseas markets as per their OE contracts. Additionally, demand in PVs, CVs, and tractors, especially in the US and Europe, has been weak over the past couple of years. To compound this, ongoing US tariffs have added another layer of uncertainty to the demand outlook, especially in the US.
- However, while demand macro in key export markets continues to remain challenging, we expect HFL's revenue to start picking up from the coming quarters, on the back of: 1) a pickup expected in the domestic CV business post the GST rate cuts, 2) the positive outlook for domestic tractors, 3) an improved outlook for domestic PVs, 4) new order wins in key segments, which will help outperform key segments, including Industrials, and 5) the stabilization of demand in Europe/US in CVs and tractors, albeit at lower levels.
- HFL's superior financial track record compared to its peers serves as a testament to its inherent operational efficiencies and is likely to be a key competitive advantage going forward. Given this, we expect HFL to continue outperforming core industry growth. Overall, we expect HFL to post a CAGR of 17%/20%/22% in standalone revenue/EBITDA/PAT during FY25-28E. **We reiterate our BUY rating on the stock with a TP of INR1,200 (based on 27x Sep'27E EPS).**

Financials and valuation

Income Statement							(INR M)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	8,600	11,965	13,582	14,089	15,157	17,888	22,269
Change (%)	47.0	39.1	13.5	3.7	7.6	18.0	24.5
EBITDA	2,309	3,409	3,875	4,067	4,442	5,377	6,951
Margin (%)	26.8	28.5	28.5	28.9	29.3	30.1	31.2
Depreciation	377	542	647	771	885	1,024	1,132
EBIT	1,931	2,868	3,228	3,296	3,557	4,353	5,819
Int. and Finance Charges	72	125	118	75	78	70	61
Other Income	61	58	134	376	329	472	750
PBT after EO Exp.	1,920	2,800	3,244	3,597	3,807	4,756	6,508
Current Tax	471	685	748	848	975	1,217	1,666
Deferred Tax	27	29	65.67	72.81	-	-	-
Tax Rate (%)	25.9	25.5	25.1	25.6	25.6	25.6	25.6
Reported PAT	1,423	2,087	2,430	2,676	2,833	3,538	4,842
Adj PAT	1,423	2,087	2,430	2,676	2,833	3,538	4,842
Change (%)	65	47	16	10	6	25	37

Balance Sheet							(INR M)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	179	179	188	188	188	188	188
Total Reserves	7,697	9,704	15,937	18,308	20,764	23,737	27,778
Net Worth	7,876	9,883	16,125	18,497	20,953	23,925	27,966
Deferred Liabilities	229	230	316	393	393	393	393
Total Loans	2,404	2,185	1,430	2,273	2,173	2,473	2,373
Capital Employed	10,509	12,299	17,871	21,163	23,519	26,791	30,732
Gross Block	5,858	8,591	9,880	12,277	16,277	20,277	23,277
Less: Accum. Deprn.	1,296	1,807	2,444	3,205	4,091	5,114	6,247
Net Fixed Assets	4,562	6,784	7,437	9,072	12,187	15,163	17,031
Capital WIP	2,123	748	1,267	1,227	1,227	1,227	1,227
Total Investments	4	3	1,169	3,457	2,957	2,857	3,357
Curr. Assets, Loans&Adv.	4,610	5,726	8,987	8,390	8,209	8,790	10,656
Inventory	1,840	1,696	2,242	2,324	2,456	2,898	3,608
Account Receivables	2,220	3,081	3,569	4,265	3,976	4,411	5,247
Cash and Bank Balance	15	0	5	129	430	103	122
Loans and Advances	535	950	3,170	1,671	1,348	1,378	1,678
Curr. Liability & Prov.	790	963	988	983	1,061	1,246	1,538
Creditors	442	477	555	454	543	640	797
Other Current Liabilities	321	448	388	481	468	552	687
Provisions	27	38	45	49	51	54	54
Net Current Assets	3,821	4,763	7,998	7,407	7,148	7,544	9,117
Appl. of Funds	10,509	12,299	17,871	21,163	23,519	26,791	30,732

Financials and valuation

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	15.9	23.3	25.8	28.4	30.1	37.5	51.4
Cash EPS	20.1	29.4	32.7	36.6	39.4	48.4	63.4
BV/Share	88.0	110.4	171.2	196.3	222.3	253.9	296.8
DPS	-	-	4.0	3.0	4.0	6.0	8.5
Payout (%)	-	-	15.5	10.6	13.3	16.0	16.5
Dividend Yield (%)	-	-	0.4	0.3	0.4	0.6	0.9
FCF per share	-12.4	3.9	-0.5	1.3	0.3	-6.0	7.8
Valuation (x)							
P/E	64.3	43.8	39.6	36.0	34.0	27.2	19.9
Cash P/E	50.8	34.8	31.3	28.0	25.9	21.1	16.1
P/BV	11.6	9.3	6.0	5.2	4.6	4.0	3.4
EV/Sales	10.9	7.8	7.1	6.7	6.3	5.4	4.3
EV/EBITDA	40.7	27.5	24.9	23.4	21.4	17.8	13.7
Return Ratios (%)							
RoE	19.9	23.5	18.7	15.5	14.4	15.8	18.7
RoCE (Post-tax)	16.2	19.5	17.0	14.3	13.2	14.5	17.2
RoIC	18.0	21.5	17.9	15.4	15.0	15.6	17.8
Working Capital Ratios							
Fixed Asset Turnover (x)	1.5	1.4	1.4	1.1	0.9	0.9	1.0
Inventory (Days)	65	54	53	59	58	55	53
Debtor (Days)	82	81	89	101	99	86	79
Creditor (Days)	17	14	14	13	12	12	12
Working Capital (Days)	152	131	171	198	169	144	135
Leverage Ratio (x)							
Net Debt/Equity	0.3	0.2	0.0	-0.1	-0.1	0.0	0.0

Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
(INR M)							
Operating PBT	1,921	2,800	3,244	3,597	3,807	4,756	6,508
Depreciation	377	542	647	771	885	1,024	1,132
Interest/Div paid	-72	-125	118	75	78	70	61
Direct Taxes Paid	-431	-638	-839	-832	-975	-1,217	-1,666
(Inc)/Dec in WC	-1,088	-779	-1,230	486	560	-723	-1,554
Other items	96	295	-50	-1,172	-329	-472	-750
CF from Operations	803	2,095	1,890	2,924	4,027	3,436	3,731
(inc)/dec in FA	-1,908	-1,745	-1,936	-2,804	-4,000	-4,000	-3,000
Free Cash Flow	-1,105	350	-46	119	27	-564	731
(Pur)/Sale of Investments	230	15	-2,770	-587	500	100	-500
Others	21	5	12	196	329	472	750
CF from Investments	-1,657	-1,725	-4,694	-3,194	-3,172	-3,428	-2,750
Issue of Shares	-	-	3,810	7	-	-	-
Inc/(Dec) in Debt	895	-251	-755	839	-100	300	-100
Interest Paid	-68	-119	-130	-74	-78	-70	-61
Dividend Paid	-	-	-116	-377	-377	-565	-801
CF from Fin. Activity	825	-370	2,809	395	-555	-335	-962
Inc/Dec of Cash	-29	-0	5	124	301	-327	19
Add: Beginning Balance	29	0	0	5	129	430	103
Closing Balance	0	0	5	129	430	103	122

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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