

Bharat Heavy Electricals | BUY

Journey of growth and profit begins



Sudhanshu Bansal

sudhanshu.bansal@jmf.com | Tel: (91 22) 66303128

BHEL has run up 32% in just one month versus 20%/19% for S&P BSE Industrials/Power index. We believe order book has not yet peaked given 18/14GW of pipeline along with improving non-thermal visibility. With the commissioning of 8.9/10GW of legacy projects, pickup in both execution and margin is certain in our view. Moreover, we reckon the permission to import from China, change in product mix in non-thermal orders (HVDC, naval guns, nuclear), indigenisation of supercritical and op-lev would propel margins to mid-teens over next two-three years. Easing of working capital stress is also likely considering large customer advances and commissioning of legacy projects. The stock is trading at 27x FY28E EPS (consensus) at Q4FY26E EBITDA margin of 11% (consensus). We anticipate a beat on margins, making it worthy of an earnings upgrade and re-rating as revenues compound 20% over FY25-28E while EBITDA margin expands from 4.4% to 11.2% in base case and RoE improves to at least 15% by FY28E (versus 25-30% over 2008-12 cycle). These factors call for a premium in our view; accordingly, we value the stock at a P/E of 32x (up from 30x), yielding a revised TP of INR 393 (INR 345 earlier); reiterate 'BUY'.

- The stock has done well:** BHEL has run up, 32% in one month (20%/19% S&P BSE Industrials/Power index). We deliberate on its 4 performance drivers: Order book, revenue, margin and WC.
- Order book has not peaked:** Total OB is INR 2.4tn. Out of 97GW targeted addition by 2035E, 18/14GW are in tendering/planning. We expect INR 600-700bn inflows each in FY27 and FY28 (70% MS vs. 90%+ currently), excluding opportunities in nuclear, defence and coal gasification.
- This is the beginning of pickup in execution:** Out of 35GW of projects, 10GW from new cycle (Sep'22 onwards) have just started and the rest 15GW have not even started. A typical thermal project takes five-six years to commission—involving 12-18 months of civil works followed by equipment supply. In line with our expectation, BHEL commissioned 8.9GW during 4QFY26.
- Margin improvement likely soon:** As the share of projects with better realisation (INR 64mn/MW in Sept'22 to INR 70-80mn/MW currently) increases, margins will improve. Permission to import from China, change in product mix in non-thermal (HVDC, guns, nuclear), indigenisation of supercritical and operating leverage should propel margin to mid-teens in 2-3 years.
- Easing of working capital stress on the cards:** We expect financial leverage to kick in and the pain of higher interest expenses to ease from FY27E with large customer advances (typically 10% from INR 1.7tn of orders), payment of the last 5-10% with commissioning of legacy projects and pickup in execution of new projects with better payment terms.
- Thermal does not have zero terminal value:** 50/88GW of plants will complete their useful life by 2035/47. India will hence require 170-180GW of new projects just to maintain installed base by 2047E. So, we expect the government to increase capacity addition target around FY28-29E.
- Not expensive even at INR 338:** BHEL is a classic margin recovery/operating leverage story: revenue compounded 20% over FY25-28E while EBITDA margin surged from 4.4% to 11.2% and EBITDA/EPS CAGR of 63%/ 100% (base case). We estimate RoE to improve from 2.2% in FY25 to 15%+ by FY28E (25-30% during the previous cycle). The stock is trading at 27x FY28E EPS (consensus) at a Q4FY26E EBITDA margin of 11% (consensus). We see a higher probability of margin beat, making it case for an earnings upgrade and re-rating.

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	393
Upside/(Downside)	16.3%
Previous Price Target	345
Change	13.9%

Key Data - BHEL IN

Current Market Price	INR338
Market cap (bn)	INR1,175.5/US\$12.5
Free Float (%)	35.6
Shares in issue (mn)	3,482.1
Diluted share (mn)	3,482.1
3-mon avg daily val (mn)	INR4,243.2/US\$45.1
52-week range	INR341/205
Sensex/Nifty	77,664/24,173
INR/US\$	94.1

Price Performance

%	1M	6M	12M
Absolute	33.5	44.1	46.4
Relative*	27.3	56.2	50.5

*To the NSE Nifty 50

Financial Summary

	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	238,928	283,395	323,500	390,000	489,000
Sales Growth (%)	2.3	18.6	14.2	20.6	25.4
EBITDA	6,126	12,416	19,489	39,762	54,083
EBITDA Margin (%)	2.6	4.4	6.0	10.2	11.1
Adjusted Net Profit	2,822	5,339	12,683	32,545	42,735
Diluted EPS (INR)	0.8	1.5	3.6	9.3	12.3
Diluted EPS Growth (%)	-56.9	89.2	137.5	156.6	31.3
ROIC (%)	1.7	2.6	5.9	17.4	22.2
ROE (%)	1.2	2.2	5.1	12.4	15.2
P/E (x)	416.5	220.2	92.7	36.1	27.5
P/B (x)	4.8	4.8	4.6	4.4	4.0
EV/EBITDA (x)	196.2	95.6	55.5	26.7	19.8
Dividend Yield (x)	0.1	0.2	0.5	1.4	1.8

Source: Company data, JM Financial. Note: Valuations as of April 23, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

The stock has done well

BHEL has run up 32% in one month versus 20%/19% for S&P BSE Industrials/Power index and is now trading within a striking distance our current FV of INR 345/share. Is more steam left in the stock for investors to harness hereon? We argue BHEL’s performance is driven by order book, revenue, EBITDA margin and working capital, and hence we deliberate on these four parameters ([Momentum is building: catch the moment](#)).

Order book has not peaked

The company secured total orders of about INR 750bn during FY26 (INR 236bn/779bn/925bn in FY23/24/25) including INR 590bn/160bn from Power/Industry segment. With this, BHEL’s total order book at end-Mar’26 stood at INR 2.4tn (INR 1.96tn in FY25), implying revenue visibility for five years.

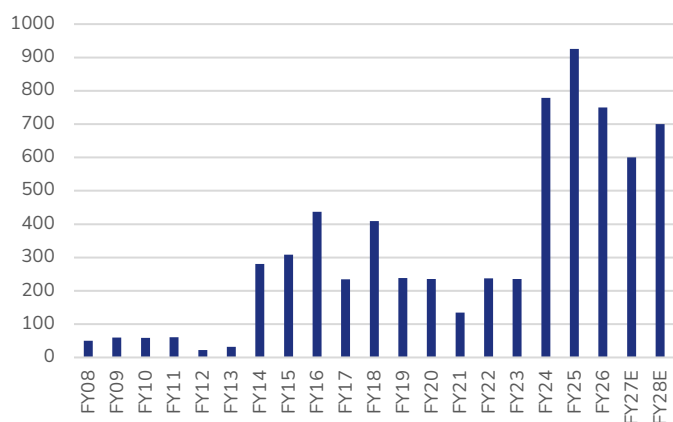
The Gol has set a target to add 97GW of thermal power capacity addition by 2035E, which will increase the installed capacity to 307GW. Out of this, 41GW is under construction, 23GW was recently awarded, 18GW is open for tendering, and 14GW is under planning. Among the recently opened tenders, BHEL is L1 (lowest price bidder) in 1x800MW DVC Durgapur, 2x660MW IB Valley Stage-III, Odisha (c/o NTPC) and 3x800MW NTPC Meja-II, aggregating INR 350bn. Additionally 13GW of tenders (4x800MW Rajasthan, 1x660MW Bakreswar, 2x660MW Uttarakhand, 4000MW UP, 4000MW Gujarat) are live on DBFOO model, which will be up for equipment ordering over the next 12–18 months. So far, the company has commanded a market share of 90%+, and we believe it would maintain order inflows of INR 600–700bn, each in FY27 and FY28 (assuming only 70% market share).

Additionally, some of the big-ticket opportunities for BHEL are 4x700MW NTPC Mahi Banswara Nuclear (already executing 6x700MW TG for various nuclear projects), Indian Army’s procurement of 220 air defence guns (superior positioning given two decades of exclusive experience in manufacturing naval guns) and coal gasification (sole technology holder), which it may realise in two–three years.

Leadership in Nuclear Power: BHEL is the only Indian company involved in all three stages of India’s nuclear power programme, specialising in the design, manufacture and installation of Nuclear Steam Turbines and critical equipment. The company has supplied equipment for nearly 50% of India’s total installed nuclear capacity, playing a pivotal role in 700MWe PHWR projects. BHEL contributed to manufacturing, supply and fabrication of the Inner Vessel and Thermal Baffle for primary side and technology development of the Steam Generator-Evaporator, Inner and Main Vessel for recently celebrated indigenously designed 500MWe Prototype Fast Breeder Reactor (PFBR) at Kalpakkam.

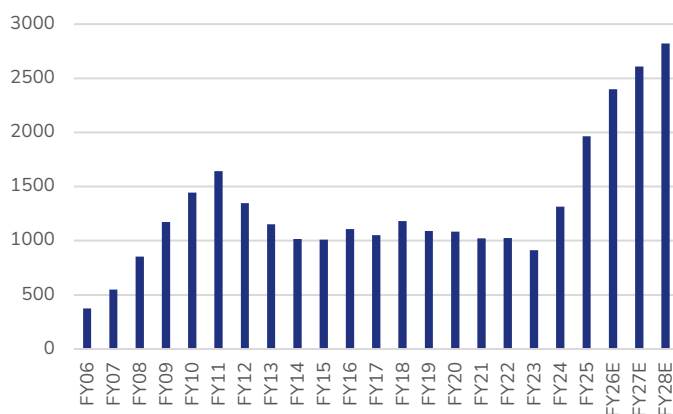
All in all, we do not see the order book peaking anytime soon. (exhibit 1-2)

Exhibit 1: Orders inflow (INR bn)



Source: Company, JM Financial

Exhibit 2: Order book (INR bn)



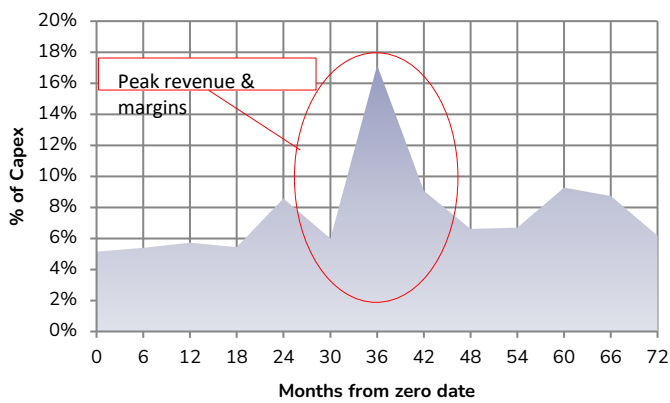
Source: Company, JM Financial

This is the beginning of pick up in execution

A new power capex cycle commenced in Sept'22 after a hiatus of three years with the 2x660MW NTPC Talcher order to BHEL, subsequent to a 4% peak power deficit in Apr'22. A typical thermal power project takes five–six years to commission involving 12–18 months of civil work followed by equipment supply, mostly during years 3–4, when an EPC player realises maximum revenue and the margins (exhibits 3,4). Recent projects commissioned took more than six years due to the covid pandemic: 1x660MW Panki (7 years; BHEL), 3x660MW Ghatampur (10 years; L&T).

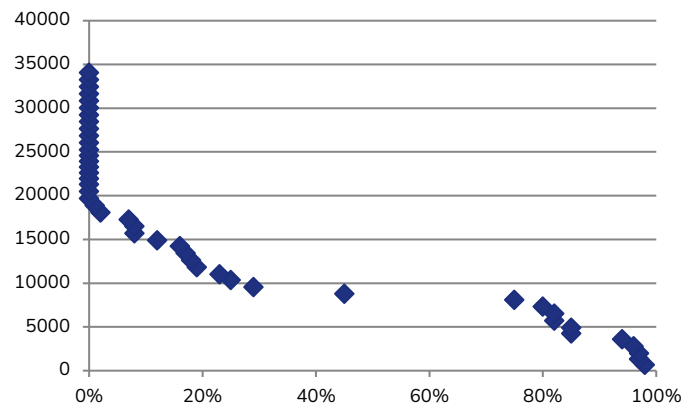
BHEL is executing about 35GW of projects, and these can be seen in two phases: about 5GW from pre-Talcher and the rest post-Talcher. Among the remaining, 30GW of projects awarded in the new cycle, work on just 15 GW have started and the rest 15GW have not even started. So, we have been expecting a pickup in execution 4QFY26/1QFY27 onwards. The company has commissioned/synchronised about 8.9GW of projects from pre-Talcher projects. BHEL reported provisional revenue of INR 323.50bn (only operational income; 18% YoY) for FY26, implying Q4FY26 revenue of INR 109bn, 21% YoY, indicating a pick-up in execution of post-Talcher projects. (For details, refer to our research ([Execution and margins, a few months away](#)))

Exhibit 3: Phasing of capex from zero date



Source: Company, JM Financial

Exhibit 4: Project capacity (MW) and % completion



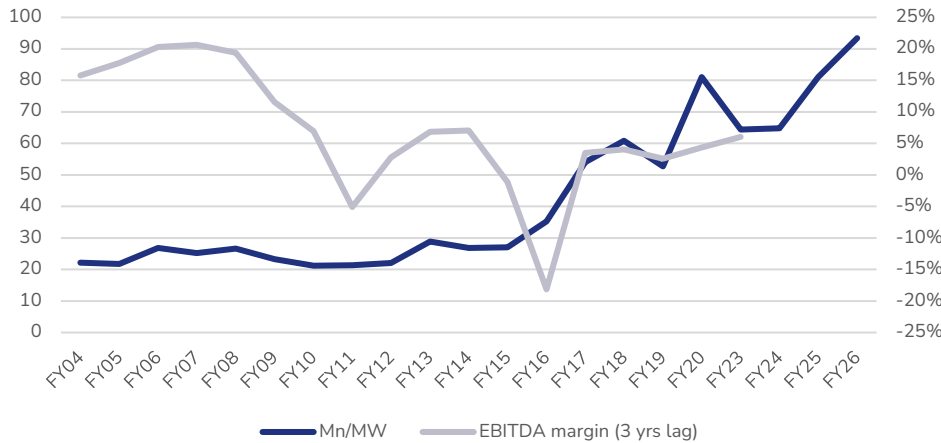
Source: Company, JM Financial

Margin improvement likely soon

BHEL has multiple levers for margin improvement that would gradually play out beginning Q4FY26E.

Average realization is increasing: From INR 64mn/MW in 6x660MW EPC NTPC Talcher in Sep'22, average realization improved to INR 76mn/MW for 1x800MW EPC NTPC Sipat (Sep'24) and INR 83mn/MW for 1x800MW EPC NTPC Darlipalli (Nov'25) (exhibit 5). We have been maintaining that as the share of post-Talcher projects increases in the execution mix, BHEL's margin should start improving. As we discussed above, the company has completed almost all of pre-Talcher projects (8.9GW commissioned/synchronised out of 10GW).

Exhibit 5: Realisation (mn/MW, LHS) versus EBITDA margin (% , three-year lag, RHS)



Source: Company, JM Financial

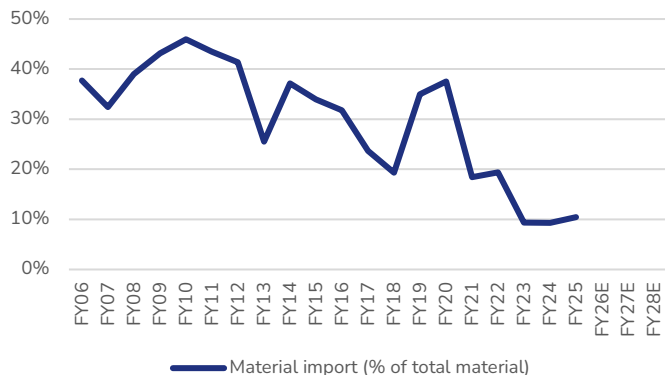
Imports from China to reduce material costs: The Ministry of Finance in Jan'26 granted exemption to BHEL for importing 21 critical input materials, including CRGO coils, bushings, forgings, seamless pipes and others from China. As part of the "Atmanirbhar Bharat package", the Gol in May'20 had imposed restrictions on bidders from China to participate in public procurement tenders, impacting PSUs cost competitiveness and project execution ([Allowing imports from China: Possible implications](#)). In the earlier thermal capex cycle, BHEL had imported significant quantities of heavy castings, rotor forgings and seamless pipes from China, which after May'20 shifted to European vendors, leading to higher cost and delay in project execution. Given the urgency in capacity addition for both thermal and transmission projects, the exemption is a significant move in expediting project execution and shall also be margin-accretive for BHEL.

Product mix changing favourably: In recent past, BHEL bagged technology-intensive orders, which fetch high margins: 6x700MWe PHWR Nuclear TGs, 16 upgraded Super Rapid Gun Mounts (SRGM) for the Indian Navy and two HVDC orders in a consortium with Hitachi Energy (+/- 800kV, 6GW Bhadla- Fathepur HVDC and (+/- 800kV, 6GW Khavda-Nagpur). Execution of these orders is expected to pick up going forward considering the contractual commitments.

Imports from collaborators may reduce: When India graduated from sub-critical to super-critical technology, power projects used to have a clause – DJU (Deed of Joint Undertaking), a contractual requirement wherein BHEL or its technology partners such as GE-Alstom guaranteed performance for specific projects. In order to provide guarantees, collaborators take a higher share of the orders, thereby impacting BHEL's gross margin. The CEA in 2017 issued an advisory stipulating the BTG manufacturers were no longer required to furnish a DJU if they met three conditions: i) 8 supercritical boilers manufactured or supplied in India by the company have achieved commercial operation; ii) 4 such boilers should have achieved commercial operation for a duration of at least one year; and iii) performance guarantee tests have been successfully completed by any 2 boilers. BHEL in 2016 itself commissioned 12 sets of supercritical boilers and 10 sets of supercritical turbine generators.

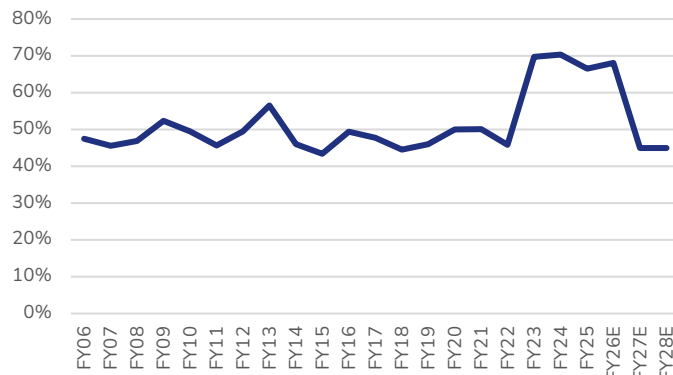
Accordingly, in the current cycle, we expect BHEL to see a decline in imports from collaborators, leading to a reduction in material cost. (exhibit 6-7)

Exhibit 6: Material imports as % of total materials



Source: Company, JM Financial

Exhibit 7: Material cost as % of revenue



Source: Company, JM Financial

Operating leverage: Additionally at 7.4x book-to-bill, the company will be at the peak of capacity utilisation during FY28–30E and resultant operating leverage will drive a sharp margin improvement.

MoU with Ministry of Heavy Industries: BHEL, a Central PSU under the administrative control of the Ministry of Heavy Industries (MHI), has signed a Memorandum of Understanding (MoU) with the Ministry for FY26. As a commitment to performance, the MoU outlines value of production as INR 337 bn with 9.91% EBITDA margin for FY26 (exhibit-8). The pay revision for PSU employees is due from 1 Jan'27 and is typically based on the company's financial performance over recent years. We believe the company will make every effort to meet the MoU targets to secure a favourable pay revision.

We estimate Q4FY26E EBITDA margin would be 14.2% versus 9.2% in 4QFY25 and consensus of 10.5%.

Exhibit 8: MoU between BHEL and Ministry: Main performance parameters

S.No	Parameter	Unit	Wt.	Target 2025-26
1	Value of Production	₹ Crore	27	33700
2	Capital Expenditure	₹ Crore	10	234
3	Exports/ Income from Overseas	₹ Crore	4	600
4	Reduction in Imports Consumption (as percentage of Revenue from Operations, over previous year)	%	4	10.00
5	EBITDA (as a percentage of Total Income)	%	10	9.91
6	Return on Net Worth	%	15	7.48
7	Asset Turnover Ratio	%	5	52.86
8	Procurement through GeM (as percentage of Total Procurement)	%	2	37.00
9	Trade Receivables (as number of days of Revenue from Operations)	No. of Days	4	90
10	Expenditure on R&D (including innovations Initiatives, as percentage of current year's PBT)	%	4	55.00
11	Total Return to Shareholders	%	15	100.00
Total			100	

Source: Company, MHI, JM Financial

Easing of working capital stress on the cards

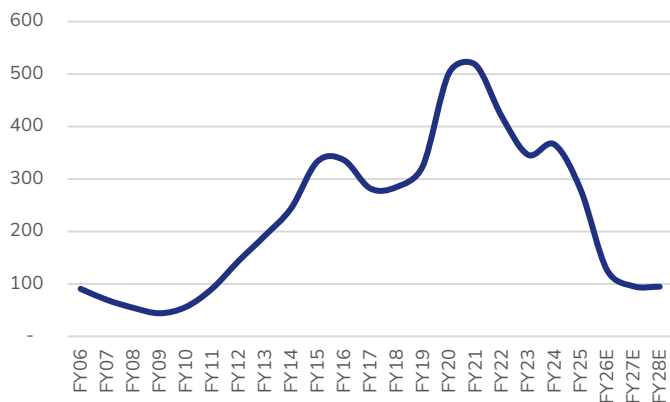
During recent years, BHEL saw higher debtor days, leading to an elongated working capital cycle burdening it with higher interest costs.

The company won INR 1.7tn of orders during FY25 and FY26. Typically, all orders have a 10% advance built in. Secondly, the company commissioned/synchronised 8.9GW of power projects during FY26, which should result in a sharp movement of contract assets to trade receivables. Additionally, some of the projects, viz., 3x800MW NTPC Patratu, which have back-ended payment terms, have been partially commissioned.

As financial leverage kicks in, we believe the pain of higher interest expenses will ease beginning FY27E alleviated by large customer advances, payment of last 5–10% with commissioning of legacy projects and pickup in execution of projects, including 2x660MW NTPC Tatcher (50% completed), which have better payment terms.

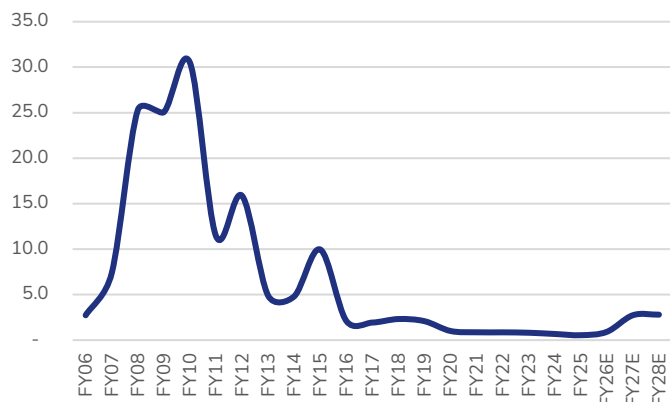
Historically, interest income/interest expense used to be 10x, which increased to 20x in the earlier cycle (2008–12). But that had contracted to <1x in recent years. We expect the company to report an improvement in working capital, thereby kicking off reversal of income/expense ratio from FY28E— and hence adding another lever for EPS growth. (exhibit 9-10)

Exhibit 9: Working capital (number of days)



Source: Company, JM Financial

Exhibit 10: Interest income/interest expense (x)



Source: Company, JM Financial

Thermal does not have zero terminal value

The GoI has set a target to add 97GW of thermal power capacity addition by 2035E, which will increase the installed capacity to 307GW. Furthermore, India will require coal-fired power generation capacity of 340GW by 2047E. But, about 50GW of plants – mostly from sub-critical technology (high cost, high emissions) – will complete their useful life by 2035 and another 88GW by 2047.

So, India will require additional 170–180GW of new projects just to maintain its installed base of 340GW by 2047. In fact, the NITI Aayog estimates coal capacity would rise from 268GW (utility and non-utility) in 2025 to a peak of 450–470GW by 2050 in the Current Policy Scenario to meet rising electricity demand, provide baseload supply and ensure grid reliability during the transition (exhibit - 11-12). A likely miss on '100GW Nuclear by 2047' ambition may lead to a further increase in targets for thermal power additions.

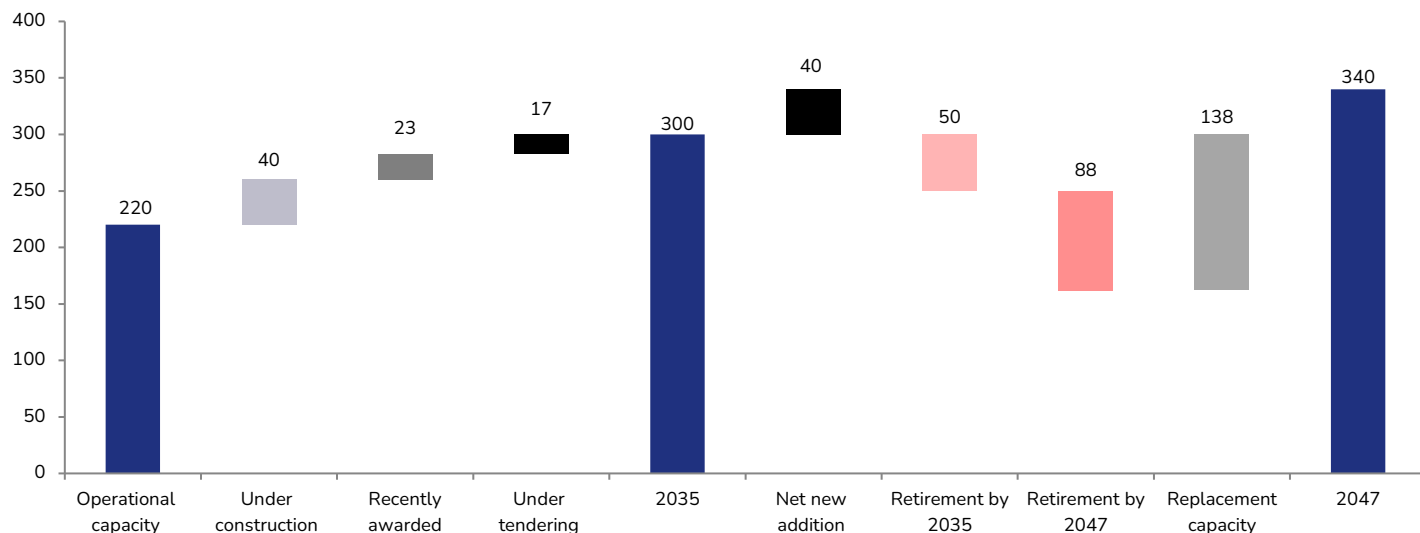
All in all, we expect the government to further increase the target for new thermal capacity additions during FY28–29E ([Thermal: Not zero terminal value for now](#)).

Exhibit 11: Age of installed unit sizes (MW)

Age	<200	200-300	300-350	350-500	500	500-600	600	600-800	>800	Total
0 to 5		1,330			500	525		6,600	2,400	11,355
5 to 10	1,257	6,380	2,700	1,790	6,500	1,040	11,400	23,190	9,600	63,857
10 to 15	4,223	6,576	4,590	2,030	15,500	1,050	14,400	17,900	4,800	71,069
15 to 20	780	6,930	2,730		6,500					16,940
20 to 25	560	3,390			3,500					7,450
25 to 30	570	6,370			2,000					8,940
>30	1,945	22,250			8,500					32,695
Total	9,335	53,226	10,020	3,820	43,000	2,615	25,800	47,690	16,800	2,12,306

Source: CEA, JM Financial

Exhibit 12: Coal-fired capacity pipeline (GW)



Source: Industry, CEA, JM Financial

Stock not expensive even at INR 338

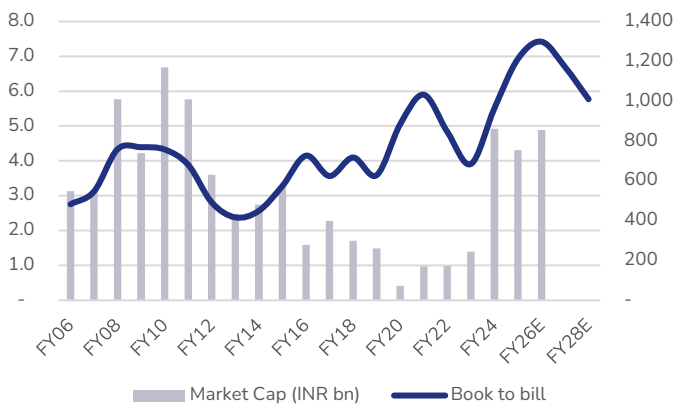
We believe BHEL is a classic margin recovery/operating leverage story: revenue would clock a 20% CAGR over FY25–28E while EBITDA margin expand from 4.4% to 11.2%— 680bps expansion and EBITDA/EPS CAGR of 63%/ 100%. We estimate the RoE would improve from 2.2% in FY25 to at least 15% in FY28E, which was 25–30% during the previous cycle.

Street estimates Q4FY26E EBITDA margin would be 10.5% (versus 14.2% JMFe) with consensus EPS at INR 2.25 (versus INR 2.8 JMFe). Currently, the stock is trading at 27x FY28E EPS (consensus) at EBITDA margin of 11% (consensus). Hence, we the odds of a margin beat on consensus are high in Q4FY26 itself, thereby making it a strong candidate for an earnings upgrade and re-rating. (exhibit – 12-14)

Historically, at the start of a multi-year capex cycle, capital goods' companies have traded at 35–45x forward earnings as the market prices in the full cycle, not just the next two years. BHEL's EPS in FY29–30E could plausibly be INR 15–18 if margins hold and revenue continues to grow 15–20%, which at 25x would yield a TP in a range of INR 375–450.

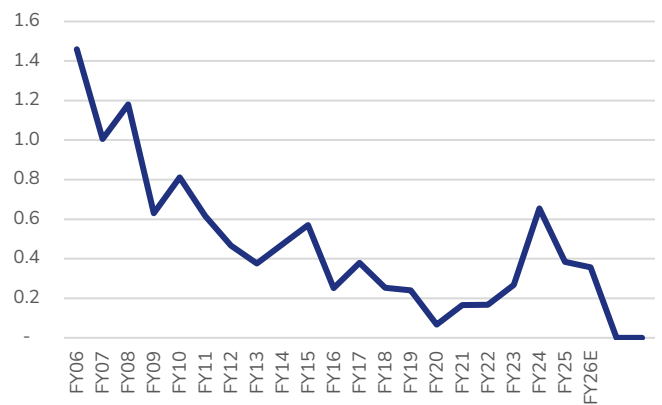
We now ascribe the stock a P/E of 32x (from 30x earlier), at a premium factoring in continued thermal order book trajectory, conviction in execution and margin improvement, and visibility on scalable non-thermal business optionality (nuclear, defence, coal gasification). The near-term risk to our thesis is gas shortage (RLNG, LPG, helium), which could prompt a cut in FY27E revenue. [Demand lifts orders; gas to drag execution](#)

Exhibit 13: Book-to-Bill versus market cap



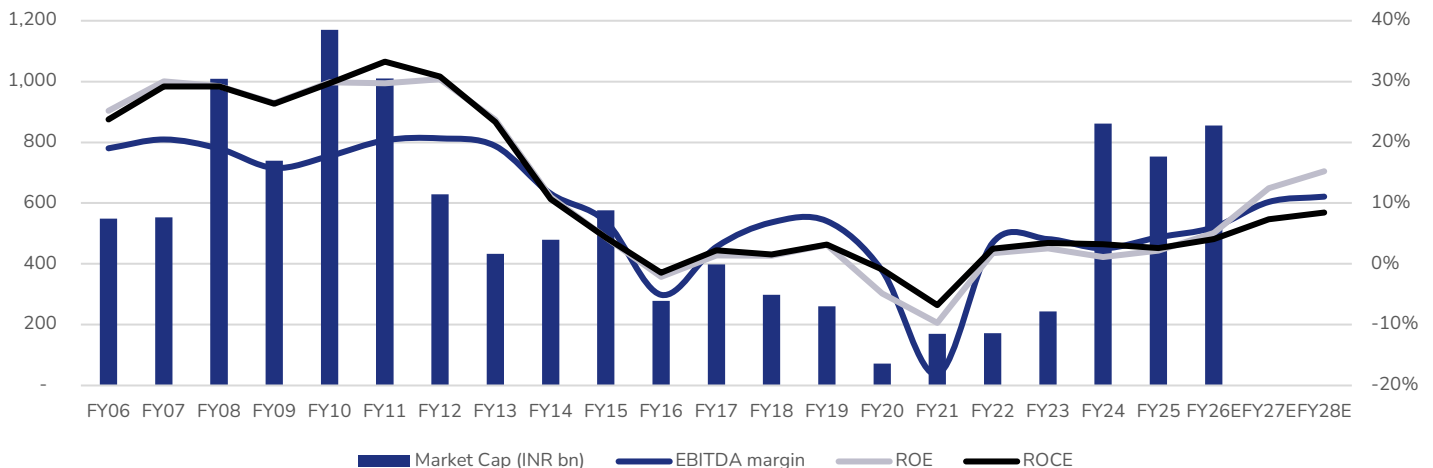
Source: Company, JM Financial

Exhibit 14: Market cap/order book



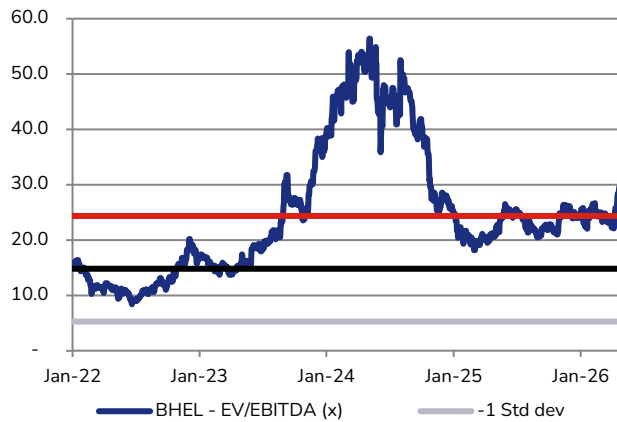
Source: Company, JM Financial

Exhibit 15: Profitability (% , RHS) versus market cap (INR bn, LHS)



Source: Company, JM Financial

Exhibit 16: BHEL EV/EBITDA (x)



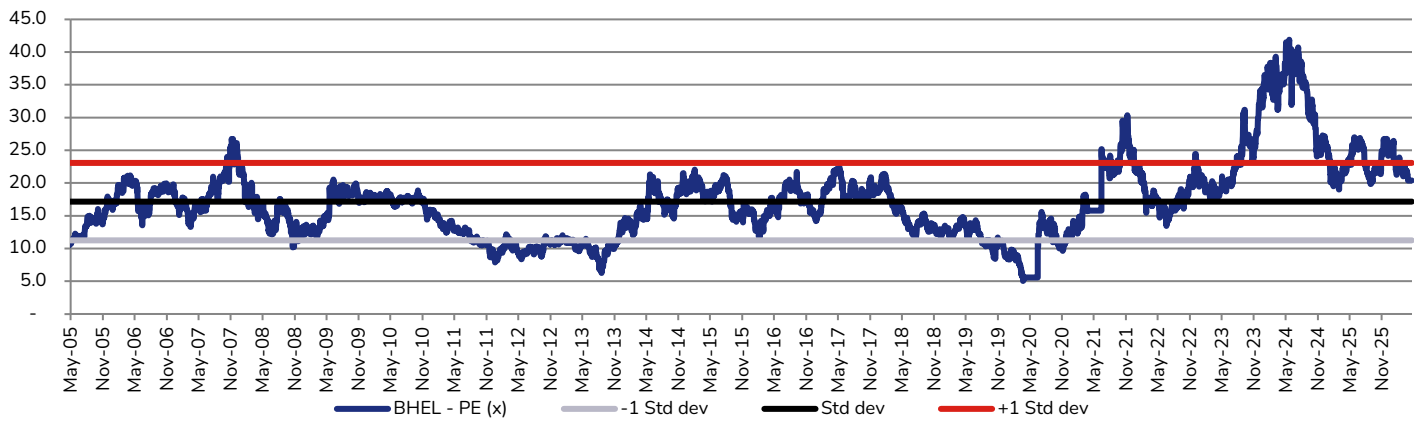
Source: Bloomberg, JM Financial

Exhibit 17: BHEL P/B (x)



Source: Bloomberg, JM Financial

Exhibit 18: BHEL P/E (x)



Source: Bloomberg, JM Financial

Exhibit 19: Change in estimates

Year end Mar31 (INR mn)	FY26E	FY27E	FY28E
Revenues			
Old	3,15,000	4,16,500	4,89,000
New	3,23,500	3,90,000	4,89,000
Chg	2.70%	-6.36%	0.00%
EBITDA			
Old	20,120	43,494	54,923
New	19,489	39,762	54,083
Chg	-3.14%	-8.58%	-1.53%
EBITDA Margins			
Old	6.39%	10.44%	11.23%
New	6.02%	10.20%	11.06%
bps	-36bps	-25bps	-17bps
PAT			
Old	13,157	31,314	40,099
New	12,683	32,545	42,735
Chg	-3.60%	3.93%	6.57%
FD EPS			
Old	3.9	9.1	11.8
New	3.6	9.3	12.3
Chg	-5.82%	2.25%	3.63%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					
	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	238,928	283,395	323,500	390,000	489,000
Sales Growth (%)	2.3	18.6	14.2	20.6	25.4
Other Operating Income	-	-	-	-	-
Total Revenue	238,928	283,395	323,500	390,000	489,000
Cost of Goods Sold/Op. Exp	168,071	188,452	220,333	257,400	322,740
Personnel Cost	56,288	59,234	61,593	66,212	78,792
Other Expenses	8,442	23,293	22,086	26,626	33,385
EBITDA	6,126	12,416	19,489	39,762	54,083
EBITDA Margin (%)	2.6	4.4	6.0	10.2	11.1
EBITDA Growth (%)	-35.7	102.7	57.0	104.0	36.0
Deprn. & Amort.	2,489	2,720	3,129	3,412	3,724
EBIT	3,637	9,696	16,359	36,349	50,359
Other Income	1,165	1,217	1,217	1,217	1,217
Finance Cost	7,313	7,483	7,469	3,357	3,010
PBT before Excep. & Forex	2,427	7,456	16,890	43,393	56,980
Excep. & Forex Inc./Loss(-)	-	-	-	-	-
PBT	2,427	7,456	16,890	43,393	56,980
Taxes	-396	2,117	4,207	10,848	14,245
Extraordinary Inc./Loss(-)	-	-	-	-	-
Assoc. Profit/Min. Int.(-)	-	-	-	-	-
Reported Net Profit	2,822	5,339	12,683	32,545	42,735
Adjusted Net Profit	2,822	5,339	12,683	32,545	42,735
Net Margin (%)	1.2	1.9	3.9	8.3	8.7
Diluted Share Cap. (mn)	3,482	3,482	3,482	3,482	3,482
Diluted EPS (INR)	0.8	1.5	3.6	9.3	12.3
Diluted EPS Growth (%)	-56.9	89.2	137.5	156.6	31.3
Total Dividend + Tax	1,395	2,638	6,267	16,081	21,116
Dividend Per Share (INR)	0.4	0.8	1.8	4.6	6.1

Source: Company, JM Financial

Cash Flow Statement					
	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,427	7,456	16,890	43,393	56,980
Deprn. & Amort.	2,489	2,720	3,129	3,412	3,724
Net Interest Exp. / Inc. (-)	7,313	7,483	7,469	3,357	3,010
Inc (-) / Dec in WCap.	-34,446	17,295	104,907	9,960	-24,756
Others	-17,133	-13,848	-1,217	-1,217	-1,217
Taxes Paid	2,222	813	-4,207	-10,848	-14,245
Operating Cash Flow	-37,129	21,919	126,972	48,057	23,495
Capex	-2,236	-2,681	-7,091	-7,800	-8,580
Free Cash Flow	-39,365	19,239	119,881	40,257	14,914
Inc (-) / Dec in Investments	11,135	-28,727	-1,000	-1,000	-1,000
Others	4,410	4,098	1,217	1,217	1,217
Investing Cash Flow	13,309	-27,309	-6,874	-7,583	-8,363
Inc / Dec (-) in Capital	0	-	0	0	0
Dividend + Tax thereon	-1,395	-874	-6,267	-16,081	-21,116
Inc / Dec (-) in Loans	33,840	-684	-48,619	-4,063	-3,657
Others	-14,031	21,497	-7,469	-3,357	-3,010
Financing Cash Flow	18,414	19,939	-62,355	-23,501	-27,782
Inc / Dec (-) in Cash	-5,406	14,549	57,743	16,973	-12,651
Opening Cash Balance	66,981	61,575	76,124	133,867	150,839
Closing Cash Balance	61,575	76,124	133,867	150,839	138,188

Source: Company, JM Financial

Balance Sheet					
	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders Fund	244,387	247,222	253,638	270,101	291,720
Share Capital	6,964	6,964	6,964	6,964	6,964
Reserves & Surplus	237,422	240,258	246,673	263,137	284,756
Preference Share Capital	-	-	-	-	-
Minority Interest	-	-	-	-	-
Total Loans	88,080	87,950	39,331	35,268	31,611
Def. Tax Liab. / Assets (-)	-42,013	-40,677	-40,677	-40,677	-40,677
Other non-current liabilities / Lease Liabilities	45,342	103,791	161,464	193,348	240,813
Total - Equity & Liab.	377,808	438,962	454,433	498,717	564,145
Net Fixed Assets	28,824	31,422	35,383	39,771	44,628
Gross Fixed Assets	72,362	78,809	85,900	93,700	102,281
Intangible Assets	260	337	337	337	337
Less: Deprn. & Amort.	46,622	49,342	52,471	55,883	59,607
Capital WIP	2,823	1,617	1,617	1,617	1,617
Investments	-	-	-	-	-
Current Assets	519,183	608,733	669,939	734,167	857,350
Inventories	72,206	98,695	112,662	135,821	170,299
Sundry Debtors	80,101	89,309	79,767	96,164	120,575
Cash & Bank Balances	61,575	76,124	133,867	150,839	138,188
Loans & Advances	-	-	-	-	-
Other Current Assets	305,302	344,605	343,643	351,342	428,287
Current Liab. & Prov.	212,211	241,869	291,566	315,898	378,510
Current Liabilities	249,836	267,787	290,513	316,091	393,265
Provisions & Others	-37,625	-25,917	1,053	-193	-14,755
Net Current Assets	165,457	216,194	221,551	263,351	287,662
Other Non Current Assets/ROU Assets	141,515	150,670	156,822	154,918	191,178
Total - Assets	377,808	438,962	454,433	498,717	564,145

Source: Company, JM Financial

Dupont Analysis					
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin (%)	1.2	1.9	3.9	8.3	8.7
Asset Turnover (x)	0.7	0.7	0.7	0.8	0.9
Leverage Factor (x)	1.4	1.7	1.8	1.8	1.9
RoE (%)	1.2	2.2	5.1	12.4	15.2

Source: Company, JM Financial

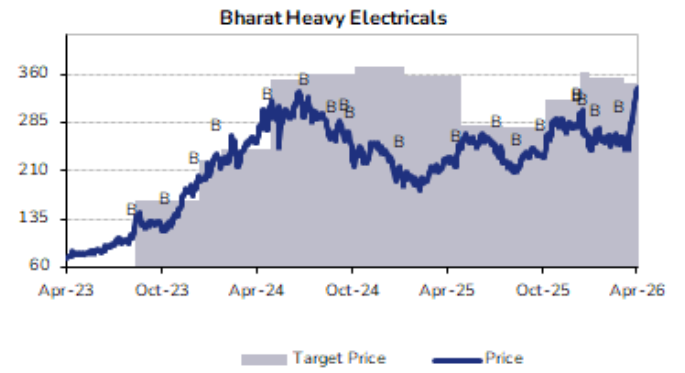
Key Ratios					
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	70.2	71.0	72.8	77.6	83.8
ROIC (%)	1.7	2.6	5.9	17.4	22.2
ROE (%)	1.2	2.2	5.1	12.4	15.2
Net Debt/Equity (x)	0.1	0.0	-0.4	-0.4	-0.4
P/E (x)	416.5	220.2	92.7	36.1	27.5
P/B (x)	4.8	4.8	4.6	4.4	4.0
EV/EBITDA (x)	196.2	95.6	55.5	26.7	19.8
EV/Sales (x)	5.0	4.2	3.3	2.7	2.2
Debtor days	122	115	90	90	90
Inventory days	110	127	127	127	127
Creditor days	170	158	161	168	170

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
30-Mar-26	Buy	345	-2.8
11-Feb-26	Buy	355	0.0
19-Jan-26	Buy	355	-2.1
8-Jan-26	Buy	363	0.0
6-Jan-26	Buy	363	13.3
30-Oct-25	Buy	320	15.1
13-Sep-25	Buy	278	0.0
7-Aug-25	Buy	278	-0.9
19-May-25	Buy	281	-21.6
30-Jan-25	Buy	358	-3.4
29-Oct-24	Buy	371	2.7
17-Oct-24	Buy	361	0.0
23-Sep-24	Buy	361	0.0
31-Jul-24	Buy	361	2.4
22-May-24	Buy	353	45.1
14-Feb-24	Buy	243	8.1
4-Jan-24	Buy	225	36.5
9-Nov-23	Buy	165	0.0
4-Sep-23	Buy	165	

Recommendation History Chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions. Please click [here](#) to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1177 Avenue of the Americas, 5th Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (332) 900 4956 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com
