Ashok Leyland

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	AL IN
Equity Shares (m)	2937
M.Cap.(INRb)/(USDb)	703.6 / 8.3
52-Week Range (INR)	265 / 190
1, 6, 12 Rel. Per (%)	2/3/5
12M Avg Val (INR M)	2352

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	387.5	417.8	452.7
EBITDA	49.3	51.3	59.9
Adj. PAT	32.2	33.6	40.0
Adj. EPS (INR)	11.0	11.4	13.6
EPS Gr. (%)	20.2	4.2	19.1
BV/Sh. (INR)	39.2	44.2	50.3
Ratios			
RoE (%)	31.7	27.4	28.8
ROCE (%)	25.4	23.2	24.8
Payout (%)	56.9	56.8	55.1
Valuations			
P/E (x)	21.8	20.9	17.6
P/BV (x)	6.1	5.4	4.8
EV/EBITDA (x)	13.4	12.3	10.2
Div. Yield (%)	2.6	2.7	3.1

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.1	51.1	51.1
DII	14.0	13.0	12.2
FII	24.1	24.7	22.1
Others	10.8	11.2	14.6

FII includes depository receipts

CMP: INR240 TP: INR275 (+15%) Buy

Margin beat aided by improved mix

Net cash position to help invest in future growth avenues

- Ashok Leyland's 4Q PAT at INR12.5b came in ahead of our estimate of INR10.8b, aided by better-than-expected operational performance (EBITDA margin at 15% ahead of our estimate of 14.2%) and higher other income.
- Over the years, AL has done well to reduce its business cyclicality by focusing on non-MHCV segments. Further, a net cash position would help AL invest in growth avenues in the coming years. Its focus on improving margins should bode well for returns in the long run. **We reiterate our BUY rating with a TP of INR275 (based on 11x FY27E EV/EBITDA + ~INR19/sh for the NBFC)**.

Earnings beat driven by improved mix and higher other income

- 4Q PAT at INR12.5b came in ahead of our estimate of INR10.8b, aided by better-than-expected operational performance and higher other income.
- Revenue grew 6% YoY to INR119b and was in line with our estimate. Revenue growth was driven by 5% YoY growth in volumes and 0.6% growth in blended ASP.
- Non-CV business continues to do well. In 4Q, engine volumes grew 9% YoY and spare part revenue rose 15% YoY.
- EBITDA margin improved 90bp YoY to 15%, ahead of our estimate of 14.2%. Margin surprise was led by improved gross margin which was in turn a function of better mix.
- Other income was much higher at INR1.1b – ahead of our estimate of INR367m.
- Adjusted for one-offs, PAT grew 32% YoY to INR12.5b.
- For FY25, revenue grew 1% YoY to INR387b, largely led by ASP growth.
- For FY25, engine volumes rose 2% YoY over a high base of last year (which was led by pre-buy) and spare part revenue grew 14% YoY. Defense revenue remained flat YoY in FY25.
- EBITDA margin improved 70bp YoY to 12.7%.
- Adjusted for one-offs, PAT grew 20% YoY to INR32.2b.
- The board has declared a dividend of INR6.25 per share in FY25, up from INR5 per share in FY24. This translates into a dividend payout ratio of 57%.
- FY25 FCF stood at INR69b post capex of INR9.2b, led by improved operational performance and sharp reduction in working capital.

Highlights from the management commentary

- Management expects each of the CV segments to post growth in FY26, led by favorable indicators. Among segments, management expects bus, tractor, trailer and tipper to drive industry growth in FY26E.
- Management has indicated that they have reduced dependence on MHCVs over the last few years. The non-MHCV business now contributes to about 50% of AL's revenues with much better profitability; hence, cyclicality in business revenue and on profitability has reduced over the years.

Aniket Mhatre - Research analyst (Aniket.Mhatre@MotilalOswal.com)

- It expects defense revenue (currently at around INR10b) to double over the next 2-3 years, based on the healthy order backlog.
- Management has indicated that it expects steel prices to inch up from 1Q onward (by INR3-5 per kg) and further in 2Q due to the safeguard duty imposed on steel. Steel cost pressure is likely to normalize from 2H onward. Further, truck prices are likely to increase by about 0.5-2% due to the AC cabin norms to be implemented from Jun'25 onward. AL would take a measured approach to pass on the impact of rising costs, based on a competitive environment.
- Management maintains its medium-term targets, which include achieving a 35% market share in MHCVs and mid-teens margins among others.
- Management indicated that it is in a substantially strong position relative to past CV cycles today. It now has a net cash of INR9.5b vs. net debt of INR2b in FY24. Hence, its ability to invest in growth opportunities is much higher. It targets to invest around INR10b in capex in FY6 and another INR5-7.5b in its subsidiaries.

Valuation and view

- We expect CV demand to recover in FY26, driven by favorable factors highlighted above. Over the years, AL has done well to reduce its business cyclicality by focusing on non-MHCV segments. Further, a net cash position would help AL invest in growth avenues in the coming years. Its focus on improving margins should bode well for returns in the long run. **We reiterate our BUY rating with a TP of INR275 (based on 11x FY27E EV/EBITDA + ~INR19/sh for the NBFC)**.

Qty Performance (S/A) **(INR M)**

	FY24				FY25E				FY24	FY25	4QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				(%)
Total Volumes (nos)	41,329	49,846	47,071	56,437	43,893	45,624	46,404	59,176	1,94,553	1,95,097	59,176	0.0
Growth %	4.2	10.0	-1.0	-5.5	6.2	-8.5	-1.4	5.1	1.2	0.3	5.1	
Realizations (INR '000)	1,981	1,934	1,970	1,996	1,959	1,922	2,043	2,012	1,972	1,986	2,000	0.6
Change (%)	8.8	6.0	3.8	2.5	-1.1	-0.6	3.7	0.6	4.9	0.7	-0.1	
Net operating revenues	**81,893**	**96,380**	**92,730**	**1,12,667**	**85,985**	**87,688**	**94,787**	**1,19,067**	**3,83,670**	**3,87,527**	**1,18,323**	**0.6**
Change (%)	13.4	16.6	2.7	-3.1	5.0	-9.0	2.2	5.7	6.2	1.0	**5.0**	
RM/sales %	73.7	73.5	72.2	71.8	72.2	71.2	71.5	70.6	72.7	71.3	71.7	
Staff/sales %	6.6	5.9	6.1	4.9	6.4	6.8	6.4	5.5	5.8	6.2	5.2	
Other exp/sales %	9.7	9.3	9.6	9.1	10.9	10.4	9.4	8.9	9.4	9.8	8.9	
EBITDA	**8,208**	**10,798**	**11,139**	**15,921**	**9,109**	**10,173**	**12,114**	**17,910**	**46,066**	**49,306**	**16,759**	**6.9**
EBITDA Margins(%)	10.0	11.2	12.0	14.1	10.6	11.6	12.8	15.0	12.0	12.7	14.2	90bp
Interest	699	587	616	592	591	607	501	471	2,494	2,169	563	
Other Income	512	475	300	1,179	223	973	247	1,059	2,466	2,503	367	188.8
Depreciation	1,794	1,803	1,785	1,797	1,727	1,754	1,923	1,789	7,178	7,193	**1,960**	
PBT before EO Item	**6,227**	**8,883**	**9,039**	**14,711**	**7,014**	**8,785**	**9,938**	**16,709**	**38,859**	**42,446**	**14,603**	**14.4**
EO Exp/(Inc)	6	229	6	697	0	-1,174	0	137	937	-1,037	0	
PBT after EO	**6,221**	**8,654**	**9,033**	**14,014**	**7,014**	**9,958**	**9,938**	**16,573**	**37,922**	**43,483**	**14,603**	
Effective Tax Rate (%)	7.3	35.2	35.8	35.8	25.1	22.7	23.3	24.8	31.0	24.0	25.7	
Adj PAT	**5,768**	**5,768**	**5,804**	**9,485**	**5,256**	**6,933**	**7,617**	**12,562**	**26,826**	**32,355**	**10,854**	**15.7**
Change (%)	868.8	197.4	62.7	32.7	-8.9	20.2	31.2	32.4	102.5	20.6	14.4	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY24				FY25				FY24	FY25	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
M&HCV	26,165	32,086	29,315	37,317	27,885	28,180	30,790	40,491	1,24,753	1,26,031	40491
Dom. M&HCV Mkt sh (%)	31.2	31.9	29.8	31.5	30.7	31.1	30.0	30.2	31.1		37
LCV	15,164	17,760	17,756	19,120	16,008	17,444	16,772	19,206	69,800	69,066	19206
Dom. LCV Mkt sh (%)	10.7	11.0	11.7	11.3	11.1	12.0	11.4	11.4	11.2		12
Total Volumes (nos)	**41,329**	**49,846**	**47,071**	**56,437**	**43,893**	**45,624**	**47,562**	**59,697**	**1,94,553**	**1,95,097**	**59697**
AL's CV Market Sh (%)	17.9	18.8	18.5	19.9	18.3	18.9	18.4	20.4			
Realizations (INR '000)	1,981	1,934	1,970	1,996	1,959	1,922	2,043	2,012	1,972	1,986	2000
Growth %	8.8	6.0	3.8	2.5	-1.1	-0.6	3.7	0.6	34.0	42.4	0
Cost Break-up											
RM Cost (% of sales)	73.7	73.5	72.2	71.8	72.2	71.2	71.5	70.6	72.7	71.3	71.7
Staff Cost (% of sales)	6.6	5.9	6.1	4.9	6.4	6.8	6.4	5.5	5.8	6.2	5.2
Other Cost (% of sales)	9.7	9.3	9.6	9.1	10.9	10.4	9.4	8.9	9.4	9.8	8.9
Gross Margin (%)	26.3	26.5	27.8	28.2	27.8	28.8	28.5	29.4	27.3	28.7	28.3
EBITDA Margins (%)	10.0	11.2	12.0	14.1	10.6	11.6	12.8	15.0	12.0	12.7	14.2
EBIT Margins (%)	7.8	9.3	10.1	12.5	8.6	9.6	10.8	13.5	10.1	10.9	12.5

E:MOFSL Estimates

Key takeaways from the management commentary

Outlook

- Management expects each of the CV segments to post growth in FY26, aided by favorable indicators, including stable freight rates, fleet operator profitability, and aging of the fleet.
- However, management expects growth to pick up from 2Q over a low base as last year 1Q was a high base.
- Management expects the bus segment to continue to do better than other segments. Within trucks, tractor-trailers are expected to outperform other segments. Also, tipper segment, which has not done well in FY25, is likely to surprise positively this year given that mining and construction activity is back on track.
- Management has indicated that it has reduced dependence on MHCVs over the last few years. The non-MHCV business now contributes to about 50% of AL's revenue with much better profitability; hence, the cyclicality in business revenues. As a result, profitability has reduced over the years. Contribution for non-MHCV business is high and can take care of most of the fixed cost of the company; hence, AL can now break-even despite low MHCV volumes, unlike in the past. This is also illustrated by the fact that while MHCV sales remain static at 114-116k units p.a. over last three years, their margins have improved from 8% to 12.7% in FY25 – aided by higher growth in non-MHCV business and supportive input costs.
- While AL expects spare-parts business to continue to post healthy growth, it expects defense revenue (currently at around INR10b) to double over the next 2-3 years, based on the healthy order backlog.
- Management has indicated that it expects steel prices to inch up from 1Q onward (by INR3-5 per kg) and further in 2Q due to the safeguard duty imposed on steel. Management expects the steel cost pressure to be elevated for 1H and this is likely to normalize from 2H onward. Further, truck prices are likely to increase by about 0.5-2% due to the AC cabin norms to be implemented from Jun'25 onward. AL would take a measured approach to pass on the impact of rising costs based on a competitive environment.

- Management indicated that it is in a substantially strong position from a balance sheet perspective relative to past CV cycles today. It now has a net cash of INR9.5b vs. net debt of INR2b in FY24. Hence, its ability to invest in growth opportunities is much higher.
- FY25 capex stood at INR9.54b and it invested INR2b in subsidiaries in the year. AL targets to invest around INR10b in capex for FY6. It would look to invest about INR1-2b in Switch India, INR3-4b in Ohm Mobility, and it may need to invest a bit in HLFL as well.
- Management continues to maintain its medium-term targets, which include achieving a 35% market share in MHCVs and mid-teens margins, among others.

Update on exports

- Exports grew 29% in FY25 with improving margins.
- AL would look to set up an assembly line in each of its key target markets.
- It wants to set up an assembly line in Africa.
- AL is also scouting for dealer partners in Indonesia and Thailand to ramp up export base.

Update on Clean fuel trucks

- The penetration in EV trucks is under 1% currently. However, within this, AL has the highest volume of EV trucks running in India today.
- It also has the widest range in EV trucks after the launch of Boss truck (14-19 T GVW) last year and 55T tractor trailer recently.
- LCV EV adoption is also expected to pick up rapidly to reach 20% by FY30-32. AL has already launched its e-LCV from Switch India. However, the market has not picked up on expected lines as the Govt withdrew the PM e-drive incentives on LCVs.
- AL continues to work on Hydrogen ICE technology and is also expected to launch LNG products soon.

Update on Switch

- In 4Q, Switch India sold 287 buses and 200 e-LCVs with 12% EBITDA margin. For FY25, this entity achieved 6% EBITDA margin.
- Switch India currently has an order backlog of 1,800 buses.
- The next target for Switch India is to be PAT positive in the coming years; hence, it moves to become self-sufficient from the funding perspective.
- It is currently looking to restructure Switch UK by shifting manufacturing operations elsewhere. This will help to reduce Switch UK losses of GBP2-3m on a monthly basis.

Update on Ohm Mobility

- It has about 650 buses in operation with 98% uptime.
- It is expected to add about 1,700 buses in operation in FY26, partly from the order backlog in Switch India and the rest from new orders.
- Ohm continues to operate at healthy double-digit IRR, as per management.

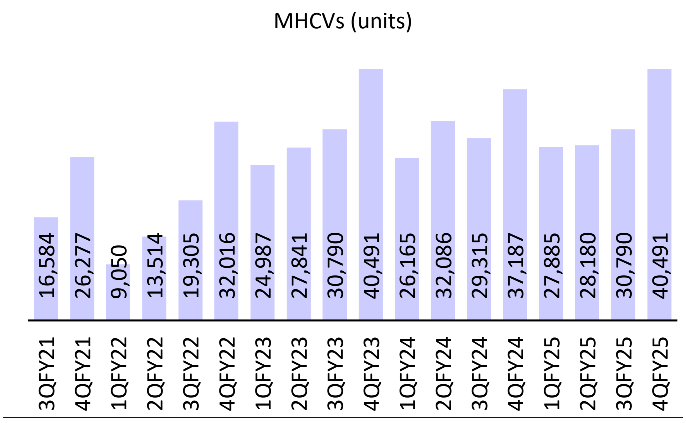
Update on Hinduja Leyland Finance

- AUM has increased 25% YoY to INR 617b. While the standalone AUM has grown by 24% YoY to INR480b, the same for Hinduja Housing Finance has grown 31% YoY to INR140b.
- Revenue has grown 35% YoY to INR62.8b and PAT has grown 21% YoY.
- Asset quality is good with GNPA at 3.5% and NNPA at 2.1%, improved YoY.
- HLFL listing has got delayed as it awaits a few critical regulatory approvals.

Other highlights

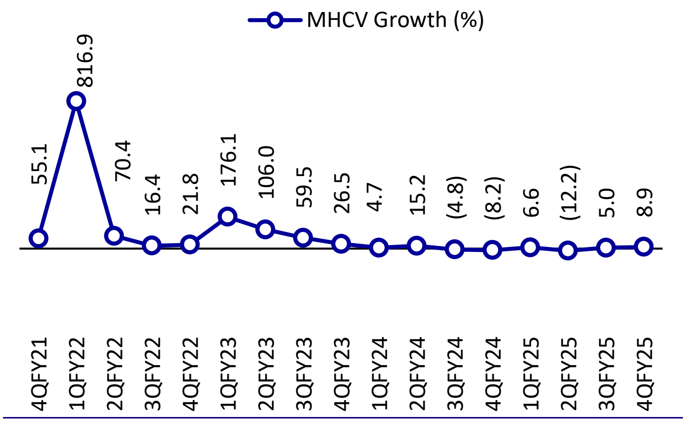
- AL has added 108 MHCV touchpoints and 106 in LCVs, taking the total to 1,889 as of FY25 end. Most of these have been added in North and East markets to gain share.
- AL ranks No 1 in dealer satisfaction survey in domestic MHCVs and No 2 in customer and sales satisfaction index.
- AL has seen a sharp reduction in working capital, led by: 1) reduction in finished goods inventory to around 7k units from an avg of around 9k units in prior years, 2) started moving to cash-and-carry model by reducing credit available to dealers. It is now shifting to a pull-based inventory replenishment model, which is expected to further help reduce working capital needs going forward.
- With a net cash position and reduced debt, both interest and other income are expected to move favorably in the coming years.

Exhibit 1: M&HCV sales trend



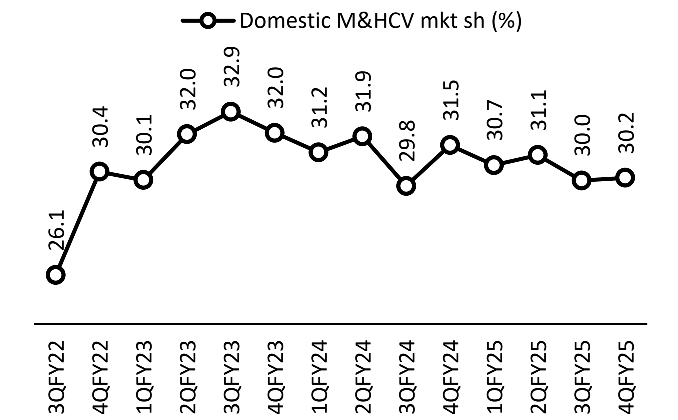
Source: Company, MOFSL

Exhibit 2: Growth trend in M&HCV



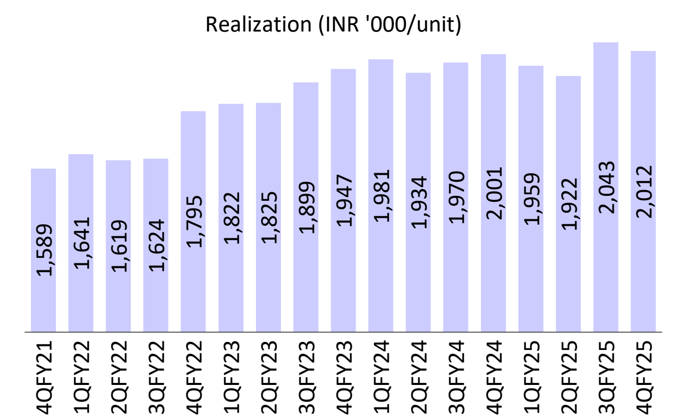
Source: Company, MOFSL

Exhibit 3: Domestic M&HCV market share trend



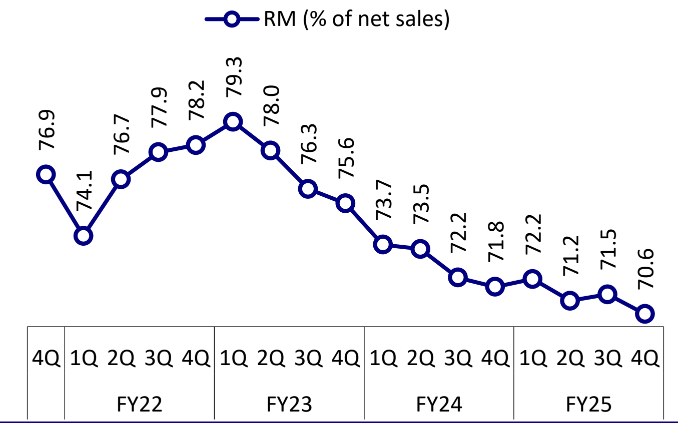
Source: Company, MOFSL

Exhibit 4: Realization trend



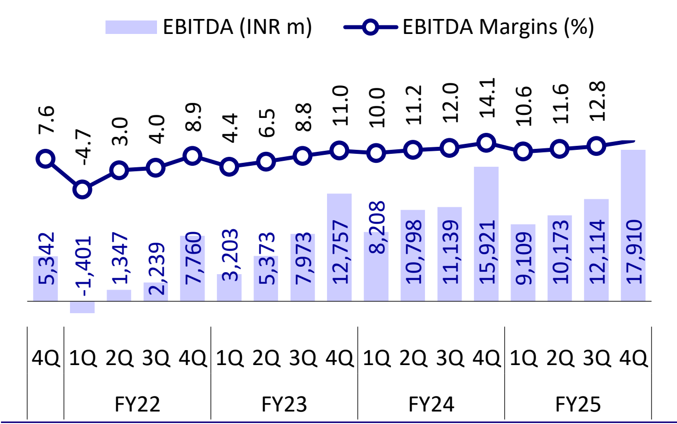
Source: Company, MOFSL

Exhibit 5: Trend in RM costs



Source: Company, MOFSL

Exhibit 6: Trends in EBITDA and EBITDA margin



Source: Company, MOFSL

Valuation and view

- **Focus on reducing business cyclicality:** Over the years, AL has done well to reduce its business cyclicality by focusing on non-MHCV segments, such as LCV (11% of sales), Spares (9%), Exports (5%), and Defense (2%). Some of its critical targets in these segments include: 1) a medium-term goal to achieve a 25% share in the LCV sub-segment (2-3.5T), up from 20% currently; 2) having already doubled its revenue in spares over the last five years, the next objective is to further double its revenue over the medium term; 3) increasing its presence in exports through new launches and expanding its footprint in key regions; and 4) the potential to significantly scale up its defense business, aided by the government's 'Make in India' initiative.
- **CV demand likely to revive after near-term hiccups:** The underlying long-term demand drivers remain intact, as: 1) the average fleet age has increased to a record high of over 10 years, which is likely to fuel healthy replacement demand; 2) fleet operators' profitability remains strong with healthy utilization levels; 3) the fleet sentiment index remains positive; and 4) political stability means continued infrastructure push in the coming years. Taking these factors into consideration, there is a strong indication that the CV industry is poised for a recovery in demand, especially from FY26. We expect AL's MHCV goods volume to report ~5% CAGR over FY25-27E.
- **Strategy in place to gain market share in key segments:** On the back of the first-of-its-kind modular platform, AL has made significant strides in the MHCV Goods category, achieving ~30% market share in FY25 vs. ~28% in FY21. AL has earmarked an ambitious target to achieve a 35% share in the medium term. Even in the LCV Goods segment, AL has set a target to ramp up its market share to 25% (from 20% currently) in the 2-3.5T segment. This growth is likely to be driven by the launch of new products and the resultant expansion of its addressable market, which currently stands at just under 50%, with the goal of increasing it to 85% in future.
- **Aiming for profitable growth:** One of the key factors in the CV industry has been the healthy pricing discipline that the sector has maintained, which is visible over the last couple of years. Beyond this, AL aims to improve its medium-term margins to mid-teen levels, fueled by: 1) growth in the non-MHCV business (including LCVs, defense, spares, etc.), which will also help to reduce its business cyclicality; and 2) value engineering backed by Industry 4.0 and optimizing automation wherever feasible. However, we also remain cognizant of the fact that input costs are likely to rise in 1HFY25. Hence, while we factor in some margin pressure for AL for FY26, we expect FY27 margins to improve by 50bp vs. FY25, led by its various initiatives highlighted above.
- **Valuation and view:** We expect CV demand to recover in FY26E, driven by favorable factors highlighted above. Over the years, AL has done well to reduce its business cyclicality by focusing on non-MHCV segments. Further, a net cash position would help AL invest in growth avenues in the coming years. Its focus on improving margins should bode well for returns in the long run. **We reiterate our BUY rating with a TP of INR275 (based on 11x FY27E EV/EBITDA + ~INR19/sh for the NBFC).**

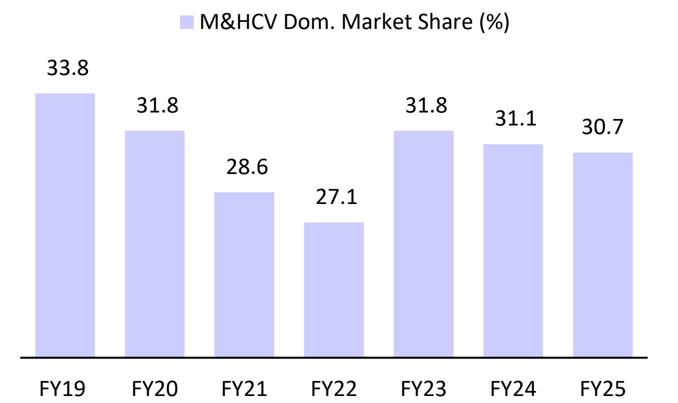
Exhibit 7: Our revised estimates

INR m	FY26E Rev	FY26E Old	FY26E Chg (%)	FY27E Rev	FY27E Old	FY27E Chg (%)
Volumes ('000 units)	207	207	0.0	220	220	0.0
Net Sales	4,17,843	4,18,881	-0.2	4,52,709	4,53,837	-0.2
EBITDA	51,331	51,899	-1.1	59,919	57,375	4.4
EBITDA margins (%)	12.3	12.4	-10bp	13.2	12.6	60bp
Net Profit	33,597	33,730	-0.4	40,001	38,128	4.9
EPS (INR)	11.4	11.5	-0.4	13.6	13.0	4.9

Source: MOFSL

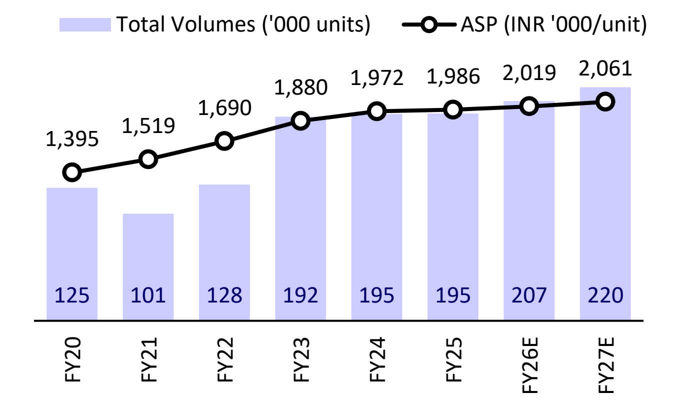
Story in charts

Exhibit 8: AL's market share trend



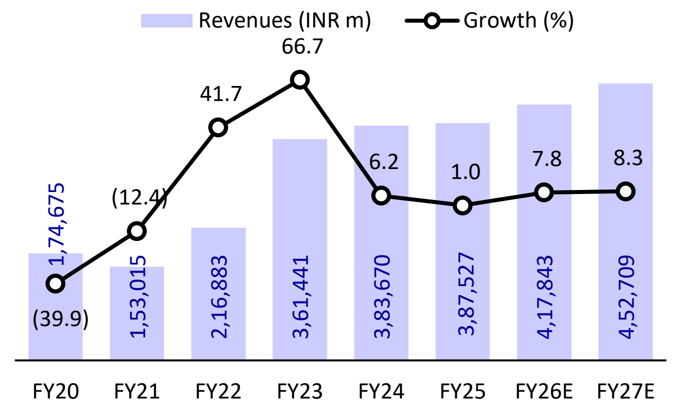
Source: Company, MOFSL

Exhibit 9: Volume and realization growth trends



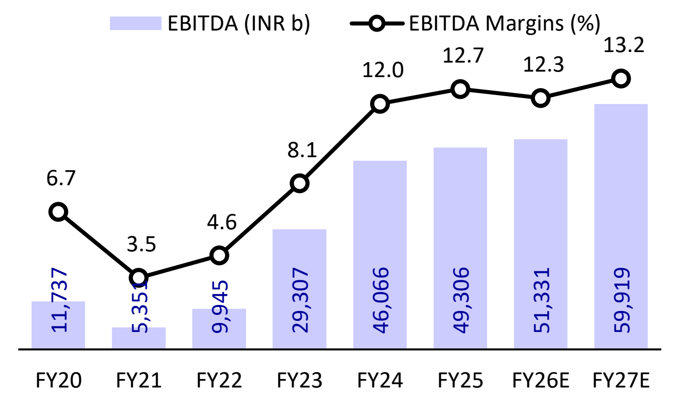
Source: Company, MOFSL

Exhibit 10: Revenue growth trend



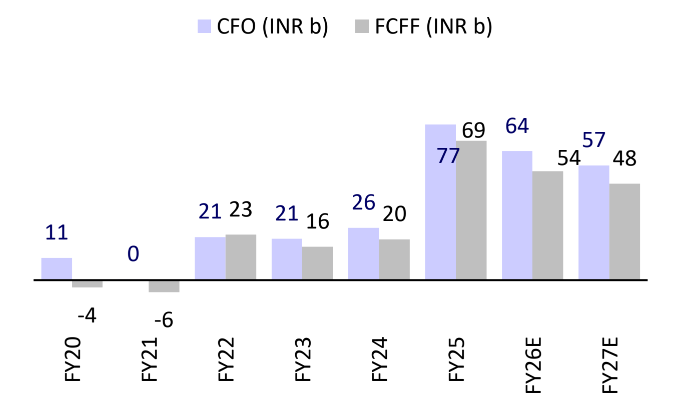
Source: Company, MOFSL

Exhibit 11: EBITDA and EBITDA margin trends



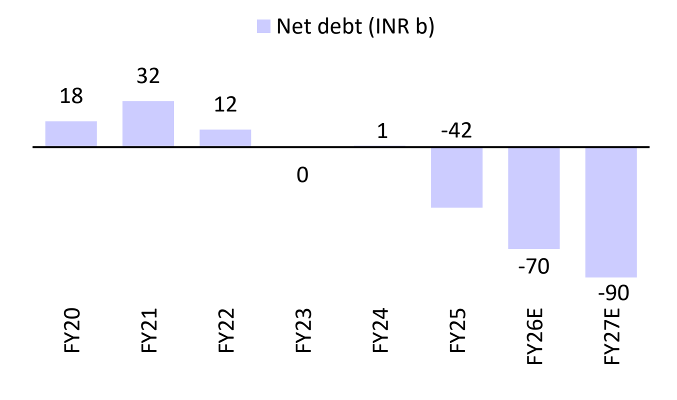
Source: Company, MOFSL

Exhibit 12: CFO and FCFF trends



Source: Company, MOFSL

Exhibit 13: AL became net cash from FY24



Source: Company, MOFSL

Financials and valuations

Income Statement (INR M)

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Volumes ('000 units)	125	101	128	192	195	195	207	220
Growth (%)	-36.5	-19.6	27.4	49.8	1.3	0.3	6.1	6.1
Net Operating Income	**1,74,675**	**1,53,015**	**2,16,883**	**3,61,441**	**3,83,670**	**3,87,527**	**4,17,843**	**4,52,709**
Change (%)	-39.9	-12.4	41.7	66.7	6.2	1.0	7.8	8.3
EBITDA	**11,737**	**5,351**	**9,945**	**29,307**	**46,066**	**49,306**	**51,331**	**59,919**
EBITDA Margins (%)	6.7	3.5	4.6	8.1	12.0	12.7	12.3	13.2
Depreciation	6,698	7,477	7,528	7,320	7,178	7,193	7,748	8,160
EBIT	**5,039**	**-2,126**	**2,418**	**21,987**	**38,888**	**42,112**	**43,583**	**51,758**
Interest & Fin. Charges	1,095	3,068	3,011	2,891	2,494	2,169	1,327	1,014
Other Income	1,233	1,195	761	1,161	2,466	2,503	2,540	2,590
PBT	**3,619**	**-4,119**	**5,276**	**21,104**	**37,922**	**43,483**	**44,795**	**53,334**
Tax	1,224	(982)	(142)	7,303	11,743	10,450	11,199	13,334
Effective Rate (%)	33.8	23.8	-2.7	34.6	31.0	24.0	25.0	25.0
Rep. PAT	**2,395**	**-3,137**	**5,418**	**13,801**	**26,179**	**33,033**	**33,597**	**40,001**
Change (%)	-87.9	-231.0	-272.7	154.7	89.7	26.2	1.7	19.1
Adjusted PAT	**3,426**	**-3,045**	**172**	**13,248**	**26,826**	**32,245**	**33,597**	**40,001**
Change (%)	-83.1	-188.9	-105.7	7,587.8	102.5	20.2	4.2	19.1

Balance Sheet (INR M)

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sources of Funds								
Share Capital	2,936	2,936	2,936	2,936	2,936	2,937	2,937	2,937
Reserves	69,704	66,837	70,434	81,322	85,167	1,12,251	1,26,761	1,44,738
Net Worth	**72,640**	**69,772**	**73,369**	**84,258**	**88,104**	**1,15,188**	**1,29,697**	**1,47,674**
Loans	30,648	37,163	35,071	32,248	22,994	14,817	9,317	8,317
Deferred Tax Liability	2,648	1,708	1,444	5,035	5,563	5,479	7,719	10,385
Capital Employed	**1,05,936**	**1,08,642**	**1,09,884**	**1,21,541**	**1,16,661**	**1,35,484**	**1,46,733**	**1,66,377**
Application of Funds								
Gross Fixed Assets	91,913	1,01,269	1,03,773	1,07,732	1,09,936	1,16,066	1,26,066	1,35,066
Less: Depreciation	28,376	35,264	41,626	48,470	54,917	62,110	69,859	78,019
Net Fixed Assets	**63,537**	**66,005**	**62,146**	**59,262**	**55,019**	**53,956**	**56,208**	**57,047**
Capital WIP	5,941	3,719	1,943	1,325	2,015	4,248	4,248	4,248
Goodwill	4,499	4,499	4,499	4,499	4,499	4,499	4,499	4,499
Investments	27,196	30,687	48,196	66,636	55,598	86,730	1,01,730	1,31,730
Curr.Assets, L & Adv.	**62,723**	**79,590**	**86,554**	**94,194**	**1,18,987**	**1,05,826**	**1,20,857**	**1,21,410**
Inventory	12,380	21,423	20,752	27,745	31,907	29,573	32,054	34,728
Sundry Debtors	11,804	28,163	31,111	40,627	35,699	28,873	32,054	34,728
Cash & Bank Balances	12,790	5,301	9,943	4,541	19,419	26,598	39,578	33,349
Loans & Advances	25,748	24,702	24,749	21,281	31,962	20,782	17,172	18,604
Current Liab. & Prov.	**57,960**	**75,857**	**93,454**	**1,04,375**	**1,19,457**	**1,19,774**	**1,40,808**	**1,52,557**
Sundry Creditors	26,239	51,647	68,752	71,751	63,052	73,047	78,990	85,581
Other Liabilities	23,666	17,665	17,997	22,238	42,657	31,386	46,936	50,852
Provisions	8,055	6,545	6,705	10,385	13,748	15,341	14,882	16,124
Application of Funds	**1,05,936**	**1,08,642**	**1,09,884**	**1,21,541**	**1,16,661**	**1,35,484**	**1,46,733**	**1,66,377**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Basic (INR)								
EPS	**1.2**	**-1.0**	**0.1**	**4.5**	**9.1**	**11.0**	**11.4**	**13.6**
EPS Growth (%)	-83.1	-188.9	-105.7	7,586.2	102.5	20.2	4.2	19.1
Cash EPS	3.4	1.5	2.6	7.0	11.6	13.4	14.1	16.4
Book Value per Share	24.7	23.8	25.0	28.7	30.0	39.2	44.2	50.3
DPS	0.5	0.6	1.0	2.6	5.0	6.3	6.5	7.5
Div. Payout (%)	51.5	-57.8	1,703.5	57.6	54.2	56.9	56.8	55.1
Valuation (x)								
P/E	205.3	-231.0	4,081.6	53.1	26.2	21.8	20.9	17.6
Cash P/E	69.5	158.7	91.3	34.2	20.7	17.8	17.0	14.6
EV/EBITDA	61.4	137.4	71.9	24.0	15.3	13.4	12.3	10.2
EV/Sales	4.1	4.8	3.3	1.9	1.8	1.7	1.5	1.4
Price to Book Value	9.7	10.1	9.6	8.3	8.0	6.1	5.4	4.8
Dividend Yield (%)	0.2	0.3	0.4	1.1	2.1	2.6	2.7	3.1
Profitability Ratios (%)								
ROE	4.4	-4.3	0.2	16.8	31.1	31.7	27.4	28.8
RoCE	3.4	-1.5	2.3	12.4	22.5	25.4	23.2	24.8
Turnover Ratios								
Debtors (Days)	25	67	52	41	34	27	28	28
Inventory (Days)	26	51	35	28	30	28	28	28
Creditors (Days)	55	123	116	72	60	69	69	69
Working Capital (Days)	-4	-5	-28	-3	4	-14	-13	-13
Fixed-Asset Turnover (x)	2.7	2.3	3.5	6.1	7.0	7.2	7.4	7.9
Leverage Ratio								
Net Debt/Equity (x)	0.2	0.5	0.2	0.0	0.0	-0.4	-0.5	-0.6

Cash flow Statement (INR M)

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
OP/(Loss) before Tax	3,619	-4,119	5,276	21,104	37,922	43,483	43,583	51,758
Int/Div Received	-756	-945	-220	-404	-1,362	-888	2,540	2,590
Depreciation	6,698	7,477	7,528	7,320	7,178	7,193	7,748	8,160
Direct Taxes Paid	-941	779	714	-4,002	-6,245	-9,407	-8,959	-10,667
(Inc)/Dec in Work Cap.	-1,756	-6,058	15,696	-4,265	-15,229	37,407	18,982	4,967
Other Items	4,105	3,198	-7,633	762	3,705	-631	0	0
CF from Oper. Activity	**10,969**	**332**	**21,361**	**20,514**	**25,968**	**77,157**	**63,894**	**56,809**
Extra-ordinary Items	-1,558	-120	5,108	846	-937	1,037	0	0
CF after EO Items	**9,411**	**211**	**26,469**	**21,360**	**25,031**	**78,194**	**63,894**	**56,809**
(Inc)/Dec in FA+CWIP	-12,923	-6,166	-3,933	-4,884	-4,815	-9,243	-10,000	-9,000
Free Cash Flow	**-3,512**	**-5,954**	**22,536**	**16,477**	**20,217**	**68,951**	**53,894**	**47,809**
CF from Inv. Activity	**-21,775**	**-9,752**	**-14,589**	**-17,345**	**9,021**	**-40,779**	**-25,000**	**-39,000**
Inc/(Dec) in Debt	25,655	4,780	-2,721	-3,918	-9,096	-8,353	-5,500	-1,000
Interest Rec./(Paid)	-1,463	-2,720	-2,755	-2,598	-2,461	-1,491	-1,327	-1,014
Dividends Paid	-12,702	0	-1,761	-2,936	-7,634	-20,408	-19,087	-22,024
CF from Fin. Activity	**11,490**	**2,060**	**-7,238**	**-9,402**	**-19,175**	**-30,235**	**-25,915**	**-24,038**
Inc/(Dec) in Cash	**-874**	**-7,481**	**4,643**	**-5,387**	**14,878**	**7,181**	**12,979**	**-6,229**
Add: Beginning Balance	13,665	12,782	5,300	9,928	4,541	19,417	26,598	39,577
Closing Balance	**12,790**	**5,301**	**9,943**	**4,541**	**19,418**	**26,598**	**39,577**	**33,349**

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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