motilal oswal Financial Services

29 October 2025

2QFY26 Results Update | Sector: Automobile

TVS Motor Company

Estimate change	↑
TP change	↑
Rating change	↑

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	1692.3 / 19.2
52-Week Range (INR)	3720 / 2170
1, 6, 12 Rel. Per (%)	-1/21/38
12M Avg Val (INR M)	2219

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	453.6	538.7	635.3
EBITDA	58.1	71.1	87.7
Adj. PAT	36.2	45.8	57.9
EPS (INR)	76.2	96.4	121.9
EPS Gr. (%)	33.6	26.5	26.5
BV/Sh (INR)	271.3	350.2	450.1
Ratios			
RoE (%)	31.7	31.0	30.5
RoCE (%)	38.1	38.0	38.3
Payout (%)	18.4	18.2	18.0
Valuations			
P/E (x)	46.7	36.9	29.2
P/BV (x)	13.1	10.2	7.9
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	1.9	2.4	2.9

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	50.3	50.3	50.3
DII	18.4	18.8	19.0
FII	22.9	22.5	22.4
Others	8.5	8.4	8.3

FII Includes depository receipts

CMP: INR3,562 TP:INR4,159 (+17%) Upgrade to Buy

Yet another strong quarter

Continued outperformance to support premium valuation

- TVS Motor Company's (TVS) 2Q PAT at INR9.1b was below our estimate of INR9.9b, even as the EBITDA miss was just 2%. PAT miss was largely driven by higher interest and depreciation expenses, along with a loss on the fair valuation of its investment in TVS Supply Chain. Backed by GST rate cuts, management expects 2W demand momentum to sustain in 2H and TVS to continue outperforming going forward.
- Given its healthy launch pipeline, we have raised our estimates for FY27 by 5.5%. Overall, we factor in TVS to post a revenue/EBITDA/PAT CAGR of 21%/25%/29% over FY25-28E. Its consistent market share gains across key domestic and export segments, along with a gradual improvement in margins, have driven healthy returns over the years. This strong track record is likely to help sustain its premium valuations in the long run. Given its consistent outperformance, which is likely to continue going forward, we now upgrade TVS to BUY (from Neutral earlier). We now value TVS at 36x Sep'26 EPS (from 35x earlier) to arrive at our TP of INR4,159 per share.

PAT miss due to higher interest, depreciation, and FV loss on investment

- TVS 2Q PAT came in at INR9.1b, below our estimate of INR9.9b, led by higher interest and depreciation expenses as well as a loss on the fair valuation of investments, even as operationally results were only a slight miss.
- TVSL posted its highest-ever quarterly sales of 1.5m units this quarter, up 22.7% YoY. Motorcycle volumes were up 20% YoY, Scooters were up 30.4%, and 3Ws were up 41%. Despite rare earth magnet supply constraints, the EV business reached its best-ever quarter with 80k units sold, recording a 7% YoY growth.
- TVSL revenue came in line with our estimates at INR119.1b, up 29% YoY.
- EBITDA margin expanded 100bp YoY to 12.7% (below our estimate of 13%) and rose just 20bp QoQ despite an 18% volume growth QoQ. Adjusted for PLI incentives accrued from 4QFY25, the like-for-like margin expansion in 2Q stood at 50bp on a YoY basis.
- Margins were below estimates due to higher-than-expected other expenses. The increase in other expenses during 2Q was attributed to the bunching up of certain expenses, which include: 1) higher R&D of INR200-250m and 2) an increase of INR650m in marketing expenses related to three new launches.
- Overall, 2Q EBITDA grew 40% YoY to INR15.1b (below our estimate of INR 15.5b). PAT miss was primarily led by: 1) higher interest and depreciation and 2) an INR308m loss on the fair valuation of the investment in TVS Supply Chain (had seen a gain in prior quarters).

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

- TVSL's 1HFY26 Revenue/EBITDA/Adj PAT stood at INR219.9b/27.7b/16.8b. 1H revenue grew 25% YoY, while PBT rose 36% and EBITDA margins gained 100bp to 12.6%. For 2HFY26, we expect Revenue/EBITDA/PAT to grow 25.3%/17%/34.2% YoY, reaching INR233.7b/30.4b/19.7b respectively.
- CFO for TVS grew 31% YoY to INR30.2b in 1HFY26. The company incurred capex of INR9.5b. Consequently, TVS generated ~INR21b FCF.

Key takeaways from the management interaction

- During the festive season, TVS posted a 32% YoY growth in retail volumes on a like-for-like basis, outperforming the industry's 24% growth. Industry growth was supported by strong demand in both rural (+24%) and urban markets (+26%). Backed by its new launches (Orbiter, Raider 125, Ntorq 150), TVSL remains confident of sustaining its outperformance going forward.
- TVSL exports grew 31% YoY in 2QFY26 vs industry growth of 26%. The company has successfully expanded its footprint in both Africa and LATAM. While its presence in LATAM remains relatively smaller, it is outperforming the industry. Moreover, the company remains confident of sustaining its outperformance in the region in the coming quarters. It also continues to witness strong traction in its key Asian markets.
- TVSL is gaining strong traction in the 3W EV segment, having already doubled its market share to 11%
- Norton will unveil its first bike at the EICMA in Milan, Italy, next week, with the India launch scheduled for April 2026. The brand's entry strategy for India will be distinct from that of TVSL, reflecting a more targeted approach for this premium brand. In the European Union, Norton has already begun laying the groundwork for its distribution plans.

Valuation and view

Given TVSL's healthy launch pipeline, we have raised our estimates for FY27 by 5.5%. Overall, we factor in TVSL to post a revenue/EBITDA/PAT CAGR of 21%/25%/29% over FY25-28E. Its consistent market share gains across key domestic and export segments, along with a focus on gradual improvement in margins, have driven healthy returns over the years. This is likely to help sustain its premium valuations in the long run. Given its consistent outperformance, which is likely to continue going forward, we now upgrade TVS to BUY (from Neutral earlier). We value TVS at 36x Sep'26 EPS (from 35x earlier) to arrive at our TP of INR 4159 per share.

S/A Quarterly Performance

Y/E March (INR m)	FY25				FY26E				FY25	FY26E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
Vols ('000 units)	**1,087.2**	**1,228.2**	**1,212.0**	**1,216.3**	**1,277.0**	**1,507.0**	**1,476.3**	**1,482.2**	**4,744**	**5,743**	**1,507**
Growth (%)	14.1	14.3	10.1	14.2	17.5	22.7	21.8	21.9	13.2	37.0	22.7
Realn (INR '000/unit)	**77.0**	**75.1**	**75.1**	**78.5**	**78.9**	**79.0**	**79.0**	**79.0**	**76.4**	**79.0**	**78.9**
Growth (%)	1.7	(0.9)	0.2	2.4	2.5	5.1	5.2	0.7	0.8	4.2	5.0
Net Sales	**83,756**	**92,282**	**90,971**	**95,504**	**100,810**	**119,054**	**116,573**	**117,146**	**362,513**	**453,583**	**118,886**
Growth (%)	16.0	13.3	10.3	16.9	20.4	29.0	28.1	22.7	14.1	42.7	28.8
Total RM Cost	**59,804**	**66,018**	**65,112**	**66,672**	**71,754**	**84,604**	**82,767**	**83,191**	**257,607**	**322,316**	**85,122**
RM (% of sales)	71.4	71.5	71.6	69.8	71.2	71.1	71.0	71.0	71.1	71.1	71.6
Emp cost (% of sales)	5.7	5.4	5.5	5.2	5.8	5.1	5.1	5.0	5.4	5.2	5.2
Other exp (% of sales)	11.4	11.4	11.1	11.0	10.5	11.2	11.0	10.8	11.2	10.9	10.2
EBITDA	**9,602**	**10,798**	**10,815**	**13,326**	**12,630**	**15,086**	**15,038**	**15,395**	**44,540**	**58,149**	**15,455**
EBITDA Margin(%)	11.5	11.7	11.9	14.0	12.5	12.7	12.9	13.1	12.3	12.8	13.0
Interest	372	319	338	358	403	466	455	461	1,387	1,785	400
Depreciation	1,763	1,806	1,883	1,994	2,039	2,144	2,165	2,176	7,446	8,524	2,050
Other Income	363	299	-227	145	343	-213	250	240	580	620	120
PBT before EO Exp	**7,829**	**8,972**	**8,367**	**11,120**	**10,531**	**12,263**	**12,668**	**12,998**	**36,288**	**48,460**	**13,125**
EO Exp	0	0	0	1,617	0	0	0	0			0
PBT after EO Exp	**7,829**	**8,972**	**8,367**	**12,737**	**10,531**	**12,263**	**12,668**	**12,998**	**36,288**	**48,460**	**13,125**
Tax	2,056	2,346	2,182	2,599	2,745	3,202	3,065	2,798	9,183	12,260	3,177
Total Tax	**2056**	**2346**	**2182**	**2599**	**2745**	**3202**	**3065**	**2798**	**9183**	**12260**	**3177**
Tax rate (%)	26.3	26.1	26.1	20.4	26.1	26.1	25.0	22.8	25.3	25.3	25.0
Reported PAT	**5,773**	**6,626**	**6,185**	**10,139**	**7,786**	**9,061**	**9,603**	**10,200**	**27,105**	**36,171**	**9,948**
Adjusted PAT	**5,773**	**6,626**	**6,185**	**8,521**	**7,786**	**9,061**	**9,501**	**10,200**	**27,105**	**36,171**	**9,844**
Growth (%)	23.4	23.5	4.2	75.5	34.9	36.7	53.6	19.7	30.1	33.6	48.6

Exhibit 1: Trends in volume and volume growth

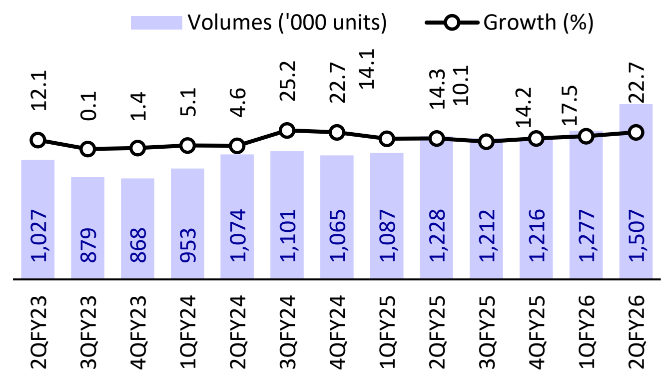


Exhibit 2: Trend in blended realizations

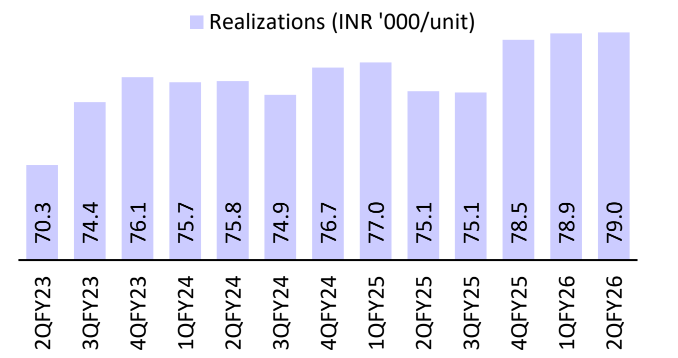


Exhibit 3: Net sales and growth trends

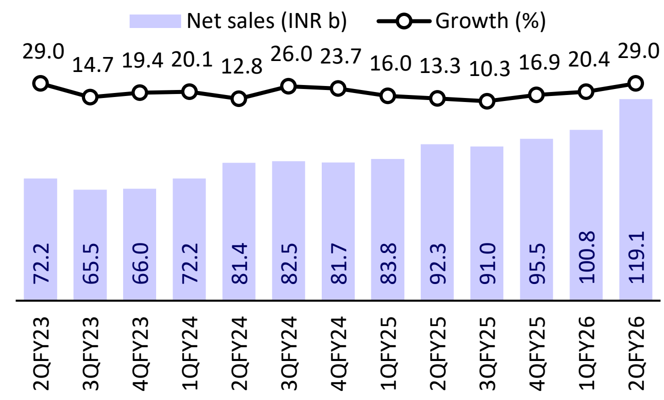


Exhibit 4: Contribution of different segments in the volume mix

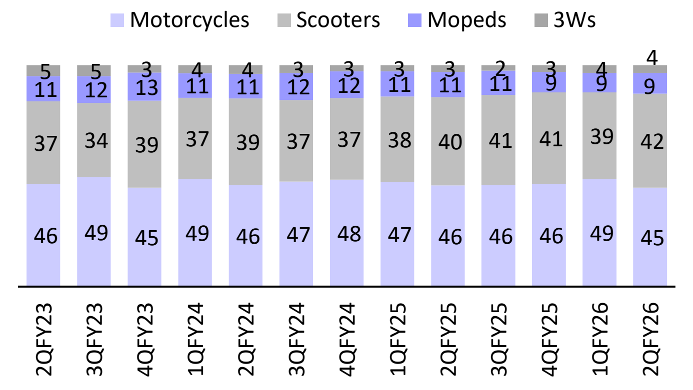
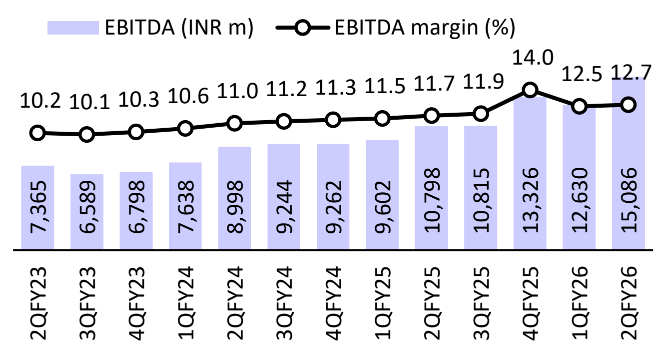
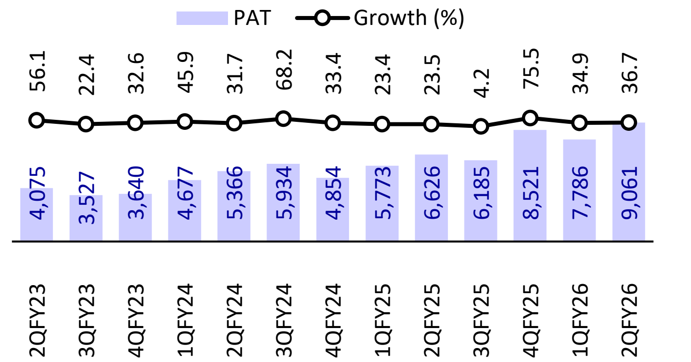


Exhibit 5: EBITDA and EBITDA margin trends



Source: Company, MOFSL

Exhibit 6: PAT and its growth trajectory



Source: Company, MOFSL

Exhibit 7: Only player to have consistently gained shares in 2Wssegment

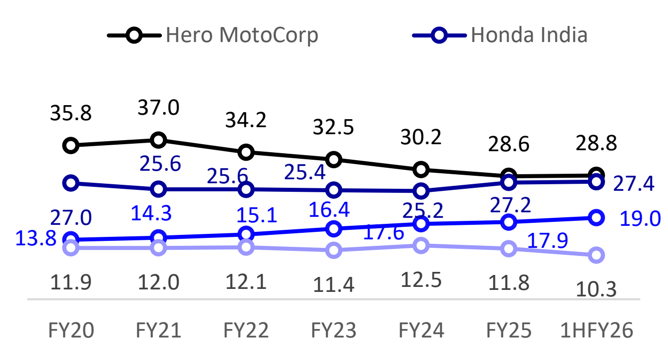


Exhibit 8: TVS nearing market leadership in the 150-250cc

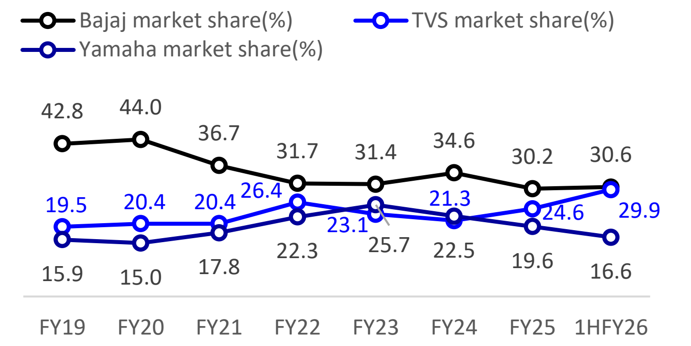


Exhibit 9: In scooters, TVS giving HMSI a run for its money

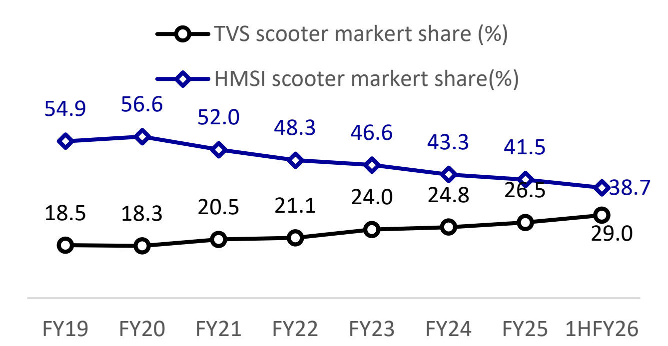


Exhibit 10: TVS now the market leader in EV scooters

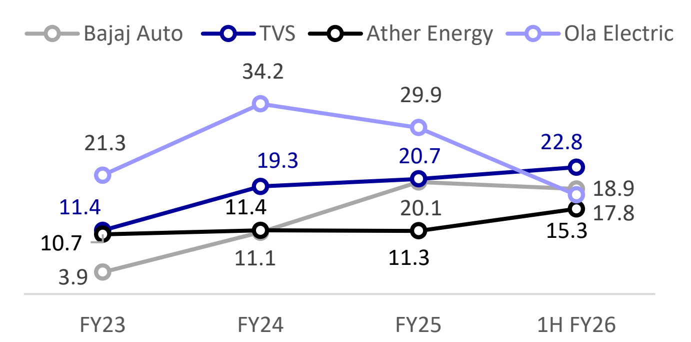


Exhibit 11: TVS gradually gaining share in motorcycles

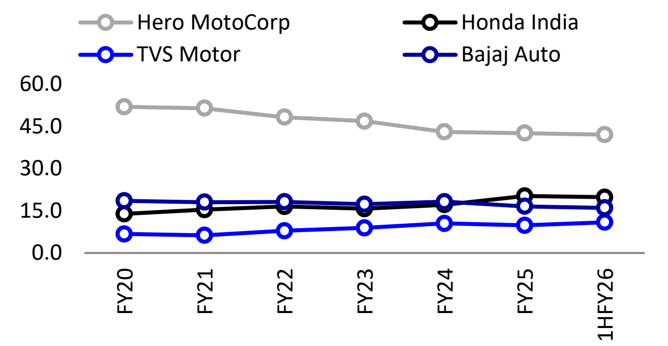
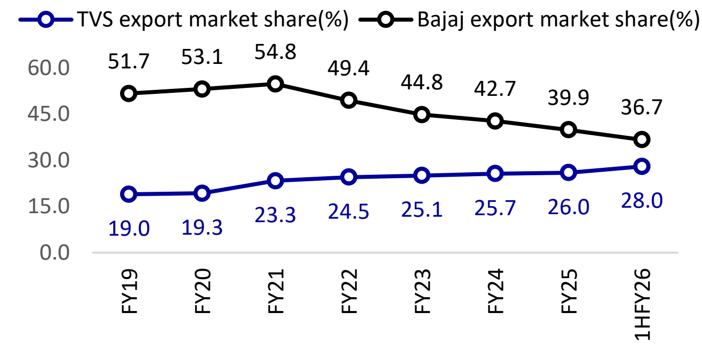


Exhibit 12: TVS outperforming in exports as well



CONFERENCE CALL

Key takeaways from the management interaction

Update on domestic market

- TVS ICE volumes grew 23% in Q2FY26, outperforming the industry's overall growth rate of 11%.
- During the festive season, on a like to like basis, TVS posted a 32% YoY growth in retail volumes, outperforming the industry's 24% growth. Industry growth was supported by strong demand in both rural (+24%) and urban markets (+26%).
- On the back of benefits from GST cuts, management expects the industry demand momentum to sustain, and projects the industry to post 8% growth in H2. Management remains confident of outperforming the 2W industry going forward.
- Jupiter 125 now contributes to 35-36% of the brand's overall volumes.
- TVS added 100 touchpoints in the domestic 3W network in CY25.
- In terms of dealer stock, only EV variants are facing a stock crunch with dealers, given the ongoing shortage of rare earth magnets.

Update on EVs

- The EV industry in India grew by 8% in Q2FY26, despite facing constraints due to the magnet shortage, which affected production and supply.
- EV revenue for TVS stood at INR12.7b for Q2FY26, majority of which is eligible for PLI. While it is delivering positive contribution margins, it remains negative at the EBIDTA level.
- TVS is gaining strong traction in the 3W EV segment, having already doubled its market share to 11%.

Update on new product launches

- Ntorq 150 has been launched as the most powerful scooter in its category, positioning itself as the first hypersport scooter. With a top speed of 104 km/h, it is the quickest in its class, receiving excellent feedback from riders.
- In October, TVS has launched a new Raider, featuring 'boost mode' with iGo Assist, dual front and rear disc brakes, and single channel ABS.
- To celebrate 20 years of the Apache series, TVS introduced an exclusive series in the RTR 150, 180, 200, 310, as well as RR-310.
- TVS launched Orbitor, a new electric vehicle (EV) aimed at attracting young, urban customers. Orbitor features an impressive 158 km range, hill hold assist, 34L boot space, and a 14-inch front wheel. Priced at INR99,900, it has initially been launched in Maharashtra and Karnataka, with plans for pan-India availability by Q4FY26.
- TVS also unveiled King Cargo HD EV, an electric vehicle designed for urban logistics and cargo mobility. It features a high load capacity, a 6.6ft load deck, a spacious cabin with improved ventilation, and a power gear mode to optimize performance. With a top speed of 60 km/h and a range of 156 km, King Cargo HD EV is designed to cater to the growing demand for efficient urban cargo solutions. Additionally, TVS Connect is included to enhance operational optimization and fleet management, aligning with the company's focus on smart mobility solutions.

Update on Exports

- Exports revenue stood at INR28.8b in Q2. Its USD-INR realization was flat QoQ at INR86.4.
- TVS exports grew 31% YoY in Q2FY26 vs industry growth of 26%. TVS has successfully expanded its footprint in both Africa and LATAM. While the company's presence in LATAM remains relatively small, it is outperforming the industry and remains confident of sustaining its outperformance in the region over coming quarters.
- TVS has established a solid presence in several key Asian markets, particularly in Sri Lanka and Nepal, both of which have shown strong performance. Additionally, the company is expanding its footprint in Bangladesh, further solidifying its position in Asia.

Update on subsidiaries and investments

- TVS Credit's total book stood at INR278.1b, with a customer base of 21.3m. PBT for Q2 stood at INR2.8b, up 28% YoY.
- In Q2FY26, TVS invested INR5.5b towards Norton, e-bikes, and for setting up an office in Dubai.
- Norton will unveil its first bike at the EICMA in Milan, Italy, next week, scheduled for launch in India in April 2026. The strategy for Norton's entry into the Indian market will be differentiated from that of TVS, reflecting a more targeted approach for this premium brand. In the European Union, Norton has already begun laying the groundwork for its distribution plans

Other highlights

- Spares revenue in Q2FY26 stood at INR10.73b.
- There was a 0.5-0.6% increase in input costs in Q2. TVS has implemented price hikes to offset the same. The company expects a slight rise in commodity costs in Q3.

Valuation and view

- **Consistent market share gains seen across segments:** TVS has been the only player in India to showcase consistent market share gains across its key segments over the past decade. In domestic motorcycles, its market share improved to ~11% for H1FY26 from 7.5% in FY19. More importantly, in the premium 150-250cc segment, it is nearing market leadership with 29.9% market share (from 19.5% in FY19). Even in the 125cc segment, it has captured a 12% market share in H1FY26 from just 4.6% share in FY19. In scooters (ICE), it has significantly improved its share to 28.5% as of H1FY26 from 18.5% in FY19. In the EV scooter segment, it has now emerged as the market leader, with 22.8% market share as of H1FY26.
- **Healthy new launch pipeline to sustain outperformance:** TVS's new Jupiter has continued to significantly outperform the scooter industry over the last 12 months. A similar trend is now observed in the 125cc variant, which saw a healthy pickup in demand following its launch. It has now launched Ntorq 150cc, with many segment-first features to help it further gain a share in scooters. It has also launched a new 2W EV Orbiter focused on urban consumers at an attractive price point to sustain leadership in e-scooters. Further, it has recently launched an

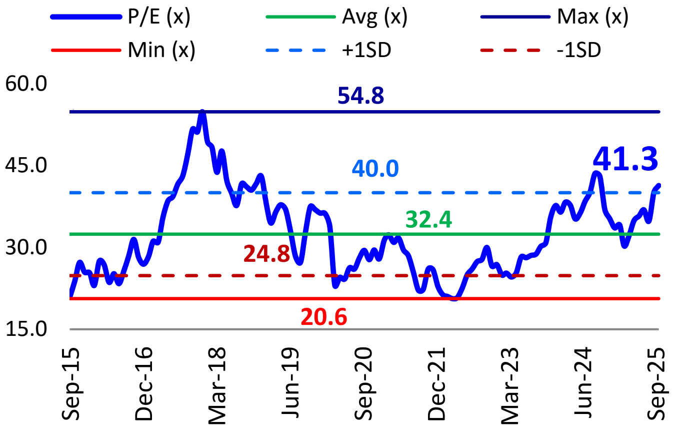
upgrade of its 125cc motorcycle, Raider, which will help it regain share in this sub-segment. Beyond 2Ws, it is now seeing a strong acceptance in the 3W EV segment, where it has doubled market share to 11% and targets to gain a prominent presence in the segment going forward. It has recently launched a cargo 3W variant, which will help boost its presence in 3W EVs going forward. On the back of its healthy new launch pipeline, we expect TVS to continue to outperform industry growth. We factor in TVS to post a 15% volume CAGR over FY25-28E.

- **TVS outperforming in exports as well:** Being a challenger to the market leader in key markets, TVS has been outperforming in 2W exports from India over the last few years. The African market has now picked up from its lows. It is a small player in Latin America but is confident of outperforming the region with its premium products in the coming years. While the company is seeing healthy growth in major Asian markets, like SriLanka and Nepal, it has been strengthening its network in Bangladesh. Overall, the management remains confident of sustaining a healthy growth momentum in exports and TVS to outperform in key markets. We factor in TVS to post 20% volume CAGR in exports over FY25-28E.
- **Investing in Brand building first, margins to follow:** Over the years, TVS's strategy has been to establish its brand in key segments and once a strong customer connect is established, it focuses on gradually improving margins within each segment. Over the years, we have seen TVS establish a strong presence in 125cc motorcycles with Raider, in 150-250cc with Apache, in scooters with Jupiter and in EVs with iQube. This strategy has helped improve its margins from ~8% in FY19 to 12.3% in FY25 and further to 12.6% for H1FY26. We expect it to continue delivering gradual margin improvement over the forecast period. We factor in TVS margins to improve to 13.8% by FY28E.
- **Valuation and view:** Given TVSL's healthy launch pipeline, we have raised our estimates for FY27 by 5.5%. Overall, we factor in TVSL to post a revenue/EBITDA/PAT CAGR of 21%/25%/29% over FY25-28E. Its consistent market share gains across key domestic and export segments, along with a focus on gradual improvement in margins, have driven healthy returns over the years. This is likely to help sustain its premium valuations in the long run. Given its consistent outperformance, which is likely to continue going forward, we now upgrade TVS to BUY (from Neutral earlier). We value TVS at 36x Sep'26 EPS (from 35x earlier) to arrive at our TP of INR 4159 per share.

Exhibit 13: Our revised forecasts (Standalone)

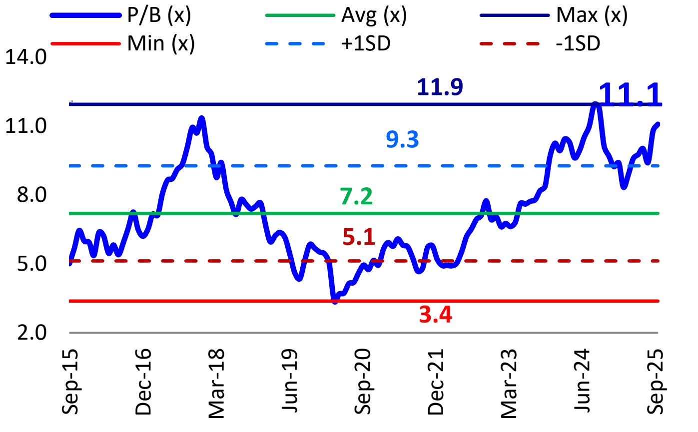
(INR M)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes (m units)	5.74	5.73	0.1	6.60	6.44	2.5
Net Sales	4,53,583	4,52,463	0.2	5,38,713	5,19,614	3.7
EBITDA	58,149	58,142	0.0	71,110	68,589	3.7
EBITDA (%)	12.8	12.9	0bp	13.2	13.2	0bp
Net Profit	36,200	36,171	0.1	45,777	43,394	5.5
EPS (INR)	76.2	76.1	0.1	96.4	91.3	5.5

Exhibit 14: P/E band



Source: MOFSL

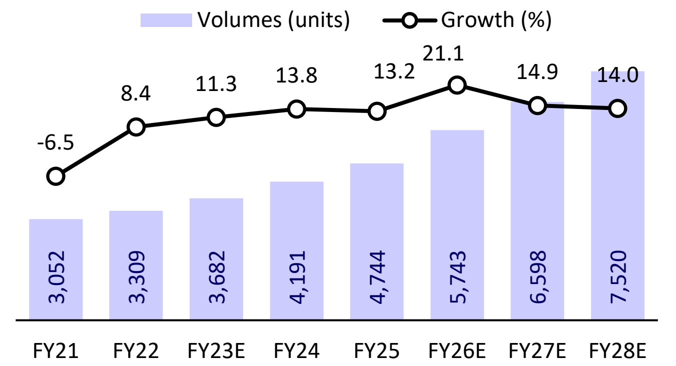
Exhibit 15: P/BV band



Source: MOFSL

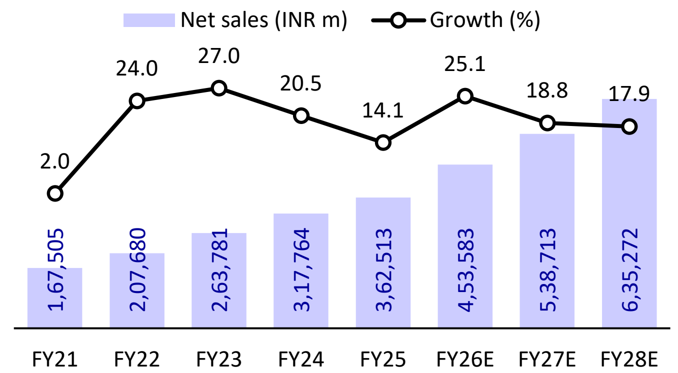
Story in charts

Exhibit 16: Volume growth trajectory



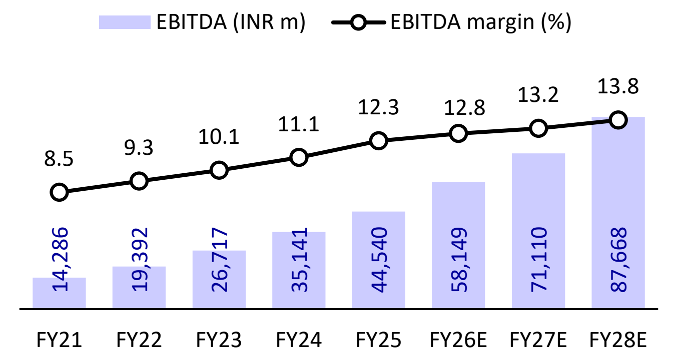
Source: Company, MOFSL

Exhibit 17: Revenue growth trend



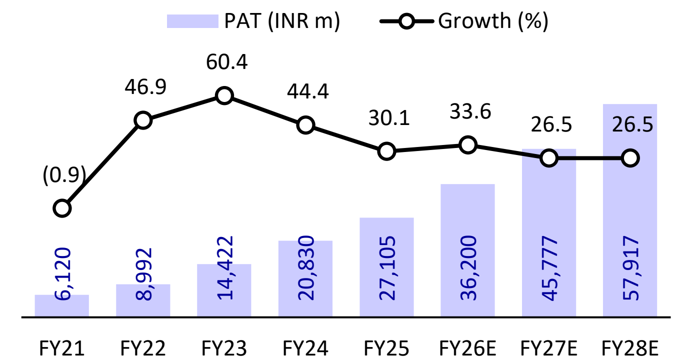
Source: Company, MOFSL

Exhibit 18: EBITDA margin trends upward



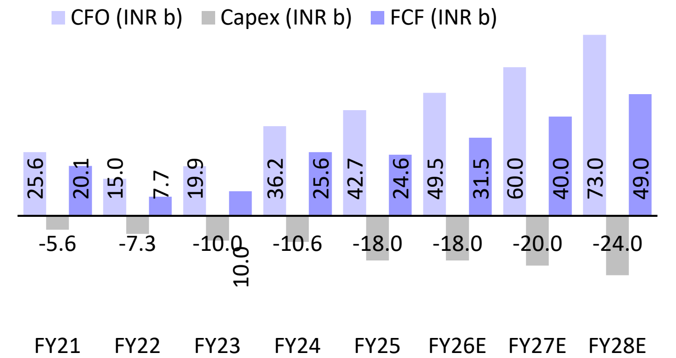
Source: Company, MOFSL

Exhibit 19: Trends in PAT and PAT growth



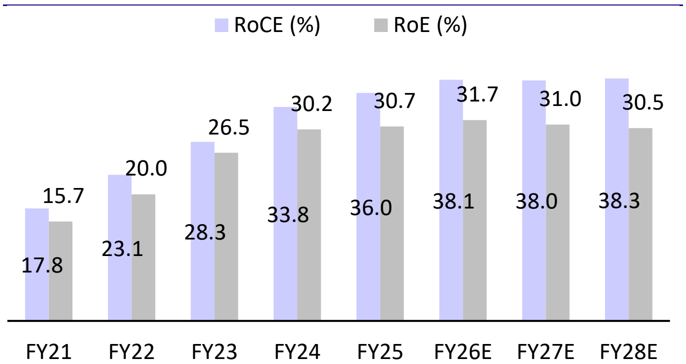
Source: Company, MOFSL

Exhibit 20: FCF to remain strong despite high capex plans



Source: Company, MOFSL

Exhibit 21: Sharp improvement in return ratios



Source: Company, MOFSL

Key operating metrics

units	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Motorcycle	**1,329,213**	**1,713,464**	**1,713,975**	**1,972,181**	**2,182,000**	**2,604,204**	**2,992,452**	**3,420,579**
Growth (%)	-1.4	28.9	0.0	15.1	10.6	19.3	14.9	14.3
% of total vols	43.6	51.8	46.5	47.1	46.0	45.3	45.4	45.5
Scooter	**960,946**	**922,578**	**1,333,925**	**1,567,240**	**1,903,508**	**2,427,084**	**2,798,559**	**3,191,583**
Growth (%)	-10.6	-4.0	44.6	17.5	21.5	27.5	15.3	14.0
% of total vols	31.5	27.9	36.2	37.4	40.1	42.3	42.4	42.4
Moped	**625,560**	**483,396**	**445,773**	**487,241**	**510,237**	**501,152**	**556,153**	**613,356**
Growth (%)	-3.9	-22.7	-7.8	9.3	4.7	-1.8	11.0	10.3
% of total vols	20.5	14.6	12.1	11.6	10.8	8.7	8.4	8.2
Total 2Ws	**2,928,265**	**3,137,298**	**3,512,954**	**4,044,824**	**4,608,973**	**5,546,462**	**6,362,027**	**7,241,273**
Growth (%)	-5.2	7.1	12.0	15.1	13.9	20.3	14.7	13.8
% of total vols	96.0	94.8	95.4	96.5	97.2	96.6	96.4	96.3
3Ws	123,596	171,875	169,114	146,170	134,663	196,086	235,633	278,570
Growth (%)	-28.9	39.1	-1.6	-13.6	-7.9	45.6	20.2	18.2
% of total vols	4.0	5.2	4.6	3.5	2.8	3.4	3.6	3.7
Domestic	**2,172,492**	**2,055,982**	**2,614,011**	**3,177,841**	**3,548,148**	**4,192,489**	**4,795,843**	**5,434,260**
Growth (%)	-10.3	-5.4	27.1	21.6	11.7	18.2	14.4	13.3
% of total vols	71.2	62.1	71.0	75.8	74.8	73.0	72.7	72.3
Exports	**879,369**	**1,253,191**	**1,068,057**	**1,013,153**	**1,195,488**	**1,550,058**	**1,801,816**	**2,085,582**
Growth (%)	4.6	42.5	-14.8	-5.1	18.0	29.7	16.2	15.7
% of total vols	28.8	37.9	29.0	24.2	25.2	27.0	27.3	27.7
Total volumes	**3,051,861**	**3,309,173**	**3,682,068**	**4,190,994**	**4,743,636**	**5,742,547**	**6,597,659**	**7,519,843**
Growth (%)	-6.5	8.4	11.3	13.8	13.2	21.1	14.9	14.0
ASP (INR/unit)	**54,886**	**62,759**	**71,639**	**75,821**	**76,421**	**78,986**	**81,652**	**84,479**
Growth (%)	9.1	14.3	14.2	5.8	0.8	3.4	3.4	3.5
Net Sales (INR m)	**167,505**	**207,680**	**263,781**	**317,764**	**362,513**	**453,583**	**538,713**	**635,272**
Growth (%)	2.0	24.0	27.0	20.5	14.1	25.1	18.8	17.9

Financials and valuations

Standalone - Income Statement

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Volumes (units)	**3,051,861**	**3,309,173**	**3,682,068**	**4,190,994**	**4,743,636**	**5,742,547**	**6,597,659**	**7,519,843**
Growth (%)	*(6.5)*	*8.4*	*11.3*	*13.8*	*13.2*	*21.1*	*14.9*	*14.0*
Net Sales	**167,505**	**207,680**	**263,781**	**317,764**	**362,513**	**453,583**	**538,713**	**635,272**
Change (%)	2.0	24.0	27.0	20.5	14.1	25.1	18.8	17.9
EBITDA	**14,286**	**19,392**	**26,717**	**35,141**	**44,540**	**58,149**	**71,110**	**87,668**
Margin (%)	8.5	9.3	10.1	11.1	12.3	12.8	13.2	13.8
Depreciation	4,937	6,114	6,312	7,004	7,446	8,524	9,291	10,034
EBIT	**9,349**	**13,278**	**20,405**	**28,138**	**37,094**	**49,625**	**61,819**	**77,634**
Int. and Finance Charges	1,416	1,259	1,407	1,816	1,387	1,785	1,388	1,151
Other Income - Rec.	330	190	389	1,485	580	620	850	1,050
PBT bef. EO Exp.	**8,262**	**12,209**	**19,387**	**27,807**	**36,288**	**48,460**	**61,281**	**77,533**
EO Expense/(Income)	0	77	-617	0	0	0	0	0
PBT after EO Exp.	**8,262**	**12,132**	**20,004**	**27,807**	**36,288**	**48,460**	**61,281**	**77,533**
Current Tax	2,034	3,000	5,037	7,021	8,677	12,260	15,504	19,616
Deferred Tax	108	196	87	-44	506	0	0	0
Tax Rate (%)	25.9	26.3	25.6	25.1	25.3	25.3	25.3	25.3
Reported PAT	**6,120**	**8,936**	**14,881**	**20,830**	**27,105**	**36,200**	**45,777**	**57,917**
PAT Adj for EO items	**6,120**	**8,992**	**14,422**	**20,830**	**27,105**	**36,200**	**45,777**	**57,917**
Change (%)	-0.9	46.9	60.4	44.4	30.1	33.6	26.5	26.5

Standalone - Balance Sheet

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	475	475	475	475	475	475	475	475
Total Reserves	41,234	47,745	60,003	76,835	98,891	128,440	165,902	213,367
Net Worth	**41,710**	**48,220**	**60,479**	**77,310**	**99,367**	**128,915**	**166,377**	**213,842**
Deferred Liabilities	1,955	1,979	1,982	1,871	2,659	2,659	2,659	2,659
Total Loans	10,829	16,006	22,446	15,134	17,349	18,349	16,349	14,349
Capital Employed	**54,493**	**66,205**	**84,906**	**94,315**	**119,375**	**149,923**	**185,386**	**230,851**
Gross Block	63,490	72,064	79,879	87,263	97,555	115,555	135,555	159,555
Less: Accum. Deprn.	33,387	38,998	43,920	49,545	54,092	62,616	71,907	81,941
Net Fixed Assets	**30,104**	**33,066**	**35,959**	**37,719**	**43,464**	**52,939**	**63,648**	**77,614**
Capital WIP	2,787	4,245	6,277	9,301	12,388	12,388	12,388	12,388
Total Investments	**33,862**	**48,538**	**61,740**	**71,891**	**95,642**	**117,642**	**146,642**	**182,642**
Curr. Assets, Loans&Adv.	**35,223**	**32,628**	**35,948**	**41,712**	**48,135**	**62,667**	**72,872**	**84,761**
Inventory	11,518	11,227	12,364	13,708	17,257	21,592	25,645	30,241
Account Receivables	8,700	9,507	9,551	13,021	12,801	16,016	19,022	22,432
Cash and Bank Balance	8,590	3,288	2,344	4,858	2,936	5,631	5,745	6,189
Loans and Advances	6,415	8,607	11,690	10,124	15,142	19,427	22,459	25,898
Curr. Liability & Prov.	**47,482**	**52,273**	**44,050**	**54,616**	**65,937**	**81,396**	**95,847**	**112,238**
Account Payables	45,557	49,815	41,306	51,122	61,537	76,996	91,447	107,837
Provisions & other CL	1,925	2,458	2,744	3,495	4,401	4,401	4,401	4,401
Net Current Assets	**-12,259**	**-19,644**	**-8,102**	**-12,905**	**-17,802**	**-18,729**	**-22,976**	**-27,477**
Appl. of Funds	**54,493**	**66,205**	**84,906**	**94,315**	**119,375**	**149,923**	**185,386**	**230,851**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	**12.9**	**18.9**	**30.4**	**43.8**	**57.1**	**76.2**	**96.4**	**121.9**
Growth (%)	-0.9	46.9	60.4	44.4	30.1	33.6	26.5	26.5
Cash EPS	23.3	31.8	43.6	58.6	72.7	94.1	115.9	143.0
BV/Share	87.8	101.5	127.3	162.7	209.1	271.3	350.2	450.1
DPS	3.5	4.5	5.0	8.0	10.0	14.0	17.5	22.0
Payout (%)	27.2	23.9	16.0	18.2	17.5	18.4	18.2	18.0
Valuation (x)								
P/E	276.0	187.8	117.1	81.1	62.3	46.7	36.9	29.2
Cash P/E	152.8	111.8	81.5	60.7	48.9	37.8	30.7	24.9
P/BV	40.5	35.0	27.9	21.8	17.0	13.1	10.2	7.9
EV/Sales	10.1	8.2	6.5	5.3	4.7	3.8	3.2	2.7
EV/EBITDA	118.4	87.8	64.0	48.4	38.2	29.3	23.9	19.4
Dividend Yield (%)	0.1	0.1	0.1	0.2	0.3	0.4	0.5	0.6
Return Ratios (%)								
EBITDA Margins (%)	8.5	9.3	10.1	11.1	12.3	12.8	13.2	13.8
Net Profit Margins (%)	3.7	4.3	5.5	6.6	7.5	8.0	8.5	9.1
RoE	15.7	20.0	26.5	30.2	30.7	31.7	31.0	30.5
RoCE	17.8	23.1	28.3	33.8	36.0	38.1	38.0	38.3
RoIC	**37.2**	**74.0**	**86.2**	**109.8**	**144.4**	**156.3**	**154.8**	**154.6**
Operating Ratios								
Fixed Asset Turnover (x)	2.6	2.9	3.3	3.6	3.7	3.9	4.0	4.0
Inventory (Days)	25.1	19.7	17.1	15.7	17.4	17.4	17.4	17.4
Debtor (Days)	19	17	13	15	13	13	13	13
Creditor (Days)	99	88	57	59	62	62	62	62
Working Capital (Days)	-45	-40	-14	-20	-21	-20	-19	-19
Leverage Ratio (x)								
Current Ratio	0.7	0.6	0.8	0.8	0.7	0.8	0.8	0.8
Debt/Equity	0.3	0.3	0.4	0.2	0.2	0.1	0.1	0.1

Standalone - Cash Flow Statement (INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
NP/ (Loss) bef Tax and EO	8,262	12,132	20,004	27,807	36,288	48,460	61,281	77,533
Depreciation	4,937	6,114	6,312	7,004	7,446	8,524	9,291	10,034
Interest & Finance Charges	1,416	1,259	1,407	1,816	1,387	1,785	1,388	1,151
Direct Taxes Paid	2,020	3,100	4,826	6,162	8,314	12,260	15,504	19,616
(Inc)/Dec in WC	12,918	-962	-2,051	5,359	6,138	3,623	4,360	4,946
CF from Operations	**25,513**	**15,444**	**20,846**	**35,824**	**42,945**	**50,132**	**60,816**	**74,048**
Others	96	-469	-918	349	-288	-620	-850	-1,050
CF from Operations	**25,609**	**14,976**	**19,929**	**36,173**	**42,657**	**49,512**	**59,966**	**72,998**
(inc)/dec in FA	-5,557	-7,279	-9,968	-10,555	-18,010	-18,000	-20,000	-24,000
Free Cash Flow	**20,052**	**7,697**	**9,960**	**25,618**	**24,647**	**31,512**	**39,966**	**48,998**
CF from Investments	**-9,206**	**-21,410**	**-23,118**	**-18,963**	**-38,708**	**-39,380**	**-48,150**	**-58,950**
(Inc)/Dec in Debt	-10,700	1,300	3,100	-4,400	-261	1,000	-2,000	-2,000
Interest Paid	-1,129	-1,231	-1,371	-2,137	-1,384	-1,785	-1,388	-1,151
Dividend Paid	-998	-1,904	-2,918	-3,801	-4,790	-6,651	-8,314	-10,452
CF from Fin. Activity	**-11,956**	**1,132**	**2,245**	**-14,696**	**-5,871**	**-7,436**	**-11,702**	**-13,603**
Inc/Dec of Cash	**4,447**	**-5,302**	**-944**	**2,515**	**-1,923**	**2,696**	**114**	**444**
Add: Beginning Balance	4,143	8,590	3,287	2,343	4,858	2,936	5,631	5,745
Closing Balance	**8,590**	**3,287**	**2,343**	**4,858**	**2,936**	**5,631**	**5,745**	**6,189**

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