

Eicher Motors

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	EIM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USDb)	1880.2 / 21.2
52-Week Range (INR)	7124 / 4536
1, 6, 12 Rel. Per (%)	-3/21/40
12M Avg Val (INR M)	2847

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	226.2	253.2	282.5
EBITDA	55.1	61.4	69.3
Adj. PAT	52.9	59.2	67.2
Adj EPS (INR)	193.1	215.7	245.0
EPS Gr (%)	11.8	11.7	13.6
BV/Sh (INR)	898	1,032	1,195

Ratios

RoE (%)	23.1	22.4	22.0
RoCE (%)	22.4	21.8	21.6
Payout (%)	37.3	38.0	33.5

Valuations

P/E (x)	35.4	31.7	27.9
P/BV (x)	7.6	6.6	5.7
Div. Yield (%)	1.1	1.2	1.2
FCF Yield (%)	2.2	2.5	2.9

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	49.1	49.1	49.1
DII	14.7	15.8	13.8
FII	27.0	25.8	27.6
Others	9.2	9.3	9.5

FII includes depository receipts

CMP: INR6,855

TP: INR5,846 (-15%)

Sell

Focus on growth clearly visible

Margins fail to improve despite robust volume growth in RE

- Eicher's 2QFY26 consolidated PAT at INR13.6b was slightly lower than our estimates of INR14.4b, due to lower-than-expected margins in both segments. Despite the strong 43% YoY growth in volumes, margins declined 140bp YoY to 24.9% owing to Eicher's focus on growth over profitability.
- The robust domestic volume growth for RE in FY26 so far has largely been a function of GST rate cut benefits. However, demand seems to have now normalized post an initial surge in pent-up demand. Further, given that management would continue to focus on "growth" over "profitability," it would mean that margin upside is likely to be capped from here on. We factor in RE to post a 14%/14%/12% revenue/EBITDA/PAT CAGR over FY25-28E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **We reiterate our Sell rating** with a TP of INR5,846. We value RE at 26x Sep-27E EPS and VECV at 11x EV EBITDA.

PAT below estimate due to lower margins in both businesses

- Eicher's consolidated revenue grew 45% YoY to INR61.7b (largely in line), aided by strong volume growth from the RE and VECV businesses. RE realizations were flat YoY at INR185k, while VECV realization grew 4.6% YoY in 2Q.
- On a standalone basis, revenue grew 40% YoY to INR59b – in line. Revenue growth was driven by a 43% YoY growth in volumes.
- However, despite the strong revenue growth, EBITDA margin dipped 140bp YoY to 24.9% (down 20bp QoQ) and 180bp lower than our estimates. This was largely on account of their focus on driving growth over profitability.
- EBITDA margin at VECV improved to 7.8%, expanding 70bp YoY, aided by a better product mix, lower discounts, and improving operating leverage.
- PAT share of VECV grew 20% YoY to INR1.4b – but was below our estimate of INR1.6b.
- Recurring PAT grew 24.5% to INR13.7b on the back of strong topline growth (below our estimate of INR14.4b).

Key highlights from the management commentary

- The company maintains its leadership in SAARC markets, ranked No. 2 in key regions such as the UK, Argentina, Thailand, and Korea, and is ranked No. 3 in Brazil and Australia, and No. 4 in the EU.
- After the GST rate hike in the >350cc segment, its 450cc is seeing much slower demand, while its 650cc is showing initial signs of picking up. Apart from the price hikes, the slowdown in these models is also a function of the strong pre-buy that these models saw before the GST rate hike.
- Other expenses were higher during 2Q due to higher marketing spending for brand building, community engagement, and market activations, which are expected to continue going forward.
- The GST rate cut is expected to support demand by increasing consumption and facilitating the movement of goods across regions. The company expects HCV demand to pick up in 2HFY26.

Valuation and view

The robust domestic volume growth for RE in FY26 so far has largely been a function of GST rate cut benefits. However, demand seems to have now normalized post an initial surge in pent-up demand. Further, we understand that RE had plans to launch multiple models on the 450cc Sherpa platform, which would now need to be recalibrated given that this segment has seen GST rates rise to 43%. Further, we expect exports to remain a growth driver and factor in a 21% volume CAGR in exports over FY25-28E. Further, given that management would continue to focus on “growth” over “profitability,” it would mean that margin upside is likely to be capped from here on. We factor in RE to post a 14%/14%/12% revenue/EBITDA/PAT CAGR over FY25-28E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **We reiterate our Sell rating** with a TP of INR5,846. We value RE at 26x Sep-27E EPS and VECV at 11x EV EBITDA.

Quarterly performance (Consolidated)

INR m	FY25				FY26E				FY25	FY26E		
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	VAR (%)
Net Operating Income	43,931	42,631	49,731	52,411	50,418	61,716	57,513	56,519	1,88,704	2,26,166	60,781	2
Growth (%)	10.2	3.6	19.0	23.1	14.8	44.8	15.6	7.8	14.1	36.8	43	
EBITDA	11,654	10,877	12,012	12,577	12,028	15,119	14,104	13,841	47,120	55,092	15,545	-3
EBITDA Margins (%)	26.5	25.5	24.2	24.0	23.9	24.5	24.5	24.5	25.0	24.4	25.6	
PAT	9,269	9,866	10,070	11,142	10,481	12,345	11,171	10,993	40,346	44,991	12,819	-4
Share of JV Loss/(PAT)/ Min. Int.	-1,746	-1,138	-1,635	-2,480	-1,571	-1,349	-1,778	-3,260	-6,998	-7,959	-1,603	
Recurring PAT	11,015	11,003	11,705	13,622	12,052	13,695	12,949	14,253	47,344	52,949	14,422	-5
Growth (%)	19.9	8.3	17.5	27.3	9.4	24.5	10.6	4.6	18.3	32.3	31.1	

Standalone (Royal Enfield)

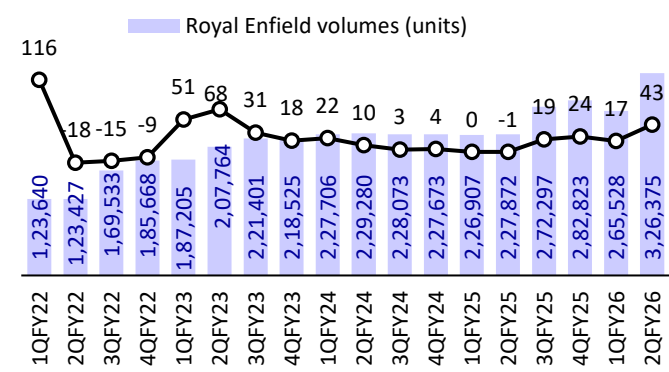
(INR m)	FY25				FY26E				FY25	FY26E		
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	VAR (%)
Royal Enfield ('000 units)	227	228	272	283	266	326	308	303	1,010	1,010	326	0
Growth (%)	-0.4	-0.6	19.4	24.2	17.0	43.2	13.1	7.1	10.6	10.6	43.2	
Net Realn (INR '000/unit)	186	185	180	181	185	185	185	185	183	184	185	0
Change - YoY (%)	8.8	7.7	1.4	-1.9	-0.9	0.0	2.5	2.7	3.7	4.4	0.0	
Net operating income	42,313	42,054	49,081	51,066	49,084	59,021	56,896	56,175	1,84,515	2,21,176	60,233	-2
Growth (%)	8.5	7.0	21.1	21.8	16.0	40.3	15.9	10.0	43.5	72.0	43.2	
EBITDA	11,786	11,049	12,237	12,609	12,313	14,687	14,388	14,184	47,680	55,572	16,098	-9
EBITDA Margins (%)	27.9	26.3	24.9	24.7	25.1	24.9	25.3	25.2	25.8	25.1	26.7	
Recurring PAT	10,880	10,099	10,562	11,251	13,065	12,080	12,025	11,676	42,793	48,846	13,251	-9
Growth (%)	19.1	7.6	15.6	14.4	20.1	19.6	13.8	3.8	14.1	30.3	31.2	

VECV: Quarterly performance

(INR m)	FY25				FY26E				FY25	FY26E		
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	VAR (%)
Total CV Volumes	19,702	20,774	21,010	28,675	21,610	21,901	23,321	31,164	90,161	97,996	21,901	0
Growth (%)	0.7	6.3	1.5	11.4	9.7	5.4	11.0	8.7	5.4	14.5	5.4	
Net Realn (INR '000/unit)	2,573	2,666	2,761	2,490	2,624	2,788	2,678	2,641	2,612	2,679	2,679	4
Change - YoY (%)	1.1	1.7	4.3	2.0	2.0	4.6	-3.0	6.1	2.2	4.8	0.5	
Net Op. Income	50,700	55,380	58,010	71,392	56,711	61,058	62,459	82,307	2,35,482	2,62,535	58,676	4
Growth (%)	1.8	8.0	5.8	13.7	11.9	10.3	7.7	15.3	34.6	50.1	6.0	
EBITDA	3,850	3,950	5,090	7,339	5,108	4,791	5,593	9,139	20,228	24,631	5,125	-7
EBITDA Margins (%)	7.6	7.1	8.8	10.3	9.0	7.8	9.0	11.1	8.6	9.4	8.7	
Recurring PAT	2,307	2,090	3,010	4,559	2,890	2,490	3,269	5,980	12,864	14,630	2,947	-16
Growth (%)	27.4	11.8	42.6	86.9	25.3	19.1	8.6	31.2	56.3	77.8	41.0	

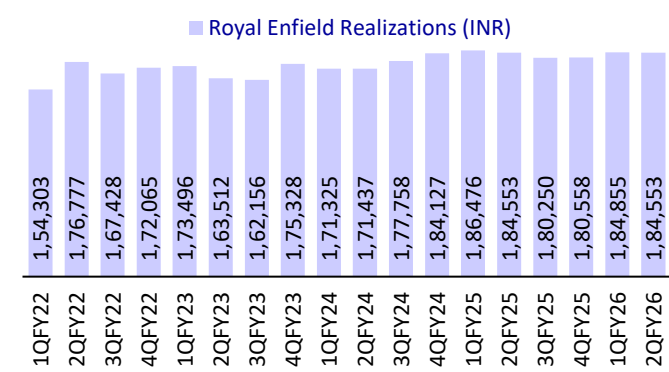
E: MOFSL Estimates

Exhibit 1: Volume trend for RE



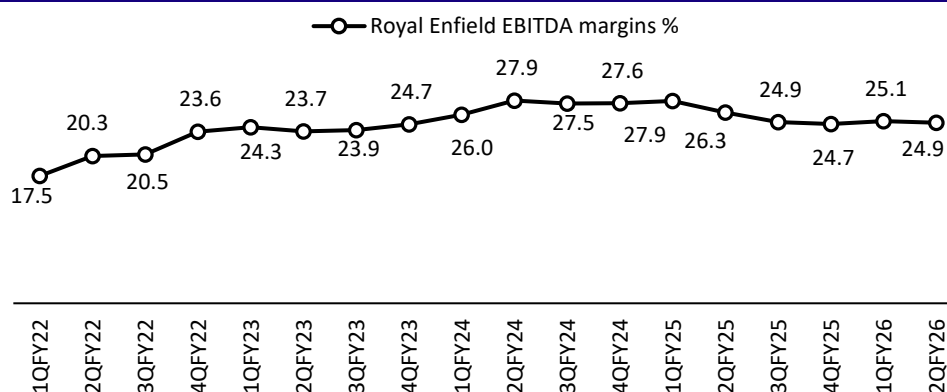
Source: Company, MOFSL

Exhibit 2: Realization trend for RE



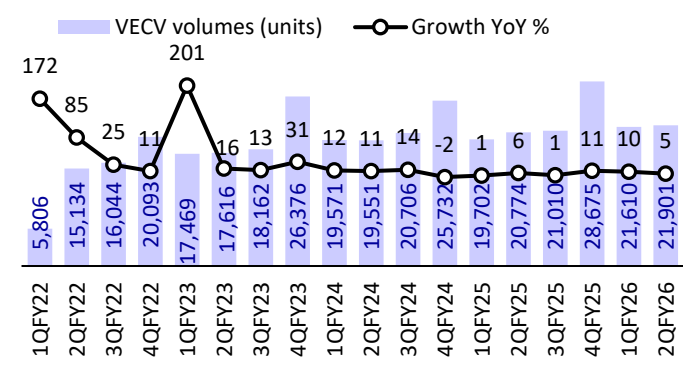
Source: Company, MOFSL

Exhibit 3: EBITDA margin trend for RE



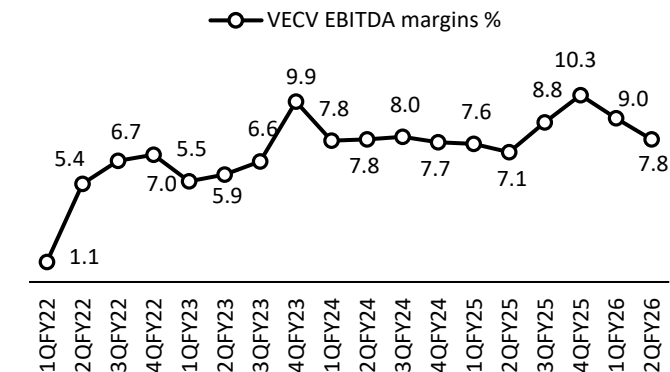
Source: Company, MOFSL

Exhibit 4: Volume growth trend for VECV



Source: Company, MOFSL

Exhibit 5: EBITDA margin trend for VECV



Source: Company, MOFSL

Exhibit 6: VECV – Product mix

	2QFY26	2QFY25	YoY (%)	1QFY25	QoQ (%)
L&MD - Trucks (Dom)	10,810	9,943	8.7	11,894	-9.1
% of total CV volumes	49	48		41	
HD - Trucks (Dom)	5,381	5,155	4.4	6,555	-17.9
% of total CV volumes	25	25		23	
Total Dom. Trucks	16,191	15,098	7.2	18,449	-12.2
% of total CV volumes	74	73		64	
Buses (Dom)	3,202	3,821	-16.2	7,600	-57.9
% of total CV volumes	15	18		27	
Total Domestic	19,393	18,919	2.5	26,048	-25.5
% of total CV volumes	89	91		91	
Total Exports	1,823	1,130	61.3	1,993	-8.5
% of total CV volumes	8	5		7	
Total ETB	21,216	20,049	5.8	28,041	-24.3
% of total CV volumes	97	97		98	
Volvo Truck India (units)	685	725	-5.5	634	8.0
% of total CV volumes	3	3		2	
Total CV Volumes	21,901	20,774	5.4	28,675	-23.6

Source: Company, MOFSL

Key takeaways from the management commentary**Royal Enfield update****Product Launches**

- Royal Enfield launched three product refreshes in 2Q, including a refreshed Meteor 350, which is now available in four variants and seven new colors. A new Graphite Grey Hunter 350 and Shadow Ash Guerrilla 450 were also introduced.
- The Meteor 350 saw strong demand following the introduction of new colors in September, contributing to a 30% YoY growth.
- The Hunter 350 saw a healthy 41% YoY growth, while the Classic 350 grew 24.5% YoY in 2Q, supported by a targeted campaign.
- The Bullet 350 (Battalion Black) continued to see strong demand and saw a 70% YoY growth in 2Q.

Domestic Demand

- Royal Enfield holds a dominant 84% market share in the mid-size motorcycle segment.
- Retail sales grew strongly during the festive season, with a total of over 249k units sold. The South and East regions have performed particularly well in 2Q.
- Post-GST, demand has remained strong, particularly in the 350cc+ segment, with 350cc models.
- The GST reform has also made the 350cc motorcycles more accessible and increased inquiries and bookings, resulting in improved conversion rates, which have increased from 20% to 30%.
- The retail demand was strong in Oct'25 due to the festive season, and has held up in Nov as well. This has led to a decline in inventory, which would need replenishment, further aiding wholesale volumes in the coming months.
- After the GST rate hike in the >350cc segment, its 450cc is seeing much slower demand, while its 650cc is showing initial signs of picking up. Apart from the price hikes, the slowdown in these models is also a function of the strong pre-buy that these models saw before the GST rate hike.

Exports

- Exports saw significant growth in 2Q, with a 49% YoY increase. Retail sales were higher than wholesale volumes, indicating strong demand in key export markets.
- The company maintains its leadership in SAARC markets, ranked No. 2 in key regions such as the UK, Argentina, Thailand, and Korea, and is ranked No. 3 in Brazil and Australia, and No. 4 in the EU.
- Brazil continues to perform well, and Royal Enfield is looking to invest in a new facility to further strengthen its presence in the region.
- The company is also planning to set up a subsidiary in Germany to cater to the EU demand.

Margins

- Input cost inflation for 2Q stood at 40bp, which was offset by the price hike they took
- Other expenses were higher during 2Q due to higher marketing spend for brand building, community engagement, and market activations, which are expected to continue going forward.

Capacity expansion

- Royal Enfield has increased its production capacity to 1.3-1.35m units per annum from earlier 1.2m by debottlenecking its facilities. Further, an additional module capacity is expected to come online by 1QFY27, increasing the installed capacity without the need for major capex, as they have additional space in the existing Cheyyar plant.

VECV update**2Q results**

- VECV EBITDA margin improved 70bp YoY to 8% for 2Q
- VECV is now the market leader in LMD trucks with 34.8% market share
- Parts business posted 12% YoY growth in 2Q
- Eicher signed a Memorandum of Understanding (MOU) with Tata Power and Jio-BP Pulse to provide access to 6,000+ public chargers for its Eicher EV trucks, further enhancing the support for the EV infrastructure.

Product portfolio

- Eicher launched the Eicher Pro+, which includes an AC cabin and an upgrade to the load-carrying capacity in the light and medium-duty truck segment.
- VECV is one of the market leaders in the CNG segment, with presence in both the cargo and passenger segments within the light and medium duty range.
- In the EV space, VECV has launched the Pro X range to cater to the 2-3.5T cargo segment. In the EV bus space, VECV has a 9-meter bus and a 12-meter bus, where it plans to participate in the new PM e-drive tender expected to open soon.
- The company is also working on electric models for the tippers and for the tractor-trailers.

Domestic demand

- All segments, except for MHCV cargo, are experiencing growth.
- The GST rate cut is expected to support demand by increasing consumption and facilitating the movement of goods across regions. The company expects HCV demand to pick up in H2.

- Lower interest rates and inflation are also expected to support growth in the domestic CV market.

Capex

- VECV announced an INR5.4b investment for the assembly and production of Volvo Group's state-of-the-art 12-speed automated manual transmission. This is the 2nd such project of the Volvo group in India, post the engine sourcing. The locally produced transmissions will be exported to Asia and Oceania.

Valuation and view

The robust domestic volume growth for RE in FY26 so far has largely been a function of GST rate cut benefits. However, demand seems to have now normalized post an initial surge in pent-up demand. Further, we understand that RE had plans to launch multiple models on the 450cc Sherpa platform, which would now need to be recalibrated given that this segment has seen GST rates rise to 43%. Further, we expect exports to remain a growth driver and factor in a 21% volume CAGR in exports over FY25-28E. Further, given that management would continue to focus on "growth" over "profitability," it would mean that margin upside is likely to be capped from here on. We factor in RE to post a 14%/14%/12% revenue/EBITDA/PAT CAGR over FY25-28E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **We reiterate our Sell rating** with a TP of INR5,846. We value RE at 26x Sep-27E EPS and VECV at 11x EV EBITDA.

Exhibit 7: Our revised estimates

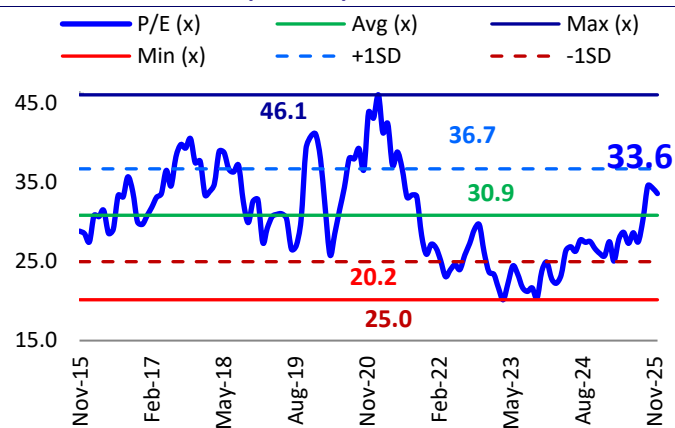
(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Standalone (RE)						
Volumes (units)	12,02,854	12,02,854	-	13,29,943	13,29,943	-
Net Sales	2,21,176	2,21,176	-	2,47,596	2,47,596	-
EBITDA	55,572	58,050	(4.3)	62,114	65,826	(5.6)
EBITDA (%)	25.1	26.2	-110bp	25.1	26.6	-150bp
Net Profit	48,846	50,571	(3.4)	54,150	57,599	(6.0)
EPS (INR)	178	184	(3.4)	197	210	(6.0)
VECV						
Volumes (units)	97,996	98,233	(0.2)	1,06,401	1,04,889	1.4
Net Sales	2,62,535	2,59,383	1.2	2,88,735	2,81,626	2.5
EBITDA	24,631	25,976	(5.2)	27,111	25,069	8.1
EBITDA (%)	9.4	10.0	-60bp	9.4	8.9	50bp
EPS (INR)	29.0	31.6	(8.2)	32.0	30.9	3.7
Consol EPS (INR)	193.1	192.1	0.5	215.7	213.0	1.3

Exhibit 8: Our SoTP valuation – INR5,846 (Sep'27-based)

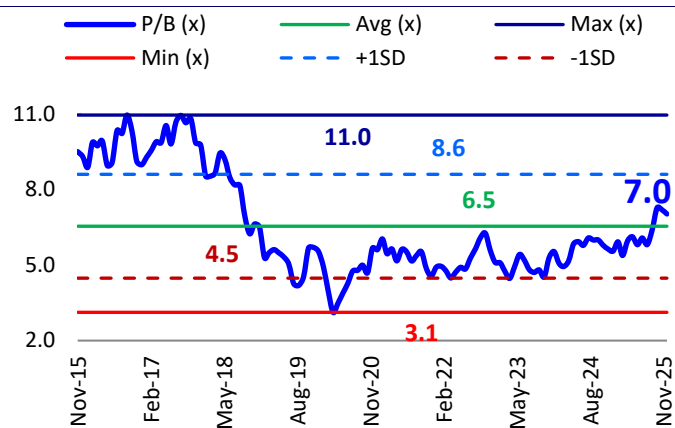
INR m		FY26E	FY27E	FY28E
Royal Enfield		26	26	26
PAT		44,991	50,374	57,236
Equity Value	PE @ 26x	11,69,756	13,09,716	14,88,131
VECV (@ 54.4% Economic interest)			11	11
EBITDA		13,399	14,748	16,411
EV	@ 11x EV/EBITDA	1,47,390	1,62,233	1,80,516
Net Debt		-22,370	-28,860	-36,583
Equity Value		1,69,760	1,91,093	2,17,099
Total Equity Value		13,39,516	15,00,809	17,05,231
Target Price (INR/Sh)		4,885	5,473	6,219

Source: Company, MOFSL

Exhibit 9: Valuations – P/E and P/B bands



Source: MOFSL



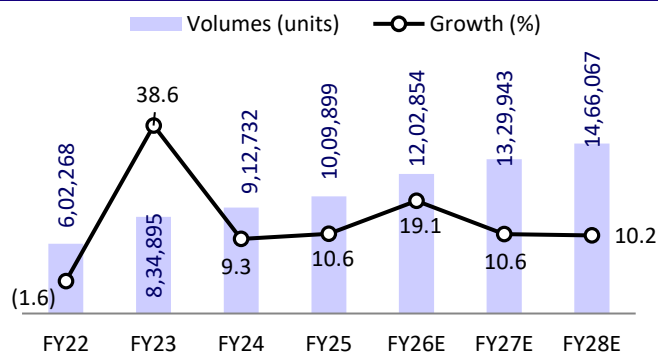
Source: MOFSL

Snapshot of Revenue Model

000 units	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
ROYAL ENFIELD (S/A)							
Total 2W (units)	602	835	913	1,010	1,203	1,330	1,466
Growth (%)	-1.6	38.6	9.3	10.6	19.1	10.6	10.2
Net realn (INR'000/unit)	166	166	173	180	181	183	185
Growth (%)	18.4	0.3	4.3	3.6	0.8	1.2	1.2
RE Revenues (INR b)	101	141	161	185	221	248	276
Growth (%)	17.4	39.0	14.3	14.8	19.9	11.9	11.6
VECV							
Dom - LMD	36	54	58	61	65	71	77
Growth (%)	33.0	47.6	7.4	4.6	7.7	8.6	8.7
Dom - HCV	11	19	22	22	22	24	26
Growth (%)	41.3	74.0	13.5	2.4	2.0	7.0	7.0
Total Dom.	47	73	79	83	88	95	103
Growth (%)	34.8	53.6	9.0	4.0	6.2	8.2	8.2
% of CV Vols	84.9	93.7	95.5	94.1	91.7	91.6	91.4
Exports	8	5	4	5	8	9	10
Growth (%)	67.7	-41.5	-24.6	39.2	52.1	10.5	10.5
Total CV vols	56	78	83	88	96	104	112
Growth (%)	38.9	39.3	6.9	5.6	8.9	8.4	8.4
Net realn (INR'000/unit)	2,229	2,380	2,556	2,612	2,679	2,714	2,749
Growth (%)	6	7	7	2	3	1	1
VECV Revenues (INR b)	127	190	219	235	263	289	318
Growth (%)	46.7	48.9	15.4	7.7	11.5	10.0	10.0
Net Consol sales (INR b)	103	144	165	189	226	253	282
Growth (%)	18.1	40.2	14.5	14.1	19.9	11.9	11.6

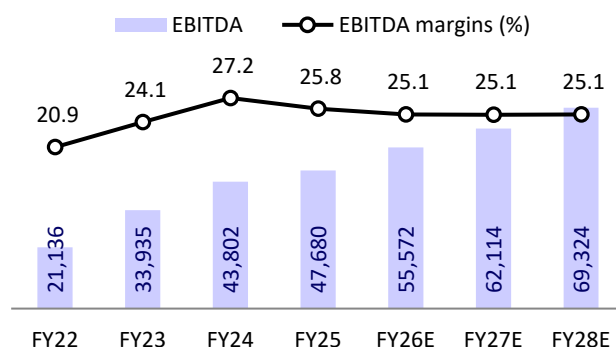
Story in charts

Exhibit 10: Volume and growth trends for RE



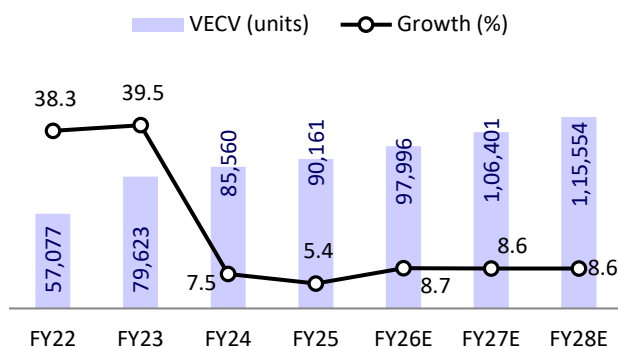
Source: Company, MOFSL

Exhibit 11: EBITDA and EBITDA margin trends for RE



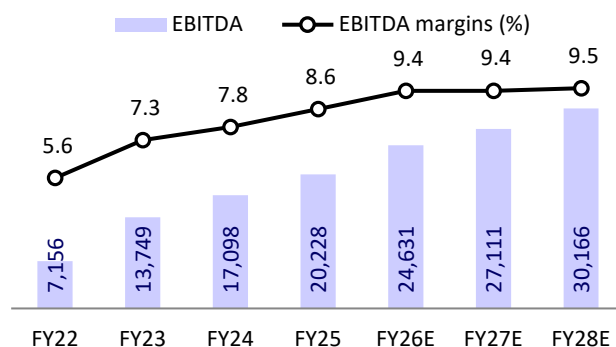
Source: Company, MOFSL

Exhibit 12: Volume growth trajectory for VECV



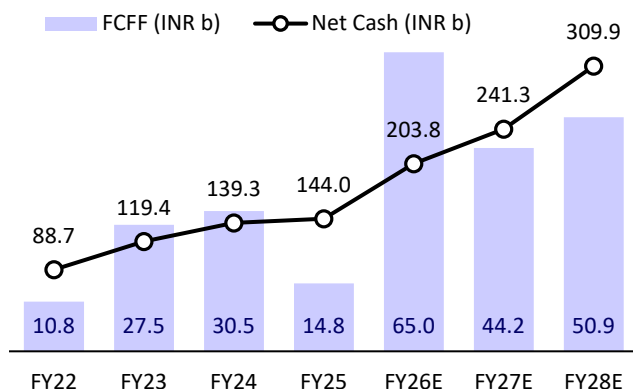
Source: Company, MOFSL

Exhibit 13: EBITDA and EBITDA margin for VECV



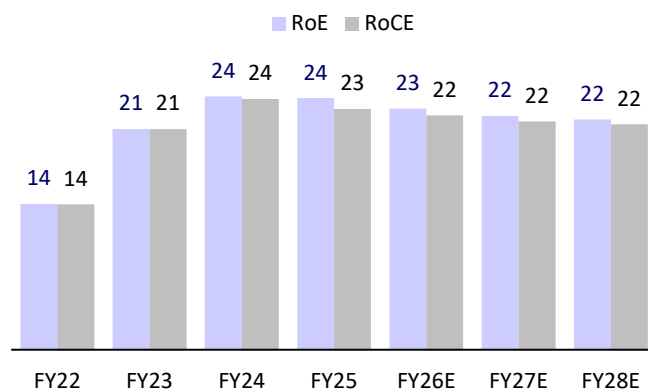
Source: Company, MOFSL

Exhibit 14: Strong FCF generation and liquidity (pro-rata)



Source: Company, MOFSL

Exhibit 15: Return ratios to stabilize



Source: Company, MOFSL

Financials and valuations

Income Statement (Consolidated)							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Op. Income	1,02,978	1,44,422	1,65,358	1,88,704	2,26,166	2,53,181	2,82,468
Change (%)	18.1	40.2	14.5	14.1	19.9	11.9	11.6
EBITDA	21,723	34,436	43,269	47,120	55,092	61,399	69,254
EBITDA Margin (%)	21.4	23.8	26.2	25.0	24.4	24.3	24.5
Depreciation	4,519	5,262	5,976	7,293	8,077	8,473	9,112
EBIT	17,203	29,174	37,293	39,827	47,015	52,926	60,142
Interest cost	188	280	509	543	700	610	520
Other Income	4,408	5,951	10,759	13,049	14,075	15,300	17,205
PBT	21,424	34,845	47,543	52,333	60,390	67,616	76,827
Tax	5,259	8,857	12,010	11,986	15,399	17,242	19,591
Effective Rate (%)	24.5	25.4	25.3	22.9	25.5	25.5	25.5
PAT	16,165	25,988	35,533	40,346	44,991	50,374	57,236
Change (%)	18.5	60.8	36.7	13.5	11.5	12.0	13.6
Less: Minority Interest	-602	-3,152	-4,477	-6,998	-7,959	-8,783	-9,955
Adj. PAT	16,766	29,139	40,010	47,344	52,949	59,157	67,191
Change (%)	21.2	73.8	37.3	18.3	11.8	11.7	13.6

Balance Sheet (Consolidated)							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	273	274	274	274	274	274	274
Reserves	1,25,807	1,49,629	1,80,182	2,12,691	2,45,897	2,82,570	3,27,276
Net Worth	1,26,080	1,49,903	1,80,455	2,12,965	2,46,172	2,82,844	3,27,550
Deferred Tax	2,201	2,913	4,483	4,930	4,930	4,930	4,930
Loans	588	1,957	4,194	4,581	4,123	3,711	3,340
Capital Employed	1,28,869	1,54,773	1,89,132	2,22,476	2,55,224	2,91,485	3,35,820
Application of Funds							
Gross Fixed Assets	44,234	51,415	56,868	69,752	81,752	93,752	1,05,752
Less: Depreciation	19,991	24,516	27,724	35,017	43,095	51,568	60,680
Net Fixed Assets	24,243	26,899	29,144	34,735	38,657	42,184	45,072
Capital WIP	5,048	4,721	5,551	4,915	4,915	4,915	4,915
- of which Goodwill	0	0	0	0	0	0	0
Investments	77,206	1,23,207	1,53,831	1,68,613	1,91,113	2,18,113	2,45,113
Curr.Assets, L & Adv.	55,514	37,149	42,626	63,482	80,023	92,861	1,15,012
Inventory	11,324	12,784	14,096	15,638	18,742	20,981	23,408
Sundry Debtors	3,020	3,689	3,738	5,496	6,588	7,374	8,228
Cash & Bank Balances	505	888	1,072	2,190	6,562	10,627	23,264
Loans & Advances	33,487	13,573	5,160	4,900	5,873	6,574	7,335
Others	7,177	6,215	18,560	35,258	42,258	47,305	52,777
Current Liab. & Prov.	33,141	37,204	42,019	49,268	59,483	66,588	74,291
Sundry Creditors	17,881	18,104	20,901	25,298	30,320	33,941	37,868
Other Liabilities	13,362	16,520	18,372	20,794	24,922	27,899	31,126
Provisions	1,898	2,579	2,746	3,177	4,242	4,748	5,298
Net Current Assets	22,373	-54	607	14,213	20,539	26,273	40,720
Application of Funds	1,28,869	1,54,772	1,89,133	2,22,476	2,55,224	2,91,485	3,35,820

E: MOFSL Estimates

Financials and valuations

Ratios (Consolidated)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	61.3	106.5	146.3	172.7	193.1	215.7	245.0
EPS Growth (%)	21.1	73.7	37.3	18.0	11.8	11.7	13.6
Book Value per Share	461	548	660	777	898	1,032	1,195
DPS	21.0	37.0	51.0	70.0	72.0	82.0	82.0
Payout (Incl. Div. Tax) %	34.2	34.7	34.9	40.5	37.3	38.0	33.5
Valuation (x)							
P/E	111.4	64.1	46.7	39.6	35.4	31.7	27.9
EV/EBITDA	71.1	42.2	32.6	29.5	24.2	21.2	18.2
EV/Sales	10.4	7.2	6.2	5.5	4.6	4.0	3.5
Price to Book Value	14.8	12.5	10.4	8.8	7.6	6.6	5.7
Dividend Yield (%)	0.3	0.5	0.7	1.0	1.1	1.2	1.2
Profitability Ratios (%)							
RoE	13.9	21.1	24.2	24.1	23.1	22.4	22.0
RoCE	13.9	21.1	24.0	23.1	22.4	21.8	21.6
RoIC	22.2	66.9	114.3	95.7	82.4	83.2	86.8
Turnover Ratios							
Debtors (Days)	11	9	8	11	11	11	11
Inventory (Days)	40	32	31	30	30	30	30
Creditors (Days)	63	46	46	49	49	49	49
Working Capital (Days)	-13	-4	-7	-8	-8	-8	-8
Asset Turnover (x)	0.8	0.9	0.9	0.8	0.9	0.9	0.8
Leverage Ratio							
Net Debt/Equity (x)	-0.5	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8

Cash Flow Statement (Consolidated)

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before Tax	22,025	37,996	52,020	59,331	68,349	76,399	86,781
Depreciation	4,519	5,262	5,976	7,293	8,077	8,473	9,112
Direct Taxes Paid	-5,136	-7,703	-10,678	-10,802	-15,399	-17,242	-19,591
(Inc)/Dec in Working Capital	-1,503	657	3,880	2,110	827	596	646
Interest/Div. Received	-2,440	-1,765	-2,037	-3,173	-6,075	-7,200	-9,000
Other Items	-2,195	-6,221	-11,924	-14,960	-2,080	-1,655	-1,936
CF from Oper. Activity	15,270	28,227	37,237	39,799	53,698	59,371	66,013
(Inc)/Dec in FA+CWIP	-6,387	-6,737	-8,144	-10,285	-12,000	-12,000	-12,000
Free Cash Flow	8,883	21,490	29,094	29,515	41,698	47,371	54,013
(Pur)/Sale of Invest.	-3,446	-17,231	-20,196	-14,322	-16,425	-19,800	-18,000
CF from Inv. Activity	-9,833	-23,968	-28,339	-24,607	-28,425	-31,800	-30,000
Issue of Shares	65	112	466	869	0	0	0
Inc/(Dec) in Debt	-1,046	440	64	-50	-458	-412	-371
Interest Paid	-142	-134	-250	-245	-700	-610	-520
Dividends Paid	-4,647	-5,742	-10,129	-13,975	-19,742	-22,484	-22,484
CF from Fin. Activity	-5,934	-4,174	-8,444	-13,987	-20,901	-23,507	-23,375
Inc/(Dec) in Cash	-496	84	454	1,206	4,373	4,064	12,638
Add: Beginning Balance	941	445	530	984	2,190	6,562	10,627
Closing Balance	445	530	984	2,190	6,562	10,627	23,264

E: MOFSL Estimates

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