

Eicher Motors

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	EIM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USDb)	2135.3 / 22.3
52-Week Range (INR)	8233 / 5353
1, 6, 12 Rel. Per (%)	3/15/44
12M Avg Val (INR M)	4021

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	234.1	288.5	327.4
EBITDA	57.9	70.9	81.2
Adj. PAT	55.2	63.0	72.1
Adj EPS (INR)	202.6	229.8	262.9
EPS Gr (%)	17.3	13.4	14.4
BV/Sh (INR)	915	1,053	1,210

Ratios

RoE (%)	24.0	23.4	23.2
RoCE (%)	23.3	22.7	22.7
Payout (%)	40.8	40.0	40.3

Valuations

P/E (x)	38.4	33.9	29.6
P/BV (x)	8.5	7.4	6.4
Div. Yield (%)	1.1	1.2	1.4
FCF Yield (%)	1.7	2.1	2.6

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	49.0	49.1	49.1
DII	16.1	14.8	15.8
FII	25.5	26.8	25.8
Others	9.4	9.3	9.3

FII includes depository receipts

CMP: INR7,779 **TP: INR7,598 (-2%)** **Neutral**

Steady quarter

Domestic demand remains healthy, exports uncertain

- Eicher Motors' (EIM) 1QFY27 consolidated PAT of INR14.6b was in line with our estimates. While RE earnings were in line with estimates, VECV earnings came in 13% above estimates on the back of strong margin performance.
- We project RE to record a 14% volume CAGR over FY26-28E. We expect the domestic business to deliver a 15% CAGR, though exports are likely to post a much lower 5% CAGR, that too largely back-ended. Given management's focus on volume growth and the recent surge in input costs, we expect margins to remain under pressure. Overall, we expect EIM to post a 14% earnings CAGR over FY26-28E. At 34x/29.6x FY27E/FY28E, the stock appears fairly valued. Reiterate Neutral with a TP of INR7,598. We value RE at 30x FY28E EPS and VECV at 12x EV EBITDA.

Earnings in line with estimates

- Consolidated revenue grew 32% YoY to INR66.3b (5% above est), aided by strong volume growth from the RE and VECV businesses. RE realizations were marginally higher YoY at INR189k (+2), while VECV realization grew ~1.5% YoY in 1Q.
- Consolidated EBITDA margin was largely flat YoY at 24% (down 90bp QoQ), 60bp higher than est.
- Standalone margin declined 80bp YoY to 24.3% due to RM inflation (in line). Standalone PAT was up 15% YoY at INR15b (in line).
- VECV EBITDA margin declined 80bp YoY to 8.2% (above our est. of 7.8%) and recurring PAT grew 4% YoY to INR3b (above our est. of INR2.7b).
- Recurring PAT for the consolidated entity grew ~21% to INR14.6b (in line).

Key highlights from the management commentary

- Dealer inventory stood at only 10-12 days as of 1Q end because retail demand was higher than production. A further four to five days' worth of stock is typically held in depots and transit. The company is increasing direct billing to dealers to reduce the time spent in depots and secondary transportation.
- Despite a higher base in 2H, management expects volume momentum to continue in the coming quarters on the back of enquiry and booking growth, lean inventory, planned product interventions, renewed marketing activity, and the planned production ramp-up.
- Impact from commodity headwinds stood at ~4.5% of revenue, mainly attributed to higher aluminum, steel, copper, crude-linked inputs, precious metals and related processing costs. This was offset by a price increase of 1.75% in Apr'26 (benefit of 1.2% of revenue) during 1Q and benefit of 40bp from value engineering.

- The first brownfield expansion module in Cheyyar became operational in July, taking the total capacity to 1.5m units per year. By the end of this brownfield expansion by FY28, the total capacity would rise to 2m units pa. The board also approved investment of INR12.25b for the first phase of a greenfield manufacturing facility in Andhra Pradesh, which will take the total installed capacity to approximately 2.45m motorcycles pa by FY30.

Valuation and view

We project RE to record a 14% volume CAGR over FY26-28E. We expect the domestic business to deliver a 15% CAGR, though exports are likely to post a much slower 5% CAGR, that too largely back-ended. Given management's focus on volume growth and the recent surge in input costs, we expect margins to remain under pressure. Overall, we expect EIM to post a 14% earnings CAGR over FY26-28E. At 34x/29.6x FY27E/FY28E, the stock appears fairly valued. Reiterate Neutral with a TP of INR7,598. We value RE at 30x FY28E EPS and VECV at 12x EV EBITDA.

Quarterly performance (Consolidated)

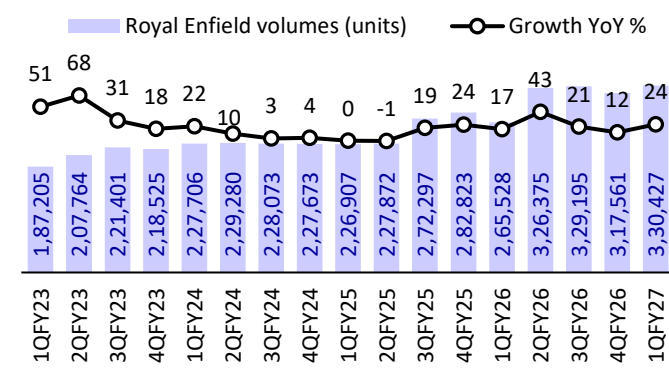
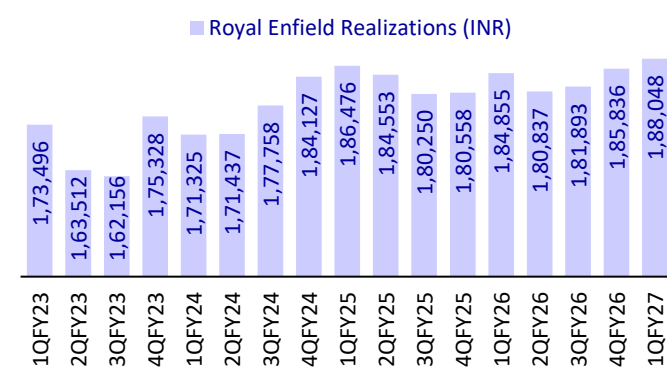
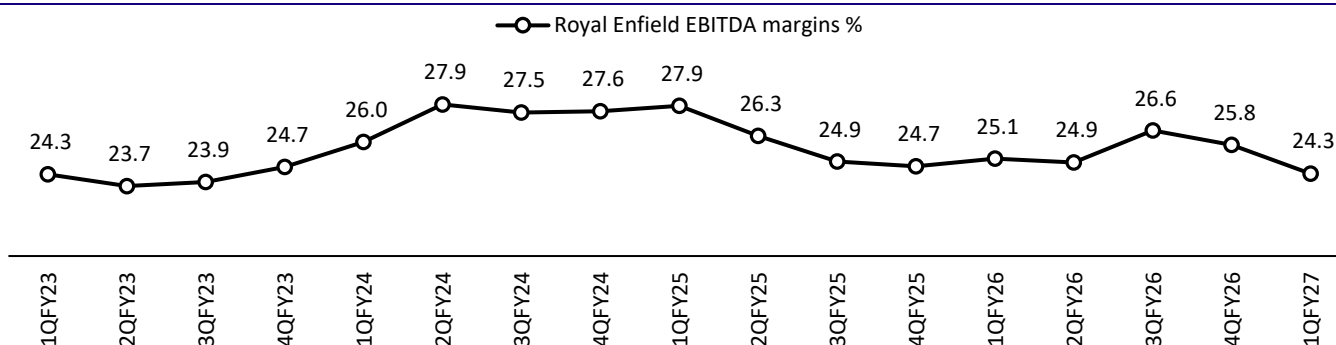
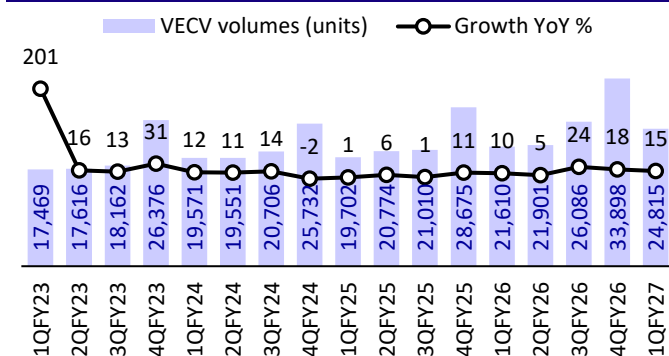
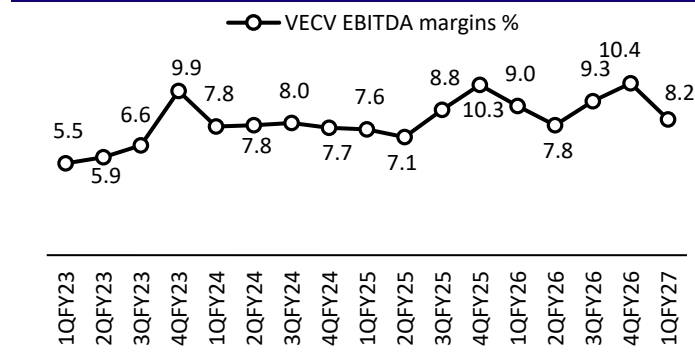
											(INR m)	
INR m	FY26				FY27E				FY26	FY27E	1QE	VAR (%)
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Operating income	50,418	61,716	61,140	60,801	66,324	72,212	75,234	74,689	2,34,076	2,88,458	63,370	4.7
Growth (%)	14.8	44.8	22.9	16.0	31.5	17.0	23.1	22.8	24.0	23.2	26	
EBITDA	12,028	15,119	15,567	15,137	15,906	17,427	18,591	18,977	57,851	70,901	14,837	7.2
EBITDA Margins (%)	23.9	24.5	25.5	24.9	24.0	24.1	24.7	25.4	24.7	24.6	23.4	
Change (%)	3.2	39.0	29.6	20.4	32.2	15.3	19.4	25.4	22.8	22.6	23.4	
PAT	10,481	12,345	12,377	11,971	12,950	13,480	14,186	14,392	47,174	55,009	12,755	1.5
Share of JV Loss/(PAT)/ Min. Int.	-1,571	-1,349	-1,829	-3,229	-1,675	-1,519	-1,913	-2,918	-7,978	-8,024	-1,443	
Recurring PAT	12,052	13,695	14,294	15,200	14,625	14,999	16,099	17,310	55,567	63,033	14,197	3.0
Growth (%)	9.4	24.5	22.1	11.6	21.3	9.5	12.6	13.9	17.4	13.4	17.8	

Standalone (Royal Enfield)

Royal Enfield ('000 units)	266	326	329	318	330	359	374	368	1,239	1,431	330	0.0
Growth (%)	17.0	43.2	20.9	12.3	24.4	10.0	13.5	16.0	22.7	15.6	24.4	
Net Realn (INR '000/unit)	185	181	182	186	188	190	190	189	183	189	189	-0.3
Change - YoY (%)	-0.9	-2.0	0.9	2.9	1.7	5.0	4.2	1.9	0.3	3.3	2.0	
Net operating income	49,084	59,021	59,878	59,014	62,136	68,169	70,816	69,748	2,26,997	2,70,869	62,303	-0.3
Growth (%)	16.0	40.3	22.0	15.6	26.6	15.5	18.3	18.2	53.8	49.2	26.9	
EBITDA	12,313	14,687	15,899	15,230	15,103	16,747	17,494	17,269	58,129	66,612	15,140	-0.2
EBITDA Margins (%)	25.1	24.9	26.6	25.8	24.3	24.6	24.7	24.8	25.6	24.6	24.3	
Recurring PAT	13,065	12,080	13,321	12,364	15,066	13,158	13,930	13,971	50,829	56,126	14,904	1.1
Growth (%)	20.1	19.6	26.1	9.9	15.3	8.9	4.6	13.0	18.8	10.4	14.1	

VECV

Total CV Volumes	21,610	21,901	26,086	33,898	24,815	24,087	27,577	33,480	1,03,495	1,09,959	24,815	0.0
Growth (%)	9.7	5.4	24.2	18.2	14.8	10.0	5.7	-1.2	14.8	6.2	14.8	
Net Realn (INR '000/unit)	2,624	2,788	2,678	2,443	2,664	2,704	2,598	2,706	2,616	2,669	2,546	4.6
Change - YoY (%)	2.0	4.6	-3.0	-1.9	1.5	-3.0	-3.0	10.8	0.2	2.0	-3.0	
Net operating income	56,711	61,058	70,191	82,806	66,100	65,139	71,641	90,610	2,70,766	2,93,491	63,168	4.6
Growth (%)	11.9	10.3	21.0	16.0	16.6	6.7	2.1	9.4	15.0	8.4	11.4	
EBITDA	5,108	4,791	6,522	8,591	5,410	5,077	5,926	8,636	25,012	25,050	4,928	9.8
EBITDA Margins (%)	9.0	7.8	9.3	10.4	8.2	7.8	8.3	9.5	9.2	8.5	7.8	
Recurring PAT	2,890	2,490	4,091	5,629	3,008	2,791	3,516	5,435	15,103	14,751	2,652	13.4
Growth (%)	25.3	19.1	35.9	23.5	4.1	12.1	-14.1	-3.4	17.4	-2.3	-8.2	

Exhibit 1: Volume trend for RE

Exhibit 2: Realization trend for RE

Exhibit 3: EBITDA margin trend for RE

Exhibit 4: Volume growth trend for VECV

Exhibit 5: EBITDA margin trend for VECV

Exhibit 6: VECV – product mix

	1QFY27	1QFY26	YoY (%)	4QFY26	QoQ (%)
L&MD - Trucks (Dom)	11,366	9,152	24.2	16,738	-32.1
% of total CV volumes	46	42		49	
HD - Trucks (Dom)	5,275	4,580	15.2	8,891	-40.7
% of total CV volumes	21	21		26	
Total Dom. Trucks	16,641	13,732	21.2	25,629	-35.1
% of total CV volumes	67	64		76	
Buses (Dom)	6,126	6,005	2.0	5,971	2.6
% of total CV volumes	25	28		18	
Total Domestic	22,767	19,737	15.4	31,600	-28.0
% of total CV volumes	92	91		93	
Total Exports	1,450	1,436	1.0	1,709	-15.2
% of total CV volumes	6	7		5	
Total ETB	24,217	21,173	14.4	33,309	-27.3
% of total CV volumes	98	98		98	
Volvo Truck India (units)	598	437	36.8	589	1.5
% of total CV volumes	2	2		2	
Total CV Volumes	24,815	21,610	14.8	33,898	-26.8

Source: Company, MOFSL



Key takeaways from the management commentary

Update on domestic demand

- Domestic volumes grew about 32% YoY, while retail growth was around 20%. Further, bookings, showroom walk-ins and telephonic enquiries grew slightly faster than volume growth, indicating a healthy demand momentum.
- Classic 350, Bullet 350, Hunter 350 and Meteor 350 collectively grew about 34% YoY in Q1 FY27, outperforming the broader industry.
- The 450cc and 650cc volumes have returned to pre-GST volume levels; demand had previously been affected by the higher GST burden. RE launched the Guerrilla 450 Apex variant and Bullet 650, which also supported category growth.
- RE began customer deliveries of the Flying Flea C6, its first electric motorcycle under the Flying Flea city-plus mobility brand, from its initial store in Jayanagar, Bengaluru. The company delivered more than 100 motorcycles in the first two months of the launch, with initial buyers being in the age group of 25-30 years.
- The company plans to add five touchpoints in Bengaluru for its EV brand, followed by another five, taking the city network to around 10 locations over the next two months. After that, RE plans to enter six additional identified markets in the coming quarters.
- Dealer inventory stood at only 10-12 days at the end of the quarter because retail demand had remained ahead of production. A further four to five days' worth of stock is typically held in depots and transit. The company is increasing direct billing to dealers to reduce the time spent in depots and secondary transportation.
- Despite a higher base in 2H, management expects volume momentum to continue in the coming quarters on the back of enquiry and booking growth, lean inventory, planned product interventions, renewed marketing activity, and the planned production ramp-up.

Update on product launches

- RE expanded the Hunter 350 range with a new base-premium variant and new colors, including Black, Mumbai Yellow and Moonshot White. It also launched the Guerrilla 450 Apex variant in India, Australia and New Zealand.
- RE launched the 2026 Goan Classic 350 in Nepal and Malaysia as part of its international portfolio expansion.

Update on exports

- Export revenue crossed INR10b for the first time and now accounts for 15% of total revenue.
- Brazil remained RE's largest market outside India and the principal driver of international growth. Retail volumes in the country increased more than threefold over the preceding three years. RE reached the No. 2 position in Brazil's middleweight motorcycle segment. Brazil now accounts for 25% of RE's exports. RE is establishing its own CKD assembly facility in Brazil. The investment is intended to support local demand, improve market responsiveness and deepen the company's presence in its largest overseas market. Demand across the rest of Latin America remained favorable, led by Colombia.

- APAC markets had been affected by macroeconomic and geopolitical uncertainty but management observed early signs of improvement in 1QFY27, with growth beginning to emerge in both retail sales and wholesale shipments.
- SAARC business grew ~60% in FY26, led by Nepal and Bangladesh due to increased brand awareness.
- Thailand volumes had been affected over the preceding two years due to weaker tourism and economic conditions. RE had originally expected to use its Thailand CKD facility to supply to other ASEAN markets, including Indonesia, under regional trade arrangements. However, despite the CKD facility in Thailand, they have realized that they can export a maximum of 10k units pa in Indonesia. Hence, they are now contemplating setting up a CKD facility in Indonesia, given the huge potential of the market.

Update on margins

- 1Q margins were impacted by commodity inflation and supply-chain and logistics disruptions, partly offset by price increases, value engineering, a richer international mix and lower marketing expenditure.
- Impact from commodity headwinds stood at ~4.5% of revenue, mainly attributed to high aluminum, steel, copper, crude-linked inputs, precious metals and related processing costs. This was offset by a price increase of 1.75% in Apr'26 (benefit of 1.2% of revenue) during 1Q and benefit of 40bp from value engineering.
- RE reduced marketing activity during 1Q because product availability remained constrained. Other expenses were lower partly because the quarter did not include around INR200m of Cricket World Cup advertising and INR100m of launch-related expenditure incurred in 4Q, while a further ~INR220m of marketing expenditure was controlled. Management plans to ramp up brand-awareness campaigns and market activations in coming quarters.

Update on Capacity expansion

- RE produced around 116k motorcycles in June and reached a production rate of approximately 4,500 units per day after resolving LPG availability, labor shortages and commodity supply constraints earlier in the quarter.
- The first brownfield expansion module in Cheyyar became operational in July, taking the total capacity to 1.5m units per year. By the end of this brownfield by FY28, the total capacity would rise to 2m units pa.
- The board also approved INR12.25b for the first phase of a greenfield manufacturing facility in Andhra Pradesh, which will add 450k units of annual capacity at full utilization. The new plant will be developed in modules and is expected to be completed by FY30, taking total installed capacity to ~2.45m motorcycles pa.

VECV update

- VECV launched the Volvo FMX Edge for mining applications during the quarter. The vehicle provides optimized payload capacity, safety, uptime and lifecycle value to improve mining productivity.
- VECV added 30 customer touchpoints during 1QFY27, including in Northeast India.
- Spare revenue grew 15.3% to INR9.3b in 1Q.

- VECV signed an MoU related to the government's Parivartan fleet-modernization program for the NCR. The program targets the replacement or modernization of more than 200,000 vehicles, although implementation details were still being finalized.
- CV demand continued to grow across most segments despite external challenges and management remains positive on the demand trend in FY27.

Valuation and view

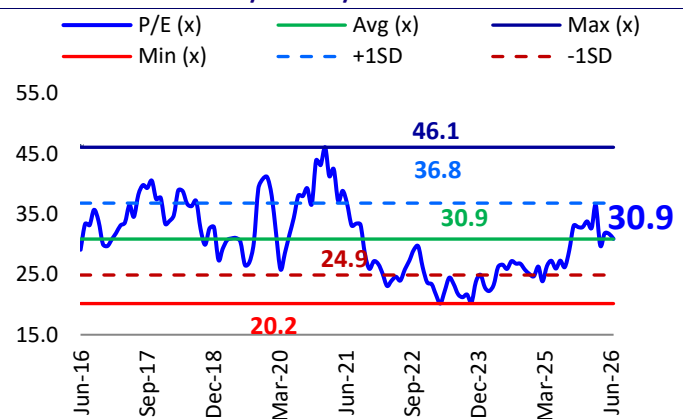
- **Focus will remain on growth over margins:** Over the last couple of years, RE management has started to focus on driving volume growth, even if it comes at the cost of margins. This was visible with the launch of recent RE upgrades, which came at a minimal incremental cost increase while offering much higher features. Further, they have now started advertisements across brands to help drive growth. While these initiatives have helped drive demand, it has come at the cost of margins, which have now declined by about 150bp from their peak of 27% in FY24. Moreover, given that FY27 is the company's 125th year, we expect management to launch an elevated brand campaign to celebrate the same. We expect RE to continue to focus on driving demand, which is likely to keep margins under pressure going forward.
- **Export outlook remains uncertain:** RE has seen a slowdown in exports over the last few months, largely due to the ongoing geopolitical conflicts in key regions. Demand in both the US and Mexico has slowed down due to the uncertainty about tariffs. Further, demand from some of its other key export markets, such as Europe, also remains weak due to the adverse macroeconomic conditions in the region. Due to this, export run rate has remained in the ~10k per month range for the last 12 months. Overall, the export outlook remains uncertain.
- **Valuation and view:** We project RE to record a 14% volume CAGR over FY26-28E. We expect the domestic business to deliver a 15% CAGR, though exports are likely to post a much lower 5% CAGR, that too largely back-ended. Given management's focus on volume growth and the recent surge in input costs, we expect margins to remain under pressure. Overall, we expect EIM to post a 14% earnings CAGR over FY26-28E. At 34x/29.6x FY27E/FY28E, the stock appears fairly valued. Reiterate Neutral with a TP of INR7,598. We value RE at 30x FY28E EPS and VECV at 12x EV EBITDA.

Exhibit 7: Our SoTP valuation – INR7,598 (FY28-based)

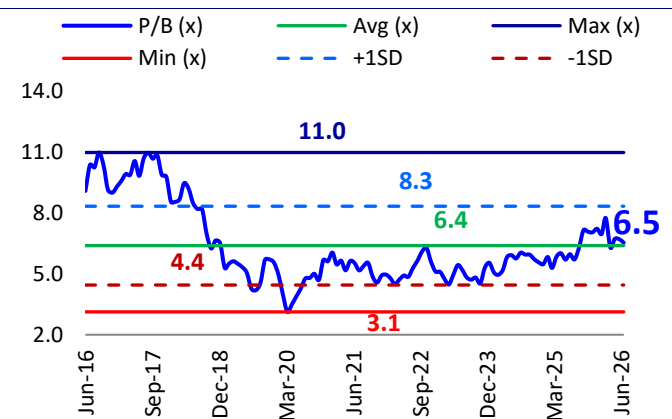
INR m		FY26	FY27E	FY28E
Royal Enfield	PE (x)			
PAT		47,589	55,009	62,569
Equity Value	PE @ 30x	14,27,674	16,50,267	18,77,067
VECV (@ 54.4% Economic interest)				
EBITDA		13,606	13,627	15,981
EV	@ 12x EV/EBITDA	1,63,278	1,63,524	1,91,777
Net Debt		-14,912	-15,243	-15,278
Equity Value		1,78,190	1,78,767	2,07,055
Total Equity Value		16,05,864	18,29,034	20,84,122
Target Price (INR/Sh)		5,854	6,668	7,598

Source: Company, MOFSL

Exhibit 8: Valuations – P/E and P/B bands



Source: MOFSL



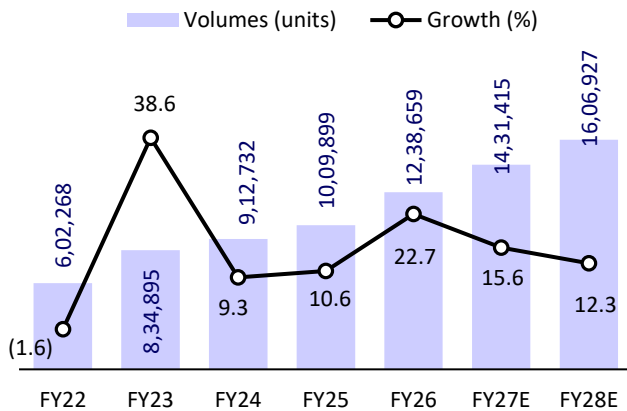
Source: MOFSL

Snapshot of the Revenue Model

000 units	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
ROYAL ENFIELD (S/A)							
Total 2W (units)	602	835	913	1,010	1,239	1,431	1,607
Growth (%)	-1.6	38.6	9.3	10.6	22.7	15.6	12.3
Net realn (INR'000/unit)	166	166	173	180	180	185	188
Growth (%)	18.4	0.3	4.3	3.6	0.2	3.0	1.3
RE Revenues (INR b)	101	141	161	185	227	271	307
Growth (%)	17.4	39.0	14.3	14.8	23.0	19.3	13.5
VECV							
Dom - LMD	36	54	58	61	69	73	78
Growth (%)	33.0	47.6	7.4	4.6	13.9	6.0	7.1
Dom - HCV	11	19	22	22	25	27	28
Growth (%)	41.3	74.0	13.5	2.4	14.1	6.0	6.0
Total Dom.	47	73	79	83	94	100	106
Growth (%)	34.8	53.6	9.0	4.0	13.9	6.0	6.8
% of CV Vols	84.9	93.7	95.5	94.1	93.1	92.9	92.7
Exports	8	5	4	5	7	8	8
Growth (%)	67.7	-41.5	-24.6	39.2	35.6	8.9	10.3
Total CV vols	56	78	83	88	101	107	115
Growth (%)	38.9	39.3	6.9	5.6	15.2	6.2	7.0
Net realn (INR'000/unit)	2,229	2,380	2,556	2,612	2,616	2,669	2,712
Growth (%)	6	7	7	2	0	2	2
VECV Revenues (INR b)	127	190	219	235	271	293	319
Growth (%)	46.7	48.9	15.4	7.7	15.0	8.4	8.8
Net Consol sales (INR b)	103	144	165	189	234	288	327
Growth (%)	18.1	40.2	14.5	14.1	24.0	23.2	13.5

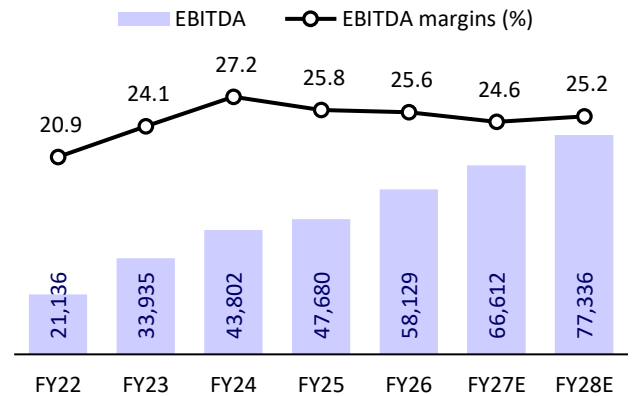
Story in charts

Exhibit 9: Volume and growth trends for RE



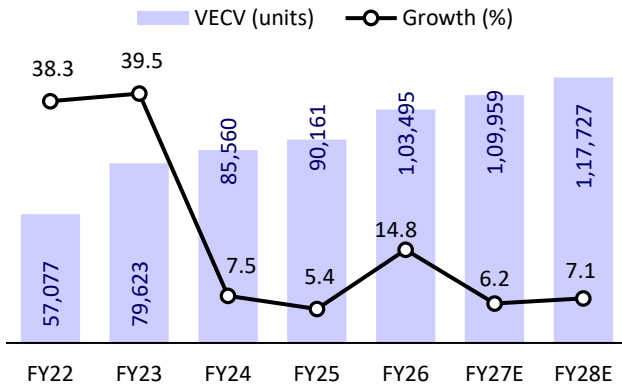
Source: Company, MOFSL

Exhibit 10: EBITDA and EBITDA margin trends for RE



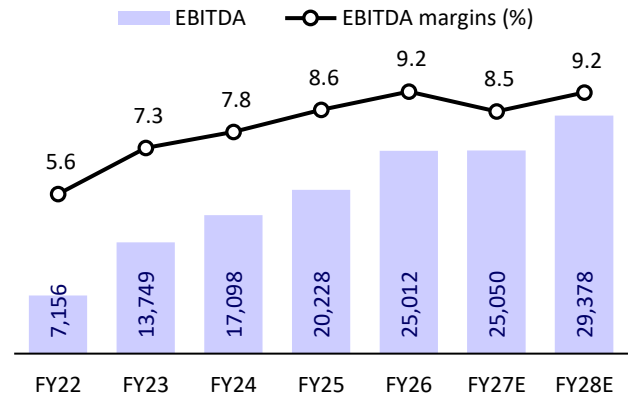
Source: Company, MOFSL

Exhibit 11: Volume growth trajectory for VECV



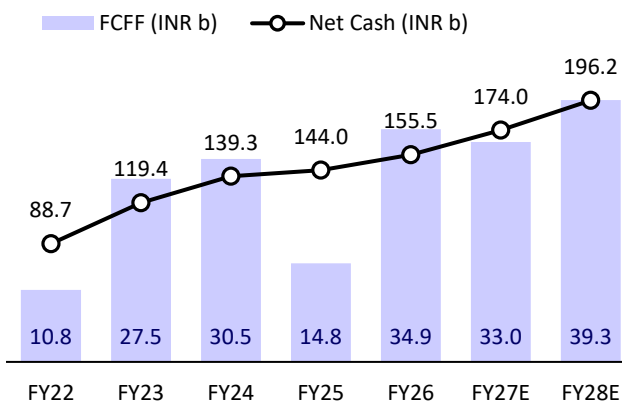
Source: Company, MOFSL

Exhibit 12: EBITDA and EBITDA margin trends for VECV



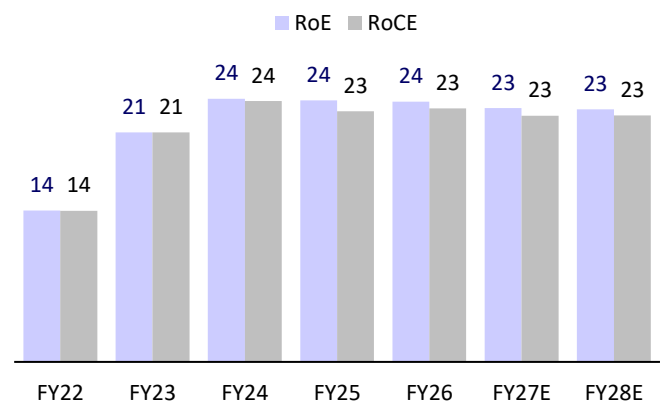
Source: Company, MOFSL

Exhibit 13: Strong FCF generation and liquidity (pro-rata)



Source: Company, MOFSL

Exhibit 14: Return ratios to stabilize



Source: Company, MOFSL

Financials and valuations

Income Statement (Consolidated)						(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Op. Income	1,02,978	1,44,422	1,65,358	1,88,704	2,34,076	2,88,458	3,27,448
Change (%)	18.1	40.2	14.5	14.1	24.0	23.2	13.5
EBITDA	21,723	34,436	43,269	47,120	57,851	70,901	81,246
EBITDA Margin (%)	21.4	23.8	26.2	25.0	24.7	24.6	24.8
Change (%)	18.6	58.5	25.7	8.9	22.8	22.6	14.6
Depreciation	4,519	5,262	5,976	7,293	8,404	11,613	13,665
EBIT	17,203	29,174	37,293	39,827	49,447	59,288	67,581
Interest cost	188	280	509	543	715	740	790
Other Income	4,408	5,951	10,759	13,049	14,865	15,290	17,194
PBT	21,424	34,845	47,543	52,333	63,597	73,837	83,985
Tax	5,259	8,857	12,010	11,986	15,868	18,829	21,416
Effective Rate (%)	24.5	25.4	25.3	22.9	25.0	25.5	25.5
PAT	16,165	25,988	35,533	40,346	47,729	55,009	62,569
Change (%)	18.5	60.8	36.7	13.5	18.3	15.3	13.7
Add VECV share	-602	-3,152	-4,477	-6,998	-7,978	-8,024	-9,551
Adj. PAT	16,766	29,139	40,010	47,344	55,567	63,033	72,120
Change (%)	21.2	73.8	37.3	18.3	17.4	13.4	14.4

Balance Sheet (Consolidated)						(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	273	274	274	274	274	274	274
Reserves	1,25,807	1,49,629	1,80,182	2,12,691	2,50,727	2,88,525	3,31,569
Net Worth	1,26,080	1,49,903	1,80,455	2,12,965	2,51,002	2,88,799	3,31,843
Deferred Tax	2,201	2,913	4,483	4,930	6,583	6,583	6,583
Loans	588	1,957	4,194	4,581	5,140	4,626	4,163
Capital Employed	1,28,869	1,54,773	1,89,132	2,22,476	2,62,724	3,00,008	3,42,589
Application of Funds							
Gross Fixed Assets	44,234	51,415	56,868	67,184	77,158	97,158	1,17,158
Less: Depreciation	19,991	24,516	27,724	32,449	38,641	50,255	63,920
Net Fixed Assets	24,243	26,899	29,144	34,735	38,517	46,904	53,238
Capital WIP	5,048	4,721	5,551	4,915	7,363	7,363	7,363
- of which Goodwill	0	0	0	0	0	0	0
Investments	77,206	1,23,207	1,53,831	1,68,613	2,04,594	2,29,294	2,63,194
Curr.Assets, L & Adv.	55,514	37,149	42,626	63,482	71,161	87,174	99,080
Inventory	11,324	12,784	14,096	15,638	19,678	24,250	27,528
Sundry Debtors	3,020	3,689	3,738	5,496	3,535	4,356	4,945
Cash & Bank Balances	505	888	1,072	2,190	2,074	2,036	2,434
Loans & Advances	33,487	13,573	5,160	4,900	4,730	5,829	6,617
Others	7,177	6,215	18,560	35,258	41,144	50,703	57,556
Current Liab. & Prov.	33,141	37,204	42,019	49,268	58,912	70,727	80,287
Sundry Creditors	17,881	18,104	20,901	25,298	27,384	33,747	38,308
Other Liabilities	13,362	16,520	18,372	20,794	27,243	31,786	36,082
Provisions	1,898	2,579	2,746	3,177	4,284	5,195	5,896
Net Current Assets	22,373	-54	607	14,213	12,249	16,447	18,794
Application of Funds	1,28,869	1,54,772	1,89,133	2,22,476	2,62,724	3,00,008	3,42,589

E: MOFSL Estimates

Financials and valuations

Ratios (Consolidated)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)							
EPS	61.3	106.5	146.3	172.7	202.6	229.8	262.9
EPS Growth (%)	21.1	73.7	37.3	18.0	17.3	13.4	14.4
Book Value per Share	461	548	660	777	915	1,053	1,210
DPS	21.0	37.0	51.0	70.0	82.0	92.0	106.0
Payout (Incl. Div. Tax) %	34.2	34.7	34.9	40.5	40.5	40.0	40.3
Valuation (x)							
P/E	126.9	73.0	53.2	45.1	38.4	33.9	29.6
EV/EBITDA	81.5	48.5	37.5	33.9	27.6	24.4	20.8
EV/Sales	12.0	8.2	7.1	6.4	5.3	4.6	4.0
Price to Book Value	16.9	14.2	11.8	10.0	8.5	7.4	6.4
Dividend Yield (%)	0.3	0.5	0.7	0.9	1.1	1.2	1.4
Profitability Ratios (%)							
RoE	13.9	21.1	24.2	24.1	24.0	23.4	23.2
RoCE	13.9	21.1	24.0	23.1	23.3	22.7	22.7
RoIC	22.2	66.9	114.3	95.7	90.3	91.2	87.8
Turnover Ratios							
Debtors (Days)	11	9	8	11	6	6	6
Inventory (Days)	40	32	31	30	31	31	31
Creditors (Days)	63	46	46	49	43	43	43
Working Capital (Days)	-13	-4	-7	-8	-7	-7	-7
Asset Turnover (x)	0.8	0.9	0.9	0.8	0.9	0.9	0.9
Leverage Ratio							
Net Debt/Equity (x)	-0.5	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7

Cash Flow Statement (Consolidated)

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Profit before Tax	22,025	37,996	52,020	59,331	71,021	81,862	93,536
Depreciation	4,519	5,262	5,976	7,293	8,404	11,613	13,665
Direct Taxes Paid	-5,136	-7,703	-10,678	-10,802	-13,585	-18,829	-21,416
(Inc)/Dec in Working Capital	-1,503	657	3,880	2,110	2,779	969	695
Interest/Div. Received	-2,440	-1,765	-2,037	-3,173	-4,739	-7,200	-9,000
Other Items	-2,195	-6,221	-11,924	-14,960	-15,831	-4,464	-1,853
CF from Oper. Activity	15,270	28,227	37,237	39,799	48,048	63,951	75,627
(Inc)/Dec in FA+CWIP	-6,387	-6,737	-8,144	-10,285	-12,666	-20,000	-20,000
Free Cash Flow	8,883	21,490	29,094	29,515	35,383	43,951	55,627
(Pur)/Sale of Invest.	-3,446	-17,231	-20,196	-14,322	-15,670	-17,500	-24,900
CF from Inv. Activity	-9,833	-23,968	-28,339	-24,607	-28,335	-37,500	-44,900
Issue of Shares	65	112	466	869	123	0	0
Inc/(Dec) in Debt	-1,046	440	64	-50	144	-514	-463
Interest Paid	-142	-134	-250	-245	-375	-740	-790
Dividends Paid	-4,647	-5,742	-10,129	-13,975	-19,200	-25,236	-29,076
CF from Fin. Activity	-5,934	-4,174	-8,444	-13,987	-19,829	-26,490	-30,328
Inc/(Dec) in Cash	-496	84	454	1,206	-116	-38	398
Add: Beginning Balance	941	445	530	984	2,190	2,074	2,036
Closing Balance	445	530	984	2,190	2,074	2,036	2,434

E: MOFSL Estimates

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:
financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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 certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

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

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.