29 July 2026

1QFY27 Results Update | Sector: Automobile

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.

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- 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

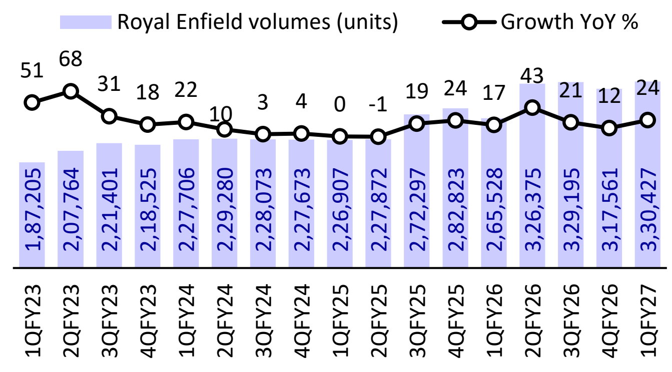


Exhibit 2: Realization trend for RE

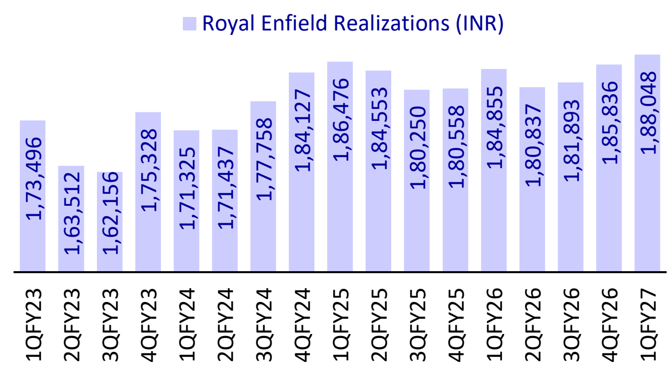


Exhibit 3: EBITDA margin trend for RE

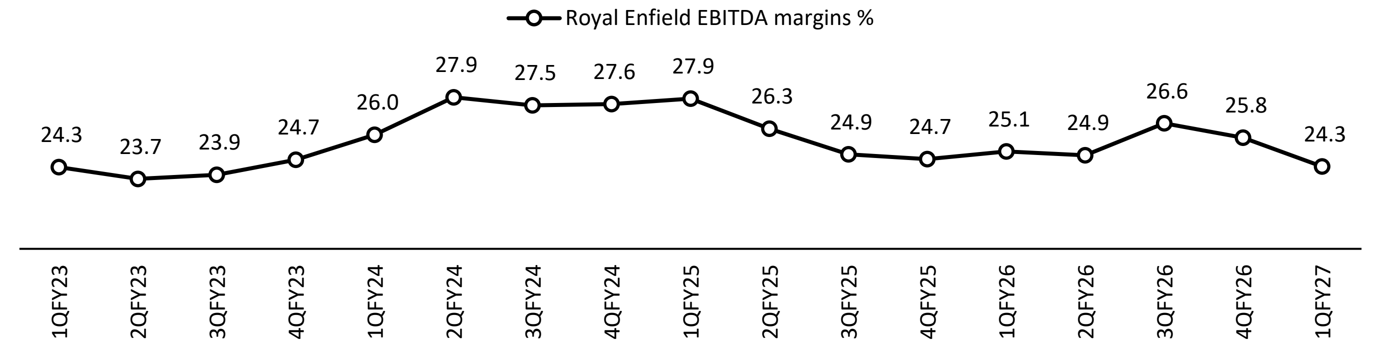


Exhibit 4: Volume growth trend for VECV

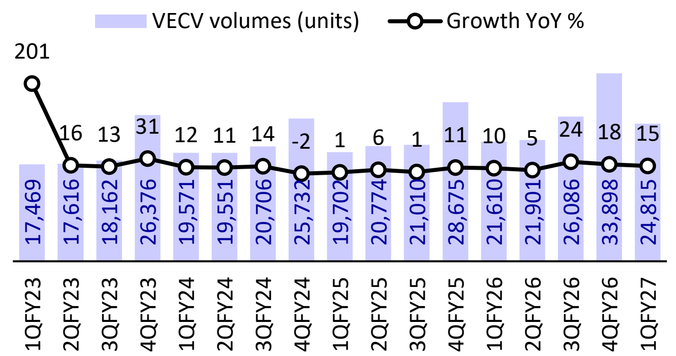


Exhibit 5: EBITDA margin trend for VECV

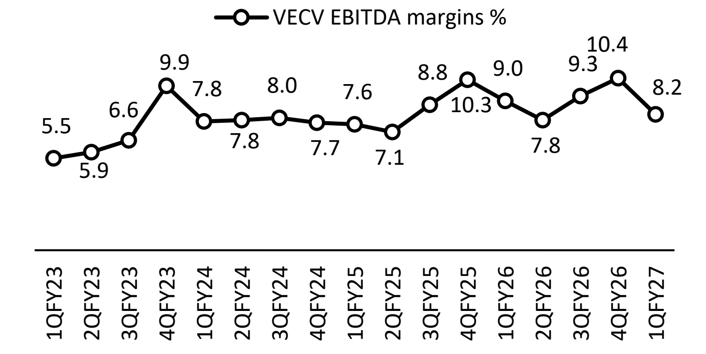


Exhibit 6: VECV – product mix

	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

CONFERENCE CALL

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

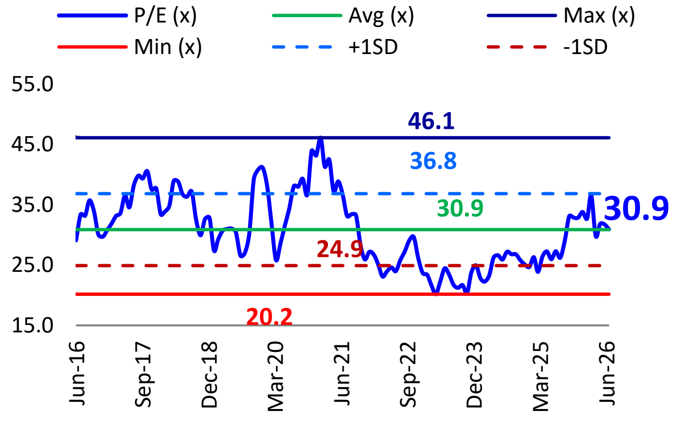
- **Focus will remain on growth over margins:** Over the last couple of years, RE management has started to focus on driving volume growth, even if it comes at the cost of margins. This was visible with the launch of recent RE upgrades, which came at a minimal incremental cost increase while offering 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)

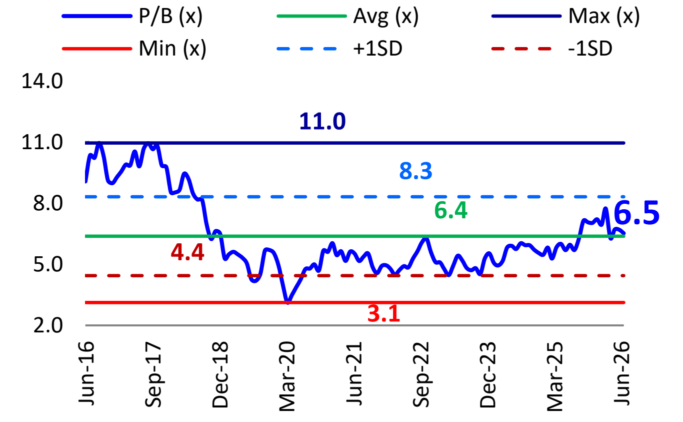
INR m		FY26	FY27E	FY28E
Royal Enfield	**PE (x)**			
PAT		47,589	55,009	62,569
Equity Value	PE @ 30x	14,27,674	16,50,267	18,77,067
VECV (@ 54.4% Economic interest)				
EBITDA		13,606	13,627	15,981
EV	@ 12x EV/EBITDA	1,63,278	1,63,524	1,91,777
Net Debt		-14,912	-15,243	-15,278
Equity Value		1,78,190	1,78,767	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



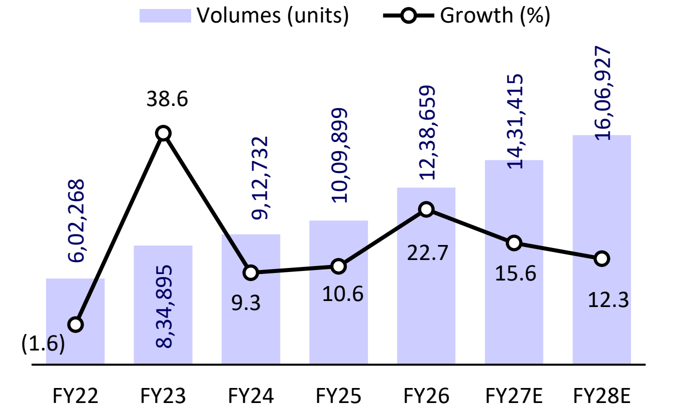
Source: MOFSL

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*

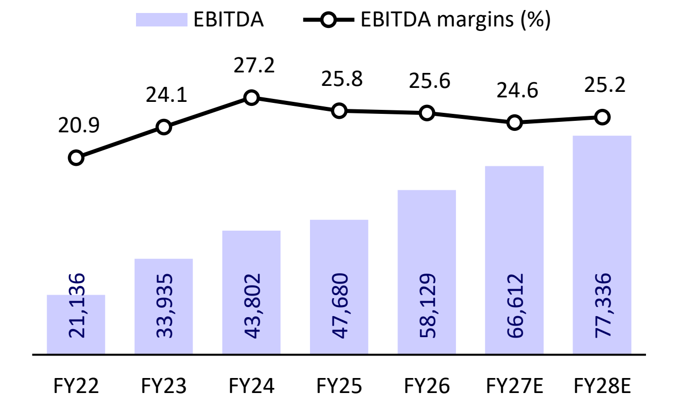
Story in charts

Exhibit 9: Volume and growth trends for RE



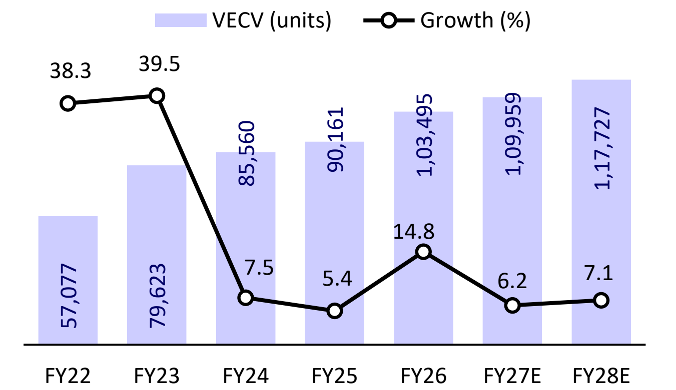
Source: Company, MOFSL

Exhibit 10: EBITDA and EBITDA margin trends for RE



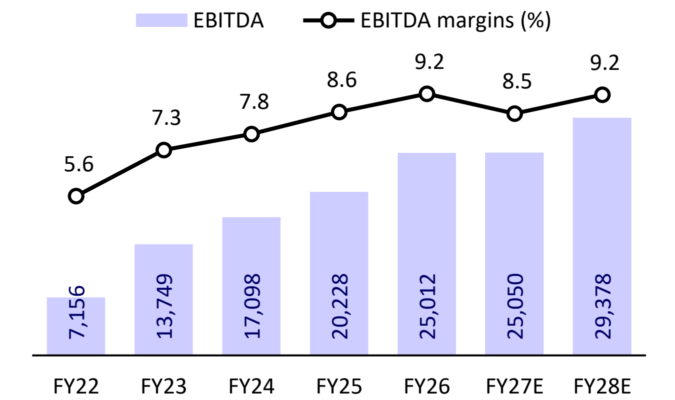
Source: Company, MOFSL

Exhibit 11: Volume growth trajectory for VECV



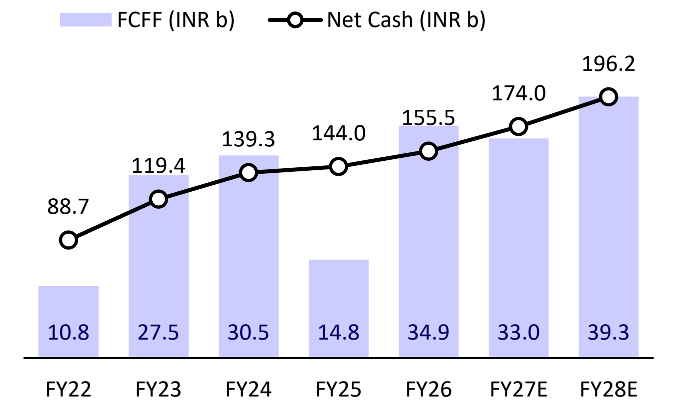
Source: Company, MOFSL

Exhibit 12: EBITDA and EBITDA margin trends for VECV



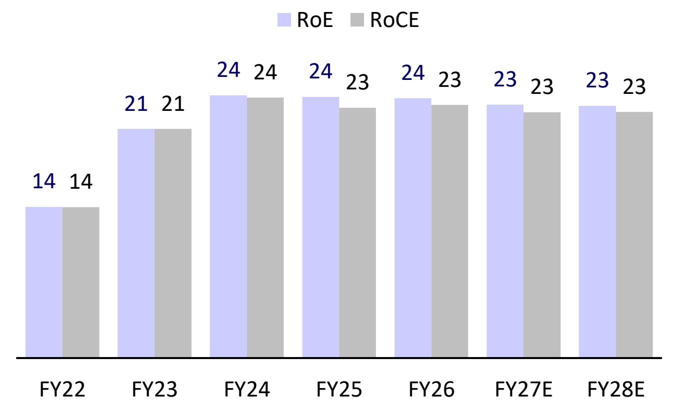
Source: Company, MOFSL

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

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

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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.

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