12 February 2025

3QFY25 Results Update | Sector: Automobile

Ashok Leyland

Estimate change	↑
TP change	⟷
Rating change	⟷

Bloomberg	AL IN
Equity Shares (m)	2937
M.Cap.(INRb)/(USDb)	644.1 / 7.4
52-Week Range (INR)	265 / 158
1, 6, 12 Rel. Per (%)	6/-8/21
12M Avg Val (INR M)	2678

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	381.6	423.1	464.2
EBITDA	46.7	52.8	59.5
Adj. PAT	29.1	34.4	39.7
Adj. EPS (INR)	9.9	11.7	13.5
EPS Gr. (%)	8.6	18.0	15.6
BV/Sh. (INR)	34.9	40.6	47.2
Ratios			
RoE (%)	30.6	31.0	30.8
ROCE (%)	24.9	26.0	26.7
Payout (%)	50.4	51.2	51.7
Valuations			
P/E (x)	22.1	18.8	16.2
P/BV (x)	6.3	5.4	4.7
EV/EBITDA (x)	13.3	11.4	9.7
Div. Yield (%)	2.3	2.7	3.2

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	51.1	51.1	51.1
DII	13.0	12.3	14.6
FII	24.7	25.0	21.1
Others	11.2	11.6	13.2

FII includes depository receipts

CMP: INR219 TP: INR255 (+16%) Buy

Strong margin performance amid demand weakness

Seeing market share recovery in high-margin MAVs and tippers

- Ashok Leyland (AL) delivered an encouraging 3QFY25 performance, surpassing estimates across all metrics. Despite a YoY volume decline, EBITDA margin expanded by 80bp YoY to 12.8% (est. 11.7%), supported by a favorable product mix and lower other operating expenses.
- AL's focus on profitable growth, driven by lower discounts, a better mix, and cost-control measures, should bode well for EBITDA margin expansion over FY25-27E. To factor in better than expected performance in Q3, we raise our FY25E/26E EPS estimates by 7%/4%. We reiterate BUY with a TP of INR255 (11x Dec'26E EV/EBITDA + ~INR18/sh for the NBFC).

EBITDA margin expansion driven by favorable mix and cost control

- AL's 3QFY25 revenue/EBITDA/PAT grew by ~2%/9%/31% YoY to INR94.8b/INR12.1b/7.6b (est. INR90.5b/INR10.5b/6.3b). 9MFY25 revenues declined 1% YoY while EBITDA/adj.PAT grew 4.1%/14% YoY.
- Net realizations grew by 4% YoY (6% QoQ) to INR2.04m (est. INR1.95m). Volumes declined 1.4% YoY. Net pricing impact (price hikes net of discounts) has been stable QoQ. Although the company raised prices in Jan, it had to claw back the hikes due to competitive pressure.
- Domestic trucks contributed about 55% of revenues, of which ILCVs accounted for 25%. Revenue contribution from Bus + LCV stands at 23-24%, while the non-CV segment mix (defense, spare parts, engines, etc) contributes 20%. Engine volumes were up 3.5% YoY, while spare parts revenues grew 14% YoY.
- Gross margin expanded 70bp YoY (-30bp QoQ) to 28.5% (est. 28.8%). The gross margin decline QoQ was driven by a reduction in defense offtake, from INR1.5b in 2Q to INR1b in 3Q. Gross margins were also partially impacted by an increase in tire costs.
- Lower other operating expenses led to EBITDA growth of 9% YoY to INR12.1b (est. INR10.55b).
- EBITDA margin expanded ~80bp YoY/ 120bp QoQ to 12.8%. Margin expansion in 3Q was driven by an improved mix in trucks towards MAVs and tippers, along with a reduction in other expenses, which the company was able to curb effectively.
- Healthy operating performance, coupled with lower interest cost and tax, led to Adj. PAT beat at INR7.6b (up 31% YoY, est. INR6.3b).

Highlights from the management commentary

- **Outlook:** In Jan'25, the CV industry saw positive growth, and February is expected to show similar growth. As a result, AL is hopeful that the industry will continue to grow in 4Q. Key demand indicators for CVs are in place, including: 1) healthy fleet operator economics, supported by improving utilization levels and the ability to pass on freight rate increases, and 2) the beginning of the interest rate cut cycle.

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- While the company has good visibility for the next 6 months, management is hopeful that all segments within the CV industry will post growth in FY26. Management has also indicated that it continues to make good progress toward its medium-term targets, which include: 1) a 35% share in MHCV, 2) mid-teens EBITDA margin, 3) strong growth in non-CV businesses, 4) leadership in alternate fuels, and 5) value unlocking in subsidiaries.
- **Defense:** Although the 3Q ramp-up from this segment was slower, management is confident of strong growth from this business in the long run, driven by its order backlog. It expects the Army will likely require 10-12k new trucks over the next 3-4 years.
- **Switch:** The Indian business continues to perform very well and now has an order backlog of 1,800 buses. Management is hopeful that Switch India can be EBITDA positive by 2QFY26 at the latest, though this will depend on its ability to execute the orders, which have an execution timeline of 12-18 months.

Valuation and view

- While ongoing CV demand remains under pressure, we still anticipate a demand recovery in FY26E, driven by stable fleet utilization, the government's focus on infrastructure, and rising replacement demand. Although the recovery may take a few more quarters, we view AL as the top investment choice in the CV growth cycle, given its positioning to expand revenue and profit pools. Moreover, its focus on profitable growth, driven by lower discounts, a better mix, and cost-control measures, should bode well for EBITDA margin expansion over FY25-27E.
- We raise our FY25E/FY26E EPS by ~7%/4% to factor in better profitability. **We reiterate our BUY rating with a TP of INR255 (based on 11x Dec'26E EV/EBITDA + ~INR18/sh for the NBFC).**

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

	FY24				FY25E				FY24	FY25E	3QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				(%)
Total Volumes (nos)	41,329	49,846	47,071	56,437	43,893	45,624	46,404	57,789	1,94,683	1,93,710	46,404	0.0
Growth %	4.2	10.0	-1.0	-5.5	6.2	-8.5	-1.4	2.4	1.3	-0.5	-1.4	
Realizations (INR '000)	1,981	1,934	1,970	1,996	1,959	1,922	2,043	1,959	1,971	1,970	1,951	4.7
Change (%)	8.8	6.0	3.8	2.5	-1.1	-0.6	3.7	-1.9	4.8	0.0	-1.0	
Net operating revenues	**81,893**	**96,380**	**92,730**	**1,12,667**	**85,985**	**87,688**	**94,787**	**1,13,182**	**3,83,670**	**3,81,643**	**90,525**	4.7
Change (%)	13.4	16.6	2.7	-3.1	5.0	-9.0	2.2	0.5	6.2	-0.5	**-2.4**	
RM/sales %	73.7	73.5	72.2	71.8	72.2	71.2	71.5	72.1	72.7	71.7	71.2	
Staff/sales %	6.6	5.9	6.1	4.9	6.4	6.8	6.4	5.5	5.8	6.2	6.5	
Other exp/sales %	9.7	9.3	9.6	9.1	10.9	10.4	9.4	9.0	9.4	9.8	10.6	
EBITDA	**8,208**	**10,798**	**11,139**	**15,921**	**9,109**	**10,173**	**12,114**	**15,275**	**46,066**	**46,671**	**10,553**	14.8
EBITDA Margins(%)	10.0	11.2	12.0	14.1	10.6	11.6	12.8	13.5	12.0	12.2	11.7	
Interest	699	587	616	592	591	607	501	563	2,494	2,261	590	
Other Income	512	475	300	1,179	223	973	247	367	2,466	1,810	250	
Depreciation	1,794	1,803	1,785	1,797	1,727	1,754	1,923	1,960	7,178	7,365	1,800	
PBT before EO Item	**6,227**	**8,883**	**9,039**	**14,711**	**7,014**	**8,785**	**9,938**	**13,118**	**38,859**	**38,855**	**8,413**	
EO Exp/(Inc)	6	229	6	697	0	-1,174	0	0	937	0	0	
PBT after EO	**6,221**	**8,654**	**9,033**	**14,014**	**7,014**	**9,958**	**9,938**	**13,118**	**37,922**	**38,855**	**8,413**	
Effective Tax Rate (%)	7.3	35.2	35.8	35.8	25.1	22.7	23.3	25.7	31.0	25.0	25.0	
Adj PAT	**5,768**	**5,768**	**5,804**	**9,485**	**5,256**	**6,933**	**7,617**	**9,741**	**26,826**	**29,141**	**6,310**	20.7
Change (%)	868.8	197.4	62.7	32.7	-8.9	20.2	31.2	2.7	102.5	8.6	8.7	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY24				FY25E				FY24	FY25E	3QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
M&HCV	26,165	32,086	29,315	37,317	27,885	28,180	30,058	40,491	1,24,883	1,24,755	30790
Dom. M&HCV Mkt sh (%)	31.2	31.9	29.8	31.5	30.7	31.1	29.5		31.1		
LCV	15,164	17,760	17,756	19,120	16,008	17,444	16,346	19,206	69,800	68,954	16772
Dom. LCV Mkt sh (%)	10.7	11.0	11.7	11.3	11.1	12.0	10.4		11.2		
Total Volumes (nos)	**41,329**	**49,846**	**47,071**	**56,437**	**43,893**	**45,624**	**46,404**	**59,697**	**1,94,683**	**1,93,710**	**47562**
AL's CV Market Sh (%)	17.9	18.8	18.5	19.9	18.3	18.9	17.8				
Realizations (INR '000)	1,981	1,934	1,970	1,996	1,959	1,922	2,043	1,959	1,971	1,970	1951
Growth %	8.8	6.0	3.8	2.5	-1.1	-0.6	3.7	-1.9	33.9	41.3	-1
Cost Break-up											
RM Cost (% of sales)	73.7	73.5	72.2	71.8	72.2	71.2	71.5	72.1	72.7	71.7	71.2
Staff Cost (% of sales)	6.6	5.9	6.1	4.9	6.4	6.8	6.4	5.5	5.8	6.2	6.5
Other Cost (% of sales)	9.7	9.3	9.6	9.1	10.9	10.4	9.4	9.0	9.4	9.8	10.6
Gross Margin (%)	26.3	26.5	27.8	28.2	27.8	28.8	28.5	27.9	27.3	28.3	28.8
EBITDA Margins (%)	10.0	11.2	12.0	14.1	10.6	11.6	12.8	13.5	12.0	12.2	11.7
EBIT Margins (%)	7.8	9.3	10.1	12.5	8.6	9.6	10.8	11.8	10.1	10.3	9.7

E:MOFSL Estimates

Key takeaways from the management commentary

- **Outlook**
  - In January, the CV industry saw positive growth, and February is expected to show similar growth. As a result, AL is hopeful that the industry will continue to grow in Q4. Key demand indicators for CVs are in place, including: 1) healthy fleet operator economics, given the improving utilization levels and the ability to pass on freight rates, and 2) the beginning of the interest rate cut cycle.
  - While the company has good visibility for the next 6 months, management is hopeful that all segments within the CV industry will post growth in FY26.
  - Management believes that the recent slowdown in bus demand is temporary. It already has an order book from STUs of 4k buses to be executed over 6-8 months. Hence, management is confident that the strong growth momentum in buses is likely to continue for at least two more years.
  - The regulation for mandatory AC cabins is likely to be implemented from Jun'25. However, the cost impact for the same is likely to be much smaller. Hence, management does not see any major impact of this regulation on the demand for CVs.
  - Regarding the DFC, management expects only a gradual impact on CV demand in the next few years.
  - Management has indicated that it continues to make good progress on its medium-term targets, which include: 1) a 35% share in MHCV, 2) mid-teens EBITDA margin, 3) strong growth in non-CV businesses, 4) leadership in alternate fuels, 5) value unlocking in subsidiaries.
- **AL recovering in high-margin segments within MHCVs**
  - Management indicated that over the last few quarters, it lost a significant share in the tippers segment, which declined to about 23% from 29-30% due to a product gap that was developed in the segment.
  - It has addressed this and is now seeing an improvement in market share for the segment. Hence, it expects to experience disproportionate growth from this segment over the coming quarters.
  - Overall, AL is experiencing a healthy market share recovery in both the MAVs and tippers segments, which are better-margin products.
- **LCVs:** In the 2-4T segment, the company now holds a market share of 18.5%. It has also recently launched the new Saathi at the 2.2 T segment, marking its first

offering in the entry-level LCV segment. This is expected to help the company improve its market share in the 2-4T segment to 20% in the short term and to 25% in the medium term.

- AL's products currently cover 48-49% of the domestic LCV market. This is expected to increase with the launch of Saathi. The company targets to increase its addressable market reach to 80% on the back of new products over the next 3 to 4 years.

- **Exports:** AL has seen a strong 19% YoY growth for 9M due to continued focus on exports and a strong presence in regions like GCC, SAARC, and Africa. It continues to experience a strong order book for Q4 as well.
- The company hopes to reach close to 15k units of exports by FY25E (vs 11.5k in FY24). Its medium-term (2-3 years) target is to reach 25k units of exports, while its long-term target is to reach 50k units of exports.

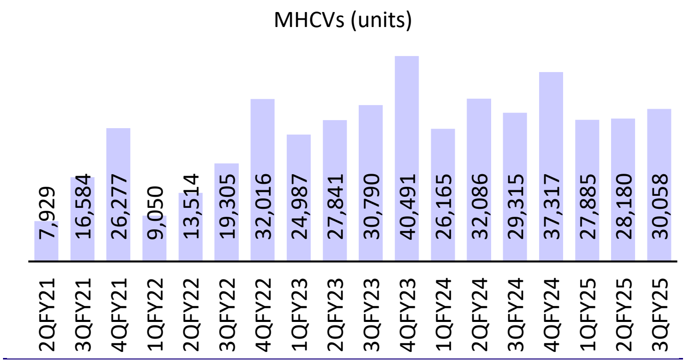
- **Defense business:** Although the Q3 ramp-up was slower from this segment, management is confident of strong growth from this business in the long run, supported by its order backlog.
- According to the management, the Indian Army has about 70k old trucks that would need replacement soon. It expects the Army will likely require 10-12k new trucks over the next 3-4 years. Management remains confident about the long-term outlook of this business.
- **Switch:** The India business continues to perform well and now has an order backlog of 1800 buses, which includes 100 bus orders from Mauritius. Management is hopeful that Switch India can be EBITDA positive by Q2FY26 at the latest, though this will depend on its ability to execute the 1,800 bus order, which has an execution timeline of 12-18 months. It expects to ramp up this business well before considering the listing of this entity, which is likely to be at least 2-3 years away.
- The EV LCV sales run rate has now improved to 100 units per month.
- Ohm now has 600 buses under operation, with a 98% fleet uptime.

- **What is ailing Switch UK?**
- The outlook for Switch UK remains uncertain, as the EV market for buses in the UK is not picking up.
- The UK market has seen a sudden surge in demand for diesel CVs and almost a 30% decline in the EV market.
- EV volumes are currently below 1k units and hence, management indicated that it does not make sense to maintain manufacturing operations for such low volumes unless there is demand revival. Switch UK is currently operating at a loss, and management has stated that it is currently evaluating options for Switch UK.

- **Hinduja Leyland Finance:** Management has indicated that the reverse merger of HLFL in NXT Digital is on track and is likely to conclude by 1QFY26. AUM for HLFL stands at INR444b and that for Hinduja Housing stands at INR134b, reflecting growth of 26% and 43% YoY, respectively

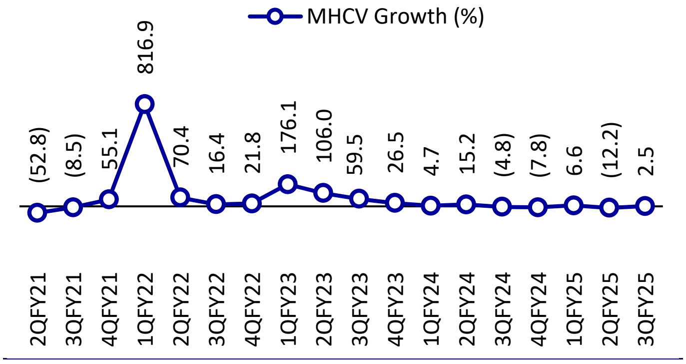
- **Capex and balance sheet details**
- The company has moved to a strong position, becoming cash positive with INR9.6b from a net debt of INR17.5b YoY. Capex for 3Q stands at INR1.8b and the same for 9M was at INR4.9b.
- The company has approved an investment of INR2b in HLFL and INR5b in Switch. Of the INR5b in Switch, part of this will go to the Indian entity, while the balance will go to Switch UK to help reduce debt.

Exhibit 1: M&HCV sales trend



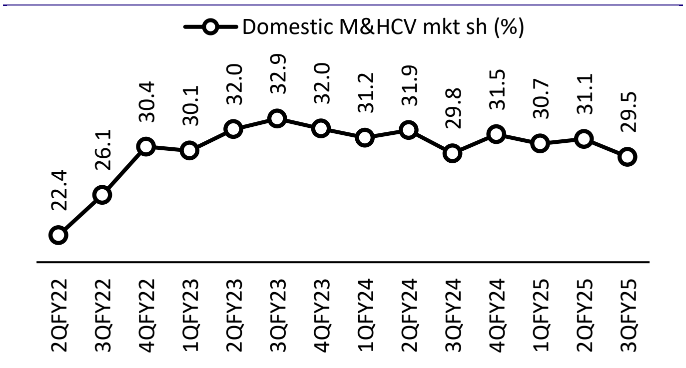
Source: Company, MOFSL

Exhibit 2: Growth trend in M&HCV



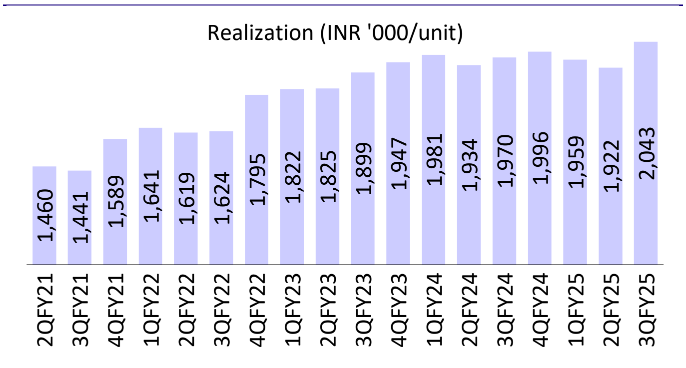
Source: Company, MOFSL

Exhibit 3: Domestic M&HCV market share trend



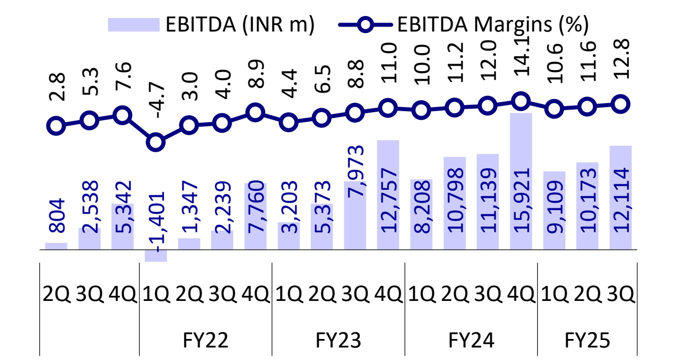
Source: Company, MOFSL

Exhibit 4: Realization trend



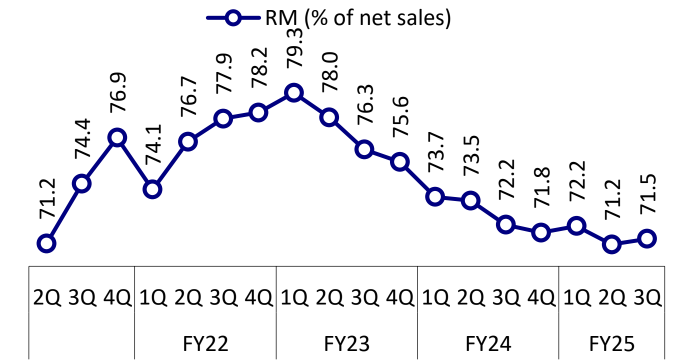
Source: Company, MOFSL

Exhibit 5: Trends in EBITDA and EBITDA margin



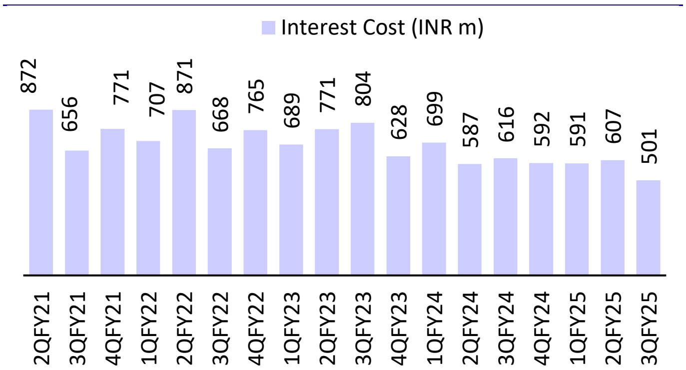
Source: Company, MOFSL

Exhibit 6: Trend in RM costs



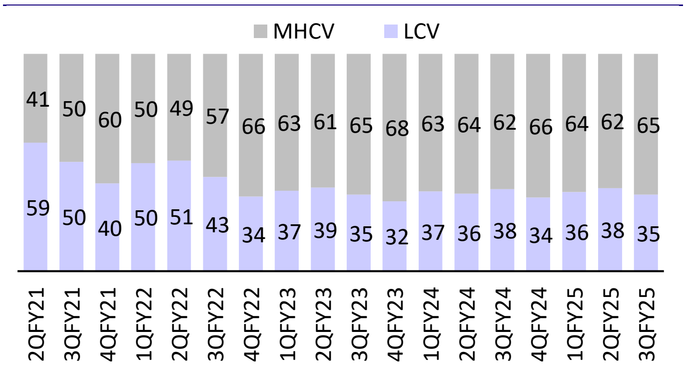
Source: Company, MOFSL

Exhibit 7: Trend in interest cost



Source: Company, MOFSL

Exhibit 8: M&HCV and LCV contributions in the sales mix



Source: SIAM, MOFSL

Valuation and view

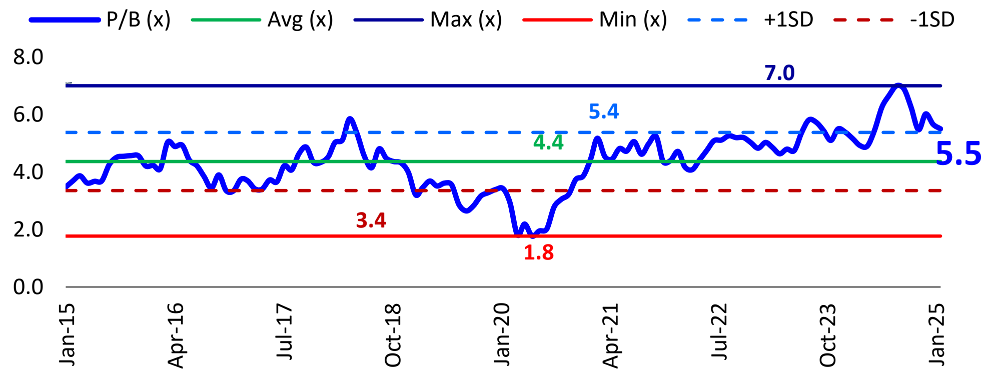
- **Focus on reducing business cyclicality:** Over the years, AL has done well to reduce its business cyclicality by focusing on non-MHCV segments, such as LCV (11% of sales), Spares (9%), Exports (5%), and Defense (2%). Some of its critical targets in these segments include: 1) a medium-term goal to achieve a 25% share in the LCV sub-segment (2-3.5T), up from 20% currently; 2) having already doubled its revenue in spares over the last five years, the next objective is to further double its revenue over the medium term; 3) increasing its presence in exports through new launches and expanding its footprint in key regions; and 4) the potential to significantly scale up its defense business, aided by the government's 'Make in India' initiative.
- **CV demand likely to revive after near-term hiccups:** The underlying long-term demand drivers remain intact, as: 1) the average fleet age has increased to a record high of over 10 years, which is likely to fuel healthy replacement demand; 2) fleet operators' profitability remains strong with healthy utilization levels; 3) the fleet sentiment index remains positive; and 4) political stability means continued infrastructure push in the coming years. Taking these factors into consideration, there is a strong indication that the CV industry is poised for a recovery in demand, especially from FY26. We expect AL's MHCV goods volume to report ~5% CAGR over FY25-27E.
- **Strategy in place to gain market share in key segments:** On the back of the first-of-its-kind modular platform, AL has made significant strides in the MHCV Goods category, achieving ~30% market share in 9MFY25 vs. ~28% in FY21. AL has earmarked an ambitious target to achieve a 35% share in the medium term. Even in the LCV Goods segment, AL has set a target to ramp up its market share to 25% (from 20% currently) in the 2-3.5T segment. This growth is likely to be driven by the launch of new products and the resultant expansion of its addressable market, which currently stands at just under 50%, with the goal of increasing it to 85% in future.
- **Aiming for profitable growth:** One of the key factors in the CV industry has been the healthy pricing discipline that the sector has maintained, even in FY24 when industry volumes were flat YoY. Beyond this, AL aims to improve its medium-term margins to mid-teen levels, fueled by: 1) growth in the non-MHCV business (including LCVs, defense, spares, etc.), which will also help reduce its business cyclicality; and 2) value engineering backed by Industry 4.0 and optimizing automation wherever feasible. However, we also remain cognizant of the fact that input costs are at the lowest level currently and there is a risk of them rising in the coming years. We, hence, expect margins to expand at a slower pace, by approximately 60bp, reaching about 12.8% by FY27E.
- **Valuation and view:** While the ongoing CV demand remains under pressure, we still anticipate demand recovery in FY26E, driven by stable fleet utilization, the government's focus on infrastructure, and rising replacement demand. Although the recovery may take a few more quarters, we view AL as the top investment choice in the CV growth cycle, given its positioning to expand revenue and profit pools. Moreover, its focus on profitable growth, driven by lower discounts, a better mix, and cost-control measures, should bode well for EBITDA margin expansion over FY25-27E. **We reiterate our BUY rating with a TP of INR255 (based on 11x Dec'26E EV/EBITDA + ~INR18/sh for the NBFC).**

Exhibit 9: Our revised estimates

	FY25E			FY26E		
INR m	**Rev**	**Old**	**Chg (%)**	**Rev**	**Old**	**Chg (%)**
Volumes ('000 units)	194	188	2.9	208	204	2.1
Net Sales	3,81,643	3,68,735	3.5	4,23,118	4,12,815	2.5
EBITDA	46,671	43,895	6.3	52,766	50,922	3.6
EBITDA margins (%)	12.2	11.9	30bp	12.5	12.3	10bp
Net Profit	29,141	27,292	6.8	34,380	33,174	3.6
EPS (INR)	9.9	9.3	6.8	11.7	11.3	3.6

Source: MOFSL

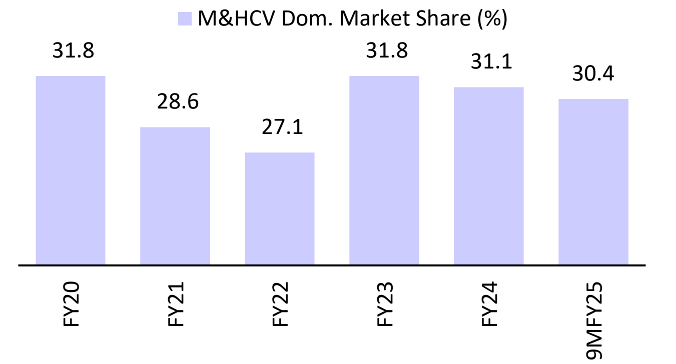
Exhibit 10: AL's trend in P/B (x)



Source: MOFSL

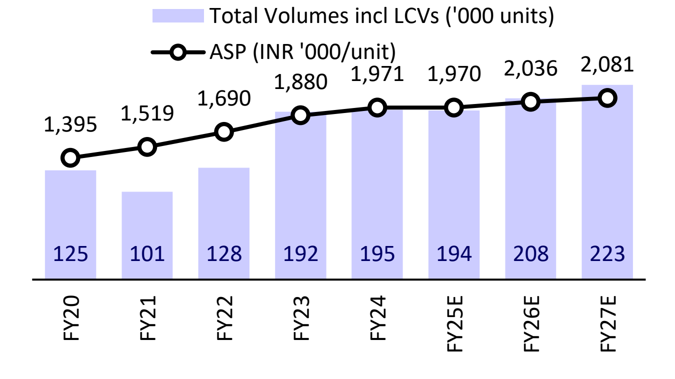
Story in charts

Exhibit 11: AL's market share trend



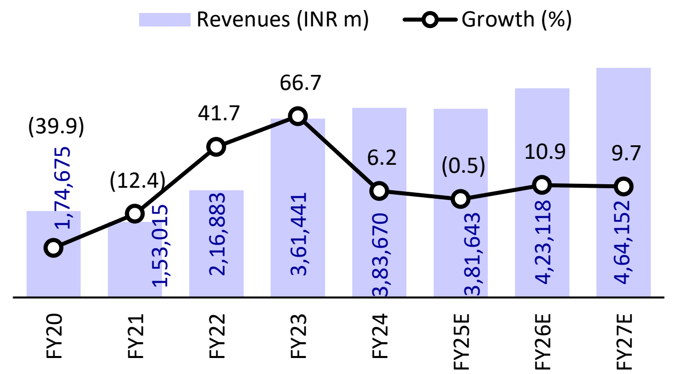
Source: Company, MOFSL

Exhibit 12: Volume and realization growth trends



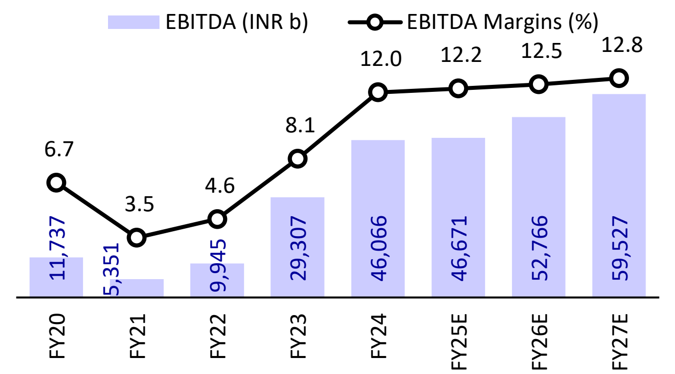
Source: Company, MOFSL

Exhibit 13: Revenue growth trend



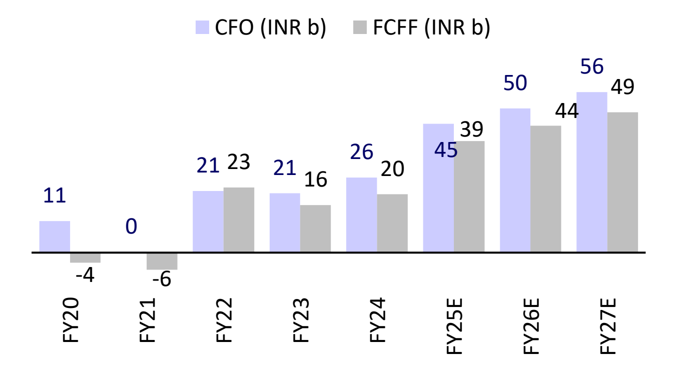
Source: Company, MOFSL

Exhibit 14: EBITDA and EBITDA margin trends



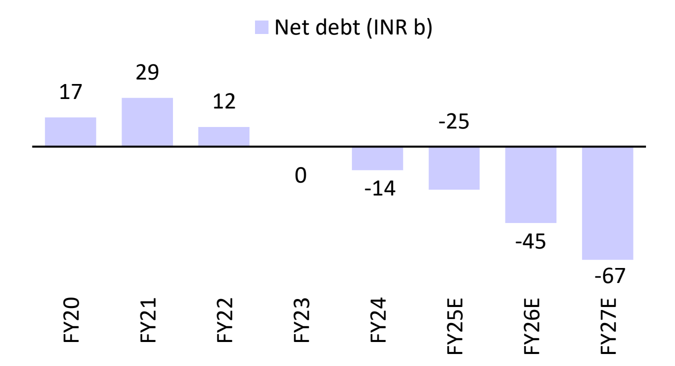
Source: Company, MOFSL

Exhibit 15: CFO and FCFF trends



Source: Company, MOFSL

Exhibit 16: AL became net cash from FY24



Source: Company, MOFSL

Financials and valuations

Income Statement								(INR M)
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Volumes ('000 units)	125	101	128	192	195	194	208	223
Growth (%)	-36.5	-19.6	27.4	49.8	1.3	-0.5	7.3	7.3
Net Operating Income	**1,74,675**	**1,53,015**	**2,16,883**	**3,61,441**	**3,83,670**	**3,81,643**	**4,23,118**	**4,64,152**
Change (%)	-39.9	-12.4	41.7	66.7	6.2	-0.5	10.9	9.7
EBITDA	**11,737**	**5,351**	**9,945**	**29,307**	**46,066**	**46,671**	**52,766**	**59,527**
EBITDA Margins (%)	6.7	3.5	4.6	8.1	12.0	12.2	12.5	12.8
Depreciation	6,698	7,477	7,528	7,320	7,178	7,365	7,549	7,778
EBIT	**5,039**	**-2,126**	**2,418**	**21,987**	**38,888**	**39,306**	**45,217**	**51,749**
Interest & Fin. Charges	1,095	3,068	3,011	2,891	2,494	2,261	1,507	1,249
Other Income	1,233	1,195	761	1,161	2,466	1,810	2,130	2,490
PBT	**3,619**	**-4,119**	**5,276**	**21,104**	**37,922**	**38,855**	**45,840**	**52,990**
Tax	1,224	(982)	(142)	7,303	11,743	9,714	11,460	13,247
Effective Rate (%)	33.8	23.8	-2.7	34.6	31.0	25.0	25.0	25.0
Rep. PAT	**2,395**	**-3,137**	**5,418**	**13,801**	**26,179**	**29,141**	**34,380**	**39,742**
Change (%)	-87.9	-231.0	-272.7	154.7	89.7	11.3	18.0	15.6
Adjusted PAT	**3,426**	**-3,045**	**172**	**13,248**	**26,826**	**29,141**	**34,380**	**39,742**
Change (%)	-83.1	-188.9	-105.7	7,587.8	102.5	8.6	18.0	15.6

Balance Sheet								(INR M)
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Sources of Funds								
Share Capital	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936
Reserves	69,704	66,837	70,434	81,322	85,167	99,627	1,16,389	1,35,577
Net Worth	**72,640**	**69,772**	**73,369**	**84,258**	**88,104**	**1,02,563**	**1,19,325**	**1,38,513**
Loans	30,648	37,163	35,071	32,248	22,994	20,494	12,994	11,994
Deferred Tax Liability	2,648	1,708	1,444	5,035	5,563	7,506	9,798	12,447
Capital Employed	**1,05,936**	**1,08,642**	**1,09,884**	**1,21,541**	**1,16,661**	**1,30,563**	**1,42,117**	**1,62,955**
Application of Funds								
Gross Fixed Assets	91,913	1,01,269	1,03,773	1,07,732	1,09,936	1,14,951	1,20,951	1,27,951
Less: Depreciation	28,376	35,264	41,626	48,470	54,917	62,282	69,831	77,609
Net Fixed Assets	**63,537**	**66,005**	**62,146**	**59,262**	**55,019**	**52,669**	**51,120**	**50,342**
Capital WIP	5,941	3,719	1,943	1,325	2,015	3,000	3,000	3,000
Goodwill	4,499	4,499	4,499	4,499	4,499	4,499	4,499	4,499
Investments	27,196	30,687	48,196	66,636	55,598	75,598	90,598	1,20,598
Curr.Assets, L & Adv.	**62,723**	**79,590**	**86,554**	**94,194**	**1,18,987**	**1,13,995**	**1,25,052**	**1,29,484**
Inventory	12,380	21,423	20,752	27,745	31,907	29,277	32,458	35,606
Sundry Debtors	11,804	28,163	31,111	40,627	35,699	35,550	39,414	43,236
Cash & Bank Balances	13,225	8,230	10,470	5,013	34,382	33,484	35,792	31,567
Loans & Advances	25,314	21,774	24,221	20,810	16,999	15,684	17,388	19,075
Current Liab. & Prov.	**57,960**	**75,857**	**93,454**	**1,04,375**	**1,19,457**	**1,19,198**	**1,32,152**	**1,44,968**
Sundry Creditors	26,239	51,647	68,752	71,751	63,052	62,736	69,554	76,299
Other Liabilities	23,666	17,665	17,997	22,238	42,657	42,869	47,528	52,138
Provisions	8,055	6,545	6,705	10,385	13,748	13,593	15,070	16,531
Application of Funds	**1,05,936**	**1,08,642**	**1,09,884**	**1,21,541**	**1,16,661**	**1,30,563**	**1,42,117**	**1,62,955**

E: MOFSL Estimates

Financials and valuations

Ratios								
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Basic (INR)								
EPS	**1.2**	**-1.0**	**0.1**	**4.5**	**9.1**	**9.9**	**11.7**	**13.5**
EPS Fully Diluted	**1.2**	**-1.0**	**0.1**	**4.5**	**9.1**	**9.9**	**11.7**	**13.5**
EPS Growth (%)	-83.1	-188.9	-105.7	7,586.2	102.5	8.6	18.0	15.6
Cash EPS	3.4	1.5	2.6	7.0	11.6	12.4	14.3	16.2
Book Value per Share	24.7	23.8	25.0	28.7	30.0	34.9	40.6	47.2
DPS	0.5	0.6	1.0	2.6	5.0	5.0	6.0	7.0
Div. Payout (%)	51.5	-57.8	1,703.5	57.6	54.2	50.4	51.2	51.7
Valuation (x)								
P/E	188.1	-211.7	3,740.9	48.7	24.0	22.1	18.8	16.2
Cash P/E	63.7	145.4	83.7	31.3	19.0	17.7	15.4	13.6
EV/EBITDA	56.4	125.9	66.0	22.0	13.7	13.3	11.4	9.7
EV/Sales	3.8	4.4	3.0	1.8	1.6	1.6	1.4	1.2
Price to Book Value	8.9	9.2	8.8	7.7	7.3	6.3	5.4	4.7
Dividend Yield (%)	0.2	0.3	0.5	1.2	2.3	2.3	2.7	3.2
Profitability Ratios (%)								
ROE	4.4	-4.3	0.2	16.8	31.1	30.6	31.0	30.8
RoCE	4.2	-0.7	3.0	13.1	24.0	24.9	26.0	26.7
RoIC	6.3	-2.6	4.3	29.4	73.3	136.6	217.3	378.3
Turnover Ratios								
Debtors (Days)	25	67	52	41	34	34	34	34
Inventory (Days)	26	51	35	28	30	28	28	28
Creditors (Days)	55	123	116	72	60	60	60	60
Working Capital (Days)	-4	-5	-28	-3	4	2	2	2
Fixed-Asset Turnover (x)	2.7	2.3	3.5	6.1	7.0	7.2	8.3	9.2
Leverage Ratio								
Net Debt/Equity (x)	0.2	0.4	0.2	0.0	-0.2	-0.2	-0.4	-0.5

Cash flow Statement								(INR M)
Y/E March	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
OP/(Loss) before Tax	3,619	-4,119	5,276	21,104	37,922	39,306	45,217	51,749
Int/Div Received	-756	-945	-220	-404	-1,362	1,810	2,130	2,490
Depreciation	6,698	7,477	7,528	7,320	7,178	7,365	7,549	7,778
Direct Taxes Paid	-941	779	714	-4,002	-6,245	-7,771	-9,168	-10,598
(Inc)/Dec in Work Cap.	-1,756	-6,058	15,696	-4,265	-15,229	3,835	4,204	4,160
Other Items	4,105	3,198	-7,633	762	3,705	0	0	0
CF from Oper. Activity	**10,969**	**332**	**21,361**	**20,514**	**25,968**	**44,545**	**49,932**	**55,579**
Extra-ordinary Items	-1,558	-120	5,108	846	-937	0	0	0
CF after EO Items	**9,411**	**211**	**26,469**	**21,360**	**25,031**	**44,545**	**49,932**	**55,579**
(Inc)/Dec in FA+CWIP	-12,923	-6,166	-3,933	-4,884	-4,815	-6,000	-6,000	-7,000
Free Cash Flow	**-3,512**	**-5,954**	**22,536**	**16,477**	**20,217**	**38,545**	**43,932**	**48,579**
CF from Inv. Activity	**-21,775**	**-9,752**	**-14,589**	**-17,345**	**9,021**	**-26,000**	**-21,000**	**-37,000**
Inc/(Dec) in Debt	25,655	4,780	-2,721	-3,918	-9,096	-2,500	-7,500	-1,000
Interest Rec./(Paid)	-1,463	-2,720	-2,755	-2,598	-2,461	-2,261	-1,507	-1,249
Dividends Paid	-12,702	0	-1,761	-2,936	-7,634	-14,682	-17,618	-20,554
CF from Fin. Activity	**11,490**	**2,060**	**-7,238**	**-9,402**	**-19,175**	**-19,443**	**-26,625**	**-22,804**
Inc/(Dec) in Cash	**-874**	**-7,481**	**4,643**	**-5,387**	**14,878**	**-898**	**2,308**	**-4,225**
Add: Beginning Balance	16,205	15,330	7,850	12,492	7,105	21,983	21,085	23,393
Closing Balance	**15,330**	**7,850**	**12,492**	**7,105**	**21,983**	**21,085**	**23,393**	**19,168**

E: MOFSL Estimates

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SELL	< - 10%
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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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