

Eicher Motors

Estimate changes



TP change



Rating change



	EIM IN
Bloomberg	
Equity Shares (m)	274
M.Cap.(INRb)/(USDb)	1915.1 / 20
52-Week Range (INR)	8233 / 5220
1, 6, 12 Rel. Per (%)	-1/7/33
12M Avg Val (INR M)	3599

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	234.1	268.3	305.5
EBITDA	57.9	64.9	73.7
Adj. PAT	55.2	60.6	69.4
Adj EPS (INR)	202.6	220.9	253.2
EPS Gr (%)	17.3	9.0	14.6
BV/Sh (INR)	915	1,046	1,197

Ratios

RoE (%)	24.0	22.5	22.6
RoCE (%)	23.3	21.8	22.0
Payout (%)	40.8	40.7	40.3

Valuations

P/E (x)	34.5	31.6	27.6
P/BV (x)	7.6	6.7	5.8
Div. Yield (%)	1.2	1.3	1.5
FCF Yield (%)	1.9	2.5	3.0

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	49.1	49.1	49.1
DII	14.8	14.7	16.6
FII	26.8	27.0	25.0
Others	9.3	9.2	9.3

FII includes depository receipts

CMP: INR6,982

TP: INR6,912 (-1%)

Neutral

Steady quarter

Domestic demand remains healthy, exports uncertain

- Eicher Motors (EIM)'s 4QFY26 consolidated PAT at INR15.2b was largely in line. RE and VECV both performed in line with our expectations, and both entities are showcasing EBITDA margin expansion YoY.
- We project RE to record a 13.5% volume CAGR over FY26-28. However, while we expect the domestic business to deliver a 14% CAGR, exports are likely to post a much slower CAGR of 9%, that too largely back-ended.
- Given management's focus on volume growth and the recent upsurge in input costs, we expect margins to remain under pressure. Overall, we expect EIM to post a 14% earnings CAGR. At 31.6x/27.6x FY27E/FY28E, the stock appears fairly valued. **Reiterate Neutral with a TP of INR6,912.** We value RE at 28x FY28E EPS and VECV at 12x EV/EBITDA.

Earnings in line for both RE and VECV

- Eicher's consolidated revenue grew 16% YoY to INR60.8b (in line), aided by strong volume growth from the RE and VECV businesses. RE realizations were marginally higher YoY at INR186k (+3%), while VECV realization declined ~2% YoY in 4Q.
- Consolidated EBITDA margin grew 90bp YoY to 24.9% (down 60bp QoQ) and was in line.
- Standalone margin improved 110bp YoY to 25.8%, led by operating leverage benefits. Standalone PAT was up 9.9% YoY to INR12.3b, in line.
- EBITDA margin at VECV remained broadly flat YoY at 10.4% (below our estimate of 10.8%). VECV's recurring PAT grew 23.4% YoY to INR5.6b, in line with our estimate.
- Recurring PAT for the consolidated entity grew ~12% to INR15.2b (in line).
- For the full-year FY26, revenue/EBITDA/PAT for the entity grew by 24%/23%/17% YoY to INR234b/INR57.9b/INR55.5b.
- For the year, CFO improved to INR48b while FCF was positive at INR35.4b.
- The Board has declared a final dividend of INR82/share for the year FY26, translating to a dividend payout of ~41%. This was stable YoY.

Key highlights from the management commentary

- Management indicated that domestic demand momentum has continued into FY27, with April 2026 sales exceeding 104k motorcycles, reflecting 37% YoY growth. Additionally, inquiry levels, bookings, and retail traction remain healthy, with management stating that there is no visible structural slowdown in premium motorcycle demand.
- Dealer inventory levels remain lean at around 7-8 days, primarily due to temporary disruptions related to elections, labor availability, LPG shortages, and supply-side constraints during May.

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

Research analyst - Jeemit Shah (Jeemit.Shah@MotilalOswal.com) | Uday Nair (Uday.Nair@MotilalOswal.com)

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- The company indicated that production and supply-chain conditions have begun normalizing, with deliveries gradually returning to regular levels.
- For Q1FY27, management expects incremental commodity cost pressures of around 3-3.5% of revenues. To offset this, RE has taken another price increase of ~1.75% in April 2026.
- To deal with the commodity prices leading to inflation of ~3.0-3.5% in 1QFY27, VECV has implemented price hikes of up to 2% across vehicle categories.

Valuation and view

We project RE to record a 13.5% volume CAGR over FY26-28E. However, while we expect the domestic business to deliver a 14% CAGR, exports are likely to post a much slower 9% CAGR, that too largely back-ended. Given management's focus on volume growth and the recent upsurge in input costs, we expect margins to remain under pressure. Overall, we expect EIM to post a 14% earnings CAGR. At 31.6x/27.6x FY27E/FY28E, the stock appears fairly valued. **Reiterate Neutral with a TP of INR6,912.** We value RE at 28x FY28E EPS and VECV at 12x EV/EBITDA.

Quarterly performance (Consolidated)

INR m	FY25				FY26				FY25	FY26	4QE VAR (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Y/E March												
Net Operating income	43,931	42,631	49,731	52,411	50,418	61,716	61,140	60,801	188,704	234,076	59,652	1.9
Growth (%)	10.2	3.6	19.0	23.1	14.8	44.8	22.9	16.0	14.1	24.0	14	
EBITDA	11,654	10,877	12,012	12,577	12,028	15,119	15,567	15,137	47,120	57,851	14,799	2.3
EBITDA Margins (%)	26.5	25.5	24.2	24.0	23.9	24.5	25.5	24.9	25.0	24.7	24.8	
Change (%)	14.2	0.1	10.2	11.4	3.2	39.0	29.6	20.4	8.9	22.8	17.7	
PAT	9,269	9,866	10,070	11,142	10,481	12,345	12,377	11,971	40,346	47,174	11,722	2.1
Share of JV Loss/(PAT)/ Min. Int.	-1,746	-1,138	-1,635	-2,480	-1,571	-1,349	-1,829	-3,229	-6,998	-7,978	-3,032	
Recurring PAT	11,015	11,003	11,705	13,622	12,052	13,695	14,294	15,200	47,344	55,567	14,754	3.0
Growth (%)	19.9	8.3	17.5	27.3	9.4	24.5	22.1	11.6	18.3	17.4	8.3	

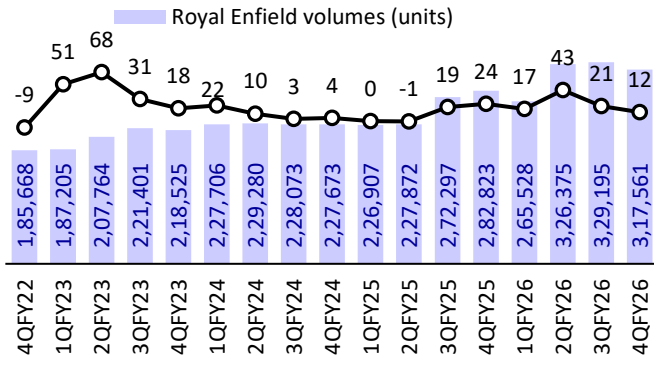
Standalone (Royal Enfield)

Royal Enfield ('000 units)	227	228	272	283	266	326	329	318	1,010	1,239	318	0.0
Growth (%)	-0.4	-0.6	19.4	24.2	17.0	43.2	20.9	12.3	10.6	22.7	12.3	
Net Realn (INR '000/unit)	186	185	180	181	185	181	182	186	183	183	183	1.7
Change - YoY (%)	8.8	7.7	1.4	-1.9	-0.9	-2.0	0.9	2.9	3.7	0.3	1.2	
Net operating income	42,313	42,054	49,081	51,066	49,084	59,021	59,878	59,014	184,515	226,997	58,034	1.7
Growth (%)	8.5	7.0	21.1	21.8	16.0	40.3	22.0	15.6	43.5	53.8	13.6	
EBITDA	11,786	11,049	12,237	12,609	12,313	14,687	15,899	15,230	47,680	58,129	14,955	1.8
EBITDA Margins (%)	27.9	26.3	24.9	24.7	25.1	24.9	26.6	25.8	25.8	25.6	25.8	
Recurring PAT	10,880	10,099	10,562	11,251	13,065	12,080	13,321	12,364	42,793	50,829	12,499	-1.1
Growth (%)	19.1	7.6	15.6	14.4	20.1	19.6	26.1	9.9	14.1	18.8	11.1	

VECV

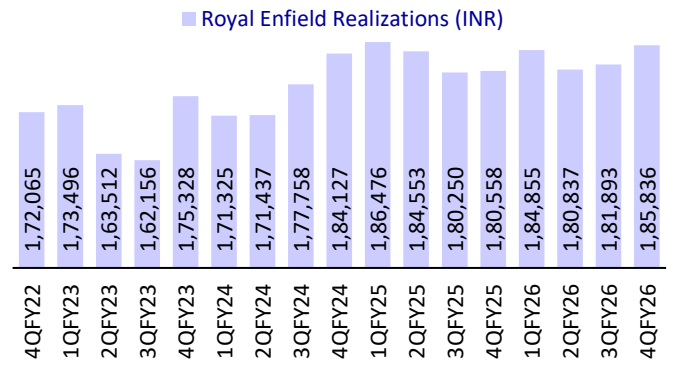
Total CV Volumes	19,702	20,774	21,010	28,675	21,610	21,901	26,086	33,898	90,161	103,495	33,898	0.0
Growth (%)	0.7	6.3	1.5	11.4	9.7	5.4	24.2	18.2	5.4	14.8	18.2	
Net Realn (INR '000/unit)	2,573	2,666	2,761	2,490	2,624	2,788	2,678	2,443	2,612	2,616	2,535	-3.6
Change - YoY (%)	1.1	1.7	4.3	2.0	2.0	4.6	-3.0	-1.9	2.2	0.2	1.8	
Net operating income	50,700	55,380	58,010	71,392	56,711	61,058	70,191	82,806	235,482	270,766	85,936	-3.6
Growth (%)	1.8	8.0	5.8	13.7	11.9	10.3	21.0	16.0	7.7	15.0	20.4	
EBITDA	3,850	3,950	5,090	7,339	5,108	4,791	6,522	8,590	20,228	25,011	9,273	-7.4
EBITDA Margins (%)	7.6	7.1	8.8	10.3	9.0	7.8	9.3	10.4	8.6	9.2	10.8	
Recurring PAT	2,307	2,090	3,010	4,559	2,890	2,490	4,091	5,628	12,864	15,103	5,544	1.5
Growth (%)	27.4	11.8	42.6	86.9	25.3	19.1	35.9	23.4	56.3	17.4	21.6	

Exhibit 1: Volume trend for RE



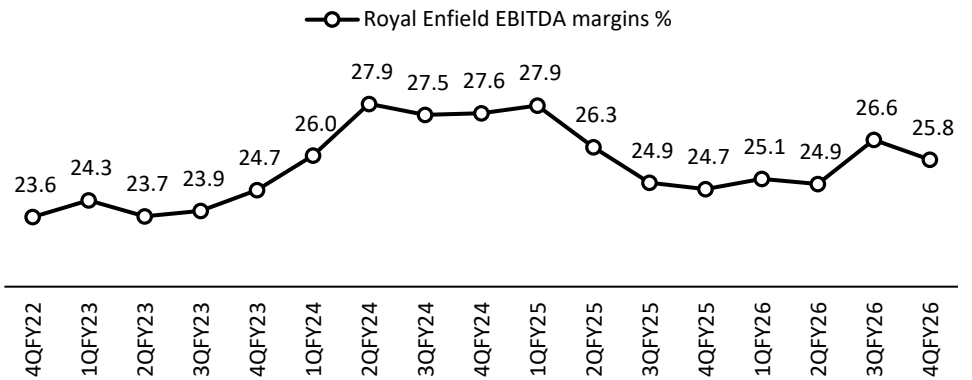
Source: Company, MOFSL

Exhibit 2: Realization trend for RE



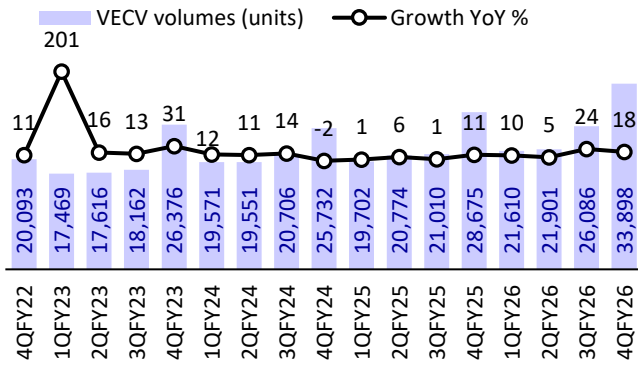
Source: Company, MOFSL

Exhibit 3: EBITDA margin trend for RE



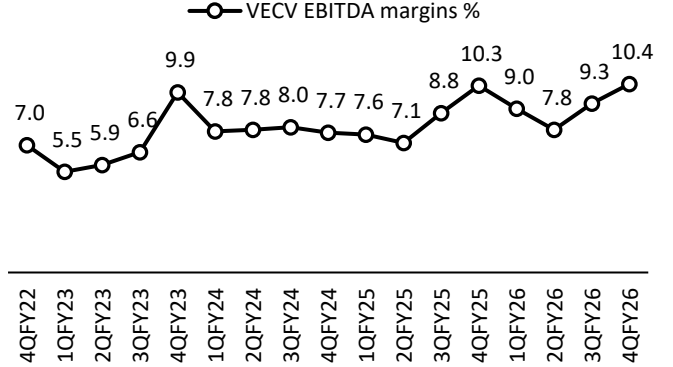
Source: Company, MOFSL

Exhibit 4: Volume growth trend for VECV



Source: Company, MOFSL

Exhibit 5: EBITDA margin trend for VECV



Source: Company, MOFSL

Exhibit 6: VECV – product mix

	4QFY26	4QFY25	YoY (%)	3QFY26	QoQ (%)
L&MD - Trucks (Dom)	16,738	12,254	36.6	13,541	23.6
% of total CV volumes	49	43		52	
HD - Trucks (Dom)	8,891	6,765	31.4	6,303	41.1
% of total CV volumes	26	24		24	
Total Dom. Trucks	25,629	19,019	34.8	19,844	29.2
% of total CV volumes	76	66		76	
Buses (Dom)	5,971	7,397	-19.3	3,473	71.9
% of total CV volumes	18	26		13	
Total Domestic	31,600	26,416	19.6	23,317	35.5
% of total CV volumes	93	92		89	
Total Exports	1,709	1,667	2.5	2,056	-16.9
% of total CV volumes	5	6		8	
Total ETB	33,309	28,083	18.6	25,373	31.3
% of total CV volumes	98	98		97	
Volvo Truck India (units)	589	592	-0.5	713	-17.4
% of total CV volumes	2	2		3	
Total CV Volumes	33,898	28,675	18.2	26,086	29.9

Source: Company, MOFSL



Key takeaways from the management commentary

RE update

Performance updates

- RE recorded its strongest-ever annual performance in FY26, crossing 1.2m motorcycle sales. Domestic motorcycle sales grew 23% YoY to 1.1m units, while international volumes increased 20% YoY to ~121k units.
- Younger consumers continued to contribute meaningfully to growth, with one out of every three Royal Enfield customers now below 25 years of age.
- The company highlighted strong traction in allied businesses as well, with apparel revenues growing 21% YoY, Genuine Motorcycle Accessories revenues rising 32% YoY globally, and the spare parts business growing 18% YoY.
- The company received multiple recognitions during the year, including ranking highest in overall two-wheeler initial quality by J.D. Power and securing the top position in the FADA dealer satisfaction survey.

Product Launches/Pipeline

- Royal Enfield launched multiple refreshed and upgraded models during FY26, including the 2026 Guerrilla 450 Apex, 2025 Hunter 350, Meteor 350, Goan Classic 350, and Himalayan Hanle Black edition. The company stated that recent launches have contributed meaningfully to overall volume growth and sustained consumer interest across segments.
- The Meteor 350 crossed the cumulative milestone of 600k units since launch, while the Himalayan 450 recorded its strongest year yet, with global retail volumes growing 53% YoY to over 38k units.
- Royal Enfield officially entered the electric mobility segment with the launch of the Flying Flea C6 in Bengaluru during April 2026, receiving strong initial consumer and media response. Management reiterated that the Flying Flea rollout will follow a calibrated city-by-city expansion strategy, with a focus on building the category gradually rather than pursuing aggressive scale-up initially.
- The company confirmed that products showcased earlier at EICMA remain on track, including the Flying Flea SX and Bullet 650. Dispatches for the Bullet 650 have already commenced.

- Management highlighted that existing platforms (350cc, 450cc, and 650cc) currently offer significant headroom for growth. They would continue to explore emerging white spaces within the middleweight category (250-750cc).

Domestic demand

- Management indicated that domestic demand momentum has continued into FY27, with April 2026 sales exceeding 104k motorcycles, reflecting 37% YoY growth. Additionally, inquiry levels, bookings, and retail traction remain healthy, with management stating that there is no visible structural slowdown in premium motorcycle demand.
- Dealer inventory levels remain lean at around 7-8 days, primarily due to temporary disruptions related to elections, labor availability, LPG shortages, and supply-side constraints during May.
- The company indicated that production and supply-chain conditions have begun normalizing, with deliveries gradually returning to regular levels.
- Royal Enfield continued to deepen its rural market presence, particularly through the Hunter 350 platform, while also benefiting from improved urban demand aided by recent tax-related affordability measures.
- First-time buyer contribution continued to increase, supported by improved affordability and rising aspiration levels among younger consumers.
- To improve accessibility, the company partnered with Flipkart and Amazon India for its 350cc motorcycle range in India.

Exports

- Brazil emerged as the company's fastest-growing international market, with volumes growing 71% YoY in FY26, making it Royal Enfield's second-largest global market after India. The company primarily strengthened its market position in Brazil's middleweight motorcycle segment and is now the No. 2 player in this category in the region.
- RE also witnessed strong growth in Nepal, driven by successful launches of models such as Classic 350 and Hunter 350.
- Management noted that the U.S. market demand continues to be weak, given the tariff-led uncertainties. However, given that the US market contributes to just 3% of its export mix, its impact is limited.
- In Europe, industry demand remains weak due to ongoing inventory normalization of pre-registered vehicles. However, Royal Enfield stated that it has broadly maintained market share despite the weak demand.
- Management remains cautiously optimistic on exports, supported by improving traction in Latin America and stable positioning in developed markets.

Margins

- Management indicated that there was a 90bp impact on margins on account of rising commodity costs. The company implemented a blended price increase of ~70bp in January, while the remaining inflationary impact was offset through value engineering, cost reductions, and favorable product mix.
- For Q1FY27, management expects incremental commodity cost pressures of around 3-3.5% of revenues.
- To offset this, RE has taken another price increase of ~1.75% in April 2026.
- The company is accelerating cost reduction initiatives, front-loading value engineering programs, and undertaking austerity measures.

Capacity expansion

- Existing annual production capacity of ~1.4m units is expected to increase to over 1.6m units from June/July 2026, through the addition of a new 500-unit-per-day manufacturing module.
- Further, Royal Enfield announced an INR9.6b brownfield expansion at its Cheyyar facility in Tamil Nadu to strengthen manufacturing capabilities and support future growth. This will take its total capacity to ~2m units by Q2FY28.
- The company also signed an agreement with the Andhra Pradesh government for a greenfield manufacturing facility spread across 261 acres to support long-term future growth. This facility is currently at the land acquisition and planning stage, with commercialization likely to take over 24-30 months.
- Capacity additions are being front-loaded in anticipation of sustained growth in the premium motorcycle segment and strong demand visibility across existing and upcoming products.

VECV update

4Q performance updates

- VECV delivered a landmark FY26 performance, with total volumes of 103,404 units, up ~15% YoY. The growth was broad-based across segments, with Eicher brand heavy-duty truck sales growing 14.1% YoY to 25,155 units and market share improving to 9.1%.
- The company maintained leadership in the light and medium-duty truck segment, delivering 47,789 units in FY26.
- Eicher buses delivered 18,651 units during FY26, while Volvo buses achieved a record 712 units, and Volvo trucks recorded 1,712 units.
- Exports grew strongly by 35.6% YoY to 7,024 units despite challenging external conditions.
- Spare parts revenues increased 13.9% YoY to INR 30.5b.

Product portfolio

- VECV's entry into the small commercial vehicle segment through the Eicher Pro X platform gained initial traction, with 2,452 units sold during FY26, including 726 EVs.
- Management stated that the company is strengthening its electric bus portfolio across 9-meter, 12-meter, and 13.5-meter platforms catering to both public and private applications.
- VECV indicated that it currently has a healthy electric bus order pipeline and continues to actively participate in emerging EV bus tenders and opportunities.

Business update

- To deal with the commodity prices leading to inflation of ~3-3.5% in Q1FY27, VECV has implemented price hikes of up to 2% across vehicle categories.
- Management indicated that the CV industry demand remains healthy so far, supported by infrastructure spending, economic growth, logistics demand, and positive fleet operator sentiment.
- Rising diesel prices are unlikely to materially disrupt primary CV demand, according to management, as transporters typically pass on higher fuel costs through indexed customer contracts.
- Additionally, labor and supply-chain disruptions witnessed during May due to elections and migrant workforce movement are gradually normalizing across both internal operations and supplier ecosystems.

Updates on JV

- Eicher Motors Limited announced a 50:50 JV with Volvo Group to enter the vehicle financing, leasing, and financial services business in India through Volvo Financial Services India (VFSI).
- Eicher Motors plans to invest up to INR7.5b for its 50% stake, with the capital being infused into the existing VFSI business, which currently has assets under management of ~INR18.1b.
- The JV will act as the captive financing arm for VECV, Volvo Group products, and Royal Enfield, leveraging Volvo's global financial services expertise alongside Eicher's deep domestic market understanding and distribution network. This JV is expected to not only enhance customer experience but also create a new long-term value creation opportunity for EIM.

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 13.5% volume CAGR over FY26-28E. However, while we expect the domestic business to deliver a 14% CAGR, exports are likely to post a much slower 9% CAGR, that too largely back-ended. Given management's focus on volume growth and the recent upsurge in input costs, we expect margins to remain under pressure. Overall, we expect EIM to post a 14% earnings CAGR. At 31.6x/27.6x FY27E/FY28E, the stock appears fairly valued. Reiterate Neutral with a TP of INR6,912. We value RE at 28x FY28E EPS and VECV at 12x EV/EBITDA.

Exhibit 7: Our revised estimates

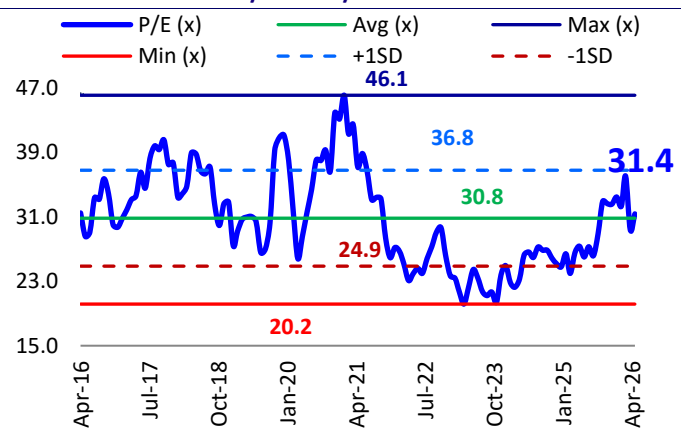
(INR m)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Standalone (RE)						
Volumes (units)	1,421,087	1,415,266	0.4	1,595,714	1,589,352	0.4
Net Sales	260,340	260,224	0.0	296,357	296,818	(0.2)
EBITDA	65,431	65,415	0.0	74,445	74,629	(0.2)
EBITDA (%)	25.1	25.1	0bp	25.1	25.1	0bp
Net Profit	56,120	56,431	(0.6)	63,780	64,182	(0.6)
EPS (INR)	205	206	(0.6)	233	234	(0.7)
VECV						
Volumes (units)	109,959	112,253	(2.0)	117,727	120,392	(2.2)
Net Sales	293,491	301,410	(2.6)	319,282	328,364	(2.8)
EBITDA	25,050	28,216	(11.2)	29,378	30,810	(4.6)
EBITDA (%)	8.5	9.4	-80bp	9.2	9.4	-20bp
EPS (INR)	29.7	32.2	(7.8)	36.0	36.0	0.2
Consol EPS (INR)	220.9	224.1	(1.4)	253.2	254.7	(0.6)

Exhibit 8: Our SoTP valuation – INR6,912 (FY28-based)

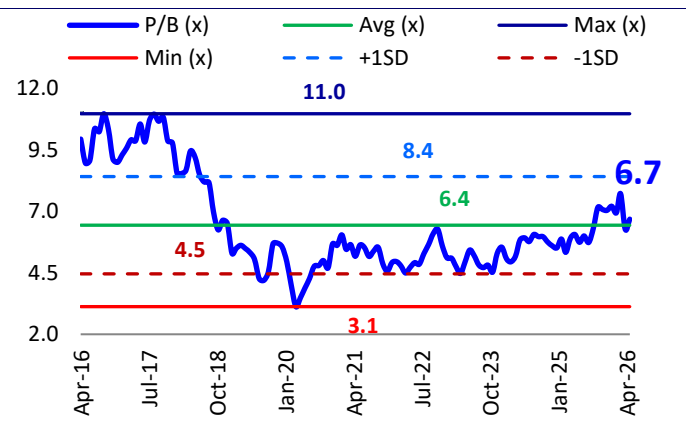
INR m		FY26	FY27E	FY28E
Royal Enfield	PE (x)	28	28	28
PAT		47,589	52,442	59,570
Equity Value	PE @ 28x	1,332,496	1,468,369	1,667,966
VECV (@ 54.4% Economic interest)				
EBITDA		13,606	13,627	15,981
EV	@ 12x EV/EBITDA	163,275	163,524	191,777
Net Debt		-22,452	-28,461	-36,223
Equity Value		185,727	191,985	228,000
Total Equity Value		1,518,222	1,660,354	1,895,966
Target Price (INR/Sh)		5,535	6,053	6,912

Source: Company, MOFSL

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



Source: MOFSL



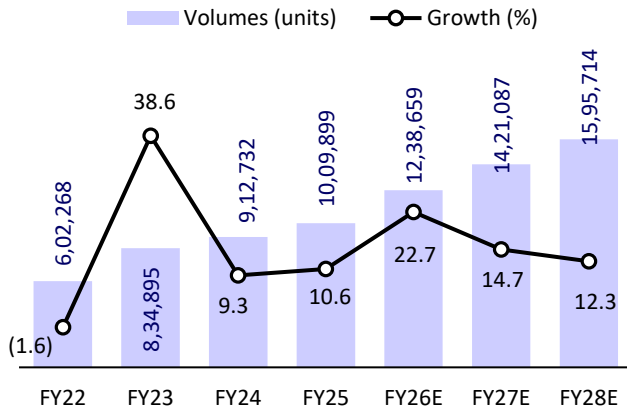
Source: MOFSL

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	1,421	1,596
Growth (%)	-1.6	38.6	9.3	10.6	22.7	14.7	12.3
Net realn (INR'000/unit)	166	166	173	180	180	181	183
Growth (%)	18.4	0.3	4.3	3.6	0.2	0.3	1.4
RE Revenues (INR b)	101	141	161	185	227	260	296
Growth (%)	17.4	39.0	14.3	14.8	23.0	14.7	13.8
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	268	305
Growth (%)	18.1	40.2	14.5	14.1	24.0	14.6	13.8

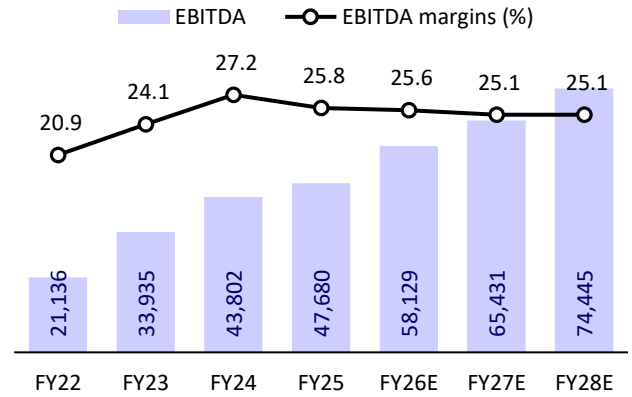
Story in charts

Exhibit 10: Volume and growth trends for RE



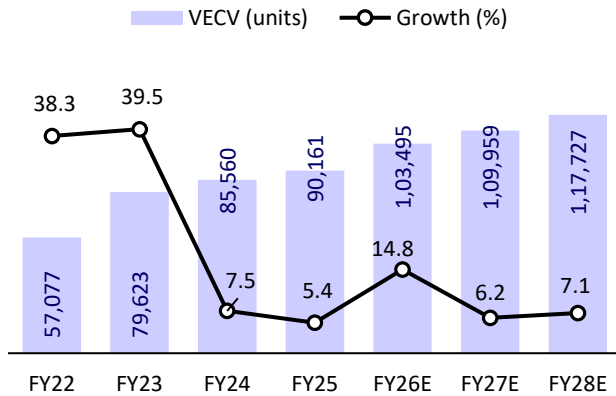
Source: Company, MOFSL

Exhibit 11: EBITDA and EBITDA margin trends for RE



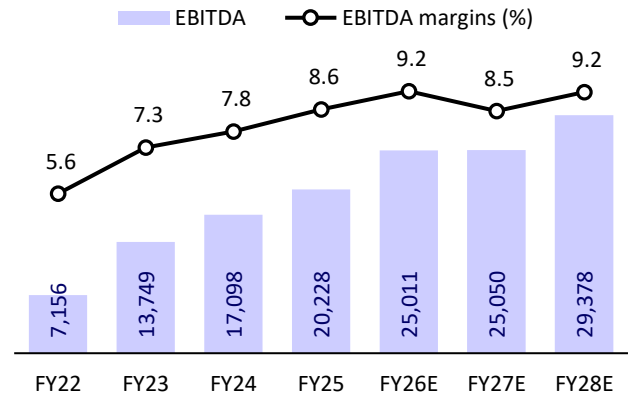
Source: Company, MOFSL

Exhibit 12: Volume growth trajectory for VECV



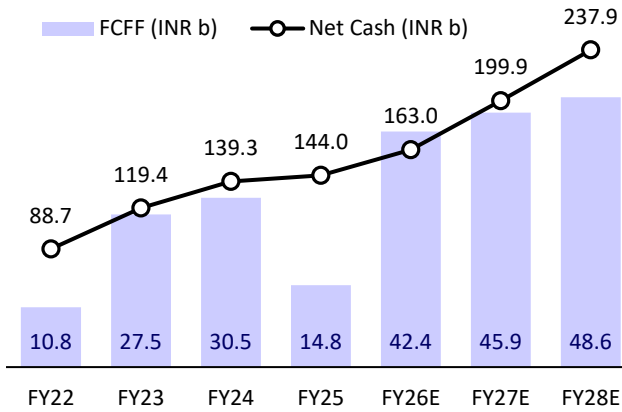
Source: Company, MOFSL

Exhibit 13: EBITDA and EBITDA margin trends for VECV



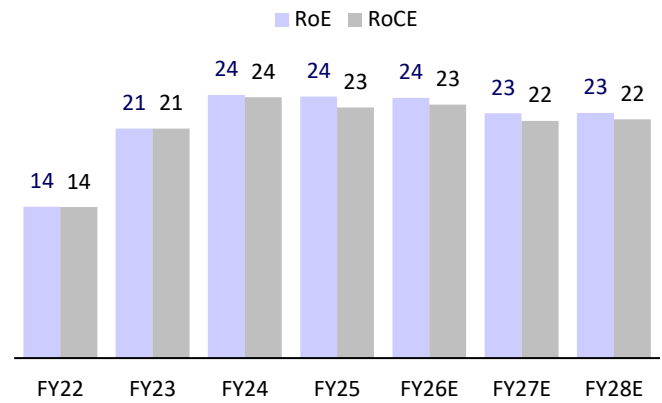
Source: Company, MOFSL

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



Source: Company, MOFSL

Exhibit 15: Return ratios to stabilize



Source: Company, MOFSL

Financials and valuations

Income Statement (Consolidated)							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Op. Income	102,978	144,422	165,358	188,704	234,076	268,348	305,472
Change (%)	18.1	40.2	14.5	14.1	24.0	14.6	13.8
EBITDA	21,723	34,436	43,269	47,120	57,851	64,939	73,660
EBITDA Margin (%)	21.4	23.8	26.2	25.0	24.7	24.2	24.1
Change (%)	18.6	58.5	25.7	8.9	22.8	12.3	13.4
Depreciation	4,519	5,262	5,976	7,293	8,404	9,187	10,274
EBIT	17,203	29,174	37,293	39,827	49,447	55,752	63,386
Interest cost	188	280	509	543	715	650	620
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	70,392	79,960
Tax	5,259	8,857	12,010	11,986	15,868	17,950	20,390
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	52,442	59,570
Change (%)	18.5	60.8	36.7	13.5	18.3	9.9	13.6
Add VECV share	-602	-3,152	-4,477	-6,998	-7,978	-8,152	-9,878
Adj. PAT	16,766	29,139	40,010	47,344	55,567	60,594	69,448
Change (%)	21.2	73.8	37.3	18.3	17.4	9.0	14.6

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	125,807	149,629	180,182	212,691	250,727	286,634	328,103
Net Worth	126,080	149,903	180,455	212,965	251,002	286,908	328,377
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	128,869	154,773	189,132	222,476	262,724	298,117	339,123
Application of Funds							
Gross Fixed Assets	44,234	51,415	56,868	69,752	81,938	93,938	105,938
Less: Depreciation	19,991	24,516	27,724	35,017	43,421	52,608	62,882
Net Fixed Assets	24,243	26,899	29,144	34,735	38,517	41,330	43,056
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	123,207	153,831	168,613	204,594	234,594	270,594
Curr.Assets, L & Adv.	55,514	37,149	42,626	63,482	71,161	80,786	93,192
Inventory	11,324	12,784	14,096	15,638	19,678	22,559	25,680
Sundry Debtors	3,020	3,689	3,738	5,496	3,535	4,053	4,613
Cash & Bank Balances	505	888	1,072	2,190	2,074	1,583	3,032
Loans & Advances	33,487	13,573	5,160	4,900	4,730	5,422	6,173
Others	7,177	6,215	18,560	35,258	41,144	47,168	53,694
Current Liab. & Prov.	33,141	37,204	42,019	49,268	58,912	65,957	75,081
Sundry Creditors	17,881	18,104	20,901	25,298	27,384	31,394	35,737
Other Liabilities	13,362	16,520	18,372	20,794	27,243	29,570	33,661
Provisions	1,898	2,579	2,746	3,177	4,284	4,993	5,684
Net Current Assets	22,373	-54	607	14,213	12,249	14,829	18,110
Application of Funds	128,869	154,772	189,133	222,476	262,724	298,117	339,123

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	220.9	253.2
EPS Growth (%)	21.1	73.7	37.3	18.0	17.3	9.0	14.6
Book Value per Share	461	548	660	777	915	1,046	1,197
DPS	21.0	37.0	51.0	70.0	82.0	90.0	102.0
Payout (Incl. Div. Tax) %	34.2	34.7	34.9	40.5	40.5	40.7	40.3
Valuation (x)							
P/E	113.9	65.5	47.7	40.4	34.5	31.6	27.6
EV/EBITDA	72.7	43.2	33.3	30.2	24.4	21.7	18.6
EV/Sales	10.7	7.3	6.3	5.7	4.7	4.1	3.6
Price to Book Value	15.1	12.7	10.6	9.0	7.6	6.7	5.8
Dividend Yield (%)	0.3	0.5	0.7	1.0	1.2	1.3	1.5
Profitability Ratios (%)							
RoE	13.9	21.1	24.2	24.1	24.0	22.5	22.6
RoCE	13.9	21.1	24.0	23.1	23.3	21.8	22.0
RoIC	22.2	66.9	114.3	95.7	90.3	92.2	96.9
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	78,544	89,838
Depreciation	4,519	5,262	5,976	7,293	8,404	9,187	10,274
Direct Taxes Paid	-5,136	-7,703	-10,678	-10,802	-13,585	-17,950	-20,390
(Inc)/Dec in Working Capital	-1,503	657	3,880	2,110	2,779	611	662
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	-3,031	-1,874
CF from Oper. Activity	15,270	28,227	37,237	39,799	48,048	60,160	69,510
(Inc)/Dec in FA+CWIP	-6,387	-6,737	-8,144	-10,285	-12,666	-12,000	-12,000
Free Cash Flow	8,883	21,490	29,094	29,515	35,383	48,160	57,510
(Pur)/Sale of Invest.	-3,446	-17,231	-20,196	-14,322	-15,670	-22,800	-27,000
CF from Inv. Activity	-9,833	-23,968	-28,339	-24,607	-28,335	-34,800	-39,000
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	-650	-620
Dividends Paid	-4,647	-5,742	-10,129	-13,975	-19,200	-24,687	-27,979
CF from Fin. Activity	-5,934	-4,174	-8,444	-13,987	-19,829	-25,851	-29,061
Inc/(Dec) in Cash	-496	84	454	1,206	-116	-491	1,448
Add: Beginning Balance	941	445	530	984	2,190	2,074	1,583
Closing Balance	445	530	984	2,190	2,074	1,583	3,032

E: MOFSL Estimates

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=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

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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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.: Motalal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDNL 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. Motalal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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