

Eicher Motors

Estimate changes



TP change



Rating change



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Bloomberg	EIM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USD\$b)	1257.6 / 14.9
52-Week Range (INR)	5105 / 3562
1, 6, 12 Rel. Per (%)	3/-8/5
12M Avg Val (INR M)	2949

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	165.4	178.0	195.5
EBITDA	43.3	46.3	49.8
Adj. PAT	40.0	43.4	46.9
Adj EPS (INR)	146.3	158.8	171.3
EPS Gr (%)	37.3	8.5	7.9
BV/Sh (INR)	660	763	869
Ratios			
RoE (%)	24.2	22.3	21.0
RoCE (%)	24.1	21.5	20.6
Payout (%)	34.9	35.3	37.9
Valuations			
P/E (x)	31.4	28.9	26.8
P/BV (x)	7.0	6.0	5.3
Div. Yield (%)	1.1	1.2	1.4
FCF Yield (%)	2.3	4.1	2.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	49.1	49.1	49.2
DII	13.8	12.0	10.6
FII	27.6	28.8	28.9
Others	9.5	10.1	11.4

FII Includes depository receipts

CMP: INR4,589

TP: INR4,000 (-13%)

Sell

Margins under pressure despite improved mix

Focus on growth over profitability clearly visible

- Eicher Motors' (EIM) 2QFY25 operating performance was below our est. as margins contracted 90bp YoY to 25.5% mainly due to higher other expenses (higher promotional spend and warehousing). While VECV outperformed industry growth, it seems to have come at the expense of margins (down 70bp YoY to 7.1%). Management has indicated that they would continue to focus on demand generation activities going ahead and are not fixated on margins.
- We have slightly tweaked our estimates. Reiterate Sell with a TP of INR4,000 (premised on Sep'26E SOTP) as slower earnings growth should no longer attract premium valuations.

Margins hurt despite improved mix as focus shifts to growth

- EIM's 2Q consol. revenue/adj. PAT grew 4%/8% YoY to INR42.6b/INR10.9b (est. INR44.3b/INR11.9b), while EBITDA was flat YoY at INR11b (est. INR10.8b). 1HFY25 revenue/EBITDA/adj. PAT grew 7%/7%/14% YoY. 2HFY25 revenue/EBITDA/PAT may grow 8%/7%/4% YoY.
- RE volumes declined 1% YoY, while realizations grew 8% YoY to INR184.6k per unit (est. INR189.1k).
- Gross margin expanded 50bp YoY (+10bp QoQ) to 46.5% (est. 46.7%).
- Higher other expenses impacted EBITDA margins, which contracted 90bp YoY/100bp QoQ to 25.5% (est. 26.8%). Other expenses were high due to higher marketing spends (launch-related costs) and warehousing costs ahead of the festive season. EBITDA was flat YoY at INR10.9b (est. INR11.9b).
- VECV:** Volumes/realizations grew 6%/2% YoY, leading to 8% YoY growth in revenue to INR55.4 (est. INR52.4b). EBITDA margin contracted 70bp YoY to 7.1% (est. 7.6%). PAT stood at INR2.1b vs. INR1.8b YoY.
- Consol. operating cash flow/FCF declined 26%/41% YoY.

Highlights from the management commentary

- RE demand update:** After strong growth of 26% YoY during the festival season (vs. industry growth of 6-7% YoY), RE is now seeing better demand compared to the pre-festive period.
- Focus on growth over profitability:** Management has reiterated that they would continue to focus on demand generation (growth) over profitability. They have indicated that they are not fixated on margins but would work on absolute profitability.
- Other expenses are likely to remain elevated going forward, as 1) the management would continue to focus on demand generation activities, 2) EICMA and Motoverse events are scheduled in 3Q, and 3) incentive payout to dealers would happen in 3Q.

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- **Retail exports grew 12% YoY in 2Q (20% YoY in 1HFY25)**, ahead of wholesales growth. Management expects export market recovery to be gradual over the coming quarters.
- At the EICMA, the company recently unveiled its first EV motorcycle, the flying flea, which is likely to go into production in FY26.

Valuation and view

We factor in a 7% volume CAGR for RE over FY25-27E. We expect margins to largely remain stable from hereon as any benefit from improving mix (higher spares and apparel sales) is likely to be invested by RE in demand generation activities. Overall, we expect RE to deliver an 11% earnings CAGR over FY25-27E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **Maintain Sell with a TP of INR4,000 (Sep'26E SoTP).**

Quarterly performance (Consolidated)

INR m Y/E March	FY24				FY25E				FY24	FY25E	2QE VAR (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Operating income	39,864	41,145	41,788	42,560	43,931	42,631	46,531	44,873	1,65,358	1,77,965	44,319	-3.8
Growth (%)	17.3	16.9	12.3	11.9	10.2	3.6	11.3	5.4	14.5	7.6	7.7	
EBITDA	10,208	10,872	10,903	11,286	11,654	10,877	12,083	11,645	43,269	46,259	11,865	-8.3
EBITDA Margins (%)	25.6	26.4	26.1	26.5	26.5	25.5	26.0	26.0	26.2	26.0	26.8	
PAT	8,179	9,146	8,821	9,386	9,269	9,866	9,353	8,814	35,533	37,302	9,691	
Share of JV Loss/(PAT)/ Min. Int.	-1,004	-1,016	-1,139	-1,318	-1,746	-1,138	-1,290	-1,951	-4,477	-6,124	-1,068	
Recurring PAT	9,183	10,163	9,960	10,705	11,015	11,003	10,643	10,765	40,010	43,426	10,759	2.3
Growth (%)	50.4	54.7	34.4	18.2	19.9	8.3	6.9	0.6	37.3	8.5	5.9	

Standalone (Royal Enfield)

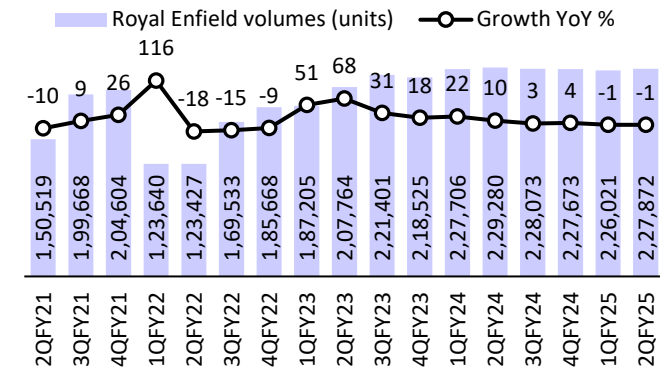
(INR Million) Y/E March	FY24				FY25E				FY24	FY25E	2Q VAR (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Royal Enfield ('000 units)	228	229	228	228	226	228	248	240	913	941	228	0.0
Growth (%)	21.6	10.4	3.0	4.2	-0.7	-0.6	8.6	5.4	9.3	3.1	-0.6	
Net Realn (INR '000/unit)	171.3	171.4	177.8	184.1	187.2	184.6	185.5	188.5	176.2	186.4	189.1	-2.4
Change - YoY (%)	-1.3	4.8	9.6	5.0	9.3	7.7	4.3	2.4	4.6	5.8	10.3	
Net operating income	39,012	39,307	40,542	41,921	42,313	42,054	45,919	45,232	1,60,782	1,75,518	43,086	-2.4
Growth (%)	20.1	15.7	12.9	9.4	8.5	7.0	13.3	7.9	14.3	9.2	9.6	
EBITDA	10,127	10,974	11,148	11,553	11,786	11,049	12,446	12,432	43,802	47,713	12,082	-8.5
EBITDA Margins (%)	26.0	27.9	27.5	27.6	27.9	26.3	27.1	27.5	27.2	27.2	28.0	
Recurring PAT	9,139	9,385	9,137	9,833	10,880	10,099	10,509	10,493	37,494	41,981	10,429	-3.2
Growth (%)	57.5	52.6	34.2	31.7	19.1	7.6	15.0	6.7	43.0	12.0	11.1	

VECV: Quarterly performance

(INR Million) Y/E March	FY24				FY25E				FY24	FY25E	2Q VAR (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Total CV Volumes	19,571	19,551	20,706	25,732	19,702	20,774	21,768	25,242	85,560	87,485	20,774	
Growth (%)	12.0	11.0	14.0	-2.4	0.7	6.3	5.1	-1.9	7.5	2.3	6.3	
Net Realn (INR '000/unit)	2,545	2,622	2,643	2,444	2,573	2,666	2,639	2,650	2,556	2,634	2,522	5.7
Change - YoY (%)	13.0	9.6	4.3	4.0	1.1	1.7	-0.2	8.4	7.4	3.1	-3.9	
Net Op. Income	49,800	51,260	54,730	62,890	50,700	55,380	57,448	66,901	2,18,680	2,30,430	52,389	5.7
Growth (%)	26.6	21.6	18.9	1.4	1.8	8.0	5.0	6.4	15.4	5.4	2.1	
EBITDA	3,868	4,021	4,303	4,906	3,850	3,950	4,366	5,823	17,098	17,989	3,982	-0.8
EBITDA Margins (%)	7.8	7.8	7.9	7.8	7.6	7.1	7.6	8.7	7.8	7.8	7.6	-50bps
Recurring PAT	1,810	1,870	2,067	2,483	2,330	2,090	2,371	3,592	8,230	11,258	1,962	6.5
Growth (%)	162.3	130.8	78.2	-21.3	28.7	11.8	14.7	44.7	42.1	36.8	18.9	

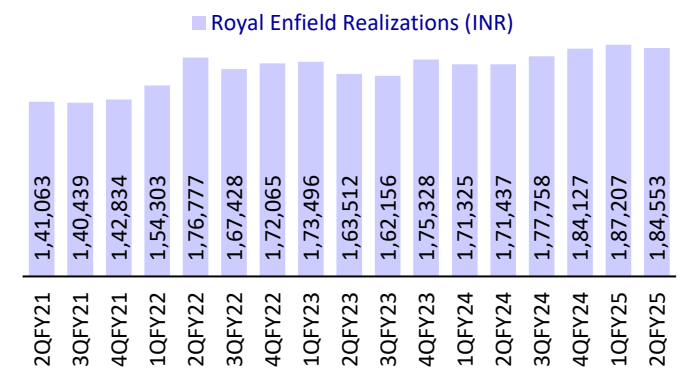
E: MOFSL Estimates

Exhibit 1: Volume trend for RE



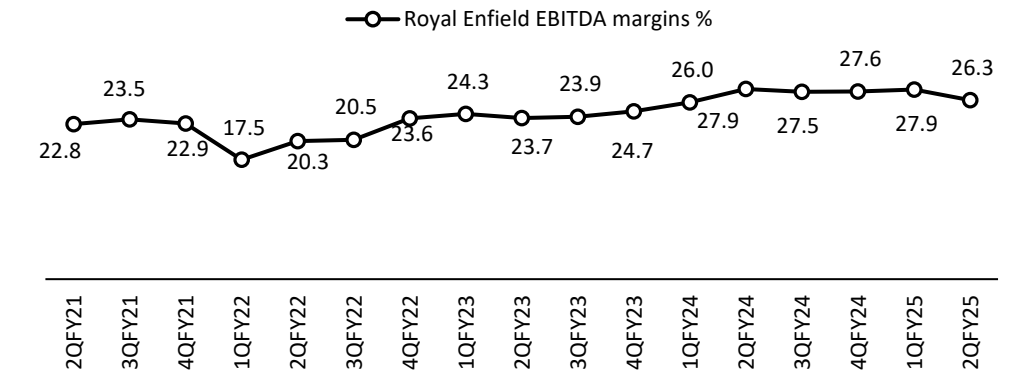
Source: Company, MOFSL

Exhibit 2: Realization trend for RE



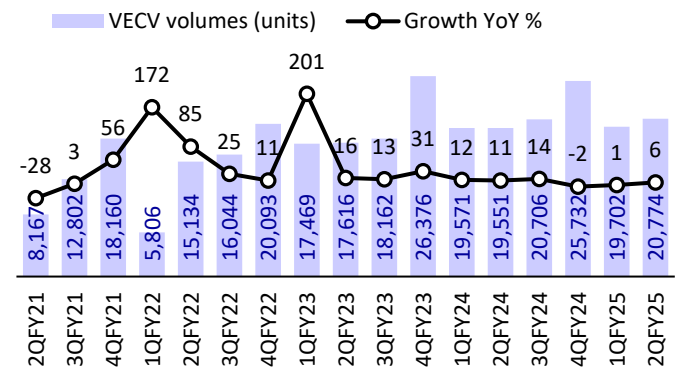
Source: Company, MOFSL

Exhibit 3: EBITDA margin trend for RE



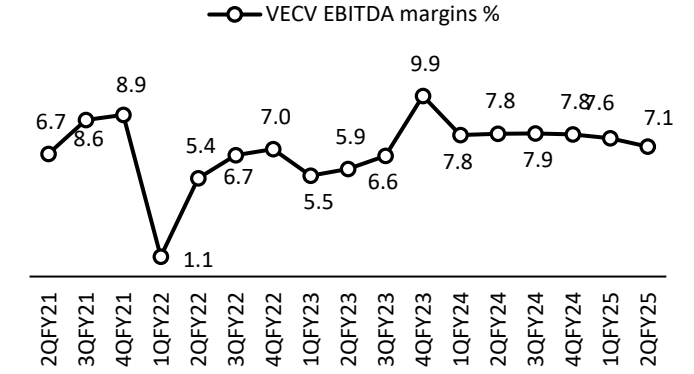
Source: Company, MOFSL

Exhibit 4: Volume growth trend for VECV



Source: Company, MOFSL

Exhibit 5: EBITDA margin trend for VECV



Source: Company, MOFSL

Exhibit 6: VECV – product mix

	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)
L&MD - Trucks (Dom)	9,943	10,039	-1.0	8,174	21.6
<i>% of total CV volumes</i>	48	51		41	
HD - Trucks (Dom)	5,155	4,764	8.2	4,689	9.9
<i>% of total CV volumes</i>	25	24		24	
Total Dom. Trucks	15,098	14,803	2.0	12,863	17.4
<i>% of total CV volumes</i>	73	76		65	
Buses (Dom)	3,821	3,130	22.1	5,232	-27.0
<i>% of total CV volumes</i>	18	16		27	
Total Domestic	18,919	17,933	5.5	18,095	4.6
<i>% of total CV volumes</i>	91	92		92	
Total Exports	1,130	1,007	12.2	1,192	-5.2
<i>% of total CV volumes</i>	5	5		6	
Total ETB	20,049	18,940	5.9	19,287	4.0
<i>% of total CV volumes</i>	97	97		98	
Volvo Truck India (units)	725	611	18.7	415	74.7
<i>% of total CV volumes</i>	3	3		2	
Total CV Volumes	20,774	19,551	6.3	19,702	5.4

Source: Company, MOFSL

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

- **Demand update:** After strong growth of 26% YoY during the festival season (vs. industry growth of 6-7% YoY), RE is now seeing better demand compared to the pre-festive period. This is likely to be a function of its new launches, good availability of all models and increased promotional activities to drive consumer interest. While rural markets (estimated 1/3rd contribution to RE's mix) are seeing growth, urban demand remains moderate.
- Festival retails have been good for RE due to a) new product/variant launches, b) promotional activities, c) increased dealer funding, and d) incentive program for dealers. Strong festive retails led to a sharp reduction in inventory to less than three weeks.
- **Product level interventions in 2Q** included the launch of the Guerilla 450 on the Sherpa platform. Other variant launches included a feature-rich Classic 350cc and upgraded Standard Bullet 350. Standard Bullet was launched in battalion black color on the J-platform, which has been well received by customers in its strong markets like Punjab, Haryana, Chandigarh, and UP.
- **Focus on growth over profitability:** Management has reiterated that they would continue to focus on demand generation (growth) over profitability. They have indicated that they are not fixated on margins but would work on absolute profitability. They would target to give a much better value proposition to customers, thereby driving customer excitement for their products. Margins are likely to be supported by improved exports mix, benign input costs and new launches.
- 2Q other expenses were high due to its higher marketing spends (launch related costs). Apart from this, there was an added expense of INR120m for warehousing, as management wanted good availability of all its models in key regions during the festive period. We do not consider warehousing costs as a one-off given that RE intends to use this facility every time ahead of the festive season. Other expenses are likely to remain elevated going forward as 1) the management would continue to focus on demand generation activities, 2) EICMA and Motoverse events are scheduled in 3Q, and 3) incentive payouts to dealers would happen in 3Q.

- **EIM is focusing on promotional activities through print, radio and digital media.** This is expected to continue after the festival season to help generate demand.
- **Retail exports grew 12% YoY in 2Q (20% YoY in 1HFY25),** ahead of wholesales growth. There would be a change in the emission norms in export markets to OBD 2 (B) from Jan'25, hence the company would abstain from building up inventory in these markets. Region-wise demand trends are as follows: 1) Europe continues to see demand weakness and is likely to see gradual revival in coming quarters. 2) Markets in Latin America like Argentina and Columbia are still seeing some weakness. While it has a CKD plant there, demand is still not positive. Further, given the restricted quota issue in Brazil, EIM has started its 2nd CKD plant in Brazil. 3) Australia, which is a good market for RE, has been facing weak demand in the past few quarters due to rising interest rates; however, it is now seeing a good demand revival. 4) Thailand is also seeing a weak demand environment as banks are tightening more and more. 5) In SAARC, EIM has recently entered Nepal, which has stabilized now. It has now entered Bangladesh in 2Q and despite macro issues, EIM is seeing a huge order backlog from this region. Overall, the management expects export market recovery to be gradual over the coming quarters.
- Bear 650cc and Classic 650cc were showcased at the EICMA show. Bear would be retailed in markets like India/America/EU, while Classic 650cc would be launched in UK/EU initially and later would see India launch.
- At the EICMA, the company recently unveiled its first EV motorcycle, the flying flea, which is likely to go into production from FY26 onward.
- Non-motorcycle segment (accessories, spare parts and apparels) posted stable growth. RE opened an exclusive apparel store in Pune.
- Finance penetration stood at 61-62%.
- Annual production capacity stands at 1.2m and it can even go up to 1.4m, with minimal capex through debottlenecking.

VECV update

- 2HFY25 CV demand is expected to see a revival, as per management. 1HFY25 remained subdued due to elections, delay in tenders and monsoons.
- In 2QFY25, VECV grew 6.2% YoY (vs. industry decline of 10.8% YoY).
- Segmental trends: 1) it is now market leader in the LMD segment (5-18T) with a market share of 36.5%; 2) in HD segment, its market share has improved to 10.2%.
- Exports grew 12.2% YoY despite disruptions in traditional markets. Spare parts division saw 27% YoY growth.
- It has signed an MoU for deployment of 500 Eicher Pro 6055 LNG trucks with Baidyanath LNG.
- VECV EBITDA margin declined 70bp YoY (-50bp QoQ) at 7.1%. Margins remain under pressure as VECV focuses on market share gains amid rising competition.

Valuation and view

- **RE no longer an affordable cruiser bike:** After reporting a solid 26.5% CAGR over the last couple of years, RE has now surpassed its previous peak achieved in FY18. In essence, RE has actually posted only a 1% volume CAGR since FY18. Given that RE forms almost 88% of this segment, the entire 250cc+ segment has seen a similar trend - the entire 250cc+ industry has posted just 2% volume CAGR in the same period. The primary reason is the substantial price increase in the industry. For instance, RE bikes have seen as much as a 50% price increase over FY18-24. Thus, RE is no longer an “affordable” bike for cruiser enthusiasts, as was the case a few years back.
- **RE faces rising competitive intensity:** Until FY23, RE was largely the sole player with negligible competition in the 350cc+ cruiser segment. However, we have now seen a significant increase in competitive intensity in the segment after the launch of new models from the Hero-Harley tie-up and the Bajaj-Triumph tie-up in India. These peers target ramping up the capacity of these models to 10k per month over the next couple of months. For the first time in its history, RE is now facing credible competition, which is likely to limit its volume growth in the coming years.
- **State-wise analysis reveals that RE has limited outperformance avenues:** Our state-wise analysis reveals that top 12 states contribute to about 76% of RE’s volumes, and this has remained stable for the last four years. It is important to highlight that in as many as 19 states, RE’s market share has now reached double-digit levels, and in almost 11 states, it breached even the 20% mark. We, hence believe that RE has limited avenues to materially outperform domestic industry growth from hereon, as: 1) it seems to have reached fairly high market share in key markets; 2) some of the other large motorcycle markets are yet to be upgraded to the cruiser segment in a big way; and 3) competition intensifies with each passing year.
- **Can the new 450cc platform be a big growth driver? We do not think so:** RE has recently launched its Himalayan range on the all-new 450cc platform. We also understand that RE is expected to launch new variants on this platform in the coming quarters, which is currently driving positive investor sentiment. The critical point to understand is whether this platform can help RE garner incremental new customers or it gives existing RE customers a good upgrade option. Our view on this is that the 450cc platform with different form factors is unlikely to be a material growth driver for RE going forward. If this were to be the case, its own 500cc platform could have emerged as a strong upgrade option even earlier. However, we have seen that the 500cc segment has traditionally never been a volume driver for RE, and RE’s sweet spot in India has always been in the 350cc segment.
- **Export retails improving, with wholesales catching up gradually:** RE is focusing on creating an affordable leisure biking segment in the 250-650cc range and in the USD3-7k price bracket. Globally, the size of the 250-650cc segment is ~1m annually, dominated by the sports/street biking segment. Exports from India are over 0.5m annually for the premium segment (excluding RE, over 150cc). It is now focusing on ramping up supplies of newly refreshed RE Himalayan so that it can launch it in export geographies. It is focusing on developing the LatAm and the

South East Asian markets similar to how it developed the Indian market. We estimate an 11% CAGR in export volumes over FY25-27E.

- Valuation and view:** We maintain our FY25/FY26 EPS estimates. We have factored in a 7% volume CAGR over FY25-27E for RE. We now expect margins to largely remain stable from hereon as any benefit from improving mix (higher spares and apparel sales) is likely to be passed on to demand generation activities. Overall, we expect RE to deliver an 11% earnings CAGR over FY25-27E. Given the expected slower growth, we see no reason for the stock to trade at premium valuations. **Reiterate Sell** with a TP of INR4,000 (based on Sep'26E SOTP). We value RE at 22x Sep'26 EPS and VECV at 10x EV EBITDA on Sep'26E.

Exhibit 7: Our revised estimates

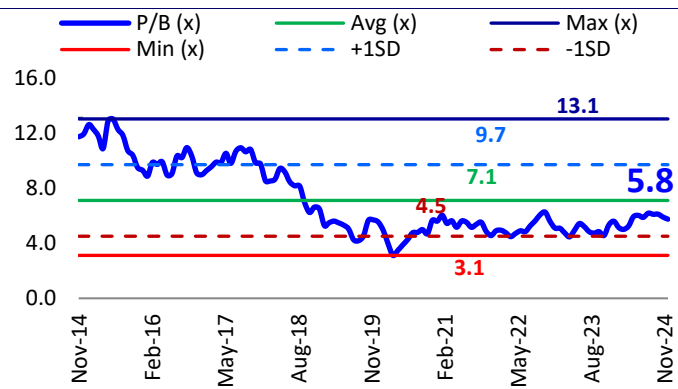
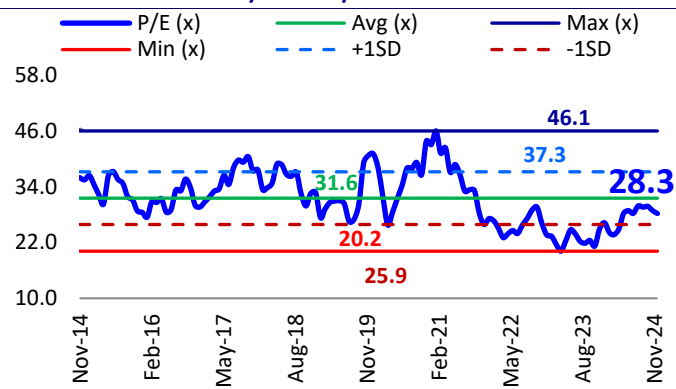
(INR M)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Standalone (RE)						
Volumes (units)	9,41,467	9,07,169	3.8	10,01,785	10,02,172	(0.0)
Net Sales	1,75,518	1,73,033	1.4	1,92,778	1,93,001	(0.1)
EBITDA	47,713	48,104	(0.8)	52,037	52,267	(0.4)
EBITDA (%)	27.2	27.8	-60bp	27.0	27.1	-10bp
Net Profit	41,981	42,005	(0.1)	45,667	45,784	(0.3)
EPS (INR)	154	154	(0.1)	167	167	(0.3)
VECV						
Volumes (units)	87,485	88,129	(0.7)	93,375	94,444	(1.1)
Net Sales	2,30,430	2,29,003	0.6	2,51,770	2,51,242	0.2
EBITDA	17,989	18,208	(1.2)	19,664	19,574	0.5
EBITDA (%)	7.8	8.0	-10bp	7.8	7.8	0bp
EPS (INR)	22.4	22.1	1.1	23.1	22.1	4.8
Consol EPS (INR)	158.8	161.1	(1.5)	171.3	175.7	(2.5)

Exhibit 8: SoTP valuations – INR4,000 (Sep'26 based)

INR Mn		FY25E	FY26E	FY27E
Royal Enfield				
PAT		37,302	40,529	46,712
Equity Value	PE @ 22x	8,20,633	8,91,637	10,27,669
VECV (@ 54.4% Economic interest)				
EBITDA		9,786	10,697	11,659
EV	@ 10x EV/EBITDA	97,859	1,06,971	1,16,588
Net Debt		-16,728	-20,636	-25,287
Equity Value		1,14,586	1,27,607	1,41,875
Total Equity Value		9,35,220	10,19,244	11,69,544
Target Price (INR/Sh)		3,419	3,727	4,276

Source: Company, MOFSL

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

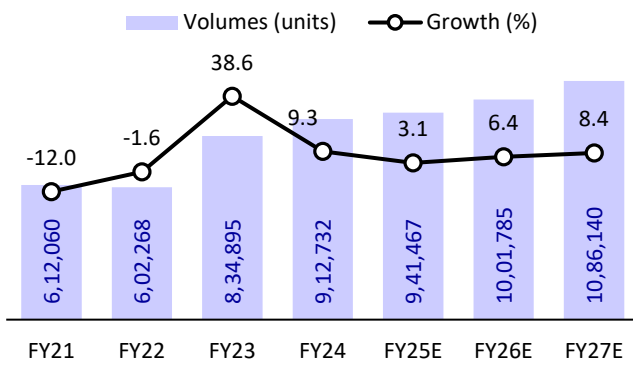


Snapshot of Revenue Model

000 units	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
ROYAL ENFIELD (S/A)							
Total 2W (units)	612	602	835	913	941	1,002	1,086
<i>Growth (%)</i>	-12.0	-1.6	38.6	9.3	3.1	6.4	8.4
Net realn (INR'000/unit)	140	166	166	173	183	190	195
<i>Growth (%)</i>	8.2	18.4	0.3	4.3	5.7	3.4	2.9
RE Revenues (INR b)	86	101	141	161	176	193	0
<i>Growth (%)</i>	-5.1	17.4	39.0	14.3	9.2	9.8	-100.0
VECV							
Dom - LMD	27	36	54	58	59	62	67
<i>Growth (%)</i>	-23.3	33.0	47.6	7.4	1.3	6.6	6.7
<i>% of CV Vols</i>	68.3	65.4	69.3	69.6	68.9	69.0	69.1
Dom - HCV	8	11	19	22	22	23	24
<i>Growth (%)</i>	6.0	41.3	74.0	13.5	2.0	5.0	5.0
<i>% of CV Vols</i>	19.2	19.5	24.4	25.9	25.8	25.5	25.1
Total Dom.	35	47	73	79	81	86	91
<i>Growth (%)</i>	-18.3	34.8	53.6	9.0	1.5	6.2	6.2
<i>% of CV Vols</i>	87.5	84.9	93.7	95.5	94.8	94.5	94.3
Exports	5	8	5	4	4	5	6
<i>Growth (%)</i>	10.0	67.7	-41.5	-24.6	19.5	12.3	10.5
<i>% of CV Vols</i>	12.5	15.1	6.3	4.5	5.2	5.5	5.7
Total CV vols	40	56	78	83	85	91	96
<i>Growth (%)</i>	-15.6	38.9	39.3	6.9	2.3	6.5	6.4
MDEP Vols ('000 Ex captive)	22	23	24	26	0	12	24
Net realn (INR'000/unit)	2,102	2,229	2,380	2,556	2,634	2,696	2,752
<i>Growth (%)</i>	20	6	7	7	3	2	2
VECV Revenues (INR b)	87	127	190	219	230	252	274
<i>Growth (%)</i>	1.8	46.7	48.9	15.4	5.4	9.3	8.9
Net Consol sales (INR b)	87	103	144	165	178	195	218
<i>Growth (%)</i>	-4.7	18.1	40.2	14.5	7.6	9.8	11.6

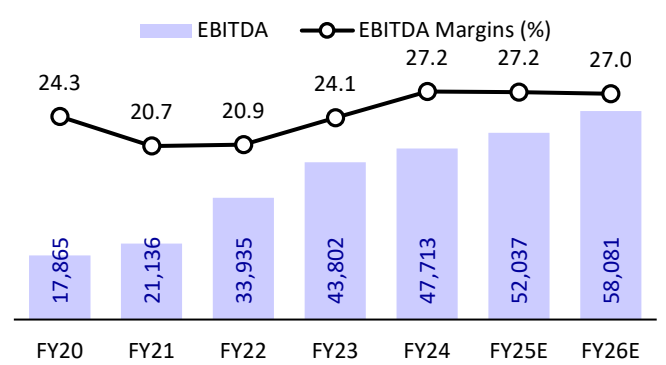
Story in charts

Exhibit 10: Volume and growth trends for RE



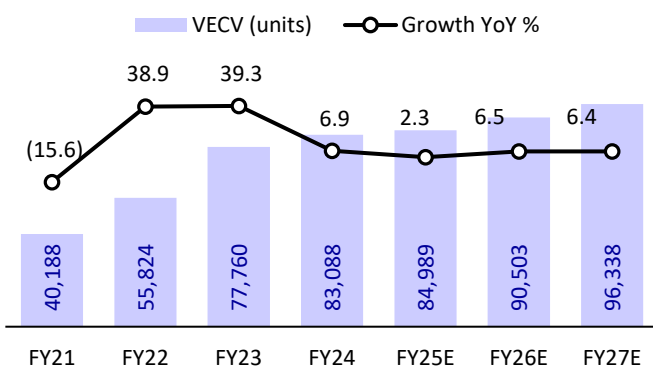
Source: Company, MOFSL

Exhibit 11: EBITDA and EBITDA margin trends for RE



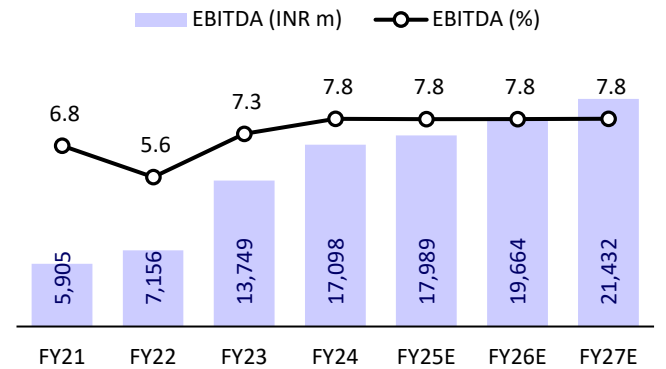
Source: Company, MOFSL

Exhibit 12: Volume growth trajectory for VECV



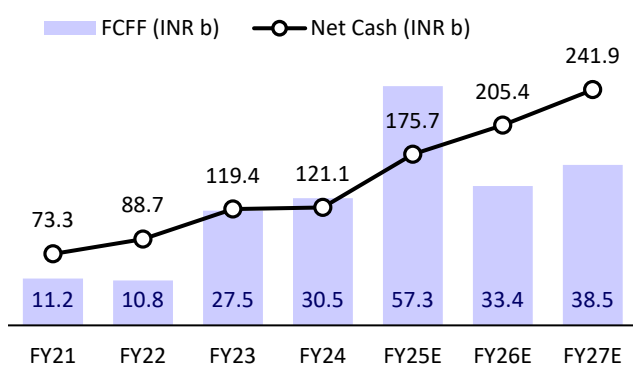
Source: Company, MOFSL

Exhibit 13: EBITDA and EBITDA margin for VECV



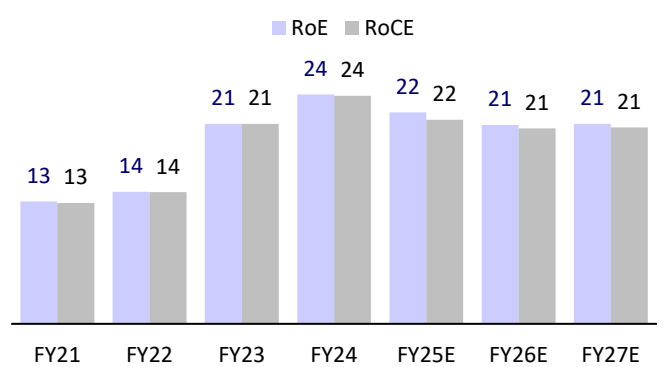
Source: Company, MOFSL

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



Source: Company, MOFSL

Exhibit 15: Return ratios to improve



Source: Company, MOFSL

Financials and valuations

Income Statement (Consolidated)					(INR Million)		
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Op. Income	87,204	1,02,978	1,44,422	1,65,358	1,77,965	1,95,470	2,18,062
Change (%)	-4.7	18.1	40.2	14.5	7.6	9.8	11.6
EBITDA	18,313	21,723	34,436	43,269	46,259	49,779	55,684
EBITDA Margin (%)	21.1	21.4	23.8	26.2	26.0	25.5	25.5
Depreciation	4,507	4,519	5,262	5,976	7,174	7,524	8,201
EBIT	13,805	17,203	29,174	37,293	39,085	42,256	47,483
Interest cost	165	188	280	509	550	500	450
Other Income	4,532	4,408	5,951	10,759	11,400	12,500	15,500
PBT	18,173	21,424	34,845	47,543	49,935	54,256	62,533
Tax	4,527	5,259	8,857	12,010	12,634	13,727	15,821
Effective Rate (%)	24.9	24.5	25.4	25.3	25.3	25.3	25.3
PAT	13,646	16,165	25,988	35,533	37,302	40,529	46,712
Change (%)	-24.0	18.5	60.8	36.7	5.0	8.7	15.3
Less: Minority Interest	-311	-602	-3,152	-4,477	-6,124	-6,329	-7,068
Adj. PAT	13,829	16,766	29,139	40,010	43,426	46,858	53,781
Change (%)	-24.3	21.2	73.8	37.3	8.5	7.9	14.8

Balance Sheet (Consolidated)					(INR Million)		
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sources of Funds							
Share Capital	273	273	274	274	274	274	274
Reserves	1,14,108	1,25,807	1,49,629	1,80,182	2,08,291	2,37,372	2,72,008
Net Worth	1,14,381	1,26,080	1,49,903	1,80,455	2,08,565	2,37,645	2,72,281
Deferred Tax	2,215	2,201	2,913	4,483	4,611	4,611	4,611
Loans	1,574	588	1,957	2,756	1,723	1,723	1,723
Capital Employed	1,18,170	1,28,869	1,54,773	1,87,694	2,14,898	2,43,979	2,78,615
Application of Funds							
Gross Fixed Assets	40,904	44,234	51,415	56,868	65,736	75,736	85,736
Less: Depreciation	16,571	19,991	24,516	27,724	34,898	42,422	50,622
Net Fixed Assets	24,333	24,243	26,899	29,144	30,838	33,314	35,114
Capital WIP	3,143	5,048	4,721	5,551	5,000	5,000	5,000
- of which Goodwill	0	0	0	0	0	0	0
Investments	39,021	77,206	1,23,207	1,35,270	1,69,863	1,87,110	2,02,411
Curr.Assets, L & Adv.	79,089	55,514	37,149	61,187	53,438	67,146	90,297
Inventory	8,746	11,324	12,784	14,096	14,426	15,845	17,676
Sundry Debtors	1,582	3,020	3,689	3,738	4,809	5,282	5,892
Cash & Bank Balances	58,304	27,225	8,571	1,463	18,094	28,326	46,990
Loans & Advances	4,592	6,768	5,889	4,769	7,694	8,451	9,427
Others	5,866	7,177	6,215	37,121	8,415	9,243	10,311
Current Liab. & Prov.	27,416	33,141	37,204	43,457	44,240	48,591	54,207
Sundry Creditors	15,358	17,881	18,104	20,901	21,639	23,767	26,514
Other Liabilities	10,930	13,362	16,520	19,810	19,235	21,126	23,568
Provisions	1,128	1,898	2,579	2,746	3,366	3,697	4,124
Net Current Assets	51,673	22,373	-54	17,730	9,198	18,555	36,090
Application of Funds	1,18,170	1,28,869	1,54,772	1,87,694	2,14,898	2,43,979	2,78,615

E: MOSL Estimates

Financials and valuations

Ratios (Consolidated)

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)							
EPS	50.7	61.3	106.5	146.3	158.8	171.3	196.6
EPS Growth (%)	-24.3	21.1	73.7	37.3	8.5	7.9	14.8
Book Value per Share	419	461	548	660	763	869	996
DPS	17.0	21.0	37.0	51.0	56.0	65.0	70.0
Payout (Incl. Div. Tax) %	33.6	34.2	34.7	34.9	35.3	37.9	35.6
Valuation (x)							
P/E	90.6	74.8	43.1	31.4	28.9	26.8	23.3
EV/EBITDA	56.0	46.6	27.4	21.4	18.8	16.7	14.5
EV/Sales	8.8	6.8	4.7	4.1	3.6	3.2	2.8
Price to Book Value	11.0	10.0	8.4	7.0	6.0	5.3	4.6
Dividend Yield (%)	0.4	0.5	0.8	1.1	1.2	1.4	1.5
Profitability Ratios (%)							
RoE	12.9	13.9	21.1	24.2	22.3	21.0	21.1
RoCE	12.8	13.9	21.1	24.1	21.5	20.6	20.7
RoIC	67.6	72.4	128.0	98.0	100.3	159.6	170.7
Turnover Ratios							
Debtors (Days)	7	11	9	8	10	10	10
Inventory (Days)	37	40	32	31	30	30	30
Creditors (Days)	64	63	46	46	44	44	44
Working Capital (Days)	-21	-13	-4	-7	-5	-5	-5
Asset Turnover (x)	0.7	0.8	0.9	0.9	0.8	0.8	0.8
Leverage Ratio							
Net Debt/Equity (x)	-0.7	-0.7	-0.7	-0.6	-0.7	-0.8	-0.8

Cash Flow Statement (Consolidated)

(INR Million)

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before Tax	17,984	22,025	37,996	52,020	56,059	60,585	69,601
Depreciation	4,507	4,519	5,262	5,976	7,174	7,524	8,201
Direct Taxes Paid	-4,566	-5,136	-7,703	-10,678	-12,634	-13,727	-15,821
(Inc)/Dec in Working Capital	2,578	-1,503	657	3,880	-663	236	305
Interest/Div. Received	-3,103	-2,440	-1,765	-2,037	-5,400	-7,000	-10,000
Other Items	-265	-2,195	-6,221	-11,924	14,975	-11,362	-14,226
CF from Oper. Activity	17,136	15,270	28,227	37,237	59,512	36,257	38,061
(Inc)/Dec in FA+CWIP	-5,375	-6,387	-6,737	-8,144	-8,317	-10,000	-10,000
Free Cash Flow	11,760	8,883	21,490	29,094	51,195	26,257	28,061
(Pur)/Sale of Invest.	-11,104	-3,446	-17,231	-20,196	-29,193	-10,247	-5,301
CF from Inv. Activity	-16,479	-9,833	-23,968	-28,339	-37,510	-20,247	-15,301
Issue of Shares	384	65	112	466	0	0	0
Inc/(Dec) in Debt	130	-1,046	440	64	-1,033	0	0
Interest Paid	-91	-142	-134	-250	-550	-500	-450
Dividends Paid	0	-4,647	-5,742	-10,129	-15,316	-17,778	-19,145
CF from Fin. Activity	-148	-5,934	-4,174	-8,444	-16,899	-18,278	-19,595
Inc/(Dec) in Cash	509	-496	84	454	5,103	-2,268	3,164
Add: Beginning Balance	432	941	445	530	984	6,087	3,819
Closing Balance	941	445	530	984	6,087	3,819	6,984

E: MOSL Estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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