

# Eicher Motors

BSE SENSEX 73,583 S&P CNX 22,820



Bloomberg	EIM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USD\$b)	1868.5 / 19.7
52-Week Range (INR)	8233 / 5000
1, 6, 12 Rel. Per (%)	-6/4/31
12M Avg Val (INR M)	3353

## Financials & Valuations (INR b)

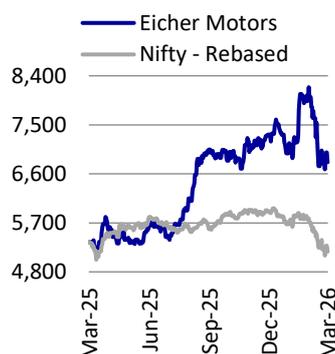
INR b	FY26E	FY27E	FY28E
Sales	233.0	268.3	306.0
EBITDA (%)	57.4	66.3	75.8
Adj. PAT	55.2	62.6	71.7
EPS (INR)	201.2	228.5	261.5
EPS Growth (%)	16.5	13.6	14.5
BV/Share (INR)	906	1,054	1,226
<b>Ratio</b>			
RoE (%)	23.9	23.3	22.9
RoCE (%)	23.3	22.8	22.5
Payout (%)	35.8	35.0	34.4
<b>Valuations</b>			
P/E (x)	33.8	29.8	26.0
P/BV (x)	7.5	6.5	5.6
Div. Yield (%)	1.1	1.2	1.3
FCF Yield (%)	2.3	2.7	3.1

## Shareholding pattern (%)

As of	Dec-25	Sep-25	Dec-24
Promoter	49.1	49.1	49.1
DII	14.7	14.7	16.1
FII	27.0	27.0	25.5
Others	9.2	9.2	9.3

FII includes depository receipts

## Stock Performance (one-year)



## CMP: INR6,812 TP: INR6,960 (+2%) Upgrade to Neutral Domestic demand sustains; export outlook uncertain

We met with Eicher Motors (EIM)'s management to gain insight into the business outlook amid the challenging global macroeconomic environment. Domestic demand momentum remains healthy, especially in the 350cc segment, where demand currently outstrips supply. Conversely, demand in the 350cc+ segment weakened following the GST increase for this category, but is now gradually recovering due to multiple product interventions by RE. However, the export outlook remains a mixed bag as the outlook for regions such as Europe, the US, and Thailand – which account for half of EIM's exports – remains challenging, while the outlook for the other half remains positive. The immediate risk posed by the ongoing geopolitical conflict is a potential gas supply shortage, which could disrupt production in the near term if the situation persists. Management emphasized its continued focus on profitable volume growth rather than margins. Owing to the global uncertainties, the stock has corrected about 17% from its peak and now appears fairly valued at 29.8x FY27E and at 26.0x FY28E. We upgrade the stock to Neutral with a revised TP of INR6,960. We value RE at 28x Dec'27E EPS and VECV at 12x EV EBITDA.

## Domestic demand remains upbeat in the 350cc segment

The GST rate cuts have helped RE sustain its demand momentum, especially in the 350cc segment, where demand currently exceeds supply and booking growth continues to outpace wholesale growth. In the 350cc+ segment, demand is relatively weak due to the rise in GST rates. However, given the supply constraints – especially for the 350cc models – RE is in the midst of a capacity expansion that will gradually increase its capacity from the current 1.2m units to 2m units p.a. by FY28, with an investment of about INR9.6b. While the two-wheeler industry growth outlook is expected to be in the high single digits for FY27E, RE aims to outperform the industry growth.

## Modest export outlook

About 50% of RE's export regions are facing demand headwinds, including Europe (due to the macro slowdown), North America (because of high tariffs), and Thailand. Conversely, other regions continue to demonstrate healthy growth, which include Brazil (a key growth driver), other LATAM regions such as Argentina and Colombia, as well as APAC regions such as Japan, Australia, NZ, and South Korea. In the near term, RE will focus on these growth regions while aiming to maintain volumes in the regions facing challenges.

## Valuation and view

We project EIM to achieve a CAGR of 18%/17%/15% in revenue/EBITDA/PAT over FY25-28E. Amid global uncertainties, the stock has corrected about 17% from its peak and now appears fairly valued at 29.8x FY27E and 26.0x FY28E.

**We upgrade the stock to Neutral with a revised TP of INR6,960. We value RE at 28x Dec'27E EPS and VECV at 12x EV EBITDA.**

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

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

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## Key takeaways from the management meeting

### Update on the domestic business

- The 350cc segment continues to experience healthy demand even in 4Q, with demand outpacing supply. Apart from the GST rate cuts, continued product interventions and focused brand campaigns have helped sustain excitement in the segment. Management did highlight that RE had been growing at about 26% even before the GST rate cuts.
- Following the GST rate cuts, growth has improved to 29%, but it has been capped by weaker offtake in the 350cc+ segment, where GST rates have increased to 40% from 29%.
- The recent product interventions in the 350cc+ segment, like the Classic 650, the new Bullet 650, and the Himalayan 450 Mana Black, have helped improve demand in this category over the last few months.
- Overall, while the 350cc segment is working at peak utilization, the 350cc+ segment is working at ~70% utilization.
- Overall, for RE, booking figures are stronger than wholesale growth, and retail growth is expected to be broadly in line with wholesale growth.
- While some of its larger states might have been saturated and hence are slowing down, growth is being driven by increased penetration in smaller towns, which are seeing stronger growth. For instance, in India, the top 60-70 districts that contribute to ~35% of RE's volumes are growing at 20-25%, while the other districts are growing much faster at ~40%. Thus, RE continues to have huge headroom to sustain healthy growth in the long run. The company is targeting smaller regions for growth by deploying demo vans and establishing festive outlets.
- Given the strong demand momentum, RE has just 7-10 days of inventory across its product portfolio.
- While the two-wheeler industry outlook stands at high single-digit growth for FY27E, RE would look to outperform the same.

### Update on the new launches

- At the EICMA, RE presented several motorcycles, including the special edition of Classic 650, the new Bullet 650, the Himalayan 450 Mana Black, the Shotgun with the Rough Crafts collaboration, a limited edition, and the Flying Flea S6 – its electric platform.
- RE has unveiled two products under the Flying Flea EV brand; one is known as C6, which is a classic-style one, and the other is an S6, which is a Scrambler version. C6 is almost ready for production and is likely to be launched by Q1FY27. The S6 is likely to be launched later in FY27. Management acknowledges that they will need to build this category from scratch, and hence, they will look to build the same slowly and steadily in the coming years. Its use case will only be for the within-city commute. They will not scale up capacity here unless they see healthy demand sustained in the future.
- They are evaluating hybrid options as well at the moment.
- There have been media reports that suggest RE is working on a smaller 250cc motorcycle. Management has clarified that they continue to work within the 250-750cc category. They highlighted that there is a huge funnel for customers who like the RE, visit the website, but find it either “out of reach” or “too bulky”. They gave the example of the Hunter launch, which was a lighter RE and helped

them attract non-RE customers to their fold. Overall, a relatively lower-end product is likely to help attract more first-time buyers to RE's fold.

#### Update on capacity expansion

- While the 350cc bikes are operating at peak utilization, the 350cc+ models are operating at 70% utilization levels. Its capacities are fungible for models within the 350, 450, 500, and 650cc segments. Of the current capacity, 90% capacity is for the 350cc models.
- Given the peak utilization in the 350cc segment, RE had already announced capacity expansion. It had announced a small capex of INR1b for debottlenecking, which would take its capacity from the current 1.2m units p.a. (4,300 units per day) to 1.45m by 1QFY27.
- It has also announced brownfield capex at its Cheyyar facility, which will take its total capacity to 2m units over two years at an investment of INR9.6b. This capacity will be added in modules over two years, but it will be mapped to the estimated peak requirement for the company.
- Beyond this, RE would need a greenfield investment for further ramp-up in capacity.

#### Update on the exports business

- RE has about 8-9% in the middle-weight category in some of its key markets.
- Brazil has moved on to become the largest market for RE, contributing close to 25% of volumes, and RE continues to see healthy growth. Growth is largely driven by the Guerilla 450 and the Himalayan 450. In fact, the Himalayan 450 has made a significant impact in Brazil, winning the prestigious Moto de Ouro 2025 award in the "Trail" category. RE would continue to ramp up presence in this all-important growth region.
- The rest of Latin America (key markets such as Argentina, Colombia, Mexico, etc.) contributes about a 10% of exports. However, demand in Mexico has moderated due to the recently imposed tariffs on India.
- North America's contribution is about 3-4% in RE exports. However, given the high tariffs, demand in this market is also weak.
- Given that Mexico is a high-potential market for RE, they are considering setting up a CKD in Mexico, which may work for the US as well. However, there is still a lack of clarity regarding the tariff situation between these two regions.
- Europe and the UK form another 20-25% of RE's export mix. Even Europe is experiencing weak demand due to the slowing economy. The motorcycle industry in Europe continues to dip, and there is a lot of unsold inventory from competing brands. This has also led to disruption at the dealer level in the region.
- The balance of exports comes from the Asia Pacific. Demand is healthy in most of the APAC regions, barring Thailand.
- Demand in regions such as Japan and South Korea is picking up well. In fact, in Japan, the Bullet was the gold award winner for design. Such recognition in Japan is also expected to have a positive influence on regions like Indonesia.
- In Bangladesh, while the RE brand pull is very strong, its demand is subdued due to macroeconomic uncertainties.
- It is also ramping up its presence in Nepal, where demand is healthy given the hilly terrain.

- RE currently has seven CKD facilities: two in Brazil and one each in Colombia, Argentina, Nepal, Bangladesh, and Thailand.
- Overall, in 50% of its export markets (Europe, the US, and parts of Asia Pac), where demand is weak, RE would look to sustain its volumes. Its balance markets are expected to help drive exports growth for RE in the coming quarters.

#### **Update on geopolitical uncertainty**

- Due to the ongoing global uncertainty in the Middle East, a shortage of gas is emerging as a key risk for production disruption. Management indicated that they have less than a week's assured gas supply as of now to sustain uninterrupted production.
- Further, while freight rates are rising, they are still manageable on their routes. Most of the freight from the Middle East comes to Gujarat/Maharashtra ports, which are facing significant container shortage/congestion, and this, in turn, drives high rates. However, there is not as much congestion at the Chennai port, and hence, the situation is manageable at the moment, as per management.

#### **Update on the RM basket**

- Input costs are certainly rising, with raw materials such as steel, Cu, Al, and rubber all experiencing a QoQ increase in prices.
- The saving grace has been that precious metals have seen some cooling off in March. Even Al and Steel have been cooling off recently.
- Given the rising input cost pressure, RE has taken a 50bp price hike in Jan'26.

#### **Other highlights**

- To improve ease of purchase, RE has announced a partnership with Amazon India, enabling customers to buy RE motorcycles online. However, more than sales enhancement, this tie-up enables much better visibility of the brand pan-India.
- The non-motorcycle business (accessory sales and others) contributes to about 15% of consolidated revenues, up from 12% earlier. Accessory sales have reached about INR 8-8.5k per vehicle with a huge potential to grow in the coming years. RE has recently expanded its lifestyle/apparel offering with Royal Enfield Vallon and Moto Aviators collaborations in a new lifestyle eyewear range, which is a premium add-on for riders. However, management has clarified that they would not look to push accessory sales to customers.
- As a testament to its improving quality standards, RE has been rated as India's most reliable two-wheeler brand in terms of quality in the JD Power Survey 2025.

## Valuation and view

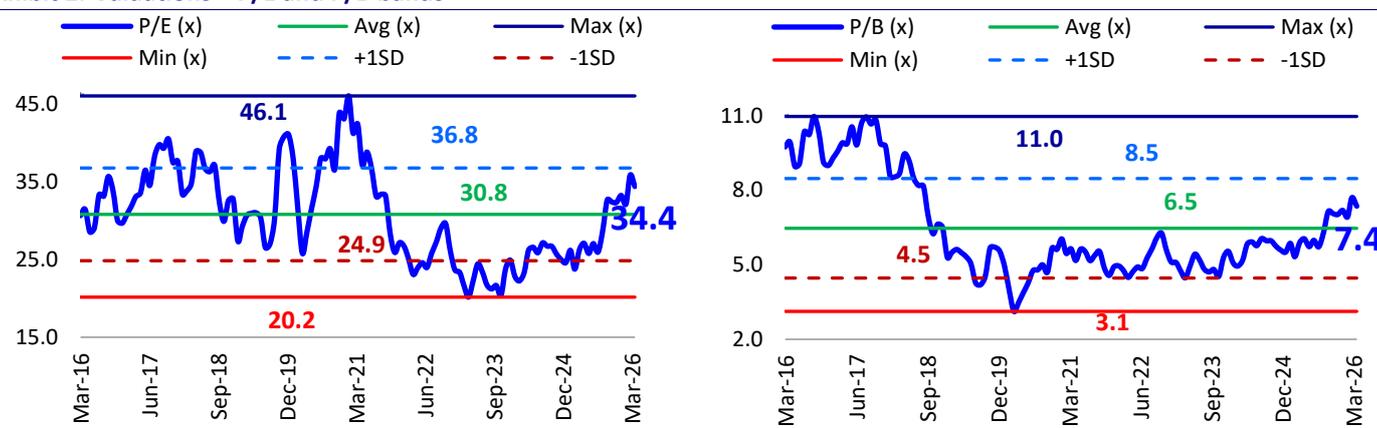
- **Domestic demand continues to be healthy:** The GST rate cuts have helped RE sustain its demand momentum, especially in the 350cc segment, where demand currently exceeds supply and booking growth continues to outpace wholesale growth. In the 350cc+ segment, demand is relatively weak due to the rise in GST rates. However, given the supply constraints – especially for the 350cc models – RE is in the midst of a capacity expansion that will gradually increase its capacity from the current 1.2m units to 2m units p.a. by FY28, with an investment of about INR9.6b. While the two-wheeler industry growth outlook is expected to be in high single digits for FY27E, RE aims to outperform the industry growth.
- **Export outlook remains uncertain:** RE has seen a slowdown in exports over the last few months, largely due to the ongoing geopolitical escalations in key regions. Demand in both the US and Mexico has slowed down due to the uncertainty on tariffs. Further, demand from some of its other key export markets, like Europe, also remains weak due to the adverse macroeconomic conditions in the region. However, demand in regions like Brazil, Argentina, Australia, Japan, etc. continues to remain healthy. RE would focus on these growth regions in the near term and look to sustain volumes in the former.
- **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 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 to an average of 25% from a peak of 27% in FY24 (barring 3Q, which was a festive quarter). We expect RE to continue to focus on driving demand, which is likely to keep margins under pressure going forward.
- **Valuation and view:** We project RE to achieve a 13% volume CAGR over FY26-28E, led by a 13.5% CAGR in domestic demand and a slower 11% CAGR in exports. Overall, we model RE to post a CAGR of 17%/16%/15% in revenue/ EBITDA/PAT over FY25-28E. Amid global uncertainties, the stock has corrected about 17% from its peak and now appears fairly valued at 29.8x FY27E and 26.0x FY28E. **We upgrade the stock to Neutral with a revised TP of INR6,960. We value RE at 28x Dec'27E EPS and VECV at 12x EV EBITDA.**

**Exhibit 1: Our SoTP-based valuation – INR6,960 (Dec'27-based)**

INR m		FY26E	FY27E	FY28E
<b>Royal Enfield</b>	<b>P/E (x)</b>	<b>28</b>	<b>28</b>	<b>28</b>
PAT		47,383	53,895	61,949
Equity Value	P/E @ 28x	13,26,728	15,09,064	17,34,567
<b>VECV (@ 54.4% Economic interest)</b>		<b>12</b>	<b>12</b>	<b>12</b>
EBITDA		13,965	15,227	16,628
EV	@ 12x EV/EBITDA	1,67,583	1,82,719	1,99,532
Net Debt		-22,681	-29,181	-36,694
Equity Value		1,90,264	2,11,901	2,36,226
<b>Total Equity Value</b>		<b>15,16,992</b>	<b>17,20,964</b>	<b>19,70,793</b>
<b>Target Price (INR/Sh)</b>		<b>5,532</b>	<b>6,276</b>	<b>7,187</b>

Source: Company, MOFSL

**Exhibit 2: Valuations – P/E and P/B bands**



Source: MOFSL

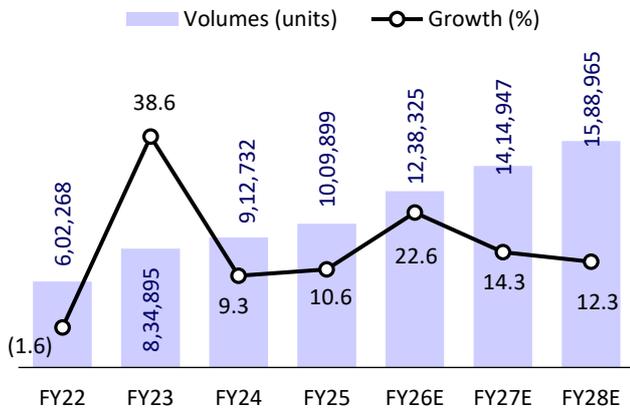
Source: MOFSL

**Snapshot of the revenue model**

000 units	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>ROYAL ENFIELD (S/A)</b>							
<b>Total 2W (units)</b>	<b>602</b>	<b>835</b>	<b>913</b>	<b>1,010</b>	<b>1,238</b>	<b>1,415</b>	<b>1,589</b>
Growth (%)	-1.6	38.6	9.3	10.6	22.6	14.3	12.3
<b>Net realn (INR'000/unit)</b>	<b>166</b>	<b>166</b>	<b>173</b>	<b>180</b>	<b>179</b>	<b>181</b>	<b>184</b>
Growth (%)	18.4	0.3	4.3	3.6	-0.2	1.1	1.5
<b>RE Revenues (INR b)</b>	<b>101</b>	<b>141</b>	<b>161</b>	<b>185</b>	<b>226</b>	<b>260</b>	<b>297</b>
Growth (%)	17.4	39.0	14.3	14.8	22.5	15.1	14.1
<b>VECV</b>							
Dom - LMD	36	54	58	61	68	74	79
Growth (%)	33.0	47.6	7.4	4.6	12.7	8.5	7.1
Dom - HCV	11	19	22	22	25	27	28
Growth (%)	41.3	74.0	13.5	2.4	12.9	7.0	6.0
<b>Total Dom.</b>	<b>47</b>	<b>73</b>	<b>79</b>	<b>83</b>	<b>93</b>	<b>101</b>	<b>107</b>
Growth (%)	34.8	53.6	9.0	4.0	12.8	8.1	6.8
% of CV Vols	84.9	93.7	95.5	94.1	92.7	92.5	92.3
Exports	8	5	4	5	7	8	9
Growth (%)	67.7	-41.5	-24.6	39.2	42.2	10.7	10.3
<b>Total CV vols</b>	<b>56</b>	<b>78</b>	<b>83</b>	<b>88</b>	<b>100</b>	<b>109</b>	<b>116</b>
Growth (%)	38.9	39.3	6.9	5.6	14.5	8.3	7.0
<b>Net realn (INR'000/unit)</b>	<b>2,229</b>	<b>2,380</b>	<b>2,556</b>	<b>2,612</b>	<b>2,649</b>	<b>2,688</b>	<b>2,730</b>
Growth (%)	6	7	7	2	1	1	2
<b>VECV revenue (INR b)</b>	<b>127</b>	<b>190</b>	<b>219</b>	<b>235</b>	<b>273</b>	<b>300</b>	<b>327</b>
Growth (%)	46.7	48.9	15.4	7.7	15.8	10.1	8.9
<b>Net consol. sales (INR b)</b>	<b>103</b>	<b>144</b>	<b>165</b>	<b>189</b>	<b>233</b>	<b>268</b>	<b>306</b>
Growth (%)	18.1	40.2	14.5	14.1	23.5	15.1	14.1

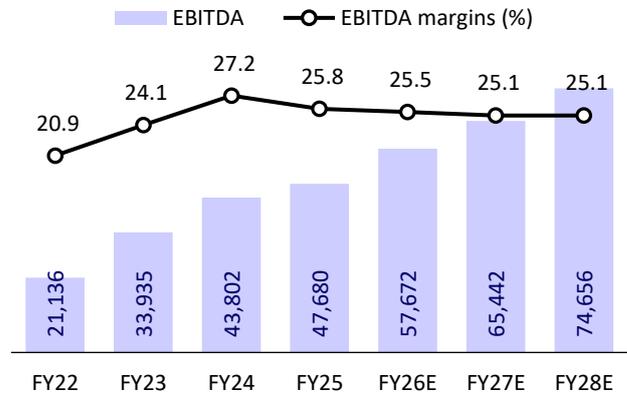
## Story in charts

**Exhibit 3: Volume and growth trends for RE**



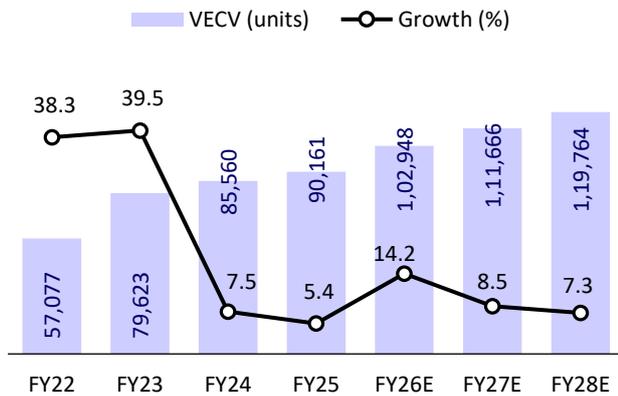
Source: Company, MOFSL

**Exhibit 4: EBITDA and EBITDA margin trends for RE**



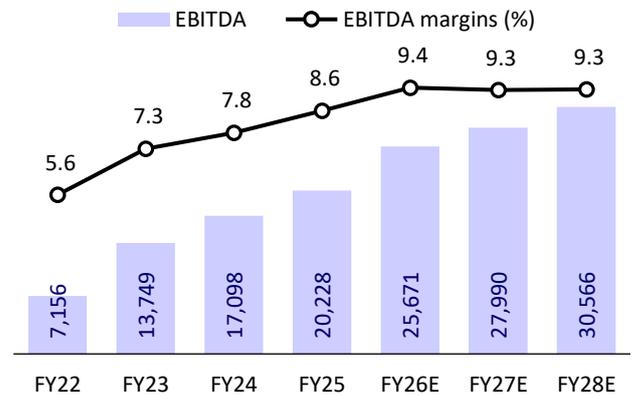
Source: Company, MOFSL

**Exhibit 5: Volume growth trajectory for VECV**



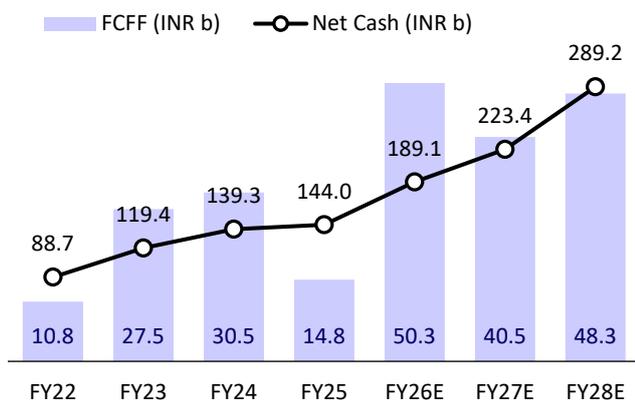
Source: Company, MOFSL

**Exhibit 6: EBITDA and EBITDA margin trajectories for VECV**



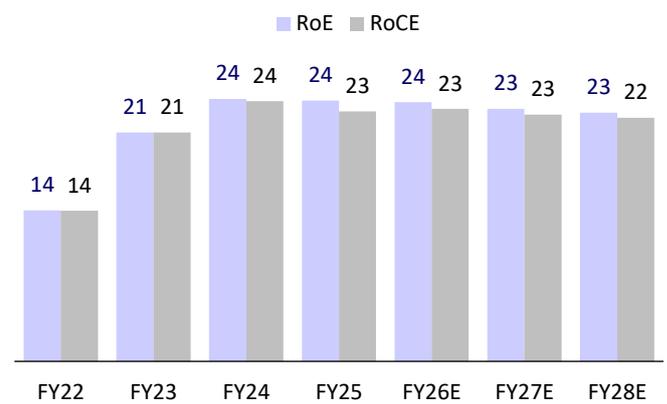
Source: Company, MOFSL

**Exhibit 7: Strong FCF generation and liquidity (pro-rata)**



Source: Company, MOFSL

**Exhibit 8: Return ratios to stabilize**



Source: Company, MOFSL

## Financials and valuations

Income Statement (Consolidated)							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Op. Income</b>	<b>1,02,978</b>	<b>1,44,422</b>	<b>1,65,358</b>	<b>1,88,704</b>	<b>2,32,993</b>	<b>2,68,288</b>	<b>3,06,003</b>
Change (%)	18.1	40.2	14.5	14.1	23.5	15.1	14.1
<b>EBITDA</b>	<b>21,723</b>	<b>34,436</b>	<b>43,269</b>	<b>47,120</b>	<b>57,384</b>	<b>66,326</b>	<b>75,760</b>
EBITDA Margin (%)	21.4	23.8	26.2	25.0	24.6	24.7	24.8
Depreciation	4,519	5,262	5,976	7,293	8,381	8,673	9,292
<b>EBIT</b>	<b>17,203</b>	<b>29,174</b>	<b>37,293</b>	<b>39,827</b>	<b>49,003</b>	<b>57,652</b>	<b>66,468</b>
Interest cost	188	280	509	543	700	610	520
Other Income	4,408	5,951	10,759	13,049	14,875	15,300	17,205
<b>PBT</b>	<b>21,424</b>	<b>34,845</b>	<b>47,543</b>	<b>52,333</b>	<b>63,178</b>	<b>72,342</b>	<b>83,153</b>
Tax	5,259	8,857	12,010	11,986	15,794	18,447	21,204
Effective Rate (%)	24.5	25.4	25.3	22.9	25.0	25.5	25.5
<b>PAT</b>	<b>16,165</b>	<b>25,988</b>	<b>35,533</b>	<b>40,346</b>	<b>47,383</b>	<b>53,895</b>	<b>61,949</b>
Change (%)	18.5	60.8	36.7	13.5	17.4	13.7	14.9
Add VECV share	602	3,152	4,477	6,998	7,773	8,750	9,760
<b>Adj. PAT</b>	<b>16,766</b>	<b>29,139</b>	<b>40,010</b>	<b>47,344</b>	<b>55,156</b>	<b>62,645</b>	<b>71,709</b>
Change (%)	21.2	73.8	37.3	18.3	16.5	13.6	14.5

Balance Sheet (Consolidated)							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	273	274	274	274	274	274	274
Reserves	1,25,807	1,49,629	1,80,182	2,12,691	2,48,105	2,88,813	3,35,844
<b>Net Worth</b>	<b>1,26,080</b>	<b>1,49,903</b>	<b>1,80,455</b>	<b>2,12,965</b>	<b>2,48,379</b>	<b>2,89,088</b>	<b>3,36,118</b>
Deferred Tax	2,201	2,913	4,483	4,930	4,930	4,930	4,930
Loans	588	1,957	4,194	4,581	4,123	3,711	3,340
<b>Capital Employed</b>	<b>1,28,869</b>	<b>1,54,773</b>	<b>1,89,132</b>	<b>2,22,476</b>	<b>2,57,431</b>	<b>2,97,728</b>	<b>3,44,387</b>
<b>Application of Funds</b>							
Gross Fixed Assets	44,234	51,415	56,868	69,752	81,752	93,752	1,05,752
Less: Depreciation	19,991	24,516	27,724	35,017	43,399	52,072	61,364
<b>Net Fixed Assets</b>	<b>24,243</b>	<b>26,899</b>	<b>29,144</b>	<b>34,735</b>	<b>38,353</b>	<b>41,680</b>	<b>44,388</b>
Capital WIP	5,048	4,721	5,551	4,915	4,915	4,915	4,915
- of which Goodwill	0	0	0	0	0	0	0
<b>Investments</b>	<b>77,206</b>	<b>1,23,207</b>	<b>1,53,831</b>	<b>1,68,613</b>	<b>1,91,113</b>	<b>2,26,113</b>	<b>2,68,113</b>
<b>Curr.Assets, L &amp; Adv.</b>	<b>55,514</b>	<b>37,149</b>	<b>42,626</b>	<b>63,482</b>	<b>84,295</b>	<b>95,542</b>	<b>1,07,408</b>
Inventory	11,324	12,784	14,096	15,638	19,308	22,232	25,358
Sundry Debtors	3,020	3,689	3,738	5,496	6,786	7,814	8,913
Cash & Bank Balances	505	888	1,072	2,190	8,618	8,401	8,016
Loans & Advances	33,487	13,573	5,160	4,900	6,050	6,967	7,946
Others	7,177	6,215	18,560	35,258	43,533	50,128	57,175
<b>Current Liab. &amp; Prov.</b>	<b>33,141</b>	<b>37,204</b>	<b>42,019</b>	<b>49,268</b>	<b>61,245</b>	<b>70,522</b>	<b>80,436</b>
Sundry Creditors	17,881	18,104	20,901	25,298	31,235	35,967	41,023
Other Liabilities	13,362	16,520	18,372	20,794	25,674	29,563	33,719
Provisions	1,898	2,579	2,746	3,177	4,336	4,992	5,694
<b>Net Current Assets</b>	<b>22,373</b>	<b>-54</b>	<b>607</b>	<b>14,213</b>	<b>23,050</b>	<b>25,020</b>	<b>26,972</b>
<b>Application of Funds</b>	<b>1,28,869</b>	<b>1,54,772</b>	<b>1,89,133</b>	<b>2,22,476</b>	<b>2,57,431</b>	<b>2,97,728</b>	<b>3,44,387</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios (Consolidated)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>61.3</b>	<b>106.5</b>	<b>146.3</b>	<b>172.7</b>	<b>201.2</b>	<b>228.5</b>	<b>261.5</b>
EPS Growth (%)	21.1	73.7	37.3	18.0	16.5	13.6	14.5
Book Value per Share	461	548	660	777	906	1,054	1,226
DPS	21.0	37.0	51.0	70.0	72.0	80.0	90.0
Payout (Incl. Div. Tax) %	34.2	34.7	34.9	40.5	35.8	35.0	34.4
<b>Valuation (x)</b>							
P/E	111.4	64.1	46.7	39.6	33.8	29.8	26.0
EV/EBITDA	71.1	42.2	32.6	29.5	23.4	20.4	17.3
EV/Sales	10.4	7.2	6.2	5.5	4.5	3.9	3.3
Price to Book Value	14.8	12.5	10.4	8.8	7.5	6.5	5.6
Dividend Yield (%)	0.3	0.5	0.7	1.0	1.1	1.2	1.3
<b>Profitability Ratios (%)</b>							
RoE	13.9	21.1	24.2	24.1	23.9	23.3	22.9
RoCE	13.9	21.1	24.0	23.1	23.3	22.8	22.5
RoIC	22.2	66.9	114.3	95.7	85.6	89.1	93.4
<b>Turnover Ratios</b>							
Debtors (Days)	11	9	8	11	11	11	11
Inventory (Days)	40	32	31	30	30	30	30
Creditors (Days)	63	46	46	49	49	49	49
Working Capital (Days)	-13	-4	-7	-8	-8	-8	-8
Asset Turnover (x)	0.8	0.9	0.9	0.8	0.9	0.9	0.9
<b>Leverage Ratio</b>							
Net Debt/Equity (x)	-0.5	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8

### Cash Flow Statement (Consolidated)

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before Tax	22,025	37,996	52,020	59,331	70,951	81,092	92,913
Depreciation	4,519	5,262	5,976	7,293	8,381	8,673	9,292
Direct Taxes Paid	-5,136	-7,703	-10,678	-10,802	-15,794	-18,447	-21,204
(Inc)/Dec in Working Capital	-1,503	657	3,880	2,110	977	779	832
Interest/Div. Received	-2,440	-1,765	-2,037	-3,173	-6,075	-7,200	-9,000
Other Items	-2,195	-6,221	-11,924	-14,960	-2,686	-2,355	-2,648
<b>CF from Oper. Activity</b>	<b>15,270</b>	<b>28,227</b>	<b>37,237</b>	<b>39,799</b>	<b>55,754</b>	<b>62,541</b>	<b>70,184</b>
(Inc)/Dec in FA+CWIP	-6,387	-6,737	-8,144	-10,285	-12,000	-12,000	-12,000
<b>Free Cash Flow</b>	<b>8,883</b>	<b>21,490</b>	<b>29,094</b>	<b>29,515</b>	<b>43,754</b>	<b>50,541</b>	<b>58,184</b>
(Pur)/Sale of Invest.	-3,446	-17,231	-20,196	-14,322	-16,425	-27,800	-33,000
<b>CF from Inv. Activity</b>	<b>-9,833</b>	<b>-23,968</b>	<b>-28,339</b>	<b>-24,607</b>	<b>-28,425</b>	<b>-39,800</b>	<b>-45,000</b>
Issue of Shares	65	112	466	869	0	0	0
Inc/(Dec) in Debt	-1,046	440	64	-50	-458	-412	-371
Interest Paid	-142	-134	-250	-245	-700	-610	-520
Dividends Paid	-4,647	-5,742	-10,129	-13,975	-19,742	-21,936	-24,678
<b>CF from Fin. Activity</b>	<b>-5,934</b>	<b>-4,174</b>	<b>-8,444</b>	<b>-13,987</b>	<b>-20,901</b>	<b>-22,958</b>	<b>-25,569</b>
<b>Inc/(Dec) in Cash</b>	<b>-496</b>	<b>84</b>	<b>454</b>	<b>1,206</b>	<b>6,428</b>	<b>-217</b>	<b>-385</b>
Add: Beginning Balance	941	445	530	984	2,190	8,618	8,401
<b>Closing Balance</b>	<b>445</b>	<b>530</b>	<b>984</b>	<b>2,190</b>	<b>8,618</b>	<b>8,401</b>	<b>8,016</b>

E: MOFSL Estimates

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

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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

**Disclosures**

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH00000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

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

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

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

**Regional Disclosures (outside India)**

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

**For Hong Kong:**

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH00000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

**For U.S.**

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement. The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

**For Singapore**

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

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

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

**Specific Disclosures**

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

The associates of MOFSL may have:

- financial interest in the subject company
  - actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
  - received compensation/other benefits from the subject company in the past 12 months
  - any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
  - acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
  - be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
  - received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
  - Served subject company as its clients during twelve months preceding the date of distribution of the research report.
- The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report  
 Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

**Analyst Certification**

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

**Terms & Conditions:**

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

**Disclaimer:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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

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

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

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

Grievance Redressal Cell:

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

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

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