12 November 2025

1QFY26 Results Update | Sector: Automobile

Ashok Leyland

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	AL IN
Equity Shares (m)	5873
M.Cap.(INRb)/(USDb)	837.2 / 9.4
52-Week Range (INR)	148 / 95
1, 6, 12 Rel. Per (%)	1/19/21
12M Avg Val (INR M)	1752

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	419.5	467.8	519.3
EBITDA	55.0	62.0	70.4
Adj. PAT	36.4	42.0	48.7
Adj. EPS (INR)	6.2	7.2	8.3
EPS Gr. (%)	12.9	15.5	15.8
BV/Sh. (INR)	22.5	25.9	29.9
Ratios			
RoE (%)	29.4	29.6	29.7
ROCE (%)	24.7	25.0	25.1
Payout (%)	52.5	52.4	51.3
Valuations			
P/E (x)	23.0	19.9	17.2
P/BV (x)	6.3	5.5	4.8
EV/EBITDA (x)	13.9	11.9	10.1
Div. Yield (%)	2.3	2.6	3.0

Shareholding Pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	51.1	51.1	51.1
DII	13.6	13.8	12.3
FII	24.9	24.5	25.0
Others	10.4	10.6	11.6

FII includes depository receipts

CMP: INR143 TP: INR165 (+16%) Buy

Improved mix drives margin expansion

LCV demand revival visible, MHCV likely to follow

- Ashok Leyland (AL)'s 2QFY26 PAT stood at INR8b. It was 8% ahead of our estimate, primarily driven by a higher-than-expected other income, even as EBITDA came in line. AL's margin improved 50bp YoY to 12.1% and was a function of improved mix and industry pricing discipline.
- While LCV demand is already showing signs of revival, we expect MHCV truck demand to recover in the coming quarters, aided by a pick-up in consumption pan-India, induced by the recent GST rate cuts. Over the years, AL has effectively reduced its business cyclicality by focusing on non-truck segments. Its continued emphasis on margin expansion and prudent control of capex is expected to help improve returns in the long run. Further, a net cash position will enable AL to invest in growth avenues in the coming years. **We reiterate our BUY rating with a TP of INR165 (based on 12x Sep27E EV/EBITDA + ~INR10/sh for NBFC)**.

Improved mix fuels margin expansion

- AL's revenue grew 9.3% YoY to INR95.8b (1.5% lower than our estimates) due to lower-than-expected ASP growth. ASP was marginally lower QoQ.
- EBITDA margins expanded 50bp YoY and 100bp QoQ to 12.1% (largely in line with estimates).
- EBITDA margin was supported by a favorable shift in the mix, driven by higher non-CV sales, with spare parts growing 11% YoY, defense business growing 25% YoY, and the power solutions business growing 14% YoY. Within the CV segment, the mix improved with an increase in MAV sales, while exports also recorded strong growth of 35% YoY.
- As a result, EBITDA grew 14.2% YoY to INR 11.6b and was in line with our estimates.
- Overall, Adj PAT (adjusted for litigation expense of INR400mn) grew 16% YoY to INR8b (8% above our estimates) on account of higher than expected other income.
- AL has undergone significant deleveraging over the past 12 months, moving to a net cash position of INR10b vs. a net debt of INR5b in 1HFY25.

Highlights from the management commentary

- While LCV demand is already seeing signs of a pick-up for last-mile distribution, management expects the MHCV demand also to pick up in the coming quarters on the back of a pick-up and expectation of continued pick-up in consumption across the country, which is likely to, in turn, drive higher freight demand.
- The Saathi (LCV) model has been very well accepted and now accounts for 22–25% of total LCV volumes.

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

- New product introductions in 2H include 1) new tipper models in the MHCV segment, with 320 and 360 HP and higher peak torque, which will help AL recover back its lost share in the segment, 2) in the bus segment, a new 13.5-meter ICE bus along with a 15-meter bus, and 3) in the 2-4T segment, AL would look to launch a bi-fuel product to serve regions such as NCR, Mumbai, etc.
- Exports have grown at 45% in Q2 and 35% in H2. AL targets to export 18k units in FY26E (from 15k units in FY25) and targets to sustain 20% volume CAGR over the next 2-3 years in exports.
- Aided by new product launches and an improving mix towards non-truck sales, management has retained its medium-term guidance of achieving mid-teen margins.
- Switch India has now achieved EBITDA and PAT break-even in 1HFY26, and AL has kept a target for this business to be FCF positive by FY27. Switch India will look to participate in the upcoming 10k+ bus order under the PM-e drive scheme, which will open up soon.
- Capex guidance for FY26E stands at ~INR10b, and investments in associates (Ohm Mobility and HLFL) are unlikely to surpass INR5b for FY26E.

Valuation and view

While LCV demand is already showing signs of revival, we expect MHCV truck demand to recover in the coming quarters on the back of a pickup in consumption pan-India led by the recent GST rate cuts. Over the years, AL has effectively reduced its business cyclicality by focusing on non-truck segments. Its continued emphasis on margin expansion and prudent control of capex is expected to help improve returns in the long run. Further, a net cash position will enable AL to invest in growth avenues in the coming years. **We reiterate our BUY rating with a TP of INR165 (based on 12x Sep27E EV/EBITDA + ~INR10/sh for NBFC)**.

Qty Performance (S/A) (INR m)

	FY25				FY26E				FY25	FY26	2QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				(%)
Total Volumes (nos)	43,893	45,624	46,404	59,176	44,238	49,116	51,810	64,376	195,097	2,09,540	49,116	0.0
Growth %	6.2	-8.5	-1.4	5.1	0.8	7.7	11.7	8.8	0.3	7.7	7.7	
Realizations (INR '000)	1,959	1,922	2,043	2,012	1,972	1,952	2,022	2,045	1,986	2,002	1,980	-1.4
Change (%)	-1.1	-0.6	3.7	0.6	0.7	1.6	-1.0	1.6	0.7	1.5	3.0	
Net operating revenues	**85,985**	**87,688**	**94,787**	**119,067**	**87,245**	**95,882**	**1,04,771**	**1,31,629**	**387,527**	**4,19,527**	**97,232**	-1.4
Change (%)	5.0	-9.0	2.2	5.7	1.5	9.3	10.5	10.5	1.0	9.3	**10.9**	
RM/sales %	72.2	71.2	71.5	70.6	70.6	71.2	71.0	71.1	71.3	71.0	70.8	
Staff/sales %	6.4	6.8	6.4	5.5	7.0	6.8	6.3	5.2	6.2	6.2	6.9	
Other exp/sales %	10.9	10.4	9.4	8.9	11.2	10.0	9.6	8.6	9.8	9.7	10.5	
EBITDA	**9,109**	**10,173**	**12,114**	**17,910**	**9,696**	**11,622**	**13,777**	**19,872**	**49,306**	**54,966**	**11,473**	1.3
EBITDA Margin (%)	10.6	11.6	12.8	15.0	11.1	12.1	13.2	15.1	12.7	13.1	11.8	30bp
Interest	591	607	501	471	419	420	400	390	2,169	1,628	350	
Other Income	223	973	247	1,059	529	1,348	300	484	2,503	2,660	700	92.5
Depreciation	1,727	1,754	1,923	1,789	1,828	1,723	1,750	1,850	7,193	7,151	1,850	
PBT before EO Item	**7,014**	**8,785**	**9,938**	**16,709**	**7,977**	**10,827**	**11,927**	**18,115**	**42,446**	**48,847**	**9,973**	8.6
EO Exp/(Inc)	0	-1,174	0	137	0	400	0	0	-1,037	400	0	
PBT after EO	**7,014**	**9,958**	**9,938**	**16,573**	**7,977**	**10,427**	**11,927**	**18,115**	**43,483**	**48,447**	**9,973**	
Effective Tax Rate (%)	25.1	22.7	23.3	24.8	25.6	26.0	25.0	25.5	24.0	25.5	25.5	
Adj PAT	**5,256**	**6,933**	**7,617**	**12,562**	**5,937**	**8,009**	**8,946**	**13,463**	**32,355**	**36,354**	**7,430**	7.8
Change (%)	-8.9	20.2	31.2	32.4	13.0	15.5	17.4	7.2	20.6	12.7	7.2	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY25				FY26E				FY25	FY26E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
M&HCV	27,885	28,180	30,058	39,908	28,071	30,718	28,755	30,082	126,031	1,34,820	30718
Dom. M&HCV Mkt sh (%)	30.7	31.1	29.6	31.3	30.7	30.2			30.7		
LCV	16,008	17,444	16,346	19,268	16,167	18,398	15,483	14,599	69,066	74,720	18398
Dom. LCV Mkt sh (%)	11.1	12.0	10.4	11.2	11.2	11.8			6.2		
Total Volumes (nos)	**43,893**	**45,624**	**46,404**	**59,176**	**44,238**	**49,116**	51,810	64,376	**195,097**	**2,09,540**	**49116**
AL's CV Market Sh (%)	18.3	18.9	18.0	20.2	19.8	20.4					
Realizations (INR '000)	1,959	1,922	2,043	2,012	1,972	1,952	2,022	2,045	1,986	2,002	1980
Growth %	-1.1	-0.6	3.7	0.6	0.7	1.6	-1.0	1.6	42.4	43.6	3
Cost Break-up											
RM Cost (% of sales)	72.2	71.2	71.5	70.6	70.6	71.2	71.0	71.1	71.3	71.0	70.8
Staff Cost (% of sales)	6.4	6.8	6.4	5.5	7.0	6.8	6.3	5.2	6.2	6.2	6.9
Other Cost (% of sales)	10.9	10.4	9.4	8.9	11.2	10.0	9.6	8.6	9.8	9.7	10.5
Gross Margin (%)	**27.8**	**28.8**	**28.5**	**29.4**	**29.4**	28.8	29.0	28.9	**28.7**	29.0	29.2
EBITDA Margins (%)	**10.6**	**11.6**	**12.8**	**15.0**	**11.1**	12.1	13.2	15.1	**12.7**	13.1	11.8
EBIT Margins (%)	8.6	9.6	10.8	13.5	9.0	10.3	11.5	13.7	10.9	11.4	9.9

E:MOFSL Estimates

CONFERENCE CALL

Key takeaways from the management commentary

Industry/Business outlook

- The Domestic MHCV segment grew by 5% in Q2, while the LCV segment saw a 13% growth in Q2. After the GST rate cuts, CV demand has seen a pick-up, especially in LCVs. In October, while MHCV sales were up 7% YoY, LCV grew 15% YoY.
- While LCV demand is already seeing signs of a pick-up for last-mile distribution, management expects the MHCV demand also to pick up in the coming quarters on the back of a pick-up and expectation of continued pick-up in consumption across the country, which is likely to, in turn, drive higher freight demand.
- The Saathi (LCV) model has been very well accepted and now accounts for 22–25% of total LCV volumes. Contrary to expectations, Saathi has had low single-digit cannibalization with the Dost.
- Ashok Leyland's LCV capacity currently stands at 80,000 units. The company plans to expand this to 110,000–120,000 units within 6–9 months through debottlenecking. Management does not expect a significant capex requirement for the same.
- Ashok Leyland will inaugurate its bus body building plant at Lucknow soon, which will take the total bus body building capacity to 20K units per annum from the current capacity of 12K units.

Product launches

- New tipper models in the MHCV segment, with 320 and 360 HP and higher peak torque, will be launched in Q3/Q4. These products will offer 20-30% better peak torque compared to the best in the market and will command a premium price, supporting margin expansion via premium mix. This would also help AL recover its lost share in the segment.
- In the bus segment, a new 13.5-meter ICE bus is expected to be launched, along with a 15-meter bus, which has the maximum sleeper capacity, both in H2.
- In the 2-4T segment, AL does not have a bi-fuel product (CNG + petrol), which is now being increasingly sold in regions like NCR. Mumbai etc. AL plans to launch a bi-fuel product in this segment in 2–3 quarters.

- Under Switch, the company is also working on a 9-meter EV bus, to be launched in two different formats, which is expected to drive volumes. Additionally, a smaller electric bus is planned for FY27 or early FY28.

Exports

- Exports have shown significant growth, with a 35% increase in H1 (+45% in Q2) across markets in SAARC, Africa, GCC, and ASEAN.
- Exports have grown from 1,000 units in FY22 to 15,000 units in FY25, with a target of 18,000 units in FY26 and 25,000 units in the next three years. AL maintains its target to achieve a 20% CAGR in exports over the next few years.
- Ashok Leyland's long-standing presence in GCC and SAARC countries has allowed it to invest in local production, supply chains, and dealerships, which have helped drive growth.

Margin guidance

- Ashok Leyland is focused on cost-cutting initiatives to drive margin expansion.
- Further, higher growth in non-truck segments, such as buses, LCVs, spares, and exports, is supported by margin improvement over the last few years. Its non-truck mix has improved to 49% of total revenues in 1Q from 40% in FY22. Revenue contribution from non-truck business in 1Q was: Buses – 13%, LCV – 12%, Spares – 10%, Exports – 7-8%. Even in H1, the non-truck business has seen strong growth: aftermarket up 11% YoY, power solutions up 14% YoY, and defense-related business up 25% YoY.
- These non-truck businesses have higher margins than the domestic truck business and have helped reduce its break-even levels significantly from 6-7k units per month to just 1200 units per month.
- Management expects discounting trends to gradually ease post GST rate cuts, with demand picking up.
- Raw material costs are expected to decline a bit QoQ in Q3, which should support margin improvement.
- While there was no price increase in Q2, the company has seen better average selling prices (ASP) due to a more favorable product mix.
- Aided by new product launches and an improving mix towards non-truck sales, management has retained its medium-term guidance of achieving mid-teen margins.

Update on capex and investments

- AL reported a capital expenditure of INR4.2b for Q2, with a total of INR6.6b for 1H. For FY26, capex guidance stands at ~INR10b. H1 capex spend was utilized for the Center of Excellence, new product development, and the purchase of land adjacent to the corporate office for expansion purposes.
- Investments in H1 were nil, but they may need to infuse some money into Associates like Ohm Mobility and the Finance arm. However, the total infusion into these is unlikely to exceed INR5b.
- The net cash position as of September 2025 stood at INR10b vs net debt of INR5b as of September 2024, as a result of strong operating performance and a sharp reduction in working capital (down 50% YoY in H1).

Subsidiaries

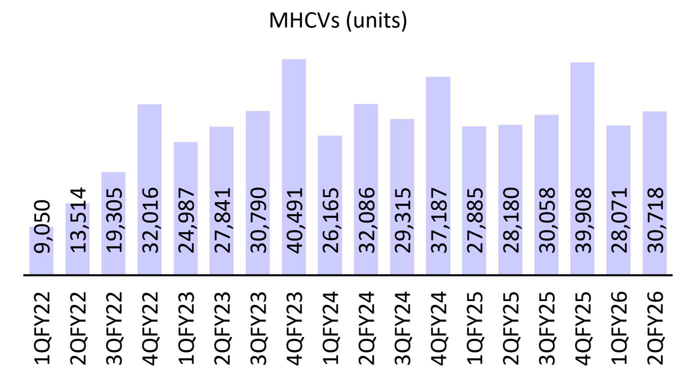
- **Switch:** In 1H, Switch India (the electric vehicle subsidiary) sold 600 electric buses and 600 electric LCVs. The order book currently stands at 1,650 units. More importantly, Switch India has now achieved EBITDA and PAT break-even in H1, and AL has kept a target for this business to be FCF positive by FY27. Due to the high cost of operations, AL is now shifting the production of EV buses in Switch UK to RAK (Ras Al Khaimah) in the UAE. Switch India will look to participate in the upcoming 10k+ bus order under the PM-e drive scheme, which will open up soon.

- **Ohm:** Ohm is currently operating over 1,100 buses at 98% utilization levels, having added 250 buses in 2Q. They are on track to reach 2,500+ units under operations within the next 12 months. Also, all the GCC contracts are now operating at a healthy double-digit IRR for Ohm.
- **HLF:** The assets under management (AUM) of HFL reached INR526b, a growth of 26% YoY. The company's housing finance subsidiary's (HHF) AUM grew 20% to INR149b. HLF recorded a PAT of INR1.9b in 2Q with NNPA of 1.59% and had a book value of INR74b. They have received RBI's approval to merge HLF with NxtDigital, and its listing is expected to happen post Q1FY27.

Other highlights

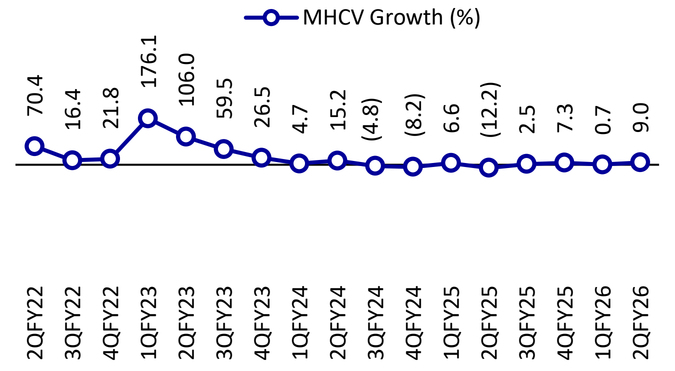
- AL has expanded its network by adding 27 new MHCV touchpoints and 26 new LCV touchpoints in Q2FY26, the bulk of them in North, East, and Central regions. AL now has total touchpoints of ~2,000 (1,100 for MHCV and 876 in LCV)
- AL has declared an interim dividend of INR1 per share.
- Other income in the quarter was higher due to fair valuation gain in Switch India, amounting to INR500m.

Exhibit 1: M&HCV sales trend



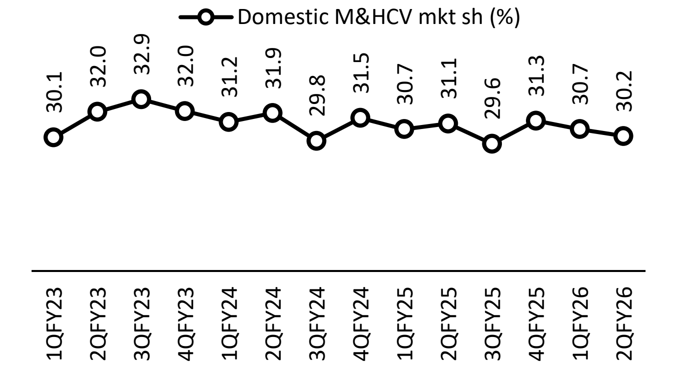
Source: Company, MOFSL

Exhibit 2: Growth trend in M&HCV



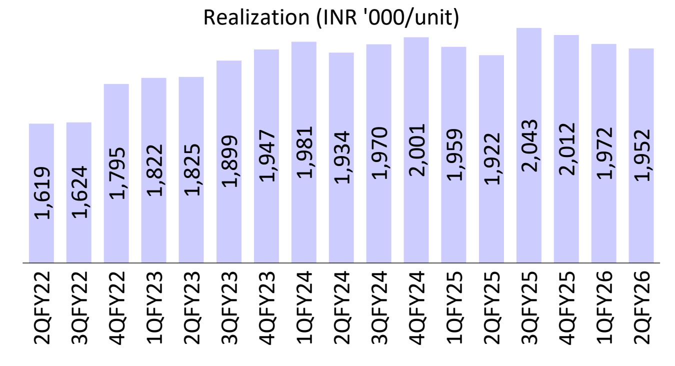
Source: Company, MOFSL

Exhibit 3: Domestic M&HCV market share trend



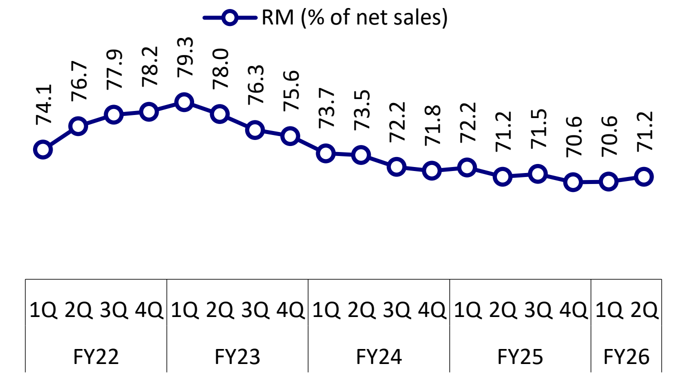
Source: Company, MOFSL

Exhibit 4: Realization trend



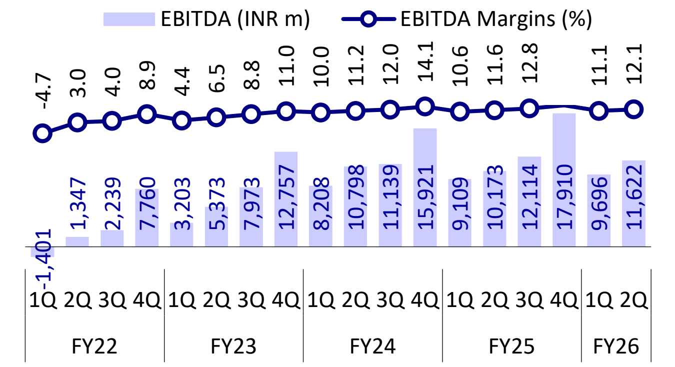
Source: Company, MOFSL

Exhibit 5: Trend in RM costs



Source: Company, MOFSL

Exhibit 6: Trends in EBITDA and EBITDA margin



Source: Company, MOFSL

Valuation and view

- **CV demand likely to revive post GST rate cuts:** The underlying long-term demand drivers for a CV demand revival are in place and include: 1) the average fleet age has increased to a record high of ~10 years, which is likely to fuel healthy replacement demand; 2) fleet operators' profitability remains strong with healthy utilization levels; 3) the fleet sentiment index remains positive; and 4) reduction in interest rates. Further, the recent GST rate cuts across multiple segments are expected to boost consumption in the country, initial signs of which are already visible in the just-concluded festive season. While the LCV segment is already seeing a pickup in demand, we expect the MHCV segment to also revive in the coming quarters, given the expected sustained pickup in consumption. We now factor in MHCV truck demand to post 7% volume CAGR over FY27-28E.

- **Focus on reducing business cyclicality:** Over the years, AL has effectively reduced its business cyclicality by focusing on non-truck segments, such as bus (13% of sales), LCV (12% of sales), Spares (10%), Exports (8%), and Defense (2%). Some of its critical targets in these segments include 1) a medium-term goal to achieve a 25% share in the LCV sub-segment (2-3.5T), up from 20% currently; 2) having already doubled its revenue in spares over the last five years, the next objective is to further double its revenue over the medium term; 3) increasing its presence in exports through new launches and expanding its footprint in key regions and thereby delivering 20% volume CAGR in exports over the next 2-3 years; and 4) the potential to significantly scale up its defense business, aided by the government's 'Make in India' initiative.
- **Aiming for profitable growth:** One of the key factors in the CV industry has been the healthy pricing discipline that the sector has maintained, even in FY25 when industry volumes were flat YoY. Beyond this, AL aims to improve its medium-term margins to mid-teen levels, fueled by: 1) growth in the non-truck business (including bus, LCVs, defense, spares, etc.) and 2) value engineering backed by Industry 4.0 and optimizing automation wherever feasible. Further, input costs, which were earlier expected to harden, have now started reversing in 2Q and are expected to remain benign in Q3 as well. On the back of these factors, we expect AL to post a 100bp margin improvement over FY25-28E.
- **Valuation and view:** While LCV demand is already showing signs of revival, we expect MHCV truck demand to recover in the coming quarters on the back of a pick-up in consumption pan-India, led by the recent GST rate cuts. Over the years, AL has effectively reduced its business cyclicality by focusing on non-truck segments. Its continued emphasis on margin expansion and prudent control on capex is expected to help improve returns in the long run. Further, a net cash position will enable AL to invest in growth avenues in the coming years. **We reiterate our BUY rating with a TP of INR165 (based on 12x Sep27E EV/EBITDA + ~INR10/sh for NBFC)**.

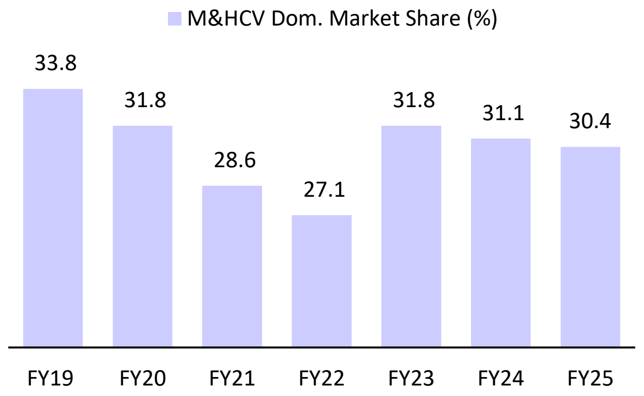
Exhibit 7: Our revised estimates

	FY26E			FY27E		
INR m	**Rev**	**Old**	**Chg (%)**	**Rev**	**Old**	**Chg (%)**
Volumes ('000 units)	210	207	1.2	227	224	1.2
Net Sales	4,19,527	4,15,376	1.0	4,67,798	4,63,288	1.0
EBITDA	54,966	53,533	2.7	62,039	62,342	-0.5
EBITDA margins (%)	13.1	12.9	20bp	13.3	13.5	-20bp
Net Profit	36,391	35,517	2.5	42,021	42,506	-1.1
EPS (INR)	6.2	6.0	2.5	7.2	7.2	-1.1

Source: MOFSL

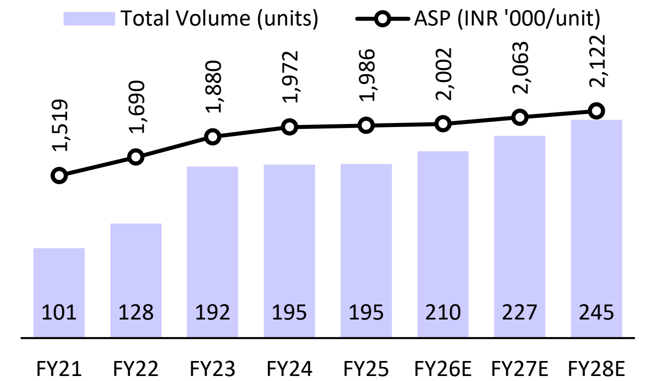
Story in charts

Exhibit 8: AL's market share trend



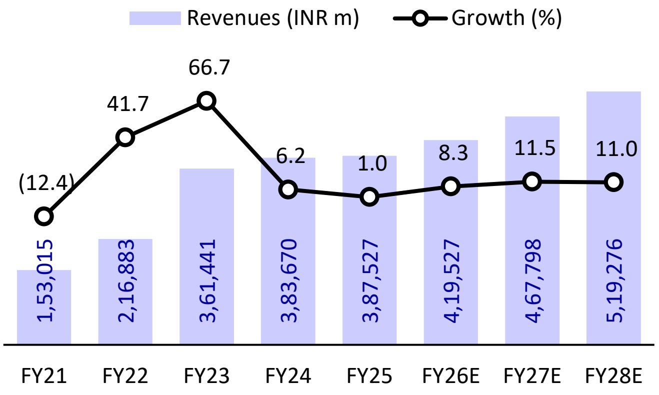
Source: Company, MOFSL

Exhibit 9: Volume and realization growth trends



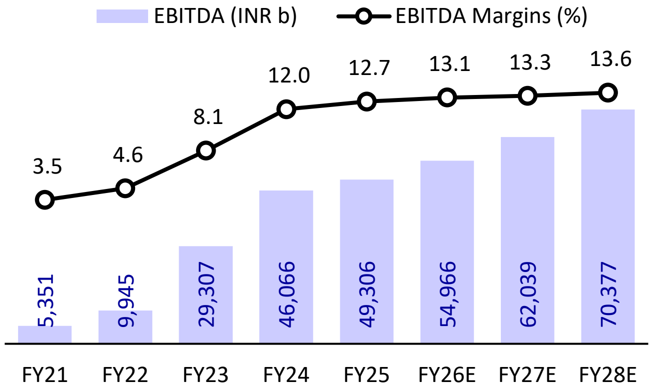
Source: Company, MOFSL

Exhibit 10: Revenue growth trend



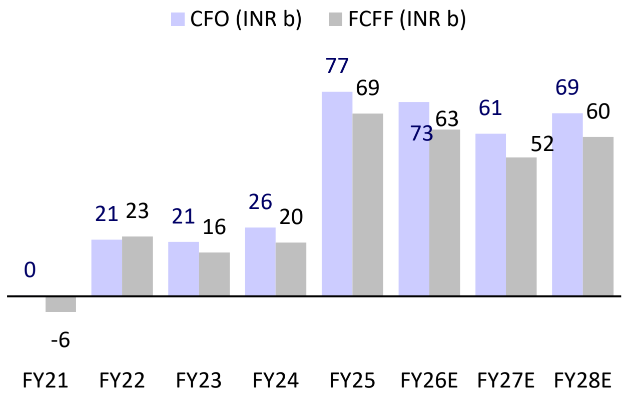
Source: Company, MOFSL

Exhibit 11: EBITDA and EBITDA margin trends



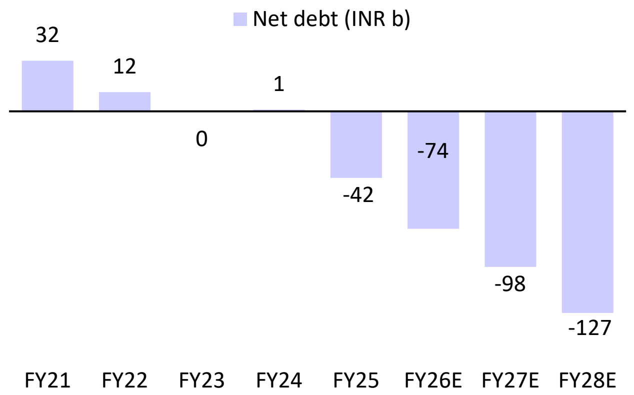
Source: Company, MOFSL

Exhibit 12: CFO and FCFF trends



Source: Company, MOFSL

Exhibit 13: AL became net cash from FY24



Source: Company, MOFSL

Financials and valuations

Income Statement								(INR M)
Y/E March	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Volumes ('000 units)	101	128	192	195	195	210	227	245
Growth (%)	-19.6	27.4	49.8	1.2	0.3	7.4	8.2	7.9
Net Operating Income	**1,53,015**	**2,16,883**	**3,61,441**	**3,83,670**	**3,87,527**	**4,19,527**	**4,67,798**	**5,19,276**
Change (%)	-12.4	41.7	66.7	6.2	1.0	8.3	11.5	11.0
EBITDA	**5,351**	**9,945**	**29,307**	**46,066**	**49,306**	**54,966**	**62,039**	**70,377**
EBITDA Margins (%)	3.5	4.6	8.1	12.0	12.7	13.1	13.3	13.6
Depreciation	7,477	7,528	7,320	7,178	7,193	7,151	7,593	7,848
EBIT	**-2,126**	**2,418**	**21,987**	**38,888**	**42,112**	**47,815**	**54,447**	**62,529**
Interest & Fin. Charges	3,068	3,011	2,891	2,494	2,169	1,628	1,359	1,244
Other Income	1,195	761	1,161	2,466	2,503	2,660	2,940	3,590
PBT	**-4,119**	**5,276**	**21,104**	**37,922**	**43,483**	**48,447**	**56,028**	**64,875**
Tax	(982)	(142)	7,303	11,743	10,450	12,354	14,007	16,219
Effective Rate (%)	23.8	-2.7	34.6	31.0	24.0	25.5	25.0	25.0
Rep. PAT	**-3,137**	**5,418**	**13,801**	**26,179**	**33,033**	**36,093**	**42,021**	**48,656**
Change (%)	-231.0	NA	154.7	89.7	26.2	9.3	16.4	15.8
Adjusted PAT	**-3,045**	**172**	**13,248**	**26,826**	**32,245**	**36,391**	**42,021**	**48,656**
Change (%)	-188.9	NA	7,587.8	102.5	20.2	12.9	15.5	15.8

Balance Sheet								(INR M)
Y/E March	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sources of Funds								
Share Capital	2,936	2,936	2,936	2,936	2,937	5,873	5,873	5,873
Reserves	66,837	70,434	81,322	85,167	1,12,251	1,26,320	1,46,318	1,70,014
Net Worth	**69,772**	**73,369**	**84,258**	**88,104**	**1,15,188**	**1,32,193**	**1,52,191**	**1,75,887**
Loans	37,163	35,071	32,248	22,994	14,817	12,317	11,317	10,317
Deferred Tax Liability	1,708	1,444	5,035	5,563	5,479	7,901	10,703	13,946
Capital Employed	**1,08,642**	**1,09,884**	**1,21,541**	**1,16,661**	**1,35,484**	**1,52,412**	**1,74,210**	**2,00,150**
Application of Funds								
Gross Fixed Assets	1,01,269	1,03,773	1,07,732	1,09,936	1,14,189	1,24,189	1,33,189	1,42,189
Less: Depreciation	35,264	41,626	48,470	54,917	60,233	67,384	74,977	82,825
Net Fixed Assets	**66,005**	**62,146**	**59,262**	**55,019**	**53,956**	**56,805**	**58,212**	**59,364**
Capital WIP	3,719	1,943	1,325	2,015	4,248	4,248	4,248	4,248
Goodwill	4,499	4,499	4,499	4,499	4,499	4,499	4,499	4,499
Investments	30,687	48,196	66,636	55,598	86,730	1,03,730	1,15,730	1,27,730
Curr.Assets, L & Adv.	**79,590**	**86,554**	**94,194**	**1,18,987**	**1,05,826**	**1,27,379**	**1,52,368**	**1,82,856**
Inventory	21,423	20,752	27,745	31,907	29,573	31,033	34,604	38,412
Sundry Debtors	28,163	31,111	40,627	35,699	28,873	29,884	33,323	36,990
Cash & Bank Balances	5,301	9,943	4,541	19,419	26,598	49,221	65,216	86,114
Loans & Advances	24,702	24,749	21,281	31,962	20,782	17,241	19,225	21,340
Current Liab. & Prov.	**75,857**	**93,454**	**1,04,375**	**1,19,457**	**1,19,774**	**1,44,248**	**1,60,845**	**1,78,546**
Sundry Creditors	51,647	68,752	71,751	63,052	73,047	80,457	89,715	99,587
Other Liabilities	17,665	17,997	22,238	42,657	31,386	47,125	52,547	58,330
Provisions	6,545	6,705	10,385	13,748	15,341	16,666	18,584	20,629
Application of Funds	**1,08,642**	**1,09,884**	**1,21,541**	**1,16,661**	**1,35,484**	**1,52,412**	**1,74,210**	**2,00,150**

E: MOFSL Estimates

Financials and valuations

Ratios								
Y/E March	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Basic (INR)								
EPS	**-0.5**	**0.0**	**2.3**	**4.6**	**5.5**	**6.2**	**7.2**	**8.3**
EPS Growth (%)	-188.9	NM	7,587.8	102.5	20.2	12.9	15.5	15.8
Cash EPS	0.8	1.3	3.5	5.8	6.7	7.4	8.4	9.6
Book Value per Share	11.9	12.5	14.3	15.0	19.6	22.5	25.9	29.9
DPS	0.3	0.5	1.3	2.5	3.1	3.3	3.8	4.3
Div. Payout (%)	NM	1,703.5	57.6	54.2	56.9	52.5	52.4	51.3
Valuation (x)								
P/E	NM	4,851.5	63.1	31.2	25.9	23.0	19.9	17.2
Cash P/E	188.6	108.6	40.6	24.6	21.2	19.2	16.9	14.8
EV/EBITDA	162.2	85.3	28.5	18.2	16.1	13.9	11.9	10.1
EV/Sales	5.7	3.9	2.3	2.2	2.0	1.8	1.6	1.4
Price to Book Value	12.0	11.4	9.9	9.5	7.3	6.3	5.5	4.8
Dividend Yield (%)	0.2	0.4	0.9	1.7	2.2	2.3	2.6	3.0
Profitability Ratios (%)								
ROE	-4.3	0.2	16.8	31.1	31.7	29.4	29.6	29.7
RoCE	-1.5	2.3	12.4	22.5	25.4	24.7	25.0	25.1
Turnover Ratios								
Debtors (Days)	67	52	41	34	27	26	26	26
Inventory (Days)	51	35	28	30	28	27	27	27
Creditors (Days)	123	116	72	60	69	70	70	70
Working Capital (Days)	-5	-28	-3	4	-14	-17	-17	-17
Fixed-Asset Turnover (x)	2.3	3.5	6.1	7.0	7.2	7.4	8.0	8.7
Leverage Ratio								
Net Debt/Equity (x)	0.5	0.2	0.0	0.0	-0.4	-0.6	-0.6	-0.7

Cash flow Statement								(INR M)
Y/E March	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
OP/(Loss) before Tax	-4,119	5,276	21,104	37,922	43,483	47,815	54,447	62,529
Int/Div Received	-945	-220	-404	-1,362	-888	2,660	2,940	3,590
Depreciation	7,477	7,528	7,320	7,178	7,193	7,151	7,593	7,848
Direct Taxes Paid	779	714	-4,002	-6,245	-9,407	-9,932	-11,206	-12,975
(Inc)/Dec in Work Cap.	-6,058	15,696	-4,265	-15,229	37,407	25,544	7,604	8,110
Other Items	3,198	-7,633	762	3,705	-631	0	0	0
CF from Oper. Activity	**332**	**21,361**	**20,514**	**25,968**	**77,157**	**73,238**	**61,378**	**69,102**
Extra-ordinary Items	-120	5,108	846	-937	1,037	-400	0	0
CF after EO Items	**211**	**26,469**	**21,360**	**25,031**	**78,194**	**72,838**	**61,378**	**69,102**
(Inc)/Dec in FA+CWIP	-6,166	-3,933	-4,884	-4,815	-9,243	-10,000	-9,000	-9,000
Free Cash Flow	**-5,954**	**22,536**	**16,477**	**20,217**	**68,951**	**62,838**	**52,378**	**60,102**
CF from Inv. Activity	**-9,752**	**-14,589**	**-17,345**	**9,021**	**-40,779**	**-27,000**	**-21,000**	**-21,000**
Inc/(Dec) in Debt	4,780	-2,721	-3,918	-9,096	-8,353	-2,500	-1,000	-1,000
Interest Rec./(Paid)	-2,720	-2,755	-2,598	-2,461	-1,491	-1,628	-1,359	-1,244
Dividends Paid	0	-1,761	-2,936	-7,634	-20,408	-19,087	-22,024	-24,960
CF from Fin. Activity	**2,060**	**-7,238**	**-9,402**	**-19,175**	**-30,235**	**-23,215**	**-24,383**	**-27,204**
Inc/(Dec) in Cash	**-7,481**	**4,643**	**-5,387**	**14,878**	**7,181**	**22,623**	**15,995**	**20,898**
Add: Beginning Balance	12,782	5,300	9,928	4,541	19,417	26,598	49,221	65,216
Closing Balance	**5,301**	**9,943**	**4,541**	**19,418**	**26,598**	**49,221**	**65,216**	**86,114**

E: MOFSL Estimates

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. INH000000412. 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. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) 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. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.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

A graph of daily closing prices of securities is available at www.nseindia.com, 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. INH000000412) 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.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1. 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
2. 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
3. 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.
4. 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.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. 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.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. 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 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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. 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.