14 November 2025

2QFY26 Results Update | Sector: Automobile

Eicher Motors

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	EIM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USDb)	1880.2 / 21.2
52-Week Range (INR)	7124 / 4536
1, 6, 12 Rel. Per (%)	-3/21/40
12M Avg Val (INR M)	2847

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	226.2	253.2	282.5
EBITDA	55.1	61.4	69.3
Adj. PAT	52.9	59.2	67.2
Adj EPS (INR)	193.1	215.7	245.0
EPS Gr (%)	11.8	11.7	13.6
BV/Sh (INR)	898	1,032	1,195
Ratios			
RoE (%)	23.1	22.4	22.0
RoCE (%)	22.4	21.8	21.6
Payout (%)	37.3	38.0	33.5
Valuations			
P/E (x)	35.4	31.7	27.9
P/BV (x)	7.6	6.6	5.7
Div. Yield (%)	1.1	1.2	1.2
FCF Yield (%)	2.2	2.5	2.9

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	49.1	49.1	49.1
DII	14.7	15.8	13.8
FII	27.0	25.8	27.6
Others	9.2	9.3	9.5

FII includes depository receipts

CMP: INR6,855 TP: INR5,846 (-15%) Sell

Focus on growth clearly visible

Margins fail to improve despite robust volume growth in RE

- Eicher's 2QFY26 consolidated PAT at INR13.6b was slightly lower than our estimates of INR14.4b, due to lower-than-expected margins in both segments. Despite the strong 43% YoY growth in volumes, margins declined 140bp YoY to 24.9% owing to Eicher's focus on growth over profitability.
- The robust domestic volume growth for RE in FY26 so far has largely been a function of GST rate cut benefits. However, demand seems to have now normalized post an initial surge in pent-up demand. Further, given that management would continue to focus on "growth" over "profitability," it would mean that margin upside is likely to be capped from here on. We factor in RE to post a 14%/14%/12% revenue/EBITDA/PAT CAGR over FY25-28E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **We reiterate our Sell rating** with a TP of INR5,846. We value RE at 26x Sep-27E EPS and VECV at 11x EV EBITDA.

PAT below estimate due to lower margins in both businesses

- Eicher's consolidated revenue grew 45% YoY to INR61.7b (largely in line), aided by strong volume growth from the RE and VECV businesses. RE realizations were flat YoY at INR185k, while VECV realization grew 4.6% YoY in 2Q.
- On a standalone basis, revenue grew 40% YoY to INR59b – in line. Revenue growth was driven by a 43% YoY growth in volumes.
- However, despite the strong revenue growth, EBITDA margin dipped 140bp YoY to 24.9% (down 20bp QoQ) and 180bp lower than our estimates. This was largely on account of their focus on driving growth over profitability.
- EBITDA margin at VECV improved to 7.8%, expanding 70bp YoY, aided by a better product mix, lower discounts, and improving operating leverage.
- PAT share of VECV grew 20% YoY to INR1.4b – but was below our estimate of INR1.6b.
- Recurring PAT grew 24.5% to INR13.7b on the back of strong topline growth (below our estimate of INR14.4b).

Key highlights from the management commentary

- The company maintains its leadership in SAARC markets, ranked No. 2 in key regions such as the UK, Argentina, Thailand, and Korea, and is ranked No. 3 in Brazil and Australia, and No. 4 in the EU.
- After the GST rate hike in the >350cc segment, its 450cc is seeing much slower demand, while its 650cc is showing initial signs of picking up. Apart from the price hikes, the slowdown in these models is also a function of the strong pre-buy that these models saw before the GST rate hike.
- Other expenses were higher during 2Q due to higher marketing spending for brand building, community engagement, and market activations, which are expected to continue going forward.
- The GST rate cut is expected to support demand by increasing consumption and facilitating the movement of goods across regions. The company expects HCV demand to pick up in 2HFY26.

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Valuation and view

The robust domestic volume growth for RE in FY26 so far has largely been a function of GST rate cut benefits. However, demand seems to have now normalized post an initial surge in pent-up demand. Further, we understand that RE had plans to launch multiple models on the 450cc Sherpa platform, which would now need to be recalibrated given that this segment has seen GST rates rise to 43%. Further, we expect exports to remain a growth driver and factor in a 21% volume CAGR in exports over FY25-28E. Further, given that management would continue to focus on "growth" over "profitability," it would mean that margin upside is likely to be capped from here on. We factor in RE to post a 14%/14%/12% revenue/EBITDA/PAT CAGR over FY25-28E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **We reiterate our Sell rating** with a TP of INR5,846. We value RE at 26x Sep-27E EPS and VECV at 11x EV EBITDA.

Quarterly performance (Consolidated)

INR m	FY25				FY26E				FY25	FY26E		
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	VAR (%)
Net Operating Income	**43,931**	**42,631**	**49,731**	**52,411**	**50,418**	**61,716**	**57,513**	**56,519**	**1,88,704**	**2,26,166**	**60,781**	2
Growth (%)	10.2	3.6	19.0	23.1	14.8	44.8	15.6	7.8	14.1	36.8	43	
EBITDA	**11,654**	**10,877**	**12,012**	**12,577**	**12,028**	**15,119**	**14,104**	**13,841**	**47,120**	**55,092**	**15,545**	-3
EBITDA Margins (%)	26.5	25.5	24.2	24.0	23.9	24.5	24.5	24.5	25.0	24.4	25.6	
PAT	**9,269**	**9,866**	**10,070**	**11,142**	**10,481**	**12,345**	**11,171**	**10,993**	**40,346**	**44,991**	**12,819**	-4
Share of JV Loss/(PAT)/ Min. Int.	-1,746	-1,138	-1,635	-2,480	-1,571	-1,349	-1,778	-3,260	-6,998	-7,959	-1,603	
Recurring PAT	**11,015**	**11,003**	**11,705**	**13,622**	**12,052**	**13,695**	**12,949**	**14,253**	**47,344**	**52,949**	**14,422**	-5
Growth (%)	19.9	8.3	17.5	27.3	9.4	24.5	10.6	4.6	18.3	32.3	31.1	

Standalone (Royal Enfield)

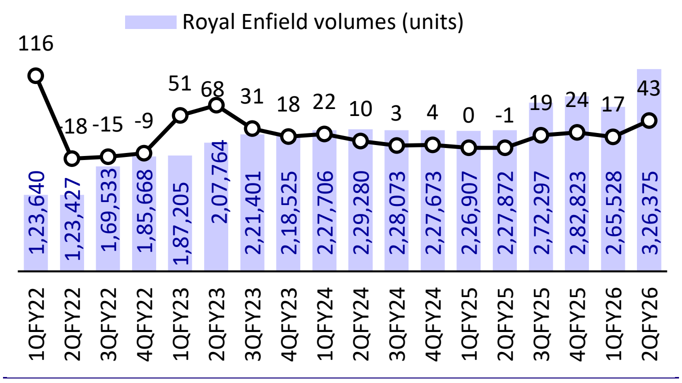
(INR m)	FY25				FY26E				FY25	FY26E		
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	VAR (%)
Royal Enfield ('000 units)	227	228	272	283	266	326	308	303	1,010	1,010	326	0
Growth (%)	-0.4	-0.6	19.4	24.2	17.0	43.2	13.1	7.1	10.6	10.6	43.2	
Net Realn (INR '000/unit)	186	185	180	181	185	185	185	185	183	184	185	0
Change - YoY (%)	8.8	7.7	1.4	-1.9	-0.9	0.0	2.5	2.7	3.7	4.4	0.0	
Net operating income	**42,313**	**42,054**	**49,081**	**51,066**	**49,084**	**59,021**	**56,896**	**56,175**	**1,84,515**	**2,21,176**	**60,233**	-2
Growth (%)	8.5	7.0	21.1	21.8	16.0	40.3	15.9	10.0	43.5	72.0	43.2	
EBITDA	**11,786**	**11,049**	**12,237**	**12,609**	**12,313**	**14,687**	**14,388**	**14,184**	**47,680**	**55,572**	**16,098**	-9
EBITDA Margins (%)	27.9	26.3	24.9	24.7	25.1	24.9	25.3	25.2	25.8	25.1	26.7	
Recurring PAT	**10,880**	**10,099**	**10,562**	**11,251**	**13,065**	**12,080**	**12,025**	**11,676**	**42,793**	**48,846**	**13,251**	-9
Growth (%)	19.1	7.6	15.6	14.4	20.1	19.6	13.8	3.8	14.1	30.3	31.2	

VECV: Quarterly performance

(INR m)	FY25				FY26E				FY25	FY26E		
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	VAR (%)
Total CV Volumes	**19,702**	**20,774**	**21,010**	**28,675**	**21,610**	**21,901**	**23,321**	**31,164**	**90,161**	**97,996**	**21,901**	0
Growth (%)	0.7	6.3	1.5	11.4	9.7	5.4	11.0	8.7	5.4	14.5	5.4	
Net Realn (INR '000/unit)	2,573	2,666	2,761	2,490	2,624	2,788	2,678	2,641	2,612	2,679	2,679	4
Change - YoY (%)	1.1	1.7	4.3	2.0	2.0	4.6	-3.0	6.1	2.2	4.8	0.5	
Net Op. Income	**50,700**	**55,380**	**58,010**	**71,392**	**56,711**	**61,058**	**62,459**	**82,307**	**2,35,482**	**2,62,535**	**58,676**	4
Growth (%)	1.8	8.0	5.8	13.7	11.9	10.3	7.7	15.3	34.6	50.1	6.0	
EBITDA	**3,850**	**3,950**	**5,090**	**7,339**	**5,108**	**4,791**	**5,593**	**9,139**	**20,228**	**24,631**	**5,125**	-7
EBITDA Margins (%)	7.6	7.1	8.8	10.3	9.0	7.8	9.0	11.1	8.6	9.4	8.7	
Recurring PAT	**2,307**	**2,090**	**3,010**	**4,559**	**2,890**	**2,490**	**3,269**	**5,980**	**12,864**	**14,630**	**2,947**	-16
Growth (%)	27.4	11.8	42.6	86.9	25.3	19.1	8.6	31.2	56.3	77.8	41.0	

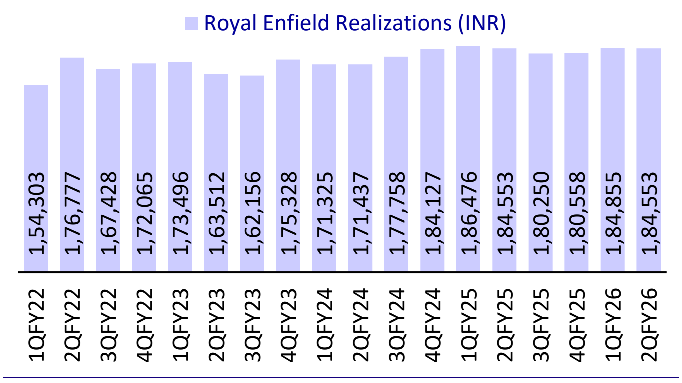
E: MOFSL Estimates

Exhibit 1: Volume trend for RE



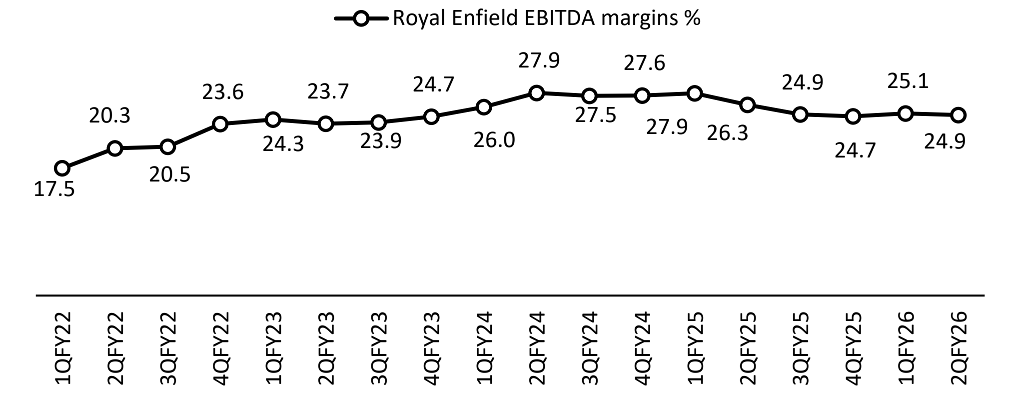
Source: Company, MOFSL

Exhibit 2: Realization trend for RE



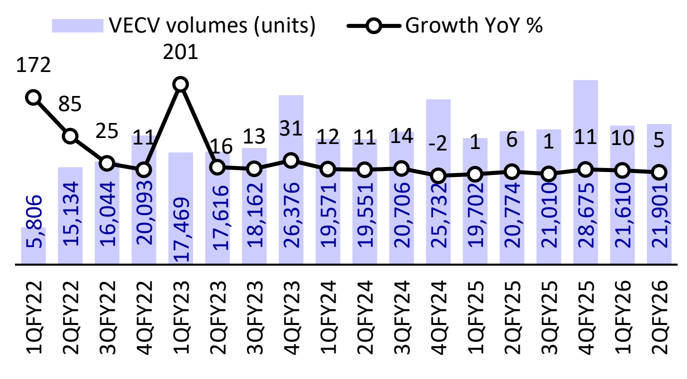
Source: Company, MOFSL

Exhibit 3: EBITDA margin trend for RE



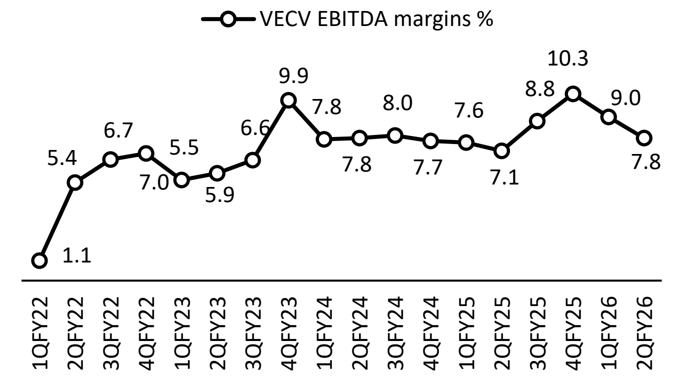
Source: Company, MOFSL

Exhibit 4: Volume growth trend for VECV



Source: Company, MOFSL

Exhibit 5: EBITDA margin trend for VECV



Source: Company, MOFSL

Exhibit 6: VECV – Product mix

	2QFY26	2QFY25	YoY (%)	1QFY25	QoQ (%)
L&MD - Trucks (Dom)	10,810	9,943	8.7	11,894	-9.1
% of total CV volumes	49	48		41	
HD - Trucks (Dom)	5,381	5,155	4.4	6,555	-17.9
% of total CV volumes	25	25		23	
Total Dom. Trucks	16,191	15,098	7.2	18,449	-12.2
% of total CV volumes	74	73		64	
Buses (Dom)	3,202	3,821	-16.2	7,600	-57.9
% of total CV volumes	15	18		27	
Total Domestic	19,393	18,919	2.5	26,048	-25.5
% of total CV volumes	89	91		91	
Total Exports	1,823	1,130	61.3	1,993	-8.5
% of total CV volumes	8	5		7	
Total ETB	21,216	20,049	5.8	28,041	-24.3
% of total CV volumes	97	97		98	
Volvo Truck India (units)	685	725	-5.5	634	8.0
% of total CV volumes	3	3		2	
Total CV Volumes	**21,901**	**20,774**	5.4	**28,675**	-23.6

Source: Company, MOFSL

Key takeaways from the management commentary

Royal Enfield update

Product Launches

- Royal Enfield launched three product refreshes in 2Q, including a refreshed Meteor 350, which is now available in four variants and seven new colors. A new Graphite Grey Hunter 350 and Shadow Ash Guerrilla 450 were also introduced.
- The Meteor 350 saw strong demand following the introduction of new colors in September, contributing to a 30% YoY growth.
- The Hunter 350 saw a healthy 41% YoY growth, while the Classic 350 grew 24.5% YoY in 2Q, supported by a targeted campaign.
- The Bullet 350 (Battalion Black) continued to see strong demand and saw a 70% YoY growth in 2Q.

Domestic Demand

- Royal Enfield holds a dominant 84% market share in the mid-size motorcycle segment.
- Retail sales grew strongly during the festive season, with a total of over 249k units sold. The South and East regions have performed particularly well in 2Q.
- Post-GST, demand has remained strong, particularly in the 350cc+ segment, with 350cc models.
- The GST reform has also made the 350cc motorcycles more accessible and increased inquiries and bookings, resulting in improved conversion rates, which have increased from 20% to 30%.
- The retail demand was strong in Oct'25 due to the festive season, and has held up in Nov as well. This has led to a decline in inventory, which would need replenishment, further aiding wholesale volumes in the coming months.
- After the GST rate hike in the >350cc segment, its 450cc is seeing much slower demand, while its 650cc is showing initial signs of picking up. Apart from the price hikes, the slowdown in these models is also a function of the strong pre-buy that these models saw before the GST rate hike.

Exports

- Exports saw significant growth in 2Q, with a 49% YoY increase. Retail sales were higher than wholesale volumes, indicating strong demand in key export markets.
- The company maintains its leadership in SAARC markets, ranked No. 2 in key regions such as the UK, Argentina, Thailand, and Korea, and is ranked No. 3 in Brazil and Australia, and No. 4 in the EU.
- Brazil continues to perform well, and Royal Enfield is looking to invest in a new facility to further strengthen its presence in the region.
- The company is also planning to set up a subsidiary in Germany to cater to the EU demand.

Margins

- Input cost inflation for 2Q stood at 40bp, which was offset by the price hike they took
- Other expenses were higher during 2Q due to higher marketing spend for brand building, community engagement, and market activations, which are expected to continue going forward.

Capacity expansion

- Royal Enfield has increased its production capacity to 1.3-1.35m units per annum from earlier 1.2m by debottlenecking its facilities. Further, an additional module capacity is expected to come online by 1QFY27, increasing the installed capacity without the need for major capex, as they have additional space in the existing Cheyyar plant.

VECV update

2Q results

- VECV EBITDA margin improved 70bp YoY to 8% for 2Q
- VECV is now the market leader in LMD trucks with 34.8% market share
- Parts business posted 12% YoY growth in 2Q
- Eicher signed a Memorandum of Understanding (MOU) with Tata Power and Jio-BP Pulse to provide access to 6,000+ public chargers for its Eicher EV trucks, further enhancing the support for the EV infrastructure.

Product portfolio

- Eicher launched the Eicher Pro+, which includes an AC cabin and an upgrade to the load-carrying capacity in the light and medium-duty truck segment.
- VECV is one of the market leaders in the CNG segment, with presence in both the cargo and passenger segments within the light and medium duty range.
- In the EV space, VECV has launched the Pro X range to cater to the 2-3.5T cargo segment. In the EV bus space, VECV has a 9-meter bus and a 12-meter bus, where it plans to participate in the new PM e-drive tender expected to open soon.
- The company is also working on electric models for the tippers and for the tractor-trailers.

Domestic demand

- All segments, except for MHCV cargo, are experiencing growth.
- The GST rate cut is expected to support demand by increasing consumption and facilitating the movement of goods across regions. The company expects HCV demand to pick up in H2.

- Lower interest rates and inflation are also expected to support growth in the domestic CV market.

Capex

- VECV announced an INR5.4b investment for the assembly and production of Volvo Group's state-of-the-art 12-speed automated manual transmission. This is the 2nd such project of the Volvo group in India, post the engine sourcing. The locally produced transmissions will be exported to Asia and Oceania.

Valuation and view

The robust domestic volume growth for RE in FY26 so far has largely been a function of GST rate cut benefits. However, demand seems to have now normalized post an initial surge in pent-up demand. Further, we understand that RE had plans to launch multiple models on the 450cc Sherpa platform, which would now need to be recalibrated given that this segment has seen GST rates rise to 43%. Further, we expect exports to remain a growth driver and factor in a 21% volume CAGR in exports over FY25-28E. Further, given that management would continue to focus on "growth" over "profitability," it would mean that margin upside is likely to be capped from here on. We factor in RE to post a 14%/14%/12% revenue/EBITDA/PAT CAGR over FY25-28E. Given the expected slower earnings growth, we see no reason for the stock to trade at premium valuations. **We reiterate our Sell rating** with a TP of INR5,846. We value RE at 26x Sep-27E EPS and VECV at 11x EV EBITDA.

Exhibit 7: Our revised estimates

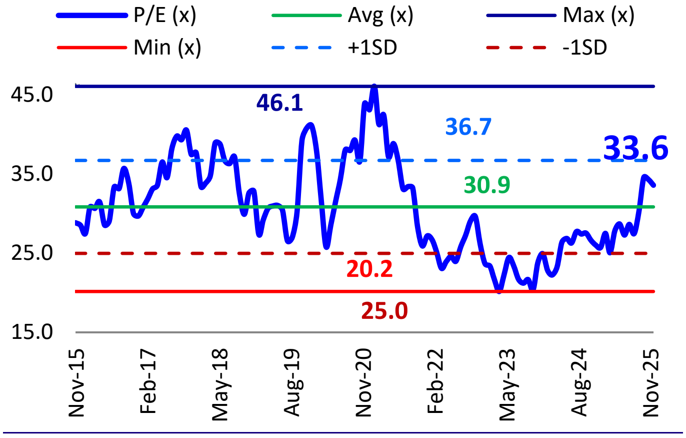
(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Standalone (RE)						
Volumes (units)	12,02,854	12,02,854	-	13,29,943	13,29,943	-
Net Sales	2,21,176	2,21,176	-	2,47,596	2,47,596	-
EBITDA	55,572	58,050	(4.3)	62,114	65,826	(5.6)
EBITDA (%)	25.1	26.2	-110bp	25.1	26.6	-150bp
Net Profit	48,846	50,571	(3.4)	54,150	57,599	(6.0)
EPS (INR)	**178**	**184**	**(3.4)**	**197**	**210**	**(6.0)**
VECV						
Volumes (units)	97,996	98,233	(0.2)	1,06,401	1,04,889	1.4
Net Sales	2,62,535	2,59,383	1.2	2,88,735	2,81,626	2.5
EBITDA	24,631	25,976	(5.2)	27,111	25,069	8.1
EBITDA (%)	9.4	10.0	-60bp	9.4	8.9	50bp
EPS (INR)	**29.0**	**31.6**	**(8.2)**	**32.0**	**30.9**	**3.7**
Consol EPS (INR)	**193.1**	**192.1**	**0.5**	**215.7**	**213.0**	**1.3**

Exhibit 8: Our SoTP valuation – INR5,846 (Sep'27-based)

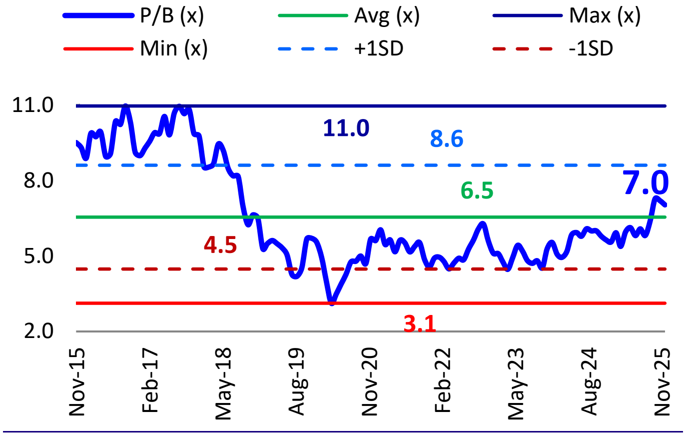
INR m		FY26E	FY27E	FY28E
Royal Enfield	**PE (x)**	**26**	**26**	**26**
PAT		44,991	50,374	57,236
Equity Value	PE @ 26x	11,69,756	13,09,716	14,88,131
VECV (@ 54.4% Economic interest)			11	11
EBITDA		13,399	14,748	16,411
EV	@ 11x EV/EBITDA	1,47,390	1,62,233	1,80,516
Net Debt		-22,370	-28,860	-36,583
Equity Value		1,69,760	1,91,093	2,17,099
Total Equity Value		**13,39,516**	**15,00,809**	**17,05,231**
Target Price (INR/Sh)		**4,885**	**5,473**	**6,219**

Source: Company, MOFSL

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



Source: MOFSL



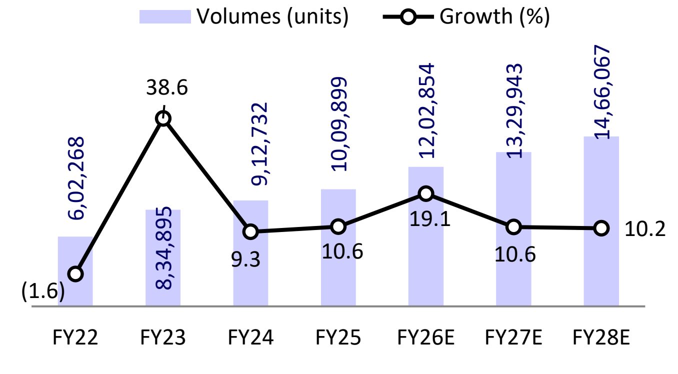
Source: MOFSL

Snapshot of Revenue Model

000 units	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
ROYAL ENFIELD (S/A)							
Total 2W (units)	**602**	**835**	**913**	**1,010**	**1,203**	**1,330**	**1,466**
Growth (%)	-1.6	38.6	9.3	10.6	19.1	10.6	10.2
Net realn (INR'000/unit)	**166**	**166**	**173**	**180**	**181**	**183**	**185**
Growth (%)	18.4	0.3	4.3	3.6	0.8	1.2	1.2
RE Revenues (INR b)	101	141	161	185	221	248	276
Growth (%)	17.4	39.0	14.3	14.8	19.9	11.9	11.6
VECV							
Dom - LMD	36	54	58	61	65	71	77
Growth (%)	33.0	47.6	7.4	4.6	7.7	8.6	8.7
Dom - HCV	11	19	22	22	22	24	26
Growth (%)	41.3	74.0	13.5	2.4	2.0	7.0	7.0
Total Dom.	**47**	**73**	**79**	**83**	**88**	**95**	**103**
Growth (%)	34.8	53.6	9.0	4.0	6.2	8.2	8.2
% of CV Vols	84.9	93.7	95.5	94.1	91.7	91.6	91.4
Exports	8	5	4	5	8	9	10
Growth (%)	67.7	-41.5	-24.6	39.2	52.1	10.5	10.5
Total CV vols	**56**	**78**	**83**	**88**	**96**	**104**	**112**
Growth (%)	38.9	39.3	6.9	5.6	8.9	8.4	8.4
Net realn (INR'000/unit)	**2,229**	**2,380**	**2,556**	**2,612**	**2,679**	**2,714**	**2,749**
Growth (%)	6	7	7	2	3	1	1
VECV Revenues (INR b)	127	190	219	235	263	289	318
Growth (%)	46.7	48.9	15.4	7.7	11.5	10.0	10.0
Net Consol sales (INR b)	**103**	**144**	**165**	**189**	**226**	**253**	**282**
Growth (%)	18.1	40.2	14.5	14.1	19.9	11.9	11.6

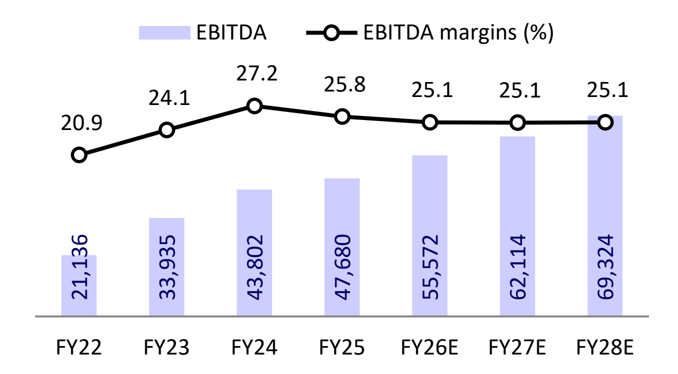
Story in charts

Exhibit 10: Volume and growth trends for RE



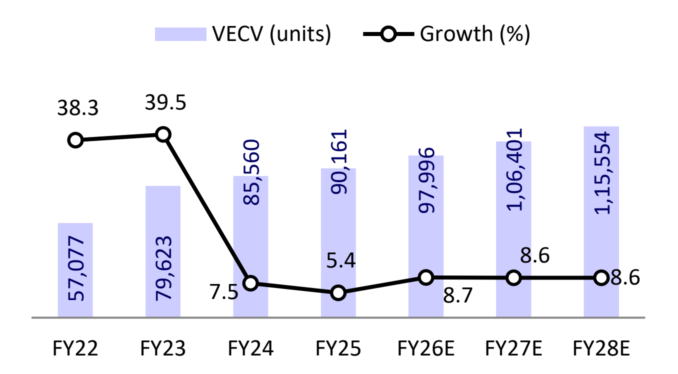
Source: Company, MOFSL

Exhibit 11: EBITDA and EBITDA margin trends for RE



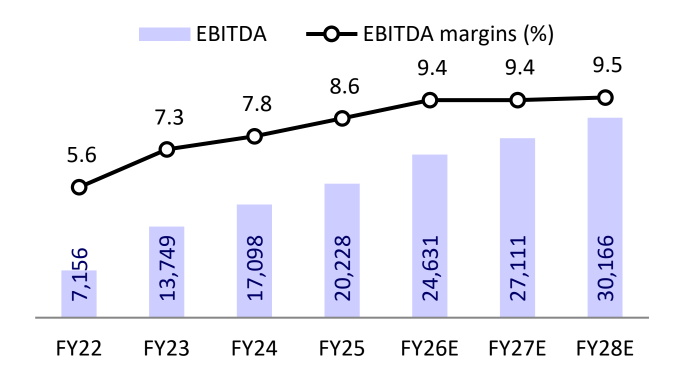
Source: Company, MOFSL

Exhibit 12: Volume growth trajectory for VECV



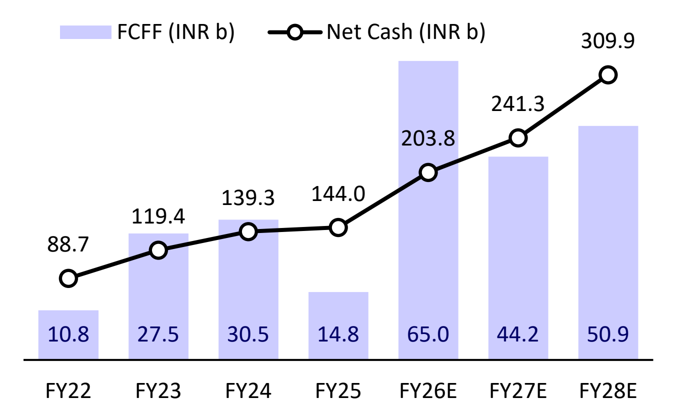
Source: Company, MOFSL

Exhibit 13: EBITDA and EBITDA margin for VECV



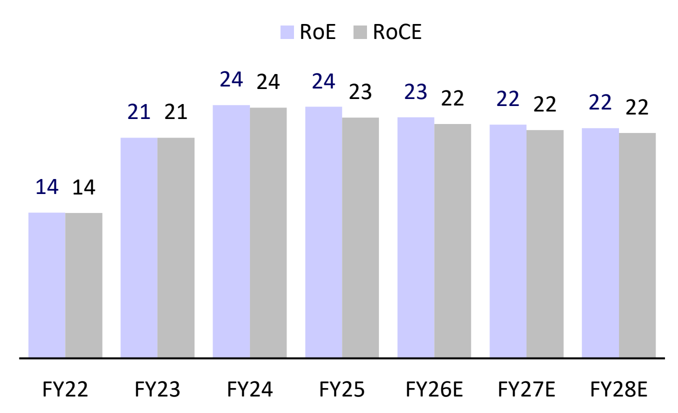
Source: Company, MOFSL

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



Source: Company, MOFSL

Exhibit 15: Return ratios to stabilize



Source: Company, MOFSL

Financials and valuations

Income Statement (Consolidated)							(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Net Op. Income	**1,02,978**	**1,44,422**	**1,65,358**	**1,88,704**	**2,26,166**	**2,53,181**	**2,82,468**
Change (%)	18.1	40.2	14.5	14.1	19.9	11.9	11.6
EBITDA	**21,723**	**34,436**	**43,269**	**47,120**	**55,092**	**61,399**	**69,254**
EBITDA Margin (%)	21.4	23.8	26.2	25.0	24.4	24.3	24.5
Depreciation	4,519	5,262	5,976	7,293	8,077	8,473	9,112
EBIT	**17,203**	**29,174**	**37,293**	**39,827**	**47,015**	**52,926**	**60,142**
Interest cost	188	280	509	543	700	610	520
Other Income	4,408	5,951	10,759	13,049	14,075	15,300	17,205
PBT	**21,424**	**34,845**	**47,543**	**52,333**	**60,390**	**67,616**	**76,827**
Tax	5,259	8,857	12,010	11,986	15,399	17,242	19,591
Effective Rate (%)	24.5	25.4	25.3	22.9	25.5	25.5	25.5
PAT	**16,165**	**25,988**	**35,533**	**40,346**	**44,991**	**50,374**	**57,236**
Change (%)	18.5	60.8	36.7	13.5	11.5	12.0	13.6
Less: Minority Interest	-602	-3,152	-4,477	-6,998	-7,959	-8,783	-9,955
Adj. PAT	**16,766**	**29,139**	**40,010**	**47,344**	**52,949**	**59,157**	**67,191**
Change (%)	21.2	73.8	37.3	18.3	11.8	11.7	13.6

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	2,45,897	2,82,570	3,27,276
Net Worth	**1,26,080**	**1,49,903**	**1,80,455**	**2,12,965**	**2,46,172**	**2,82,844**	**3,27,550**
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
Capital Employed	**1,28,869**	**1,54,773**	**1,89,132**	**2,22,476**	**2,55,224**	**2,91,485**	**3,35,820**
Application of Funds							
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	43,095	51,568	60,680
Net Fixed Assets	**24,243**	**26,899**	**29,144**	**34,735**	**38,657**	**42,184**	**45,072**
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
Investments	**77,206**	**1,23,207**	**1,53,831**	**1,68,613**	**1,91,113**	**2,18,113**	**2,45,113**
Curr.Assets, L & Adv.	**55,514**	**37,149**	**42,626**	**63,482**	**80,023**	**92,861**	**1,15,012**
Inventory	11,324	12,784	14,096	15,638	18,742	20,981	23,408
Sundry Debtors	3,020	3,689	3,738	5,496	6,588	7,374	8,228
Cash & Bank Balances	505	888	1,072	2,190	6,562	10,627	23,264
Loans & Advances	33,487	13,573	5,160	4,900	5,873	6,574	7,335
Others	7,177	6,215	18,560	35,258	42,258	47,305	52,777
Current Liab. & Prov.	**33,141**	**37,204**	**42,019**	**49,268**	**59,483**	**66,588**	**74,291**
Sundry Creditors	17,881	18,104	20,901	25,298	30,320	33,941	37,868
Other Liabilities	13,362	16,520	18,372	20,794	24,922	27,899	31,126
Provisions	1,898	2,579	2,746	3,177	4,242	4,748	5,298
Net Current Assets	**22,373**	**-54**	**607**	**14,213**	**20,539**	**26,273**	**40,720**
Application of Funds	**1,28,869**	**1,54,772**	**1,89,133**	**2,22,476**	**2,55,224**	**2,91,485**	**3,35,820**

E: MOFSL Estimates

Financials and valuations

Ratios (Consolidated)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	**61.3**	**106.5**	**146.3**	**172.7**	**193.1**	**215.7**	**245.0**
EPS Growth (%)	21.1	73.7	37.3	18.0	11.8	11.7	13.6
Book Value per Share	461	548	660	777	898	1,032	1,195
DPS	21.0	37.0	51.0	70.0	72.0	82.0	82.0
Payout (Incl. Div. Tax) %	34.2	34.7	34.9	40.5	37.3	38.0	33.5
Valuation (x)							
P/E	111.4	64.1	46.7	39.6	35.4	31.7	27.9
EV/EBITDA	71.1	42.2	32.6	29.5	24.2	21.2	18.2
EV/Sales	10.4	7.2	6.2	5.5	4.6	4.0	3.5
Price to Book Value	14.8	12.5	10.4	8.8	7.6	6.6	5.7
Dividend Yield (%)	0.3	0.5	0.7	1.0	1.1	1.2	1.2
Profitability Ratios (%)							
RoE	13.9	21.1	24.2	24.1	23.1	22.4	22.0
RoCE	13.9	21.1	24.0	23.1	22.4	21.8	21.6
RoIC	22.2	66.9	114.3	95.7	82.4	83.2	86.8
Turnover Ratios							
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	0.8
Leverage Ratio							
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	68,349	76,399	86,781
Depreciation	4,519	5,262	5,976	7,293	8,077	8,473	9,112
Direct Taxes Paid	-5,136	-7,703	-10,678	-10,802	-15,399	-17,242	-19,591
(Inc)/Dec in Working Capital	-1,503	657	3,880	2,110	827	596	646
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	-2,080	-1,655	-1,936
CF from Oper. Activity	**15,270**	**28,227**	**37,237**	**39,799**	**53,698**	**59,371**	**66,013**
(Inc)/Dec in FA+CWIP	-6,387	-6,737	-8,144	-10,285	-12,000	-12,000	-12,000
Free Cash Flow	**8,883**	**21,490**	**29,094**	**29,515**	**41,698**	**47,371**	**54,013**
(Pur)/Sale of Invest.	-3,446	-17,231	-20,196	-14,322	-16,425	-19,800	-18,000
CF from Inv. Activity	**-9,833**	**-23,968**	**-28,339**	**-24,607**	**-28,425**	**-31,800**	**-30,000**
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	-22,484	-22,484
CF from Fin. Activity	**-5,934**	**-4,174**	**-8,444**	**-13,987**	**-20,901**	**-23,507**	**-23,375**
Inc/(Dec) in Cash	**-496**	**84**	**454**	**1,206**	**4,373**	**4,064**	**12,638**
Add: Beginning Balance	941	445	530	984	2,190	6,562	10,627
Closing Balance	**445**	**530**	**984**	**2,190**	**6,562**	**10,627**	**23,264**

E: MOFSL Estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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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, 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.

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