

Estimate change	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	AL IN
Equity Shares (m)	5873
M.Cap.(INRb)/(USDb)	716.3 / 8.2
52-Week Range (INR)	132 / 95
1, 6, 12 Rel. Per (%)	-2/7/-3
12M Avg Val (INR M)	1728

#### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	387.5	405.3	447.4
EBITDA	49.3	51.4	58.9
Adj. PAT	32.2	33.9	39.5
Adj. EPS (INR)	5.5	5.8	6.7
EPS Gr. (%)	20.2	5.0	16.8
BV/Sh. (INR)	19.6	22.1	25.1
<b>Ratios</b>			
RoE (%)	31.7	27.6	28.5
ROCE (%)	25.4	23.3	24.4
Payout (%)	56.9	56.4	55.7
<b>Valuations</b>			
P/E (x)	22.2	21.2	18.1
P/BV (x)	6.2	5.5	4.9
EV/EBITDA (x)	13.7	12.6	10.6
Div. Yield (%)	2.6	2.7	3.1

#### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	51.1	51.1	51.1
DII	13.8	14.0	14.1
FII	24.5	24.1	22.7
Others	10.6	10.8	12.2

FII includes depository receipts

## CMP: INR122 TP: INR141 (+16%) Buy

### Improved mix drives margin expansion

#### Finance arm gets RBI approval for reverse merger

- Ashok Leyland's (AL) 1Q PAT stood at INR5.9b, marginally ahead of our estimate of INR5.8b, led by a slight beat on margins (30bp) and higher other income. Its margins expanded 50bp YoY to 11.1% despite subdued demand, led by a healthy non-CV mix in 1Q.
- Over the years, AL has effectively reduced its business cyclicity by focusing on non-MHCV segments. Its continued emphasis on margin expansion is expected to support stronger 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 INR141 (based on 11x June27E EV/EBITDA + ~INR10/sh for NBFC).**

### Improved mix drives margin expansion

- AL revenue grew 1.5% YoY (in line with our estimates) to INR 87.2b, led by marginal growth in both volume and blended ASP.
- Despite subdued volumes, EBITDA margin expanded 50bp YoY to 11.1% and was slightly ahead of our estimate of 10.8%.
- EBITDA margin was supported by a favorable shift in the mix, driven by higher non-CV sales, with spare parts growing 8% YoY and the power solutions business growing 29% YoY. Within the CV segment, the mix improved with an increase in MAV sales, while exports also recorded strong growth of 29% YoY.
- As a result, EBITDA grew 6% YoY to INR 9.7b, largely in line with our estimate.
- Overall, PAT grew 13% YoY to INR5.9b, marginally ahead of our estimate of INR5.8b.
- AL has undergone significant deleveraging over the past 12 months, moving to a net cash position of INR8b, compared to a net debt of INR12b previously.

### Highlights from the management commentary

- Management expects the MHCV industry to post mid-single-digit growth in FY26, while the LCV segment is expected to grow at a slightly higher rate.
- Backed by a healthy order backlog, management remains confident of achieving double-digit growth in the defense segment in FY26 and sustaining the momentum into FY27.
- Exports grew 29% YoY in 1Q, and management expects this momentum to continue in the coming quarters.
- Switch India reported a positive PBT in 1QFY26 and is targeting PAT breakeven in FY26E. As of the end of 1Q, it had an order backlog of over 1,500 buses.
- Hinduja Leyland Finance Ltd. (HLFL) has received RBI approval for its merger with NxT Digital, with remaining statutory and regulatory approvals still in process. According to management, the HLFL listing is likely to take at least 3-4 quarters.

### Valuation and view

- Over the years, AL has effectively reduced its business cyclicity by focusing on non-MHCV segments. Its continued emphasis on margin expansion is expected to support strong 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 INR141 (based on 11x June27E EV/EBITDA + ~INR10/sh for NBFC).**

#### Qty Performance (S/A)

									(INR M)			
	FY25				FY26E				FY25	FY26	1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Total Volumes (nos)	43,893	45,624	46,404	59,176	44,238	47,905	47,796	60,363	195,097	200,302	44,238	0.0
Growth %	6.2	-8.5	-1.4	5.1	0.8	5.0	3.0	2.0	0.3	3.0	0.8	
Realizations (INR '000)	1,959	1,922	2,043	2,012	1,972	1,980	2,083	2,049	1,986	2,024	1,988	-0.8
Change (%)	-1.1	-0.6	3.7	0.6	0.7	3.0	2.0	1.8	0.7	2.6	1.5	
<b>Net operating revenues</b>	<b>85,985</b>	<b>87,688</b>	<b>94,787</b>	<b>119,067</b>	<b>87,245</b>	<b>94,835</b>	<b>99,583</b>	<b>123,686</b>	<b>387,527</b>	<b>405,348</b>	<b>87,961</b>	<b>-0.8</b>
Change (%)	5.0	-9.0	2.2	5.7	1.5	8.1	5.1	3.9	1.0	5.7	2.3	
RM/sales %	72.2	71.2	71.5	70.6	70.6	71.0	71.0	72.2	71.3	71.3	71.5	
Staff/sales %	6.4	6.8	6.4	5.5	7.0	6.7	6.5	5.1	6.2	6.2	6.6	
Other exp/sales %	10.9	10.4	9.4	8.9	11.2	10.5	9.6	8.4	9.8	9.8	11.1	
<b>EBITDA</b>	<b>9,109</b>	<b>10,173</b>	<b>12,114</b>	<b>17,910</b>	<b>9,696</b>	<b>11,191</b>	<b>12,846</b>	<b>17,643</b>	<b>49,306</b>	<b>51,376</b>	<b>9,500</b>	<b>2.1</b>
EBITDA Margins(%)	10.6	11.6	12.8	15.0	11.1	11.8	12.9	14.3	12.7	12.7	10.8	30bp
Interest	591	607	501	471	419	350	310	249	2,169	1,327	380	
Other Income	223	973	247	1,059	529	700	300	1,012	2,503	2,540	350	51.0
Depreciation	1,727	1,754	1,923	1,789	1,828	1,850	1,880	1,891	7,193	7,449	1,750	
<b>PBT before EO Item</b>	<b>7,014</b>	<b>8,785</b>	<b>9,938</b>	<b>16,709</b>	<b>7,977</b>	<b>9,691</b>	<b>10,956</b>	<b>16,515</b>	<b>42,446</b>	<b>45,139</b>	<b>7,720</b>	<b>3.3</b>
EO Exp/(Inc)	0	-1,174	0	137	0	0	0	0	-1,037	0	0	
<b>PBT after EO</b>	<b>7,014</b>	<b>9,958</b>	<b>9,938</b>	<b>16,573</b>	<b>7,977</b>	<b>9,691</b>	<b>10,956</b>	<b>16,515</b>	<b>43,483</b>	<b>45,139</b>	<b>7,720</b>	
Effective Tax Rate (%)	25.1	22.7	23.3	24.8	25.6	25.5	24.0	25.1	24.0	25.0	25.5	
<b>Adj PAT</b>	<b>5,256</b>	<b>6,933</b>	<b>7,617</b>	<b>12,562</b>	<b>5,937</b>	<b>7,219</b>	<b>8,327</b>	<b>12,371</b>	<b>32,355</b>	<b>33,854</b>	<b>5,751</b>	<b>3.2</b>
Change (%)	-8.9	20.2	31.2	32.4	13.0	4.1	9.3	-1.5	20.6	4.6	9.4	

E: MOFSL Estimates

#### Key Performance Indicators

Y/E March	FY25				FY26E				FY25	FY26E	1QE
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
M&HCV	27,885	28,180	30,058	39,908	28,071	27,428	28,755	30,082	126,031	126,031	28071
Dom. M&HCV Mkt sh (%)	30.7	31.1	29.6	31.3	30.7				30.7		
LCV	16,008	17,444	16,346	19,268	16,167	16,810	15,483	14,599	69,066	69,066	16167
Dom. LCV Mkt sh (%)	11.1	12.0	10.4	11.2	11.2				6.2		
<b>Total Volumes (nos)</b>	<b>43,893</b>	<b>45,624</b>	<b>46,404</b>	<b>59,176</b>	<b>44,238</b>	<b>47,905</b>	<b>47,796</b>	<b>60,363</b>	<b>195,097</b>	<b>195,097</b>	<b>44238</b>
AL's CV Market Sh (%)	18.3	18.9	18.0	20.2	19.8						
Realizations (INR '000)	1,959	1,922	2,043	2,012	1,972	1,980	2,083	2,049	1,986	2,024	1988
Growth %	-1.1	-0.6	3.7	0.6	0.7	3.0	2.0	1.8	42.4	45.1	1
<b>Cost Break-up</b>											
RM Cost (% of sales)	72.2	71.2	71.5	70.6	70.6	71.0	71.0	72.2	71.3	71.3	71.5
Staff Cost (% of sales)	6.4	6.8	6.4	5.5	7.0	6.7	6.5	5.1	6.2	6.2	6.6
Other Cost (% of sales)	10.9	10.4	9.4	8.9	11.2	10.5	9.6	8.4	9.8	9.8	11.1
<b>Gross Margin (%)</b>	<b>27.8</b>	<b>28.8</b>	<b>28.5</b>	<b>29.4</b>	<b>29.4</b>	<b>29.0</b>	<b>29.0</b>	<b>27.8</b>	<b>28.7</b>	<b>28.7</b>	<b>28.5</b>
<b>EBITDA Margins (%)</b>	<b>10.6</b>	<b>11.6</b>	<b>12.8</b>	<b>15.0</b>	<b>11.1</b>	<b>11.8</b>	<b>12.9</b>	<b>14.3</b>	<b>12.7</b>	<b>12.7</b>	<b>10.8</b>
EBIT Margins (%)	8.6	9.6	10.8	13.5	9.0	9.8	11.0	12.7	10.9	10.8	8.8

E:MOFSL Estimates



## Key takeaways from the management commentary

### Outlook

- Management expects the domestic MHCV truck market to grow in 2Q, albeit over a low base of FY26. Further, given positive lead indicators (healthy fleet utilization levels, rising freight rates, reduction in interest rates and an ever ageing fleet), management is hopeful of a pick-up in demand during the festive season.
- Management expects the MHCV industry to post mid-single-digit growth for FY26, and LCVs a bit higher than that.

### 1Q key highlights

- AL's market share in MHCV goods has improved 130bp YoY to 31.3% in 1Q. Moreover, its share in the up to 7.5T LCV segment rose 120bp YoY to 12.9%, according to Vahan.
- In 1Q, the company added 23 MHCV dealers and 13 LCV dealers, largely in North and Central regions where it intends to ramp up its presence. With this, the total dealer count for MHCV stands at 1,073, and the same for LCVs stands at 851. AL targets to cross 2k total touchpoints by FY26-end.
- In servicing, AL is now ranked No. 1, and holds No. 2 position in customer and sales satisfaction survey.

### Update on new launches

- Management indicated that it is preparing to launch a slew of new products in both MHCVs and LCVs. It is looking to launch 280, 320, and 360 HP variants in tippers, tractor trailers, and MAVs. Management expects to launch higher HP trucks that will feature the highest power and highest torque in the category. It will target to launch the same at a premium price position.
- It is also planning to launch its first LNG based CV soon.
- It will also launch 13.5mtr and 15mtr buses with a unique value proposition in the coming quarters.
- It will also unveil its first bio fuel product in the LCV range.

### Update on defense

- 1QFY26 was an aberration due to the very high base of last year, with defense revenue at INR1.2b vs INR4b YoY.
- It already has orders worth INR10b and has won tenders worth INR20b.
- Hence, management remains confident that despite the decline in 1Q, the defense segment is expected to post double-digit growth in FY26 and sustain its momentum in FY27.

### Capacity and utilization levels

- Capacity utilization stands at 75% for AL.
- Its bus body building capacity now stands at 950 units per month, which will increase to 1,650 units per month. They are seeing a higher demand for fully built vehicles now
- Its new plant in AP was inaugurated in 4QFY25 and has an initial capacity of 200 units per month.
- Further, its upcoming and most modern plant in Lucknow is expected to SOP in 3QFY26.
- It is also looking to enhance its bus capacity at the Trichy and Alwar plants.

### Update on exports

- Export volumes in 1QFY26 grew 29% YoY to 3,011 units, marking one of the strongest quarterly performances in recent years.
- The GCC region posted a strong 60% YoY growth in 1Q.
- However, demand from Bangladesh, SAARC, and Africa was below expectations in 1Q due to adverse macro factors.
- Management highlighted ongoing efforts to diversify the export base by entering newer geographies and strengthening dealer networks in under-penetrated regions.
- Management expects its exports momentum to continue in the coming quarters.

### Update on Switch

- Switch India reported positive PBT in 1QFY26, marking a key milestone in its path toward sustainable profitability. It targets to achieve PAT breakeven in FY26.
- Switch India had an order backlog of 1,500+ buses as of 1Q-end
- The shutdown of Switch UK operations at its Sherburn facility will be completed by early Q3FY26. Production will be shifted to other global facilities.

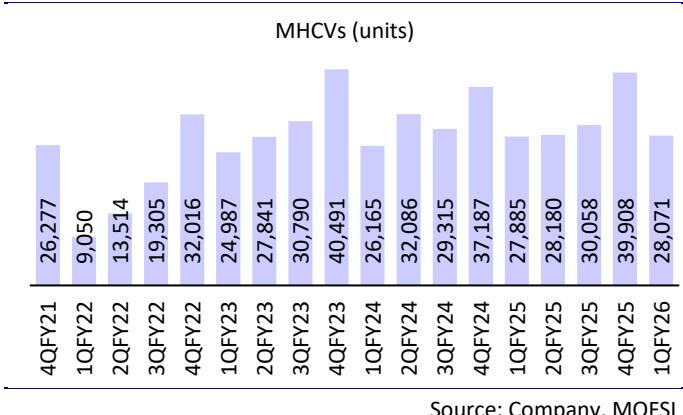
### Update on OHM Mobility

- OHM Mobility is currently operating more than 850 buses at 98% utilization levels. It has further added 200 buses in 1Q, and is on track to achieve its target of 2,500 buses by FY26E.
- Most of its projects are at healthy double-digit IRR.
- AI has invested INR3b in this subsidiary in 1Q. It had invested INR3b in FY25. These investments are sufficient to take care of OHM's requirements for FY26E.
- Post this, the company may consider alternate funding options for OHM, including unlocking value.

### Update on Hinduja Leyland Finance

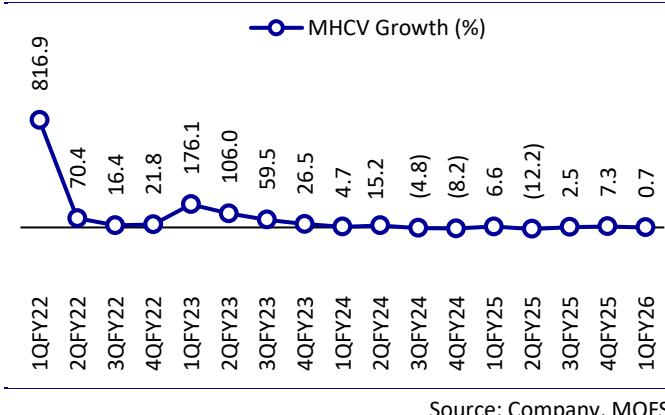
- HLFL reported an AUM of INR504b as of 1QFY26.
- Total Income in 1Q stood at INR18.6b and PAT stood at INR1.6b for 1Q.
- Its NNPA stands at 1.63%, and capital adequacy is at 18.2%
- HLFL has received an RBI approval for its merger with NxT Digital, with the remaining statutory and regulatory approvals already in process. According to management, HLFL listing is likely to take at least 3-4 quarters.

**Exhibit 1: M&HCV sales trend**



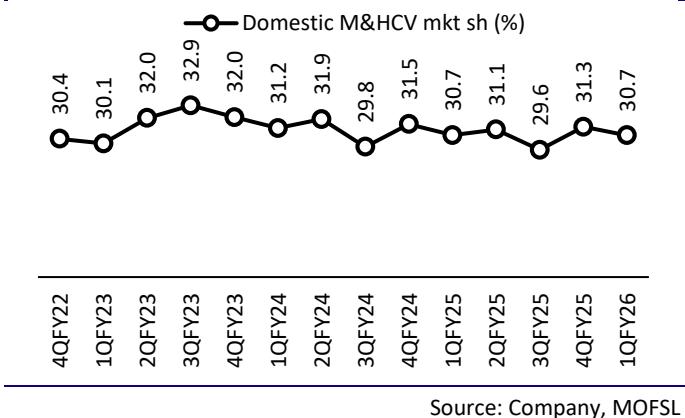
Source: Company, MOFSL

**Exhibit 2: Growth trend in M&HCV**



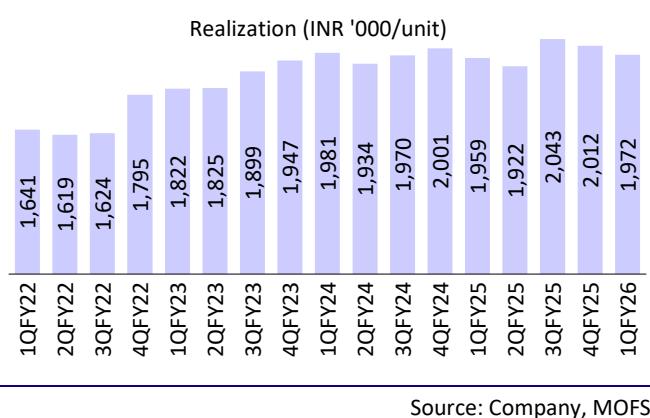
Source: Company, MOFSL

Exhibit 3: Domestic M&amp;HCV market share trend



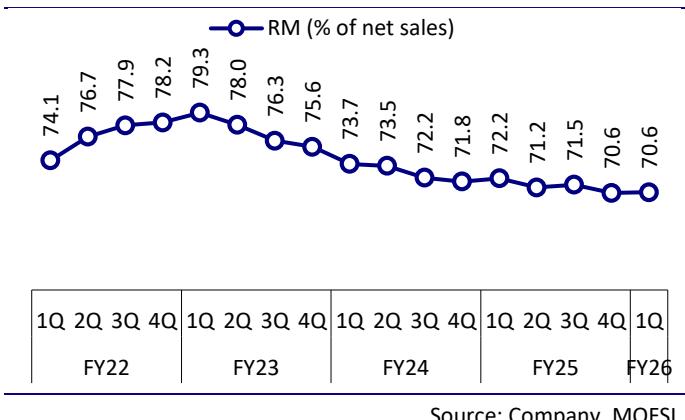
Source: Company, MOFSL

Exhibit 4: Realization trend



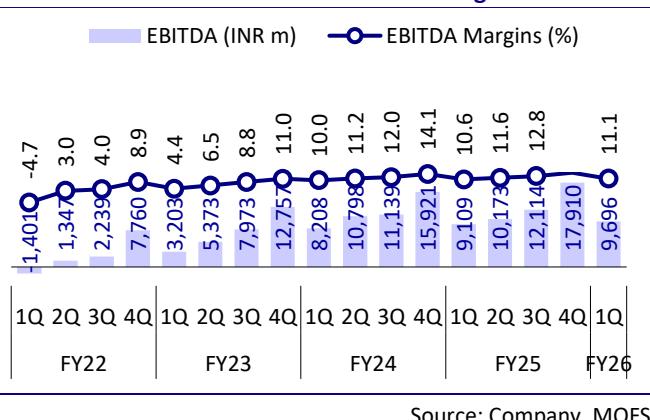
Source: Company, MOFSL

Exhibit 5: Trend in RM costs



Source: Company, MOFSL

Exhibit 6: Trends in EBITDA and EBITDA margin



Source: Company, MOFSL

### Valuation and view

- **Focus on reducing business cyclicity:** Over the years, AL has effectively reduced its business cyclicity by focusing on non-MHCV segments, such as LCV (11% of sales), Spares (9%), Exports (5%), 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 4) the potential to significantly scale up its defense business, aided by the government's 'Make in India' initiative.
- **CV demand likely to revive after near-term hiccups:** The underlying long-term demand drivers remain intact, as: 1) the average fleet age has increased to a record high of over 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) political stability means continued infrastructure push in the coming years. Taking these factors into consideration, there is a strong indication that the CV industry is poised for a recovery in demand, sooner than later. After a flat volume growth in 1Q, management expects the CV industry to post steady growth in 2Q, albeit over a low base of last year. Further, with the onset of the festive season and the lead indicators highlighted above, we expect the industry to post single-digit growth in H2. Overall, we expect AL to post 5% volume CAGR over FY25-27.
- **Strategy in place to gain market share in key segments:** On the back of the first-of-its-kind modular platform, AL has made significant strides in the MHCV Goods

category, achieving ~30% market share in FY25 vs. ~28% in FY21. AL has earmarked an ambitious target to achieve a 35% share in the medium term. Even in the LCV Goods segment, AL has set a target to ramp up its market share to 25% (from 20% currently) in the 2-3.5T segment. This growth is likely to be driven by the launch of new products and the resultant expansion of its addressable market, which currently stands at just under 50%, with the goal of increasing it to 85% in future.

- **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 FY24 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-MHCV business (including LCVs, defense, spares, etc.), which will also help reduce its business cyclical; and 2) value engineering backed by Industry 4.0 and optimizing automation wherever feasible. Input costs, which were earlier expected to harden, have now started reversing in 2Q. While we expect AL margins to remain stable YoY for FY26, we factor in margins to further expand 50bp in FY27E to 13.2%, led by its various initiatives highlighted above.
- **Valuation and view:** We expect CV demand to recover in FY26, driven by favorable factors highlighted above. Over the years, AL has effectively reduced its business cyclical by focusing on non-MHCV segments. Its continued emphasis on margin expansion is expected to support strong 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 INR141 (based on 11x June27E EV/EBITDA + ~INR10/sh for the NBFC).**

#### Exhibit 7: Our revised estimates

INR m	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	200	205	-2.2	215	221	-2.6
Net Sales	4,05,348	4,13,673	-2.0	4,47,431	4,55,200	-1.7
EBITDA	51,376	50,939	0.9	58,895	60,984	-3.4
EBITDA margins (%)	12.7	12.3	40bp	13.2	13.4	-20bp
Net Profit	33,854	33,484	1.1	39,541	41,022	-3.6
EPS (INR)	5.8	5.7	1.1	6.7	7.0	-3.6

Source: MOFSL

## Story in charts

Exhibit 8: AL's market share trend

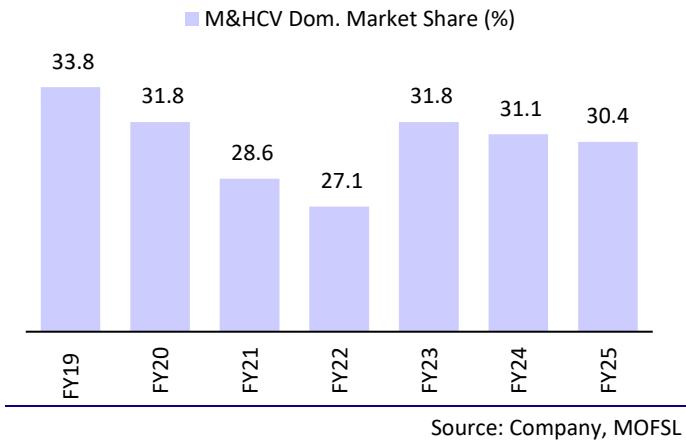


Exhibit 9: Volume and realization growth trends

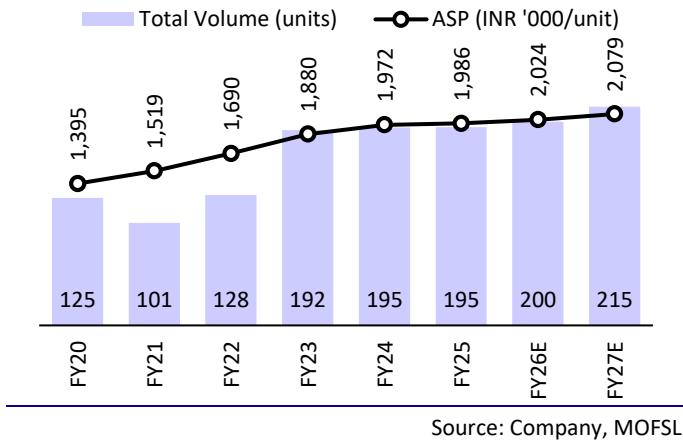


Exhibit 10: Revenue growth trend

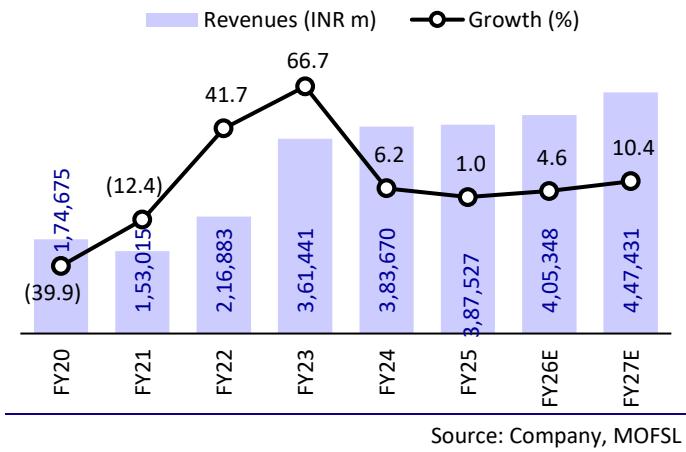


Exhibit 11: EBITDA and EBITDA margin trends

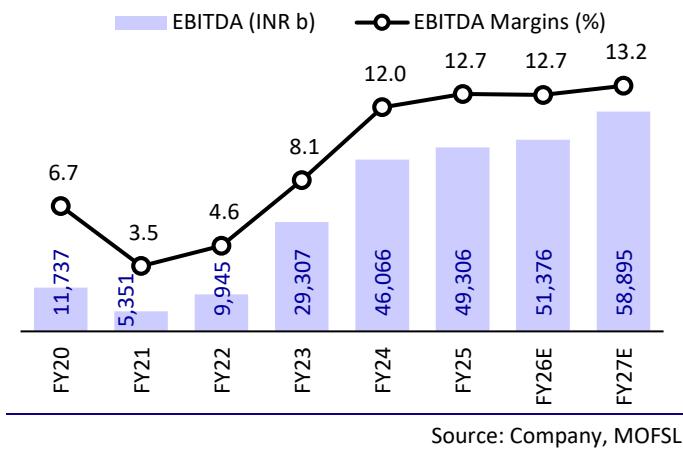


Exhibit 12: CFO and FCFF trends

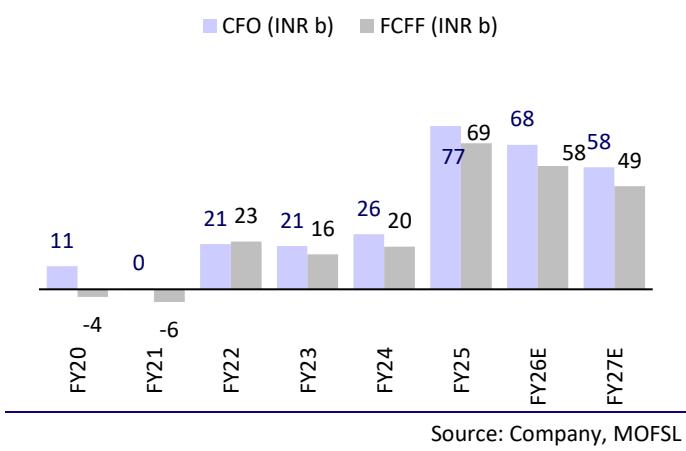
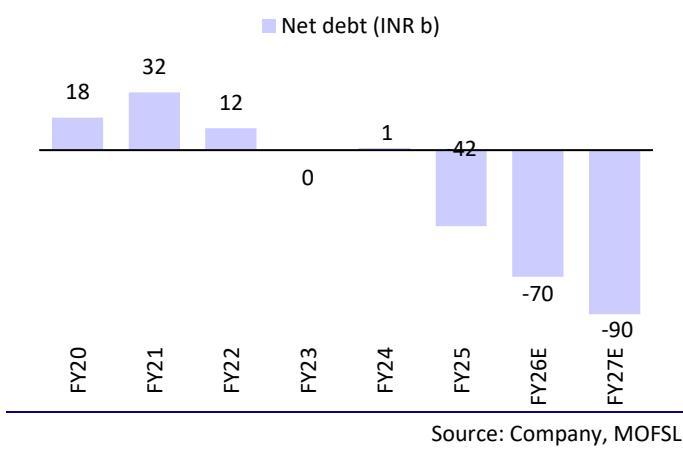


Exhibit 13: AL became net cash from FY24



## Financials and valuations

Income Statement								(INR M)
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Volumes ('000 units)	125	101	128	192	195	195	200	215
Growth (%)	-36.5	-19.6	27.4	49.8	1.2	0.3	2.7	7.4
<b>Net Operating Income</b>	<b>174,675</b>	<b>153,015</b>	<b>216,883</b>	<b>361,441</b>	<b>383,670</b>	<b>387,527</b>	<b>405,348</b>	<b>447,431</b>
Change (%)	-39.9	-12.4	41.7	66.7	6.2	1.0	4.6	10.4
<b>EBITDA</b>	<b>11,737</b>	<b>5,351</b>	<b>9,945</b>	<b>29,307</b>	<b>46,066</b>	<b>49,306</b>	<b>51,376</b>	<b>58,895</b>
EBITDA Margins (%)	6.7	3.5	4.6	8.1	12.0	12.7	12.7	13.2
Depreciation	6,698	7,477	7,528	7,320	7,178	7,193	7,449	7,850
<b>EBIT</b>	<b>5,039</b>	<b>-2,126</b>	<b>2,418</b>	<b>21,987</b>	<b>38,888</b>	<b>42,112</b>	<b>43,926</b>	<b>51,045</b>
Interest & Fin. Charges	1,095	3,068	3,011	2,891	2,494	2,169	1,327	1,014
Other Income	1,233	1,195	761	1,161	2,466	2,503	2,540	2,690
<b>PBT</b>	<b>3,619</b>	<b>-4,119</b>	<b>5,276</b>	<b>21,104</b>	<b>37,922</b>	<b>43,483</b>	<b>45,139</b>	<b>52,721</b>
Tax	1,224	(982)	(142)	7,303	11,743	10,450	11,285	13,180
Effective Rate (%)	33.8	23.8	-2.7	34.6	31.0	24.0	25.0	25.0
<b>Rep. PAT</b>	<b>2,395</b>	<b>-3,137</b>	<b>5,418</b>	<b>13,801</b>	<b>26,179</b>	<b>33,033</b>	<b>33,854</b>	<b>39,541</b>
Change (%)	-87.9	-231.0	-272.7	154.7	89.7	26.2	2.5	16.8
<b>Adjusted PAT</b>	<b>3,426</b>	<b>-3,045</b>	<b>172</b>	<b>13,248</b>	<b>26,826</b>	<b>32,245</b>	<b>33,854</b>	<b>39,541</b>
Change (%)	-83.1	-188.9	-105.7	7,587.8	102.5	20.2	5.0	16.8

Balance Sheet								(INR M)
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>Sources of Funds</b>								
Share Capital	2,936	2,936	2,936	2,936	2,936	2,937	5,873	5,873
Reserves	69,704	66,837	70,434	81,322	85,167	112,251	124,082	141,599
<b>Net Worth</b>	<b>72,640</b>	<b>69,772</b>	<b>73,369</b>	<b>84,258</b>	<b>88,104</b>	<b>115,188</b>	<b>129,955</b>	<b>147,472</b>
Loans	30,648	37,163	35,071	32,248	22,994	14,817	9,317	8,317
Deferred Tax Liability	2,648	1,708	1,444	5,035	5,563	5,479	7,736	10,372
<b>Capital Employed</b>	<b>105,936</b>	<b>108,642</b>	<b>109,884</b>	<b>121,541</b>	<b>116,661</b>	<b>135,484</b>	<b>147,008</b>	<b>166,161</b>
<b>Application of Funds</b>								
Gross Fixed Assets	91,913	101,269	103,773	107,732	109,936	114,189	124,189	133,189
Less: Depreciation	28,376	35,264	41,626	48,470	54,917	60,233	67,682	75,532
<b>Net Fixed Assets</b>	<b>63,537</b>	<b>66,005</b>	<b>62,146</b>	<b>59,262</b>	<b>55,019</b>	<b>53,956</b>	<b>56,507</b>	<b>57,657</b>
Capital WIP	5,941	3,719	1,943	1,325	2,015	4,248	4,248	4,248
Goodwill	4,499	4,499	4,499	4,499	4,499	4,499	4,499	4,499
Investments	27,196	30,687	48,196	66,636	55,598	86,730	103,730	115,730
<b>Curr. Assets, L &amp; Adv.</b>	<b>62,723</b>	<b>79,590</b>	<b>86,554</b>	<b>94,194</b>	<b>118,987</b>	<b>105,826</b>	<b>117,398</b>	<b>137,871</b>
Inventory	12,380	21,423	20,752	27,745	31,907	29,573	29,985	33,098
Sundry Debtors	11,804	28,163	31,111	40,627	35,699	28,873	28,874	31,872
Cash & Bank Balances	12,790	5,301	9,943	4,541	19,419	26,598	41,881	54,514
Loans & Advances	25,748	24,702	24,749	21,281	31,962	20,782	16,658	18,388
<b>Current Liab. &amp; Prov.</b>	<b>57,960</b>	<b>75,857</b>	<b>93,454</b>	<b>104,375</b>	<b>119,457</b>	<b>119,774</b>	<b>139,373</b>	<b>153,843</b>
Sundry Creditors	26,239	51,647	68,752	71,751	63,052	73,047	77,738	85,809
Other Liabilities	23,666	17,665	17,997	22,238	42,657	31,386	45,532	50,259
Provisions	8,055	6,545	6,705	10,385	13,748	15,341	16,103	17,775
<b>Application of Funds</b>	<b>105,936</b>	<b>108,642</b>	<b>109,884</b>	<b>121,541</b>	<b>116,661</b>	<b>135,484</b>	<b>147,008</b>	<b>166,161</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>Basic (INR)</b>								
EPS	0.6	-0.5	0.0	2.3	4.6	5.5	5.8	6.7
EPS Growth (%)	NM	NM	NM	NM	102.5	20.2	5.0	16.8
Cash EPS	1.7	0.8	1.3	3.5	5.8	6.7	7.0	8.1
Book Value per Share	12.4	11.9	12.5	14.3	15.0	19.6	22.1	25.1
DPS	0.3	0.3	0.5	1.3	2.5	3.1	3.3	3.8
Div. Payout (%)	51.5	NM	NM	57.6	54.2	56.9	56.4	55.7
<b>Valuation (x)</b>								
P/E	209.0	NM	4,156.2	54.1	26.7	22.2	21.2	18.1
Cash P/E	70.7	161.6	93.0	34.8	21.1	18.2	17.3	15.1
EV/EBITDA	62.5	139.8	73.2	24.4	15.6	13.7	12.6	10.6
EV/Sales	4.2	4.9	3.4	2.0	1.9	1.7	1.6	1.4
Price to Book Value	9.9	10.3	9.8	8.5	8.1	6.2	5.5	4.9
Dividend Yield (%)	0.2	0.2	0.4	1.1	2.0	2.6	2.7	3.1
<b>Profitability Ratios (%)</b>								
ROE	4.4	-4.3	0.2	16.8	31.1	31.7	27.6	28.5
RoCE	3.4	-1.5	2.3	12.4	22.5	25.4	23.3	24.4
<b>Turnover Ratios</b>								
Debtors (Days)	25	67	52	41	34	27	26	26
Inventory (Days)	26	51	35	28	30	28	27	27
Creditors (Days)	55	123	116	72	60	69	70	70
Working Capital (Days)	-4	-5	-28	-3	4	-14	-17	-17
Fixed-Asset Turnover (x)	2.7	2.3	3.5	6.1	7.0	7.2	7.2	7.8
<b>Leverage Ratio</b>								
Net Debt/Equity (x)	0.2	0.5	0.2	0.0	0.0	-0.4	-0.5	-0.6

### Cash flow Statement

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>(INR M)</b>								
OP/(Loss) before Tax	3,619	-4,119	5,276	21,104	37,922	43,483	43,926	51,045
Int/Div Received	-756	-945	-220	-404	-1,362	-888	2,540	2,690
Depreciation	6,698	7,477	7,528	7,320	7,178	7,193	7,449	7,850
Direct Taxes Paid	-941	779	714	-4,002	-6,245	-9,407	-9,028	-10,544
(Inc)/Dec in Work Cap.	-1,756	-6,058	15,696	-4,265	-15,229	37,407	23,310	6,629
Other Items	4,105	3,198	-7,633	762	3,705	-631	0	0
<b>CF from Oper. Activity</b>	<b>10,969</b>	<b>332</b>	<b>21,361</b>	<b>20,514</b>	<b>25,968</b>	<b>77,157</b>	<b>68,198</b>	<b>57,670</b>
Extra-ordinary Items	-1,558	-120	5,108	846	-937	1,037	0	0
<b>CF after EO Items</b>	<b>9,411</b>	<b>211</b>	<b>26,469</b>	<b>21,360</b>	<b>25,031</b>	<b>78,194</b>	<b>68,198</b>	<b>57,670</b>
(Inc)/Dec in FA+CWIP	-12,923	-6,166	-3,933	-4,884	-4,815	-9,243	-10,000	-9,000
<b>Free Cash Flow</b>	<b>-3,512</b>	<b>-5,954</b>	<b>22,536</b>	<b>16,477</b>	<b>20,217</b>	<b>68,951</b>	<b>58,198</b>	<b>48,670</b>
<b>CF from Inv. Activity</b>	<b>-21,775</b>	<b>-9,752</b>	<b>-14,589</b>	<b>-17,345</b>	<b>9,021</b>	<b>-40,779</b>	<b>-27,000</b>	<b>-21,000</b>
Inc/(Dec) in Debt	25,655	4,780	-2,721	-3,918	-9,096	-8,353	-5,500	-1,000
Interest Rec./(Paid)	-1,463	-2,720	-2,755	-2,598	-2,461	-1,491	-1,327	-1,014
Dividends Paid	-12,702	0	-1,761	-2,936	-7,634	-20,408	-19,087	-22,024
<b>CF from Fin. Activity</b>	<b>11,490</b>	<b>2,060</b>	<b>-7,238</b>	<b>-9,402</b>	<b>-19,175</b>	<b>-30,235</b>	<b>-25,915</b>	<b>-24,038</b>
<b>Inc/(Dec) in Cash</b>	<b>-874</b>	<b>-7,481</b>	<b>4,643</b>	<b>-5,387</b>	<b>14,878</b>	<b>7,181</b>	<b>15,283</b>	<b>12,632</b>
Add: Beginning Balance	13,665	12,782	5,300	9,928	4,541	19,417	26,598	41,881
<b>Closing Balance</b>	<b>12,790</b>	<b>5,301</b>	<b>9,943</b>	<b>4,541</b>	<b>19,418</b>	<b>26,598</b>	<b>41,881</b>	<b>54,513</b>

E: MOFSL Estimates

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UNDER REVIEW	Rating may undergo a change
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