

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	AL IN
Equity Shares (m)	5873
M.Cap.(INRb)/(USDb)	1212.1 / 13.4
52-Week Range (INR)	215 / 95
1, 6, 12 Rel. Per (%)	9/66/90
12M Avg Val (INR M)	2209

#### Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	438.5	501.8	568.2
EBITDA	58.3	69.4	82.4
Adj. PAT	39.1	47.7	57.5
Adj. EPS (INR)	6.7	8.1	9.8
EPS Gr. (%)	21.3	21.9	20.6
BV/Sh. (INR)	22.2	25.8	30.1
<b>Ratios</b>			
RoE (%)	31.9	33.8	35.0
ROCE (%)	26.6	28.5	29.7
Payout (%)	54.4	55.4	56.2
<b>Valuations</b>			
P/E (x)	31.0	25.4	21.1
P/BV (x)	9.3	8.0	6.8
EV/EBITDA (x)	20.0	16.7	13.9
Div. Yield (%)	1.8	2.2	2.7

#### Shareholding Pattern (%)

As of	Dec-25	Sep-25	Dec-24
Promoter	51.1	51.1	51.1
DII	13.7	13.6	13.0
FII	25.0	24.9	24.7
Others	10.2	10.4	11.2

FII includes depository receipts

## CMP: INR206 TP: INR238 (+15%) Buy Earnings beat, led by better margins & other income Multiple growth drivers in place for a CV cycle revival

- Ashok Leyland (AL)'s 3QFY26 PAT of INR 10.3b was ahead of our estimate of INR9.6b, led by better-than-expected margins and higher other income. EBITDA margin improved 50bp YoY to 13.3% despite input cost pressure, and it was primarily driven by the operating leverage benefit.
- AL is expected to emerge as a major beneficiary of a pickup in CV demand. Over the years, AL has effectively reduced its business cyclicity 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 INR238 (based on 15x Dec27E EV/EBITDA + ~INR12/sh for NBFC).**

#### Earnings beat on better margins and higher other income

- AL's revenue grew 22% YoY to INR115b (in line), led by volume growth of 24% YoY to 57.6k units, while realizations fell 2% YoY to INR2m (in line).
- Gross margins were impacted by 50bp due to RM inflation and inferior mix in the trucks segment, with a higher contribution from ICVs.
- EBITDA margins expanded 120bp QoQ (+50bp YoY) to 13.3%, which was higher than our estimate of 13%. This was supported by operating leverage despite the input cost pressure.
- Hence, EBITDA grew 27% YoY to INR15.3b (slightly ahead of our estimate).
- Overall, Adj PAT (adjusted for labor code provision of INR3b) grew 35% YoY to INR 10.3b – above our estimate of INR 9.6b, led by higher other income.
- Net cash increased to INR26.2b in 3QFY26 from INR9.6b in 3QFY25.

#### Highlights from the management commentary

- The company has recently launched several new products in the tractor-trailer and tipper segment, including the HIPPO and TAURUS models, which feature industry-leading power and torque, delivering 320 HP and 360 HP. Additionally, the company has introduced a multi-axle vehicle equipped with a 280 HP engine.
- In North India, AL's market share in the MHCV goods segment has grown to 25% from 15% over the past 4-5 years, with an overall share of 30-31%.
- CV demand has been strong in January across segments, and the momentum is holding up well for February as well, and hence management expects to end the year on a strong note.
- The company's capex stood at INR1.87b for 3Q and INR8.44b for 9MFY26. Investments in subsidiaries amounted to just INR160m in 9MFY26.
- In 9MFY26, Switch India sold 850 e-buses and 1,200 e-LCVs and is positive at EBITDA and PAT levels. The current order book stands at 1,050 units, and management expects Switch India to be FCF positive in FY27.

### Valuation and view

AL is likely to emerge as a major beneficiary of a pickup in CV demand. Over the years, AL has effectively reduced its business cyclical by focusing on non-truck segments. Its continued emphasis on margin expansion and prudent control of capex is likely 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 INR238 (based on 15x Dec27E EV/EBITDA + ~INR12/sh for NBFC).**

### Quarterly Performance (S/A)

									(INR m)		
	FY25				FY26E				FY25	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		3QE	(%)
Total Volumes (nos)	43,893	45,624	46,404	59,176	44,238	49,116	57,625	70,680	1,95,097	2,21,659	57,625 0.0
Growth %	6.2	-8.5	-1.4	5.1	0.8	7.7	24.2	19.4	0.3	13.9	24.2
Realizations (INR '000)	1,959	1,922	2,043	2,012	1,972	1,952	2,002	1,981	1,986	1,978	1,961 2.1
Change (%)	-1.1	-0.6	3.7	0.6	0.7	1.6	-2.0	-1.6	0.7	0.3	-4.0
<b>Net operating revenues</b>	<b>85,985</b>	<b>87,688</b>	<b>94,787</b>	<b>1,19,067</b>	<b>87,245</b>	<b>95,882</b>	<b>1,15,339</b>	<b>1,40,004</b>	<b>3,87,527</b>	<b>4,38,469</b>	<b>1,12,999</b> 2.1
Change (%)	5.0	-9.0	2.2	5.7	1.5	9.3	21.7	17.6	1.0	14.3	<b>19.2</b>
RM/sales %	72.2	71.2	71.5	70.6	70.6	71.2	72.2	71.4	71.3	71.4	71.5
Staff/sales %	6.4	6.8	6.4	5.5	7.0	6.8	5.4	4.8	6.2	5.8	6.0
Other exp/sales %	10.9	10.4	9.4	8.9	11.2	10.0	9.1	8.4	9.8	9.5	9.5
Total Cost	76,877	77,515	82,672	1,01,158	77,550	84,260	99,988	1,18,409	3,38,222	3,80,207	98,309
<b>EBITDA</b>	<b>9,109</b>	<b>10,173</b>	<b>12,114</b>	<b>17,910</b>	<b>9,696</b>	<b>11,622</b>	<b>15,350</b>	<b>21,594</b>	<b>49,306</b>	<b>58,262</b>	<b>14,690</b> 4.5
Change (%)	11.0	-5.8	8.8	12.5	6.4	14.2	26.7	20.6	7.0	18.2	
EBITDA Margins(%)	10.6	11.6	12.8	15.0	11.1	12.1	13.3	15.4	12.7	13.3	13.0 30bp
Interest	591	607	501	471	419	420	439	351	2,169	1,628	400
Other Income	223	973	247	1,059	529	1,348	593	541	2,503	3,010	300 97.5
Depreciation	1,727	1,754	1,923	1,789	1,828	1,723	1,775	1,802	7,193	7,127	1,750
<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>10,427</b>	<b>10,645</b>	<b>19,983</b>	<b>43,483</b>	<b>49,031</b>	<b>12,840</b>
Effective Tax Rate (%)	25.1	22.7	23.3	24.8	25.6	26.0	25.2	25.3	24.0	25.5	25.0
<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>8,009</b>	<b>10,258</b>	<b>14,921</b>	<b>32,245</b>	<b>39,125</b>	<b>9,630</b> 6.5
Change (%)	-8.9	20.2	31.2	32.4	13.0	15.5	34.7	18.8	20.2	21.3	26.4

### Key Performance Indicators

Y/E March	FY25				FY26E				FY25	FY26E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		3Q	
M&HCV	27,885	28,180	30,058	39,908	28,071	30,718	37,376	30,082	1,26,031	1,43,271	28755
Dom. M&HCV Mkt sh (%)	30.7	31.1	29.6	31.3	30.7	30.2	30.2		30.7		
LCV	16,008	17,444	16,346	19,268	16,167	18,398	20,249	14,599	69,066	78,387	15483
Dom. LCV Mkt sh (%)	11.1	12.0	10.4	11.2	11.2	11.8	10.7		11.2		
<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>49,116</b>	<b>57,625</b>	<b>70,680</b>	<b>1,95,097</b>	<b>2,21,659</b>	<b>57625</b>
Realizations (INR '000)	1,959	1,922	2,043	2,012	1,972	1,952	2,002	1,981	1,986	1,978	1961
Growth %	-1.1	-0.6	3.7	0.6	0.7	1.6	-2.0	-1.6	42.4	41.8	-4
<b>Cost Break-up</b>											
RM Cost (% of sales)	72.2	71.2	71.5	70.6	70.6	71.2	72.2	71.4	71.3	71.4	71.5
Staff Cost (% of sales)	6.4	6.8	6.4	5.5	7.0	6.8	5.4	4.8	6.2	5.8	6.0
Other Cost (% of sales)	10.9	10.4	9.4	8.9	11.2	10.0	9.1	8.4	9.8	9.5	9.5
<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>28.8</b>	<b>27.8</b>	<b>28.6</b>	<b>28.7</b>	<b>28.6</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>12.1</b>	<b>13.3</b>	<b>15.4</b>	<b>12.7</b>	<b>13.3</b>	<b>13.0</b>
EBIT Margins (%)	8.6	9.6	10.8	13.5	9.0	10.3	11.8	14.1	10.9	11.7	11.5



## Key takeaways from the management commentary

### 3Q performance

- In 3QFY26, the MHCV cargo industry saw a growth of 24%, while the LCV segment grew by 23%, and the overall MHCV market grew by 21%. In contrast, AL grew its MHCV volumes by 23.4%, thereby gaining market share.
- In terms of the aftermarket segment, the company achieved a 10% YoY revenue growth. Power solution revenue saw an impressive growth of over 45% YoY, while defense revenue surged by more than 84% YoY. The contribution from the defense sector increased from 1% to 1.5%, and the power solution sector's contribution grew from 3% to 3.6%. The management highlighted that the order book and tender pipeline in the defense segment remain strong.
- During the quarter, AL expanded its network to four new territories. In Indonesia, the company has signed a new MOU with PT Pindad, a state-owned defense entity, for the joint development of electric buses and defense vehicles for the Indonesian market. Distributor partners have already been secured in Malaysia and the Philippines. As a result, the ASEAN region is poised to become the company's fourth home market.
- The company's capex stood at INR1.87b for 3Q and INR8.44b for 9MFY26. Investments in subsidiaries amounted to just INR160m in 9MFY26.
- The company has expanded its touchpoints by adding 75 new dealer touchpoints in the MHCV segment and 77 in the LCV segment during 9MFY26, taking the total to 1,126 touchpoints for MHCV and 915 touchpoints for LCV. Notably, 45% of the new MHCV touchpoints are concentrated in the North and North East regions. Total touchpoints as of Dec'25 stood at 2,041.

### Industry/Business outlook

- The implementation of GST has not only reduced prices but also boosted overall freight demand, triggering a new replacement cycle in the CV industry. Retail buyers responded first to the GST reduction, driving growth in November and December largely in the ICV segment. But January onwards, bulk buyers also started purchasing, not only to address current needs but also to prepare for future quarters.
- Factors like rising freight demand, fueled by increased consumption and higher freight rates, pickup in infra and construction sectors, along with the anticipated start of a new replacement cycle due to the average fleet age being 10 to 10.5 years, are expected to drive further growth. Demand has sustained post-3Q, with February also seeing strong demand. Notable increase in inquiries and leads was visible, with the company expecting FY26 to end on a strong note.
- Tonnage growth over the medium term is expected to be modest, and the company does not expect any major impact of DFC on the CV industry in the near term. If any, there could be a marginal negative impact on tractor-trailer volumes, but that would be compensated by increased demand for ICV and LCV volumes for last-mile mobility.
- In North India, market share for AL in the MHCV goods segment has grown from 15% to 25% over the past 4-5 years, with overall market share at 30-31%. The company continues to focus on the northeast and central region to increase its market share closer to the national average. To cater to this, AL has partnered with the TVS group in the NCR region, which includes the opening of 13 new outlets to expand its footprint in the region.

- The air conditioning requirement for trucks, introduced as a regulation, was welcomed by the industry due to factors such as the shortage of drivers. Similarly, the company expects the upcoming ADAS regulations to be well received as they will help improve vehicle/driver safety, reduce goods damage, enhance reliability, and lower fatalities.

#### **Product launches**

- The company has recently launched several new products in the tractor-trailer and tipper segment, including the HIPPO and TAURUS models, which feature industry-leading power and torque, delivering 320 HP and 360 HP. Additionally, the company has introduced a multi-axle vehicle equipped with a 280 HP engine.
- In the LCV segment, the company has unveiled the 4.1T Bada Dost, offering the best payload capacity in its class. For international markets, the company has launched the Bada Dost Phoenix, which is capable of reaching speeds of up to 100km/h.
- The company is also set to enter the bi-fuel vehicle market soon and is planning to expand its LCV offerings, aiming to increase its LCV coverage from 50% to 80% over the medium term.
- In line with its sustainability efforts, AL's green tech portfolio now includes two light electric truck variants, three models in the MHCV electric truck category, and a variety of electric bus models and variants.

#### **Margin guidance**

- Gross margin decline in 3Q was primarily driven by an adverse product mix in favor of lower tonnage segments and escalations in non-ferrous commodity prices, including precious metals, copper, and aluminum. While the truck revenue mix shifted, increasing from 50% to 55%, ICV contribution increased from 23-24% to 30%.
- In 3Q, the increase in raw material costs for precious metals, copper, and aluminum resulted in a 50bp impact on EBITDA margins. The company has started recovering margins by reducing discounts.
- Staff costs were lower due to reduced variable pay, resulting in an INR200m benefit. The company expects staff costs to normalize in 4Q.

#### **Update on capex and investments**

- With the completion of the Lucknow plant, the bus body-building capacity will reach 20k units per year.
- The company does not face constraints on overall capacity, even if volume growth remains healthy in FY27. However, there may be challenges in niche areas, such as supplier constraints or tooling capacity. The capex required for these areas is expected to be minimal.
- The company does not anticipate major investments in capacity expansion over the next 2-3 years.

#### **Subsidiaries**

- **Switch India:** In 9MFY26, Switch India sold 850 e-buses and 1,200 e-LCVs and is positive at EBITDA and PAT levels. Switch India also started its export operations, with the first batch of buses shipped to Mauritius and a new order of 45 buses secured from Bhutan. The current order book stands at 1,050 units, and the management expects Switch India to be FCF positive in FY27.

- **Ohm:** Ohm is currently operating 1,400 buses, with 300 added in 3Q. The GCC contracts are generating double-digit IRR, but the company is not aggressively pursuing new GCC contracts due to minimum internal threshold return requirements. The company has already invested INR3b and has earmarked an additional INR3b for future needs. It is also open to exploring further fundraising options beyond the INR6b investment from other sources.
- **HLF:** Hinduja Leyland Finance AUM stood at INR564b, up 18% YoY with PAT of INR1.3b in 3Q. Hinduja Housing Finance AUM grew 16% YoY to INR154b. Overall financing segment PAT stood at INR2.2b in 3QFY26.

Exhibit 1: M&amp;HCV sales trend

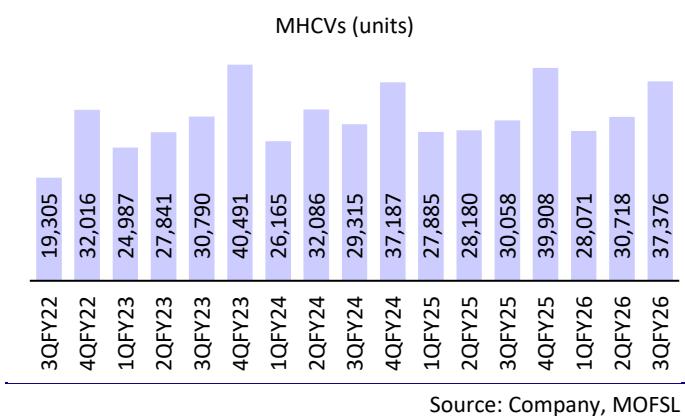


Exhibit 2: Growth trend in M&amp;HCV

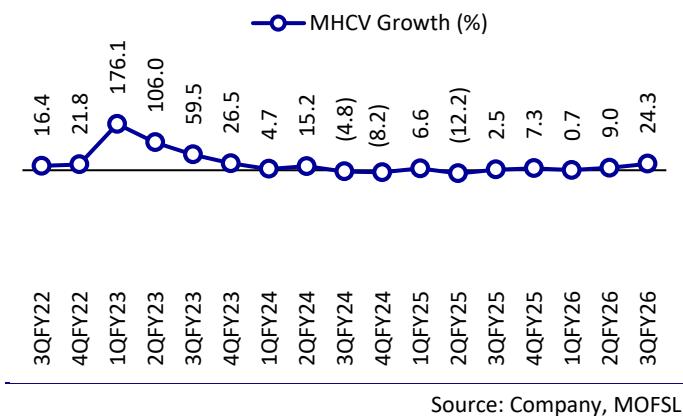


Exhibit 3: Domestic M&amp;HCV market share trend

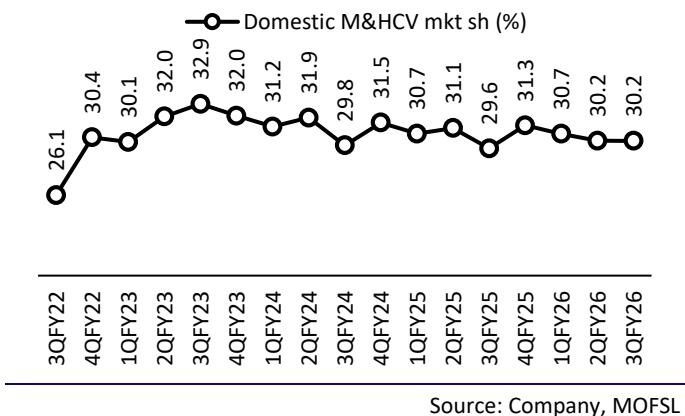


Exhibit 4: Realization trend

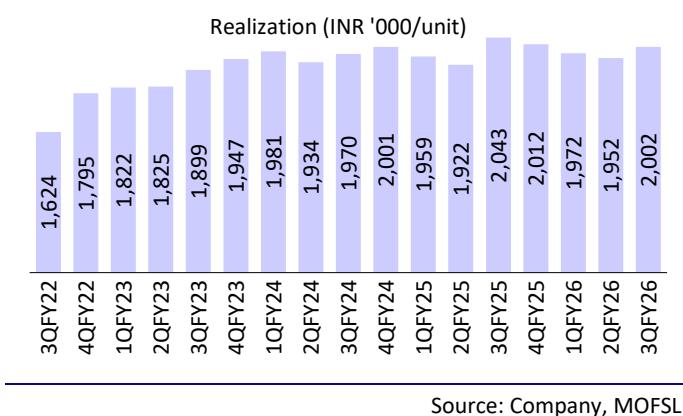


Exhibit 5: Trend in RM costs

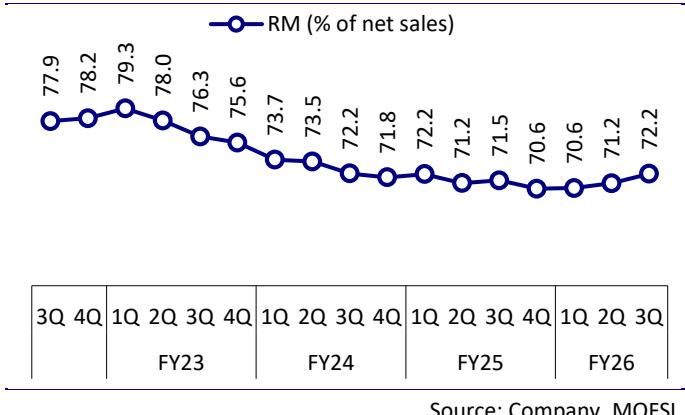
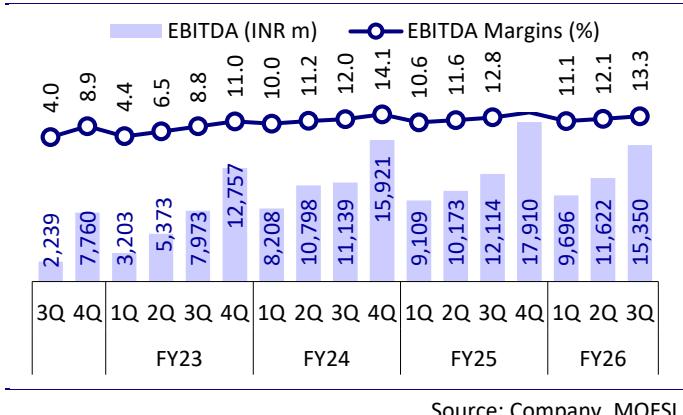


Exhibit 6: Trends in EBITDA and EBITDA margin



### Valuation and view

- **CV demand has revived post GST rate cuts:** CV demand has recovered in 3Q post GST rate cuts. Demand revival seems to be broad-based, given that even small fleet operators have now started adding to their fleets. Even beyond the near term, 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. Demand has picked up across segments viz., both MHCVs and LCVs. We now factor in AL to post 12% volume CAGR in CVs over FY25-28E.
- **Focus on reducing business cyclicalty:** Over the years, AL has effectively reduced its business cyclicalty 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 deliver 20% volume CAGR in exports over 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:** AL's focus on non-truck CV segments has also led to an improving mix, as these are relatively more profitable than the truck business. Further, over the years, AL has been focusing on improving its operational efficiency wherever feasible and hence reducing its cost. Beyond this, over the last few years, the CV industry has been observing a remarkable pricing discipline, which has helped all players improve margins. Aided by these factors, AL has set a target to achieve mid-teens margins in the coming years. Accordingly, we expect AL to post 180bp margin improvement over FY25-28E.
- **Valuation and view:** AL is expected to emerge as a major beneficiary of a pick-up in CV demand. Over the years, AL has effectively reduced its business cyclicalty 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 INR238 (based on 15x Dec27E EV/EBITDA + ~INR12/sh for NBFC).**

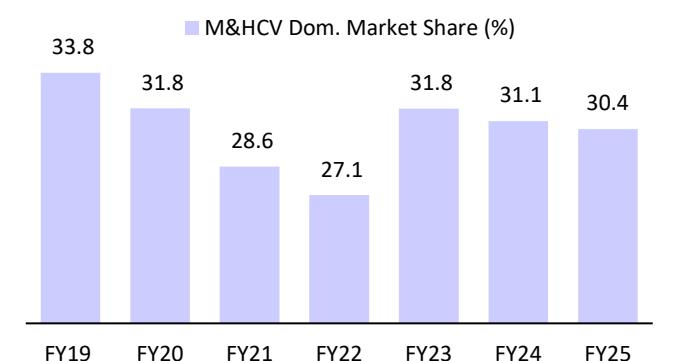
### Exhibit 7: Our revised estimates

INR m	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	222	216	2.6	246	241	2.5
Net Sales	4,38,469	4,27,440	2.6	5,01,822	4,91,466	2.1
EBITDA	58,262	56,264	3.6	69,446	66,689	4.1
EBITDA margins (%)	13.3	13.2	10bp	13.8	13.6	30bp
Net Profit	39,125	37,358	4.7	47,674	45,813	4.1
EPS (INR)	6.7	6.4	4.7	8.1	7.8	4.1

Source: MOFSL

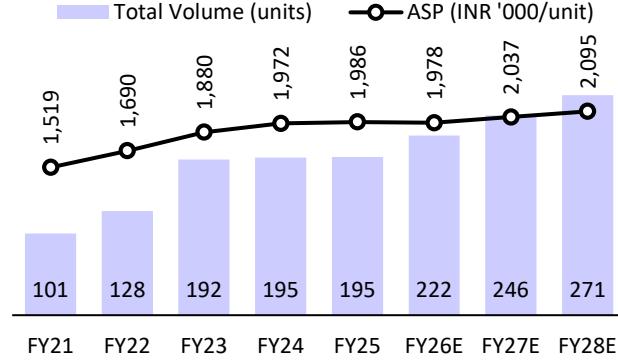
## Story in charts

**Exhibit 8: AL's market share trend**



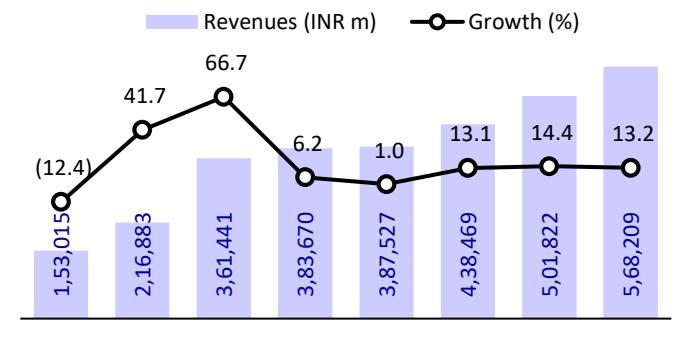
Source: Company, MOFSL

**Exhibit 9: Volume and realization growth trends**



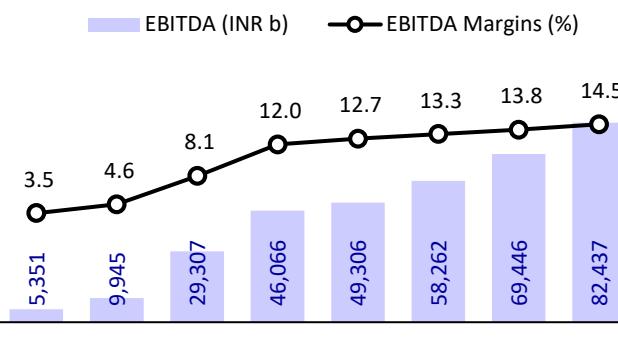
Source: Company, MOFSL

**Exhibit 10: Revenue growth trend**



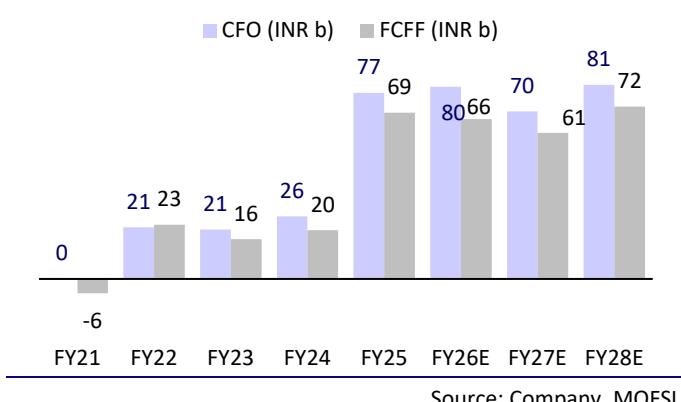
Source: Company, MOFSL

**Exhibit 11: EBITDA and EBITDA margin trends**



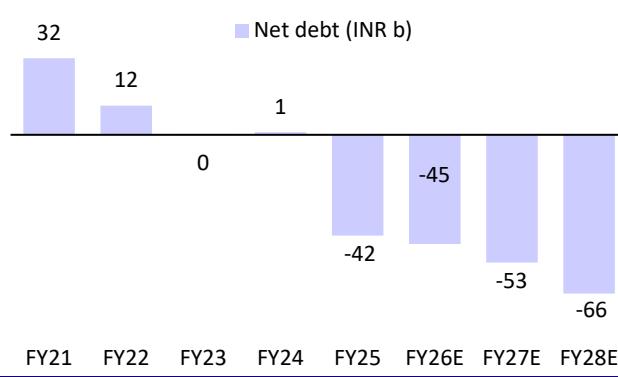
Source: Company, MOFSL

**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	222	246	271
Growth (%)	-19.6	27.4	49.8	1.2	0.3	13.6	11.2	10.1
<b>Net Operating Income</b>	<b>1,53,015</b>	<b>2,16,883</b>	<b>3,61,441</b>	<b>3,83,670</b>	<b>3,87,527</b>	<b>4,38,469</b>	<b>5,01,822</b>	<b>5,68,209</b>
Change (%)	-12.4	41.7	66.7	6.2	1.0	13.1	14.4	13.2
<b>EBITDA</b>	<b>5,351</b>	<b>9,945</b>	<b>29,307</b>	<b>46,066</b>	<b>49,306</b>	<b>58,262</b>	<b>69,446</b>	<b>82,437</b>
EBITDA Margins (%)	3.5	4.6	8.1	12.0	12.7	13.3	13.8	14.5
Change (%)	-54.4	85.8	194.7	57.2	7.0	18.2	19.2	18.7
Depreciation	7,477	7,528	7,320	7,178	7,193	7,127	7,335	7,435
<b>EBIT</b>	<b>-2,126</b>	<b>2,418</b>	<b>21,987</b>	<b>38,888</b>	<b>42,112</b>	<b>51,134</b>	<b>62,110</b>	<b>75,002</b>
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	3,010	3,240	3,440
<b>PBT</b>	<b>-4,119</b>	<b>5,276</b>	<b>21,104</b>	<b>37,922</b>	<b>43,483</b>	<b>49,031</b>	<b>63,991</b>	<b>77,198</b>
Tax	(982)	(142)	7,303	11,743	10,450	12,503	16,318	19,686
Effective Rate (%)	23.8	-2.7	34.6	31.0	24.0	25.5	25.5	25.5
<b>Rep. PAT</b>	<b>-3,137</b>	<b>5,418</b>	<b>13,801</b>	<b>26,179</b>	<b>33,033</b>	<b>36,528</b>	<b>47,674</b>	<b>57,513</b>
Change (%)	-231.0	NA	154.7	89.7	26.2	10.6	30.5	20.6
<b>Adjusted PAT</b>	<b>-3,045</b>	<b>172</b>	<b>13,248</b>	<b>26,826</b>	<b>32,245</b>	<b>39,125</b>	<b>47,674</b>	<b>57,513</b>
Change (%)	-188.9	NA	7,587.8	102.5	20.2	21.3	21.9	20.6

Balance Sheet								(INR M)
Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>Sources of Funds</b>								
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	1,24,554	1,45,799	1,71,010
<b>Net Worth</b>	<b>69,772</b>	<b>73,369</b>	<b>84,258</b>	<b>88,104</b>	<b>1,15,188</b>	<b>1,30,427</b>	<b>1,51,672</b>	<b>1,76,883</b>
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	7,930	11,130	14,990
<b>Capital Employed</b>	<b>1,08,642</b>	<b>1,09,884</b>	<b>1,21,541</b>	<b>1,16,661</b>	<b>1,35,484</b>	<b>1,50,674</b>	<b>1,74,119</b>	<b>2,02,190</b>
<b>Application of Funds</b>								
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	67,360	74,695	82,130
<b>Net Fixed Assets</b>	<b>66,005</b>	<b>62,146</b>	<b>59,262</b>	<b>55,019</b>	<b>53,956</b>	<b>56,828</b>	<b>58,493</b>	<b>60,058</b>
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	1,33,730	1,65,730	1,97,730
<b>Curr. Assets, L &amp; Adv.</b>	<b>79,590</b>	<b>86,554</b>	<b>94,194</b>	<b>1,18,987</b>	<b>1,05,826</b>	<b>1,02,131</b>	<b>1,13,694</b>	<b>1,31,027</b>
Inventory	21,423	20,752	27,745	31,907	29,573	32,435	37,121	42,032
Sundry Debtors	28,163	31,111	40,627	35,699	28,873	31,233	35,746	40,475
Cash & Bank Balances	5,301	9,943	4,541	19,419	26,598	20,444	20,204	25,168
Loans & Advances	24,702	24,749	21,281	31,962	20,782	18,019	20,623	23,351
<b>Current Liab. &amp; Prov.</b>	<b>75,857</b>	<b>93,454</b>	<b>1,04,375</b>	<b>1,19,457</b>	<b>1,19,774</b>	<b>1,50,761</b>	<b>1,72,544</b>	<b>1,95,371</b>
Sundry Creditors	51,647	68,752	71,751	63,052	73,047	84,090	96,240	1,08,972
Other Liabilities	17,665	17,997	22,238	42,657	31,386	49,253	56,369	63,826
Provisions	6,545	6,705	10,385	13,748	15,341	17,419	19,935	22,573
<b>Application of Funds</b>	<b>1,08,642</b>	<b>1,09,884</b>	<b>1,21,541</b>	<b>1,16,661</b>	<b>1,35,484</b>	<b>1,50,674</b>	<b>1,74,119</b>	<b>2,02,190</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>Basic (INR)</b>								
EPS	<b>-0.5</b>	<b>0.0</b>	<b>2.3</b>	<b>4.6</b>	<b>5.5</b>	<b>6.7</b>	<b>8.1</b>	<b>9.8</b>
EPS Growth (%)	-188.9	NM	7,587.8	102.5	20.2	21.3	21.9	20.6
Cash EPS	0.8	1.3	3.5	5.8	6.7	7.9	9.4	11.1
Book Value per Share	11.9	12.5	14.3	15.0	19.6	22.2	25.8	30.1
DPS	0.3	0.5	1.3	2.5	3.1	3.6	4.5	5.5
Div. Payout (%)	NM	1,703.5	57.6	54.2	56.9	54.4	55.4	56.2
<b>Valuation (x)</b>								
P/E	NM	4,851.5	63.1	31.2	25.9	31.0	25.4	21.1
Cash P/E	188.6	108.6	40.6	24.6	21.2	26.2	22.0	18.7
EV/EBITDA	162.2	85.3	28.5	18.2	16.1	20.0	16.7	13.9
EV/Sales	5.7	3.9	2.3	2.2	2.0	2.7	2.3	2.0
Price to Book Value	12.0	11.4	9.9	9.5	7.3	9.3	8.0	6.8
Dividend Yield (%)	0.2	0.4	0.9	1.7	2.2	1.8	2.2	2.7
<b>Profitability Ratios (%)</b>								
ROE	-4.3	0.2	16.8	31.1	31.7	31.9	33.8	35.0
RoCE	-1.5	2.3	12.4	22.5	25.4	26.6	28.5	29.7
<b>Turnover Ratios</b>								
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	7.7	8.6	9.5
<b>Leverage Ratio</b>								
Net Debt/Equity (x)	0.5	0.2	0.0	0.0	-0.4	-0.3	-0.3	-0.4

### Cash flow Statement

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>(INR M)</b>								
OP/(Loss) before Tax	-4,119	5,276	21,104	37,922	43,483	51,134	62,110	75,002
Int/Div Received	-945	-220	-404	-1,362	-888	3,010	3,240	3,440
Depreciation	7,477	7,528	7,320	7,178	7,193	7,127	7,335	7,435
Direct Taxes Paid	779	714	-4,002	-6,245	-9,407	-10,051	-13,118	-15,826
(Inc)/Dec in Work Cap.	-6,058	15,696	-4,265	-15,229	37,407	28,528	9,980	10,458
Other Items	3,198	-7,633	762	3,705	-631	0	0	0
<b>CF from Oper. Activity</b>	<b>332</b>	<b>21,361</b>	<b>20,514</b>	<b>25,968</b>	<b>77,157</b>	<b>79,748</b>	<b>69,548</b>	<b>80,510</b>
Extra-ordinary Items	-120	5,108	846	-937	1,037	-3,485	0	0
<b>CF after EO Items</b>	<b>211</b>	<b>26,469</b>	<b>21,360</b>	<b>25,031</b>	<b>78,194</b>	<b>76,263</b>	<b>69,548</b>	<b>80,510</b>
(Inc)/Dec in FA+CWIP	-6,166	-3,933	-4,884	-4,815	-9,243	-10,000	-9,000	-9,000
<b>Free Cash Flow</b>	<b>-5,954</b>	<b>22,536</b>	<b>16,477</b>	<b>20,217</b>	<b>68,951</b>	<b>66,263</b>	<b>60,548</b>	<b>71,510</b>
<b>CF from Inv. Activity</b>	<b>-9,752</b>	<b>-14,589</b>	<b>-17,345</b>	<b>9,021</b>	<b>-40,779</b>	<b>-57,000</b>	<b>-41,000</b>	<b>-41,000</b>
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	-21,290	-26,429	-32,302
<b>CF from Fin. Activity</b>	<b>2,060</b>	<b>-7,238</b>	<b>-9,402</b>	<b>-19,175</b>	<b>-30,235</b>	<b>-25,418</b>	<b>-28,787</b>	<b>-34,545</b>
<b>Inc/(Dec) in Cash</b>	<b>-7,481</b>	<b>4,643</b>	<b>-5,387</b>	<b>14,878</b>	<b>7,181</b>	<b>-6,155</b>	<b>-240</b>	<b>4,965</b>
Add: Beginning Balance	12,782	5,300	9,928	4,541	19,417	26,598	20,443	20,203
<b>Closing Balance</b>	<b>5,301</b>	<b>9,943</b>	<b>4,541</b>	<b>19,418</b>	<b>26,598</b>	<b>20,443</b>	<b>20,203</b>	<b>25,168</b>

E: MOFSL Estimates

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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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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:

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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.

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 dpgrivances@motilaloswal.com.