

Estimate changes 

TP change 

Rating change 

CMP: INR3,380

TP: INR3,600 (+7%)

Neutral

EBITDA margin beat, led by price hikes & cost savings

Expect margin to remain in the similar range over the next few quarters

- In 1QFY24, EIM exceeded expectations with a consolidated EBITDA margin of 25.6% (vs. est. 24.8%), driven by price hikes (~1.5% impact) and cost savings (0.8%). We expect EBITDA margin to remain range-bound over the next few quarters as there is limited scope of price hikes due to stable RM and increasing competition, coupled with the impact of weak mix.
- We upgrade FY24E SA EPS by 5%, primarily due to higher 'other income'. However, for VECV, there was a margin miss, leading us to moderate the margin assumption for the CV business. We reiterate our **Neutral rating on the stock** with a TP of INR3,600 (Sep-25E based SOTP).

Demand recovery in domestic market continues; exports remain weak

- 1QFY24 consolidated revenue/EBITDA/Adj. PAT grew ~17%/23%/50% YoY to INR39.9b/10.2b/9.2b (vs. est. INR40.9b/10.1b/9.1b).
- 1QFY24 RE volumes grew 22% YoY, while realizations declined 1% YoY/2.3% QoQ to INR171.3k/unit (vs. est. INR175.3k/unit).
- Gross margin expanded 10bp YoY (down 20bp QoQ) to 44.1% (vs. est. 43.4%).
- This, coupled with lower 'other expenses' (on account on lower advertisement and travel expense) offset high employee cost, resulting in EBITDA margin of 25.6% (up 110bp YoY/QoQ, est. 24.8%).
- Share of PAT from VECV came in at INR1b (vs. INR338m/INR1.7b in 1Q/4QFY23 vs. est. INR842m).
- VECV:** Volume/realizations grew 12%/13% YoY, leading to 27% YoY revenue growth to INR49.9b (est. INR45.4b). EBITDA margin expanded 230bp YoY (down 210bp QoQ) to 7.8% (est. 8.4%). Net profit grew 1.6x YoY to INR1.8b (vs. est. INR1.5b).

Highlights from the management commentary

- Domestic-** Retail demand is improving gradually. Festive demand is expected to be positive and now discretionary spending is expected to improve. The company has a market share of 32.9% in the 125CC+ segment. The company foresees additional opportunities for growth in volumes for Hunter.
- Exports -** Despite challenging macros, the company gained market share across most of the regions. EU continues to face headwinds. While APAC is not growing, RE has managed to gain some market share. The company has inaugurated a new CKD facility in Nepal, which is the 5th CKD unit so far. The company is evaluating opportunity to set up CKD in APAC and LatAm.
- The company took a price hike of 1.5% in May and another 1.5% in July** for selected models. In 1QFY24, ~1.5% of the total EBITDA margin expansion was attributed to the price hike, while 0.8% was a result of cost savings.



Bloomberg	EIM IN
Equity Shares (m)	273
M.Cap.(INRb)/(USDb)	925 / 11.2
52-Week Range (INR)	3886 / 2836
1, 6, 12 Rel. Per (%)	-7/-7/-4
12M Avg Val (INR M)	2608

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	144.4	169.1	195.6
EBITDA	34.4	43.2	50.1
Adj. PAT	29.1	39.1	44.9
Adj EPS (INR)	106.5	142.9	164.2
EPS Gr (%)	73.7	34.1	14.9
BV/Sh (INR)	548	646	760
Ratios			
RoE (%)	21.1	23.4	22.7
RoCE (%)	21.1	23.4	22.7
Payout (%)	34.7	31.5	30.5

Valuations

P/E (x)	31.7	23.7	20.6
P/BV (x)	6.2	5.2	4.4
Div. Yield (%)	1.1	1.3	1.5
FCF Yield (%)	2.4	2.0	3.4

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	49.2	49.2	49.2
DII	10.1	11.3	10.2
FII	30.3	28.6	29.5
Others	10.4	10.9	11.1

FII Includes depository receipts

Jinesh Gandhi - Research analyst (Jinesh@MotilalOswal.com)

Research analyst: Amber Shukla (Amber.Shukla@MotilalOswal.com) | Aniket Desai (Aniket.Desai@motilalosal.com)

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

Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- Improving supply side, new product launches, and ramp-up in exports are expected to drive the next phase of growth for RE. Consequently, we are building in for ~16% volume CAGR for RE over FY23-25E, resulting in a monthly run rate increasing to ~79k/88k for FY24/25E (vs. ~73.3k in 2HFY23 since Hunter launch). This, coupled with stable commodity prices, should help maintain steady margins and drive earnings CAGR of 24% over FY23-25E.
- Valuations at 23.7x/20.6x largely reflect the expected volume recovery, but not the potential risk from the recent launches of Bajaj-Triumph and Hero-HD in mid-size motorcycles in India and global markets. Hence, **we reiterate our Neutral rating**, with a TP of INR3,600 (Sep-25E based SOTP). We value RE at 20x and VECV at 10x EV EBITDA on FY25E.

Quarterly performance (Consolidated)

INR m	FY23				FY24E				FY23	FY24E	FY24E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Net Operating income	33,975	35,194	37,210	38,043	39,864	41,802	43,384	44,086	1,44,422	1,69,136	40,879
Growth (%)	72.1	56.4	29.2	19.1	17.3	18.8	16.6	15.9	40.2	17.1	20.3
EBITDA	8,311	8,216	8,572	9,337	10,208	10,668	11,092	11,185	34,436	43,154	10,126
EBITDA Margins (%)	24.5	23.3	23.0	24.5	25.6	25.5	25.6	25.4	23.8	25.5	24.8
PAT	5,769	6,127	6,770	7,322	8,179	8,310	8,578	8,539	25,988	33,605	8,210
Share of JV Loss/(PAT)/ Min. Int.	-338	-441	-639	-1,734	-1,004	-1,009	-1,285	-2,171	-3,152	-5,470	-842
Recurring PAT	6,107	6,569	7,408	9,056	9,183	9,319	9,863	10,710	29,139	39,075	9,052
Growth (%)	157.5	76.0	62.4	48.4	50.4	41.9	33.1	18.3	73.8	34.1	48.2

Standalone (Royal Enfield)

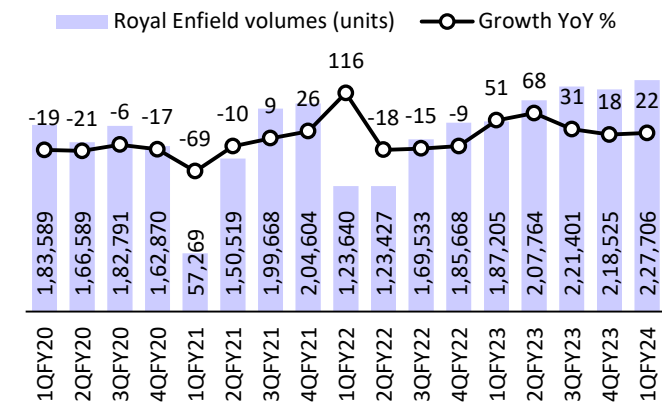
(INR Million)	FY23				FY24E				FY23	FY24E	FY24E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q
Royal Enfield ('000 units)	187	208	221	219	228	234	240	242	835	943	228
Growth (%)	51.4	68.3	30.6	17.7	21.6	12.5	8.6	10.6	38.6	13.0	21.6
Net Realn (INR '000/unit)	173.5	163.5	162.2	175.3	171.3	174.8	176.5	178.1	168.5	175.2	175.3
Change - YoY (%)	12.4	-7.5	-3.1	1.9	-1.3	6.9	8.8	1.6	0.2	4.0	1.1
Net operating income	32,479	33,972	35,902	38,314	39,012	40,846	42,429	43,027	1,40,666	1,65,314	39,923
Growth (%)	70.2	55.7	26.5	19.9	20.1	20.2	18.2	12.3	39.0	17.5	22.9
EBITDA	7,882	8,036	8,569	9,448	10,127	10,555	10,979	11,041	33,935	42,702	10,013
EBITDA Margins (%)	24.3	23.7	23.9	24.7	26.0	25.8	25.9	25.7	24.1	25.8	25.1
PBT after EO item	7,643	8,286	9,138	10,016	12,092	11,125	11,484	11,439	35,083	46,140	10,758
Effective tax rate (%)	24.1	25.8	25.5	25.4	24.4	25.2	25.2	25.2	25.2	25.0	25.2
Recurring PAT	5,802	6,149	6,807	7,469	9,139	8,321	8,590	8,555	26,226	34,605	8,047
Growth (%)	117.1	79.1	61.2	35.0	57.5	35.3	26.2	14.5	65.3	32.0	38.7

VECV: Quarterly performance

(INR Million)	FY23				FY24E				FY23	FY24E	FY24E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q
Total CV Volumes	17,469	17,605	18,170	26,379	19,571	19,522	21,010	29,901	79,623	90,004	19,571
Growth (%)	200.9	16.3	13.3	31.3	12.0	10.9	15.6	13.4	39.5	13.0	12.0
Net Realn (INR '000/unit)	2,252	2,394	2,533	2,350	2,550	2,538	2,584	2,396	2,380	2,504	2,320
Change - YoY (%)	-20.2	14.9	12.1	9.6	13.2	6.0	2.0	2.0	6.8	5.2	3.0
Net Op. Income	39,340	42,150	46,030	62,000	49,910	49,545	54,288	71,653	1,89,523	2,25,395	45,396
Growth (%)	140.0	33.7	27.0	43.9	26.9	17.5	17.9	15.6	48.9	18.9	15.4
EBITDA	2,180	2,490	3,161	6,151	3,870	4,220	4,900	7,318	13,749	20,308	3,814
EBITDA Margins (%)	5.5	5.9	6.9	9.9	7.8	8.5	9.0	10.2	7.3	9.0	8.4
Recurring PAT	690	701	1,176	3,154	1,809	1,855	2,361	4,029	5,794	10,055	1,547
Growth (%)	-214.5	365.9	115.2	281.5	162.1	164.7	100.7	27.7	424.0	73.5	148.9

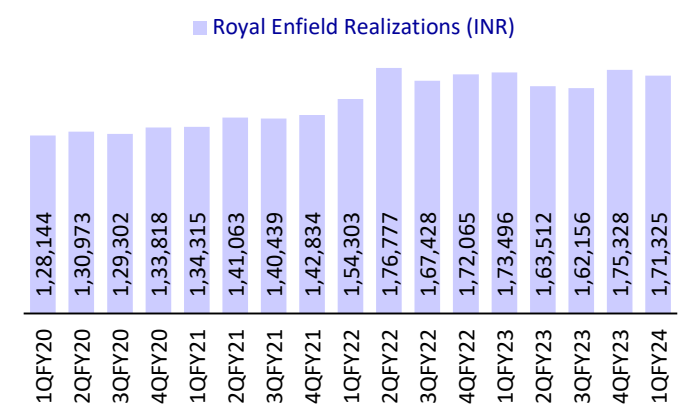
E: MOSL Estimates

Exhibit 1: Volume trend for RE



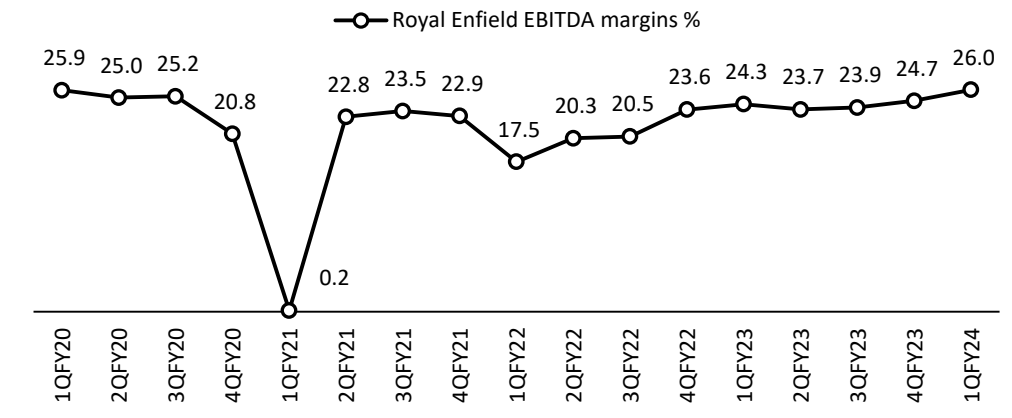
Source: Company, MOFSL

Exhibit 2: Realization trend for RE



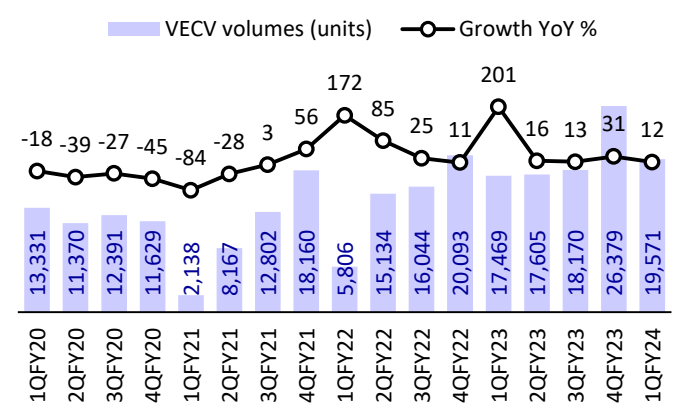
Source: Company, MOFSL

Exhibit 3: EBITDA margin trend for RE



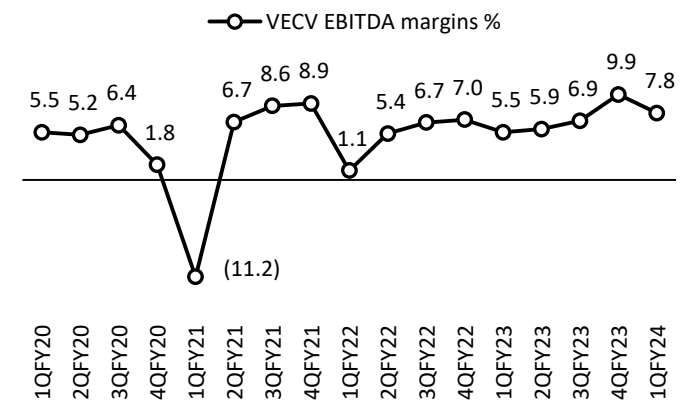
Source: Company, MOFSL

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

	1QFY24	1QFY23	YoY (%)	4QFY23	QoQ (%)
L&MD - Trucks (Dom)	8,741	7,890	10.8	12,435	-29.7
<i>% of total CV volumes</i>	45	45		47	
HD - Trucks (Dom)	4,662	3,663	27.3	6,466	-27.9
<i>% of total CV volumes</i>	24	21		25	
Total Dom. Trucks	13,403	11,553	16.0	18,901	-29.1
<i>% of total CV volumes</i>	68	66		72	
Buses (Dom)	4,842	3,830	26.4	5,952	-18.6
<i>% of total CV volumes</i>	25	22		23	
Total Domestic	18,245	15,383	18.6	24,853	-26.6
<i>% of total CV volumes</i>	93	88		94	
Total Exports	757	1,722	-56.0	916	-17.4
<i>% of total CV volumes</i>	4	10		3	
Total ETB	19,002	17,105	11.1	25,769	-26.3
<i>% of total CV volumes</i>	97	98		98	
Volvo Truck India (units)	569	364	56.3	610	-6.7
<i>% of total CV volumes</i>	3	2		2	
Total CV Volumes	19,571	17,469	12.0	26,379	-25.8

Key takeaways from the management commentary

- **Domestic-** Retail demand is improving gradually. Festive demand is expected to be positive and now discretionary spending is expected to increase. The company has a market share of 32.9% in the 125CC+ segment. The company foresees additional opportunities for growth in the volumes for Hunter.
- **Exports-** Despite challenging macros, the company gained market share across most of the regions. EU continues to face headwinds. RE's market share in America/APAC/EMEA stands at ~8%/9%/9%. The company has inaugurated a new CKD facility in Nepal, which is the 5th CKD unit. It has already sold 1300 units through the facility. In most of the CKDs, the company has started operating with single shifts and has scope to ramp up in the future. It is also evaluating opportunities to set up CKD facilities in priority markets in APAC and LATAM regions.
- **The company took a price hike of 1.5% in May and another 1.5% in July** for selected models. Of the total EBITDA margin expansion, ~1.5% impact was due to the price hike and 0.8% due to savings. Employee cost increased during the quarter, due to new year increments and increase in the number of employees.
- **The increasing competition might impact overall market share.** However, entry of new players in the segment will increase the size of the market, ultimately benefiting overall volumes of the company.
- **Network-** Added 10 new dealerships in India with a total network of 2,034 dealers and also added 22 in International markets with a total network of 1,029 outlets. International market includes 210 exclusive stores and 819+ multi-brand outlets.
- **EVs-** The company has grown its engineering team over the last few years. Also, the company is growing the commercial side of the EV team including distribution.
- Finance penetration now stands at 60%.
- Non-MC segment revenue- Spare part sales grew 25% YoY to INR4.78b (25% growth YoY)
- Expect CV industry to grow led by healthy infra demand and positive monsoon.

- Demand for buses are strong and higher demand is coming from STUs and schools. The company executed delivery of 9-metre electric buses to Kerala STUs.
- Gained market share in LMD with 36.9% in 1Q (vs 31.2% YoY). Market share in HD and buses stands at 9.4%/25.1% respectively.

Valuation and view

- **The worst seems to be behind; recovery underway:** Demand for RE has surpassed pre-COVID levels and is expected to further improve going forward, driven by launches and ongoing expansion in the international market. The company continues to expand its addressable market through a) distribution expansion (via smaller format stores), b) price laddering (by offering multiple 'trim' levels), c) new product launches (healthy response to Hunter 350/ Meteor 650 and other refreshers lined up), and d) mass personalization through the 'Make it Yours' (MIY) platform.
- **Easing chip supplies, product launches to drive strong volume growth:** With a healthy response for the Hunter, all recent product launches (including Himalayan, 650cc twins, Meteor, and Classic 350) of RE have seen good success. The launches will expand its product portfolio, narrow the gap in quality vis-à-vis the 650cc twins, and substantially expand its addressable market globally. This coupled with easing supply-side issues should result in ~12% volume CAGR (FY23-25E), which will drive a 180bp standalone margin recovery to 25.9% by FY25E and ~23% standalone PAT CAGR.
- **Export ramp-up now visible, to fully play out over the next few years:** RE is focused on creating an affordable Leisure Biking segment in the 250-650cc range and in the USD3-7k price bracket. Globally, the size of the 250-650cc segment is ~1m annually, dominated by the Sports/Street Biking segment. Exports from India are over 0.5m annually for the Premium segment (excluding RE, over 150cc). RE's exports volume grew over 23.5% YoY to ~1L units in FY23 and is expected to register a CAGR of ~19% over FY23-25. This will be benefitted by launches such as Hunter, given its international product quality. It is opening exclusive stores in markets such as LatAm, Indonesia, London, Paris, Madrid, and ASEAN. This has started to show results, with FY23 export revenues growing 20% YoY in FY23 to INR20.8b. The same is expected to witness a CAGR of 24% over FY23-25.
- **Valuation and view:** We upgrade FY24E SA EPS by 5%, primarily due to higher 'other income'. However, for VECV, there was a margin miss, leading us to moderate the margin assumption for the CV business. For RE, we are factoring in average volumes of 79k/88k per month for FY24/FY25 and EBITDA margins at 25.8%/25.9%. Valuations at 23.7x/20.6x are largely reflecting the expected volume recovery, but not the potential risk from the recent launches of Bajaj-Triumph and Hero-HD in mid-size motorcycles in India and global markets. Hence, we reiterate our Neutral rating on the stock, with a TP of INR3,600 (Sep-25E based SOTP). We value RE at 20x FY25E EPS and VECV at 10x EV EBITDA on FY25E.

Exhibit 7: Revised forecast

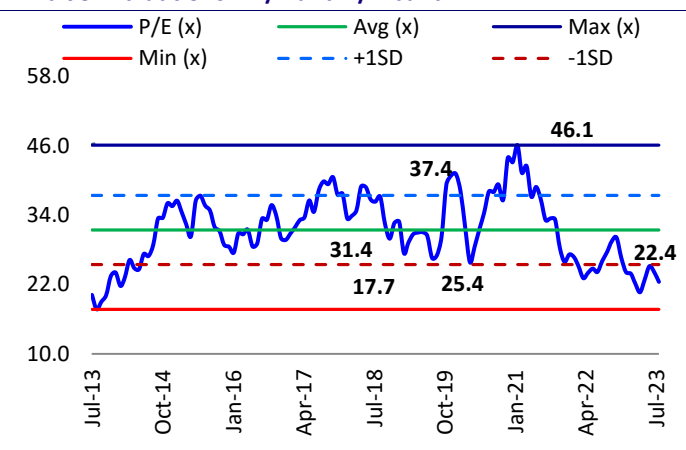
(INR M)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Standalone (RE)						
Volumes (units)	9,43,431	9,43,431	-	10,54,734	10,54,734	-
Net Sales	1,65,314	1,66,839	(0.9)	1,91,268	1,92,962	(0.9)
EBITDA	42,702	42,102	1.4	49,604	49,563	0.1
EBITDA (%)	25.8	25.2	60bp	25.9	25.7	20bp
Net Profit	34,605	33,022	4.8	39,596	39,596	0.0
EPS (INR)	127	121	4.8	145	145	0.0
VECV						
Volumes (units)	90,004	90,414	(0.5)	99,806	1,00,258	(0.5)
Net Sales	2,25,395	2,22,128	1.5	2,54,982	2,49,139	2.3
EBITDA	20,308	21,459	(5.4)	24,776	25,891	(4.3)
EBITDA (%)	9.0	9.7	-70bp	9.7	10.4	-70bp
EPS (INR)	20.0	21.6	(7.4)	26.8	28.4	(5.8)
Consol EPS (INR)	142.9	139.3	2.5	164.2	170.0	(3.4)

Exhibit 8: SoTP valuations – INR3,600 (Sep-25 based)

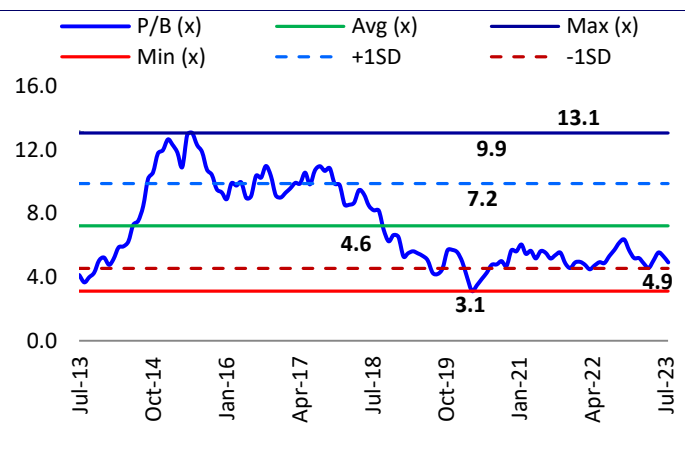
INR Mn	FY24E	FY25E	FY26E
Royal Enfield			
PAT	33,605	37,580	45,127
Equity Value	PE @ 20x	7,44,075	8,94,412
VECV (@ 54.4% Economic interest)			
EBITDA	11,047	13,478	15,178
EV	@ 10x EV/EBITDA	1,33,435	1,50,267
Net Debt	-13,209	-19,589	-27,322
Equity Value	1,23,683	1,53,024	1,77,589
Total Equity Value	7,95,791	8,97,098	10,72,001
Target Price (INR/Sh)	2,910	3,280	3,920

Source: Company, MOFSL

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



Source: MOFSL



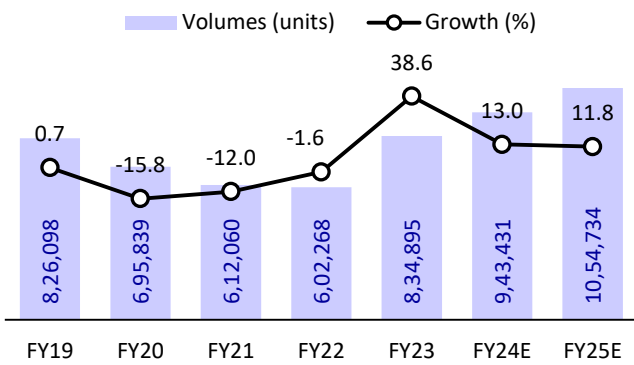
Source: MOFSL

Exhibit 10: Snapshot of Revenue Model

000 units	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
ROYAL ENFIELD (S/A)							
Total 2W (units)	826	696	612	602	835	943	1,055
<i>Growth (%)</i>	0.7	-15.8	-12.0	-1.6	38.6	13.0	11.8
Net realn (INR'000/unit)	118	129	140	166	166	173	179
<i>Growth (%)</i>	8.3	10.1	8.2	18.4	0.3	4.0	3.4
RE Revenues (INR b)	98	91	86	101	141	165	191
<i>Growth (%)</i>	9.3	-7.3	-5.1	17.4	39.0	17.5	15.7
VECV							
Dom - LMD	48	36	27	36	54	61	67
<i>Growth (%)</i>	11.4	-26.2	-23.3	33.0	47.6	12.8	10.6
<i>% of CV Vols</i>	67.5	75.1	68.3	65.4	69.3	69.2	69.0
Dom - HCV	13	7	8	11	19	21	24
<i>Growth (%)</i>	7.3	-45.2	6.0	41.3	74.0	13.0	10.0
<i>% of CV Vols</i>	18.5	15.3	19.2	19.5	24.4	24.4	24.2
Total Dom.	62	43	35	47	73	82	91
<i>Growth (%)</i>	10.5	-30.3	-18.3	34.8	53.6	12.8	10.4
<i>% of CV Vols</i>	86.0	90.4	87.5	84.9	93.7	93.7	93.2
Exports	10	5	5	8	5	6	7
<i>Growth (%)</i>	11.2	-54.4	10.0	67.7	-41.5	12.7	18.8
<i>% of CV Vols</i>	14.0	9.6	12.5	15.1	6.3	6.3	6.8
Total CV vols	72	48	40	56	78	88	97
<i>Growth (%)</i>	10.6	-33.6	-15.6	38.9	39.3	12.8	11.0
MDEP Vols ('000 Ex captive)	34	31	22	23	24	26	0
Net realn (INR'000/unit)	1,590	1,750	2,102	2,229	2,380	2,504	2,555
<i>Growth (%)</i>	4	10	20	6	7	5	2
VECV Revenues (INR b)	116	85	87	127	190	225	255
<i>Growth (%)</i>	15.4	-26.5	1.8	46.7	48.9	18.9	13.1
Net Consol sales (INR b)	98	92	87	103	144	169	196
<i>Growth (%)</i>	9.3	-6.6	-4.7	18.1	40.2	17.1	15.7

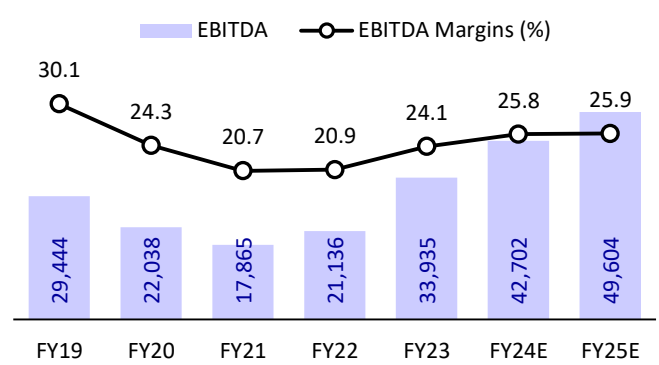
Story in charts

Exhibit 11: Volume and growth trend for RE



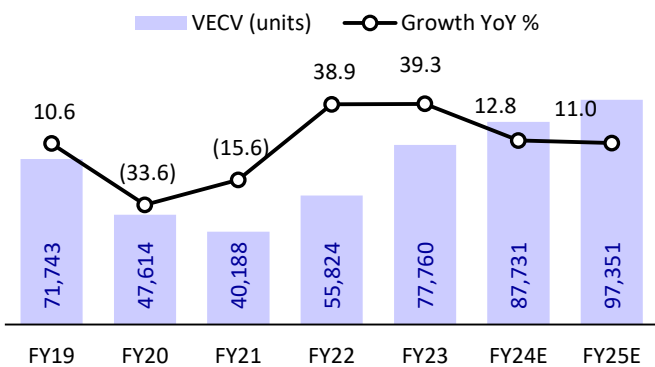
Source: Company, MOFSL

Exhibit 12: EBITDA and EBITDA margin trend for RE



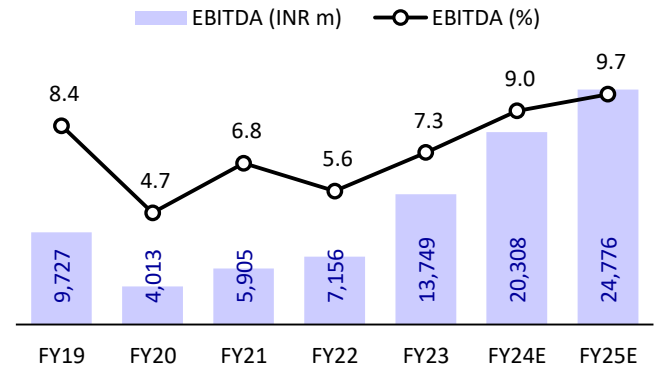
Source: Company, MOFSL

Exhibit 13: Volume growth trajectory for VECV



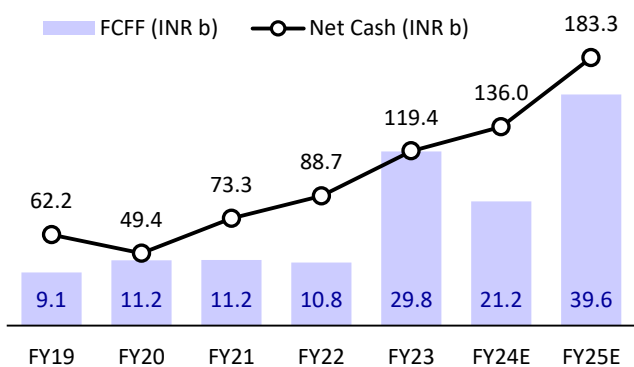
Source: Company, MOFSL

Exhibit 14: EBITDA and EBITDA margin for VECV



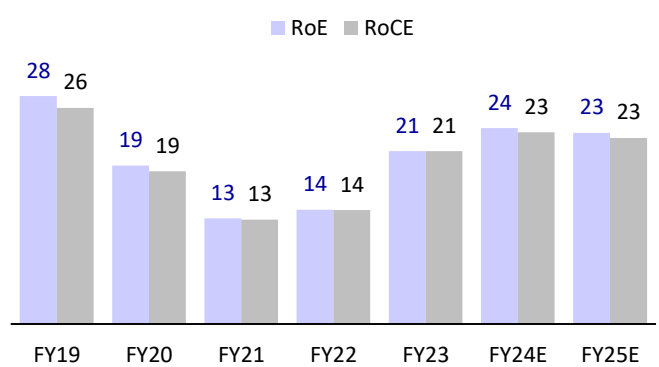
Source: Company, MOFSL

Exhibit 15: Strong FCF generation and liquidity (pro-rata)



Source: Company, MOFSL

Exhibit 16: Return ratios to improve



Source: Company, MOFSL

Financials and valuations

Income Statement (Consolidated)							(INR Million)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Op. Income	92,193	97,971	91,536	87,204	1,02,978	1,44,422	1,69,136	1,95,632
Change (%)	16.1	6.3	-6.6	-4.7	18.1	40.2	17.1	15.7
EBITDA	28,076	29,031	21,804	18,313	21,723	34,436	43,154	50,069
EBITDA Margin (%)	31.5	29.9	24.0	21.1	21.4	24.3	25.9	25.9
Depreciation	2,233	3,003	3,815	4,507	4,519	5,262	5,883	6,890
EBIT	25,843	26,028	17,988	13,805	17,203	29,174	37,270	43,178
Interest cost	53	73	189	165	188	280	380	380
Other Income	2,801	4,434	5,433	4,532	4,408	5,951	8,350	8,130
PBT	28,591	30,389	23,232	18,173	21,424	34,845	45,240	50,928
Tax	9,359	10,770	5,275	4,527	5,259	8,857	11,635	13,349
Effective Rate (%)	32.7	35.4	22.7	24.9	24.5	25.4	25.7	26.2
PAT	19,232	19,619	17,957	13,646	16,165	25,988	33,605	37,580
Change (%)	26.2	2.0	-8.5	-24.0	18.5	60.8	29.3	11.8
Less: Minority Interest	-2,566	-2,584	-317	-311	-602	-3,152	-5,470	-7,325
Adj. PAT	21,017	22,203	18,274	13,829	16,766	29,139	39,075	44,905
Change (%)	22.7	5.6	-17.7	-24.3	21.2	73.8	34.1	14.9

Balance Sheet (Consolidated)							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	273	273	273	273	273	274	274	274
Reserves	70,028	88,914	99,536	1,14,108	1,25,807	1,49,629	1,76,397	2,07,627
Net Worth	70,301	89,187	99,809	1,14,381	1,26,080	1,49,903	1,76,670	2,07,900
Deferred Tax	1,421	2,739	2,522	2,215	2,201	2,913	4,759	6,871
Loans	1,508	1,868	1,444	1,574	588	1,957	988	988
Capital Employed	73,230	93,794	1,03,775	1,18,170	1,28,869	1,54,773	1,82,417	2,15,759
Application of Funds								
Gross Fixed Assets	21,443	27,673	36,194	40,904	44,234	51,415	59,970	68,970
Less: Depreciation	6,426	8,927	12,419	16,571	19,991	24,516	30,400	37,290
Net Fixed Assets	15,017	18,746	23,775	24,333	24,243	26,899	29,571	31,680
Capital WIP	3,332	4,497	3,122	3,143	5,048	4,721	5,000	4,000
- of which Goodwill	223	223	223	0	0	0	0	0
Investments	55,808	49,225	57,488	39,021	77,206	1,23,207	1,27,309	1,32,803
Curr.Assets, L & Adv.	21,065	41,400	40,113	79,089	55,514	37,149	62,206	95,485
Inventory	3,946	6,334	5,724	8,746	11,324	12,784	13,587	15,721
Sundry Debtors	680	903	868	1,582	3,020	3,689	9,058	10,480
Cash & Bank Balances	12,120	29,653	29,506	58,304	27,225	8,571	24,387	51,730
Loans & Advances	7	13	1	4,592	6,768	5,889	7,247	8,384
Others	4,312	4,497	4,014	5,866	7,177	6,215	7,926	9,170
Current Liab. & Prov.	21,992	20,075	20,722	27,416	33,141	37,204	41,668	48,210
Sundry Creditors	11,719	12,341	10,277	15,358	17,881	18,104	20,381	23,581
Other Liabilities	9,511	6,928	9,472	10,930	13,362	16,520	18,117	20,961
Provisions	763	807	974	1,128	1,898	2,579	3,170	3,668
Net Current Assets	-927	21,325	19,391	51,673	22,373	-54	20,537	47,275
Application of Funds	73,230	93,794	1,03,775	1,18,170	1,28,869	1,54,772	1,82,417	2,15,759

E: MOFSL Estimates

Financials and valuations

Ratios (Consolidated)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	77.1	81.4	66.9	50.7	61.3	106.5	142.9	164.2
EPS Growth (%)	23.5	5.6	-17.8	-24.3	21.1	73.7	34.1	14.9
Book Value per Share	258	327	366	419	461	548	646	760
DPS	11.0	12.5	12.5	17.0	21.0	37.0	45.0	50.0
Payout (Incl. Div. Tax) %	15.6	17.9	21.7	33.6	34.2	34.7	31.5	30.5
Valuation (x)								
P/E	43.8	41.5	50.5	66.7	55.1	31.7	23.7	20.6
EV/EBITDA	26.0	24.8	36.1	40.3	33.4	19.4	14.7	11.7
EV/Sales	6.0	5.3	6.4	6.4	4.9	3.3	2.7	2.2
Price to Book Value	13.1	10.3	9.2	8.1	7.3	6.2	5.2	4.4
Dividend Yield (%)	0.3	0.4	0.4	0.5	0.6	1.1	1.3	1.5
Profitability Ratios (%)								
RoE	34.0	27.8	19.3	12.9	13.9	21.1	23.9	23.4
RoCE	32.6	26.4	18.7	12.8	13.9	21.1	23.4	22.7
RoIC	1,373.6	298.2	117.5	67.6	72.4	128.0	144.3	140.8
Turnover Ratios								
Debtors (Days)	3	3	3	7	11	9	20	20
Inventory (Days)	16	24	23	37	40	32	29	29
Creditors (Days)	48	46	41	64	63	46	44	44
Working Capital (Days)	-29	-19	-15	-21	-13	-4	5	5
Asset Turnover (x)	1.2	1.0	0.9	0.7	0.8	0.9	0.9	0.9
Leverage Ratio								
Net Debt/Equity (x)	-0.7	-0.6	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7

Cash Flow Statement (Consolidated)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
(INR m)								
Profit before Tax	28,956	32,798	23,549	17,984	22,025	37,996	50,710	58,253
Depreciation	2,233	3,003	3,815	4,507	4,519	5,262	5,883	6,890
Direct Taxes Paid	-8,071	-9,085	-6,283	-4,566	-5,136	-7,703	-9,789	-11,237
(Inc)/Dec in Working Capital	4,380	-4,557	862	2,578	-1,503	657	-3,895	-356
Interest/Div. Received	-394	-1,304	-2,207	-3,103	-2,440	-1,765	-7,150	-7,830
Other Items	-2,282	-5,126	-2,795	-265	-2,195	-5,973	-8,850	-6,790
CF from Oper. Activity	24,823	15,730	16,941	17,136	15,270	28,475	26,908	38,931
(Inc)/Dec in FA+CWIP	-7,460	-7,874	-5,445	-5,375	-6,387	-6,737	-8,835	-8,000
Free Cash Flow	17,363	7,855	11,497	11,760	8,883	21,738	18,073	30,931
(Pur)/Sale of Invest.	-13,991	1,301	-9,639	-11,104	-3,446	-17,479	3,048	2,336
CF from Inv. Activity	-21,450	-6,574	-15,084	-16,479	-9,833	-24,216	-5,787	-5,664
Issue of Shares	195	361	289	384	65	112	0	0
Inc/(Dec) in Debt	390	247	-709	130	-1,046	440	-969	0
Interest Paid	-34	-50	-75	-91	-142	-134	-380	-380
Dividends Paid	-3,171	-3,482	-8,087	0	-4,647	-5,742	-12,308	-13,675
CF from Fin. Activity	-2,620	-2,923	-8,583	-148	-5,934	-4,174	-13,657	-14,055
Inc/(Dec) in Cash	752	6,233	-6,725	509	-496	84	7,465	19,212
Add: Beginning Balance	172	925	7,158	432	941	445	530	7,994
Closing Balance	924	7,158	432	941	445	530	7,994	27,207

E: MOSL Estimates

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

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") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do 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 director/officer/employee in the subject company
- 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 in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from 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.

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.