

# Ashok Leyland

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	AL IN
Equity Shares (m)	2936
M.Cap.(INRb)/(USDb)	510.3 / 6.1
52-Week Range (INR)	192 / 133
1, 6, 12 Rel. Per (%)	1/11/11
12M Avg Val (INR M)	1889

## Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	361.4	412.8	453.3
EBITDA	29.3	46.8	52.7
EBITDA (%)	8.1	11.3	11.6
Adj. PAT	13.2	26.9	33.7
Adj. EPS (INR)	4.5	9.2	11.5
EPS Gr. (%)	NA	103.0	25.3
BV/Sh. (INR)	28.7	35.8	45.3

## Ratios

Net D:E (x)	0.0	-0.1	-0.2
RoE (%)	16.8	28.4	28.3
ROCE (%)	13.1	22.4	24.1
Payout (%)	57.6	21.8	17.4

## Valuations

P/E (x)	38.5	19.0	15.1
P/BV (x)	6.1	4.9	3.8
EV/EBITDA (x)	17.4	10.8	9.1
Div. Yield (%)	1.5	1.2	1.2
FCF Yield (%)	3.2	3.7	6.9

## Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	51.1	51.1	51.1
DII	16.5	20.7	19.4
FII	20.9	17.3	18.3
Others	11.6	10.9	11.2

FII Includes depository receipts

**CMP: INR174 TP: INR215 (+24%) Buy**

## In-line results; retains +8-10% YoY MHCV guidance in FY24

### Approves investment of INR12b in Switch mobility for both India, UK

- Ashok Leyland (AL)'s 2QFY24 result was in line. Its EBITDA margin expanded for the fifth consecutive quarter to 11.2% (up 120bp QoQ). Underlying demand continues to remain positive, with the management guiding for 8-10% YoY growth for the MHCV industry in FY24, coupled with healthier 2HFY24 performance vis-à-vis 1HFY24 for both buses and LCVs.
- We cut our FY25E EPS by ~4.5% to factor in lower volume growth and realizations for MHCVs in FY25. **We reiterate our BUY rating with a TP of INR215 (based on 10x Sep'25E EV/EBITDA + ~INR13/sh for the NBFC).**

### EBITDA margin expands sequentially for the fifth consecutive quarter

- AL's 2QFY24 revenue/EBITDA/adj. PAT grew ~17%/2x/2.9x YoY to INR96.4b/10.8b/5.8b (v/s est. INR99.1b/10.9b/5.7b). Its 1HFY24 revenue/EBITDA/adj. PAT increased ~15%/2.2x/3.6x YoY.
- Net realizations improved 6% YoY (-2.4% QoQ) to INR1.93m (vs. est. INR1.98m). Volumes grew 10% YoY (+21% QoQ).
- Gross margin expanded 450bp YoY (+20bp QoQ) to 26.5% (vs. est. 25.8%). This was partially offset by higher-than-expected employee costs.
- EBITDA margin expanded 470bp YoY (+120bp QoQ) to 11.2% (vs. est. 11%).
- CFO for 1HFY24 stood at INR3.4b (vs. -INR10.9b in 1HFY23). The company reported a capex of INR2b in 1HFY24 (flat YoY).
- The Board of Directors approved an investment of INR12b in Switch Mobility as equity. The funds infused will be used for capex, R&D, and meeting operational requirements in both India and the UK. This will happen in one or more tranches over the next 3-6 months.

## Highlights from the management commentary

- MHCVs:** Management retains its FY24 growth guidance of 8-10% YoY for MHCV volumes. While the 2HFY24 growth outlook appears positive, it believes the momentum should continue even in FY25. During 1HFY24, MHCV volumes grew 10% YoY while tractors/Tippers grew 50%/20% YoY, supported by core sectors and containerized movement of goods.
- LCVs:** Volumes grew 2.0-2.5% YoY in 1HFY24, which was lower than the annual guidance of 4-5% growth. However, this is expected to be healthier in 2HFY24 due to visible green shoots in segments such as e-commerce, agri, consumer durables, and private consumption.
- Buses:** The order pipeline is strong. AL has won large tenders for diesel buses, and some of these will spill over to FY25. TIV for the bus industry has grown 46% YoY in 2Q vs. AL's growth of 95% YoY. Market share in the bus segment has increased to 37.8% now from 28.3% last year.
- Switch:** AL currently has an orderbook of 1,100 buses and LOIs of over 10k units of e-LCV. Management expects the delivery of the first e-LCV batch in 4QFY24. It is keen on getting external investments, but at the right valuations and with the right strategic partner. Till then, AL will support future funding if required.

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

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

- The demand environment is expected to remain stable, supported by improving pricing power and steady RM prices, which will drive strong earnings. AL is the best investment choice in the CV growth cycle, as it has positioned itself to expand its revenue/profit pools.
- While valuations at ~15x FY25E P/E and 9x EV/EBITDA reflect the mid-cycle recovery, they do not fully reflect AL's focus on diversifying new revenue streams and rising profit pools. **We reiterate our BUY rating with a TP of INR215 (based on 10x Sep'25 EV/EBITDA + ~INR13/share for the NBFC).**

**Quarterly Performance (S/A)****(INR m)**

	FY23				FY24E				FY23	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q
Total Volumes (nos)	39,651	45,295	47,562	59,697	41,329	49,846	52,938	64,536	1,92,205	2,08,650	49,846
Growth %	120.4	64.5	39.6	22.5	4.2	10.0	11.3	8.1	49.8	8.6	10.0
Realizations (INR '000)	1,822	1,825	1,899	1,947	1,981	1,934	1,943	2,039	1,880	1,978	1,988
Change (%)	11.0	12.8	16.9	8.5	8.8	6.0	2.4	4.7	11.3	5.2	9.0
<b>Net operating revenues</b>	<b>72,229</b>	<b>82,660</b>	<b>90,297</b>	<b>1,16,257</b>	<b>81,893</b>	<b>96,380</b>	<b>1,02,871</b>	<b>1,31,606</b>	<b>3,61,441</b>	<b>4,12,750</b>	<b>99,115</b>
Change (%)	144.8	85.4	63.1	33.0	13.4	16.6	13.9	13.2	66.7	14.2	19.9
RM/sales %	79.3	78.0	76.3	75.6	73.7	73.5	73.8	74.2	77.1	73.9	74.3
Staff/sales %	6.2	6.4	6.1	5.1	6.6	5.9	5.7	4.8	5.8	5.6	5.7
Other exp/sales %	10.1	9.1	8.8	8.3	9.7	9.3	9.0	8.9	9.0	9.2	9.0
<b>EBITDA</b>	<b>3,203</b>	<b>5,373</b>	<b>7,973</b>	<b>12,757</b>	<b>8,208</b>	<b>10,798</b>	<b>11,921</b>	<b>15,876</b>	<b>29,307</b>	<b>46,802</b>	<b>10,910</b>
EBITDA Margin (%)	4.4	6.5	8.8	11.0	10.0	11.2	11.6	12.1	8.1	11.3	11.0
Interest	689	771	804	628	699	587	620	619	2,891	2,525	660
Other Income	256	200	316	389	512	475	400	434	1,161	1,820	425
Depreciation	1,824	1,768	1,890	1,838	1,794	1,803	1,850	1,878	7,320	7,325	1,850
<b>PBT before EO Item</b>	<b>946</b>	<b>3,035</b>	<b>5,596</b>	<b>10,681</b>	<b>6,227</b>	<b>8,883</b>	<b>9,851</b>	<b>13,813</b>	<b>20,258</b>	<b>38,773</b>	<b>8,825</b>
EO Exp/(Inc)	-130	-82	-69	-564	6	229	0	0	-846	235	0
<b>PBT after EO</b>	<b>1,077</b>	<b>3,117</b>	<b>5,665</b>	<b>11,245</b>	<b>6,221</b>	<b>8,654</b>	<b>9,851</b>	<b>13,813</b>	<b>21,104</b>	<b>38,538</b>	<b>8,825</b>
Effective Tax Rate (%)	36.8	36.1	36.2	33.2	7.3	35.2	35.0	35.2	34.6	30.7	35.0
<b>Adj PAT</b>	<b>595</b>	<b>1,939</b>	<b>3,568</b>	<b>7,145</b>	<b>5,768</b>	<b>5,769</b>	<b>6,403</b>	<b>8,949</b>	<b>13,248</b>	<b>26,880</b>	<b>5,736</b>
Change (%)	-121.2	-333.0	-1,054.2	70.8	868.8	197.5	79.5	25.2	7,587.8	102.9	195.8

E: MOFSL Estimates

**Key Performance Indicators**

Y/E March	FY23				FY24E				FY23	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q
M&HCV	24,987	27,841	30,790	40,491	26,165	32,086	34,239	44,222	1,24,109	1,36,712	32086
Dom. M&HCV Mkt sh (%)	30.1	32.0	32.9	32.0	31.2	31.9	NA	NA	31.8	NA	NA
LCV	14,664	17,454	16,772	19,206	15,164	17,760	18,699	20,315	68,096	71,937	17760
Dom. LCV Mkt sh (%)	9.7	11.2	11.6	11.7	10.7	11.0	NA	NA	11.1	NA	NA
<b>Total Volumes (nos)</b>	<b>39,651</b>	<b>45,295</b>	<b>47,562</b>	<b>59,697</b>	<b>41,329</b>	<b>49,846</b>	<b>52,938</b>	<b>64,536</b>	<b>1,92,205</b>	<b>2,08,650</b>	<b>49846</b>
AL's CV Market Sh (%)	16.3	17.8	19.3	20.1	17.9	6.7			18.5		
Realizations (INR '000)	1,822	1,825	1,899	1,947	1,981	1,934	1,943	2,039	1,880	1,978	1988
Growth %	11.0	12.8	16.9	8.5	8.8	6.0	2.4	4.7	18.4	34.4	9
<b>Cost Break-up</b>											
RM Cost (% of sales)	79.3	78.0	76.3	75.6	73.7	73.5	73.8	74.2	77.1	73.9	74.3
Staff Cost (% of sales)	6.2	6.4	6.1	5.1	6.6	5.9	5.7	4.8	5.8	5.6	5.7
Other Cost (% of sales)	10.1	9.1	8.8	8.3	9.7	9.3	9.0	8.9	9.0	9.2	9.0
<b>Gross Margin (%)</b>	<b>20.7</b>	<b>22.0</b>	<b>23.7</b>	<b>24.4</b>	<b>26.3</b>	<b>26.5</b>	<b>26.3</b>	<b>25.8</b>	<b>22.9</b>	<b>26.2</b>	<b>25.8</b>
<b>EBITDA Margins (%)</b>	<b>4.4</b>	<b>6.5</b>	<b>8.8</b>	<b>11.0</b>	<b>10.0</b>	<b>11.2</b>	<b>11.6</b>	<b>12.1</b>	<b>8.1</b>	<b>11.3</b>	<b>11.0</b>
<b>EBIT Margins (%)</b>	<b>1.9</b>	<b>4.4</b>	<b>6.7</b>	<b>9.4</b>	<b>7.8</b>	<b>9.3</b>	<b>9.8</b>	<b>10.6</b>	<b>6.1</b>	<b>9.6</b>	<b>9.1</b>

E:MOFSL Estimates

## Key takeaways from the management commentary

- **MHCVs:** Management retains its FY24 growth guidance of 8-10% YoY for MHCV volumes. While the 2HFY24 growth outlook appears positive, it believes the momentum should continue even in FY25. During 1HFY24, MHCV volumes grew 10% YoY while tractors/Tippers grew 50%/20% YoY, supported by core sectors and containerized movement of goods.
- **LCVs:** Volumes grew 2.0-2.5% YoY in 1HFY24, which was lower than the annual guidance of 4-5% growth. However, this is expected to be healthier in 2HFY24 due to visible green shoots in segments such as e-commerce, agri, consumer durables, and private consumption.
- **Buses:** The order pipeline is strong. AL has won large tenders for diesel buses, and some of these will spill over to FY25. TIV for the bus industry has grown 46% YoY in 2Q vs. AL's growth of 95% YoY. Market share in the bus segment has increased to 37.8% now from 28.3% last year.
- **E-buses:** The industry was worried about the payment security mechanism earlier. There have been discussions between the government and industry on this. Government is actively working on establishing a proper payment mechanism, which will further drive the growth in overall volumes.
- **Price hike:** The company might take a price hike of ~1% in 3QFY24, if required. There were significant price increases taken by peers in 3Q (by ~3%).
- **Switch:** AL currently has an orderbook of 1,100 buses and LOIs of over 10k units of e-LCV. Management expects the delivery of the first e-LCV batch in 4QFY24. It is keen on getting external investments, but at the right valuations and with the right strategic partner. Till then, AL will support future funding if required.
- Switch India is expected to be cash-positive at operating level going forward. Any capex in future will be small and will be towards R&D and product development. However, it would be self-sufficient to fund that.
- The EU market is still not going strong and more investments will be required in FY25.
- **Ohm:** AL has already put an equity of INR3b. The future funding will depend on the kind of order pipeline it would be able to generate.
- **Commodity: Management believes the commodity softening trend to continue.**
- Gross margin was ~4.5% higher YoY due to lower metal cost and on account of realization. Steel prices (40-45% of the vehicle), declined 8% YoY between 1Q and 2QFY24. Further, pricing in the industry has been improving by 1.5-2.0% per quarter and this trend will continue. The cost reduction program has helped save INR6.0-6.5b last year. It has worked on new materials, consolidating vendors, and optimizing design, and the efforts will continue to help even in the coming period.
- **Capex guidance of INR6b for FY24.** AL has incurred a capex of INR2b in 1HFY24. It is focusing on: i) de-bottlenecking, ii) improving productivity, and iii) reducing operating costs.
- **Tax rate:** Management expects ~25% tax rate in FY25; however, for the remaining quarter of this year, it should be ~35%. 1QFY24 was lower due to credit on deferred tax of INR1.72b.
- **HLF:** Listing is expected in 4QFY24. Total book for HLF stands at INR420b. AL is not looking to invest in HLF. Its capital adequacy stands at ~21%.

Exhibit 1: M&amp;HCV sales trend

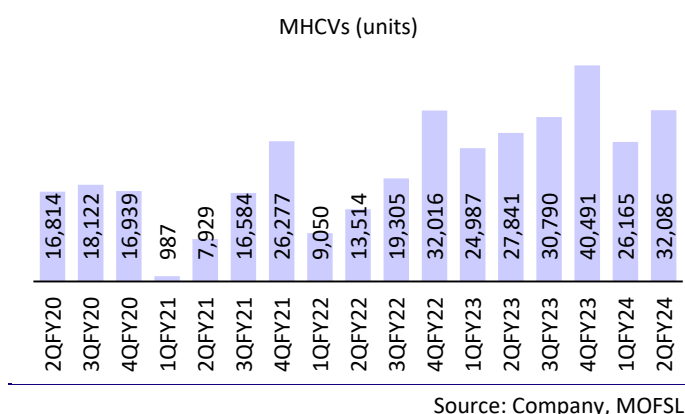


Exhibit 2: Growth trend in M&amp;HCV

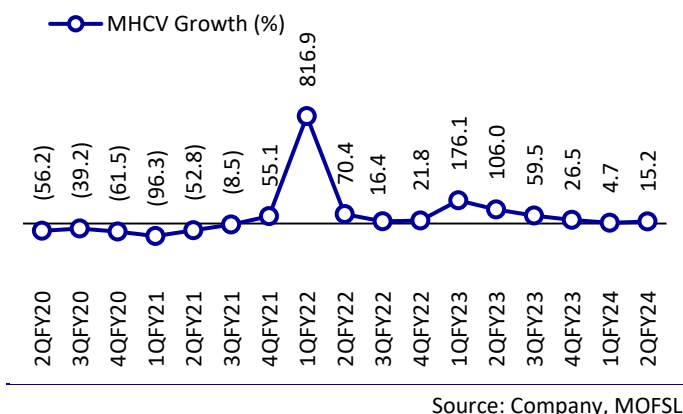


Exhibit 3: Domestic M&amp;HCV market share trend

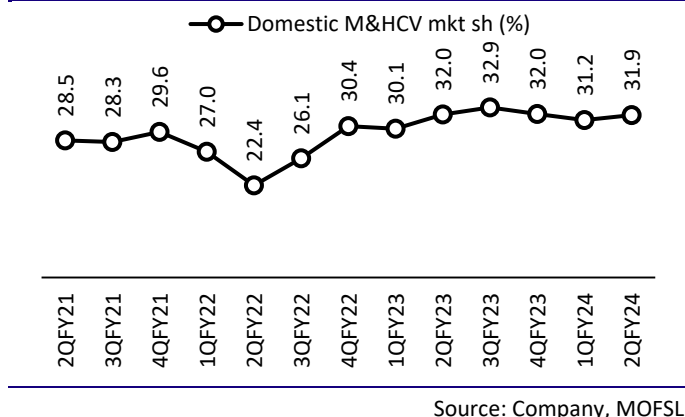


Exhibit 4: Realization trend

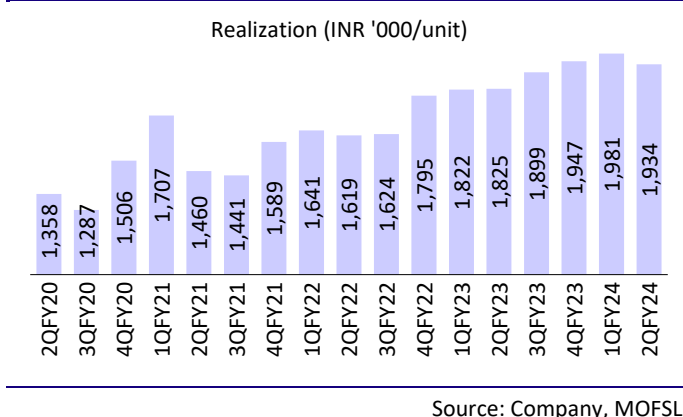


Exhibit 5: Trends in EBITDA and EBITDA margin

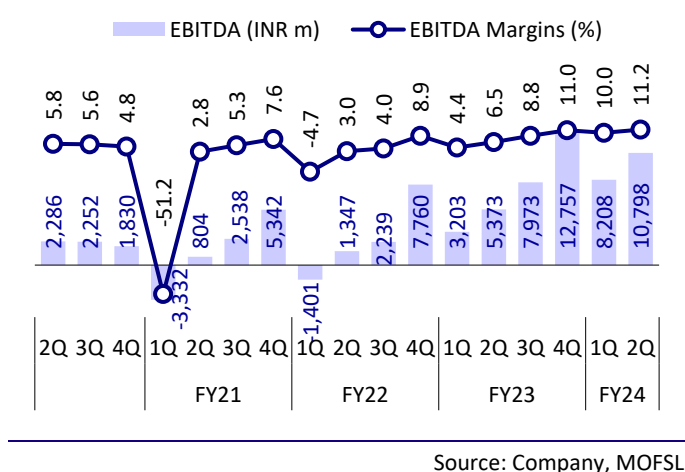


Exhibit 6: Trend in RM cost

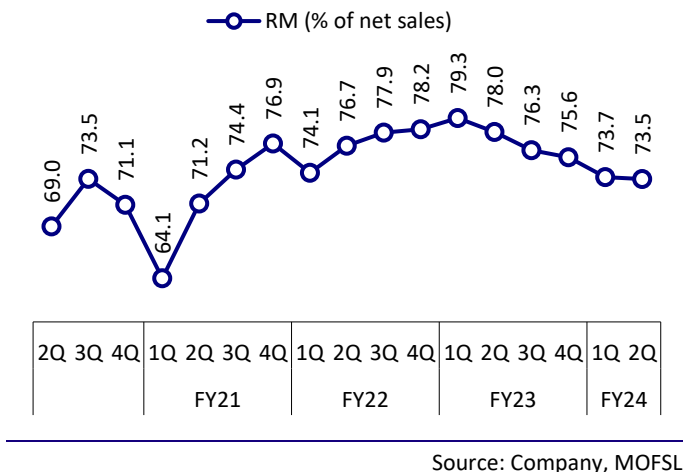
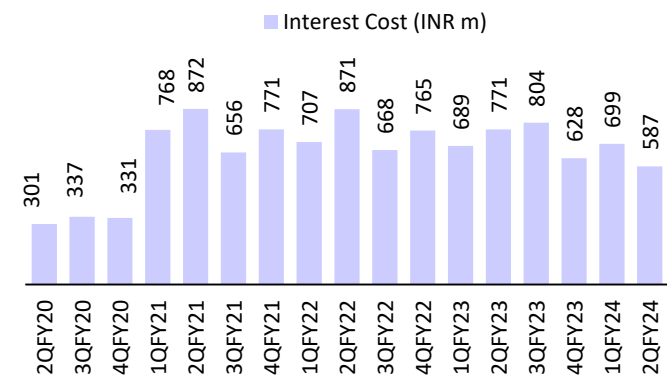
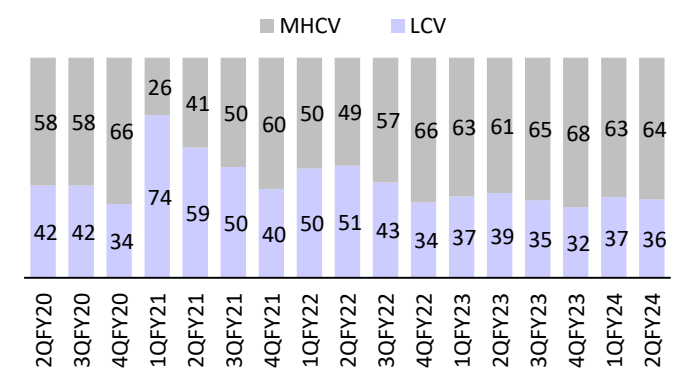


Exhibit 7: Trend in interest cost



Source: Company, MOFSL

Exhibit 8: M&amp;HCV and LCV's contributions in sales mix



Source: SIAM, MOFSL

## Valuation and view

- Focus on market share recovery in M&HCV and gains in LCVs:** Unlike in the PV segment, the implementation of a modular strategy is uncommon in the M&HCV segment globally. This is mainly due to the significantly high number of SKUs and the more substantial changes required in the traditional way of conducting business. This could be an important driver of market share gains for AL, as it improves its response time and is a better application fit for the customer. These, coupled with launches in the LCV segment, would expand the company's addressable market in India (in LCV by 2x) and globally (by offering a wide range of products – from LCV to M&HCV).
- Domestic M&HCV on the recovery path, FY24E should be scaling a new peak:** We expect CV demand recovery to continue in FY24, fueled by strong underlying demand across major industries and higher infra spends by the government. The management has guided for 8-10% YoY growth in the domestic MHC industry for FY24, which should possibly surpass its earlier peak volumes of FY19. Although the voluntary scrapping of trucks may have some positive impact on CV demand, it is not expected to be significant. We estimate AL's M&HCV volumes to register a CAGR of ~9% over FY23-25.
- Focus on creating and expanding profit/revenue pools:** AL is focused on expanding and creating new revenue and profit pools. De-risking of the M&HCV business, along with the expansion of nascent businesses – such as Spares (7% of FY23 sales) – Exports (5% of sales), LCV (12% sales), and Defense (1% of sales), is a key focus area. Further, AL has set up a new business vertical – Customer Solutions – targeting a higher share of the customer wallet across the life cycle in areas such as finance, spares, and fuel.
- Expect recovery to continue with market share gains:** AL's revenue/EBITDA/PAT is estimated to register a CAGR of 12%/34%/60% over FY23–25. In the long term, AL's focus on expanding and creating new profit/revenue pools is likely to de-risk the business – the share of domestic trucks in revenue is anticipated to shrink from 64% in FY25 (~68% in FY19).
- Switch Mobility (EV subs) offers an option value:** AL's EV subsidiary, Switch Mobility, is focusing on LCVs (including pick-ups and vans) and buses for both India and globally. While Switch Mobility had sold 1% stake in the company to its supplier Dana for implied valuations of USD1.8b, the management has made it amply clear that it would be looking to raise funds in this subsidiary. If the

company manages to raise funds at a valuation of at least USD1.6-1.8b, this could lead to an additional value of INR30-35 per share for AL. Similar to what happened in TTMT post the minority stake sale in EV business to TPG, this could potentially result in a re-rating of AL.

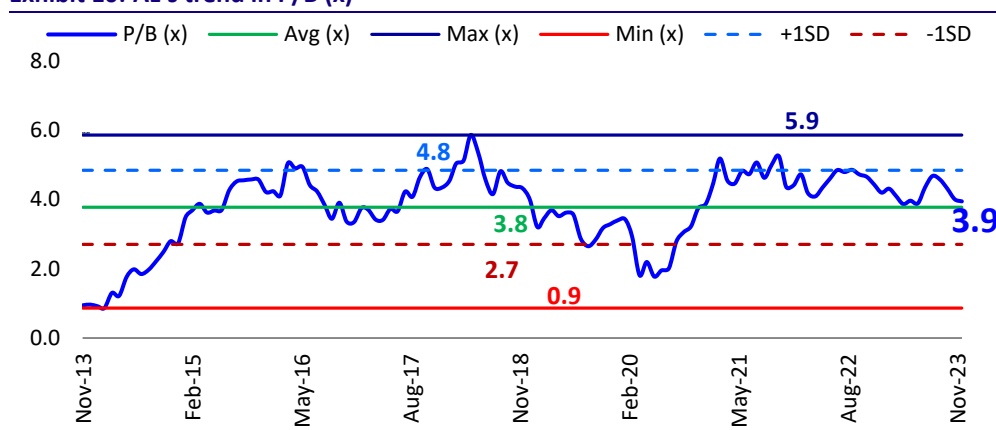
- **Valuation and view:** The demand environment is expected to remain stable, supported by improving pricing power and stable RM prices, which will result in strong earnings. AL is the best investment choice in the CV growth cycle, as it has positioned itself to expand revenue/profit pools. While valuations at 15x FY25E P/E and 9x EV/EBITDA reflect the mid-cycle recovery, they do not fully reflect AL's focus on diversifying new revenue streams and increasing profit pools. While cut FY25E EPS by ~4.5% to factor in lower volume growth and realizations for MHCVs in FY25. We reiterate our **BUY** rating with a TP of INR215 (based on 10x Sep'25E EV/EBITDA + ~INR13/sh for the NBFC).
- **Key risks** to our TP include: a) a loss of road share for freight movement from the upcoming DFCC, and b) increasing competitive intensity, resulting in a loss of market share and shrinking margins.

**Exhibit 9: Our revised estimates**

	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	209	211	-1.0	225	229	-1.9
Net Sales	4,12,750	4,21,237	-2.0	4,53,283	4,68,169	-3.2
EBITDA	46,802	48,319	-3.1	52,709	55,384	-4.8
EBITDA margins (%)	11.3	11.5	-10bp	11.6	11.8	-20bp
Net Profit	26,889	27,362	-1.7	33,700	35,299	-4.5
EPS (INR)	9.2	9.3	-1.7	11.5	12.0	-4.5

Source: MOFSL

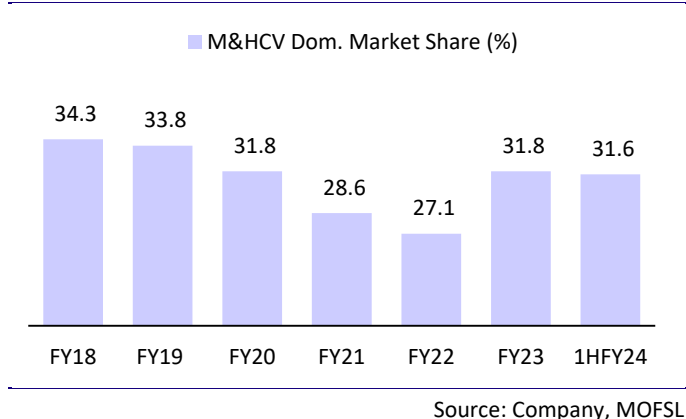
**Exhibit 10: AL's trend in P/B (x)**



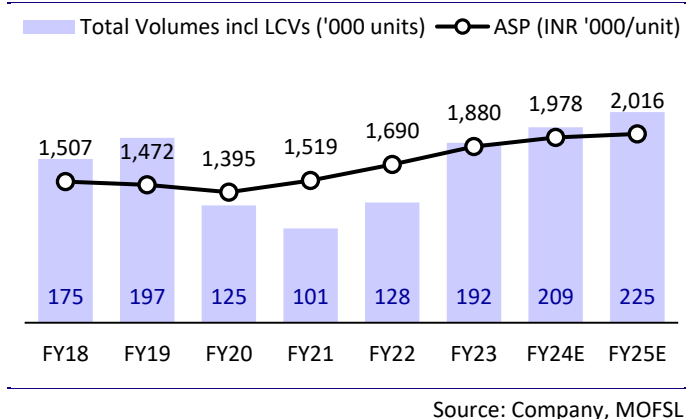
Source: MOFSL

## Story in charts

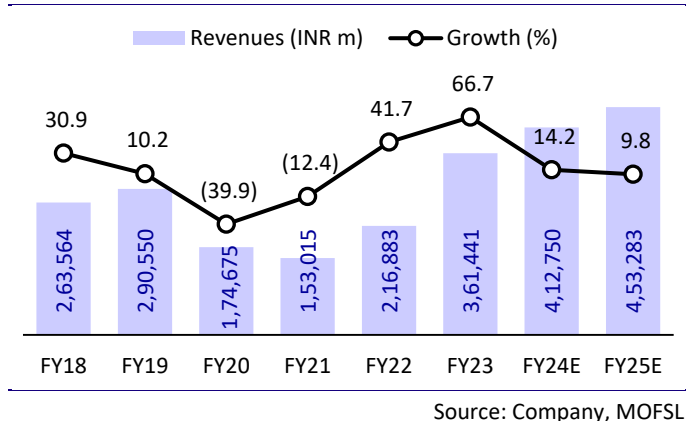
**Exhibit 11: AL's market share trend**



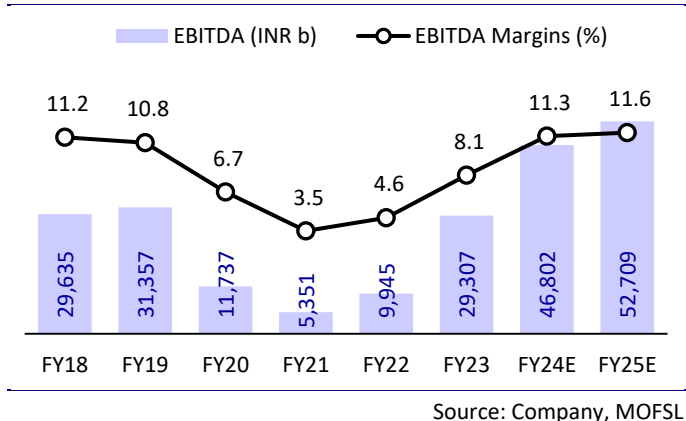
**Exhibit 12: Volume and realization growth trends**



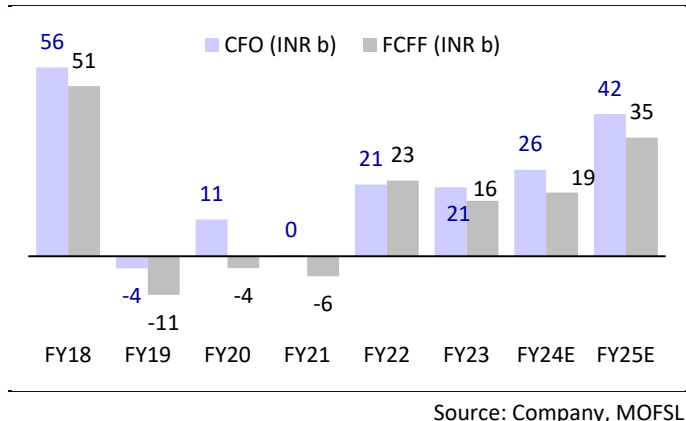
**Exhibit 13: Revenue growth trend**



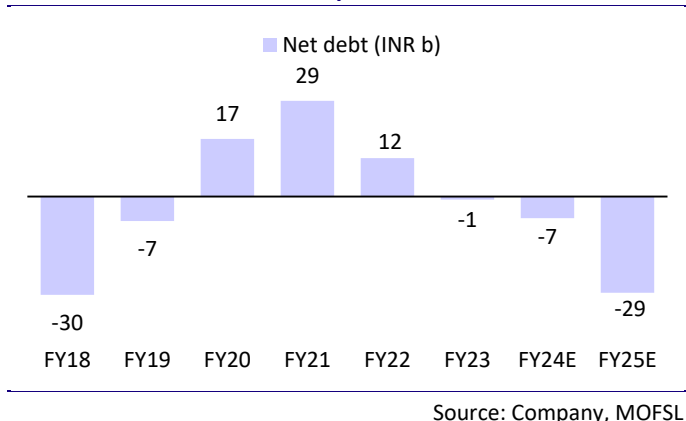
**Exhibit 14: EBITDA and EBITDA margin trends**



**Exhibit 15: CFO and FCFF trends**



**Exhibit 16: AL's net debt is expected to decline in FY24**





## Financials and valuations

Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Volumes ('000 units)	175	197	125	101	128	192	209	225
Growth (%)	20.5	12.9	-36.5	-19.6	27.4	49.8	8.6	7.8
<b>Net Sales</b>	<b>2,63,564</b>	<b>2,90,550</b>	<b>1,74,675</b>	<b>1,53,015</b>	<b>2,16,883</b>	<b>3,61,441</b>	<b>4,12,750</b>	<b>4,53,283</b>
Change (%)	30.9	10.2	-39.9	-12.4	41.7	66.7	14.2	9.8
<b>EBITDA</b>	<b>29,635</b>	<b>31,357</b>	<b>11,737</b>	<b>5,351</b>	<b>9,945</b>	<b>29,307</b>	<b>46,802</b>	<b>52,709</b>
Change (%)	34.6	5.8	-62.6	-54.4	85.8	194.7	59.7	12.6
EBITDA Margins (%)	11.2	10.8	6.7	3.5	4.6	8.1	11.3	11.6
Depreciation	5,985	6,210	6,698	7,477	7,528	7,320	7,325	7,776
<b>EBIT</b>	<b>23,650</b>	<b>25,147</b>	<b>5,039</b>	<b>-2,126</b>	<b>2,418</b>	<b>21,987</b>	<b>39,478</b>	<b>44,933</b>
Interest & Fin. Charges	1,473	704	1,095	3,068	3,011	2,891	2,525	1,850
Other Income	1,966	1,099	1,233	1,195	761	1,161	1,820	1,970
<b>PBT</b>	<b>23,858</b>	<b>24,968</b>	<b>3,619</b>	<b>-4,119</b>	<b>5,276</b>	<b>21,104</b>	<b>38,538</b>	<b>45,054</b>
Tax	6,681	5,136	1,224	(982)	(142)	7,303	11,812	11,353
Effective Rate (%)	28.0	20.6	33.8	23.8	-2.7	34.6	30.7	25.2
<b>Rep. PAT</b>	<b>17,177</b>	<b>19,832</b>	<b>2,395</b>	<b>-3,137</b>	<b>5,418</b>	<b>13,801</b>	<b>26,726</b>	<b>33,700</b>
Change (%)	40.4	15.5	-87.9	-231.0	-272.7	154.7	93.7	26.1
% of Net Sales	6.5	6.8	1.4	-2.0	2.5	154.7	93.7	26.1
<b>Adjusted PAT</b>	<b>17,359</b>	<b>20,268</b>	<b>3,426</b>	<b>-3,045</b>	<b>172</b>	<b>13,248</b>	<b>26,889</b>	<b>33,700</b>
Change (%)	12.3	16.8	-83.1	-188.9	-105.7	7,587.8	103.0	25.3

Balance Sheet							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Sources of Funds</b>								
Share Capital	2,927	2,936	2,936	2,936	2,936	2,936	2,936	2,936
Reserves	69,528	80,389	69,704	66,837	70,434	81,322	1,02,176	1,30,004
<b>Net Worth</b>	<b>72,455</b>	<b>83,324</b>	<b>72,640</b>	<b>69,772</b>	<b>73,369</b>	<b>84,258</b>	<b>1,05,112</b>	<b>1,32,940</b>
Loans	12,263	6,324	30,648	37,163	35,071	31,801	24,301	16,801
Deferred Tax Liability	2,986	2,497	2,648	1,708	1,444	5,035	5,035	7,288
<b>Capital Employed</b>	<b>87,704</b>	<b>92,145</b>	<b>1,05,936</b>	<b>1,08,642</b>	<b>1,09,884</b>	<b>1,21,094</b>	<b>1,34,448</b>	<b>1,57,029</b>
<b>Application of Funds</b>								
Gross Fixed Assets	64,798	71,437	91,913	1,01,269	1,03,773	1,07,732	1,12,557	1,19,557
Less: Depreciation	13,817	19,791	28,376	35,264	41,626	48,470	55,794	63,570
<b>Net Fixed Assets</b>	<b>50,981</b>	<b>51,646</b>	<b>63,537</b>	<b>66,005</b>	<b>62,146</b>	<b>59,262</b>	<b>56,762</b>	<b>55,987</b>
Capital WIP	4,226	6,576	5,941	3,719	1,943	1,325	3,000	3,000
Goodwill	4,499	4,499	4,499	4,499	4,499	4,499	4,499	4,499
Investments	56,067	26,365	27,196	30,687	48,196	66,636	71,636	76,636
<b>Curr.Assets, L &amp; Adv.</b>	<b>57,591</b>	<b>93,158</b>	<b>62,723</b>	<b>79,590</b>	<b>86,554</b>	<b>94,194</b>	<b>1,25,203</b>	<b>1,55,997</b>
Inventory	17,583	26,847	12,380	21,423	20,752	27,745	36,186	43,465
Sundry Debtors	9,448	25,055	11,804	28,163	31,111	40,627	45,233	49,675
Cash & Bank Balances	10,422	13,736	13,225	8,230	10,470	5,013	3,096	18,173
Loans & Advances	20,138	27,520	25,314	21,774	24,221	20,810	40,688	44,684
<b>Current Liab. &amp; Prov.</b>	<b>85,660</b>	<b>90,099</b>	<b>57,960</b>	<b>75,857</b>	<b>93,454</b>	<b>1,04,822</b>	<b>1,26,652</b>	<b>1,39,089</b>
Sundry Creditors	48,879	50,189	26,239	51,647	68,752	71,751	79,158	86,931
Other Liabilities	26,146	29,386	23,666	17,665	17,997	22,686	33,925	37,256
Provisions	10,635	10,524	8,055	6,545	6,705	10,385	13,570	14,902
<b>Application of Funds</b>	<b>87,704</b>	<b>92,145</b>	<b>1,05,936</b>	<b>1,08,642</b>	<b>1,09,884</b>	<b>1,21,094</b>	<b>1,34,448</b>	<b>1,57,029</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
EPS	5.9	6.9	1.2	-1.0	0.1	4.5	9.2	11.5
EPS Fully Diluted	5.9	6.9	1.2	-1.0	0.1	4.5	9.2	11.5
EPS Growth (%)	9.2	16.4	-83.1	-188.9	-105.7	NA	103.0	25.3
Cash EPS	8.0	9.0	3.4	1.5	2.6	7.0	11.7	14.1
Book Value per Share	24.8	28.4	24.7	23.8	25.0	28.7	35.8	45.3
DPS	2.4	3.4	0.5	0.6	1.0	2.6	2.0	2.0
Div. Payout (%)	49.3	59.4	51.5	-57.8	1,703.5	57.6	21.8	17.4
<b>Valuation (x)</b>								
P/E	29.3	25.2	148.9	-167.5	2,959.8	38.5	19.0	15.1
Cash P/E	21.8	19.3	50.4	115.1	66.2	24.8	14.9	12.3
EV/EBITDA	16.2	16.0	44.9	100.7	52.5	17.4	10.8	9.1
EV/Sales	1.8	1.7	3.0	3.5	2.4	1.4	1.2	1.1
Price to Book Value	7.0	6.1	7.0	7.3	7.0	6.1	4.9	3.8
Dividend Yield (%)	1.4	2.0	0.3	0.3	0.6	1.5	1.2	1.2
<b>Profitability Ratios (%)</b>								
ROE	26.0	26.0	4.4	-4.3	0.2	16.8	28.4	28.3
RoCE	21.5	23.2	4.2	-0.7	3.0	13.1	22.4	24.1
RoIC	55.8	64.0	6.3	-2.6	4.3	29.5	52.2	58.0
<b>Turnover Ratios</b>								
Debtors (Days)	13	31	25	67	52	41	40	40
Inventory (Days)	24	34	26	51	35	28	32	35
Creditors (Days)	68	63	55	123	116	72	70	70
Working Capital (Days)	-30	2	-4	-5	-28	-3	2	5
Fixed-Asset Turnover (x)	5.2	5.6	2.7	2.3	3.5	6.1	7.3	8.1
<b>Leverage Ratio</b>								
Net Debt/Equity (x)	-0.4	-0.1	0.2	0.4	0.2	0.0	-0.1	-0.2

### Cash flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
							<b>(INR m)</b>	
OP/(Loss) before Tax	23,858	24,968	3,619	-4,119	5,276	21,104	39,478	44,933
Int/Div Received	552	-413	-756	-945	-220	-404	1,820	1,970
Depreciation	5,546	6,210	6,698	7,477	7,528	7,320	7,325	7,776
Direct Taxes Paid	-4,149	-5,603	-941	779	714	-4,002	-11,812	-9,101
(Inc)/Dec in Work Cap.	35,987	-29,638	-1,756	-6,058	15,696	-4,265	-11,096	-3,279
Other Items	-5,596	853	4,105	3,198	-7,633	762	0	0
<b>CF from Oper. Activity</b>	<b>56,198</b>	<b>-3,624</b>	<b>10,969</b>	<b>332</b>	<b>21,361</b>	<b>20,514</b>	<b>25,714</b>	<b>42,299</b>
Extra-ordinary Items	-253	-549	-1,558	-120	5,108	846	-235	0
<b>CF after EO Items</b>	<b>55,945</b>	<b>-4,172</b>	<b>9,411</b>	<b>211</b>	<b>26,469</b>	<b>21,360</b>	<b>25,480</b>	<b>42,299</b>
(Inc)/Dec in FA+CWIP	-5,321	-7,315	-12,923	-6,166	-3,933	-4,884	-6,500	-7,000
<b>Free Cash Flow</b>	<b>50,624</b>	<b>-11,487</b>	<b>-3,512</b>	<b>-5,954</b>	<b>22,536</b>	<b>16,477</b>	<b>18,980</b>	<b>35,299</b>
<b>CF from Inv. Activity</b>	<b>-33,321</b>	<b>23,115</b>	<b>-21,775</b>	<b>-9,752</b>	<b>-14,589</b>	<b>-17,345</b>	<b>-11,500</b>	<b>-12,000</b>
Inc/(Dec) in Debt	-12,700	-6,621	25,655	4,780	-2,721	-3,918	-7,500	-7,500
Interest Rec./(Paid)	-1,464	-1,029	-1,463	-2,720	-2,755	-2,598	-2,525	-1,850
Dividends Paid	-5,495	-8,598	-12,702	0	-1,761	-2,936	-5,872	-5,872
<b>CF from Fin. Activity</b>	<b>-19,613</b>	<b>-16,162</b>	<b>11,490</b>	<b>2,060</b>	<b>-7,238</b>	<b>-9,402</b>	<b>-15,897</b>	<b>-15,222</b>
<b>Inc/(Dec) in Cash</b>	<b>3,011</b>	<b>2,781</b>	<b>-874</b>	<b>-7,481</b>	<b>4,643</b>	<b>-5,387</b>	<b>-1,917</b>	<b>15,077</b>
Add: Beginning Balance	10,412	13,423	16,205	15,330	7,850	12,492	7,105	5,188
<b>Closing Balance</b>	<b>13,423</b>	<b>16,205</b>	<b>15,330</b>	<b>7,850</b>	<b>12,492</b>	<b>7,105</b>	<b>5,188</b>	<b>20,265</b>

E: MOFSL Estimates

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NOTES

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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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