

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USDb)	150.1 / 1.7
52-Week Range (INR)	4438 / 2322
1, 6, 12 Rel. Per (%)	-3/-4/15
12M Avg Val (INR M)	681

#### Financials & valuations (INR b)

INR Billion	FY26E	FY27E	FY28E
Sales	156.2	174.3	188.7
EBITDA	20.2	23.1	25.3
EBITDA Margin (%)	13.0	13.3	13.4
Adj. PAT	7.2	8.6	10.1
EPS (Rs)	179.1	212.8	250.4
EPS Growth (%)	46.7	18.8	17.7
BV/Share (Rs)	1,208	1,376	1,571

#### Ratios

RoE (%)	15.7	16.5	17.0
RoCE (%)	13.7	14.0	14.7
Payout (%)	23.8	21.1	22.0

#### Valuations

P/E (x)	20.7	17.4	14.8
P/BV (x)	3.1	2.7	2.4
EV / EBITDA (x)	8.8	7.5	6.8
Div. Yield (%)	1.1	1.2	1.5

#### Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	47.2	47.2	47.2
DII	21.1	20.1	19.7
FII	16.4	17.4	16.7
Others	15.4	15.3	16.4

FII includes depository receipts

**CMP: INR3,712 TP: INR4,579 (+23%) BUY**

### Margin beat led by improved standalone performance

#### Adjusted for one-offs, Camso delivers low double-digit margin

- Adjusting for a one-time extraordinary expense, CEAT's 3QFY26 earnings came in line with estimates at INR1.96b. Healthy volume growth across segments, coupled with stable commodity prices, drove margin beat at 13.6%.
- Recovery in tyre demand post GST rate cuts, coupled with benign input costs, augurs well for the tyre industry. While the recent Camso acquisition is expected to take time to normalize, we remain positive on the long-term benefits that this acquisition can deliver for the group. **We reiterate our BUY rating on the stock with a TP of INR4,579 (based on ~19x Dec27E EPS).**

#### Margins beat estimates, led by improved standalone performance

- CEAT 3QFY26 net sales grew 26% YoY to INR42b, in line with our estimate of INR41b. Healthy volume growth across segments post GST cuts and the Camso acquisition were the primary drivers. Additionally, international business continues to recover well, with opportunities opening up and strong demand across key clusters. Realizations, on the other hand, softened marginally on a YoY basis.
- **9M product mix:** Truck/bus 29%, 2/3Ws 27%, PV 22%, OHT 15%, Others 7%
- **9M market mix:** Replacement 52%, OEM 29%, Exports 19%
- Gross margins expanded ~310bp on a YoY basis, led by lower input costs.
- EBITDA margins expanded 330bp YoY (+30bp QoQ) to 13.6%, ahead of our estimate of 13.1%. EBITDA rose 65.3% YoY to INR5.6b (largely in line with estimates).
- Other income was higher than expected at INR61m vs. our estimate of INR25m.
- In 3Q, an exceptional provision of INR580m was made to comply with new labor codes.
- Adjusted for this, PAT came in line with our estimates at INR1.96b.
- Camso revenue was ~USD20m (INR1.8b), with operating margins (adjusted for one-offs) already in low double digits, despite being in the transition phase. Reported margins were impacted by one-time transition and IT costs (~4–5% of revenue), as well as interest and depreciation effects.
- Capex for 3Q stood at INR2.5b, largely funded by internal accruals, leading to debt sustaining at previous levels.
- In 3Q, CEAT repaid INR130m debt, with its total debt now standing at INR29.3b. Hence, leverage ratios marginally improved on a sequential basis (D/E 0.62x and Debt/EBITDA 1.58x).

Research analyst - Aniket Mhatre (Aniket.Mhatre@MotilalOswal.com)

Research analyst - Jeemit Shah (Jeemit.Shah@MotilalOswal.com) | Uday Nair (Uday.Nair@MotilalOswal.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.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Highlights from the management commentary

- **Domestic outlook:** Management expects domestic OEM growth to remain in the high single-digit range, with pockets of double-digit growth across two-wheelers, farm equipment, and select PV and CV sub-segments, supported by mix improvement and premiumization. OEM price hike expectations have helped sustain near-term buying activity, while easy financing availability improved conversion rates across segments.
- **International business outlook:** Strong traction continues in passenger car radials, truck & bus radials, farm and off-highway tyres, particularly across Europe, Latin America, Africa, Canada, and Australia. Agri tyre demand in export markets is expected to stabilize with low single-digit growth into FY27.
- **Guidance on input costs:** The RM basket remained broadly stable in 3Q. However, management has guided for a sequential raw material cost increase of ~1.0–1.5% in 4Q and subsequent quarters, driven primarily by currency depreciation and a modest increase in international natural rubber prices.
- **Update on Camso:** Camso's integration is progressing as planned. Sales hiring is complete, plant operations are stable, and customer transition from Michelin has begun, with majority of customers already approving the business transfer. Revenue was ~USD20m (INR1.8b), with operating margins (adjusted for one-offs) already in low double digits, despite being in the transition phase.
- **Update on capex:** Capex spend in 3QFY26 was INR2.5b, reflecting continued execution of ongoing capacity expansion and productivity-related projects. Cumulative capex spend for the year stood at INR6.7b as of the end of 3QFY26. The Board recently approved INR13b of capex for the Chennai plant, which will add ~3.5m passenger car tyre units of capacity, with phased completion targeted by 2HFY28.

### Valuation and view

The GST rate cut has helped boost tyre demand, both in replacement and OEM segments. A pick-up in demand is likely to help sustain pricing discipline in the industry. This, coupled with benign input costs, augurs well for the sector. While the recent Camso acquisition is expected to take time to normalize, we remain positive on the long-term benefits that this acquisition can deliver for the group. **Hence, we reiterate our BUY rating on the stock with a TP of INR4,579 (based on ~19x Dec27E EPS).**

## Consolidated - Quarterly Earnings Model

(INR M)

Y/E March	FY25				FY26E				FY25	FY26E	3QFY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
<b>Net Sales</b>	<b>31,928</b>	<b>33,045</b>	<b>32,999</b>	<b>34,206</b>	<b>35,294</b>	<b>37,727</b>	<b>41,571</b>	<b>41,655</b>	<b>132,179</b>	<b>156,246</b>	<b>40,991</b>
YoY Change (%)	8.8	8.2	11.4	14.3	10.5	14.2	26.0	21.8	10.7	18.2	24.2
RM cost (%)	60.8	62.6	63.2	62.5	63.2	59.1	60.1	60.2	62.3	60.6	59.0
Employee cost (%)	6.1	6.6	6.5	6.6	6.4	6.9	6.8	6.8	6.5	6.8	7.2
Other expenses (%)	21.1	19.8	20.0	19.5	19.4	20.6	19.6	19.3	20.1	19.7	20.7
<b>EBITDA</b>	<b>3,829</b>	<b>3,623</b>	<b>3,409</b>	<b>3,881</b>	<b>3,877</b>	<b>5,034</b>	<b>5,634</b>	<b>5,696</b>	<b>14,741</b>	<b>20,241</b>	<b>5,384</b>
Margins (%)	12.0	11.0	10.3	11.3	11.0	13.3	13.6	13.7	11.2	13.0	13.1
Depreciation	1,318	1,371	1,415	1,523	1,514	1,739	1,881	1,927	5,627	7,061	1,894
Interest	619	665	751	744	821	870	1,050	1,062	2,778	3,802	1,050
Other Income	62	35	34	45	47	39	61	44	176	190	25
<b>PBT before EO expense</b>	<b>1,954</b>	<b>1,622</b>	<b>1,278</b>	<b>1,659</b>	<b>1,590</b>	<b>2,464</b>	<b>2,763</b>	<b>2,750</b>	<b>6,512</b>	<b>9,568</b>	<b>2,465</b>
Exceptional item	-75	0	0	370	33	0	580	0	-296	-613	0
<b>PBT</b>	<b>2,029</b>	<b>1,621</b>	<b>1,278</b>	<b>1,288</b>	<b>1,558</b>	<b>2,464</b>	<b>2,183</b>	<b>2,750</b>	<b>6,808</b>	<b>8,955</b>	<b>2,465</b>
Tax Rate (%)	26.6	28.6	28.3	27.6	26.9	27.6	31.0	20.8	25.3	26.2	25.5
Minority Int. & Profit of Asso. Cos.	-53	-61	-55	-63	14	-72	-50	-76	-231	-185	-63
<b>Reported PAT</b>	<b>1,542</b>	<b>1,219</b>	<b>971</b>	<b>995</b>	<b>1,125</b>	<b>1,857</b>	<b>1,558</b>	<b>2,254</b>	<b>5,319</b>	<b>6,793</b>	<b>1,899</b>
<b>Adj PAT</b>	<b>1,486</b>	<b>1,219</b>	<b>971</b>	<b>1,267</b>	<b>1,149</b>	<b>1,857</b>	<b>1,985</b>	<b>2,254</b>	<b>5,101</b>	<b>7,244</b>	<b>1,899</b>
YoY Change (%)	3	-41	-46	-16	-23	52	104	78	-26	42	95.6



## Highlights from the management commentary

### Result highlights

- Overall volume growth for 2Q stood at 15% YoY (+20% QoQ), led by recovery in replacement demand, strong OEM growth led by GST rate cuts, and healthy growth in exports.
- The Replacement Segment** recorded mid-teens growth, led by strong demand in the passenger car segment. Two-wheelers continued to grow well, posting a high-teen growth. MHCV replacement posted mid-to-high single-digit growth. While channel filling due to destocking in September was a contributing factor to improved demand in 3Q, it has held up well so far in 4Q, according to management. Market share in TBR and motorcycles improved this quarter, while PCR and scooters saw a marginal dip in share.
- The OEM Segment** grew in the 20s, with the passenger car OE segment showing high growth due to a low base effect. 2Ws grew by high single digits and CEAT continued to maintain a good share in the OE segment. Farm OEM demand saw a strong double-digit growth on account of revival in tractor demand. Even TBR posted double-digit growth. CEAT's market share in EVs stands at 30% in the PV segment and 20% in the 2W segment.
- International business** saw strong demand, with growth in the 20s. Radial tyre demand for off-highway and PCR continues to be strong, with India being seen as a credible sourcing base for these tyres. Strong traction across segments continues, especially in Europe, LATAM, and Africa. While tariff-related uncertainty persists in the US, overall international business continues to perform in line with expectations.
- Pricing actions were taken to pass through tariff-related costs, particularly in the US, to protect net realizations.
- EBITDA margins expanded 330bp YoY (+30bp QoQ) at 13.6% due to healthy top-line growth.

### **Demand outlook - Domestic**

- Factors such as GST cuts, premiumization, and the growing adoption of EVs are expected to result in single-digit growth for the industry in the near term. Additionally, a normal monsoon, interest rate cuts, and the Kharif season are expected to further support growth in the near term. Hence, management expects long-term demand for the domestic tyre industry to grow at a high single digit for the next five years till FY31.
- Replacement demand is expected to grow at mid-to-high single-digit levels. Two-wheeler demand remains consistently strong, with OEM volumes expected to grow in high single digits to double digits, supported by both urban and rural demand. Passenger car tyres showed recovery post-GST cut, with 3Q growth at mid-to-high single digits and improving momentum into 4Q. The truck & bus (M&HCV) segment is witnessing revival, with demand skewed toward MHCVs and LCVs, supported by e-commerce, infrastructure activity, and improved fleet utilization.
- Management expects domestic OEM growth to remain in the high single-digit range, with pockets of double-digit growth across two-wheelers, farm equipment, and select PV and CV sub-segments, supported by mix improvement and premiumization. OEM price hike expectations have helped sustain near-term buying activity, while easy financing availability improved conversion rates across segments.

### **Demand outlook - Exports**

- Strong traction continues in passenger car radials, truck & bus radials, farm and off-highway tyres, particularly across Europe, Latin America, Africa, Canada, and Australia.
- Agri tyre demand in export markets is expected to stabilize, with low single-digit growth into FY27.
- Pricing actions were taken in export markets to pass through tariff-related costs, particularly in the US, helping protect net realizations despite competitive intensity.

### **Update on input costs**

- Raw material costs remained broadly stable in 3QFY26, with crude oil prices ranging between USD60–65. Carbon black prices are expected to be benign to slightly lower in 4Q, supported by softer crude oil.
- International natural rubber prices averaged around USD1700/ton during most of the quarter but moved up to ~USD1800/ton towards the end of 3Q. Domestic natural rubber prices remained stable at INR185–190/kg, with no material movement over the last three months.
- Synthetic rubber prices are expected to be stable to marginally lower in 4Q, as key inputs such as butadiene ended 3Q at lower average levels than at the beginning of the quarter.
- Currency depreciation emerged as the key cost headwind, with the rupee weakening from INR87/USD at the start of the quarter to INR91/USD by quarter end.

- Management guided to a sequential raw material cost increase of ~1.0–1.5% in 4Q and subsequent quarters, driven primarily by currency depreciation and a modest increase in international natural rubber prices.

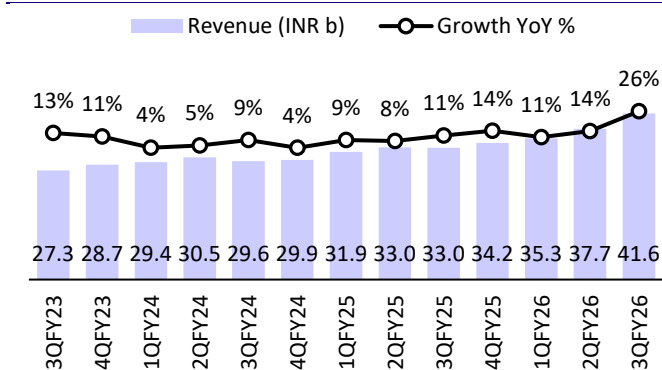
#### **Update on Camso**

- Camso's integration is progressing as planned. Sales hiring is complete, plant operations are stable, and customer transition from Michelin has begun, with the majority of customers already approving the business transfer. Full customer and sourcing control is expected over the next 3–5 quarters.
- Revenue was ~USD20m (INR1.8b), with operating margins (adjusted for one-offs) already in low double digits, despite being in the transition phase.
- Reported margins were impacted by one-time transition and IT costs (~4–5% of revenue) as well as interest and depreciation effects. These costs are largely non-recurring and will taper off from 4Q onwards.
- During the ongoing transition, a portion of Camso's sales continues to be routed through Michelin, resulting in a temporary markdown in net realizations as Michelin retains distribution costs and margin. As the company progressively takes over direct customer relationships, this intermediary structure will unwind. Management indicated that customer transfers are accelerating through 4Q and into early FY27, and as direct billing becomes the norm, realizations are expected to normalize by around 2QFY27, improving reported revenue quality and margin visibility.
- With ~50% utilization currently, margins are expected to improve from mid-teens toward ~20%+ as utilization ramps up and end-to-end control over procurement and sales is achieved.

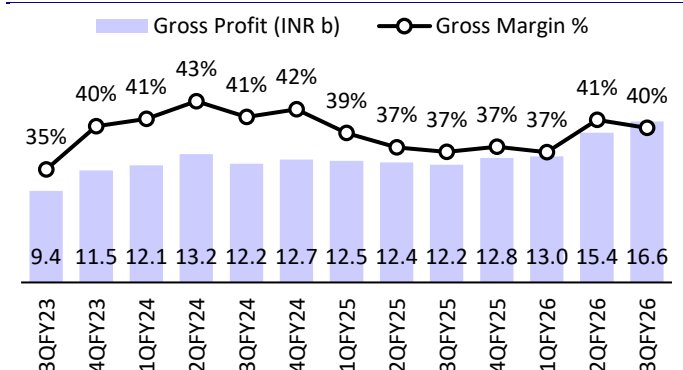
#### **Update on capex and debt**

- Capacity utilization at CEAT currently stands at 80-85%.
- The Board recently approved INR13b of capex for the Chennai plant, which will add ~3.5m passenger car tyres capacity, with phased completion targeted by 2HFY28. This will be funded through a mix of internal accruals and debt.
- FY26 capex guidance remains broadly unchanged at INR10b, excluding Camso-related intangibles, with quarterly spend progressing in line with earlier plans.
- Capex spend in 3QFY26 was INR2.5b, reflecting continued execution of ongoing capacity expansion and productivity-related projects. Cumulative capex spend for the year stood at INR6.7b as of the end of 3QFY26. In addition, the company incurred an outflow of INR2.4b towards intangibles in 2Q, primarily related to the Camso acquisition.
- Standalone gross debt stood at ~INR30b at the end of 3Q, with leverage ratios improving as debt-to-EBITDA declined to ~1.25x and debt-to-equity to ~0.63x.

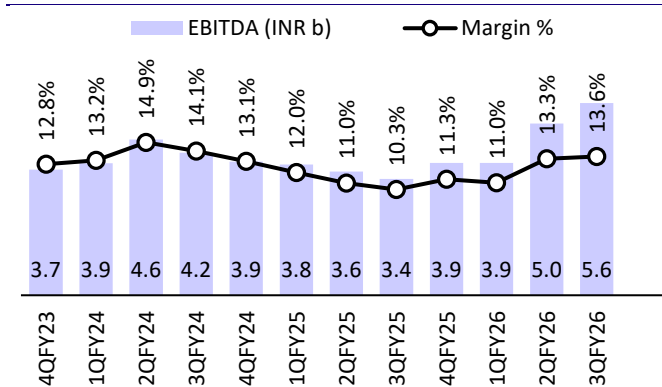
## Key exhibits

**Exhibit 1: Trend in revenue**


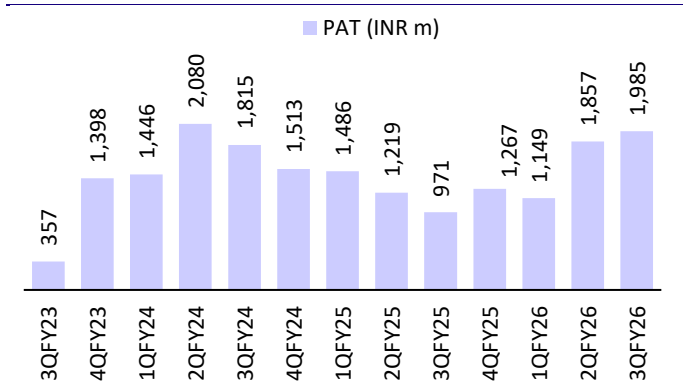
Source: MOFSL, Company

**Exhibit 2: Trend in gross margin**


Source: MOFSL, Company

**Exhibit 3: EBITDA and EBITDA margin trends**


Source: MOFSL, Company

**Exhibit 4: Absolute PAT trend**


Source: MOFSL, Company

## Valuation and view

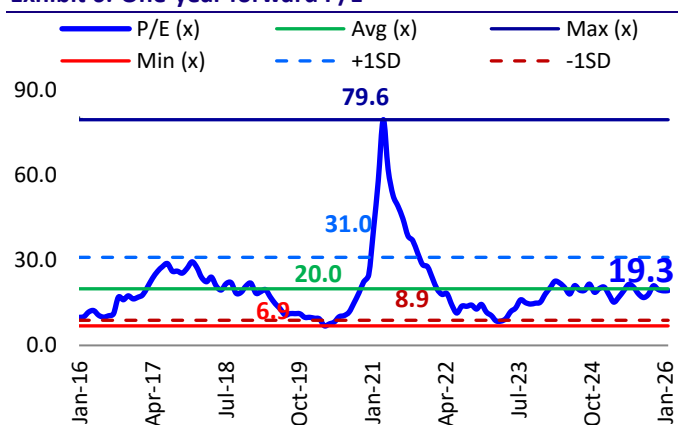
- Focus on improving brand equity helps drive market share gains:** CEAT has placed a strong emphasis on effective marketing and branding (~2.0-2.5% of sales) for its products. To position its products competitively, it has developed creative advertising campaigns based on research and consumer insights and has invested in innovative marketing programs. Since the 2W and Passenger Car segments are consumer-facing, factors such as brand loyalty, visibility, and recall play a significant role in creating replacement demand and improving market share. This has certainly helped the company establish a strong brand across segments. For instance, it is now the market leader in the 2W segment with ~31% share. In PVs, it is now the third-largest player with ~17% share. Further, with a gradual ramp-up in the TBR segment, it is now hitting ~10% market share in this segment.
- GST 2.0 has been a boon for the industry:** Auto demand has seen a marked revival across segments post GST 2.0. For the tyre industry, this has led to a pickup in both replacement and OE demand. Further, demand momentum in key export markets has also been positive for key tyre players, including CEAT, for 9MFY26, and the exports outlook remains upbeat for 4Q and beyond. A pick-up in demand across segments is also expected to help sustain pricing discipline in the industry across key segments.

- **Input costs remain benign:** Rubber prices have trended lower this year and are now stabilizing at lower levels. Further, crude prices have also corrected in the recent past, and the same is likely to be positive for all crude-based derivatives. While currency depreciation remains the only headwind, the overall blended raw material basket for tyre companies has corrected by around 5% in 2Q. Benign input costs, along with stable pricing discipline, are likely to be positive for sector margins in the coming quarters, in our view. Overall, we expect CEAT to clock a revenue/EBITDA/PAT CAGR of ~13%/20%/27% over FY25-28.
- **Valuation and view:** The GST rate cut has helped boost tyre demand, both in replacement and OEM segments. A pick-up in demand is likely to help sustain pricing discipline in the industry. This, coupled with benign input costs, augurs well for the sector. While the recent Camso acquisition is expected to take time to normalize, we remain positive on the long-term benefits that this acquisition can deliver for the group. **Hence, we reiterate our BUY rating on the stock with a TP of INR4,579 (based on ~19x Dec27E EPS).**

**Exhibit 5: Changes to our estimates**

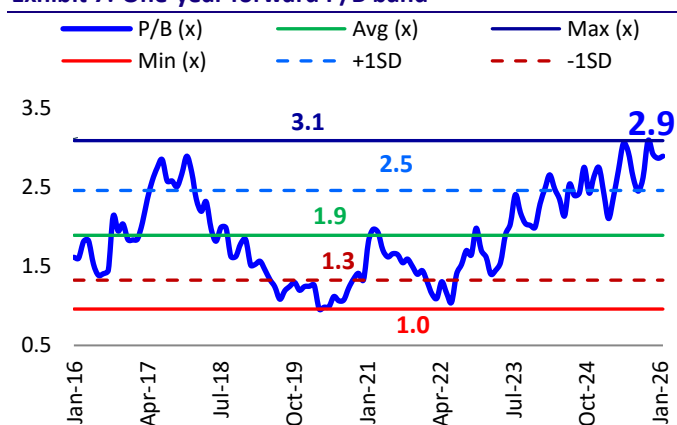
(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	156,246	155,537	0.5	174,339	174,853	-0.3
EBITDA	20,241	19,753	2.5	23,140	22,870	1.2
EBITDA (%)	13.0	12.7	30bp	13.3	13.1	20bp
Adj. PAT	7,245	6,848	5.8	8,608	8,414	2.3
EPS (INR)	179.1	169.3	5.8	212.8	208.0	2.3

**Exhibit 6: One-year forward P/E**



Source: MOFSL, Company

**Exhibit 7: One-year forward P/B band**

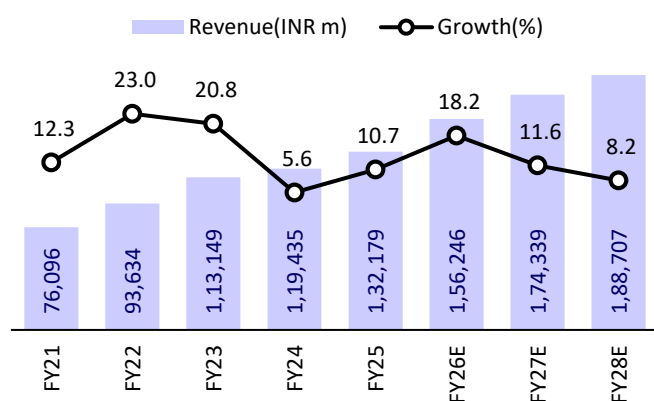


Source: MOFSL, Company



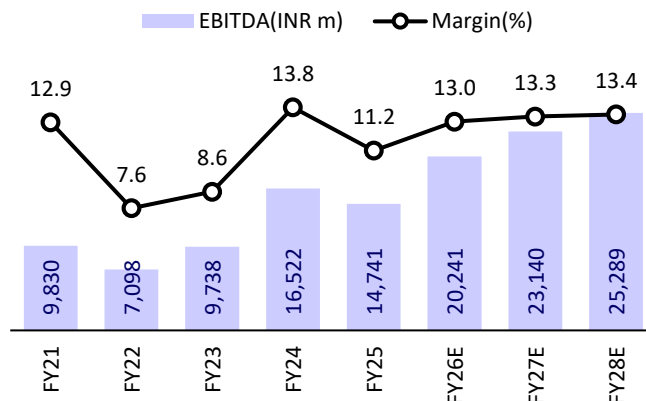
## Story in charts

**Exhibit 8: Revenue and growth trends**



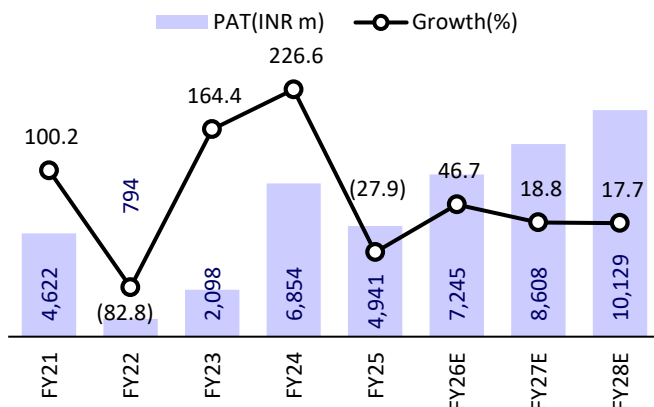
Source: MOFSL, Company

**Exhibit 9: EBITDA and EBITDA margin trends**



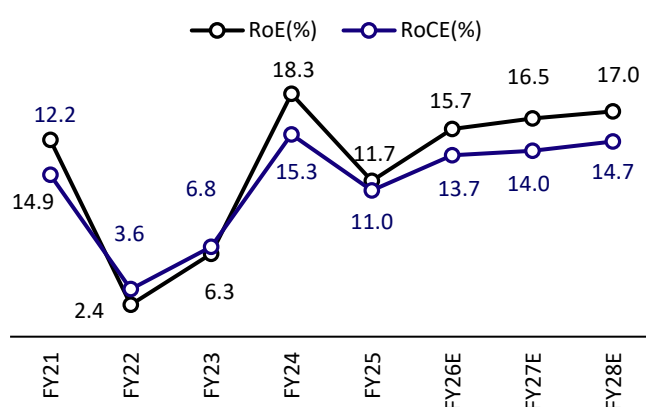
Source: MOFSL, Company

**Exhibit 10: PAT and PAT growth trends**



Source: MOFSL, Company

**Exhibit 11: Trend in return profile**



Source: MOFSL, Company



## Financials and valuations

### Consolidated - Income Statement

(InR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Revenues from Ops</b>	<b>76,096</b>	<b>93,634</b>	<b>113,149</b>	<b>119,435</b>	<b>132,179</b>	<b>156,246</b>	<b>174,339</b>	<b>188,707</b>
Change (%)	12.3	23.0	20.8	5.6	10.7	18.2	11.6	8.2
<b>EBITDA</b>	<b>9,830</b>	<b>7,098</b>	<b>9,738</b>	<b>16,522</b>	<b>14,741</b>	<b>20,241</b>	<b>23,140</b>	<b>25,289</b>
EBITDA Margin (%)	12.9	7.6	8.6	13.8	11.2	13.0	13.3	13.4
Depreciation	3,396	4,352	4,693	5,088	5,627	7,061	7,863	8,394
<b>EBIT</b>	<b>6,433</b>	<b>2,746</b>	<b>5,045</b>	<b>11,434</b>	<b>9,115</b>	<b>13,179</b>	<b>15,276</b>	<b>16,895</b>
EBIT Margin (%)	8.5	2.9	4.5	9.6	6.9	8.4	8.8	9.0
Int. and Finance Charges	1,755	2,070	2,421	2,691	2,778	3,802	4,041	3,621
Other Income	138	114	169	197	176	190	200	220
<b>PBT after EO Exp.</b>	<b>4,476</b>	<b>661</b>	<b>2,459</b>	<b>8,359</b>	<b>6,216</b>	<b>8,955</b>	<b>11,436</b>	<b>13,494</b>
Total Tax	516	243	718	2,214	1,720	2,346	3,030	3,576
Tax Rate (%)	11.5	36.7	29.2	26.5	27.7	26.2	26.5	26.5
Minority Int./Share JV PAT	-361	-294	-120	-282	-231	-185	-203	-211
<b>Reported PAT</b>	<b>4,320</b>	<b>712</b>	<b>1,862</b>	<b>6,426</b>	<b>4,726</b>	<b>6,793</b>	<b>8,608</b>	<b>10,129</b>
<b>Adjusted PAT</b>	<b>4,622</b>	<b>794</b>	<b>2,098</b>	<b>6,854</b>	<b>4,941</b>	<b>7,245</b>	<b>8,608</b>	<b>10,129</b>
Change (%)	100.2	-82.8	164.4	226.6	-27.9	46.7	18.8	17.7
Margin (%)	6.1	0.8	1.9	5.7	3.7	4.6	4.9	5.4

### Consolidated - Balance Sheet

(InR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	405	405	405	405	405	405	405	405
Total Reserves	32,758	32,324	33,992	40,022	43,281	48,456	55,244	63,148
<b>Net Worth</b>	<b>33,163</b>	<b>32,728</b>	<b>34,396</b>	<b>40,426</b>	<b>43,685</b>	<b>48,861</b>	<b>55,649</b>	<b>63,553</b>
Minority Interest	232	235	174	97	77	77	77	77
Total Loans	14,176	20,968	20,927	16,289	21,364	30,364	27,364	24,364
Deferred Tax Liabilities	2,800	3,177	3,886	4,245	5,201	5,201	5,201	5,201
<b>Capital Employed</b>	<b>50,371</b>	<b>57,108</b>	<b>59,383</b>	<b>61,057</b>	<b>70,327</b>	<b>84,503</b>	<b>88,290</b>	<b>93,195</b>
Gross Block	58,732	67,748	78,860	84,490	95,942	114,142	124,142	134,142
Less: Accum. Deprn.	11,097	14,456	17,899	22,010	26,330	33,391	41,254	49,648
<b>Net Fixed Assets</b>	<b>47,634</b>	<b>53,292</b>	<b>60,961</b>	<b>62,480</b>	<b>69,612</b>	<b>80,751</b>	<b>82,888</b>	<b>84,494</b>
Goodwill on Consolidation	0	0	0	231	231	231	231	231
Capital WIP	7,929	8,759	5,961	6,835	5,375	5,375	5,375	5,375
<b>Total Investments</b>	<b>2,171</b>	<b>1,917</b>	<b>1,808</b>	<b>1,860</b>	<b>1,951</b>	<b>3,451</b>	<b>4,651</b>	<b>9,851</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>23,017</b>	<b>27,050</b>	<b>27,407</b>	<b>28,274</b>	<b>34,954</b>	<b>43,553</b>	<b>49,533</b>	<b>52,058</b>
Inventory	11,299	13,096	11,378	11,505	14,115	16,347	18,173	19,642
Account Receivables	9,216	11,543	13,070	12,832	16,533	20,547	22,927	24,816
Cash and Bank Balance	361	238	606	552	479	1,972	3,203	1,938
Loans and Advances	2,141	2,174	2,353	3,386	3,826	4,687	5,230	5,661
<b>Curr. Liability &amp; Prov.</b>	<b>30,380</b>	<b>33,910</b>	<b>36,754</b>	<b>38,623</b>	<b>41,797</b>	<b>48,860</b>	<b>54,388</b>	<b>58,814</b>
Account Payables	18,395	21,576	22,683	23,321	27,402	31,673	35,211	38,056
Other Current Liabilities	10,444	10,654	12,154	13,462	12,083	14,062	15,690	16,984
Provisions	1,541	1,680	1,917	1,840	2,312	3,125	3,487	3,774
<b>Net Current Assets</b>	<b>-7,363</b>	<b>-6,859</b>	<b>-9,347</b>	<b>-10,349</b>	<b>-6,843</b>	<b>-5,306</b>	<b>-4,855</b>	<b>-6,756</b>
<b>Appl. of Funds</b>	<b>50,371</b>	<b>57,108</b>	<b>59,383</b>	<b>61,057</b>	<b>70,327</b>	<b>84,503</b>	<b>88,290</b>	<b>93,195</b>

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>114.3</b>	<b>19.6</b>	<b>51.9</b>	<b>169.4</b>	<b>122.1</b>	<b>179.1</b>	<b>212.8</b>	<b>250.4</b>
Cash EPS	198.2	127.2	167.9	295.2	261.2	353.7	407.2	457.9
BV/Share	819.8	809.1	850.3	999.4	1,080.0	1,207.9	1,375.7	1,571.1
DPS	18.0	3.0	12.0	30.0	30.0	40.0	45.0	55.0
Payout (%)	16.9	17.0	26.1	18.9	25.7	23.8	21.1	22.0
<b>Valuation (x)</b>								
P/E	32.5	189.2	71.5	21.9	30.4	20.7	17.4	14.8
Cash P/E	18.7	29.2	22.1	12.6	14.2	10.5	9.1	8.1
P/BV	4.5	4.6	4.4	3.7	3.4	3.1	2.7	2.4
EV/Sales	2.2	1.8	1.5	1.4	1.3	1.1	1.0	0.9
EV/EBITDA	16.7	24.1	17.5	10.0	11.6	8.8	7.5	6.8
Dividend Yield (%)	0.5	0.1	0.3	0.8	0.8	1.1	1.2	1.5
<b>Return Ratios (%)</b>								
RoE	14.9	2.4	6.3	18.3	11.7	15.7	16.5	17.0
RoCE (post tax)	12.2	3.6	6.8	15.3	11.0	13.7	14.0	14.7
RoIC	14.6	4.0	7.4	16.3	11.5	14.3	15.1	16.4
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Asset Turnover (x)	1.5	1.6	1.9	2.0	1.9	1.8	2.0	2.0
Inventory (Days)	54	51	37	35	39	38	38	38
Debtor (Days)	44	45	42	39	46	48	48	48
Creditor (Days)	88	84	73	71	76	74	74	74
<b>Leverage Ratio (x)</b>								
Current Ratio	0.8	0.8	0.7	0.7	0.8	0.9	0.9	0.9
Interest Cover Ratio	3.7	1.3	2.1	4.2	3.3	3.5	3.8	4.7
Net Debt/Equity	0.4	0.6	0.6	0.4	0.5	0.6	0.4	0.4

### Consolidated - Cash Flow Statement

(InR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	4,476	661	2,459	8,359	6,216	9,568	11,436	13,494
Depreciation	3,396	4,352	4,693	5,088	5,627	7,061	7,863	8,394
Interest & Finance Charges	1,755	2,070	2,421	2,691	2,778	3,612	3,841	3,401
Direct Taxes Paid	-512	-200	377	-1,630	-908	-2,346	-3,030	-3,576
(Inc)/Dec in WC	4,516	-736	2,211	2,674	-2,909	-44	780	637
<b>CF from Operations</b>	<b>13,631</b>	<b>6,147</b>	<b>12,161</b>	<b>17,183</b>	<b>10,804</b>	<b>17,850</b>	<b>20,890</b>	<b>22,350</b>
Others	-54	42	-106	10	116	-613	0	0
<b>CF from Operating incl EO</b>	<b>13,577</b>	<b>6,189</b>	<b>12,055</b>	<b>17,193</b>	<b>10,920</b>	<b>17,238</b>	<b>20,890</b>	<b>22,350</b>
(Inc)/Dec in FA	-6,395	-9,558	-8,779	-8,668	-9,426	-18,200	-10,000	-10,000
<b>Free Cash Flow</b>	<b>7,182</b>	<b>-3,369</b>	<b>3,276</b>	<b>8,525</b>	<b>1,494</b>	<b>-962</b>	<b>10,890</b>	<b>12,350</b>
(Pur)/Sale of Investments	-27	-89	-11	-47	-3	-1,500	-1,200	-5,200
Others	241	203	299	178	204	190	200	220
<b>CF from Investments</b>	<b>-6,181</b>	<b>-9,444</b>	<b>-8,491</b>	<b>-8,537</b>	<b>-9,224</b>	<b>-19,510</b>	<b>-11,000</b>	<b>-14,980</b>
Inc/(Dec) in Debt	-5,677	5,821	-41	-4,638	-506	9,000	-3,000	-3,000
Interest Paid	-1,628	-1,944	-2,093	-2,669	-2,446	-3,802	-4,041	-3,621
Dividend Paid	-4	-746	-126	-485	-1,214	-1,618	-1,820	-2,225
Others	0	0	-936	-918	2,398	185	203	211
CF from Fin. Activity	-7,309	3,132	-3,195	-8,710	-1,767	3,765	-8,658	-8,635
<b>Inc/Dec of Cash</b>	<b>87</b>	<b>-123</b>	<b>368</b>	<b>-55</b>	<b>-72</b>	<b>1,492</b>	<b>1,231</b>	<b>-1,265</b>
Opening Balance	274	361	238	606	552	479	1,972	3,203
<b>Closing Balance</b>	<b>361</b>	<b>238</b>	<b>606</b>	<b>552</b>	<b>479</b>	<b>1,972</b>	<b>3,203</b>	<b>1,938</b>

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 and BSE enlistment no. 5028. 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](http://www.motilaloswal.com). MOFSL 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.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>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://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") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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.

This report is meant for the clients of Motilal Oswal only.

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

Registration granted by SEBI, enlistment as RA with Exchange 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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, 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 dpgrievances@motilaloswal.com.