

RE launches 'Guerrilla 450'; unlikely to majorly drive up volumes

Auto & Auto Ancillaries ▶ Company Update ▶ July 18, 2024

TARGET PRICE (Rs): 3,750

Royal Enfield (RE) has launched yet another new product—Guerrilla 450, a roadster 450cc motorcycle based on the 'Sherpa 450' platform, as seen in the new 'Himalayan 450'. This will be RE's first attempt at the sports segment, a far cry from its strength around classical/retro-looking bikes offering relaxed riding. The segment has been dominated by the likes of Bajaj/TVS with only ~10k units/mth, despite new launches by Bajaj (Triumph) and Hero (Harley). We believe the new launch is unlikely to garner more than 2-3k units/mth (akin to 'Himalayan 450'). Despite building-in cyclical recovery and competitive cycle being largely behind, structural growth woes continue to haunt RE. We retain **SELL** on the stock, raising our TP to Rs3,750/sh at 22x core Jun-26E PER + VECV stake (Rs3,400, 20x Mar-26E earlier) as the competitive cycle is now behind.

Eicher Motors: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	144,422	165,358	182,193	197,561	211,009
EBITDA	34,436	43,269	48,262	54,329	58,027
Adj. PAT	29,139	40,010	43,529	48,263	52,271
Adj. EPS (Rs)	106.7	146.5	159.4	176.8	191.4
EBITDA margin (%)	23.8	26.2	26.5	27.5	27.5
EBITDA growth (%)	58.5	25.7	11.5	12.6	6.8
Adj. EPS growth (%)	74.0	37.3	8.8	10.9	8.3
RoE (%)	21.1	24.2	22.4	21.4	20.1
RoIC (%)	115.5	87.5	66.1	71.0	74.7
P/E (x)	46.2	33.6	30.9	27.9	25.8
EV/EBITDA (x)	36.0	28.6	25.1	21.8	19.7
P/B (x)	9.0	7.5	6.4	5.6	4.8
FCFF yield (%)	1.8	2.4	3.3	3.9	4.9

Source: Company, Emkay Research

450cc segment growth to be gradual; Guerrilla unlikely to majorly add volume
RE's 'Guerrilla 450' (Exhibits 1-3), based on the Sherpa 450 engine platform, is another attempt by the company to grow in the 450cc category – this time in the sport segment (usually dominated by Bajaj/TVS), a departure from other companies typically tending to attack RE's stronghold (cruiser motorcycles). However, amid the gradual pace of evolving consumer preferences (the Indian market tends to prefer relaxed riding, air-cooled motorcycles; refer to our [Expert Call note with AutoCar Bike Editor](#)), the model may not meaningfully add to overall volumes. Further, given the aggressive pricing (introductory price of Rs239K ex-showroom), there could be some internal cannibalization as well, in our view.

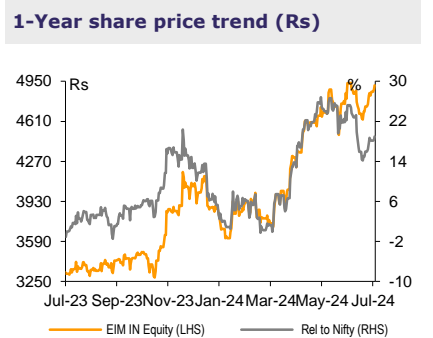
Competition launches yet to fire; RE's community pull remains key advantage
Nearly a year after launch, competition (Hero – Harley; Bajaj – Triumph) is yet to make a meaningful mark in the 450cc space, with the recent combined monthly volume average at ~4K units despite ramp-up in footprint. We note that >50% of Triumph sales till date are attributed to exports. The 450cc space overall remains miniscule (forms less than 1% of the domestic motorcycle industry). While the Triumph and Harley launches in Q2FY24 led to a spike, segmental volumes have thereafter stabilized at ~8-10K units/mth (Exhibit 5). Per industry checks, RE's deep customer/community connect (events, rides, etc) remains a key differentiator – which the competition, despite enjoying a strong brand recall, has been unable to replicate.

RE continues to underperform the industry; structural growth trials remain
RE has underperformed the 2W industry over the past several quarters (wholesales and retails), with overall company volumes now stable (~75K units/mth), even as the overall over-250cc motorcycle category as a whole has not been growing either (clocking ~235K units/Qtr on average; Exhibit 6), as against the ongoing growth in the wider industry. Notably, new launches for RE in the past few years have largely not been able to add incremental volumes (excl. Hunter, which has also stabilized now; Exhibit 7). We believe upgrade and replacement demand for RE remains largely elusive; thus, its several product actions lined up in coming times are unlikely to automatically translate into additional growth, in our view.

Target Price – 12M	Jun-25
Change in TP (%)	10.3
Current Reco.	SELL
Previous Reco.	SELL
Upside/(Downside) (%)	(23.7)
CMP (16-Jul-24) (Rs)	4,916.1

Stock Data	Ticker
52-week High (Rs)	4,978
52-week Low (Rs)	3,272
Shares outstanding (mn)	274.0
Market-cap (Rs bn)	1,347
Market-cap (USD mn)	16,115
Net-debt, FY25E (Rs mn)	-1,33,935
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	3,238.4
ADTV-3M (USD mn)	38.7
Free float (%)	50.9
Nifty-50	24,613
INR/USD	83.6
Shareholding, Mar-24	
Promoters (%)	49.2
FPIs/MFs (%)	29.0/11.1

Price Performance			
(%)	1M	3M	12M
Absolute	(0.4)	12.9	46.9
Rel. to Nifty	(5.0)	1.6	16.7



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Exhibit 1: Specification comparison – RE Guerrilla 450 vs competition

OEM	Royal Enfield	Triumph	TVSL	KTM	Harley	Bajaj
Models	Guerilla 450	Speed 400	Apache RTR 310	Duke 390	X440	Pulsar NS400Z
Variant	Analogue	Standard	Standard	Standard	Denim	Standard
Ex-Showroom Price - Delhi (Rs)	239,000	224,496	249,990	310,531	239,500	185,000
On-Road Price - Delhi (Rs)	280,521	264,552	286,695	356,868	281,072	213,240
Displacement (cc)	452	398.15	312.12	398.63	440	373
Max Power	39.47 bhp @ 8,000 rpm	39.5 bhp @ 8,000 rpm	35.08 bhp @ 9,700 rpm	45.3 bhp @ 8,500 rpm	27 bhp @ 6,000 rpm	39.4 bhp @ 8,800 rpm
Max Torque	40 Nm @ 5,500 rpm	37.5 Nm @ 6,500 rpm	28.7 Nm @ 6,650 rpm	39 Nm @ 6,500 rpm	38 Nm @ 4,000 rpm	35 Nm @ 6,500 rpm
Mileage - ARAI (kmpl)	--	29.8	30	--	35	--
Mileage - Owner Reported (kmpl)	--	29	30	30	34	35
Riding Range (km)	--	377	330	450	459	420
Top Speed (kmph)	--	170	150	167	135	154
Riding Modes	Performance and Eco		Sport, Track, Urban, Rain and Supermoto	Street, Rain and Track		Road, Rain, Sport and Off-Road
Fuel Tank Capacity (liters)	11	13	11	15	13.5	12
Reserve Fuel Capacity (liters)	2.2	2.6	2.2	3	2.7	1.9
Front Suspension	Telescopic Forks	43mm upside down Big Piston forks. 140mm wheel travel	USD fork 41 mm diameter	5-click Compression & Rebound adjustable, Open Cartridge, WP APEX USD forks, 43mm diameter	KYB Upside-down Forks 43mm	43 mm Upside-Down Forks
Rear Suspension	Monoshock Absorbers	Gas monoshock RSU with external reservoir and pre-load adjustment. 130mm wheel travel	Solid Die cast Aluminum swing arm directly hinged monoshox, pre-load adjustable	Adjustable WP APEX Monoshock, 5-step Rebound damping, 10-step preload adjustable	Twinshock Absorbers, 7 Step Preload adjustable	Monoshock Absorbers
Tyre Type	Tubeless	Tubeless	Tubeless	Tubeless	Tubed	Tubeless
Radial Tyres	Info not available	Yes	Yes	Yes	No	Yes
Kerb Weight (kg)	185	176	169	168.3	190.5	174
Seat Height (mm)	780	790	800	800	805	807
Ground Clearance (mm)	169	--	180	180	170	168
Instrument Console	Semi-Digital	Semi-Digital	Digital	Digital	Digital	Digital
Odometer	Digital	Digital	Digital	Digital	Digital	Digital
Speedometer	Analogue (Digital in higher variants)	Analogue	Digital	Digital	Digital	Digital
Tachometer	Digital	Digital	Digital	Digital	Digital	Digital
Distance to Empty Indicator	Yes	Yes	Yes	Yes	Yes	Yes
Battery	12 V, 8 AH	12V, 7AH	12V, 8AH MF Lead Acid	12 V, 8 AH MF battery	12V 8AH	12V, 4AH
Headlight/Brake light/Turn Signal	LED	LED	LED	LED	LED	LED
GPS and Navigation	No	No	Yes	Yes	No	Yes
USB Charging Port	Yes	Yes	Yes	Yes	Yes	Yes
Traction Control	No	Yes	Yes	Yes	No	Yes
Additional Features	Ride-by-Wire	--	--	Track Screen, Ride-by-wire, Quickshifter+	TFT Instrument Cluster	Adjustable Levers, Ride-by-wire Technology, Music Control, Lap Timer, Mobile Battery Charge Status

Source: Online portals, Emkay Research

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Exhibit 2: Guerrilla 450 – Side view

Source: Company

Exhibit 3: Guerrilla 450 – Front view

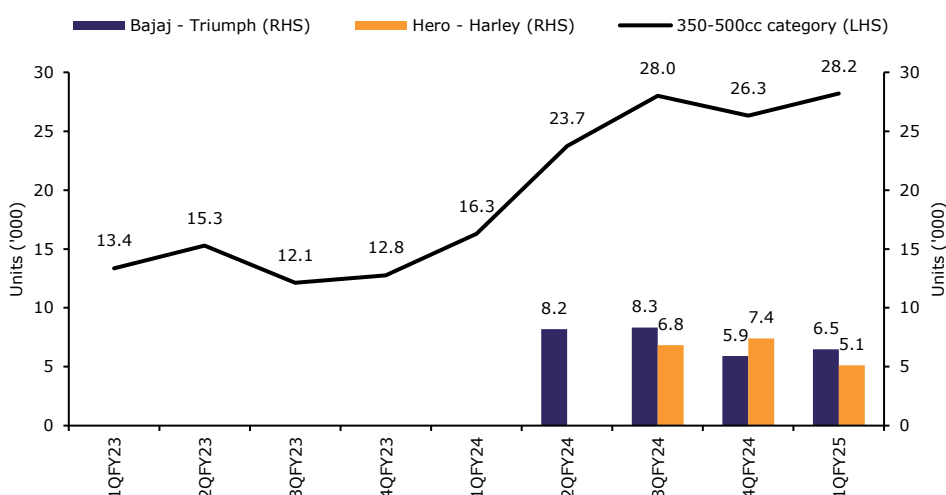
Source: Company

Exhibit 4: The over-350cc motorcycle category is miniscule in size (forms less than 1% of the 2W industry)

Domestic 2W industry - Mix (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Scooters	24.3	28.2	30.6	31.9	33.3	31.6	32.0	29.6	30.3	32.7	32.5
Motorcycles	70.8	67.1	65.0	63.1	62.5	64.2	64.4	66.3	66.2	64.5	64.8
Up to 110cc	64.8	65.1	62.3	58.5	59.0	62.0	56.8	53.8	55.3	51.2	48.5
>110 cc - ≤125 cc	18.9	15.4	16.7	17.0	17.4	14.3	21.1	24.2	24.5	26.3	27.4
>125 cc - ≤150 cc	10.8	11.4	8.7	11.5	8.8	9.4	8.3	5.3	4.1	4.5	4.6
>150 cc - ≤200 cc	2.3	3.5	6.0	5.3	6.7	7.2	6.7	9.7	8.8	9.7	10.4
>200 cc - ≤250 cc	1.3	1.4	1.5	1.6	1.4	1.0	1.0	1.0	0.9	0.6	1.0
>250 cc - ≤350 cc	1.7	2.7	4.3	5.5	6.1	5.7	5.5	5.7	5.7	7.0	7.0
>350 cc - ≤500 cc	0.2	0.4	0.5	0.6	0.6	0.4	0.3	0.3	0.5	0.5	0.8
>500cc	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.3
Mopeds	4.9	4.7	4.4	5.1	4.3	4.2	3.7	4.1	3.5	2.8	2.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

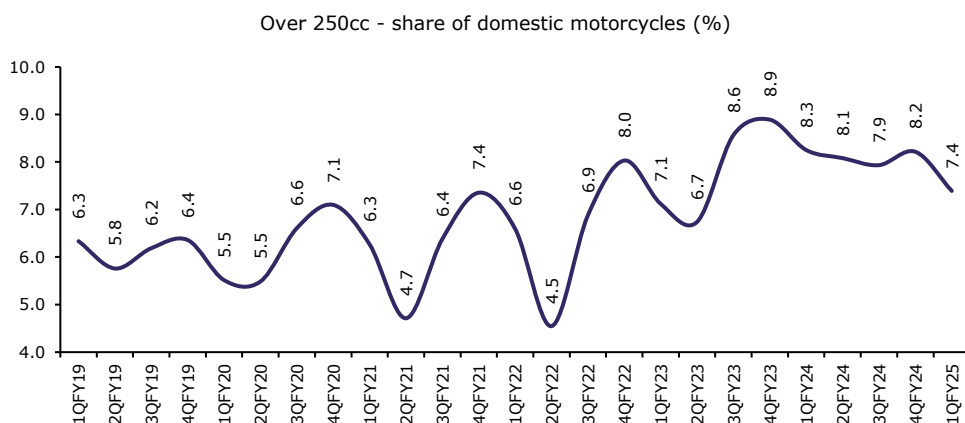
Source: SIAM, Emkay Research

Exhibit 5: Volumes in the 450cc category expanded after the Triumph, Harley launches, but have stabilized thereafter



Source: SIAM, Emkay Research

Exhibit 6: Sales of the over-250cc middleweight motorcycle category has been slowing down in the past year



Source: SIAM, Emkay Research

Exhibit 7: For RE, apart from Hunter, no recent model launch has been able to expand overall volumes; Hunter is also now stabilizing

Model wise Volumes (no. of units)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Bullet 350	28,662	18,493	33,640	32,606	32,414	35,034	37,908	39,203	37,197	42,388	44,353	40,796	32,107
Classic 350	49,914	54,094	74,052	89,551	87,959	69,787	79,175	78,061	80,134	77,010	83,395	81,831	78,058
Thunderbird 350	0	0	0	0	0	0	0	0	0	0	0	0	0
Meteor 350	19,989	21,342	25,603	21,798	21,471	28,290	24,345	20,531	21,486	25,528	24,263	24,507	26,406
Hunter 350	0	0	0	0	0	35,315	48,294	40,323	50,830	46,720	43,613	41,360	46,879
Himalayan 450	3,962	9,133	11,649	11,450	10,857	10,149	8,129	7,973	10,840	10,245	8,164	7,824	9,293
650 Twin	2,150	2,531	5,691	4,933	4,941	4,492	4,258	3,638	4,247	3,089	5,483	6,497	7,837
Super Meteor 650	0	0	0	0	0	0	0	2,293	2,437	4,736	4,115	1,707	4,106
Total Domestic	104,677	105,593	150,635	160,338	157,642	183,067	202,109	192,022	207,171	209,716	213,386	204,522	204,686
Exports	14,945	18,963	17,834	18,898	25,337	29,563	24,697	19,292	26,503	20,535	19,564	14,687	23,151
Total	119,622	124,556	168,469	179,236	182,979	212,630	226,806	211,314	233,674	230,251	232,950	219,209	227,837

Source: Vahan, Emkay Research

Exhibit 8: The 350cc segment continues to have a strong foothold; the 650cc segment has not garnered major traction in India

RE - Product Mix (%)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Bullet 350	24.0	14.8	20.0	18.2	17.7	16.5	16.7	18.6	15.9	18.4	19.0	18.6	14.1
Classic 350	41.7	43.4	44.0	50.0	48.1	32.8	34.9	36.9	34.3	33.4	35.8	37.3	34.3
Thunderbird 350	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Meteor 350	16.7	17.1	15.2	12.2	11.7	13.3	10.7	9.7	9.2	11.1	10.4	11.2	11.6
Hunter 350	0.0	0.0	0.0	0.0	0.0	16.6	21.3	19.1	21.8	20.3	18.7	18.9	20.6
Himalayan 450	3.3	7.3	6.9	6.4	5.9	4.8	3.6	3.8	4.6	4.4	3.5	3.6	4.1
650 Twin	1.8	2.0	3.4	2.8	2.7	2.1	1.9	1.7	1.8	1.3	2.4	3.0	3.4
Super Meteor 650	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.0	2.1	1.8	0.8	1.8
Domestic	87.5	84.8	89.4	89.5	86.2	86.1	89.1	90.9	88.7	91.1	91.6	93.3	89.8
Exports	12.5	15.2	10.6	10.5	13.8	13.9	10.9	9.1	11.3	8.9	8.4	6.7	10.2
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Vahan, Emkay Research

Exhibit 9: Revenue model – We build-in 9% EPS CAGR over FY24-27E

Revenue Model	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Avg. monthly volumes (units)	58,132	50,784	50,189	69,575	76,061	80,511	86,187	91,117
Domestic Volumes (units)	658,394	570,781	521,246	734,840	834,795	882,130	937,049	988,426
Growth (%)	-18.2	-13.3	-8.7	41.0	13.6	5.7	6.2	5.5
Export Volumes (units)	39,188	38,622	81,022	100,055	77,937	84,000	97,200	104,976
Growth (%)	88.2	-1.4	109.8	23.5	-22.1	7.8	15.7	8.0
Volumes (units)	697,582	609,403	602,268	834,895	912,732	966,130	1,034,249	1,093,402
Growth (%)	-15.6	-12.6	-1.2	38.6	9.3	5.9	7.1	5.7
ASP (Rs/unit)	130,128	141,434	168,079	168,484	176,154	182,370	185,217	187,496
Growth (%)	9.8	8.7	18.8	0.2	4.6	3.5	1.6	1.2
Revenues	91,536	87,204	102,978	144,422	165,358	182,193	197,561	211,009
Growth (%)	-6.6	-4.7	18.1	40.2	14.5	10.2	8.4	6.8
EBITDA	21,804	17,813	21,723	34,436	43,269	48,262	54,329	58,027
EBITDA margin (%)	23.8	20.4	21.1	23.8	26.2	26.5	27.5	27.5
EBITDA growth (%)	-24.9	-18.3	22.0	58.5	25.7	11.5	12.6	6.8
EBITDA/unit (Rs)	31,256	29,229	36,068	41,246	47,406	49,954	52,530	53,071
EBIT	23,421	17,837	21,611	35,125	48,052	52,687	58,032	61,951
EBIT margin (%)	25.6	20.5	21.0	24.3	29.1	28.9	29.4	29.4
SA PAT (Rs)	19,038	13,297	15,862	26,226	37,494	40,149	43,147	38,222
Share of profits from JV/overseas subs	317	311	602	3,152	4,477	4,651	5,397	6,390
Consol. PAT	18,274	13,469	16,766	29,139	40,010	43,529	48,263	52,271
Consol. EPS (Rs)	67	49	61	107	147	159	177	191

Source: Company, Emkay Research

Exhibit 10: Change in estimates – We marginally raise FY26E EPS and introduce FY27 estimates

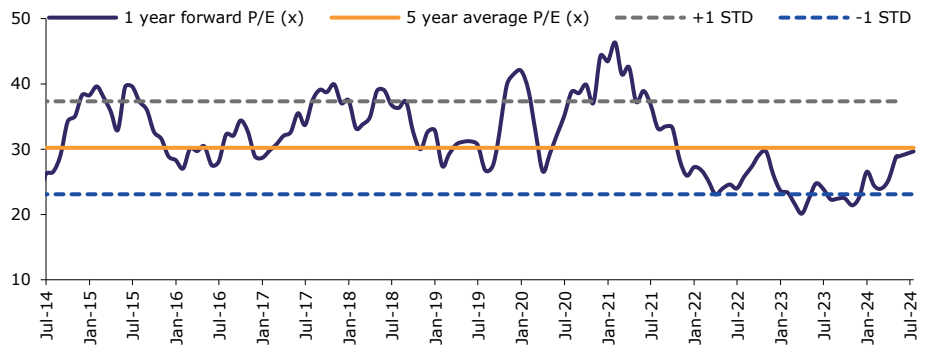
Consolidated	FY25E				FY26E				FY27E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introduced	% YoY
Royal Enfield (units)	974,133	966,130	(0.8)	5.9	1,024,623	1,034,249	0.9	7.1	1,093,402	5.7
VECV (units)	87,572	87,572	(0.0)	7.2	88,522	91,074	2.9	4.0	95,628	5.0
Revenue (Rs mn)	183,184	182,193	(0.5)	10.2	194,378	197,561	1.6	8.4	211,009	6.8
EBITDA (Rs mn)	48,525	48,262	(0.5)	11.5	53,454	54,329	1.6	12.6	58,027	6.8
Margin	26.5%	26.5%	(0) bps	32 bps	27.5%	27.5%	(0) bps	101 bps	27.5%	0 bps
APAT (Rs mn)	43,837	43,529	(0.7)	8.8	47,148	48,263	2.4	10.9	52,271	8.3
Diluted Adj. EPS (Rs)	160.1	159.0	(0.7)	8.8	172.2	176.3	2.4	10.9	190.9	8.3

Source: Company, Emkay Research

Exhibit 11: Emkay vs Consensus

Eicher Motors	Emkay Estimates			Bloomberg estimates			Difference (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY26E
Net revenue (Rs mn)	182,193	197,561	211,009	185,489	207,836	232,198	-1.8%	-4.9%	-9.1%
EBITDA (Rs mn)	48,262	54,329	58,027	49,814	56,154	63,743	-3.1%	-3.2%	-9.0%
EBITDA margin (%)	26.5	27.5	27.5	26.9	27.0	27.5	(37) bps	48 bps	5 bps
EPS (Rs)	159.4	176.8	191.4	164.2	184.1	206.8	-2.9%	-4.0%	-7.4%

Source: Bloomberg, Emkay Research

Exhibit 12: EIM trades in line with LTA on 1-year forward PER basis

Source: Bloomberg, Emkay Research

Eicher Motors: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	144,422	165,358	182,193	197,561	211,009
Revenue growth (%)	40.2	14.5	10.2	8.4	6.8
EBITDA	34,436	43,269	48,262	54,329	58,027
EBITDA growth (%)	58.5	25.7	11.5	12.6	6.8
Depreciation & Amortization	5,262	5,976	6,950	7,915	8,415
EBIT	29,174	37,293	41,312	46,414	49,612
EBIT growth (%)	69.6	27.8	10.8	12.3	6.9
Other operating income	0	0	0	0	0
Other income	5,951	10,759	11,375	11,618	12,338
Financial expense	280	509	502	493	366
PBT	34,845	47,543	52,185	57,538	61,585
Extraordinary items	0	0	0	0	0
Taxes	8,857	12,010	13,307	14,672	15,704
Minority interest	(3,152)	(4,477)	(4,651)	(5,397)	(6,390)
Income from JV/Associates	0	0	0	0	0
Reported PAT	29,139	40,010	43,529	48,263	52,271
PAT growth (%)	73.8	37.3	8.8	10.9	8.3
Adjusted PAT	29,139	40,010	43,529	48,263	52,271
Diluted EPS (Rs)	106.7	146.5	159.4	176.8	191.4
Diluted EPS growth (%)	74.0	37.3	8.8	10.9	8.3
DPS (Rs)	36.9	50.9	54.5	58.6	51.9
Dividend payout (%)	34.6	34.7	34.2	33.1	27.1
EBITDA margin (%)	23.8	26.2	26.5	27.5	27.5
EBIT margin (%)	20.2	22.6	22.7	23.5	23.5
Effective tax rate (%)	25.4	25.3	25.5	25.5	25.5
NOPLAT (pre-IndAS)	21,758	27,872	30,778	34,579	36,961
Shares outstanding (mn)	273.0	273.0	273.0	273.0	273.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	34,845	47,543	52,185	57,538	61,585
Others (non-cash items)	(3,153)	23,695	11,168	12,748	16,448
Taxes paid	(7,703)	(10,678)	(13,359)	(14,730)	(15,150)
Change in NWC	4,486	(23,322)	(823)	(1,088)	(484)
Operating cash flow	28,475	37,237	49,171	54,468	62,399
Capital expenditure	(6,737)	(8,144)	(8,984)	(9,041)	(6,818)
Acquisition of business	(19,932)	(22,447)	(20,000)	(20,000)	(10,000)
Interest & dividend income	2,453	0	0	0	0
Investing cash flow	(24,216)	(28,520)	(28,984)	(29,041)	(16,818)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	1,369	799	176	9	(1,627)
Payment of lease liabilities	(189)	0	0	0	0
Interest paid	(280)	(509)	(502)	(493)	(366)
Dividend paid (incl tax)	(10,115)	(13,942)	(14,929)	(16,044)	(14,213)
Others	(13,697)	(2,174)	987	1,115	(1,831)
Financing cash flow	(22,912)	(15,826)	(14,268)	(15,414)	(18,038)
Net chg in Cash	(18,654)	(7,108)	5,919	10,013	27,543
OCF	28,475	37,237	49,171	54,468	62,399
Adj. OCF (w/o NWC chg.)	23,989	60,559	49,994	55,556	62,883
FCFF	21,738	29,094	40,187	45,427	55,581
FCFE	23,910	28,585	39,685	44,934	55,214
OCF/EBITDA (%)	82.7	86.1	101.9	100.3	107.5
FCFE/PAT (%)	82.1	71.4	91.2	93.1	105.6
FCFF/NOPLAT (%)	99.9	104.4	130.6	131.4	150.4

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	274	274	274	274	274
Reserves & Surplus	149,629	180,182	208,781	240,999	279,057
Net worth	149,903	180,455	209,055	241,273	279,331
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,913	4,483	4,431	4,373	4,927
Total debt	1,957	2,756	2,932	2,941	1,314
Total liabilities & equity	154,773	187,694	216,417	248,587	285,572
Net tangible fixed assets	21,765	24,009	25,503	26,588	24,991
Net intangible assets	3,298	3,298	3,298	3,298	3,298
Net ROU assets	1,837	1,837	1,837	1,837	1,837
Capital WIP	4,721	5,551	6,091	6,132	6,132
Goodwill	0	0	0	0	0
Investments [JV/Associates]	22,284	25,785	25,785	25,785	25,785
Cash & equivalents	109,494	110,948	136,867	166,880	204,423
Current assets (ex-cash)	28,578	59,724	65,805	71,896	77,368
Current Liab. & Prov.	37,204	43,457	48,768	53,829	58,263
NWC (ex-cash)	(8,626)	16,267	17,037	18,068	19,106
Total assets	154,773	187,694	216,417	248,587	285,572
Net debt	(107,537)	(108,192)	(133,935)	(163,939)	(203,110)
Capital employed	154,773	187,694	216,417	248,587	285,572
Invested capital	18,274	45,410	47,674	49,790	49,232
BVPS (Rs)	547.5	659.0	763.5	881.2	1,020.2
Net Debt/Equity (x)	(0.7)	(0.6)	(0.6)	(0.7)	(0.7)
Net Debt/EBITDA (x)	(3.1)	(2.5)	(2.8)	(3.0)	(3.5)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	18.6	21.0	19.6	18.7	17.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	46.2	33.6	30.9	27.9	25.8
P/CE(x)	39.1	29.3	26.7	24.0	22.2
P/B (x)	9.0	7.5	6.4	5.6	4.8
EV/Sales (x)	8.6	7.5	6.7	6.0	5.4
EV/EBITDA (x)	36.0	28.6	25.1	21.8	19.7
EV/EBIT(x)	42.3	33.1	29.2	25.4	23.0
EV/IC (x)	67.6	27.2	25.3	23.7	23.1
FCFF yield (%)	1.8	2.4	3.3	3.9	4.9
FCFE yield (%)	1.8	2.1	3.0	3.3	4.1
Dividend yield (%)	0.8	1.0	1.1	1.2	1.1
DuPont-RoE split					
Net profit margin (%)	20.2	24.2	23.9	24.4	24.8
Total asset turnover (x)	1.0	1.0	0.9	0.8	0.8
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	21.1	24.2	22.4	21.4	20.1
DuPont-RoIC					
NOPLAT margin (%)	15.1	16.9	16.9	17.5	17.5
IC turnover (x)	7.9	3.6	3.8	4.0	4.3
RoIC (%)	115.5	87.5	66.1	71.0	74.7
Operating metrics					
Core NWC days	(21.8)	35.9	34.1	33.4	33.0
Total NWC days	(21.8)	35.9	34.1	33.4	33.0
Fixed asset turnover	3.0	3.0	2.9	2.7	2.6
Opex-to-revenue (%)	19.3	19.5	19.2	18.5	18.5

Source: Company, Emkay Research

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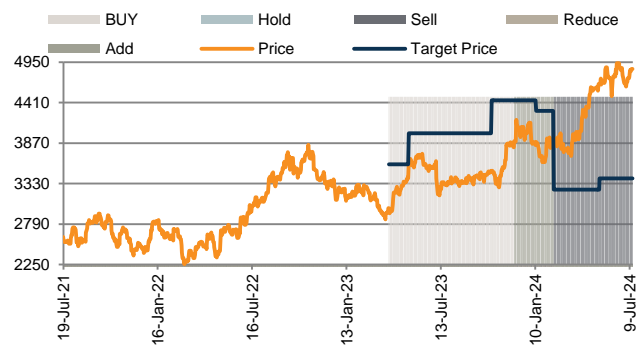
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RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
12-May-24	4,658	3,400	Sell	Chirag Jain
14-Feb-24	3,902	3,250	Sell	Chirag Jain
11-Jan-24	3,889	4,300	Add	Chirag Jain
30-Nov-23	3,897	4,440	Add	Chirag Jain
13-Nov-23	3,645	4,440	Buy	Chirag Jain
18-Oct-23	3,496	4,440	Buy	Chirag Jain
03-Aug-23	3,380	4,000	Buy	Chirag Jain
12-May-23	3,626	4,000	Buy	Chirag Jain
04-Apr-23	3,004	3,590	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
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