

EIM reported a ~3% beat on Consensus EBITDA, owing to higher ASPs (up ~4% QoQ on better mix), with margin flat QoQ at 26.5%. EIM expects the middleweight segment (Royal Enfield, i.e. the RE core market) to grow a in high single digit in FY25 (vs double-digits earlier); it has planned multiple product interventions (following the recent *Guerrilla 450*) as well as marketing efforts (esp. in *Hunter*) to revive growth. Per our checks, *Guerrilla* has received lukewarm response so far; we maintain our belief that RE faces structural growth challenges ([refer to our note](#)), with recovery seen as being gradual despite the competitive cycle now largely behind. This reflects in our muted 6%/9% CAGR for RE volume/consol. EPS over FY24-27E. We retain our SELL rating with unchanged TP of Rs3,750/sh at 22x core Jun-26E PER + VECV stake.

Eicher Motors: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	1,44,422	1,65,358	1,84,932	2,00,207	2,14,015
EBITDA	34,436	43,269	48,988	54,035	57,762
Adj. PAT	29,139	40,010	44,499	47,173	51,983
Adj. EPS (Rs)	106.7	146.5	163.0	172.8	190.4
EBITDA margin (%)	23.8	26.2	26.5	27.0	27.0
EBITDA growth (%)	58.5	25.7	13.2	10.3	6.9
Adj. EPS growth (%)	74.0	37.3	11.2	6.0	10.2
RoE (%)	21.1	24.2	22.8	21.0	20.0
RoIC (%)	115.5	87.5	67.5	70.3	72.0
P/E (x)	43.0	31.3	28.2	26.6	24.1
EV/EBITDA (x)	33.3	26.5	22.8	20.2	18.2
P/B (x)	8.4	6.9	6.0	5.2	4.5
FCFF yield (%)	1.9	2.5	3.7	4.1	5.1

Source: Company, Emkay Research

Higher ASPs drive the EBITDA beat in Q1

Revenue grew 10% YoY to Rs44bn, slightly above estimates; RE volume was flat YoY at ~226K units; realization rose 4% QoQ to Rs194K/unit on better mix (higher share of over 350cc and exports). EBITDA margins were flat QoQ at 26.5% (~3% beat). Adjusted PAT rose 20% YoY to Rs11bn (~8% beat), driven by higher than expected EBITDA and higher share of profits from VECV (partly due to shift to lower tax rate).

Earnings Call KTAs

1) EIM expects the middleweight motorcycle category to grow in a high single digit this year; confusion in customer minds—with the entry of competition last year—is gradually clearing; the premiumization story remains intact. 2) RE's retail growth has been ahead of the market; it is seeing improvement in enquiries, walk-ins, and conversions; RE has shifted to the 'auto replenishment' model which has led to impact on wholesales recently; dealer inventory has been maintained at 2-3 weeks. 3) The company has several launches planned in coming times, incl. in *Classic*; it has also planned various activities for creating excitement around models like *Hunter* and *Meteor*, in terms of product intervention and marketing activities; *Hunter* has successfully drawn young and first-time buyers into its RE fold (first-time buyer contribution at 19-25% vs 12-13% for the overall portfolio), and the company is looking to further build on this. 4) RE is cognizant of its need to improve salience in rural markets, and in segments like college students in urban markets. 5) In case of *Bullet too*, some product intervention before the festive period is expected. 6) EIM has shipped ~6K units of the recently-launched *Guerrilla*. 7) Sentiment in international markets is not yet up to expectations; however, in retail terms, EIM has seen YoY growth in Q1; RE's market share is in a high single digit and it is among the top-4 in the middleweight category in several markets, like the UK, Italy, Thailand, etc. 8) There is some pressure in aluminium prices, but VA/VE initiatives are seen helping; EIM would see some increase in marketing spends going forward.

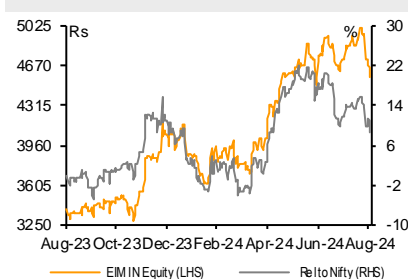
Target Price – 12M	Jun-25
Change in TP (%)	-
Current Reco.	SELL
Previous Reco.	SELL
Upside/(Downside) (%)	(18.1)
CMP (08-Aug-24) (Rs)	4,576.9

Stock Data	Ticker
52-week High (Rs)	5,059
52-week Low (Rs)	3,272
Shares outstanding (mn)	274.0
Market-cap (Rs bn)	1,254
Market-cap (USD mn)	14,936
Net-debt, FY25E (Rs mn)	-1,34,619
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	3,225.9
ADTV-3M (USD mn)	38.4
Free float (%)	50.9
Nifty-50	24,117
INR/USD	84.0
Shareholding, Jun-24	
Promoters (%)	49.1
FPIs/MFs (%)	28.8/12.0

Price Performance

(%)	1M	3M	12M
Absolute	(3.7)	(0.5)	35.7
Rel. to Nifty	(2.9)	(8.0)	10.1

1-Year share price trend (Rs)



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Exhibit 1: Volumes were flat YoY; realizations up 4% QoQ

Year to March	Q1FY25	Q1FY24	% change	Q4FY24	% change
RE volumes (no. of units)	226,021	227,706	(0.7)	227,673	(0.7)
ASPs (Rs/unit)	194,365	175,067	11.0	186,937	4.0

Source: Company, Emkay Research

Exhibit 2: Consolidated Q1 snapshot – Revenue up 10% YoY; flat margin QoQ

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Volume	227,706	229,280	228,073	227,673	226,021	(0.7)	(0.7)
Revenue	39,864	41,145	41,788	42,560	43,931	10.2	3.2
Expenditure	29,655	30,274	30,886	31,274	32,276	8.8	3.2
as % of sales	74.4	73.6	73.9	73.5	73.5		
Consumption of RM	22,273	22,201	22,579	22,754	23,562	5.8	3.5
as % of sales	55.9	54.0	54.0	53.5	53.6		
Employee Cost	2,927	3,061	3,093	3,276	3,536	20.8	7.9
as % of sales	7.3	7.4	7.4	7.7	8.0		
Other expenditure	4,456	5,012	5,214	5,244	5,178	16.2	(1.2)
as % of sales	11.2	12.2	12.5	12.3	11.8		
EBITDA	10,208	10,872	10,903	11,286	11,654	14.2	3.3
EBITDA margin (%)	25.6	26.4	26.1	26.5	26.5		
Depreciation	1,423	1,425	1,475	1,653	1,686	18.5	2.0
EBIT	8,786	9,446	9,427	9,634	9,968	13.5	3.5
Other Income	2,432	2,738	2,537	3,052	2,820	15.9	(7.6)
Interest	104	127	124	153	123	17.6	(20.0)
PBT	11,114	12,057	11,840	12,532	12,665	14.0	1.1
Minority interest	(1,004)	(1,016)	(1,139)	(1,318)	(1,746)		
Total Tax	2,935	2,911	3,019	3,146	3,396	15.7	8.0
Adjusted PAT	9,183	10,163	9,960	10,705	11,015	19.9	2.9
Extra ordinary items	-	-	-	-	-		
Reported PAT	9,183	10,163	9,960	10,705	11,015	19.9	2.9
Adjusted EPS (Rs)	33.5	37.1	36.4	39.1	40.2	19.9	2.9

Source: Company, Emkay Research

Exhibit 3: Margin Analysis – EBITDA margin was flat QoQ

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (bps)	QoQ (bps)
EBITDAM	25.6	26.4	26.1	26.5	26.5	92	1
EBITM	22.0	23.0	22.6	22.6	22.7	65	5
EBTM	27.9	29.3	28.3	29.4	28.8	95	(62)
PATM	23.0	24.7	23.8	25.2	25.1	204	(8)
Effective Tax rate	26.4	24.1	25.5	25.1	26.8	41	171

Source: Company, Emkay Research

Exhibit 4: Actual vs. Estimates

(Rs mn)	Actual	Estimated	% Variance	Consensus	% Variance
Net sales	43,931	42,463	3.5	43,073	2.0
EBITDA	11,654	11,168	4.4	11,267	3.4
EBITDA margin (%)	26.5	26.3	23 bps	26.2	37 bps
Adj net income	11,015	10,213	7.8	10,164	8.4
FDEPS (Rs)	40.2	37.3	7.8	37.2	8.0

Source: Company, Bloomberg, Emkay Research

Exhibit 5: The over-350cc motorcycle category is miniscule (forms less than 1% of the 2W industry)

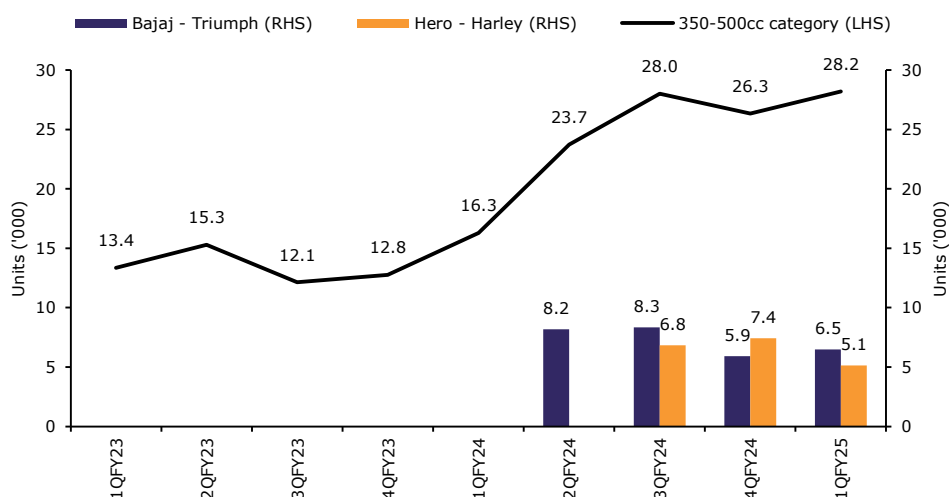
Domestic 2W industry - Mix (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Scooters	24.3	28.2	30.6	31.9	33.3	31.6	32.0	29.6	30.3	32.7	32.5
Motorcycles	70.8	67.1	65.0	63.1	62.5	64.2	64.4	66.3	66.2	64.5	64.8
Up to 110cc	64.8	65.1	62.3	58.5	59.0	62.0	56.8	53.8	55.3	51.2	48.5
>110 cc - ≤125 cc	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 6: RE's 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 7: Volumes in the 450cc category expanded after the Triumph, Harley launches, but have stabilized thereafter

Source: SIAM, Emkay Research

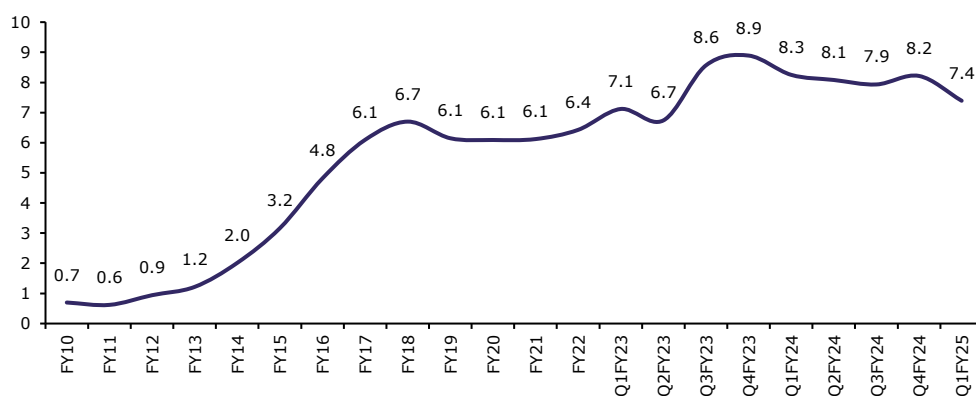
Exhibit 8: For RE, apart from Hunter, no recent model launch has been able to expand overall volumes; Hunter is also now stabilizing

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 9: Sales of the over-250cc middleweight motorcycle category have been slowing down since the past year

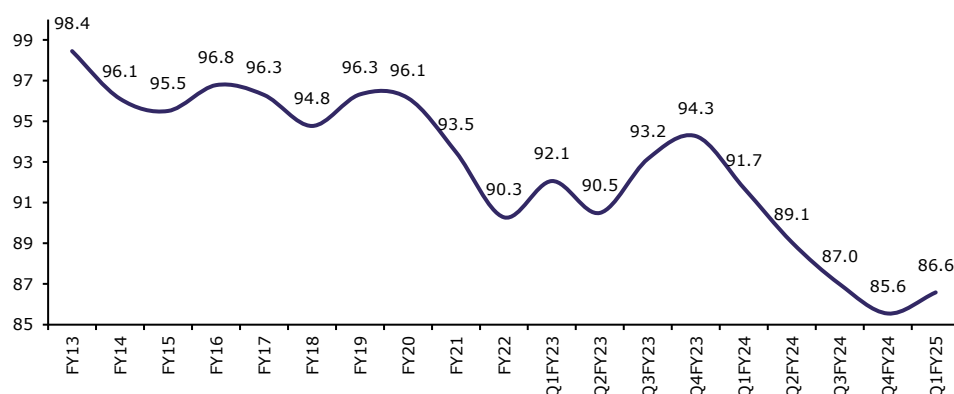
Over 250cc segment mix in overall domestic motorcycles (%)



Source: SIAM, Emkay Research

Exhibit 10: Royal Enfield's (RE) market share in the over-250cc category has declined sharply

RE over 250CC Domestic Market Share (%)



Source: SIAM, Emkay Research

Exhibit 11: Revenue model – We expect ~9% revenue/EPS CAGR over FY24-27E

Revenue Model	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Avg. monthly volumes (units)	68,842	58,132	50,784	50,189	69,575	76,061	79,162	84,657	89,691
Domestic Volumes (units)	805,273	658,394	570,781	521,246	734,840	834,795	857,545	914,246	964,491
Growth (%)	0.5	-18.2	-13.3	-8.7	41.0	13.6	2.7	6.6	5.5
Export Volumes (units)	20,825	39,188	38,622	81,022	100,055	77,937	92,400	101,640	111,804
Growth (%)	8.1	88.2	-1.4	109.8	23.5	-22.1	18.6	10.0	10.0
Volumes (units)	826,098	697,582	609,403	602,268	834,895	912,732	949,945	1,015,886	1,076,295
Growth (%)	0.7	-15.6	-12.6	-1.2	38.6	9.3	4.1	6.9	5.9
ASP (Rs/unit)	118,563	130,128	141,434	168,079	168,484	176,154	188,360	191,171	193,269
Growth (%)	8.6	9.8	8.7	18.8	0.2	4.6	6.9	1.5	1.1
Revenues	97,971	91,536	87,204	102,978	144,422	165,358	184,932	200,207	214,015
Growth (%)	9.3	-6.6	-4.7	18.1	40.2	14.5	11.8	8.3	6.9
EBITDA	29,031	21,804	17,813	21,723	34,436	43,269	48,988	54,035	57,762
EBITDA margin (%)	29.6	23.8	20.4	21.1	23.8	26.2	26.5	27.0	27.0
EBITDA growth (%)	3.4	-24.9	-18.3	22.0	58.5	25.7	13.2	10.3	6.9
EBITDA/unit (Rs)	35,142	31,256	29,229	36,068	41,246	47,406	51,569	53,190	53,667
EBIT	30,462	23,421	17,837	21,611	35,125	48,052	53,311	56,242	61,191
EBIT margin (%)	31.1	25.6	20.5	21.0	24.3	29.1	28.8	28.1	28.6
S/A PAT (Rs)	20,720	19,038	13,297	15,862	26,226	37,494	41,761	42,452	37,960
Share of profits from JV/overseas subs	2,584	317	311	602	3,152	4,477	5,156	5,640	6,668
Consol. PAT	22,203	18,274	13,469	16,766	29,139	40,010	44,499	47,173	51,983
Consol. EPS (Rs)	81	67	49	61	107	147	163	173	190

Source: Company, Emkay Research

Exhibit 12: Our estimates are largely unchanged

Consolidated	FY25E				FY26E				FY27E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Introduced	% Change	% YoY
Royal Enfield (Units)	974,133	949,945	(2.5)	4.1	1,024,623	1,015,886	(0.9)	6.9	1,093,402	1,076,295	(1.6)	5.9
VECV (Units)	87,572	89,975	2.7	5.2	88,522	94,399	6.6	4.9	95,628	99,119	3.7	5.0
Revenue	183,184	184,932	1.0	11.8	194,378	200,207	3.0	8.3	211,009	214,015	1.4	6.9
EBITDA	48,525	48,988	1.0	13.2	53,454	54,035	1.1	10.3	58,027	57,762	(0.5)	6.9
Margin	26.5%	26.5%	(0) bps	32 bps	27.5%	27.0%	(51) bps	50 bps	27.5%	27.0%	(51) bps	0 bps
APAT	43,837	44,499	1.5	11.2	47,148	47,173	0.1	6.0	52,271	51,983	(0.6)	10.2
Adj. EPS (Rs)	160.1	162.5	1.5	11.2	172.2	172.3	0.0	6.0	190.9	189.8	(0.6)	10.2

Source: Emkay Research

Exhibit 13: Emkay vs. Consensus

Eicher Motors	Emkay Estimates			Bloomberg estimates			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY26E
Net revenue	1,84,932	2,00,207	2,14,015	1,85,936	2,08,201	2,26,813	-0.5%	-3.8%	-5.6%
EBITDA	48,988	54,035	57,762	49,670	55,982	61,968	-1.4%	-3.5%	-6.8%
EBITDA margin (%)	26.5	27.0	27.0	26.7	26.9	27.3	(22) bps	10 bps	(33) bps
EPS (Rs)	163.0	172.8	190.4	164.5	185.3	206.8	-1.0%	-6.7%	-7.9%

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	184,932	200,207	214,015
Revenue growth (%)	40.2	14.5	11.8	8.3	6.9
EBITDA	34,436	43,269	48,988	54,035	57,762
EBITDA growth (%)	58.5	25.7	13.2	10.3	6.9
Depreciation & Amortization	5,262	5,976	6,950	7,915	8,415
EBIT	29,174	37,293	42,038	46,120	49,347
EBIT growth (%)	69.6	27.8	12.7	9.7	7.0
Other operating income	0	0	0	0	0
Other income	5,951	10,759	11,273	10,122	11,845
Financial expense	280	509	502	493	366
PBT	34,845	47,543	52,809	55,749	60,825
Extraordinary items	0	0	0	0	0
Taxes	8,857	12,010	13,466	14,216	15,510
Minority interest	(3,152)	(4,477)	(5,156)	(5,640)	(6,668)
Income from JV/Associates	0	0	0	0	0
Reported PAT	29,139	40,010	44,499	47,173	51,983
PAT growth (%)	73.8	37.3	11.2	6.0	10.2
Adjusted PAT	29,139	40,010	44,499	47,173	51,983
Diluted EPS (Rs)	106.7	146.5	163.0	172.8	190.4
Diluted EPS growth (%)	74.0	37.3	11.2	6.0	10.2
DPS (Rs)	36.9	50.9	56.7	57.7	51.6
Dividend payout (%)	34.6	34.7	34.8	33.4	27.1
EBITDA margin (%)	23.8	26.2	26.5	27.0	27.0
EBIT margin (%)	20.2	22.6	22.7	23.0	23.1
Effective tax rate (%)	25.4	25.3	25.5	25.5	25.5
NOPLAT (pre-IndAS)	21,758	27,872	31,318	34,359	36,763
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	52,809	55,749	60,825
Others (non-cash items)	(3,153)	23,695	11,075	13,847	16,572
Taxes paid	(7,703)	(10,678)	(13,519)	(14,272)	(14,963)
Change in NWC	4,486	(23,322)	(509)	(1,942)	(336)
Operating cash flow	28,475	37,237	49,855	53,382	62,098
Capital expenditure	(6,737)	(8,144)	(8,984)	(9,041)	(9,000)
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)	(19,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	1,369	799	178	8	(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)	(15,529)	(15,786)	(14,116)
Others	(13,697)	(2,174)	1,587	257	(1,670)
Financing cash flow	(22,912)	(15,826)	(14,267)	(16,014)	(17,779)
Net chg in Cash	(18,654)	(7,108)	6,605	8,328	25,319
OCF	28,475	37,237	49,855	53,382	62,098
Adj. OCF (w/o NWC chg.)	23,989	60,559	50,365	55,324	62,434
FCFF	21,738	29,094	40,871	44,341	53,098
FCFE	23,910	28,585	40,369	43,848	52,731
OCF/EBITDA (%)	82.7	86.1	101.8	98.8	107.5
FCFE/PAT (%)	82.1	71.4	90.7	93.0	101.4
FCFF/NOPLAT (%)	99.9	104.4	130.5	129.1	144.4

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	209,152	240,539	278,406
Net worth	149,903	180,455	209,425	240,812	278,679
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,913	4,483	4,430	4,374	4,922
Total debt	1,957	2,756	2,934	2,942	1,315
Total liabilities & equity	154,773	187,694	216,789	248,129	284,916
Net tangible fixed assets	21,765	24,009	25,503	26,588	27,173
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	137,552	165,880	201,199
Current assets (ex-cash)	28,578	59,724	66,794	72,859	78,470
Current Liab. & Prov.	37,204	43,457	50,070	54,250	58,977
NWC (ex-cash)	(8,626)	16,267	16,723	18,609	19,493
Total assets	154,773	187,694	216,789	248,129	284,916
Net debt	(107,537)	(108,192)	(134,619)	(162,938)	(199,883)
Capital employed	154,773	187,694	216,789	248,129	284,916
Invested capital	18,274	45,410	47,361	50,332	51,801
BVPS (Rs)	547.5	659.0	764.9	879.5	1,017.8
Net Debt/Equity (x)	(0.7)	(0.6)	(0.6)	(0.7)	(0.7)
Net Debt/EBITDA (x)	(3.1)	(2.5)	(2.7)	(3.0)	(3.5)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	18.6	21.0	19.8	18.1	17.2

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	43.0	31.3	28.2	26.6	24.1
P/CE(x)	36.4	27.3	24.4	22.7	20.7
P/B (x)	8.4	6.9	6.0	5.2	4.5
EV/Sales (x)	7.9	6.9	6.0	5.4	4.9
EV/EBITDA (x)	33.3	26.5	22.8	20.2	18.2
EV/EBIT(x)	39.1	30.6	26.5	23.6	21.3
EV/IC (x)	62.5	25.1	23.5	21.6	20.3
FCFF yield (%)	1.9	2.5	3.7	4.1	5.1
FCFE yield (%)	1.9	2.3	3.2	3.5	4.2
Dividend yield (%)	0.8	1.1	1.2	1.3	1.1
DuPont-RoE split					
Net profit margin (%)	20.2	24.2	24.1	23.6	24.3
Total asset turnover (x)	1.0	1.0	0.9	0.9	0.8
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	21.1	24.2	22.8	21.0	20.0
DuPont-RoIC					
NOPLAT margin (%)	15.1	16.9	16.9	17.2	17.2
IC turnover (x)	7.9	3.6	3.9	4.0	4.1
RoIC (%)	115.5	87.5	67.5	70.3	72.0
Operating metrics					
Core NWC days	(21.8)	35.9	33.0	33.9	33.2
Total NWC days	(21.8)	35.9	33.0	33.9	33.2
Fixed asset turnover	3.0	3.0	2.9	2.8	2.6
Opex-to-revenue (%)	19.3	19.5	19.4	18.9	18.9

Source: Company, Emkay Research

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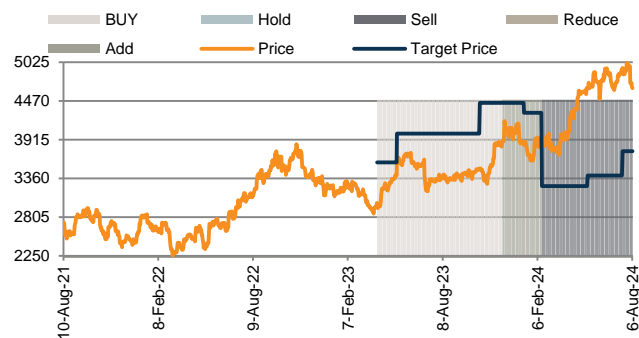
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Date	Closing Price (INR)	TP (INR)	Rating	Analyst
18-Jul-24	4,941	3,750	Sell	Chirag Jain
12-May-24	4,658	3,400	Sell	Chirag Jain
14-Feb-24	3,902	3,250	Sell	Chirag Jain
11-Jan-24	3,889	4,300	Add	Chirag Jain
30-Nov-23	3,897	4,440	Add	Chirag Jain
13-Nov-23	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
SELL	<15% downside

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