

August 4, 2023

## Q1FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	3,520		3,460	
Sales (Rs. m)	1,61,787	1,80,025	1,60,722	1,78,845
% Chng.	0.7	0.7		
EBITDA (Rs. m)	39,689	45,440	40,071	45,264
% Chng.	(1.0)	0.4		
EPS (Rs.)	134.1	154.8	135.9	154.7
% Chng.	(1.4)	-		

### Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. m)	1,02,978	1,44,422	1,61,787	1,80,025
EBITDA (Rs. m)	21,723	34,436	39,689	45,440
Margin (%)	21.1	23.8	24.5	25.2
PAT (Rs. m)	16,766	29,139	36,674	42,330
EPS (Rs.)	61.3	106.5	134.1	154.8
Gr. (%)	24.5	73.7	25.9	15.4
DPS (Rs.)	21.0	37.0	51.0	57.0
Yield (%)	0.6	1.1	1.5	1.7
RoE (%)	13.9	21.1	22.7	22.8
RoCE (%)	14.2	20.9	20.8	21.0
EV/Sales (x)	8.2	5.7	4.9	4.3
EV/EBITDA (x)	38.6	23.7	20.0	16.9
PE (x)	55.1	31.7	25.2	21.8
P/BV (x)	7.3	6.2	5.4	4.6

### Key Data

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52-W High / Low	Rs.3,890 / Rs.2,836
Sensex / Nifty	65,241 / 19,382
Market Cap	Rs.925bn/ \$ 11,179m
Shares Outstanding	274m
3M Avg. Daily Value	Rs.3119.52m

### Shareholding Pattern (%)

Promoter's	49.17
Foreign	30.27
Domestic Institution	10.12
Public & Others	10.43
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(6.9)	1.9	7.7
Relative	(7.0)	(5.0)	(3.7)

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## Management unswayed, but competition real

### Quick Pointers:

- Inventorisation leads to beat on margins
- Expects premium segment to grow faster and ok with 80-85% market share

**We marginally trim our FY24E consol. EPS estimate by c1% to factor in 1Q results and management commentary. Eicher Motors' (EIM) 1QFY24 consolidated EBITDA margin at 25.6% came c140bps above BBG consensus (24.2%) and in line with PLe (25.4%); margins expanded c110bps QoQ given (1) lower commodity prices, (2) price hikes, (3) inventorisation benefit, despite lower than-expected ASPs on inferior mix. RE noted that festive season demand looked good and customer spending was coming back. On the CV side, VECV would benefit from continued profitable growth in the CV industry.**

**Recent increase in competitive landscape has marred EIM's near to medium term growth prospects and rising competition could chip away RE's growth volumes. However, (1) volume growth from new product launches, (2) focus on increasing export revenue mix, (3) higher mix of spares and merchandise revenue to aid both revenue growth and margin expansion. Maintain 'ACCUMULATE with a revised SoTP based TP of Rs 3,520 (at 23x Mar-25E standalone EPS and 12x EV/EBITDA for VECV).**

**In line revenues, beat on consensus margin estimates:** (1) Revenue grew by 17.3% YoY, and came in line with Bloomberg consensus estimates (BBGe) and was lower than our estimates. EBITDA margins at c25.6% were largely in line with our higher than consensus estimates (25.4%) and beat BBGe (24.2%). Other operating expenses were slightly lower than expected while employee costs came in line. Higher other income aided beat on PAT. **Standalone:** Revenue at Rs 39.0bn grew by 1.8% QoQ, led by decline in ASP of 2.3% on the back of inferior product mix and lower exports mix. EBITDA margin came in at 26%, up c130bps QoQ, helped by inventorisation benefit and lower other expenses, despite inferior mix. PAT came in at Rs 9.1bn. **(2) VECV:** Revenue grew by 27% YoY, with volume growth of c12%. EBITDA margin at 7.8% expanded 250bps YoY, led by lower commodity price, better realization. PAT came in at Rs 1.8bn vs Rs 0.6bn YoY.

**Key takeaways:** (1) RE noted that demand is good and has improved after a seasonal lull in June and July. RE noted that festive season demand is looking very bullish and discretionary spending is coming back. (2) Exports market is seeing some softness due to macro-economic issues in Europe and USA, and it has reduced dealer inventory. RE added 22 new retail touch points in the international markets. RE reached 9% market share in APAC & EMEA and 8% in America, and has room to expand further. (3) On competitive intensity, RE said that it has faced tough competitions over the last 15 years from Japanese OEMs but has come out as winner. It noted that competition may not be able to hold to the current pricing, and it will focus on own launches and products. RE sees the 250+ cc segment growing faster than industry and RE is fine with lower market share levels of 80-85% in an expanding market. (4) RE's margins benefited from price hike of 1.5% in May (1.5% in July) and due to saving in sourcing (0.8%), >25% YoY growth in non-motorcycle revenue. (5) Management noted RE's EV plans have reached the implementation phase and it has started onboarding suppliers for key parts. (6) On the CV side, VECV continued to gain market share in 1Q across segments.

**Exhibit 1: Q1FY24 Result Overview – Standalone (Rs mn) – EBITDA margins expand 130bps QoQ**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24E	FY23	YoY gr.
<b>Net Revenues</b>	<b>39,012</b>	<b>32,479</b>	<b>20.1%</b>	<b>38,314</b>	<b>1.8%</b>	<b>1,57,469</b>	<b>1,40,666</b>	<b>11.9%</b>
Raw Materials	22,110	18,614	18.8%	21,876	1.1%	89,814	81,295	10.5%
<i>% of Net Sales</i>	<i>56.7%</i>	<i>57.3%</i>		<i>57.1%</i>		<i>57.0%</i>	<i>57.8%</i>	
Personnel	2,710	2,323	16.6%	2,337	16.0%	10,235	9,351	9.5%
<i>% of Net Sales</i>	<i>6.9%</i>	<i>7.2%</i>		<i>6.1%</i>		<i>6.5%</i>	<i>6.6%</i>	
Manufacturing & Otter Exp	4,065	3,660	11.1%	4,653	-12.6%	17,432	16,086	8.4%
<i>% of Net Sales</i>	<i>10.4%</i>	<i>11.3%</i>		<i>12.1%</i>		<i>11.1%</i>	<i>11.4%</i>	
Total Expenditure	28,885	24,597	17.4%	28,866	0.1%	1,17,481	1,06,731	10.1%
<b>EBITDA</b>	<b>10,127</b>	<b>7,882</b>	<b>28.5%</b>	<b>9,448</b>	<b>7.2%</b>	<b>39,988</b>	<b>33,935</b>	<b>17.8%</b>
<i>EBITDA Margin (%)</i>	<i>26.0%</i>	<i>24.3%</i>		<i>24.7%</i>		<i>25.4%</i>	<i>24.1%</i>	
Depreciation	1,352	1,142	18.4%	1,423	-5.0%	5,468	5,121	6.8%
<b>EBIT</b>	<b>8,775</b>	<b>6,740</b>	<b>30.2%</b>	<b>8,025</b>	<b>9.3%</b>	<b>34,520</b>	<b>28,815</b>	<b>19.8%</b>
Interest Expenses	34	25	36.7%	35	-0.6%	118	130	-9.1%
Non-operating income	3,352	928	261.1%	2,026	65.5%	8,215	6,398	28.4%
<b>PBT</b>	<b>12,092</b>	<b>7,643</b>	<b>58.2%</b>	<b>10,016</b>	<b>20.7%</b>	<b>42,617</b>	<b>35,083</b>	<b>21.5%</b>
Tax-Total	2,953	1,841	60.4%	2,548	15.9%	10,472	8,857	18.2%
<i>Tax Rate (%) - Total</i>	<i>24.4%</i>	<i>24.1%</i>		<i>25.4%</i>		<i>24.6%</i>	<i>25.2%</i>	
<b>PAT</b>	<b>9,139</b>	<b>5,802</b>	<b>57.5%</b>	<b>7,469</b>	<b>22.4%</b>	<b>32,145</b>	<b>26,226</b>	<b>22.6%</b>
<b>Adj. PAT</b>	<b>9,139</b>	<b>5,802</b>	<b>57.5%</b>	<b>7,469</b>	<b>22.4%</b>	<b>32,145</b>	<b>26,226</b>	<b>22.6%</b>
<i>PAT Margin</i>	<i>23.4%</i>	<i>17.9%</i>		<i>19.5%</i>		<i>20.4%</i>	<i>18.6%</i>	

Source: Company, PL

**Exhibit 2: Operating Metrics – Volumes flattish QoQ while realization dipped by c1.3% YoY**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24E	FY23	YoY gr.
Sales Volume (nos)	2,27,706	1,87,205	21.6%	2,18,525	4.2%	9,14,400	8,34,895	9.5%
Net Realisation/Vehicle	1,71,325	1,73,496	-1.3%	1,75,328	-2.3%	1,72,210	1,68,484	2.2%
Material cost / vehicle	97,101	99,432	-2.3%	1,00,108	-3.0%	98,222	97,371	0.9%
Gross Profit / vehicle	74,225	74,065	0.2%	75,219	-1.3%	73,988	71,113	4.0%
Employee cost /vehicle	11,899	12,410	-4.1%	10,693	11.3%	11,194	11,200	-0.1%
Otter expenses / vehicle	17,852	19,550	-8.7%	21,291	-16.2%	19,064	19,267	-1.1%
EBITDA/vehicle	44,473	42,104	5.6%	43,235	2.9%	43,731	40,646	7.6%
Net Profit/vehicle	40,134	30,991	29.5%	34,177	17.4%	35,155	31,412	11.9%

Source: Company, PL

**Exhibit 3: Q1FY24 Result Overview – Consolidated (Rs mn) – EBITDA margins contracted by 40bp YoY**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24E	FY23	YoY gr.
<b>Net Revenues</b>	<b>39,864</b>	<b>35,194</b>	<b>13.3%</b>	<b>38,043</b>	<b>4.8%</b>	<b>1,62,530</b>	<b>1,45,641</b>	<b>11.6%</b>
Raw Materials	22,273	20,256	10.0%	21,178	5.2%	90,417	83,346	8.5%
<i>% of Net Sales</i>	<i>55.9%</i>	<i>57.6%</i>		<i>55.7%</i>		<i>55.6%</i>	<i>57.2%</i>	
Personnel	2,927	2,435	20.2%	2,521	16.1%	11,315	9,984	13.3%
<i>% of Net Sales</i>	<i>7.3%</i>	<i>6.9%</i>		<i>6.6%</i>		<i>7.0%</i>	<i>6.9%</i>	
Manufacturing & Otler Exp	4,456	4,287	3.9%	5,007	-11.0%	19,375	17,970	7.8%
<i>% of Net Sales</i>	<i>11.2%</i>	<i>12.2%</i>		<i>13.2%</i>		<i>11.9%</i>	<i>12.3%</i>	
Total Expenditure	29,655	26,978	9.9%	28,707	3.3%	1,21,108	1,11,300	8.8%
<b>EBITDA</b>	<b>10,208</b>	<b>8,216</b>	<b>24.2%</b>	<b>9,336</b>	<b>9.3%</b>	<b>41,423</b>	<b>34,341</b>	<b>20.6%</b>
<i>EBITDA Margin (%)</i>	<i>25.6%</i>	<i>23.3%</i>		<i>24.5%</i>		<i>25.5%</i>	<i>23.6%</i>	
Depreciation	1,423	1,271	11.9%	1,480	-3.9%	5,648	5,371	5.2%
<b>EBIT</b>	<b>8,786</b>	<b>6,945</b>	<b>26.5%</b>	<b>7,856</b>	<b>11.8%</b>	<b>35,775</b>	<b>28,970</b>	<b>23.5%</b>
Interest Expenses	104	71	47.7%	82	27.8%	318	299	6.5%
Non-operating income	2,432	1,486	63.6%	2,055	18.3%	7,515	6,951	8.1%
<b>PBT</b>	<b>11,114</b>	<b>8,361</b>	<b>32.9%</b>	<b>9,830</b>	<b>13.1%</b>	<b>42,972</b>	<b>35,622</b>	<b>20.6%</b>
Tax-Total	2,935	2,233	31.4%	2,508	17.0%	10,465	9,276	12.8%
<i>Tax Rate (%) - Total</i>	<i>26.4%</i>	<i>26.7%</i>		<i>25.5%</i>		<i>24.4%</i>	<i>26.0%</i>	
<b>PAT</b>	<b>8,179</b>	<b>6,127</b>	<b>33.5%</b>	<b>7,322</b>	<b>11.7%</b>	<b>32,507</b>	<b>26,346</b>	<b>23.4%</b>
Minority interest / Slare in profit	1,004	441	127.7%	1,734	-42.1%	5,901	3,255	81.3%
Profit after MI / Slare of profit	9,183	6,569	39.8%	9,056	1.4%	38,408	29,601	29.8%
<b>Adj. PAT</b>	<b>9,183</b>	<b>6,569</b>	<b>39.8%</b>	<b>9,056</b>	<b>1.4%</b>	<b>38,408</b>	<b>29,601</b>	<b>29.8%</b>
<i>PAT Margin</i>	<i>23.0%</i>	<i>18.7%</i>		<i>23.8%</i>		<i>23.6%</i>	<i>20.3%</i>	

Source: Company, PL

**Exhibit 4: Q1FY24 Result Overview - VECV (Rs mn) – margins expand 190bp YoY**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24E	FY23	YoY gr.
Volumes (in units)	19,571	17,616	11.1%	26,376	-25.8%	88,431	79,770	10.9%
Net ASP (Rs/vel)	25,50,202	23,92,144	6.6%	23,50,622	8.5%	24,28,758	24,10,931	0.7%
Net Sales	49,910	42,140	18.4%	62,000	-19.5%	2,14,777	1,92,320	11.7%
EBITDA	3,870	2,490	55.4%	6,190	-37.5%	20,833	14,330	45.4%
EBITDA margin (%)	7.8%	5.9%		10.0%		9.7%	7.5%	
PAT	1,810	810	123.5%	3,190	-43.3%	10,848	5,990	81.09%

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Net Revenues</b>	<b>1,02,978</b>	<b>1,44,422</b>	<b>1,61,787</b>	<b>1,80,025</b>
YoY gr. (%)	18.1	40.2	12.0	11.3
Cost of Goods Sold	59,557	82,119	91,408	1,00,984
Gross Profit	43,422	62,303	70,379	79,041
Margin (%)	42.2	43.1	43.5	43.9
Employee Cost	8,210	10,019	11,315	12,533
Other Expenses	13,489	17,848	19,375	21,067
<b>EBITDA</b>	<b>21,723</b>	<b>34,436</b>	<b>39,689</b>	<b>45,440</b>
YoY gr. (%)	22.0	58.5	15.3	14.5
Margin (%)	21.1	23.8	24.5	25.2
Depreciation and Amortization	4,519	5,262	5,648	5,853
<b>EBIT</b>	<b>17,203</b>	<b>29,174</b>	<b>34,041</b>	<b>39,587</b>
Margin (%)	16.7	20.2	21.0	22.0
Net Interest	188	280	318	257
Other Income	4,408	5,951	7,515	7,976
<b>Profit Before Tax</b>	<b>21,424</b>	<b>34,845</b>	<b>41,238</b>	<b>47,306</b>
Margin (%)	20.8	24.1	25.5	26.3
Total Tax	5,259	8,857	10,465	11,882
Effective tax rate (%)	24.5	25.4	25.4	25.1
<b>Profit after tax</b>	<b>16,165</b>	<b>25,988</b>	<b>30,773</b>	<b>35,423</b>
Minority interest	-	-	-	-
Share Profit from Associate	602	3,152	5,901	6,907
<b>Adjusted PAT</b>	<b>16,766</b>	<b>29,139</b>	<b>36,674</b>	<b>42,330</b>
YoY gr. (%)	-	-	-	-
Margin (%)	16.3	20.2	22.7	23.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>16,766</b>	<b>29,139</b>	<b>36,674</b>	<b>42,330</b>
YoY gr. (%)	24.5	73.8	25.9	15.4
Margin (%)	16.3	20.2	22.7	23.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
<b>Equity Shares O/s (m)</b>	<b>273</b>	<b>274</b>	<b>274</b>	<b>274</b>
<b>EPS (Rs)</b>	<b>61.3</b>	<b>106.5</b>	<b>134.1</b>	<b>154.8</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>44,918</b>	<b>52,837</b>	<b>58,837</b>	<b>64,837</b>
Tangibles	44,918	52,837	58,837	64,837
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>20,675</b>	<b>25,938</b>	<b>31,585</b>	<b>37,439</b>
Tangibles	20,675	25,938	31,585	37,439
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>24,243</b>	<b>26,900</b>	<b>27,252</b>	<b>27,399</b>
Tangibles	24,243	26,900	27,252	27,399
Intangibles	-	-	-	-
Capital Work In Progress	5,048	4,721	5,021	5,321
Goodwill	-	-	-	-
Non-Current Investments	19,579	22,284	26,490	29,249
Net Deferred tax assets	(2,201)	(2,913)	(2,942)	(2,972)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	57,626	1,00,923	1,01,716	1,03,958
Inventories	11,324	12,784	10,195	11,344
Trade receivables	3,020	3,689	2,216	2,466
Cash & Bank Balance	27,225	8,571	32,457	55,135
Other Current Assets	5,125	4,413	4,633	4,865
<b>Total Assets</b>	<b>1,62,010</b>	<b>1,91,976</b>	<b>2,18,518</b>	<b>2,49,213</b>
<b>Equity</b>				
Equity Share Capital	273	274	274	274
Other Equity	1,25,807	1,49,629	1,72,355	1,99,095
<b>Total Network</b>	<b>1,26,080</b>	<b>1,49,903</b>	<b>1,72,628</b>	<b>1,99,369</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	588	1,957	2,055	2,158
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	17,881	18,104	20,390	22,688
Other current liabilities	15,260	19,099	20,503	22,027
<b>Total Equity &amp; Liabilities</b>	<b>1,62,010</b>	<b>1,91,976</b>	<b>2,18,518</b>	<b>2,49,213</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	22,025	37,996	47,139	54,212
Add. Depreciation	4,519	5,262	5,648	5,853
Add. Interest	188	280	318	257
Less Financial Other Income	4,408	5,951	7,515	7,976
Add. Other	(4,408)	(5,951)	(7,515)	(7,976)
Op. profit before WC changes	22,324	37,588	45,590	52,347
Net Changes-WC	(1,779)	3,773	6,685	1,252
Direct tax	(5,274)	(8,144)	(10,436)	(11,853)
<b>Net cash from Op. activities</b>	<b>15,272</b>	<b>33,217</b>	<b>41,839</b>	<b>41,746</b>
Capital expenditures	(6,334)	(7,592)	(6,300)	(6,300)
Interest / Dividend Income	-	-	-	-
Others	4,091	3,247	3,308	5,218
<b>Net Cash from Invt. activities</b>	<b>(2,243)</b>	<b>(4,345)</b>	<b>(2,992)</b>	<b>(1,082)</b>
Issue of share cap. / premium	675	4,803	-	-
Debt changes	(986)	1,369	98	103
Dividend paid	(5,741)	(10,120)	(13,949)	(15,590)
Interest paid	(188)	(280)	(318)	(257)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(6,240)</b>	<b>(4,228)</b>	<b>(14,169)</b>	<b>(15,744)</b>
<b>Net change in cash</b>	<b>6,788</b>	<b>24,643</b>	<b>24,679</b>	<b>24,920</b>
Free Cash Flow	8,938	25,624	35,539	35,446

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY23	Q3FY23	Q4FY23	Q1FY24
<b>Net Revenue</b>	<b>35,194</b>	<b>37,210</b>	<b>38,044</b>	<b>39,865</b>
YoY gr. (%)	56.4	29.2	19.1	17.3
Raw Material Expenses	20,256	21,655	21,178	22,273
Gross Profit	14,938	15,555	16,866	17,592
Margin (%)	42.4	41.8	44.3	44.1
<b>EBITDA</b>	<b>8,216</b>	<b>8,572</b>	<b>9,337</b>	<b>10,209</b>
YoY gr. (%)	74.9	47.2	23.3	22.8
Margin (%)	23.3	23.0	24.5	25.6
Depreciation / Depletion	1,271	1,348	1,480	1,423
<b>EBIT</b>	<b>6,945</b>	<b>7,224</b>	<b>7,857</b>	<b>8,787</b>
Margin (%)	19.7	19.4	20.7	22.0
Net Interest	71	76	82	104
Other Income	1,486	1,923	2,055	2,432
<b>Profit before Tax</b>	<b>8,361</b>	<b>9,071</b>	<b>9,831</b>	<b>11,115</b>
Margin (%)	23.8	24.4	25.8	27.9
Total Tax	2,233	2,302	2,508	2,935
Effective tax rate (%)	26.7	25.4	25.5	26.4
<b>Profit after Tax</b>	<b>6,127</b>	<b>6,770</b>	<b>7,323</b>	<b>8,180</b>
Minority interest	-	-	-	-
Share Profit from Associates	441	639	1,734	1,004
<b>Adjusted PAT</b>	<b>6,569</b>	<b>7,408</b>	<b>9,057</b>	<b>9,184</b>
YoY gr. (%)	76.0	62.4	48.4	50.4
Margin (%)	18.7	19.9	23.8	23.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>6,569</b>	<b>7,408</b>	<b>9,057</b>	<b>9,184</b>
YoY gr. (%)	76.0	62.4	48.4	50.4
Margin (%)	18.7	19.9	23.8	23.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Avg. Shares O/s (m)	273	273	273	273
<b>EPS (Rs)</b>	<b>24.1</b>	<b>27.2</b>	<b>33.2</b>	<b>33.7</b>

Source: Company Data, PL Research

**Key Financial Metrics**

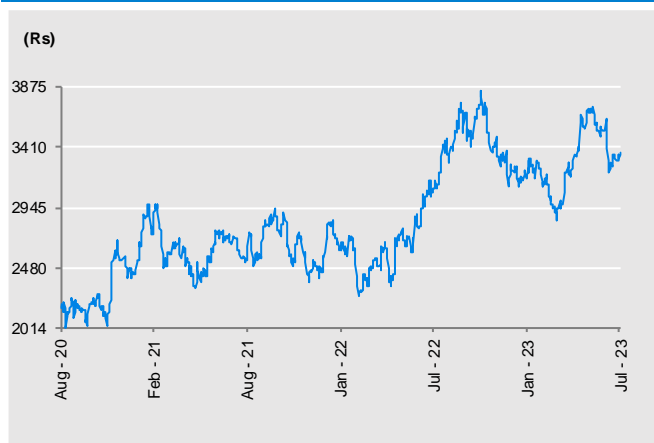
Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Per Share(Rs)</b>				
EPS	61.3	106.5	134.1	154.8
CEPS	77.9	125.8	154.7	176.2
BVPS	461.3	548.1	631.2	729.0
FCF	32.7	93.7	129.9	129.6
DPS	21.0	37.0	51.0	57.0
<b>Return Ratio(%)</b>				
RoCE	14.2	20.9	20.8	21.0
ROIC	35.6	73.1	87.3	102.2
RoE	13.9	21.1	22.7	22.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.7)	(0.7)	(0.8)	(0.8)
Net Working Capital (Days)	(60)	(46)	(58)	(57)
<b>Valuation(x)</b>				
PER	55.1	31.7	25.2	21.8
P/B	7.3	6.2	5.4	4.6
P/CEPS	43.4	26.9	21.8	19.2
EV/EBITDA	38.6	23.7	20.0	16.9
EV/Sales	8.2	5.7	4.9	4.3
Dividend Yield (%)	0.6	1.1	1.5	1.7

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY22	FY23	FY24E	FY25E
Royal volumes (in units)	6,02,268	8,34,895	9,14,400	9,92,340
% YoY	(2)	39	10	9
VECV volumes (in units)	57,077	79,623	88,431	93,958
% YoY	38	40	11	6

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-23	Accumulate	3,460	3,222
2	11-May-23	BUY	4,030	3,404
3	12-Apr-23	BUY	4,050	3,054
4	14-Feb-23	BUY	4,120	3,176
5	05-Jan-23	BUY	4,200	3,215
6	11-Nov-22	BUY	4,190	3,701
7	06-Oct-22	BUY	4,225	3,548
8	24-Sep-22	BUY	4,200	3,688
9	10-Aug-22	BUY	3,400	3,155

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	225	182
2	Bajaj Auto	Reduce	4,575	4,839
3	Bharat Forge	BUY	955	855
4	CEAT	Hold	2,430	2,496
5	Eicher Motors	Accumulate	3,460	3,222
6	Endurance Technologies	Accumulate	1,745	1,654
7	Exide Industries	UR	-	185
8	Hero Motocorp	Accumulate	3,460	3,172
9	Mahindra & Mahindra	BUY	1,685	1,549
10	Maruti Suzuki	BUY	11,100	9,821
11	Tata Motors	BUY	760	639
12	TVS Motor Company	Accumulate	1,400	1,364

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly





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