

February 14, 2024

## Q3FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		HOLD	
Target Price	4,100		3,870	
Sales (Rs. m)	1,79,960	1,95,927	1,79,700	1,98,738
% Chng.	0.1	(1.4)		
EBITDA (Rs. m)	48,109	52,850	45,689	51,235
% Chng.	5.3	3.2		
EPS (Rs.)	166.3	178.6	159.3	173.6
% Chng.	4.3	2.9		

### Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	1,44,422	1,65,610	1,79,960	1,95,927
EBITDA (Rs. m)	34,436	43,373	48,109	52,850
Margin (%)	23.8	26.2	26.7	27.0
PAT (Rs. m)	29,139	41,045	45,472	48,846
EPS (Rs.)	106.5	150.1	166.3	178.6
Gr. (%)	73.7	40.9	10.8	7.4
DPS (Rs.)	37.0	51.0	57.0	57.0
Yield (%)	1.0	1.3	1.5	1.5
RoE (%)	21.1	25.1	23.7	21.9
RoCE (%)	20.9	22.8	21.6	20.5
EV/Sales (x)	6.6	5.5	4.9	4.4
EV/EBITDA (x)	27.5	21.1	18.5	16.2
PE (x)	36.2	25.7	23.2	21.6
P/BV (x)	7.0	6.0	5.1	4.4

### Key Data

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52-W High / Low	Rs.4,202 / Rs.2,836
Sensex / Nifty	71,555 / 21,743
Market Cap	Rs.1,055bn/ \$ 12,711m
Shares Outstanding	274m
3M Avg. Daily Value	Rs.2653.51m

### Shareholding Pattern (%)

Promoter's	49.15
Foreign	30.27
Domestic Institution	9.83
Public & Others	10.75
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(0.4)	13.7	18.5
Relative	1.0	3.8	0.1

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## Solid ASP and margin show led by new launches

### Quick Pointers:

- Revenue beat on new higher priced model launches and better mix.
- Margin performance helped by benign commodity and better mix.

**We increase our FY24/FY25/FY26 consol. EPS estimates by 7%/4%/3% to factor in 3Q beat along with management commentary and upgrade the rating to 'Accumulate' from 'Hold' with revised SoTP based TP of Rs 4,100 (previous Rs. 3,870). Eicher Motors' (EIM) 3QFY24 consol. EBITDA margin at 26.1% came ~20bps above consensus and above PLe (23.5%); margins contracted ~30bps QoQ led by higher other opex given multiple launches and higher marketing and advertising spends in 3Q. However, good stride made on the RM side was a surprise to us. On CV side, VECV would benefit from profitable growth as peers work towards lowering discounts in the industry.**

**Increase in competition has marred EIM's medium term growth prospects and could chip away from RE's growth. Domestic volume growth in 9MFY24 was lower than 125cc+ motorcycle industry and exports volume is expected to remain weak over next 6 months. However, (1) ASP growth from new launches, (2) focus on growing export mix, (3) higher mix of merchandise and spare should aid both revenue and margin. We roll over by one quarter and value the stock at 23x Mar-26E standalone EPS and 11x EV/EBITDA for VECV in-line with Ashok Leyland. Upgrade to 'Accumulate' rating.**

**Beat on revenue and margin:** (1) Revenue grew by 12.3% YoY and came higher than PLe and Bloomberg consensus estimates (BBGe) due to higher ASP and better mix. EBITDA margin at ~26.1% was in-line with BBGe (25.9%) and higher than PLe (23.5%). Better than expected GM helped by mix and better ASP aided margin. **Standalone:** Revenue at Rs 40.5bn grew by ~13% YoY, higher than PLe. EBITDA margin came in at 27.5%, up ~360bps YoY. PAT came in at Rs 8.1bn. **(2) VECV:** Revenue grew by 19% YoY with volume growth of ~14%. EBITDA margin at 8% was up 140bps YoY. PAT came in at Rs 2.1bn, 82% YoY.

**Key takeaways:** (1) Enquiry rate has gone up 14-15% YoY, booking has increased 10-11% in Jan-24. RE is cautious about building inventory and thus is not pushing volumes. It noted that they will focus more on already existing products as bulk of the core launches are already done. (2) RE is facing volatility in export markets however, it has maintained its market shares in key regions like APAC, Europe, North America, and America. It sees exports to remain impacted for the next 6 months and YoY growth to begin after that. New products like the Super Meteor and Roadster 650 will start getting sold in the United States and it has partnered with AW Rostamani Group for distribution in the UAE. RE plans to scale up international volumes on the back of newly launched Himalayan 450. RE market share was ~8% in Americas and 9% in APAC and ~20% in UK. (3) Management sees the increased competition leading to market growth, which could benefit RE even if it loses some market share. (4) RE's margins benefited from material cost savings, portfolio mix partially offset by higher expenses on model launches. (5) In CVs, VECV continued to gain market share in 3Q across. Fundamental drivers are healthy given growth in GDP, infrastructure spending, replacement demand, etc. VECV did global unveil of small commercial vehicle range at Bharat Mobility 2024, which has GVW from 2T to 3.5T and sales is expected to start from 4QFY25. (6) RE's network consists of 1050+ touchpoints spread across 60+ countries.

**Exhibit 1: Q2FY24 Result Overview – Standalone (Rs mn) – EBITDA margins expand 340bps YoY**

Y/e March	3QFY24	3QFY23	YoY gr.	2QFY24	QoQ gr.	9MFY24	9MFY23	YoY gr.
<b>Net Revenues</b>	<b>40,542</b>	<b>35,902</b>	<b>12.9%</b>	<b>39,307</b>	<b>3.1%</b>	<b>1,18,861</b>	<b>1,02,353</b>	<b>16.1%</b>
Raw Materials	21,841	20,932	4.3%	20,913	4.4%	64,865	59,418	9.2%
<i>% of Net Sales</i>	<i>53.9%</i>	<i>58.3%</i>		<i>53.2%</i>		<i>54.6%</i>	<i>58.1%</i>	
Personnel	2,851	2,414	18.1%	2,832	0.7%	8,392	7,014	19.6%
<i>% of Net Sales</i>	<i>7.0%</i>	<i>6.7%</i>		<i>7.2%</i>		<i>7.1%</i>	<i>6.9%</i>	
Manufacturing & Otter Exp	4,702	3,987	17.9%	4,588	2.5%	13,355	11,433	16.8%
<i>% of Net Sales</i>	<i>11.6%</i>	<i>11.1%</i>		<i>11.7%</i>		<i>11.2%</i>	<i>11.2%</i>	
Total Expenditure	29,394	27,333	7.5%	28,333	3.7%	86,612	77,866	11.2%
<b>EBITDA</b>	<b>11,148</b>	<b>8,569</b>	<b>30.1%</b>	<b>10,974</b>	<b>1.6%</b>	<b>32,249</b>	<b>24,487</b>	<b>31.7%</b>
<i>EBITDA Margin (%)</i>	<i>27.5%</i>	<i>23.9%</i>		<i>27.9%</i>		<i>27.1%</i>	<i>23.9%</i>	
Depreciation	1,381	1,305	5.8%	1,311	5.4%	4,043	3,698	9.3%
<b>EBIT</b>	<b>9,767</b>	<b>7,263</b>	<b>34.5%</b>	<b>9,664</b>	<b>1.1%</b>	<b>28,206</b>	<b>20,789</b>	<b>35.7%</b>
Interest Expenses	51	36	43.3%	48	7.1%	134	95	40.2%
Non-operating income	2,496	1,911	30.6%	2,760	-9.6%	8,607	4,373	96.8%
<b>PBT</b>	<b>12,211</b>	<b>9,138</b>	<b>33.6%</b>	<b>12,376</b>	<b>-1.3%</b>	<b>36,679</b>	<b>25,067</b>	<b>46.3%</b>
Tax-Total	4,074	2,331	74.8%	2,991	36.2%	10,018	6,310	58.8%
<i>Tax Rate (%) - Total</i>	<i>33.4%</i>	<i>25.5%</i>		<i>24.2%</i>		<i>27.3%</i>	<i>25.2%</i>	
<b>PAT</b>	<b>8,137</b>	<b>6,807</b>	<b>19.5%</b>	<b>9,385</b>	<b>-13.3%</b>	<b>26,661</b>	<b>18,757</b>	<b>42.1%</b>
<b>Adj. PAT</b>	<b>8,137</b>	<b>6,807</b>	<b>19.5%</b>	<b>9,385</b>	<b>-13.3%</b>	<b>26,661</b>	<b>18,757</b>	<b>42.1%</b>
<i>PAT Margin</i>	<i>20.1%</i>	<i>19.0%</i>		<i>23.9%</i>		<i>22.4%</i>	<i>18.3%</i>	

Source: Company, PL

**Exhibit 2: Operating Metrics – Realization grew by 3.7% YoY**

Y/e March	3QFY24	3QFY23	YoY gr.	2QFY24	QoQ gr.	9MFY24	9MFY23	YoY gr.
<b>Sales Volume (nos)</b>	<b>2,28,073</b>	<b>2,21,401</b>	<b>3.0%</b>	<b>2,29,280</b>	<b>-0.5%</b>	<b>6,85,059</b>	<b>6,16,370</b>	<b>11.1%</b>
Net Realisation/Vehicle	1,77,758	1,62,156	9.6%	1,71,437	3.7%	1,73,504	1,66,058	4.5%
Material cost / vehicle	95,764	94,541	1.3%	91,211	5.0%	94,685	96,401	-1.8%
Gross Profit / vehicle	81,994	67,615	21.3%	80,226	2.2%	78,820	69,657	13.2%
Employee cost /vehicle	12,501	10,905	14.6%	12,350	1.2%	12,250	11,380	7.7%
Otter expenses / vehicle	20,615	18,009	14.5%	20,011	3.0%	19,495	18,550	5.1%
EBITDA/vehicle	48,878	38,701	26.3%	47,865	2.1%	47,075	39,728	18.5%
Net Profit/vehicle	35,678	30,745	16.0%	40,932	-12.8%	38,918	30,432	27.9%

Source: Company, PL

**Exhibit 3: Q3FY24 Result Overview – Consolidated (Rs mn) –PAT grew by ~78% YoY**

Y/e March	3QFY24	3QFY23	YoY gr.	2QFY24	QoQ gr.	9MFY24	9MFY23	YoY gr.
<b>Net Revenues</b>	<b>41,788</b>	<b>37,210</b>	<b>12.3%</b>	<b>41,145</b>	<b>1.6%</b>	<b>1,22,797</b>	<b>1,06,379</b>	<b>15.4%</b>
Raw Materials	22,579	21,655	4.3%	22,201	1.7%	67,052	60,941	10.0%
<i>% of Net Sales</i>	<i>54.0%</i>	<i>58.2%</i>		<i>54.0%</i>		<i>54.6%</i>	<i>57.3%</i>	
Personnel	3,093	2,594	19.3%	3,061	1.1%	9,081	7,498	21.1%
<i>% of Net Sales</i>	<i>7.4%</i>	<i>7.0%</i>		<i>7.4%</i>		<i>7.4%</i>	<i>7.0%</i>	
Manufacturing & Otler Exp	5,214	4,389	18.8%	5,012	4.0%	14,682	12,841	14.3%
<i>% of Net Sales</i>	<i>12.5%</i>	<i>11.8%</i>		<i>12.2%</i>		<i>12.0%</i>	<i>12.1%</i>	
Total Expenditure	30,886	28,638	7.8%	30,274	2.0%	90,815	81,279	11.7%
<b>EBITDA</b>	<b>10,903</b>	<b>8,572</b>	<b>27.2%</b>	<b>10,872</b>	<b>0.3%</b>	<b>31,983</b>	<b>25,099</b>	<b>27.4%</b>
<i>EBITDA Margin (%)</i>	<i>26.1%</i>	<i>23.0%</i>		<i>26.4%</i>		<i>26.0%</i>	<i>23.6%</i>	
Depreciation	1,475	1,348	9.4%	1,425	3.5%	4,324	3,782	14.3%
<b>EBIT</b>	<b>9,427</b>	<b>7,224</b>	<b>30.5%</b>	<b>9,446</b>	<b>-0.2%</b>	<b>27,659</b>	<b>21,318</b>	<b>29.7%</b>
Interest Expenses	124	76	64.0%	127	-2.0%	355	199	79.0%
Non-operating income	2,537	1,923	31.9%	2,738	-7.3%	7,707	3,896	97.8%
Extraordinary Expenses	0	0		0		0	0	
Extraordinary Income	0	0		0		0	0	
<b>PBT</b>	<b>11,840</b>	<b>9,071</b>	<b>30.5%</b>	<b>12,057</b>	<b>-1.8%</b>	<b>35,011</b>	<b>25,015</b>	<b>40.0%</b>
Tax-Total	3,019	2,302	31.2%	2,911	3.7%	8,865	6,349	39.6%
<i>Tax Rate (%) - Total</i>	<i>25.5%</i>	<i>25.4%</i>		<i>24.1%</i>		<i>25.3%</i>	<i>25.4%</i>	
<b>PAT</b>	<b>8,821</b>	<b>6,770</b>	<b>30.3%</b>	<b>9,146</b>	<b>-3.6%</b>	<b>26,147</b>	<b>18,666</b>	<b>40.1%</b>
Minority interest / Slare in profit	1,139	639	78.2%	1,016	12.0%	3,159	1,418	122.8%
<b>Profit after MI / Slare of profit</b>	<b>9,960</b>	<b>7,408</b>	<b>34.4%</b>	<b>10,163</b>	<b>-2.0%</b>	<b>29,306</b>	<b>20,084</b>	<b>45.9%</b>
<b>Adj. PAT</b>	<b>9,960</b>	<b>7,408</b>	<b>34.4%</b>	<b>10,163</b>	<b>-2.0%</b>	<b>29,306</b>	<b>20,084</b>	<b>45.9%</b>
<i>PAT Margin</i>	<i>23.8%</i>	<i>19.9%</i>		<i>24.7%</i>		<i>23.9%</i>	<i>18.9%</i>	

Source: Company, PL

**Exhibit 4: Q3FY24 Result Overview – EBITDA margin grew by 140bps YoY**

Y/e March	3QFY24	3QFY23	YoY gr.	2QFY24	QoQ gr.	9MFY24	9MFY23	YoY gr.
<b>Volumes (in units)</b>	<b>20,706</b>	<b>18,162</b>	<b>14.0%</b>	<b>19,551</b>	<b>5.9%</b>	<b>59,828</b>	<b>53,247</b>	<b>12.4%</b>
Net ASP (Rs/vel)	26,48,025	25,34,963	4.5%	26,23,395	0.9%	26,07,976	23,94,877	8.9%
<b>Net Sales</b>	<b>54,830</b>	<b>46,040</b>	<b>19.1%</b>	<b>51,290</b>	<b>6.9%</b>	<b>1,56,030</b>	<b>1,27,520</b>	<b>22.4%</b>
<b>EBITDA</b>	<b>4,380</b>	<b>3,050</b>	<b>43.6%</b>	<b>4,040</b>	<b>8.4%</b>	<b>12,290</b>	<b>7,610</b>	<b>61.5%</b>
<i>EBITDA Margin (%)</i>	<i>8.0%</i>	<i>6.6%</i>		<i>7.9%</i>		<i>7.9%</i>	<i>6.0%</i>	
<b>PAT</b>	<b>2,110</b>	<b>1,160</b>	<b>81.9%</b>	<b>1,850</b>	<b>14.1%</b>	<b>5,770</b>	<b>2,590</b>	<b>122.78%</b>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Net Revenues</b>	<b>1,44,422</b>	<b>1,65,610</b>	<b>1,79,960</b>	<b>1,95,927</b>
YoY gr. (%)	40.2	14.7	8.7	8.9
Cost of Goods Sold	82,119	89,342	96,436	1,04,908
Gross Profit	62,303	76,268	83,524	91,020
Margin (%)	43.1	46.1	46.4	46.5
Employee Cost	10,019	12,518	13,459	14,419
Other Expenses	17,848	20,376	21,957	23,750
<b>EBITDA</b>	<b>34,436</b>	<b>43,373</b>	<b>48,109</b>	<b>52,850</b>
YoY gr. (%)	58.5	26.0	10.9	9.9
Margin (%)	23.8	26.2	26.7	27.0
Depreciation and Amortization	5,262	5,708	6,114	6,670
<b>EBIT</b>	<b>29,174</b>	<b>37,665</b>	<b>41,994</b>	<b>46,180</b>
Margin (%)	20.2	22.7	23.3	23.6
Net Interest	280	480	464	449
Other Income	5,951	10,292	10,249	10,287
<b>Profit Before Tax</b>	<b>34,845</b>	<b>47,477</b>	<b>51,780</b>	<b>56,018</b>
Margin (%)	24.1	28.7	28.8	28.6
Total Tax	8,857	11,906	13,215	14,240
Effective tax rate (%)	25.4	25.1	25.5	25.4
<b>Profit after tax</b>	<b>25,988</b>	<b>35,571</b>	<b>38,565</b>	<b>41,778</b>
Minority interest	-	-	-	-
Share Profit from Associate	3,152	5,475	6,907	7,068
<b>Adjusted PAT</b>	<b>29,139</b>	<b>41,045</b>	<b>45,472</b>	<b>48,846</b>
YoY gr. (%)	-	-	-	-
Margin (%)	20.2	24.8	25.3	24.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>29,139</b>	<b>41,045</b>	<b>45,472</b>	<b>48,846</b>
YoY gr. (%)	73.8	40.9	10.8	7.4
Margin (%)	20.2	24.8	25.3	24.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
<b>Equity Shares O/s (m)</b>	<b>274</b>	<b>274</b>	<b>274</b>	<b>274</b>
<b>EPS (Rs)</b>	<b>106.5</b>	<b>150.1</b>	<b>166.3</b>	<b>178.6</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>52,837</b>	<b>58,837</b>	<b>64,837</b>	<b>70,837</b>
Tangibles	52,837	58,837	64,837	70,837
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>25,938</b>	<b>31,646</b>	<b>37,760</b>	<b>44,431</b>
Tangibles	25,938	31,646	37,760	44,431
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>26,900</b>	<b>27,191</b>	<b>27,077</b>	<b>26,407</b>
Tangibles	26,900	27,191	27,077	26,407
Intangibles	-	-	-	-
Capital Work In Progress	4,721	5,021	5,321	5,621
Goodwill	-	-	-	-
Non-Current Investments	22,284	26,192	28,950	28,950
Net Deferred tax assets	(2,913)	(2,942)	(2,972)	(3,001)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	1,00,923	1,02,015	1,04,257	1,09,257
Inventories	12,784	10,436	11,340	12,346
Trade receivables	3,689	2,269	2,465	2,684
Cash & Bank Balance	8,571	37,077	62,967	92,886
Other Current Assets	4,413	4,633	4,865	5,108
<b>Total Assets</b>	<b>1,91,976</b>	<b>2,23,371</b>	<b>2,56,718</b>	<b>2,93,777</b>
<b>Equity</b>				
Equity Share Capital	274	274	274	274
Other Equity	1,49,629	1,76,726	2,06,609	2,39,865
<b>Total Networkth</b>	<b>1,49,903</b>	<b>1,77,000</b>	<b>2,06,882</b>	<b>2,40,138</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	1,957	2,055	2,158	2,265
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	18,104	20,871	22,680	24,692
Other current liabilities	19,099	20,503	22,027	23,680
<b>Total Equity &amp; Liabilities</b>	<b>1,91,976</b>	<b>2,23,371</b>	<b>2,56,718</b>	<b>2,93,777</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	37,996	52,951	58,687	63,086
Add. Depreciation	5,262	5,708	6,114	6,670
Add. Interest	280	480	464	449
Less Financial Other Income	5,951	10,292	10,249	10,287
Add. Other	(5,951)	(10,292)	(10,249)	(10,287)
Op. profit before WC changes	37,588	48,848	55,015	59,918
Net Changes-WC	3,773	6,874	1,060	1,155
Direct tax	(8,144)	(11,877)	(13,185)	(14,211)
<b>Net cash from Op. activities</b>	<b>33,217</b>	<b>43,845</b>	<b>42,890</b>	<b>46,862</b>
Capital expenditures	(7,592)	(6,300)	(6,300)	(6,300)
Interest / Dividend Income	-	-	-	-
Others	3,247	6,384	7,491	10,287
<b>Net Cash from Inv. activities</b>	<b>(4,345)</b>	<b>84</b>	<b>1,191</b>	<b>3,987</b>
Issue of share cap. / premium	4,803	-	-	-
Debt changes	1,369	98	103	108
Dividend paid	(10,120)	(13,949)	(15,590)	(15,590)
Interest paid	(280)	(480)	(464)	(449)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(4,228)</b>	<b>(14,331)</b>	<b>(15,950)</b>	<b>(15,930)</b>
<b>Net change in cash</b>	<b>24,643</b>	<b>29,598</b>	<b>28,131</b>	<b>34,919</b>
Free Cash Flow	25,624	37,545	36,590	40,562

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Revenue</b>	<b>38,043</b>	<b>39,864</b>	<b>41,145</b>	<b>41,788</b>
YoY gr. (%)	19.1	17.3	16.9	12.3
Raw Material Expenses	21,178	22,273	22,201	22,579
Gross Profit	16,865	17,591	18,945	19,210
Margin (%)	44.3	44.1	46.0	46.0
<b>EBITDA</b>	<b>9,336</b>	<b>10,208</b>	<b>10,872</b>	<b>10,903</b>
YoY gr. (%)	23.3	22.8	32.3	27.2
Margin (%)	24.5	25.6	26.4	26.1
Depreciation / Depletion	1,480	1,423	1,425	1,475
<b>EBIT</b>	<b>7,856</b>	<b>8,786</b>	<b>9,446</b>	<b>9,427</b>
Margin (%)	20.7	22.0	23.0	22.6
Net Interest	82	104	127	124
Other Income	2,055	2,432	2,738	2,537
<b>Profit before Tax</b>	<b>9,830</b>	<b>11,114</b>	<b>12,057</b>	<b>11,840</b>
Margin (%)	25.8	27.9	29.3	28.3
Total Tax	2,508	2,935	2,911	3,019
Effective tax rate (%)	25.5	26.4	24.1	25.5
<b>Profit after Tax</b>	<b>7,322</b>	<b>8,179</b>	<b>9,146</b>	<b>8,821</b>
Minority interest	-	-	-	-
Share Profit from Associates	1,734	1,004	1,016	1,139
<b>Adjusted PAT</b>	<b>9,056</b>	<b>9,183</b>	<b>10,163</b>	<b>9,960</b>
YoY gr. (%)	48.4	50.4	54.7	34.4
Margin (%)	23.8	23.0	24.7	23.8
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>9,056</b>	<b>9,183</b>	<b>10,163</b>	<b>9,960</b>
YoY gr. (%)	48.4	50.4	54.7	34.4
Margin (%)	23.8	23.0	24.7	23.8
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>33.2</b>	<b>33.7</b>	<b>37.3</b>	<b>36.5</b>

Source: Company Data, PL Research

**Key Financial Metrics**

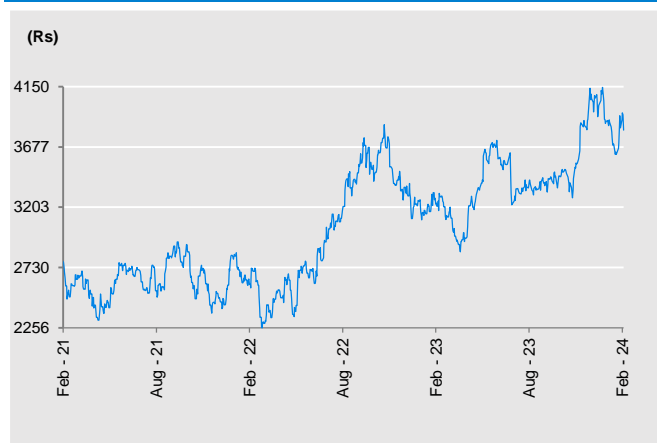
Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	106.5	150.1	166.3	178.6
CEPS	125.8	170.9	188.6	203.0
BVPS	548.1	647.2	756.4	878.0
FCF	93.7	137.3	133.8	148.3
DPS	37.0	51.0	57.0	57.0
<b>Return Ratio(%)</b>				
RoCE	20.9	22.8	21.6	20.5
ROIC	73.1	107.0	116.6	146.1
RoE	21.1	25.1	23.7	21.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.7)	(0.8)	(0.8)	(0.8)
Net Working Capital (Days)	(46)	(58)	(57)	(57)
<b>Valuation(x)</b>				
PER	36.2	25.7	23.2	21.6
P/B	7.0	6.0	5.1	4.4
P/CEPS	30.6	22.5	20.4	19.0
EV/EBITDA	27.5	21.1	18.5	16.2
EV/Sales	6.6	5.5	4.9	4.4
Dividend Yield (%)	1.0	1.3	1.5	1.5

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY23	FY24E	FY25E	FY26E
Royal volumes (in units)	8,34,895	9,23,640	9,77,706	10,41,346
% YoY	39	11	6	7
VECV volumes (in units)	79,623	88,431	93,958	89,928
% YoY	40	11	6	(4)

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-24	Hold	3,870	3,877
2	11-Nov-23	Accumulate	3,800	3,547
3	09-Oct-23	Accumulate	3,730	3,450
4	04-Aug-23	Accumulate	3,520	3,380
5	07-Jul-23	Accumulate	3,460	3,222
6	11-May-23	BUY	4,030	3,404
7	12-Apr-23	BUY	4,050	3,054
8	14-Feb-23	BUY	4,120	3,176

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	210	180
2	Bajaj Auto	Reduce	6,080	7,213
3	Bharat Forge	Accumulate	1,320	1,266
4	CEAT	Accumulate	2,980	2,830
5	Divgi Torqtransfer Systems	BUY	1,135	913
6	Eicher Motors	Hold	3,870	3,877
7	Endurance Technologies	Hold	2,000	1,983
8	Exide Industries	Accumulate	340	315
9	Hero Motocorp	Accumulate	5,150	4,909
10	Mahindra & Mahindra	BUY	1,830	1,642
11	Maruti Suzuki	BUY	12,200	10,187
12	Tata Motors	BUY	1,010	879
13	TVS Motor Company	Hold	1,955	2,009

**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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