

Well poised to outperform; emerges as E-2W segment leader

Auto & Auto Ancillaries ▶ Company Update ▶ January 21, 2025

TARGET PRICE (Rs): 2,800

In a recent interview in Davos with CNBC TV18 (refer to [link](#)), Sudarshan Venu, MD, TVS Motor highlighted that: i) The 2W industry demand is recovering strongly in the initial 3 weeks of Jan-25, with resumption in government capex which sets a positive tone for CY25/FY26. ii) 2W industry is projected to grow in double-digits in FY25, with TVSL aiming for outperformance driven by continued product actions across 'growth' categories like premium motorcycles (premium off-road motorcycle to be launched during CY25) and scooters (the recently launched *Jupiter 110* has been received well). iii) Key exports markets like Africa are now rebounding and are on a positive trajectory. iv) TVSL would continue to introduce new products in E-2Ws as well as in E-3Ws. v) Battery prices are declining and expected to fall further over the next decade amid ongoing innovations by OEMs. This, along with other innovations/cost reduction measures, and scale should improve EV profitability. These comments are in-line with our thesis (refer report [2Ws: Timely revival in exports as domestic slows](#)). We also note that TVSL has now attained leadership in E-2Ws (25% market share) after surpassing Ola and BJAUT in Jan-25. We believe that amid an evolving E-2W industry landscape, TVSL remains an outperformer in overall 2Ws, driven by strong product actions (in ICE and EV) and sustained margin improvement, supported by the ongoing exports recovery in key markets like Africa. After the recent 23% correction from the peak, TVSL trades at 25x Dec-26E core PER. We maintain our BUY rating and TP of Rs2,800 at unchanged 30x Dec-26E PER + Rs180/sh for the captive financing arm.

TVS Motor: Financial Snapshot (Standalone)					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	263,781	317,764	356,177	415,344	466,733
EBITDA	26,717	35,141	41,487	54,603	63,581
Adj. PAT	14,881	20,830	26,015	35,271	41,683
Adj. EPS (Rs)	31.3	43.8	54.8	74.2	87.7
EBITDA margin (%)	10.1	11.1	11.6	13.1	13.6
EBITDA growth (%)	36.2	31.5	18.1	31.6	16.4
Adj. EPS growth (%)	66.5	40.0	24.9	35.6	18.2
RoE (%)	27.4	30.2	30.1	32.7	30.9
RoIC (%)	77.6	120.1	246.6	277.0	305.2
P/E (x)	73.1	52.2	41.8	30.8	26.1
EV/EBITDA (x)	41.6	31.2	26.2	19.6	16.5
P/B (x)	18.0	14.1	11.4	9.0	7.3
FCFF yield (%)	0.9	2.2	2.0	2.8	3.9

Source: Company, Emkay Research

Early signs of recovery in demand momentum; TVSL aims to outperform

While growth momentum in the domestic 2W industry had slowed with 9% YoY growth in Vahan retail registrations during the Sep-Dec '24 festive period vs 12.6% YoY during Apr-Aug '24, the retails have recovered in Jan-25 with TVSL sustaining a double digit industry growth guidance with outperformance. We highlight that exports outlook is improving and poised for sharp recovery, as bulk of the macro challenges in highly under-penetrated key African markets like Nigeria are now largely behind (also highlighted by TVSL's management in a recent interview). On YTD basis, TVSL's retail growth at 12% YoY has been ahead of the industry's 9% growth with improvement in retail market share to 17.4% in FY25YTD vs 16.9% in FY24, reflecting a sustained outperformance against the 2W industry.

Positioning in growth categories continues to improve amid superior product mix

TVSL has over the years recorded impressive improvement in its positioning across 'growth' categories like premium motorcycles (premium off-road motorcycle to be launched later during CY25 – concept showcased in Auto Expo), scooters (the recently launched Jupiter 110cc has been received well; Jupiter's CNG variant was showcased at the recently held Bharat Mobility Expo), and exports (ongoing recovery in key exports markets like Africa to support growth), driven by sharp consumer insights-led innovation (identifying growth categories, consumer preferences, incubating and growing multiple new brands – a rare phenomenon in the industry). This reflects in TVSL's superior mix (contribution from 125cc and above motorcycles in domestic motorcycles at ~71% now vs 55% in FY19 and 53% for industry); as of FY25YTD, company has gained ~160bps market share in premium motorcycles on YoY basis to 15.8%; domestic scooter market share stands at 24.3% vs 18.5% in FY19. 2W exports outperformance also continues, with volumes up 19% in FY25YTD (till Dec-24) vs 11% for BJAUT.

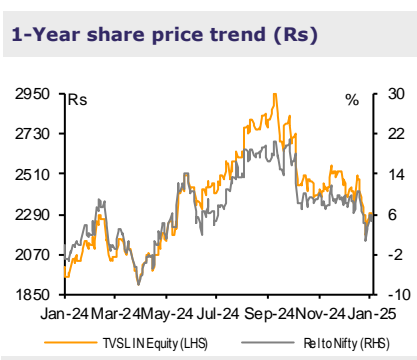
Emerging as a leader in E-2Ws with strong product actions on multiple fronts

TVSL has been an early mover among incumbent players in the EV space, and with sharp contraction in market share gap vs leader Ola and BJAUT in recent months, TVSL has now surpassed Ola and BJAUT to command leadership (~26% market share for TVSL vs 22%/23% for Ola/BJAUT). Planned new product introduction (including for addressing new segments in upcoming months) along with expanding distribution would help further strengthen its presence; TVSL has recently launched its first E-3W (also plans to launch a cargo E-3Ws later during the year). CY25 to see more E-2Ws and ICE-2Ws launches by TVSL. TVSL has also announced partnership with Hyundai for E-3Ws and micro E-4Ws for domestic and export markets (refer to [link](#)). Industry participants expect the reduction in cell prices to continue over the coming decade amid sustained innovation and cost improvement by OEMs.

Target Price – 12M	Dec-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	22.4
CMP (20-Jan-25) (Rs)	2,288.0

Stock Data	Ticker
52-week High (Rs)	2,958
52-week Low (Rs)	1,873
Shares outstanding (mn)	475.1
Market-cap (Rs bn)	1,087
Market-cap (USD mn)	12,556
Net-debt, FY25E (Rs mn)	-2,004
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	1,930.2
ADTV-3M (USD mn)	22.3
Free float (%)	49.7
Nifty-50	23,345
INR/USD	86.6
Shareholding, Sep-24	
Promoters (%)	50.3
FPIs/MFs (%)	22.3/19.0

Price Performance			
(%)	1M	3M	12M
Absolute	(4.3)	(15.8)	13.7
Rel. to Nifty	(3.3)	(10.3)	5.1



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Exhibit 1: ICE scooters are making a comeback with overall domestic 2Ws contribution rising to 33.2% in 9MFY25 vs 31.8% over FY20-24

Domestic volumes (units)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25
ICE scooters	6,719,909	6,701,430	5,565,684	4,479,849	3,990,116	4,862,362	5,378,795	4,651,437
Motorcycles	12,617,595	13,597,864	11,213,617	10,021,143	8,984,127	10,230,461	11,653,233	9,307,531
2W industry	19,337,504	20,299,294	16,779,301	14,500,992	12,974,243	15,092,823	17,032,028	13,958,968
Growth YoY (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25
ICE scooters		(0.3)	(16.9)	(19.5)	(10.9)	21.9	10.6	15.0
Motorcycles		7.8	(17.5)	(10.6)	(10.3)	13.9	13.9	6.5
ICE industry		5.0	(17.3)	(13.6)	(10.5)	16.3	12.8	9.2
ICE scooters as % of 2Ws	34.8	33.0	33.2	30.9	30.8	32.2	31.6	33.3

Source: SIAM, Emkay Research

Exhibit 2: TVSL's domestic ICE scooter market share has held up despite improved supplies in HMSI

Domestic ICE scooters (Units)	FY19	FY20	FY21	FY22	FY23	FY24	FY24YTD (Dec)	FY25YTD (Dec)
Industry	6,701,430	5,565,684	4,479,849	3,990,116	4,862,362	5,378,795	4,044,015	4,651,437
HMCL	719,087	402,676	443,459	305,892	357,077	380,648	295,404	241,535
TVSL	1,241,327	1,018,288	918,264	856,078	1,149,339	1,261,513	938,610	1,132,390
HMSI	3,680,403	3,147,919	2,328,778	1,986,751	2,418,959	2,530,667	1,922,900	2,253,516
Suzuki	615,520	647,379	494,157	587,053	712,509	892,670	648,282	763,456
Yamaha	364,879	285,996	239,144	200,657	180,105	275,260	210,064	237,161
Others	80,214	63,426	56,047	53,685	44,373	38,037	28,755	23,379
Market share (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY24YTD (Dec)	FY25YTD (Dec)
HMCL	10.7	7.2	9.9	7.7	7.3	7.1	7.3	5.2
TVSL	18.5	18.3	20.5	21.5	23.6	23.5	23.2	24.3
HMSI	54.9	56.6	52.0	49.8	49.7	47.0	47.5	48.4
Suzuki	9.2	11.6	11.0	14.7	14.7	16.6	16.0	16.4
Yamaha	5.4	5.1	5.3	5.0	3.7	5.1	5.2	5.1
Others	1.2	1.1	1.3	1.3	0.9	0.7	0.7	0.5

Source: SIAM, Emkay Research

Exhibit 3: Competitor Suzuki, a sizeable player in scooters, is on course to reach maximum production capacity by the end of FY25E; could be an incremental positive for TVSL

Domestic 2Ws sales (units)	FY20	FY21	FY22	FY23	FY24	FY24YTD (Dec)	FY25YTD (Dec)	FY25E (extrapolated)	Production capacity
Suzuki	685,219	521,474	609,828	730,756	921,009	671,030	778,637	1,068,739	1,000,000

Source: Company (link), SIAM, Emkay Research; Note – For FY25E, we have assumed similar growth rate over FY24 as already clocked on YTD basis

Exhibit 4: For TVSL, 125cc and premium motorcycle categories form 71% of its domestic motorcycle volumes (up from 55% in FY19), vs 53% mix for the industry; the company has gained market share in above 125cc (though YTD performance has been impacted by improved supplies at HMSI)

Domestic motorcycles - Industry (units)	FY19	FY20	FY21	FY22	FY23	FY24	FY24YTD (Dec)	FY25YTD (Dec)
Commuter motorcycles	8,450,358	6,372,170	5,386,489	4,968,057	5,279,781	5,668,738	4,297,608	4,445,797
125cc motorcycles	1,936,893	2,368,653	2,422,818	2,202,375	2,642,567	3,176,933	2,376,405	2,698,337
Premium motorcycles	3,210,613	2,472,794	2,211,836	1,813,695	2,308,113	2,807,562	2,069,145	2,244,694
Total 125cc and above	5,147,506	4,841,447	4,634,654	4,016,070	4,950,680	5,984,495	4,445,550	4,943,031
Grand total	13,597,864	11,213,617	10,021,143	8,984,127	10,230,461	11,653,233	8,743,158	9,388,828

Domestic motorcycles - TVSL (units)	FY19	FY20	FY21	FY22	FY23	FY24	FY24YTD (Dec)	FY25YTD (Dec)
Commuter motorcycles	456,474	355,350	298,631	300,625	317,567	343,690	271,248	262,447
125cc motorcycles	87,380	32,502	-	76,742	239,388	478,443	355,023	289,087
Premium motorcycles	469,507	367,549	329,025	330,196	353,421	401,705	293,935	354,459
Total 125cc and above	556,887	400,051	329,025	406,938	592,809	880,148	648,958	643,546
Grand total	1,013,361	755,401	627,656	707,563	910,376	1,223,838	920,206	905,993

Domestic Motorcycle mix (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY24YTD (Dec)	FY25YTD (Dec)
Industry								
Commuter motorcycles	62	57	54	55	52	49	49	47
125cc motorcycles	14	21	24	25	26	27	27	29
Premium motorcycles	24	22	22	20	23	24	24	24
125cc and above	38	43	46	45	48	51	51	53
TVSL								
Commuter motorcycles	45	47	48	42	35	28	29	29
125cc motorcycles	9	4	-	11	26	39	39	32
Premium motorcycles	46	49	52	47	39	33	32	39
125cc and above	55	53	52	58	65	72	71	71

Domestic motorcycle market share (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY24YTD (Dec)	FY25YTD (Dec)
TVSL	7.5	6.7	6.3	7.9	8.9	10.5	10.5	9.6
Commuter motorcycles	5.4	5.6	5.5	6.1	6.0	6.1	6.3	5.9
125cc motorcycles	4.5	1.4	-	3.5	9.1	15.1	14.9	10.7
Premium motorcycles	14.6	14.9	14.9	18.2	15.3	14.3	14.2	15.8
125cc and above	10.8	8.3	7.1	10.1	12.0	14.7	14.6	13.0

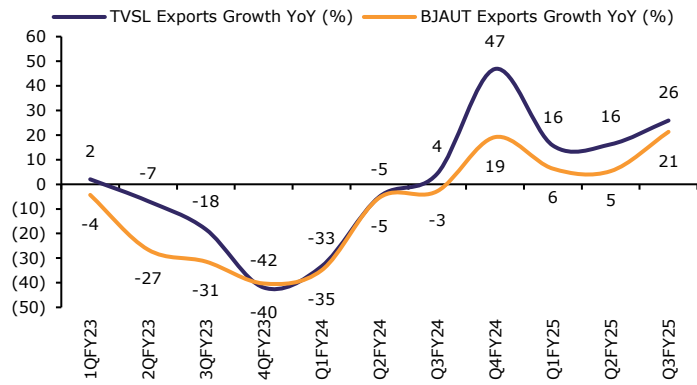
Source: SIAM, Emkay Research

Exhibit 5: TVSL's retail 2W market share stands at ~17% as of FY25YTD, a gain of ~250bps since FY21, amid improving positioning across 'growth' categories (premium motorcycles, scooters)

2W retail market share	FY21	FY22	FY23	FY24	FY25YTD	Festive '23 (Sep-Nov)	Festive '24 (Sep-Nov)
HMCL	36.0%	34.3%	32.1%	30.8%	29.2%	31.0%	29.9%
HMSI	23.8%	23.3%	24.8%	23.4%	25.9%	24.9%	26.2%
BJAUT	11.6%	12.2%	10.6%	12.0%	11.5%	11.9%	11.5%
TVSL	14.6%	14.8%	15.5%	16.9%	17.4%	16.7%	16.9%
RE	3.8%	3.5%	4.4%	4.5%	4.3%	4.3%	4.2%

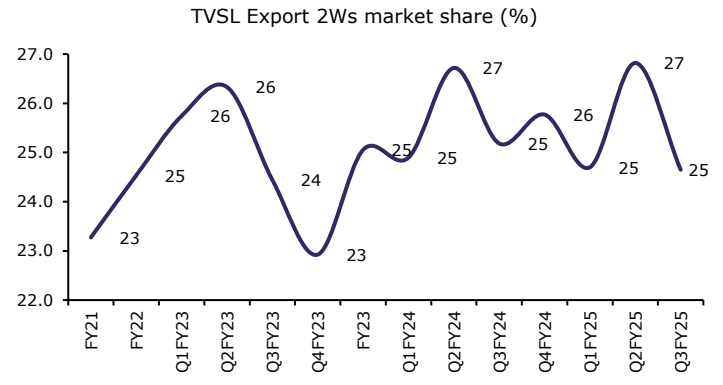
Source: Vahan, Emkay Research

Exhibit 6: TVSL continues to outperform larger peer BJAUT in exports as well



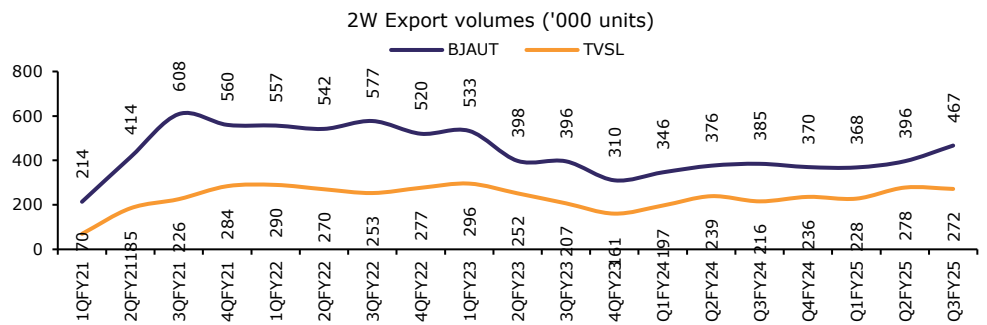
Source: Company, Emkay Research; Note – FY25YTD till November

Exhibit 7: 2W exports market share at ~25% in Q3FY25 vs ~23% in FY21



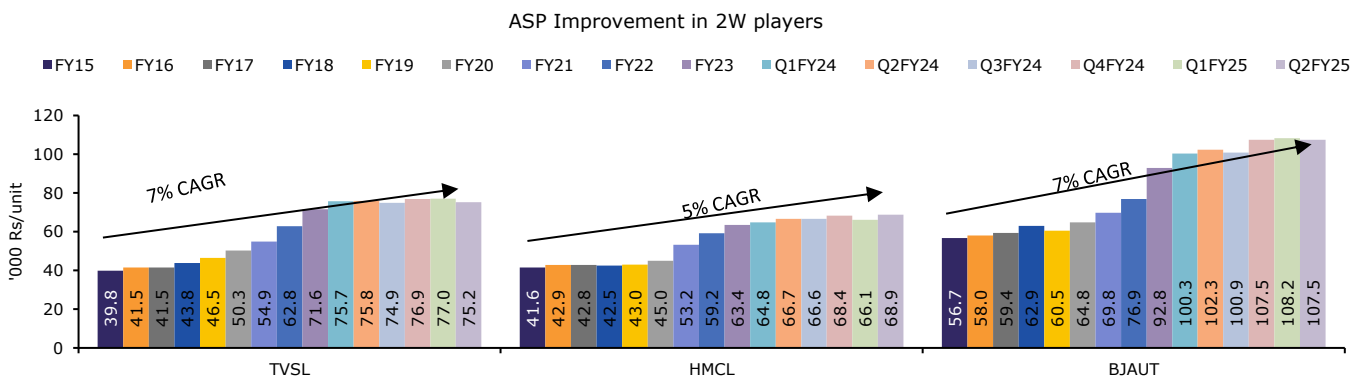
Source: SIAM, Emkay Research

Exhibit 8: TVSL's export 2W volumes are set to cross earlier peaks much quicker than BJAUT



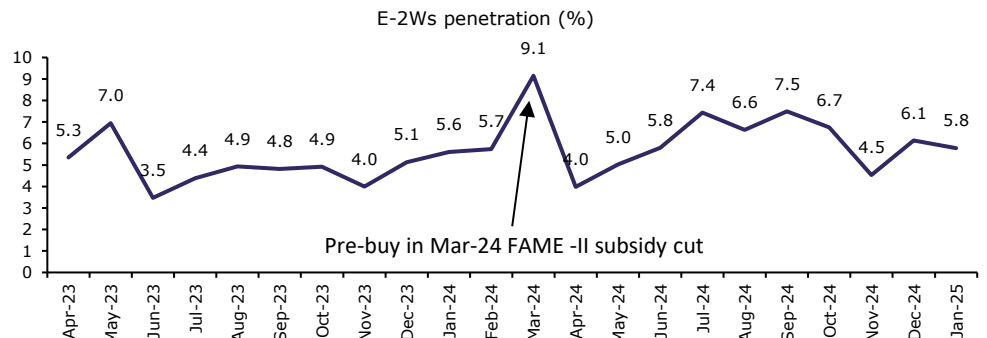
Source: SIAM, Emkay Research

Exhibit 9: Improving mix over the years has led to healthy ~7% CAGR in ASPs for TVSL – in line with or ahead of other 2W players



Source: Vahan, Emkay Research

Exhibit 10: E-2W penetration has largely stabilized at ~6% levels



Source: Company, Emkay Research

Exhibit 11: TVSL has now surpassed OLA and BJAUT to become the leader in E-2Ws

E-2Ws (Vahan retails)	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Ola Electric	35,960	39,355	38,797	43,997	29,073	26,038	43,963	30,727	14,388	11,394
TVS Motor	8,171	12,489	14,766	20,688	18,594	19,202	31,640	28,391	18,118	13,262
Ather Energy	4,361	6,477	6,543	10,756	11,626	13,582	16,993	13,586	10,969	7,081
Bajaj Auto	7,957	9,736	9,525	18,697	17,695	20,220	29,837	27,744	19,238	12,073
Hero MotoCorp	1,006	2,589	3,243	5,333	5,011	4,547	7,719	7,726	1,074	731
Industry	69,004	81,396	84,204	113,304	93,716	95,131	147,078	125,183	77,175	51,531

Market Share (%)	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Ola Electric	52.1	48.3	46.1	38.8	31.0	27.4	29.9	24.5	18.6	22.1
TVS Motor	11.8	15.3	17.5	18.3	19.8	20.2	21.5	22.7	23.5	25.7
Ather Energy	6.3	8.0	7.8	9.5	12.4	14.3	11.6	10.9	14.2	13.7
Bajaj Auto	11.5	12.0	11.3	16.5	18.9	21.3	20.3	22.2	24.9	23.4
Hero MotoCorp	1.5	3.2	3.9	4.7	5.3	4.8	5.2	6.2	1.4	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Vahan, Emkay Research; Note – These volumes are adjusted for Telangana

Exhibit 12: As per our workings, TVSL's reported margin of 11.6% in H1 could have been higher by ~120bps, including the PLI incentive benefit

(Rs mn)	Q1FY25	Q2FY25	H1FY25
EV volumes (no of units)	51,936	75,122	127,058
EV ASP (Rs/unit)	125,927	125,927	125,927
EV revenue	6,540	9,460	16,000
PLI incentive assumed at 13% of sales	850	1,230	2,080
Reported EBITDA	9,602	10,799	20,400
Reported revenue	83,756	92,282	176,038
Reported EBITDA margin (%)	11.5	11.7	11.6
EBITDA, including PLI incentive	10,452	12,028	22,480
EBITDA margin, including PLI (%)	12.5	13.0	12.8

Source: Company, Emkay Research; Note: Assuming uniform EV ASP through H1; assumed PLI incentive at 13% of EV sales value

Exhibit 13: TVSL, in partnership with HMIL, showcased innovative E-3W and E-micro 4W concepts at the recently held 2025 Bharat Mobility Expo

Source: Media Articles, Emkay Research

Exhibit 14: TVSL unveiled the CNG Jupiter (concept model) at the 2025 Bharat Mobility Expo

Source: Media Articles, Emkay Research

Exhibit 15: TVSL has also forayed into the E-3Ws space with its first offering - the King EV MAX

Source: Media Articles, Emkay Research

Exhibit 16: Revenue Model – We build in 14%/26% revenue/EPS CAGR over FY24-27E

Particulars (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Domestic 2Ws (units)	3,136,532	2,410,758	2,164,228	2,047,564	2,597,936	3,157,040	3,545,933	3,823,192	4,130,966
Growth (%)	109.1	(23.1)	(10.2)	(5.4)	26.9	21.5	12.3	7.8	8.1
Scooters incl EV (units)	1,241,366	1,018,427	919,325	866,851	1,245,993	1,451,409	1,771,988	1,931,427	2,108,092
Growth (%)		(18.0)	(9.7)	(5.7)	43.7	16.5	22.1	9.0	9.1
Motorcycles (units)	1,014,923	755,391	627,656	707,563	910,376	1,223,828	1,247,082	1,338,632	1,442,085
Growth (%)	153.3	(25.6)	(16.9)	12.7	28.7	34.4	1.9	7.3	7.7
Mopeds (units)	880,243	636,940	617,247	473,150	441,567	481,803	526,863	553,133	580,789
Growth (%)	(19.9)	(27.6)	(3.1)	(23.3)	(6.7)	9.1	9.4	5.0	5.0
Domestic 3Ws (units)	16,715	11,934	8,266	8,823	16,075	20,791	27,028	28,109	29,234
Growth (%)	(99.4)	(28.6)	(30.7)	6.7	82.2	29.3	30.0	4.0	4.0
Domestic Total (units)	3,153,247	2,422,692	2,172,494	2,056,387	2,614,011	3,177,831	3,572,962	3,851,302	4,160,200
Growth (%)	(27.9)	(23.2)	(10.3)	(5.3)	27.1	21.6	12.4	7.8	8.0
Export 2Ws (units)	622,019	678,841	764,039	1,090,139	915,018	887,774	1,047,573	1,278,039	1,405,843
Growth (%)	3,472.4	9.1	12.6	42.7	(16.1)	(3.0)	18.0	22.0	10.0
Export 3Ws (units)	139,719	161,927	115,330	163,052	153,039	125,379	102,811	128,513	154,216
Growth (%)	(71.6)	15.9	(28.8)	41.4	(6.1)	(18.1)	(18.0)	25.0	20.0
Export Total (units)	761,738	840,768	879,369	1,253,191	1,068,057	1,013,153	1,150,384	1,406,553	1,560,060
Growth (%)	49.5	10.4	4.6	42.5	(14.8)	(5.1)	13.5	22.3	10.9
Volumes (units)	3,914,985	3,263,460	3,051,863	3,309,578	3,682,068	4,190,984	4,723,346	5,257,855	5,720,259
Growth (%)	(19.9)	(16.6)	(6.5)	8.4	11.3	13.8	12.7	11.3	8.8
ASP (Rs/unit)	46,529	50,327	54,886	62,819	71,639	75,821	75,408	78,995	81,593
Growth (%)	6.3	8.2	9.1	14.5	14.0	5.8	(0.5)	4.8	3.3
Revenues	182,099	164,233	167,505	207,905	263,781	317,764	356,177	415,344	466,733
Growth (%)	20.0	(9.8)	2.0	24.1	26.9	20.5	12.1	16.6	12.4
EBITDA	14,333	13,459	14,286	19,617	26,717	35,141	41,487	54,603	63,581
EBITDA margin (%)	7.9	8.2	8.5	9.4	10.1	11.1	11.6	13.1	13.6
EBITDA growth (%)	22.0	(6.1)	6.1	37.3	36.2	31.5	18.1	31.6	16.4
EBITDA/unit (Rs)	3,661	4,124	4,681	5,927	7,256	8,385	8,783	10,385	11,115
EBIT	10,415	8,889	9,678	13,693	21,411	29,623	35,831	47,954	56,361
EBIT margin (%)	5.7	5.4	5.8	6.6	8.1	9.3	10.1	11.5	12.1
EPS (Rs)	14.1	13.0	12.9	19.4	31.3	43.8	54.8	74.2	87.7

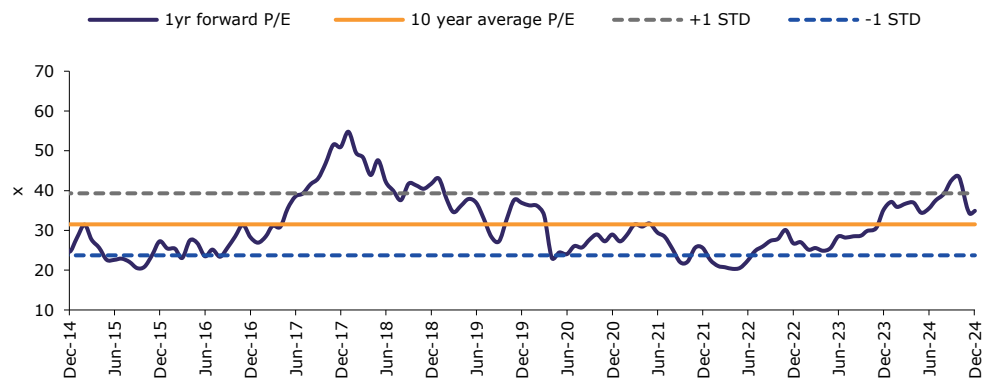
Source: Company, Emkay Research

Exhibit 17: Our EPS estimates remain unchanged

(Rs mn) Units	FY25E				FY26E				FY27E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Domestic 2Ws	3,545,933	3,545,933	-	12.3	3,823,192	3,823,192	-	7.8	4,130,966	4,130,966	-	8.1
Domestic 3Ws	27,028	27,028	-	30.0	28,109	28,109	-	4.0	29,234	29,234	-	4.0
Total Domestic	3,572,962	3,572,962	-	12.4	3,851,302	3,851,302	-	7.8	4,160,200	4,160,200	-	8.0
Export 2W	1,047,573	1,047,573	-	18.0	1,278,039	1,278,039	-	22.0	1,405,843	1,405,843	-	10.0
Export 3W	102,811	102,811	-	(18.0)	128,513	128,513	-	25.0	154,216	154,216	-	20.0
Total Exports	1,150,384	1,150,384	-	13.5	1,406,553	1,406,553	-	22.3	1,560,060	1,560,060	-	10.9
Total Volumes	4,723,346	4,723,346	-	12.7	5,257,855	5,257,855	-	11.3	5,720,259	5,720,259	-	8.8
ASP (Rs/unit)	75,408	75,408	-	(0.5)	78,995	78,995	-	4.8	81,593	81,593	-	3.3
Sales (Rs mn)	356,177	356,177	-	12.1	415,344	415,344	-	16.6	466,733	466,733	-	12.4
EBITDA (Rs mn)	41,487	41,487	-	18.1	54,603	54,603	-	31.6	63,581	63,581	-	16.4
Margin (%)	11.6	11.6	0bps	59bps	13.1	13.1	0bps	150bps	13.6	13.6	0bps	48bps
Net Profit (Rs mn)	26,015	26,015	-	24.9	35,271	35,271	-	35.6	41,683	41,683	-	18.2
EPS (Rs)	54.8	54.8	-	24.9	74.2	74.2	-	35.6	87.7	87.7	-	18.2

Source: Emkay Research

Exhibit 18: TVSL is currently trading at slightly above its LTA on 1-year forward basis



Source: Bloomberg, Emkay Research

TVS Motor: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	263,781	317,764	356,177	415,344	466,733
Revenue growth (%)	26.9	20.5	12.1	16.6	12.4
EBITDA	26,717	35,141	41,487	54,603	63,581
EBITDA growth (%)	36.2	31.5	18.1	31.6	16.4
Depreciation & Amortization	6,312	7,004	7,215	8,452	9,241
EBIT	20,405	28,138	34,272	46,151	54,340
EBIT growth (%)	51.1	37.9	21.8	34.7	17.7
Other operating income	0	0	0	0	0
Other income	1,006	1,485	1,560	1,803	2,021
Financial expense	1,407	1,816	1,103	869	717
PBT	20,004	27,807	34,728	47,084	55,645
Extraordinary items	0	0	0	0	0
Taxes	5,123	6,977	8,713	11,813	13,961
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	14,881	20,830	26,015	35,271	41,683
PAT growth (%)	66.5	40.0	24.9	35.6	18.2
Adjusted PAT	14,881	20,830	26,015	35,271	41,683
Diluted EPS (Rs)	31.3	43.8	54.8	74.2	87.7
Diluted EPS growth (%)	66.5	40.0	24.9	35.6	18.2
DPS (Rs)	5.0	8.0	16.4	22.3	26.3
Dividend payout (%)	16.0	18.2	30.0	30.0	30.0
EBITDA margin (%)	10.1	11.1	11.6	13.1	13.6
EBIT margin (%)	7.7	8.9	9.6	11.1	11.6
Effective tax rate (%)	25.6	25.1	25.1	25.1	25.1
NOPLAT (pre-IndAS)	15,179	21,078	25,673	34,572	40,706
Shares outstanding (mn)	475.1	475.1	475.1	475.1	475.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	20,004	27,807	34,728	47,084	55,645
Others (non-cash items)	13,621	(1,879)	4,629	7,048	8,425
Taxes paid	(4,826)	(6,162)	(8,605)	(11,666)	(13,787)
Change in NWC	(8,870)	16,407	3,062	145	3,562
Operating cash flow	19,929	36,173	33,814	42,611	53,844
Capital expenditure	(9,847)	(11,787)	(12,000)	(12,000)	(12,000)
Acquisition of business	(13,222)	(8,601)	(13,000)	(13,000)	(16,000)
Interest & dividend income	0	0	0	0	0
Investing cash flow	(23,118)	(18,963)	(25,000)	(25,000)	(28,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	7,918	(6,622)	(3,841)	(1,763)	(1,794)
Payment of lease liabilities	(692)	(1,068)	0	0	0
Interest paid	(1,407)	(1,816)	(1,103)	(869)	(717)
Dividend paid (incl tax)	(2,376)	(3,801)	(7,804)	(10,581)	(12,505)
Others	(1,890)	(2,457)	4,004	2,777	1,924
Financing cash flow	2,245	(14,696)	(8,745)	(10,437)	(13,092)
Net chg in Cash	(944)	2,515	69	7,174	12,752
OCF	19,929	36,173	33,814	42,611	53,844
Adj. OCF (w/o NWC chg.)	28,799	19,766	30,752	42,466	50,282
FCFF	10,081	24,386	21,814	30,611	41,844
FCFE	8,675	22,569	20,711	29,741	41,128
OCF/EBITDA (%)	74.6	102.9	81.5	78.0	84.7
FCFE/PAT (%)	58.3	108.4	79.6	84.3	98.7
FCFF/NOPLAT (%)	66.4	115.7	85.0	88.5	102.8

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	475	475	475	475	475
Reserves & Surplus	60,003	76,835	95,046	119,735	148,914
Net worth	60,479	77,310	95,521	120,211	149,389
Minority interests	0	0	0	0	0
Deferred tax liability (net)	1,982	1,871	1,979	2,126	2,300
Total debt	28,376	15,134	11,294	9,530	7,736
Total liabilities & equity	90,837	94,315	108,794	131,867	159,425
Net tangible fixed assets	28,901	30,661	35,278	38,826	41,585
Net intangible assets	3,668	3,668	3,668	3,668	3,668
Net ROU assets	3,390	3,390	3,390	3,390	3,390
Capital WIP	6,277	9,301	9,469	9,469	9,469
Goodwill	0	0	0	0	0
Investments [JV/Associates]	54,920	68,281	74,993	81,993	91,993
Cash & equivalents	4,339	6,942	13,298	26,472	45,224
Current assets (ex-cash)	38,429	38,380	43,020	53,580	60,209
Current Liab. & Prov.	49,087	66,307	74,323	85,531	96,114
NWC (ex-cash)	(10,658)	(27,927)	(31,303)	(31,951)	(35,904)
Total assets	90,837	94,315	108,794	131,867	159,425
Net debt	24,037	8,193	(2,004)	(16,941)	(37,488)
Capital employed	90,837	94,315	108,794	131,867	159,425
Invested capital	25,301	9,792	11,033	13,933	12,739
BVPS (Rs)	127.3	162.7	201.1	253.0	314.4
Net Debt/Equity (x)	0.4	0.1	0.0	(0.1)	(0.3)
Net Debt/EBITDA (x)	0.9	0.2	0.0	(0.3)	(0.6)
Interest coverage (x)	0.1	0.1	0.0	0.0	0.0
RoCE (%)	20.1	24.0	26.5	29.9	29.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	73.1	52.2	41.8	30.8	26.1
P/CE(x)	52.2	39.7	33.3	25.3	21.7
P/B (x)	18.0	14.1	11.4	9.0	7.3
EV/Sales (x)	4.2	3.4	3.0	2.6	2.2
EV/EBITDA (x)	41.6	31.2	26.2	19.6	16.5
EV/EBIT(x)	55.3	39.6	32.2	23.6	19.7
EV/IC (x)	44.6	113.7	100.0	78.1	83.8
FCFF yield (%)	0.9	2.2	2.0	2.8	3.9
FCFE yield (%)	0.8	2.0	1.9	2.7	3.7
Dividend yield (%)	0.2	0.3	0.7	1.0	1.2
DuPont-RoE split					
Net profit margin (%)	5.6	6.6	7.3	8.5	8.9
Total asset turnover (x)	3.3	3.4	3.5	3.5	3.2
Assets/Equity (x)	1.5	1.3	1.2	1.1	1.1
RoE (%)	27.4	30.2	30.1	32.7	30.9
DuPont-RoIC					
NOPLAT margin (%)	5.8	6.6	7.2	8.3	8.7
IC turnover (x)	10.4	32.5	32.3	29.8	36.6
RoIC (%)	77.6	120.1	246.6	277.0	305.2
Operating metrics					
Core NWC days	(14.7)	(32.1)	(32.1)	(28.1)	(28.1)
Total NWC days	(14.7)	(32.1)	(32.1)	(28.1)	(28.1)
Fixed asset turnover	3.5	3.8	3.8	3.9	3.9
Opex-to-revenue (%)	14.1	15.2	17.0	16.1	15.6

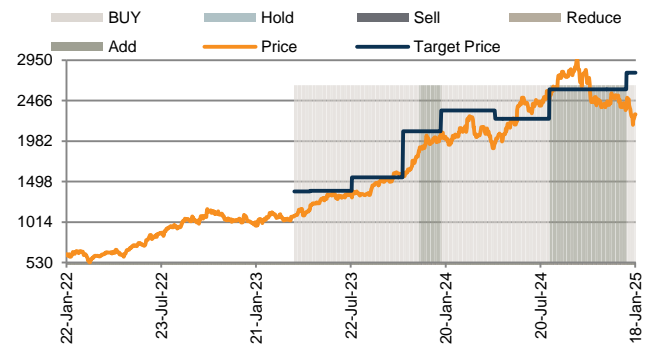
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Jan-25	2,283	2,800	Buy	Chirag Jain
01-Jan-25	2,407	2,800	Buy	Chirag Jain
24-Oct-24	2,482	2,600	Add	Chirag Jain
06-Aug-24	2,479	2,600	Add	Chirag Jain
09-May-24	2,064	2,250	Buy	Chirag Jain
24-Apr-24	1,964	2,250	Buy	Chirag Jain
24-Jan-24	2,001	2,350	Buy	Chirag Jain
11-Jan-24	2,087	2,350	Buy	Chirag Jain
30-Nov-23	1,865	2,100	Add	Chirag Jain
31-Oct-23	1,591	2,100	Buy	Chirag Jain
30-Oct-23	1,609	2,100	Buy	Chirag Jain
24-Jul-23	1,307	1,550	Buy	Chirag Jain
05-May-23	1,215	1,390	Buy	Chirag Jain
04-Apr-23	1,085	1,380	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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