

Soft Q3; guides to sustained volume growth momentum

Auto & Auto Ancillaries ▶ Result Update ▶ February 11, 2025

TARGET PRICE (Rs): 6,100

EIM reported a marginally weaker-than-expected operating performance as its renewed growth focus slightly hurt profitability. The company logged a 5% miss on our EBITDA estimate, amid lower ASP (down 2.4% QoQ) and weaker EBITDA margin at 24.2% (down by 100bps QoQ/190bps YoY). The lower ASP was driven by a poor product mix (higher share of the Bullet Battalion Black edition), while margins were impacted by higher marketing/festive spends (partially lumpy due to multiple launches in 3Q). The company has guided to sustained focus on driving volume growth over margins, even as underlying margins are seen stabilizing going ahead. We largely maintain our volume estimates – 90.4k/97.6k units/mth with 26% EBITDA margin for FY26E/FY27E. We upgrade FY26E/27E EPS by 4%/3%, to reflect the strong VECV earnings, and maintain BUY while revising up our TP by ~9% to Rs6,100 on the back of a higher multiple (30x Dec-26E PER vs 27x earlier) with sustained high RE volume growth momentum ahead of industry growth. We believe near-term margin pressure, will be addressed once operating leverage kicks in (as seen after the *Hunter* launch).

Eicher Motors: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	144,422	165,358	185,008	212,386	235,327
EBITDA	34,436	43,269	46,880	55,305	61,278
Adj. PAT	29,139	40,010	44,875	52,951	58,252
Adj. EPS (Rs)	106.4	146.1	163.9	193.4	212.7
EBITDA margin (%)	23.8	26.2	25.3	26.0	26.0
EBITDA growth (%)	58.5	25.7	8.3	18.0	10.8
Adj. EPS growth (%)	73.5	37.3	12.2	18.0	10.0
RoE (%)	21.1	24.2	23.0	23.2	21.8
RoIC (%)	115.5	87.5	65.5	73.4	78.1
P/E (x)	50.1	36.5	32.6	27.6	25.1
EV/EBITDA (x)	39.3	31.3	28.3	23.4	20.4
P/B (x)	9.7	8.1	7.0	5.9	5.1
FCFF yield (%)	1.6	2.2	3.1	3.8	4.7

Source: Company, Emkay Research

Steady growth momentum; miss on margins

Revenue grew ~19% YoY to Rs48.9bn, coming ~2% below estimates (RE volumes were up 19.4%/19.5% YoY/QoQ at ~272K units; realization was down 2.4% QoQ to Rs182.6K/unit). Consolidated EBITDA at Rs12bn was up 10% YoY, with EBITDA margin down by 100bps QoQ to 24.2% amid increase in 'other expenses' on account of multiple new product launches and elevated promotional spends. PAT grew 17.5% YoY to Rs11.7bn. Share of profit from VECV (JV) stood at Rs1.64bn.

Earnings call KTAs

1) The management highlighted ahead-of-industry 17% volume growth in Q3FY25 and guided to continued outperformance, driven by strong product actions (recently launched the Battalion Black Edition of the Classic 350, Goan Classic, Hunter 350, etc) and several initiatives toward enhancing its brand awareness (~Rs700mn spends; including ~Rs200mn on EV launch) with performance in international markets also progressing well. 2) *J platform Bullet* had been seeing lower than expected response in key northern markets; EIM course-corrected by introducing a new edition—Battalion Black—which, along with other marketing measures, helped create excitement; EIM aims to expand sales outside the key northern markets. 3) Inventory levels have normalized at 2-3 weeks following a stock-out situation in Oct-24 owing to unprecedented demand during the festive period. EIM expects the quantum of discounts to drop going ahead. Certain upward price revisions are expected due to the transition to OBD2 Phase B, on account of compliance-related costs. 4) The company has set up its own manufacturing (CKD) facility in Thailand now, with a single-shift capacity of 3-5K units per month which would be further scalable vs EIM previously following the outsourced operating model since the past 3 years. Also, EIM has added another CKD facility in Brazil which is in the final production phase, and EIM is looking to expand on-ground presence with retail outlets owing to a supportive demand scenario. 5) On the CV front, VECV posted its strongest-ever Q3 with revenue/EBITDA up 6%/16% YoY, attributable to cost efficiencies and pricing discipline; the management expects the demand momentum to continue in Q4, driven by government capex spends (per management, it would be in the ~Rs920-950bn range based on FY25 allocation). 6) EV launch under the *Flying Flea* brand would happen in 2026 with 2 variants in the initial phase. 7) FY25 capex guidance stands at Rs10bn; the company is on track to meet guidance. 8) Tax rate for FY25 would be 24-25%. 9) Commodity prices are seen being stable.

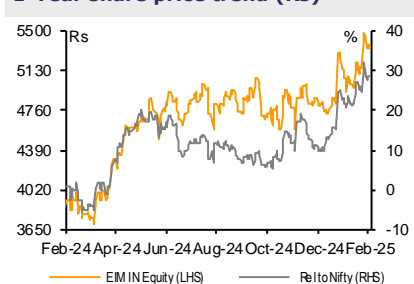
Target Price – 12M	Dec-25
Change in TP (%)	8.9
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	14.3
CMP (10-Feb-25) (Rs)	5,335.4

Stock Data	Ticker
52-week High (Rs)	5,576
52-week Low (Rs)	3,672
Shares outstanding (mn)	274.1
Market-cap (Rs bn)	1,463
Market-cap (USD mn)	17
Net-debt, FY25E (Rs mn)	-134,705
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	2,592.6
ADTV-3M (USD mn)	29.6
Free float (%)	50.9
Nifty-50	23,382
INR/USD	87.5
Shareholding, Dec-24	
Promoters (%)	49.1
FPIs/MFs (%)	25.4/16.2

Price Performance

(%)	1M	3M	12M
Absolute	5.5	11.5	38.9
Rel. to Nifty	5.7	15.2	29.4

1-Year share price trend (Rs)



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Exhibit 1: Volumes up ~19% YoY and QoQ; realizations down 2.4% QoQ

Particulars	Q3FY25	Q3FY24	Change YoY %	Q2FY25	Change QoQ %
RE Volumes (no of units)	272,297	228,073	19.4	227,872	19.5
ASPs (Rs/unit)	182,636	183,224	(0.3)	187,082	(2.4)

Source: Company, Emkay Research

Exhibit 2: Actuals vs. Estimates

(Rs mn)	Actual	Estimated	% Variance	Consensus	% Variance
Net sales	49,731	50,432	(1.4)	50,822	(2.1)
EBITDA	12,012	12,608	(4.7)	13,415	(10.5)
EBITDA margin (%)	24.2	25.0	(85) bps	26.4	(224) bps
Adj net income	11,705	11,255	4.0	11,972	(2.2)
FDEPS (Rs)	42.7	41.1	4.0	42.8	(0.1)

Source: Company, Bloomberg, Emkay Research

Exhibit 3: Consolidated Q3 snapshot — Revenues up ~19% YoY with margins down by ~100bps QoQ

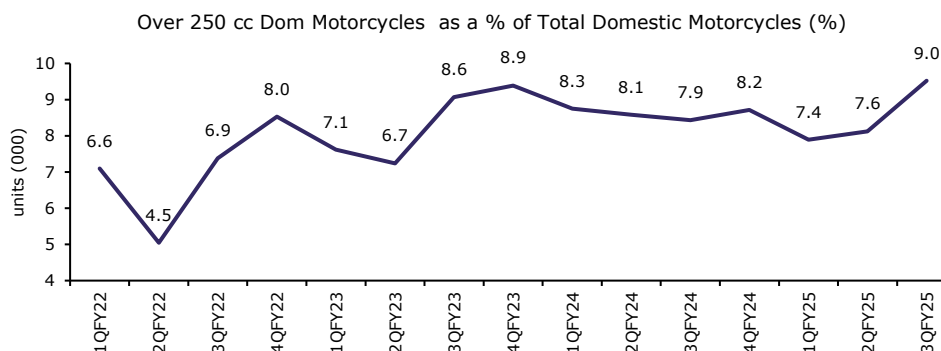
Rs mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Volume	218,525	227,706	229,280	228,073	227,673	226,021	227,872	272,297	19.4	19.5
Revenue	38,043	39,864	41,145	41,788	42,560	43,931	42,631	49,731	19.0	16.7
Expenditure	28,707	29,655	30,274	30,886	31,274	32,276	31,754	37,719	22.1	18.8
as a % of sales	75.5	74.4	73.6	73.9	73.5	73.5	74.5	75.8		
Consumption of RM	21,178	22,273	22,201	22,579	22,754	23,562	22,824	27,317	21.0	19.7
as a % of sales	55.7	55.9	54.0	54.0	53.5	53.6	53.5	54.9		
Employee Cost	2,521	2,927	3,061	3,093	3,276	3,536	3,464	3,420	10.6	(1.3)
as a % of sales	6.6	7.3	7.4	7.4	7.7	8.0	8.1	6.9		
Other expenditure	5,007	4,456	5,012	5,214	5,244	5,178	5,466	6,983	33.9	27.7
as a % of sales	13.2	11.2	12.2	12.5	12.3	11.8	12.8	14.0		
EBITDA	9,337	10,208	10,872	10,903	11,286	11,654	10,877	12,012	10.2	10.4
EBITDA margin (%)	24.5	25.6	26.4	26.1	26.5	26.5	25.5	24.2		
Depreciation	1,480	1,423	1,425	1,475	1,653	1,686	1,801	1,793	21.5	(0.4)
EBIT	7,856	8,786	9,446	9,427	9,634	9,968	9,077	10,219	8.4	12.6
Other Income	2,055	2,432	2,738	2,537	3,052	2,820	3,538	2,888	13.8	(18.4)
Interest	82	104	127	124	153	123	131	134	7.7	1.9
PBT	9,830	11,114	12,057	11,840	12,532	12,665	12,483	12,973	9.6	3.9
Minority interest	(1,734)	(1,004)	(1,016)	(1,139)	(1,318)	(1,746)	(1,138)	(1,635)		
Total Tax	2,508	2,935	2,911	3,019	3,146	3,396	2,617	2,903	(3.8)	10.9
Adjusted PAT	9,056	9,183	10,163	9,960	10,705	11,015	11,003	11,705	17.5	6.4
Extra ordinary items	-	-	-	-	-	-	-	-		
Reported PAT	9,056	9,183	10,163	9,960	10,705	11,015	11,003	11,705	17.5	6.4
Adjusted EPS (Rs)	33.1	33.5	37.1	36.4	39.1	40.2	40.2	42.7	17.5	6.4
(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (bps)	QoQ (bps)
EBITDAM	24.5	25.6	26.4	26.1	26.5	26.5	25.5	24.2	(194)	(136)
EBITM	20.7	22.0	23.0	22.6	22.6	22.7	21.3	20.5	(201)	(74)
EBTM	25.8	27.9	29.3	28.3	29.4	28.8	29.3	26.1	(225)	(320)
PATM	23.8	23.0	24.7	23.8	25.2	25.1	25.8	23.5	(30)	(227)
Effective Tax rate	25.5	26.4	24.1	25.5	25.1	26.8	21.0	22.4	(312)	141

Source: Company, Emkay Research

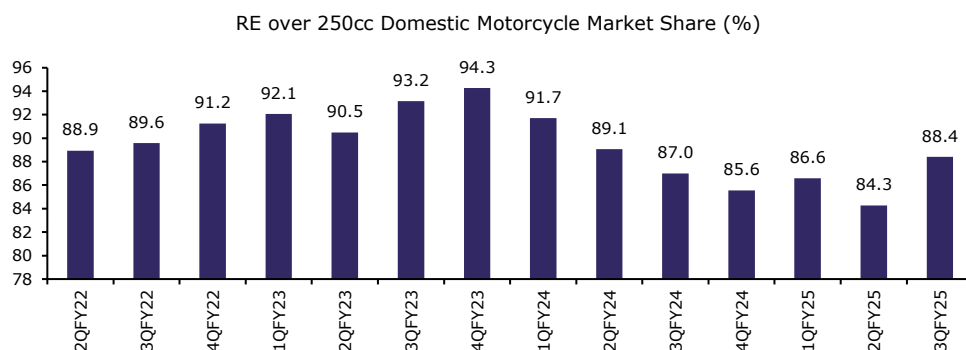
Exhibit 4: Share of Classic 350 dipped by ~70bps/150bps YoY/QoQ in Q3FY25, respectively; exports share up 160bps QoQ

RE Product Mix (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Bullet 350	17.3	16.9	17.1	17.9	16.3	18.5	19.4	17.9	14.2	13.8	19.4
Classic 350	47.0	33.6	35.8	35.7	35.2	33.6	36.6	35.9	34.5	36.4	35.1
Thunderbird 350	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Meteor 350	11.5	13.6	11.0	9.4	9.4	11.1	10.6	10.8	11.7	10.2	9.1
Hunter 350	0.0	17.0	21.8	18.5	22.3	20.4	19.1	18.2	20.7	19.7	18.5
Himalayan 450	5.8	4.9	3.7	3.6	4.8	4.5	3.6	3.4	4.1	2.9	1.8
Guerrilla 560	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	1.2
650 Twin	2.6	2.2	1.9	1.7	1.9	1.3	2.4	2.9	3.5	3.3	2.8
Super Meteor 650	0.0	0.0	0.0	1.0	1.1	2.1	1.8	0.7	1.8	1.2	0.8
Shotgun	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.3
Domestic	84.2	88.1	91.3	87.9	91.0	91.5	93.6	89.8	90.6	90.5	88.9
Exports	15.8	11.9	8.7	12.1	9.0	8.5	6.4	10.2	9.4	9.5	11.1
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: Share of the over-250cc middleweight motorcycle category has picked up pace in Q3, clocking its highest-ever share over the last 15 quarters

Source: SIAM, Emkay Research

Exhibit 6: RE's market share in the >250cc category has shown significant improvement in Q3

Source: SIAM, Emkay Research

Exhibit 7: RE's core models like Classic 350, Bullet 350, and Hunter witnessed significant growth, while the Guerilla 450 saw muted response

RE Model wise Volumes (no of units)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Bullet 350	32,414	35,034	37,908	39,203	37,197	42,388	44,353	40,796	32,107	31,510	52,733
Classic 350	87,959	69,787	79,175	78,061	80,134	77,010	83,395	81,831	78,058	82,888	95,448
Thunderbird 350	0	0	0	0	0	0	0	0	0	0	0
Meteor 350	21,471	28,290	24,345	20,531	21,486	25,528	24,263	24,507	26,406	23,351	24,683
Hunter 350	0	35,315	48,294	40,323	50,830	46,720	43,613	41,360	46,879	44,978	50,323
Himalayan 450	10,857	10,149	8,129	7,973	10,840	10,245	8,164	7,824	9,293	6,682	5,018
650 Twin	4,941	4,492	4,258	3,638	4,247	3,089	5,483	6,497	7,837	7,587	7,656
Super Meteor 650	0	0	0	2,293	2,437	4,736	4,115	1,707	4,106	2,797	2,183
Guerilla 450										5,331	3,195
Shotgun										1,033	774
Total Domestic	157,642	183,067	202,109	192,022	207,171	209,716	213,386	204,522	204,686	206,157	242,013
Exports	29,563	24,697	19,292	26,503	20,535	19,564	14,687	23,151	21,335	21,715	30,284
Total	187,205	207,764	221,401	218,525	227,706	229,280	228,073	227,673	226,021	227,872	272,297

Source: SIAM, Emkay Research

Exhibit 8: Strong recovery in Bullet 350 elevated the overall performance; Hunter and Classic 350 to drive ex Bullet market share gain of ~70bps YoY

Particulars (no of units)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
RE Domestic Motorcycle Volumes	183,067	202,109	192,022	207,171	209,716	213,386	204,522	204,686	206,157	242,013
Domestic market share (%)	6.1	8.0	8.4	7.6	7.2	6.9	7.0	6.4	6.4	8.0
RE Domestic Motorcycle Volumes (ex- Bullet 350)	148,033	164,201	152,819	169,974	167,328	169,033	163,726	172,579	174,647	189,280
Domestic market share (%)	4.9	6.5	6.7	6.2	5.7	5.5	5.6	5.4	5.4	6.2

Source: SIAM, Emkay Research

Exhibit 9: In the 450cc category, RE recovers its growth momentum with increased market share QoQ, while BJAUT lost market share

350-500cc segment domestic market share (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Royal Enfield (RE)	67.0	62.5	66.5	43.2	29.2	29.7	33.0	30.8	32.0
Classic 500	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bullet 500	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Thunderbird 500	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Himalayan	67.0	62.5	66.5	43.2	29.2	29.7	33.0	17.1	19.5
Guerilla 450	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.7	12.4
Bajaj Auto	32.4	37.1	33.1	56.4	46.0	38.3	45.0	56.5	50.8
Dominar	16.0	16.5	12.4	8.9	5.0	5.5	4.7	5.3	3.9
Husqvarna	0.0	0.0	0.0	0.0	0.0	0.9	1.2	0.3	0.3
KTM	16.4	20.6	20.6	13.0	11.3	9.4	7.0	5.1	3.9
Pulsar	0.0	0.0	0.0	0.0	0.0	0.0	9.0	20.5	8.9
Triumph	0.0	0.0	0.0	34.5	29.8	22.5	23.0	25.2	33.9
Hero Motocorp	0.0	0.0	0.0	0.1	24.4	21.3	18.2	9.6	12.9
HD X440	0.0	0.0	0.0	0.1	24.4	28.1	10.0	8.1	11.7
Mavrick 440	0.0	0.0	0.0	0.0	0.0	2.2	8.2	1.6	1.2
Honda - CB500	0.0	0.0	0.0	0.0	0.0	9.6	0.1	0.0	0.5

Source: SIAM, Emkay Research

Exhibit 10: Revenue Model – We expect 9%/14% volume/EPS CAGR over FY25E-27E

(Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Avg. monthly volumes (no of units)	68,842	58,132	50,784	50,189	69,575	76,061	82,250	90,448	97,604
Domestic Volumes (no of units)	805,273	658,394	570,781	521,246	734,840	834,795	883,429	955,914	1,022,363
Growth (%)	0.5	-18.2	-13.3	-8.7	41.0	13.6	5.8	8.2	7.0
Export Volumes (no of units)	20,825	39,188	38,622	81,022	100,055	77,937	103,574	129,468	148,888
Growth (%)	8.1	88.2	-1.4	109.8	23.5	-22.1	32.9	25.0	15.0
Volumes (no of units)	826,098	697,582	609,403	602,268	834,895	912,732	987,003	1,085,382	1,171,251
Growth (%)	0.7	-15.6	-12.6	-1.2	38.6	9.3	8.1	10.0	7.9
ASP (Rs/unit)	118,563	130,128	141,434	168,079	168,484	176,154	183,392	190,151	195,796
Growth (%)	8.6	9.8	8.7	18.8	0.2	4.6	4.1	3.7	3.0
Revenues	97,971	91,536	87,204	102,978	144,422	165,358	185,008	212,386	235,327
Growth (%)	9.3	-6.6	-4.7	18.1	40.2	14.5	11.9	14.8	10.8
EBITDA	29,031	21,804	17,813	21,723	34,436	43,269	46,880	55,305	61,278
EBITDA margin (%)	29.6	23.8	20.4	21.1	23.8	26.2	25.3	26.0	26.0
EBITDA growth (%)	3.4	-24.9	-18.3	22.0	58.5	25.7	8.3	18.0	10.8
EBITDA/unit (Rs)	35,142	31,256	29,229	36,068	41,246	47,406	47,498	50,954	52,318
EBIT	26,028	17,988	13,305	17,203	29,174	37,293	40,213	47,538	53,112
EBIT margin (%)	26.6	19.7	15.3	16.7	20.2	22.6	21.7	22.4	22.6
S/A PAT (Rs)	20,720	19,038	13,297	15,862	26,226	37,494	40,894	46,804	42,159
Share of profits from JV/overseas subs	2,584	317	311	602	3,152	4,477	5,693	7,096	8,027
Consol. PAT	22,203	18,274	13,469	16,766	29,139	40,010	44,875	52,951	58,252
Consol. EPS (Rs)	81.4	66.9	49.2	61.2	106.4	146.1	163.9	193.4	212.7

Source: Company, Emkay Research

Exhibit 11: We revise up FY26E/27E EPS by 4%/3%, respectively

Consolidated	FY25E				FY26E				FY27E			
	Earlier	Revised	%Change	%YoY	Earlier	Revised	%Change	%YoY	Earlier	Revised	%Change	%YoY
Royal Enfield (no of units)	989,029	987,003	(0.2)	8.1	1,087,914	1,085,382	(0.2)	10.0	1,174,163	1,171,251	(0.2)	7.9
RE ASP (Rs/unit)	188,366	187,445	(0.5)	3.5	198,215	195,679	(1.3)	4.4	202,846	200,919	(0.9)	2.7
Revenue	186,299	185,008	(0.7)	11.9	215,641	212,386	(1.5)	14.8	238,174	235,327	(1.2)	10.8
EBITDA	47,860	46,880	(2.0)	8.3	56,907	55,305	(2.8)	18.0	62,853	61,278	(2.5)	10.8
Margin (%)	25.7%	25.3%	(35)bps	(83)bps	26.4%	26.0%	(35)bps	70bps	26.4%	26.0%	(35)bps	0bps
APAT	43,104	44,875	4.1	12.2	50,846	52,951	4.1	18.0	56,681	58,252	2.8	10.0
Diluted Adj EPS (Rs)	157.4	163.9	4.1	12.2	185.7	193.4	4.1	18.0	207.0	212.7	2.8	10.0

Source: Company, Emkay Research

Exhibit 12: We build in 10%/8% growth in the monthly volume run rate for FY26E/27E

(no of units)	FY24 YTD	FY25 YTD	YoY (%)	FY24 Remainder	FY25 Remainder	YoY (%)	FY25E	FY26E	YoY (%)	FY27E	YoY (%)
RE domestic	70,083	73,391	5	66,983	74,761	12	73,619	79,660	8	85,197	7
RE exports	6,042	8,341	38	8,760	10,080	15	8,631	10,789	25	12,407	15
RE total	76,125	81,732	7	75,743	84,841	12	82,250	90,448	10	97,604	8

Source: Emkay Research; Volumes till January have been considered for YTD calculations

Exhibit 13: Emkay vs. Consensus

Eicher Motors (Rs mn)	Emkay Estimates			Bloomberg estimates			Difference (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY26E
Net revenue	186,299	215,641	238,174	185,238	207,473	231,787	0.6%	3.9%	2.8%
EBITDA	47,860	56,907	62,853	48,782	55,488	62,506	-1.9%	2.6%	0.6%
EBITDA margin (%)	25.7	26.4	26.4	26.3	26.7	27.0	(65) bps	(36) bps	(58) bps
EPS (Rs)	157.4	185.7	207.0	165.9	186.5	209.0	-5.1%	-0.4%	-1.0%

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	185,008	212,386	235,327
Revenue growth (%)	40.2	14.5	11.9	14.8	10.8
EBITDA	34,436	43,269	46,880	55,305	61,278
EBITDA growth (%)	58.5	25.7	8.3	18.0	10.8
Depreciation & Amortization	5,262	5,976	6,667	7,767	8,166
EBIT	29,174	37,293	40,213	47,538	53,112
EBIT growth (%)	69.6	27.8	7.8	18.2	11.7
Other operating income	0	0	0	0	0
Other income	5,951	10,759	11,845	13,291	13,339
Financial expense	280	509	502	493	366
PBT	34,845	47,543	51,556	60,336	66,085
Extraordinary items	0	0	0	0	0
Taxes	8,857	12,010	12,373	14,481	15,860
Minority interest	(3,152)	(4,477)	(5,693)	(7,096)	(8,027)
Income from JV/Associates	0	0	0	0	0
Reported PAT	29,139	40,010	44,875	52,951	58,252
PAT growth (%)	73.8	37.3	12.2	18.0	10.0
Adjusted PAT	29,139	40,010	44,875	52,951	58,252
Diluted EPS (Rs)	106.4	146.1	163.9	193.4	212.7
Diluted EPS growth (%)	73.5	37.3	12.2	18.0	10.0
DPS (Rs)	36.9	50.9	55.5	63.6	57.3
Dividend payout (%)	34.7	34.8	33.9	32.9	26.9
EBITDA margin (%)	23.8	26.2	25.3	26.0	26.0
EBIT margin (%)	20.2	22.6	21.7	22.4	22.6
Effective tax rate (%)	25.4	25.3	24.0	24.0	24.0
NOPLAT (pre-IndAS)	21,758	27,872	30,562	36,129	40,365
Shares outstanding (mn)	273.8	273.8	273.8	273.8	273.8

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	34,845	47,543	51,556	60,336	66,085
Others (non-cash items)	(3,153)	23,695	11,650	13,219	17,691
Taxes paid	(7,703)	(10,678)	(12,425)	(14,541)	(15,266)
Change in NWC	4,486	(23,322)	(839)	(1,302)	(1,099)
Operating cash flow	28,475	37,237	49,942	57,711	67,412
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	14	13
Payment of lease liabilities	(189)	0	0	0	0
Interest paid	(280)	(509)	(502)	(493)	(366)
Dividend paid (incl tax)	(10,115)	(13,942)	(15,206)	(17,404)	(15,677)
Others	(13,697)	(2,174)	1,264	2,198	(1,727)
Financing cash flow	(22,912)	(15,826)	(14,266)	(15,686)	(17,758)
Net chg in Cash	(18,654)	(7,108)	6,691	12,984	30,654
OCF	28,475	37,237	49,942	57,711	67,412
Adj. OCF (w/o NWC chg.)	23,989	60,559	50,781	59,013	68,511
FCFF	21,738	29,094	40,958	48,670	58,412
FCFE	23,910	28,585	40,456	48,177	58,046
OCF/EBITDA (%)	82.7	86.1	106.5	104.4	110.0
FCFE/PAT (%)	82.1	71.4	90.2	91.0	99.6
FCFF/NOPLAT (%)	99.9	104.4	134.0	134.7	144.7

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	209,850	245,397	287,972
Net worth	149,903	180,455	210,124	245,671	288,246
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,913	4,483	4,431	4,371	4,966
Total debt	1,957	2,756	2,934	2,948	2,960
Total liabilities & equity	154,773	187,694	217,489	252,990	296,172
Net tangible fixed assets	21,765	24,009	25,785	27,019	27,853
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	137,639	170,624	211,278
Current assets (ex-cash)	28,578	59,724	66,821	77,292	86,285
Current Liab. & Prov.	37,204	43,457	49,768	58,996	66,295
NWC (ex-cash)	(8,626)	16,267	17,054	18,296	19,990
Total assets	154,773	187,694	217,489	252,990	296,172
Net debt	(107,537)	(108,192)	(134,705)	(167,676)	(208,317)
Capital employed	154,773	187,694	217,489	252,990	296,172
Invested capital	18,274	45,410	47,974	50,449	52,978
BVPS (Rs)	547.5	659.0	767.4	897.2	1,052.7
Net Debt/Equity (x)	(0.7)	(0.6)	(0.6)	(0.7)	(0.7)
Net Debt/EBITDA (x)	(3.1)	(2.5)	(2.9)	(3.0)	(3.4)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	18.6	21.0	19.3	19.4	18.2

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	50.1	36.5	32.6	27.6	25.1
P/CE(x)	42.5	31.8	28.3	24.1	22.0
P/B (x)	9.7	8.1	7.0	5.9	5.1
EV/Sales (x)	9.4	8.2	7.2	6.1	5.3
EV/EBITDA (x)	39.3	31.3	28.3	23.4	20.4
EV/EBIT(x)	46.4	36.3	33.0	27.2	23.6
EV/IC (x)	74.1	29.8	27.6	25.6	23.6
FCFF yield (%)	1.6	2.2	3.1	3.8	4.7
FCFE yield (%)	1.6	2.0	2.8	3.3	4.0
Dividend yield (%)	0.7	1.0	1.0	1.2	1.1
DuPont-RoE split					
Net profit margin (%)	20.2	24.2	24.3	24.9	24.8
Total asset turnover (x)	1.0	1.0	0.9	0.9	0.9
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	21.1	24.2	23.0	23.2	21.8
DuPont-RoIC					
NOPLAT margin (%)	15.1	16.9	16.5	17.0	17.2
IC turnover (x)	7.9	3.6	3.9	4.2	4.4
RoIC (%)	115.5	87.5	65.5	73.4	78.1
Operating metrics					
Core NWC days	(21.8)	35.9	33.6	31.4	31.0
Total NWC days	(21.8)	35.9	33.6	31.4	31.0
Fixed asset turnover	3.0	3.0	2.9	2.9	2.9
Opex-to-revenue (%)	19.3	19.5	20.4	19.7	19.7

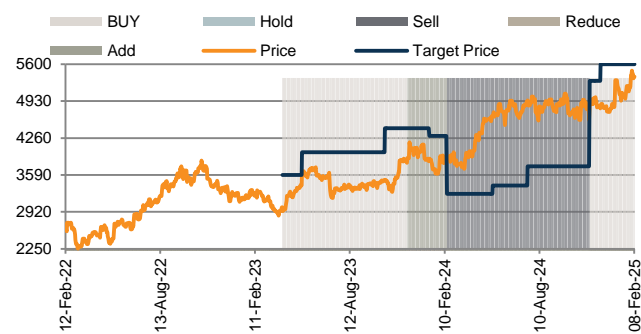
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Jan-25	5,058	5,600	Buy	Chirag Jain
01-Jan-25	4,885	5,600	Buy	Chirag Jain
05-Dec-24	4,838	5,600	Buy	Chirag Jain
14-Nov-24	4,884	5,300	Buy	Chirag Jain
08-Aug-24	4,577	3,750	Sell	Chirag Jain
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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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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