

Healthy Q1; margin cycle to turn from Q2FY26

Auto & Auto Ancillaries ▶ Result Update ▶ July 20, 2025

CMP (Rs): 3,827 | TP (Rs): 4,600

CEAT logged a healthy Q1 with 10.5% revenue growth led by 9%/1.5% volume/realization growth; overall vol growth was driven by a mid-20s/single-digit growth in OEM/replacement; realization was mostly muted due to headwinds for international business. The mgmt guides to sustained double-digit growth in FY26, led by replacement (continued higher growth in 2Ws/CVs; market share gains in the high margin +17inch PCR, 150cc+ motorcycles), and OEMs (rising wallet share, market share across categories). The mgmt expects margin uptick in Q2FY26, aided by a) 1-2% potential drop in RM costs (vs earlier estimate of flat costs in Q2); b) continued pricing discipline. Camso would be consolidated from Sep-25 (not built-in). We believe CEAT stands out on its superior growth visibility, led by high exposure to consumer-facing categories (2Ws/PVs) and sustained share gains (in OEMs, replacement). The demand and margin cycle for the tyre industry is turning positive, and margin revival looks promising. To reflect such developments and our positive stance on CEAT, we hoist our TP by ~12% to Rs4,600 at 20x Jun-27E PER (18x earlier); retain BUY.

Consol revenue up 10.5% (volume up 9%); EBITDAM down 30bps QoQ (GM dip)

Consol revenue grew 10.5% YoY to Rs35.3bn led by 9%/1.5% volume/realization growth. Consol EBITDA flat QoQ at Rs3.9bn, with EBITDAM dipping by 30bps QoQ to 11% amid a 68bps gross margin contraction, partially offset by controlled other expenses (amid higher marketing spend) and employee costs. Adj PAT down 21% YoY to Rs1.16bn amid higher interest expenses and depreciation. Debt at Rs18.1bn vs Rs19.3bn in FY25.

Earnings Call KTAs

1) The mgmt guided to sustained double-digit revenue growth in FY26, led by OEM (growing wallet/market share; mid-20s growth in Q1) and replacement verticals (MHCVs/2Ws/PCR to grow in mid-single digit/high single-digit/low single-digit); in OEMs, 2Ws (esp motorcycles) are seeing slowdown, while scooters continue to grow at a steady single-digit; CEAT is seeing strong wallet share gains in larger cars/SUVs, driven by OEM approvals (for larger rim size tyres). 2) In replacement, CEAT is gaining market share across 2Ws (scooters, +150cc bikes) and PVs (led by higher rim size, +17 inch tyres) as the mix is gradually shifting toward larger tyre sizes in PCR and 2Ws. 3) In the international business, Agri Radial and OTR are showing improvement in OEMs. Following moderate PCR demand in EU in Q1, the mgmt expects an uptick led by a seasonally strong order book in Q2. EU volume would ramp up (contingent on tariff situation), and channel destocking could stabilize, thereby aiding demand. 4) The mgmt expects margin benefit in Q2 led by sustained pricing discipline and potential 1-2% QoQ decline in RM costs. 5) Reciprocal tariff for Sri Lanka is 30% (44% earlier); further reduction expected. Camso to be consolidated from Sep-25; historically, Camso logged mid-teens margin and existing revenue run rate is USD150mnpa. 6) FY26 capex for CEAT is Rs10bn (incl Rs4.5bn for PCR capacity expansion at Chennai over 18-24M) with additional ~Rs500mn for Camso; Rs1.5-2bn capex planned at Camso over next 2Y, to build upstream capacity; 7) CEAT targets generating free cash flow, maintaining healthy leverage ratios.

Target Price – 12M	Jun-26
Change in TP (%)	12.2
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	20.2

Stock Data	CEAT IN
52-week High (Rs)	4,049
52-week Low (Rs)	2,322
Shares outstanding (mn)	40.5
Market-cap (Rs bn)	155
Market-cap (USD mn)	1,797
Net-debt, FY26E (Rs mn)	17,507.9
ADTV-3M (mn shares)	0
ADTV-3M (Rs mn)	850.6
ADTV-3M (USD mn)	9.9
Free float (%)	52.8
Nifty-50	24,968.4
INR/USD	86.2

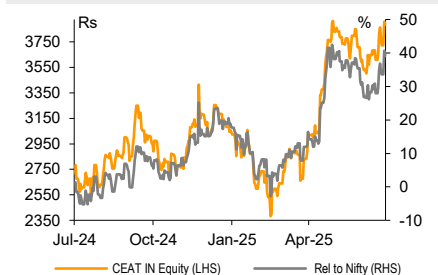
Shareholding, Jun-25

Promoters (%)	47.2
FPIs/MFs (%)	17.4/20.1

Price Performance

(%)	1M	3M	12M
Absolute	6.1	26.7	37.5
Rel. to Nifty	5.4	21.1	36.5

1-Year share price trend (Rs)



CEAT: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	119,435	132,179	147,498	164,724	184,020
EBITDA	16,523	14,741	18,942	22,472	25,656
Adj. PAT	7,009	5,023	7,492	9,270	10,680
Adj. EPS (Rs)	173.3	124.2	185.2	229.2	264.0
EBITDA margin (%)	13.8	11.2	12.8	13.6	13.9
EBITDA growth (%)	69.7	(10.8)	28.5	18.6	14.2
Adj. EPS growth (%)	219.2	(28.3)	49.2	23.7	15.2
RoE (%)	18.7	11.9	16.0	17.3	17.3
RoIC (%)	16.3	11.6	14.7	17.3	19.1
P/E (x)	24.1	32.8	20.7	16.7	14.5
EV/EBITDA (x)	10.4	11.7	9.1	7.7	6.7
P/B (x)	3.8	3.5	3.1	2.7	2.3
FCFF yield (%)	5.0	0.9	4.5	5.2	6.6

Source: Company, Emkay Research

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Exhibit 1: Consol revenue up 10% YoY led by 9% volume growth; EBITDA margin down by 30bps QoQ on 68bps gross margin contraction, and partially offset by lower staff costs and other expenses

(Rs mn)	Q1 FY24	Q2 FY24	Q3FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26E	YoY (%)	QoQ (%)
Revenue	29,352	30,533	29,631	29,919	31,928	33,045	32,999	34,206	35,294	10.5	3.2
Expenditure	25,481	25,972	25,456	26,003	28,099	29,423	29,590	30,325	31,417	11.8	3.6
as % of sales	86.8	85.1	85.9	86.9	88.0	89.0	89.7	88.7	89.0		
Consumption of RM	17,296	17,298	17,385	17,265	19,401	20,683	20,847	21,391	22,311	15.0	4.3
as % of sales	58.9	56.7	58.7	57.7	60.8	62.6	63.2	62.5	63.2		
Employee Cost	1,955	2,177	2,172	2,153	1,956	2,190	2,159	2,257	2,268	15.9	0.5
as % of sales	6.7	7.1	7.3	7.2	6.1	6.6	6.5	6.6	6.4		
Other expenditure	6,230	6,498	5,899	6,585	6,742	6,550	6,584	6,677	6,838	1.4	2.4
as % of sales	21.2	21.3	19.9	22.0	21.1	19.8	20.0	19.5	19.4		
EBITDA	3,871	4,561	4,175	3,915	3,829	3,623	3,409	3,881	3,877	1.3	(0.1)
EBITDA margin (%)	13.2	14.9	14.1	13.1	12.0	11.0	10.3	11.3	11.0		
Depreciation	1,209	1,245	1,273	1,361	1,318	1,371	1,415	1,523	1,514	14.9	(0.6)
EBIT	2,662	3,316	2,902	2,555	2,511	2,252	1,994	2,358	2,364	(5.9)	0.3
Other Income	33	105	29	31	62	35	34	45	47	(23.1)	4.6
Interest	701	717	656	617	619	665	751	744	821	32.7	10.3
PBT	1,993	2,704	2,276	1,969	1,954	1,622	1,278	1,659	1,590	(18.6)	(4.1)
Total Tax	529	683	544	458	540	463	361	356	419	(22.3)	17.8
Adjusted PAT	1,464	2,021	1,731	1,510	1,414	1,159	916	1,303	1,171	(17.2)	(10.1)
MI and Inc from JV	(18)	59	84	157	53	61	55	63	(14)	(126.2)	(122.1)
Adjusted PAT after MI	1,446	2,080	1,815	1,667	1,467	1,219	971	1,365	1,157	(21.1)	(15.2)
Exceptional Loss/(Gain)	-	-	-	(582)	75	(3)	-	(370)	(33)		
Reported PAT	1,446	2,080	1,815	1,086	1,542	1,216	971	995	1,125	(27.1)	13.0
Adjusted EPS (Rs)	35.8	51.4	44.9	26.8	38.1	30.1	24.0	24.6	27.8	(27.1)	13.0

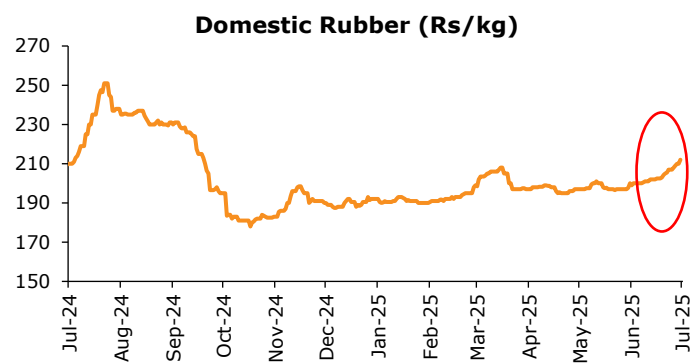
(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY (bps)	QoQ (bps)
GM	41.1	43.3	41.3	42.3	39.2	37.4	36.8	37.5	36.8	(245)	(68)
EBITDAM	13.2	14.9	14.1	13.1	12.0	11.0	10.3	11.3	11.0	(101)	(36)
EBITM	9.1	10.9	9.8	8.5	7.9	6.8	6.0	6.9	6.7	(117)	(20)
EBTM	6.8	8.9	7.7	6.6	6.1	4.9	3.9	4.8	4.5	(161)	(34)
PATM	4.9	6.8	6.1	5.6	4.6	3.7	2.9	4.0	3.3	(132)	(71)
Effective Tax rate	26.5	25.3	23.9	23.3	27.6	28.6	28.3	21.5	26.4	(127)	490

Source: Company, Emkay Research

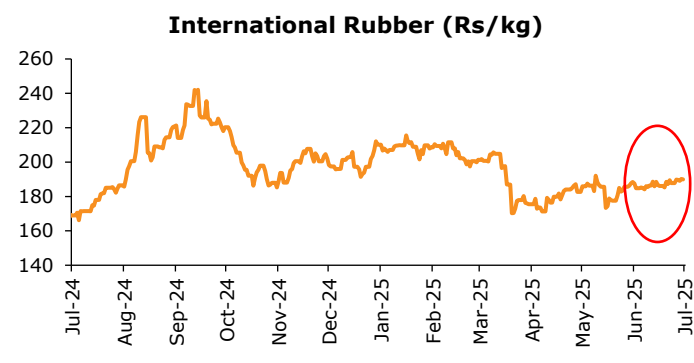
Exhibit 2: Actual vs Estimates

(Rs mn)	Actual	Emkay Est	Variance	Consensus	% Variance
Net sales	35,294	35,440	(0.4)	35,143	0.4
EBITDA	3,877	3,830	1.2	4,053	(4.3)
EBITDA margin (%)	11.0	10.8	18 bps	11.5	-55 bps
Adj net income	1,157	1,160	(0.2)	1,488	(22.2)

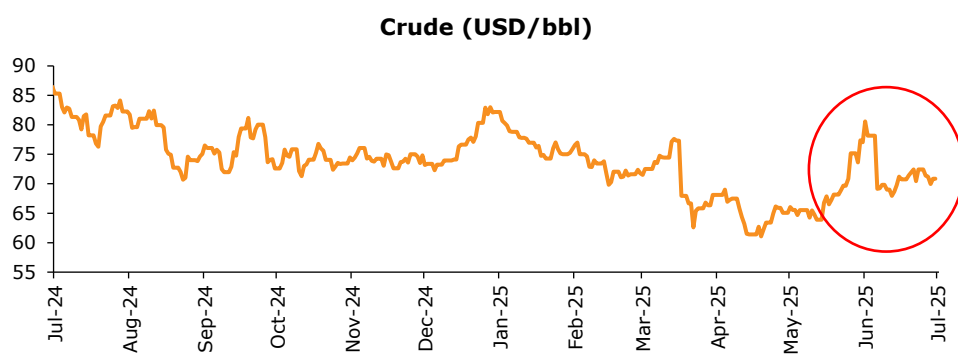
Source: Company, Emkay Research

Exhibit 3: Domestic rubber prices have seen a slight uptick

Source: Bloomberg, Emkay Research

Exhibit 4: International rubber remain largely range bound

Source: Bloomberg, Emkay Research

Exhibit 5: Crude oil prices have corrected following the recent spike

Source: Bloomberg, Emkay Research

Exhibit 6: While international rubber/brent crude prices have corrected ~10% each during Q1, domestic rubber prices have risen ~2.5%

Commodity	Units	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Steel (India HRC)	(Rs/ton)	56,143	57,386	54,560	54,951	54,951	48,734	48,306	52,577	51,250
Aluminium (LME)	(USD/ton)	2,159	2,199	2,204	2,522	2,372	2,576	2,624	2,445	2,591
Domestic Rubber	(Rs/kg)	149	152	167	189	227	191	194	198	206
International Rubber	USD ¢/kg	151	165	202	211	227	242	237	213	219
International Rubber	Rs/kg	124	138	167	176	190	204	205	182	188
Lead (LME)	(USD/ton)	2,173	2,119	2,075	2,168	2,038	2,005	1,966	1,945	2,001
Copper (LME)	(USD/ton)	8,368	8,184	8,452	9,751	9,179	9,182	9,339	9,508	9,780
Brent Crude	(USD/bbl)	87	84	83	85	81	75	76	68	71
Palladium	(USD/ounce)	1,253	1,096	980	973	966	1,011	962	991	1,174
Rhodium	(USD/ounce)	4,110	4,468	4,498	4,707	4,692	4,651	4,938	5,452	5,633
Platinum	(USD/ounce)	937	922	917	987	968	972	975	1,077	1,392
Gold	(USD/ounce)	1,927	1,981	2,076	2,339	2,470	2,662	2,858	3,287	3,338

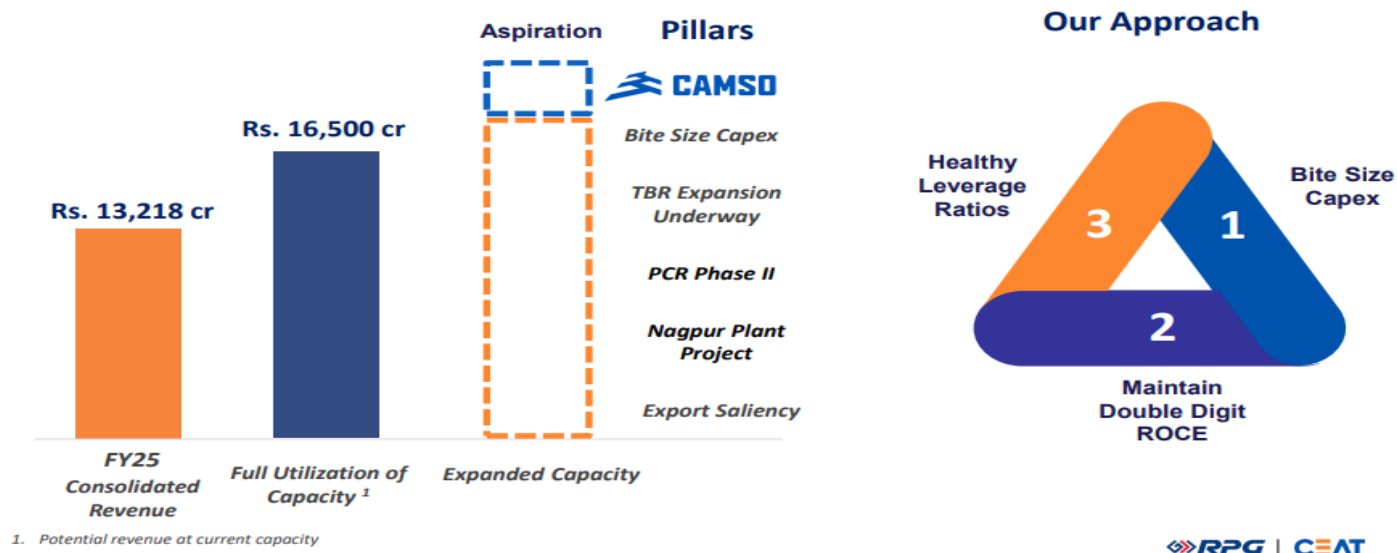
Change QoQ (%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Steel (Ludhiana HRC)	(4.1)	2.2	(4.9)	0.7	0.0	(11.3)	(0.9)	8.8	(2.5)
Aluminium (LME)	(4.8)	1.9	0.2	14.4	(6.0)	8.6	1.9	(6.8)	6.0
Domestic Rubber	(3.5)	1.6	10.3	12.8	20.2	(15.7)	1.3	2.6	3.6
International Rubber	(2.8)	9.8	22.0	4.9	7.5	6.3	(2.0)	(10.2)	3.0
International Rubber	(2.2)	10.5	21.7	5.3	8.0	7.2	0.5	(11.2)	3.2
Lead (LME)	2.5	(2.5)	(2.1)	4.5	(6.0)	(1.6)	(1.9)	(1.1)	2.9
Copper (LME)	(1.4)	(2.2)	3.3	15.4	(5.9)	0.0	1.7	1.8	2.9
Brent Crude (USD/bbl)	10.4	(2.6)	(1.3)	2.1	(5.0)	(7.4)	1.3	(10.4)	4.9
Palladium	(13.5)	(12.5)	(10.6)	(0.7)	(0.8)	4.7	(4.9)	3.1	18.4
Rhodium	(41.8)	8.7	0.7	4.6	(0.3)	(0.9)	6.2	10.4	3.3
Platinum	(9.5)	(1.5)	(0.6)	7.6	(2.0)	0.4	0.3	10.5	29.2
Gold	(2.5)	2.8	4.8	12.6	5.6	7.8	7.4	15.0	1.5

Source: Company, Emkay Research

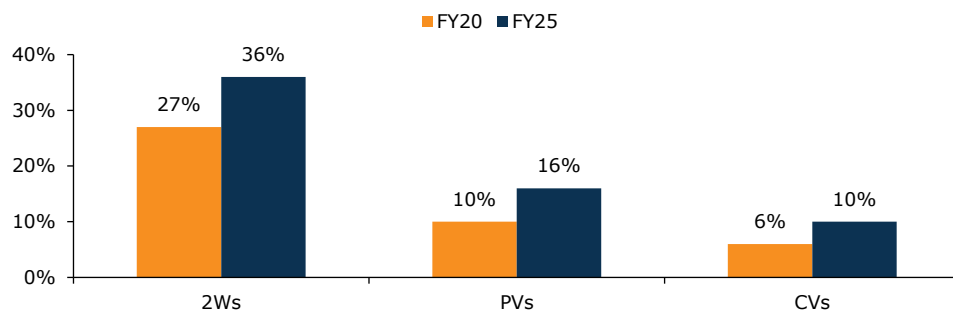
Exhibit 7: CEAT has delivered sustained double-digit revenue growth over the past couple of quarters, with improvement in margins

APTY (Standalone)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue (Rs mn)	44,133	44,067	43,319	43,874	45,916	44,617	45,398	45,805
Growth YoY (%)	-0.5	3.6	2.0	0.5	4.0	1.2	4.8	4.4
Gross Margin (%)	39.5	39.8	40.9	40.5	38.1	36.5	33.4	34.5
EBITDA margin (%)	17.8	19.1	18.1	15.6	13.8	12.1	11.1	11.2
EBIT margin (%)	12.7	13.9	12.8	10.3	8.8	6.9	6.0	6.1
MRF (Standalone)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue (Rs mn)	63,233	60,876	60,478	62,151	70,778	67,604	68,832	69,438
Growth YoY (%)	12.9	6.4	9.3	8.6	11.9	11.1	13.8	11.7
Gross Margin (%)	38.8	40.8	40.1	38.9	37.3	36.5	33.1	36.1
EBITDA margin (%)	17.6	18.5	17.2	14.2	16.1	14.4	11.6	15.0
EBIT margin (%)	12.4	12.8	11.2	8.1	10.5	8.4	5.6	8.8
CEAT (Standalone)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue (Rs mn)	29,212	30,432	29,490	29,792	31,682	32,981	32,918	34,136
Growth YoY (%)	4.2	5.4	8.8	4.1	8.5	8.4	11.6	14.6
Gross Margin (%)	41.1	43.3	41.3	42.3	39.4	37.5	36.9	37.5
EBITDA margin (%)	13.2	15.0	14.1	13.3	12.0	11.1	10.4	11.6
EBIT margin (%)	9.1	10.9	9.8	8.7	7.9	7.0	6.1	7.1
JK Tyre (Standalone)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue (Rs mn)	24,558	26,777	25,637	26,161	24,924	25,146	24,956	26,737
Growth YoY (%)	5.2	11.0	3.4	9.3	1.5	(6.1)	(2.7)	2.2
RM cost (% of sales)	66	63	63	63	63	66	68	68
Gross Margin (%)	34.5	37.3	37.2	37.3	36.8	33.9	32.3	32.5
EBITDA margin (%)	11.2	14.5	14.2	12.7	12.3	10.1	7.4	9.9
EBIT margin (%)	8.7	12.2	11.7	10.2	9.7	7.4	4.7	7.2

Source: Company, Emkay Research

Exhibit 8: CEAT, at its recent annual investor day meet, reiterated its growth pillars, with Camso now seen as an additional growth lever

Source: Company, Emkay Research

Exhibit 9: CEAT has attained leadership in 2Ws, while gaining share in PVs (now #3) and CVs**CEAT's market share in replacement segment (%)**

Source: Company, Emkay Research

Exhibit 10: CEAT is a supplier to all leading E-PV OEMs as well as E-2W OEMs, with market share in healthy double digits

Source: Company, Emkay Research

Exhibit 11: CEAT's PCR offerings in the replacement segment cover 95% of super-premium cars

Source: Company, Emkay Research

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Exhibit 12: We build in 12%/20%/29% revenue/EBITDA/EPS CAGR over FY25-28E

(Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Segmental Revenue							
Truck and Bus	28,090	33,945	37,025	39,654	43,619	47,545	51,824
% of Revenues	30.0	30.0	31.0	30.0	29.6	28.9	28.2
Growth YoY %	8.6	20.8	9.1	7.1	10.0	9.0	9.0
2/3Ws	27,154	29,419	32,247	35,688	39,971	45,167	51,039
% of Revenues	29.0	26.0	27.0	27.0	27.1	27.4	27.7
Growth YoY %	23.0	8.3	9.6	10.7	12.0	13.0	13.0
PC/UV	16,854	22,630	23,887	27,758	31,921	36,390	41,485
% of Revenues	18.0	20.0	20.0	21.0	21.6	22.1	22.5
Growth YoY %	58.2	34.3	5.6	16.2	15.0	14.0	14.0
OHT/Speciality	13,109	18,104	17,915	19,827	21,809	24,427	27,358
% of Revenues	14.0	16.0	15.0	15.0	14.8	14.8	14.9
Growth YoY %	23.0	38.1	-1.0	10.7	10.0	12.0	12.0
LCV/others	8,427	9,052	8,360	9,253	10,178	11,196	12,315
% of Revenues	9.0	8.0	7.0	7.0	6.9	6.8	6.7
Growth YoY %	23.0	7.4	-7.6	10.7	10.0	10.0	10.0

Channel Mix (%)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Replacement	56	53	53	53	53	53	53
OEM	24	29	28	28	28	28	28
Exports	20	18	19	19	19	19	20
Total	100	100	100	100	100	100	100

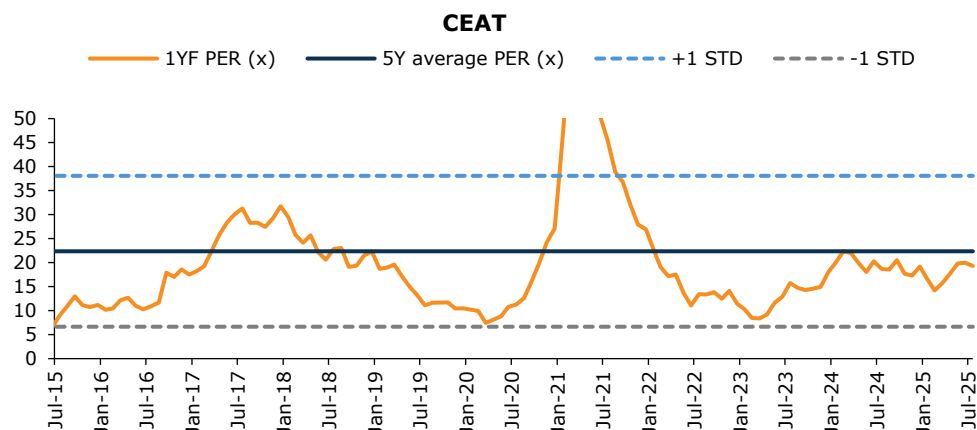
Consolidated Revenues	93,634	113,149	119,435	132,179	147,498	164,724	184,020
Growth YoY (%)	23.0	20.8	5.6	10.7	11.6	11.7	11.7
Gross Profit (%)	33,358	39,295	50,191	49,858	57,849	65,922	74,013
Gross margin (%)	35.6	34.7	42.0	37.7	39.2	40.0	40.2
EBITDA	6,969	9,738	16,523	14,741	18,942	22,472	25,656
EBITDA margin (%)	7.4	8.6	13.8	11.2	12.8	13.6	13.9
EBIT	2,617	5,045	11,434	9,115	12,554	15,453	17,918
EBIT margin (%)	2.8	4.5	9.6	6.9	8.5	9.4	9.7
Interest	2,070	2,421	2,691	2,778	3,054	3,612	3,849
PBT	949	2,793	8,941	6,512	9,680	12,024	14,261
Tax rate (%)	26	26	25	25	25	25	25
PAT	712	2,196	7,009	5,023	7,492	9,270	10,680
PAT margin (%)	0.8	1.9	5.9	3.8	5.1	5.6	5.8
EPS (Rs)	17.6	54.3	173.3	124.2	185.2	229.2	264.0

Source: Company, Emkay Research

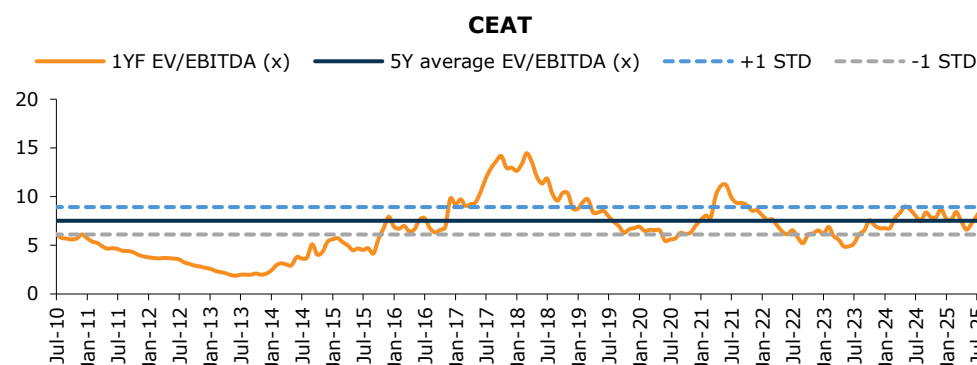
Exhibit 13: Our FY26/27 estimates remain unchanged; we introduce our FY28 estimates

(Rs mn)	FY26E				FY27E				FY28E	
Consolidated	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introduced	% YoY
Revenue	147,498	147,498	-	11.6	164,724	164,724	-	11.7	184,020	11.7
EBITDA	18,942	18,942	-	28.5	22,472	22,472	-	18.6	25,656	14.2
Margin (%)	12.8	12.8	0bps	169bps	13.6	13.6	0bps	80bps	13.9	30bps
APAT	7,412	7,492	1.1	49.2	9,228	9,270	0.5	23.7	10,680	15.2
EPS (Rs)	183.2	185.2	1.1	49.2	228.1	229.2	0.5	23.7	264.0	15.2

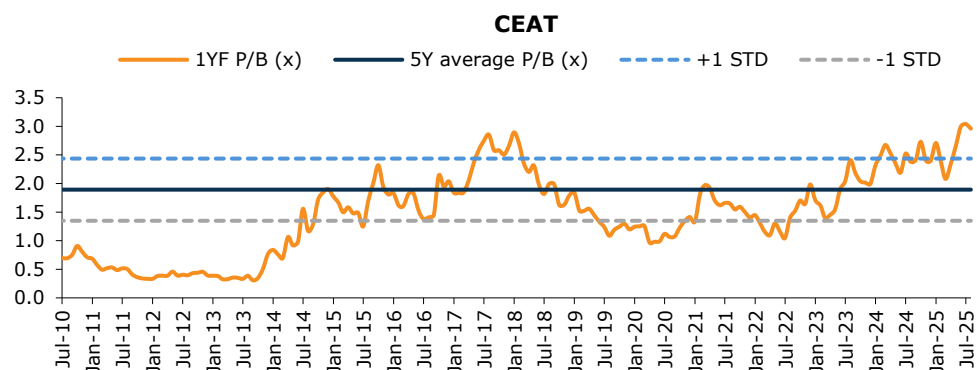
Source: Company, Emkay Research

Exhibit 14: At CMP, CEAT trades below its LTA on 1YF PER basis

Source: Bloomberg, Emkay Research

Exhibit 15: At CMP, CEAT trades close to 1SD above its LTA on 1YF EV/EBITDA basis

Source: Bloomberg, Emkay Research

Exhibit 16: At CMP, CEAT trades well above 1SD on 1YF P/B basis

Source: Bloomberg, Emkay Research

CEAT: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	119,435	132,179	147,498	164,724	184,020
Revenue growth (%)	5.6	10.7	11.6	11.7	11.7
EBITDA	16,523	14,741	18,942	22,472	25,656
EBITDA growth (%)	69.7	(10.8)	28.5	18.6	14.2
Depreciation & Amortization	5,088	5,627	6,388	7,019	7,739
EBIT	11,434	9,115	12,554	15,453	17,918
EBIT growth (%)	126.6	(20.3)	37.7	23.1	15.9
Other operating income	-	-	-	-	-
Other income	197	176	179	183	192
Financial expense	2,691	2,778	3,054	3,612	3,849
PBT	8,941	6,512	9,680	12,024	14,261
Extraordinary items	(582)	(296)	0	0	0
Taxes	2,214	1,720	2,439	3,030	3,594
Minority interest	74	13	11	13	13
Income from JV/Associates	208	218	240	264	0
Reported PAT	6,427	4,726	7,492	9,270	10,680
PAT growth (%)	245.2	(26.5)	58.5	23.7	15.2
Adjusted PAT	7,009	5,023	7,492	9,270	10,680
Diluted EPS (Rs)	173.3	124.2	185.2	229.2	264.0
Diluted EPS growth (%)	219.2	(28.3)	49.2	23.7	15.2
DPS (Rs)	12.0	30.0	35.0	40.0	42.0
Dividend payout (%)	7.6	25.7	18.9	17.5	15.9
EBITDA margin (%)	13.8	11.2	12.8	13.6	13.9
EBIT margin (%)	9.6	6.9	8.5	9.4	9.7
Effective tax rate (%)	24.8	26.4	25.2	25.2	25.2
NOPLAT (pre-IndAS)	8,603	6,707	9,391	11,559	13,402
Shares outstanding (mn)	40	40	40	40	40

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	8,359	6,216	9,920	12,288	14,261
Others (non-cash items)	57	188	0	0	0
Taxes paid	(1,630)	(908)	(2,439)	(3,030)	(3,594)
Change in NWC	2,674	(2,909)	871	980	1,098
Operating cash flow	17,193	10,920	17,793	20,868	23,352
Capital expenditure	(8,668)	(9,426)	(10,000)	(12,000)	(12,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	175	202	0	0	0
Investing cash flow	(8,537)	(9,224)	(10,000)	(12,000)	(12,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(5,556)	1,893	4,251	5,206	(1,035)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(2,669)	(2,446)	(3,054)	(3,612)	(3,849)
Dividend paid (incl tax)	(485)	(1,214)	(1,416)	(1,618)	(1,699)
Others	0	14	0	0	0
Financing cash flow	(8,710)	(1,753)	(219)	(24)	(6,583)
Net chg in Cash	(54)	(58)	7,574	8,845	4,769
OCF	17,193	10,920	17,793	20,868	23,352
Adj. OCF (w/o NWC chg.)	14,518	13,829	16,921	19,888	22,254
FCFF	8,525	1,494	7,793	8,868	11,352
FCFE	6,009	(1,082)	4,739	5,256	7,503
OCF/EBITDA (%)	104.1	74.1	93.9	92.9	91.0
FCFE/PAT (%)	93.5	(22.9)	63.3	56.7	70.3
FCFF/NOPLAT (%)	99.1	22.3	83.0	76.7	84.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	405	405	405	405	405
Reserves & Surplus	40,022	43,281	49,357	57,009	65,990
Net worth	40,426	43,685	49,761	57,413	66,394
Minority interests	97	77	66	53	41
Non-current liab. & prov.	4,509	5,004	5,004	5,004	5,004
Total debt	17,915	21,364	25,615	30,821	29,786
Total liabilities & equity	63,159	70,327	80,665	93,537	101,499
Net tangible fixed assets	59,268	66,401	70,631	74,661	78,922
Net intangible assets	973	973	973	973	973
Net ROU assets	-	-	-	-	-
Capital WIP	6,835	5,375	4,757	5,708	5,708
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1,821	1,898	1,898	1,898	1,898
Cash & equivalents	591	532	8,107	16,951	21,721
Current assets (ex-cash)	27,142	34,051	37,998	42,435	47,406
Current Liab. & Prov.	36,786	41,797	46,641	52,088	58,190
NWC (ex-cash)	(9,644)	(7,746)	(8,643)	(9,653)	(10,784)
Total assets	63,159	70,327	80,665	93,537	101,499
Net debt	17,324	20,831	17,508	13,870	8,065
Capital employed	63,159	70,327	80,665	93,537	101,499
Invested capital	53,067	62,098	65,430	68,451	71,582
BVPS (Rs)	999.4	1,080.0	1,230.2	1,419.4	1,641.4
Net Debt/Equity (x)	0.4	0.5	0.4	0.2	0.1
Net Debt/EBITDA (x)	1.0	1.4	0.9	0.6	0.3
Interest coverage (x)	4.3	3.3	4.2	4.3	4.7
RoCE (%)	20.1	15.0	18.1	19.1	19.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	24.1	32.8	20.7	16.7	14.5
P/CE(x)	12.8	14.5	11.2	9.5	8.4
P/B (x)	3.8	3.5	3.1	2.7	2.3
EV/Sales (x)	1.4	1.3	1.2	1.0	0.9
EV/EBITDA (x)	10.4	11.7	9.1	7.7	6.7
EV/EBIT(x)	15.1	18.9	13.7	11.1	9.6
EV/IC (x)	3.2	2.8	2.6	2.5	2.4
FCFF yield (%)	5.0	0.9	4.5	5.2	6.6
FCFE yield (%)	3.9	(0.7)	3.1	3.4	4.8
Dividend yield (%)	0.3	0.8	0.9	1.0	1.1
DuPont-RoE split					
Net profit margin (%)	5.9	3.8	5.1	5.6	5.8
Total asset turnover (x)	1.9	2.0	2.0	1.9	1.9
Assets/Equity (x)	1.7	1.6	1.6	1.6	1.6
RoE (%)	18.7	11.9	16.0	17.3	17.3
DuPont-RoIC					
NOPLAT margin (%)	7.2	5.1	6.4	7.0	7.3
IC turnover (x)	2.3	2.3	2.3	2.5	2.6
RoIC (%)	16.3	11.6	14.7	17.3	19.1
Operating metrics					
Core NWC days	(29.5)	(21.4)	(21.4)	(21.4)	(21.4)
Total NWC days	(29.5)	(21.4)	(21.4)	(21.4)	(21.4)
Fixed asset turnover	1.5	1.4	1.4	1.4	1.5
Opex-to-revenue (%)	28.2	26.6	26.4	26.4	26.3

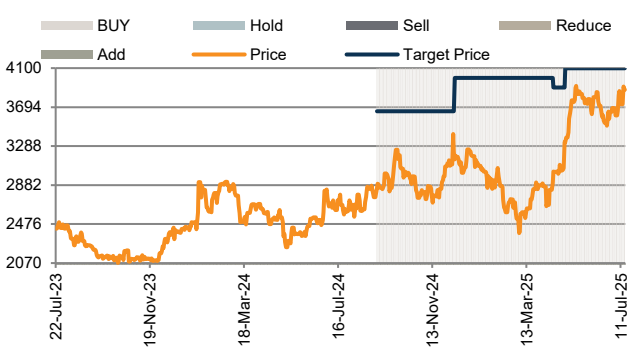
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
04-Jun-25	3,621	4,100	Buy	Chirag Jain
01-May-25	3,332	4,100	Buy	Chirag Jain
16-Apr-25	3,024	3,900	Buy	Chirag Jain
17-Jan-25	3,025	4,000	Buy	Chirag Jain
10-Jan-25	3,084	4,000	Buy	Chirag Jain
11-Dec-24	3,149	4,000	Buy	Chirag Jain
08-Dec-24	3,096	3,650	Buy	Chirag Jain
21-Oct-24	2,972	3,650	Buy	Chirag Jain
03-Sep-24	2,849	3,650	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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