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Rating Information	
Price (Rs)	30,070
Target Price (Rs)	30,516
Target Date	31st Dec'18
Target Set On	9th Aug'17
Implied yrs of growth (DCF)	15
Fair Value (DCF)	24,347
Fair Value (DDM)	5,530
Ind Benchmark	BSEAUTO
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	818,571
Free Float (%)	49.4%
52 Wk H/L (Rs)	33483.95/19530
Avg Daily Volume (1yr)	50,304
Avg Daily Value (Rs Mn)	1,356
Equity Cap (Rs Mn)	272
Face Value (Rs)	10
Bloomberg Code	EIM IN

Ownership	Recent	3M	12M
Promoters	50.6%	0.0%	-4.3%
DII	4.0%	0.2%	0.8%
FII	32.5%	-0.1%	3.6%
Public	12.9%	-0.1%	-0.2%

Price %	1M	3M	12M
Absolute	-4.2 %	-1.0 %	38.7 %
Vs Industry	-4.7 %	-6.4 %	17.7 %
HEROMOTOCO	-2.9 %	-7.6 %	22.9 %
BAJAJ-AUTO	3.5 %	15.5 %	23.5 %

Standalone Quarterly EPS forecast

Rs/Share	1Q	2Q	3Q	4Q
EPS (17A)	124.4	146.2	153.2	151.9
EPS (18E)	162.9	179.1	194.3	201.4

Eicher Motors Ltd.

2QFY18 Result: Estimate (↔), TP (↔), Rating (↔)

Regular Coverage

Waiting periods coming down, valuations expensive - maintain REDUCE

Absolute : REDUCE

Relative : UNDERWEIGHT

2% Downside in 14Months

Auto OEM

Eicher Motors' (EIM) 2Q results came marginally below EE due to lower-than-expected ASPs, which declined 2% qoq. Royal Enfield (RE) recently launched its first twin-cylinder models, *Interceptor 650 Roadstar* and *Continental GT 650 Café Racer*, based on 648cc engine; management believes these models would help it garner volumes in export markets, similar to what *Classic 350* did in India. Our channel checks indicate that waiting periods have come down over last one year, but bookings are still more than monthly sales. We largely maintain estimates and reiterate REDUCE on the stock due to expensive valuations. Our Dec'18 TP stands at Rs 30,516 (vs. Rs 30,833 earlier).

Waiting periods reduce on most RE bikes: Last year around the same time, waiting periods on *Classic 350* was around 2-3 months, while other models were available in 15-30 days. Our recent channel checks indicate that waiting periods on most models are in the range of 20-30 days, and at some places 45 days. However, recently-launched color options, *Classic 500 Stealth Black* and *Classic 350 Gunmetal Grey*, have a 2-3 month waiting period. Most dealers indicated that bookings are still higher than retail sales during a month.

Targeting export market with new twin-cylinder bike: EIM is primarily targeting ASEAN and Latin American markets with its new twin-cylinder bike, and expects it to yield similar results as *Classic 350* in India. The 650cc bike also provides a larger range from 350cc-650cc to RE, in line with management's stated 250-700cc target segment.

RE - 21% yoy volume growth drives 25% EBITDA growth, 2% below EE: With new plant starting operations in August, volumes improved 10% qoq. Realizations however declined 2% qoq likely due to product mix changes. EBITDA margin improved 55bps yoy to 31.9%; however, the quantum of improvement over last few years has reduced, indicating that RE may be close to attaining saturated margin levels. Increasing RM prices may have also curbed margin gains.

Strong VECV performance: VECV delivered a strong 50% yoy EBITDA growth driven by 14% volume growth and 200bps EBITDA margin improvement. While discounting in CV market was very high in 2Q, we believe margins were aided by 50% yoy growth in volume of medium-duty engines (better margin segment).

Estimate Revision:

Rs Mn	Current		Change from previous (%)	
	FY18E	FY19E	FY18E	FY19E
Sales	88,936	104,160	-0.6%	-1.0%
EBITDA	27,996	33,013	-0.6%	-1.1%
PAT	21,690	25,947	-1.7%	-1.6%
EPS	802.2	957.5	-1.4%	-1.6%

Consolidated Financials

Rs. Mn YE Dec	FY17A	FY18E	FY19E	FY20E
Sales	70,334	88,936	104,160	124,348
EBITDA	21,740	27,996	33,013	39,744
Depreciation	1,538	2,143	2,711	2,982
Interest Expense	36	31	17	17
Other Income	2,273	3,013	3,333	4,966
Reported PAT	16,647	21,739	25,947	32,086
Recurring PAT	16,671	21,690	25,947	32,086
Total Equity	53,450	70,296	90,535	116,097
Gross Debt	444	0	0	0
Cash	33,228	45,213	65,392	91,309
Rs Per Share	FY17A	FY18E	FY19E	FY20E
Earnings	614.3	802.2	957.5	1,184.0
Book Value	1,972	2,594	3,341	4,284
Dividends	100.0	150.0	175.0	200.0
FCFF	899.4	550.6	854.5	1,078.9
P/E (x)	49.0	37.5	31.4	25.4
P/B (x)	15.2	11.6	9.0	7.0
EV/EBITDA (x)	36.2	27.7	22.9	18.3
ROE (%)	37 %	35 %	32 %	31 %
Core ROIC (%)	306 %	216 %	194 %	235 %
EBITDA Margin (%)	31 %	31 %	32 %	32 %
Net Margin (%)	24 %	24 %	25 %	26 %

Earnings call takeaways

- In 2QFY18, EIM posted its best-ever quarterly performance with highest-ever net income and EBITDA.
- Topline from operations stood at Rs 21.67bn in 2QFY18 vs. Rs 17.55bn in 2QFY17, a 24% growth yoy.
- EBITDA was also the highest at Rs 6.83bn in 2QFY18 vs. Rs 5.42bn in 2QFY17, a 26% growth yoy.
- EIM enjoys industry-leading EBITDA margin of 31.5%.
- Polaris JV saw a steady performance for 2QFY18. The JV expanded its footprint in Bangladesh and Nepal.

RE

- RE registered its best-ever quarterly sales of 202,744 motorcycles, up ~22% yoy.
- Retail footprint expanded to ~750 locations in India, with the run-rate of 100-150 dealers per year. The focus is to expand the network in tier C/D cities.
- RE unveiled two new motorcycles - the *Interceptor 650 Roadster* and the *Continental GT 650 Café*; the commercial launch of these motorcycles is expected in Apr'18. RE aims to lead and expand the mid-weight (250-750cc) motorcycle segment globally and is confident to get a boost from these new models.
- Management is confident of gaining incremental share in South East Asia and other developed motorcycle markets.
- No price hike has been taken in the last one year.
- West and south India contribute close to 50% of RE's volumes.
- In India's top-25 cities, RE booking numbers are growing at a double-digit rate.
- In Aug'17, RE commenced commercial production at its third manufacturing facility at Vallam Vadagal near Chennai. While currently around ~7,000 vehicles/month are being rolled from the new plant, its peak capacity is ~25,000 vehicles/month.
- In Sep'17, RE launched two variants of its bestselling motorcycle model, Classic - Stealth Black in 500cc and Gunmetal Grey in 350cc.
- RE opened its first store in Bali, Indonesia, thus spreading its footprint in the international market.
- In October, RE forayed into Vietnam - the fourth biggest motorcycle market in the world - and opened its first store in Ho Chi Minh City.

- Production target for this fiscal is 825,000 vehicles. Currently, the company is planning to do 75,000 vehicles per month by FY18-end.
- New dealers are pulling in less number of volumes as compared to existing dealers since they are in much smaller towns.
- The company has a service base of over 7,500 touch-points across India.
- In the international market, RE has got a good distribution reach in developed markets; in emerging markets, it is in the process of expanding its dealership network. About 30 stores in international markets are exclusive RE stores, while there are significant multi-brand stores selling RE vehicles globally.

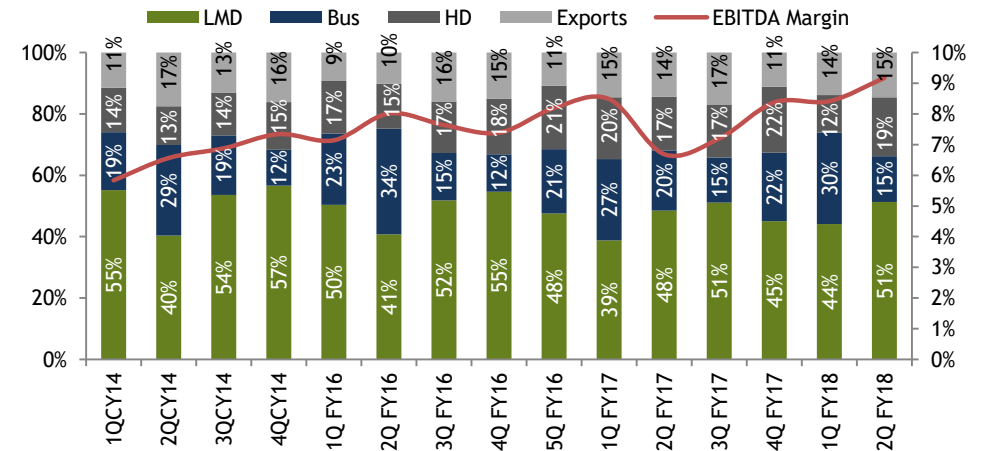
VECV

- Total income from operations stood at Rs 23.39bn in 2QFY18 vs. Rs 19.72bn in 2QFY17, up 18.6%.
- EBITDA increased 50% yoy to Rs 2.15bn in 2QFY18 from Rs 1.43bn in 2QFY17.
- EBITDA margins grew by 200bps to 9.2% from 7.2% in the year-ago quarter.
- PAT was at Rs 950mn in 2QFY18 vs. Rs 660mn in 2QFY17, a growth of 45%.
- Market share has come down from 13.6% in 2QFY17 to 13%, though volumes have grown.
- The CV industry started recovering in 2QFY18 and has grown at about 17%.
- Segment wise:
 - Up to 5 ton: VECV's market share grew to 24% from 21% last year.
 - For 5-15ton: VECV's market share declined marginally.
 - HD: VECV lost market share from 5 to 4.5%.
 - Bus: Market share increased from 15 to 15.8%.
 - VECV also gained share in exports.
- In terms of Engines, EIM sold ~9,000 units in the quarter, thus averaging at ~3,000 engines per month against ~2,000 per month last year.

Exhibit 1: VECV consolidated results 2QFY18

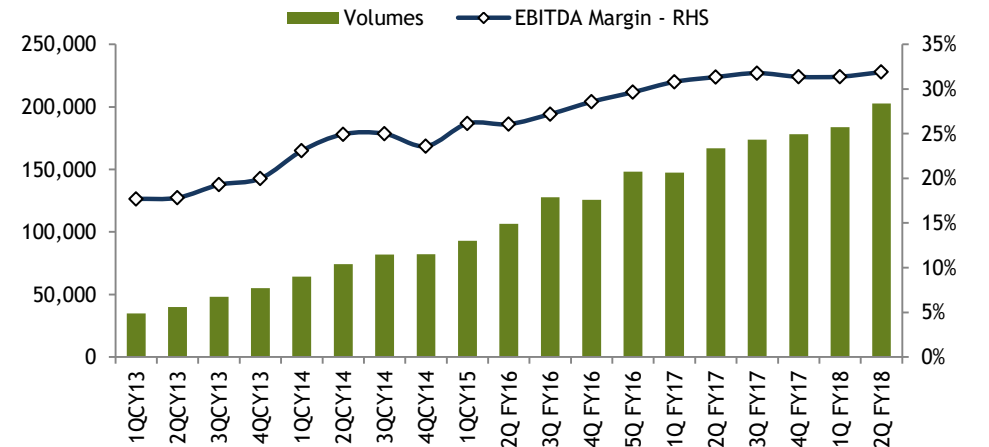
Rs mn	2QFY18	2QFY17	% Growth
Total income from operations (net of excise duty)	23,390	19,720	18.6%
EBITDA	2,150	1,430	50.4%
EBITDA%	9.2%	7.2%	
PAT	950	660	44.9%

Exhibit 2: EBITDA margin vs. % contribution of different segment to volumes



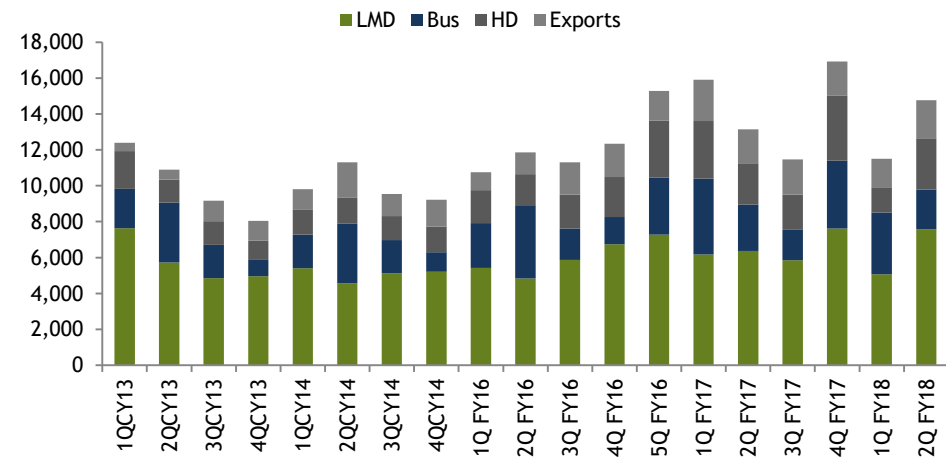
Source: Company, Equirus Securities

Exhibit 3: Quarterly RE sales volume vs. EBITDA margins



Source: Company, Equirus Securities

Exhibit 1: VECV segment-wise quarterly sales volumes



Source: Company, Equirus Securities

Quarterly performance, standalone

Rs mn	2QFY18	2QFY18E	1QFY18	2QFY17	% Change			Comments
					2QFY18E	1QFY18	2QFY17	
Net Sales	21,636	22,050	19,999	17,625	-2%	8.2%	23%	
Consumption of raw Material & Components	11,270	11,664	10,591	9,161	-3%	6%	23%	
Employee Cost	1,302	1,147	1,160	956	14%	12%	36%	
Other Expenditure	2,164	2,227	1,971	1,984	-3%	10%	9%	
Total Expenditures	14,736	15,038	13,722	12,101	-2%	7%	22%	
EBITDA	6,901	7,012	6,278	5,524	-2%	10%	25%	
Depreciation	490	477	450	358	3%	9%	37%	
EBIT	6,411	6,535	5,827	5,166	-2%	10%	24%	
Interest	7	0	7	8				
Other Income	699	652	1,294	665	7%	-46%	5%	
PBT	7,103	7,187	7,115	5,823	-1%	0%	22%	
Tax	2,239	2,156	2,172	1,862	4%	3%	20%	
Recurring PAT	4,864	5,031	4,943	3,962	-3%	-2%	23%	
Extraordinaries	-57	0	7	-4				
Reported PAT	4,921	5,031	4,936	3,965	-2%	0%	24%	
EPS (Rs)	179.5	185.6	182.4	146.2	-3%	-2%	23%	
EBITDA Margin	31.9%	31.8%	31.4%	31.3%	9 bps	50 bps	55 bps	
EBIT Margin	29.6%	29.6%	29.1%	29.3%	-1 bps	49 bps	32 bps	
PBT Margin	32.8%	32.6%	35.6%	33.0%	24 bps	-275 bps	-21 bps	
PAT Margin	22.7%	22.8%	24.7%	22.5%	-7 bps	-194 bps	25 bps	
Tax Rate	31.5%	30.0%	30.5%	32.0%	152 bps	99 bps	-45 bps	
Royal Enfield								
Volume	202,865	202,865	183,998	166,941	0%	10%	21.5%	
ASP (Rs/unit)	108,691	108,691	108,691	105,576	0%	0.0%	3.0%	
EBITDA/bike (Rs)	34,015	34,564	34,117	33,089	-2%	0%	3%	
Cost items as % of Sales								
RM	52.1%	52.9%	53.0%	52.0%	-81 bps	-87 bps	11 bps	
Employee Cost	6.0%	5.2%	5.8%	5.4%	82 bps	22 bps	59 bps	
Other Expenses	10.0%	10.1%	9.9%	11.3%	-10 bps	15 bps	-126 bps	



Company Snapshot

How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY18E	802.2	811.9	-1 %	Broadly in-line with consensus
	FY19E	957.5	1,022.6	-6 %	
Sales	FY18E	88,936	90,283	-1 %	
	FY19E	104,160	125,664	-17 %	
PAT	FY18E	21,739	17,023	-2 %	
	FY19E	25,947	22,169	-7 %	

Key Drivers:

	FY17A	FY18E	FY19E	FY20E
Standalone Business				
Royal Enfield volumes	666,490	824,475	948,406	1,090,666
Price	105,598	107,758	109,729	113,927
EBITDA margin	31.3%	31.8%	32.0%	32.2%
VECV				
Volumes	57,441	57,859	62,986	69,284
Sales	87,371	92,970	103,186	115,510
EBITDA margin	7.7%	8.9%	9.2%	9.2%

Risk to Our View: Increase in steel prices, increase in tire prices, and prolonged slowdown in domestic demand.

Key Triggers

- Fall in waiting periods of RE models

Sensitivity to Key Variables	% Change	% Impact on EPS
Steel Price	10 %	-5 %
-	-	-
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
6.8 %	0.8	11.6 %	3.0 %	0.0 %

	FY18E	FY19E	FY20-22E	FY23-27E	FY28-32E
Sales Growth	26 %	17 %	18 %	16 %	15 %
NOPAT Margin	20 %	20 %	20 %	20 %	20 %
IC Turnover	8.32	9.56	11.57	5.16	5.20
RoIC	216.5 %	193.8 %	248.9 %	120.7 %	113.8 %

Years of strong growth	1	1	5	10	15
Valuation as on date (Rs)	7,515	8,463	11,716	16,108	21,527
Valuation as of 30 th Sep'18	8,499	9,571	13,251	18,218	24,347

By doing SOTP valuation, we derive our Dec'18 TP of Rs 30,516. Our DCF-based valuation suggests a Dec'18 fair value of Rs 24,347.

Company Description:

Eicher Motors manufactures cruiser bikes (under Royal Enfield) brand. It produces Eicher brand trucks through a 54-46 JV with Volvo (VECV), wherein the company is setting up a new facility for manufacturing Medium Duty engines for Volvo's global requirements.

Comparable valuation		Mkt Cap	Price	Target	EPS			P/E			BPS		P/B		RoE			Div Yield	
Company	Reco.	CMP	Rs. Mn.	Target	Date	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY17A	FY18E	FY19E	FY17A	FY18E	
Eicher Motors	REDUCE	30,070	818,571	30,516	31stDec'18	614.3	802.2	957.5	49.0	37.5	31.4	1,972.3	11.6	37 %	35 %	32 %	0.3 %	0.5 %	
Hero Motocorp	REDUCE	3,656	729,992	3,613	31st Dec'18	169.1	183.0	192.1	22.6	20.9	19.9	508.5	6.6	36 %	34 %	31 %	2.2 %	2.4 %	
Bajaj Auto	REDUCE	3,270	946,288	2,974	31st Dec'18	141.0	144.9	160.1	22.8	22.2	20.1	617.1	4.7	26 %	22 %	22 %	1.7 %	1.9 %	



Consolidated Quarterly Earnings Forecast and Key Drivers

Rs in Mn	1Q17A	2Q17A	3Q17A	4Q17A	1Q18A	2Q18A	3Q18E	4Q18E	1Q19E	2Q19E	3Q19E	4Q19E	FY17A	FY18E	FY19E	FY20E
Revenue	15,557	17,549	18,348	18,881	20,006	21,673	23,185	24,072	23,739	25,419	26,488	28,515	70,334	88,936	104,160	124,348
Consumption of raw Material & Components	8,314	9,116	9,691	9,925	10,573	11,285	12,259	12,732	12,536	13,442	14,006	15,082	37,045	46,849	55,066	65,746
Employee Cost	906	1,000	1,058	1,060	1,206	1,355	1,224	1,248	1,232	1,373	1,366	1,442	4,024	5,033	5,414	6,152
Other Expenditure	1,638	2,011	1,829	2,048	2,021	2,208	2,367	2,463	2,447	2,608	2,701	2,912	7,526	9,059	10,667	12,706
EBITDA	4,700	5,422	5,770	5,848	6,207	6,825	7,334	7,629	7,524	7,996	8,414	9,079	21,740	27,996	33,013	39,744
Depreciation	392	359	356	432	452	492	571	628	653	668	683	707	1,538	2,143	2,711	2,982
EBIT	4,308	5,063	5,414	5,416	5,755	6,334	6,763	7,001	6,871	7,328	7,731	8,373	20,201	25,853	30,303	36,762
Interest	7	8	10	11	11	13	3	4	5	6	3	4	36	31	17	17
Other Income	468	665	590	551	777	699	727	809	287	897	1,015	1,135	2,273	3,013	3,333	4,966
PBT	4,769	5,720	5,995	5,956	6,521	7,020	7,488	7,806	7,153	8,219	8,744	9,503	22,439	28,835	33,618	41,711
Tax	1,473	1,840	2,000	1,890	2,175	2,243	2,360	2,343	2,328	2,495	2,737	2,852	7,203	9,122	10,412	12,840
PAT bef. MI & Assoc.	3,296	3,879	3,995	4,066	4,346	4,777	5,127	5,463	4,825	5,724	6,006	6,651	15,236	19,713	23,206	28,871
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit from Assoc.	467	252	187	528	250	403	623	700	514	648	753	825	1,435	1,977	2,741	3,215
Recurring PAT	3,763	4,132	4,182	4,594	4,596	5,180	5,751	6,163	5,340	6,372	6,759	7,476	16,671	21,690	25,947	32,086
Extraordinaries	17	3	11	-7	14	-55	0	0	0	0	0	0	24	-49	0	0
Reported PAT	3,746	4,129	4,171	4,601	4,582	5,236	5,751	6,163	5,340	6,372	6,759	7,476	16,647	21,739	25,947	32,086
EPS (Rs)	138.23	152.35	153.90	169.78	169.07	193.19	212.21	227.41	197.04	235.13	249.42	275.87	614.26	802.18	957.46	1,183.97
Key Drivers																
Royal Enfield Volume (Nos)	147,483	166,941	173,838	178,228	183,731	202,744	215,000	223,000	218,000	233,156	240,800	256,450	666,490	824,475	948,406	1,090,666
Standalone Revenue (Rs Mn)	15,575	17,625	18,336	18,844	19,999	21,636	23,173	24,036	23,732	25,382	26,476	28,479	70,380	88,844	104,068	124,256
VECV Volume (Nos)	15,914	13,149	11,462	16,916	11,501	14,771	14,671	16,916	12,881	14,727	16,432	18,946	57,441	57,859	62,986	69,284
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Standalone Margin	26.1%	27.2%	28.6%	29.6%	30.8%	31.3%	31.7%	32.0%	32.0%	31.8%	31.9%	32.0%	31.3%	31.9%	32.0%	32.2%
Subsidiary Margin	8.0%	7.6%	7.4%	8.2%	8.5%	6.7%	8.1%	8.7%	8.9%	9.0%	8.9%	9.3%	7.5%	8.0%	9.0%	9.3%
Sequential Growth (%)																
Revenue	-59 %	13 %	5 %	3 %	6 %	8 %	7 %	4 %	-1 %	7 %	4 %	8 %	-	-	-	-
Consumption of raw Material & Components	-66 %	10 %	6 %	2 %	7 %	7 %	9 %	4 %	-2 %	7 %	4 %	8 %	-	-	-	-
EBITDA	-27 %	15 %	6 %	1 %	6 %	10 %	7 %	4 %	-1 %	6 %	5 %	8 %	-	-	-	-
EBIT	-19 %	18 %	7 %	0 %	6 %	10 %	7 %	4 %	-2 %	7 %	6 %	8 %	-	-	-	-
Recurring PAT	12 %	10 %	1 %	10 %	0 %	13 %	11 %	7 %	-13 %	19 %	6 %	11 %	-	-	-	-
EPS	12 %	10 %	1 %	10 %	0 %	14 %	10 %	7 %	-13 %	19 %	6 %	11 %	-	-	-	-
Yearly Growth (%)																
Revenue	-47 %	-44 %	-45 %	-50 %	29 %	24 %	26 %	27 %	19 %	17 %	14 %	18 %	-46 %	26 %	17 %	19 %
EBITDA	9 %	10 %	12 %	-9 %	32 %	26 %	27 %	30 %	21 %	17 %	15 %	19 %	4 %	29 %	18 %	20 %
EBIT	22 %	25 %	30 %	2 %	34 %	25 %	25 %	29 %	19 %	16 %	14 %	20 %	18 %	28 %	17 %	21 %
Recurring PAT	70 %	62 %	54 %	37 %	22 %	25 %	38 %	34 %	16 %	23 %	18 %	21 %	54 %	30 %	20 %	24 %
EPS	69 %	62 %	54 %	38 %	22 %	27 %	38 %	34 %	17 %	22 %	18 %	21 %	54 %	31 %	19 %	24 %
Margin (%)																
EBITDA	30 %	31 %	31 %	31 %	31 %	31 %	32 %	32 %	32 %	31 %	32 %	32 %	31 %	31 %	32 %	32 %
EBIT	28 %	29 %	30 %	29 %	29 %	29 %	29 %	29 %	29 %	29 %	29 %	29 %	29 %	29 %	29 %	30 %
PBT	31 %	33 %	33 %	32 %	33 %	32 %	32 %	32 %	30 %	32 %	33 %	33 %	32 %	32 %	32 %	34 %
PAT	24 %	24 %	23 %	24 %	23 %	24 %	25 %	26 %	22 %	25 %	26 %	26 %	24 %	24 %	25 %	26 %



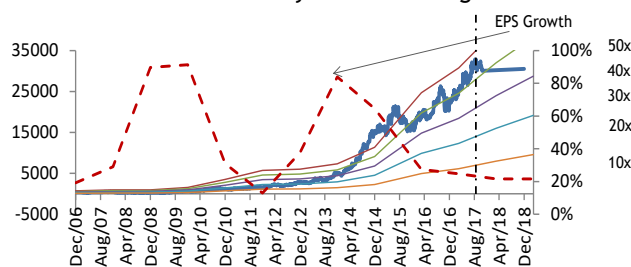
Consolidated Financials

P&L (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Revenue	70,334	88,936	104,160	124,348
Op. Expenditure	48,594	60,941	71,147	84,604
EBITDA	21,740	27,996	33,013	39,744
Depreciation	1,538	2,143	2,711	2,982
EBIT	20,201	25,853	30,303	36,762
Interest Expense	36	31	17	17
Other Income	2,273	3,013	3,333	4,966
PBT	22,439	28,835	33,618	41,711
Tax	7,203	9,122	10,412	12,840
PAT bef. MI & Assoc.	15,236	19,713	23,206	28,871
Minority Interest	0	0	0	0
Profit from Assoc.	1,435	1,977	2,741	3,215
Recurring PAT	16,671	21,690	25,947	32,086
Extraordinaires	24	-49	0	0
Reported PAT	16,647	21,739	25,947	32,086
FDEPS (Rs)	614.3	802.2	957.5	1,184.0
DPS (Rs)	100.0	150.0	175.0	200.0
CEPS (Rs)	671.9	879.4	1,057.5	1,294.0
FCFPS (Rs)	899.4	550.6	854.5	1,078.9
BVPS (Rs)	1,972.3	2,594.0	3,340.8	4,284.0
EBITDAM (%)	31 %	31 %	32 %	32 %
PATM (%)	24 %	24 %	25 %	26 %
Tax Rate (%)	32 %	32 %	31 %	31 %
Sales Growth (%)	14 %	26 %	17 %	19 %
FDEPS Growth (%)	24 %	31 %	19 %	24 %

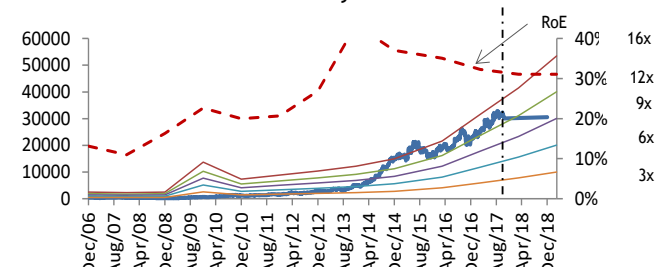
Balance Sheet (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Equity Capital	272	271	271	271
Reserve	53,179	70,025	90,264	115,826
Networth	53,450	70,296	90,535	116,097
Long Term Debt	444	0	0	0
Def Tax Liability	1,441	1,886	1,886	1,886
Minority Interest	0	0	0	0
Account Payables	8,327	17,787	20,832	25,040
Other Curr Liabi	6,244	5,232	6,127	7,315
Total Liabilities & Equity	69,907	95,201	119,380	150,337
Net Fixed Assets	8,728	17,835	18,012	17,430
Capital WIP	3,738	2,093	0	0
Others	19,491	19,862	24,209	27,423
Inventory	3,359	7,310	8,561	10,220
Account Receivables	500	5,361	6,278	7,495
Other Current Assets	863	-2,473	-3,072	-3,540
Cash	33,228	45,213	65,392	91,309
Total Assets	69,907	95,201	119,380	150,337
Non-cash Working Capital	-9,848	-12,822	-15,191	-18,179
Cash Conv Cycle	-51.1	-52.6	-53.2	-53.4
WC Turnover	-7.1	-6.9	-6.9	-6.8
FA Turnover	5.6	4.5	5.8	7.1
Net D/E	-0.6	-0.6	-0.7	-0.8
Revenue/Capital Employed	1.5	1.4	1.3	1.2
Capital Employed/Equity	1.0	1.0	1.0	1.0

Cash Flow (Rs Mn)	FY17A	FY18E	FY19E	FY20E
PBT	22,439	28,835	33,618	41,711
Depreciation	1,538	2,143	2,711	2,982
Others	-24	49	0	0
Taxes Paid	7,203	9,122	10,412	12,840
Change in WC	2,191	2,974	2,370	2,988
Operating C/F	18,941	24,879	28,286	34,841
Capex	-5,956	-9,977	-5,141	-5,615
Change in Invest	11,364	0	0	0
Others	0	0	0	0
Investing C/F	5,408	-9,977	-5,141	-5,615
Change in Debt	218	-444	0	0
Change in Equity	273	-1	0	0
Others	2,067	-2,471	-2,967	-3,309
Financing C/F	2,558	-2,916	-2,967	-3,309
Net change in cash	26,907	11,985	20,178	25,917
RoE (%)	37 %	35 %	32 %	31 %
RoIC (%)	36 %	34 %	32 %	31 %
Core RoIC (%)	306 %	216 %	194 %	235 %
Div Payout (%)	0 %	23 %	22 %	20 %
P/E	49.0	37.5	31.4	25.4
P/B	15.2	11.6	9.0	7.0
P/FCFF	33.4	54.6	35.2	27.9
EV/EBITDA	36.2	27.7	22.9	18.3
EV/Sales	11.2	8.7	7.2	5.9
Dividend Yield (%)	0.3 %	0.5 %	0.6 %	0.0 %

TTM P/E vs. 2 yr forward EPS growth



TTM P/B vs. 2 yr forward RoE



Historical Consolidated Financials

P&L (Rs Mn)	CY13A	CY14A	FY16A	FY17A	Balance Sheet (Rs Mn)	CY13A	CY14A	FY16A	FY17A	Cash Flow (Rs Mn)	CY13A	CY14A	FY16A	FY17A
Revenue	68,098	87,383	61,735	70,334	Equity Capital	270	271	272	272	PBT	6,706	9,926	17,290	22,439
Op. Expenditure	60,966	76,235	44,839	48,594	Reserve	20,284	24,888	36,259	53,179	Depreciation	1,300	2,198	1,366	1,538
EBITDA	7,132	11,148	16,896	21,740	Networth	20,554	25,159	36,531	53,450	Others	-831	-6,480	-6,747	-24
Depreciation	1,300	2,198	1,366	1,538	Long Term Debt	1,573	584	226	444	Taxes Paid	1,504	-2,810	-6,343	7,203
EBIT	5,832	8,950	15,530	20,201	Def Tax Liability	1,805	3,291	809	1,441	Change in WC	1,491	2,020	4,565	2,191
Interest Expense	79	98	21	36	Minority Interest	10,397	10,851	0	0	Operating C/F	7,162	10,475	22,817	18,941
Other Income	953	1,074	1,781	2,273	Account Payables	17,476	15,127	7,232	8,327	Capex	-7,054	-9,682	-10,622	-5,956
PBT	6,706	9,926	17,290	22,439	Other Curr Liabi	1,561	9,066	4,592	6,244	Change in Invest	-1,577	-1,202	-5,035	11,364
Tax	1,452	2,909	5,389	7,203	Total Liabilities & Equity	53,365	64,076	49,390	69,907	Others	733	-1,261	850	0
PAT bef. MI & Assoc.	5,254	7,017	11,901	15,236	Net Fixed Assets	16,561	23,093	7,942	8,728	Investing C/F	-7,898	-12,145	-14,807	5,408
Minority Interest	1,314	864	0	0	Capital WIP	4,636	4,188	945	3,738	Change in Debt	610	-255	275	218
Profit from Assoc.	0	0	1,479	1,435	Others	3,056	4,963	30,016	19,491	Change in Equity	17	79	48	273
Recurring PAT	3,939	6,154	13,380	16,671	Inventory	5,268	6,455	3,084	3,359	Others	-1,100	-1,446	-5,952	2,067
Extraordinaires	0	0	4	24	Account Receivables	5,125	5,622	326	500	Financing C/F	-474	-1,622	-5,629	2,558
Reported PAT	3,939	6,154	13,377	16,647	Other Current Assets	3,640	4,277	757	863	Net change in cash	-1,209	-3,292	2,381	26,907
EPS (Rs)	145.4	227.1	493.6	614.3	Cash	15,080	15,477	6,321	33,228	RoE (%)	21 %	27 %	43 %	37 %
DPS (Rs)	30.0	50.0	100.0	100.0	Total Assets	53,365	64,075	49,390	69,907	RoIC (%)	13 %	17 %	35 %	36 %
CEPS (Rs)	194.1	308.2	544.1	671.9	Non-cash Working Capital	-5,004	-7,838	-7,657	-9,848	Core RoIC (%)	26 %	28 %	75 %	306 %
FCFPS (Rs)	-25.0	-59.1	296.1	899.4	Cash Conv Cycle	-26.8	-32.7	-45.3	-51.1	Div Payout (%)	24 %	26 %	24 %	0 %
BVPS (Rs)	761.5	931.2	1,350.7	1,972.3	WC Turnover	-13.6	-11.1	-8.1	-7.1	P/E	206.9	132.4	60.9	49.0
EBITDAM (%)	10 %	13 %	27 %	31 %	FA Turnover	3.2	3.2	6.9	5.6	P/B	39.5	32.3	22.3	15.2
PATM (%)	6 %	7 %	22 %	24 %	Net D/E	-0.7	-0.6	-0.2	-0.6	P/FCFF	-1,203.8	-509.0	101.5	33.4
Tax Rate (%)	22 %	29 %	31 %	32 %	Revenue/Capital Employed	2.1	2.4	1.6	1.5	EV/EBITDA	113.4	72.7	48.2	49.0
Sales growth (%)	7 %	28 %	-29 %	14 %	Capital Employed/Equity	1.7	1.6	1.3	1.0	EV/Sales	11.9	9.3	13.2	15.1
FDEPS growth (%)	21 %	56 %	117 %	24 %						Dividend Yield (%)	0.1 %	0.2 %	0.3 %	0.3 %

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