

Rural demand to gather pace; risk-reward attractive

Auto & Auto Ancillaries ▶ Result Update ▶ November 15, 2024

TARGET PRICE (Rs): 6,200

HMCL reported a healthy quarter (~4% EBITDA beat), driven by increase in ASPs (up 4% QoQ) on better mix (higher spare sales), with underlying ICE margins expanding by 160bps YoY to 16.5% (stable QoQ). HMCL expects continued growth in the 2W industry with outperformance seen amid returning rural demand, ramp-up in 125cc motorcycles, and upcoming product actions across segments (multiple launches across ICE and EVs over the next 6 months). Near-term outlook is improving amid rural revival and ongoing festive season; however, we trim our FY25E/26E/27E EPS by 4%/7%/6%, factoring-in gradual demand improvement on account of the generally moderating economic outlook. We maintain BUY with revised SoTP-based TP of Rs6,200 at 22x Sep-26E core EPS (vs Rs7,000, 23x earlier). Risk-reward remains attractive; HMCL trades at ~15x Sep-26E core PER vs ~24-27x for peers).

Hero MotoCorp: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	338,057	374,557	418,567	450,596	495,263
EBITDA	39,862	52,557	60,533	66,689	75,738
Adj. PAT	29,106	41,280	46,968	51,677	58,446
Adj. EPS (Rs)	145.7	206.6	235.1	258.6	292.5
EBITDA margin (%)	11.8	14.0	14.5	14.8	15.3
EBITDA growth (%)	18.3	31.8	15.2	10.2	13.6
Adj. EPS growth (%)	17.7	36.3	18.4	10.0	13.1
RoE (%)	17.9	23.8	25.0	25.3	26.8
RoIC (%)	49.2	72.6	93.8	95.3	102.4
P/E (x)	31.6	22.3	19.6	17.8	15.7
EV/EBITDA (x)	20.8	17.5	15.2	13.8	12.1
P/B (x)	5.5	5.1	4.7	4.3	4.1
FCFF yield (%)	2.4	5.1	5.1	5.1	7.0

Source: Company, Emkay Research

Strong operational performance; underlying ICE margins up by 160bps

Revenue grew ~11% YoY to Rs104.6bn (above estimates), driven by higher ASPs (up 4% QoQ); volumes were up ~7% YoY at 15.2mn units. EBITDA grew 14% YoY to Rs15.2bn with margin stable QoQ at 14.5%. Underlying ICE margins improved by 160bps YoY to 16.5% on softer commodities, better product mix, and cost savings. PAT grew ~14% YoY to Rs12bn on higher other income.

Earnings call KTAs

1) The management remains optimistic about the prospects for the underlying 2W industry beyond the festive season (16% growth for HMCL during festive as per the company) amid ongoing rural demand recovery; it has guided for ahead-of-industry performance driven by the 125cc segment ramp-up, new model launches, and continued brand-building activities. 2) HMCL logged double-digit growth in rural and urban during festive, with rural leading due to pent-up demand; the management expects momentum to continue on the back of ongoing marriage season, improving entry-level buyer participation, and boost from rainfall as well as government capex over the next 4-8 quarters. 3) HMCL to launch three premium models (*Xpulse 210*, *Xtreme 250R*, and *Karizma XMR 250*) within six months and three ICE scooters by Mar-25; HMCL's 125cc segment share is seen improving continually on strong traction for *Xtreme 125R* (*Glamour* and *Super Splendor* also doing well) and improving semi-urban/rural penetration of the model amid capacity increase to 40K units/month. 4) In EV scooters, Vida continues to gain market share (~5% overall; ~20% in 4 towns, and ~10% in 10 locations); new additions are planned across all price points within the next six months, with products for new categories to be introduced next year; PLI income would come into the books from FY26. 5) Company opened 58 *Premia* stores – would cross 100 by end-FY25; 600 'Hero 2.0' stores are live now, with 800 planned by end-FY25. HMCL now offers five premium brands (*Xpulse*, *Xtreme*, *Karizma*, *Maverick*, and *HD*) and aims to strengthen these with new variants. The company will focus on building power brands, and increasing marketing efforts to enhance brand awareness. 6) Dealer inventory at less than 4 weeks currently. 7) Maintains 14-16% margin-band guidance despite accelerated investments in EVs and premium segments, amid benign commodities, continued premiumization, and cost efforts. Management believes that as EVs and premium scooters reach ~8-10% market share (vs ~5% now), these would also align with the blended margin profile. 7) Capex guidance maintained at Rs12bn.

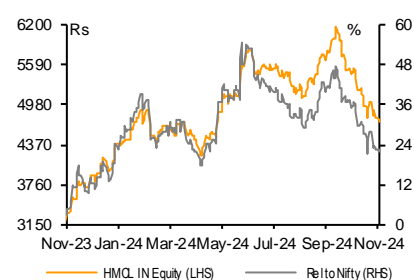
Target Price – 12M	Sep-25
Change in TP (%)	(11.4)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	34.7
CMP (14-Nov-24) (Rs)	4,604.0

Stock Data	Ticker
52-week High (Rs)	6,246
52-week Low (Rs)	3,113
Shares outstanding (mn)	200.0
Market-cap (Rs bn)	921
Market-cap (USD mn)	10,908
Net-debt, FY25E (Rs mn)	0
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	4,206.2
ADTV-3M (USD mn)	49.8
Free float (%)	65.3
Nifty-50	23,533
INR/USD	84.4
Shareholding, Sep-24	
Promoters (%)	34.8
FPIs/MFs (%)	29.6/26.9

Price Performance

(%)	1M	3M	12M
Absolute	(17.1)	(9.2)	48.4
Rel. to Nifty	(11.5)	(6.9)	22.6

1-Year share price trend (Rs)



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Exhibit 1: Q2FY25 volume analysis – volumes up ~7% YoY; realizations up ~4% QoQ on better product mix and higher spares sales

Particulars	Q2FY25	Q2FY24	Change YoY (%)	Q1FY25	Change QoQ (%)
Domestic motorcycles (units)	1,359,120	1,266,424	7.3	1,398,749	(2.8)
Market share (%)	42.3	43.5	(112) bps	43.7	(140) bps
Domestic scooters (units)	97,366	97,516	(0.2)	85,389	14.0
Market share (%)	5.3	6.2	(91) bps	5.1	18.5 bps
Domestic volumes (units)	1,456,486	1,363,940	6.8	1,484,138	(1.9)
Market share (%)	28.1	29.7	(154) bps	29.8	(165) bps
Total volumes (units)	1,519,684	1,416,526	7.3	1,534,892	(1.0)
Realization (INR)	68,851	66,680	3.3	66,088	4.2

Source: Company, Emkay Research

Exhibit 2: Actual vs Estimates (Q2FY25)

(Rs mn)	Actual	Emkay Est	Variance (%)	Consensus	Variance (%)
Net sales	104,632	101,437	3.2	102,128	2.5
EBITDA	15,159	14,607	3.8	14,823	2.3
EBITDA Margin (%)	14.5	14.4	9 bps	14.5	(3) bps
Adj net income	12,035	11,340	6.1	11,519	4.5
FDEPS (Rs)	60.2	56.7	6.1	57.0	5.7

Source: Emkay Research

Exhibit 3: Q2FY25 result snapshot – revenue/EBITDA grew ~11%/~14% YoY; margins stable QoQ

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	YoY (%)	QoQ (%)
Revenue	87,673	94,454	97,237	95,193	101,437	104,632	10.8	3.1
Expenditure	75,610	81,171	83,617	81,602	86,840	89,473	10.2	3.0
as % of sales	86.2	85.9	86.0	85.7	85.6	85.5		
Consumption of RM	60,809	64,780	65,470	63,249	68,672	69,795	7.7	1.6
as % of sales	69.4	68.6	67.3	66.4	67.7	66.7		
Employee Cost	5,802	5,768	6,017	6,437	6,083	6,535	13.3	7.4
as % of sales	6.6	6.1	6.2	6.8	6.0	6.2		
Other expenditure	9,000	10,624	12,130	11,916	12,085	13,143	23.7	8.8
as % of sales	10.3	11.2	12.5	12.5	11.9	12.6		
EBITDA	12,063	13,283	13,620	13,592	14,598	15,159	14.1	3.8
EBITDA margin (%)	13.8	14.1	14.0	14.3	14.4	14.5		
Depreciation	1,690	1,749	1,825	1,851	1,932	1,937	10.8	0.3
EBIT	10,373	11,534	11,795	11,741	12,666	13,222	14.6	4.4
Other Income	2,222	2,483	2,420	1,800	2,317	2,830	14.0	22.1
Interest	47	48	45	46	48	49	3.6	2.5
PBT	12,548	13,970	14,170	13,496	14,935	16,003	14.6	7.2
Total Tax	2,701	3,431	3,437	3,335	3,708	3,967	15.6	7.0
Adjusted PAT	9,847	10,538	10,734	10,161	11,226	12,035	14.2	7.2
Extra ordinary items Loss/(Gain)	1,600	0	0	0	0	0		
Reported PAT	8,247	10,538	10,734	10,161	11,226	12,035	14.2	7.2
Adjusted EPS (Rs)	41.3	52.7	53.7	50.8	56.2	60.2	14.2	7.2
(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	YoY (bps)	QoQ (bps)
EBITDAM	13.8	14.1	14.0	14.3	14.4	14.5	43	10
EBITM	11.8	12.2	12.1	12.3	12.5	12.6	43	15
EBTM	14.3	14.8	14.6	14.2	14.7	15.3	50	57
PATM	11.2	11.2	11.0	10.7	11.1	11.5	35	44
Effective Tax rate	21.5	24.6	24.3	24.7	24.8	24.8	23	(4)

Source: Emkay Research

Exhibit 4: Gross margins higher by ~190bps YoY (100bps QoQ) due to lower RM costs

Particulars (%)	Q2FY25	Q2FY24	YoY (bps)	Q1FY25	QoQ (bps)
Raw material	66.7	68.6	(188)	67.7	(99)
Staff costs	6.2	6.1	14	6.0	25
Other expenses	12.6	11.2	131	11.9	65
EBITDA	14.5	14.1	43	14.4	10
Adjusted net profit	11.5	11.2	35	11.1	44
Effective Tax rate	24.8	24.6	23	24.8	(4)

Source: Company, Emkay Research

Exhibit 5: 125cc category now forms ~16% of overall 2Ws/30% of domestic motorcycles

Industry mix (%)	FY19	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Domestic Motorcycles	55.6	53.6	54.5	50.2	52.4	55.5	53.0	55.3	53.7	54.1	51.6
Up to 110cc	34.5	30.4	29.3	27.7	26.8	27.2	25.7	27.2	25.3	25.4	24.2
110-125cc	7.9	11.3	13.2	12.3	13.8	15.5	14.6	14.8	14.8	15.5	15.5
125-150cc	5.2	4.4	2.9	2.1	2.1	2.2	1.9	2.7	3.1	3.0	2.9
Over 150cc	8.0	7.4	9.1	8.0	9.8	10.6	10.7	10.6	10.5	10.3	9.0
Domestic Scooters	27.4	26.6	24.4	22.4	26.6	26.3	28.5	26.9	27.1	28.2	29.5
Domestic Mopeds	3.6	3.0	3.4	2.6	2.3	2.1	2.1	2.4	2.3	2.1	2.2
Domestic 2Ws	86.6	83.2	82.2	75.2	81.3	84.0	83.7	84.7	83.1	84.4	83.3
Export 2Ws	13.4	16.8	17.8	24.8	18.7	16.0	16.3	15.3	16.9	15.6	16.7
Total ICE 2Ws	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 6: For HMCL, the 125cc category forms ~13% of volumes

HMCL Product mix (%)	FY19	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Domestic Motorcycles	88.1	90.9	89.0	87.7	90.0	91.1	89.4	88.1	88.7	91.1	89.4
Up to 110cc	77.9	72.0	71.0	74.9	78.2	78.7	76.5	78.4	79.0	77.8	75.6
110-125cc	9.7	18.3	16.6	11.4	10.5	11.3	11.6	8.1	7.7	11.8	12.6
125-150cc	0.3	0.2	0.3	-	-	-	-	-	-	-	0.4
Over 150cc	0.3	0.5	1.1	1.4	1.3	1.2	1.3	1.6	2.0	1.5	0.8
Domestic Scooters	9.2	6.3	7.7	6.2	6.7	6.2	6.9	8.7	6.5	5.6	6.4
Domestic Mopeds	-	-	-	-	-	-	-	-	-	-	-
Domestic 2Ws	97.3	97.2	96.7	93.9	96.8	97.4	96.3	96.8	95.2	96.7	95.8
Export 2Ws	2.7	2.8	3.3	6.1	3.2	2.6	3.7	3.2	4.8	3.3	4.2
Total ICE 2Ws	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

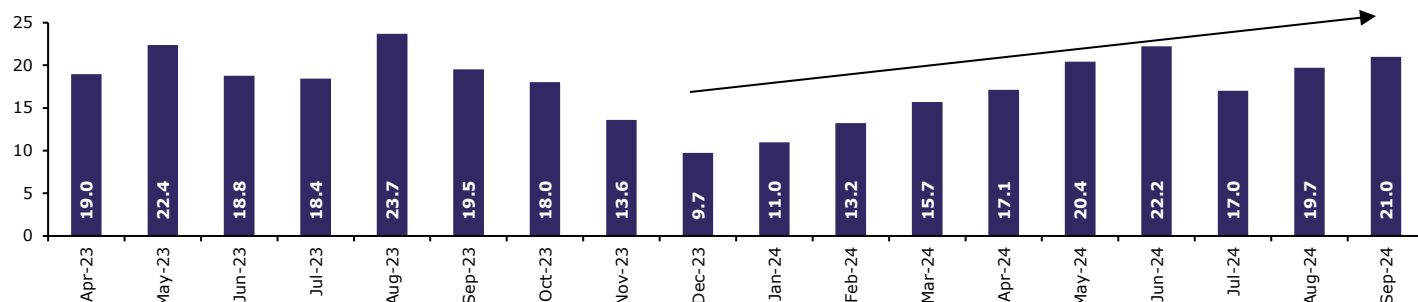
Exhibit 7: HMCL's seen a significant recovery in the 125cc motorcycles market share since the launch of Xtreme125

HMCL market share (%)	FY19	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Domestic Motorcycles	50.7	52.0	51.5	48.3	46.9	45.0	43.5	41.6	42.4	43.7	42.3
Up to 110cc	72.3	72.4	76.3	74.6	79.6	79.3	76.6	75.2	80.2	79.5	76.4
110-125cc	39.0	49.5	39.8	25.7	20.9	19.9	20.5	14.4	13.3	19.9	19.9
125-150cc	1.7	1.1	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6
Over 150cc	1.2	1.9	3.9	4.7	3.7	3.0	3.1	3.9	5.0	3.7	2.2
Domestic Scooters	10.7	7.2	9.9	7.6	6.9	6.5	6.2	8.5	6.2	5.1	5.3
Domestic Mopeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic 2Ws	35.9	35.8	37.0	34.5	32.5	31.8	29.7	29.9	29.4	29.8	28.1
Export 2Ws	6.3	5.1	5.8	6.8	4.7	4.5	5.9	5.4	7.3	5.5	6.1
Total ICE 2Ws	32.0	30.6	31.5	27.6	27.3	27.4	25.8	26.1	25.7	26.0	24.5

Source: SIAM, Emkay Research

Exhibit 8: Market share of HMCL in the fast growing domestic 125cc motorcycles has increased post-launch of Xtreme 125cc motorcycle

HMCL's 125cc Domestic motorcycle market share (%)



Source: SIAM, Emkay Research

Exhibit 9: Revenue model – we build in 7/12% CAGR in volumes/core EPS over FY24-27E

Revenue Model	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Avg. monthly volumes (units)	651,736	534,143	482,198	412,012	444,046	468,581	509,087	532,615	573,999
Volumes (units)	7,820,831	6,409,719	5,786,374	4,944,148	5,328,548	5,622,969	6,109,040	6,391,380	6,887,989
Growth (%)	3.1	(18.0)	(9.7)	(14.6)	7.8	5.5	8.6	4.6	7.8
ASP (Rs/unit)	43,027	44,988	53,230	59,152	63,443	66,612	68,516	70,501	71,902
Growth (%)	1.3	4.6	18.3	11.1	7.3	5.0	2.9	2.9	2.0
Revenue	336,505	288,361	308,006	292,455	338,057	374,557	418,567	450,596	495,263
Growth (%)	4.4	(14.3)	6.8	(5.0)	15.6	10.8	11.7	7.7	9.9
EBITDA	49,301	39,580	40,192	33,688	39,862	52,557	60,533	66,689	75,738
EBITDA margin (%)	14.7	13.7	13.0	11.5	11.8	14.0	14.5	14.8	15.3
EBITDA growth (%)	(6.6)	(19.7)	1.5	(16.2)	18.3	31.8	15.2	10.2	13.6
EBITDA/unit (Rs)	6,304	6,175	6,946	6,814	7,481	9,347	9,909	10,434	10,996
EBIT	43,281	31,400	33,424	27,190	33,293	45,443	52,748	58,456	66,895
EBIT margin (%)	12.9	10.9	10.9	9.3	9.8	12.1	12.6	13.0	13.5
PAT	33,849	31,841	29,642	24,730	29,106	41,280	46,968	51,677	58,446
EPS (Rs)	169	159	148	124	146	207	235	259	293
Core-EPS (Rs)	152	111	125	102	124	167	197	219	250

Source: Company, Emkay Research

Exhibit 10: We cut FY25E/26E/27E EPS by 4%/7%/6%, largely due to moderated volume growth expectations

(Rs mn)	FY25E				FY26E				FY27E			
	Earlier	Revised	Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes	6,314,520	6,109,040	(3.3)	8.6	6,897,935	6,391,380	(7.3)	4.6	7,424,874	6,887,989	(7.2)	7.8
ASP	68,249	68,516	0.4	2.9	69,625	70,501	1.3	2.9	70,546	71,902	1.9	2.0
Net Sales	430,961	418,567	(2.9)	11.7	480,271	450,596	(6.2)	7.7	523,793	495,263	(5.4)	9.9
EBITDA	63,137	60,533	(4.1)	15.2	71,808	66,689	(7.1)	10.2	80,611	75,738	(6.0)	13.6
Margin (%)	14.7	14.5	(19) bps	43 bps	15.0	14.8	(15) bps	34 bps	15.4	15.3	(10) bps	49 bps
APAT	48,912	46,968	(4.0)	13.8	55,404	51,677	(6.7)	10.0	62,022	58,446	(5.8)	13.1
EPS (Rs)	244.8	235.1	(4.0)	13.8	277.3	258.6	(6.7)	10.0	310.4	292.5	(5.8)	13.1

Source: Emkay Research

Exhibit 11: Emkay vs Consensus estimates

Hero MotoCorp	Emkay Estimates			Bloomberg estimates			Difference (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	418,567	450,596	495,263	420,931	466,766	507,787	-0.6%	-3.5%	-2.5%
EBITDA	60,533	66,689	75,738	60,897	68,828	75,091	-0.6%	-3.1%	0.9%
EBITDA margin (%)	14.5	14.8	15.3	14.5	14.7	14.8	(1) bps	5 bps	50 bps
EPS (Rs)	235.1	258.6	292.5	233.6	260.6	286.3	0.6%	-0.7%	2.2%

Source: Bloomberg, Emkay Research

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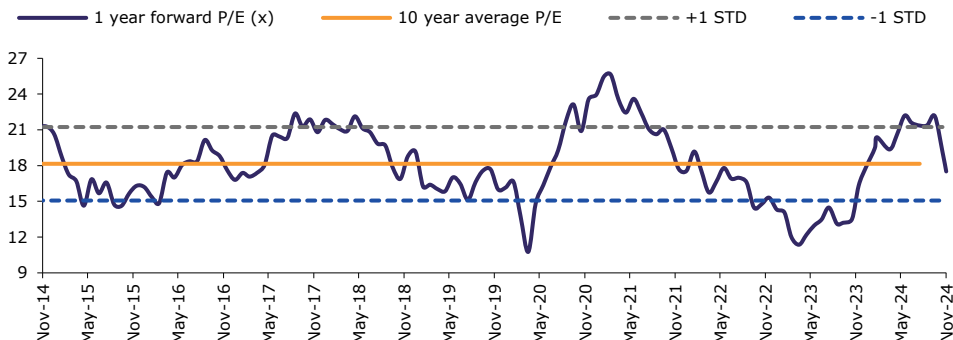
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Exhibit 12: SOTP valuation – our revised TP stands at Rs6,200

HMCL - SOTP Valuation	Basis of Valuation	Equity value/share
Core business	22x Sep-26E core EPS	5,162
Hero FinCorp	1.5x Sep-26E P/B (Holdco discount of 20%)	190
Ather Energy	5x Forward EV/Sales	250
Cash per share	As of Sep-26E	584
Total (Rounded off)		6,200

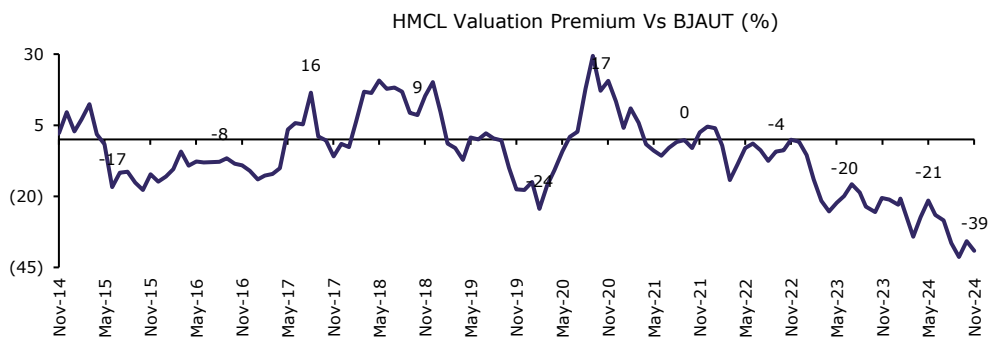
Source: Emkay Research

Exhibit 13: HMCL currently trades below its LTA



Source: Bloomberg, Emkay Research

Exhibit 14: HMCL's valuation discount vs BJAUT is near its multi-year high



Source: Company, Emkay Research

Hero MotoCorp: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	338,057	374,557	418,567	450,596	495,263
Revenue growth (%)	15.6	10.8	11.7	7.7	9.9
EBITDA	39,862	52,557	60,533	66,689	75,738
EBITDA growth (%)	18.3	31.8	15.2	10.2	13.6
Depreciation & Amortization	6,570	7,114	7,785	8,233	8,843
EBIT	33,293	45,443	52,748	58,456	66,895
EBIT growth (%)	22.4	36.5	16.1	10.8	14.4
Other operating income	0	0	0	0	0
Other income	5,652	8,926	9,694	10,242	10,791
Financial expense	199	185	200	216	233
PBT	38,746	54,184	62,242	68,483	77,453
Extraordinary items	0	(1,600)	0	0	0
Taxes	9,640	12,904	15,274	16,806	19,007
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	29,106	39,680	46,968	51,677	58,446
PAT growth (%)	17.7	36.3	18.4	10.0	13.1
Adjusted PAT	29,106	41,280	46,968	51,677	58,446
Diluted EPS (Rs)	145.7	206.6	235.1	258.6	292.5
Diluted EPS growth (%)	17.7	36.3	18.4	10.0	13.1
DPS (Rs)	100.0	138.4	157.5	173.3	234.0
Dividend payout (%)	68.6	69.7	67.0	67.0	80.0
EBITDA margin (%)	11.8	14.0	14.5	14.8	15.3
EBIT margin (%)	9.8	12.1	12.6	13.0	13.5
Effective tax rate (%)	24.9	23.8	24.5	24.5	24.5
NOPLAT (pre-IndAS)	25,010	34,621	39,804	44,111	50,479
Shares outstanding (mn)	199.8	199.8	199.8	199.8	199.8

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	38,746	54,184	62,242	68,483	77,453
Others (non-cash items)	1,372	(2,480)	4,473	5,418	(2,812)
Taxes paid	(8,496)	(13,142)	(15,021)	(16,527)	(18,691)
Change in NWC	(5,832)	10,504	1,567	(4,161)	1,114
Operating cash flow	25,791	49,065	53,261	53,212	57,064
Capital expenditure	(5,675)	(8,007)	(12,000)	(12,000)	(1,200)
Acquisition of business	(1,577)	(14,473)	(9,000)	(9,000)	(9,000)
Interest & dividend income	2,564	0	0	0	0
Investing cash flow	(4,688)	(22,480)	(21,000)	(21,000)	(10,200)
Equity raised/(repaid)	32	104	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	256	0	0	0	0
Interest paid	(199)	(185)	(200)	(216)	(233)
Dividend paid (incl tax)	(19,983)	(26,987)	(27,657)	(31,468)	(34,624)
Others	495	(1,345)	0	0	0
Financing cash flow	(19,399)	(28,412)	(27,857)	(31,684)	(34,857)
Net chg in Cash	1,704	(1,827)	4,404	528	12,007
OCF	25,791	49,065	53,261	53,212	57,064
Adj. OCF (w/o NWC chg.)	31,622	38,561	51,694	57,374	55,950
FCFF	20,115	41,058	41,261	41,212	55,864
FCFE	22,481	40,873	41,061	40,997	55,631
OCF/EBITDA (%)	64.7	93.4	88.0	79.8	75.3
FCFE/PAT (%)	77.2	103.0	87.4	79.3	95.2
FCFF/NOPLAT (%)	80.4	118.6	103.7	93.4	110.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	400	400	400	400	400
Reserves & Surplus	166,651	179,462	194,961	212,015	223,704
Net worth	167,051	179,862	195,361	212,415	224,104
Minority interests	0	0	0	0	0
Deferred tax liability (net)	4,054	4,348	4,602	4,881	5,197
Total debt	0	0	0	0	0
Total liabilities & equity	171,105	184,210	199,963	217,295	229,300
Net tangible fixed assets	50,493	51,219	53,039	56,806	56,364
Net intangible assets	2,985	2,985	2,985	2,985	2,985
Net ROU assets	4,136	4,136	4,136	4,136	4,136
Capital WIP	4,638	4,805	7,201	7,201	0
Goodwill	0	0	0	0	0
Investments [JV/Associates]	23,795	23,795	38,795	48,795	58,795
Cash & equivalents	89,764	113,156	111,560	111,088	122,095
Current assets (ex-cash)	56,821	55,620	62,155	66,911	73,544
Current Liab. & Prov.	61,527	71,506	79,907	80,626	88,618
NWC (ex-cash)	(4,706)	(15,886)	(17,752)	(13,715)	(15,074)
Total assets	171,105	184,210	199,963	217,295	229,300
Net debt	(89,764)	0	0	0	0
Capital employed	171,105	184,210	199,963	217,295	229,300
Invested capital	52,908	42,455	42,408	50,212	48,410
BVPS (Rs)	836.1	900.2	977.8	1,063.1	1,121.6
Net Debt/Equity (x)	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(2.3)	(2.2)	(1.8)	(1.7)	(1.6)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoE (%)	15.0	19.2	20.6	21.0	22.5

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	31.6	22.3	19.6	17.8	15.7
P/CE(x)	25.8	19.0	16.8	15.4	13.7
P/B (x)	5.5	5.1	4.7	4.3	4.1
EV/Sales (x)	2.5	2.5	2.3	2.1	1.9
EV/EBITDA (x)	20.8	17.5	15.2	13.8	12.1
EV/EBIT(x)	24.9	17.8	15.3	13.8	11.9
EV/IC (x)	15.7	19.0	19.1	16.1	16.5
FCFF yield (%)	2.4	5.1	5.1	5.1	7.0
FCFE yield (%)	2.4	4.4	4.5	4.5	6.0
Dividend yield (%)	2.2	3.0	3.4	3.8	5.1
DuPont-RoE split					
Net profit margin (%)	8.6	11.0	11.2	11.5	11.8
Total asset turnover (x)	2.0	2.1	2.2	2.2	2.2
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	17.9	23.8	25.0	25.3	26.8
DuPont-RoIC					
NOPLAT margin (%)	7.4	9.2	9.5	9.8	10.2
IC turnover (x)	6.2	8.7	9.6	8.7	10.0
RoIC (%)	49.2	72.6	93.8	95.3	102.4
Operating metrics					
Core NWC days	(5.1)	(15.5)	(15.5)	(11.1)	(11.1)
Total NWC days	(5.1)	(15.5)	(15.5)	(11.1)	(11.1)
Fixed asset turnover	2.3	2.4	2.5	2.6	2.7
Opex-to-revenue (%)	17.6	18.1	18.2	17.9	17.4

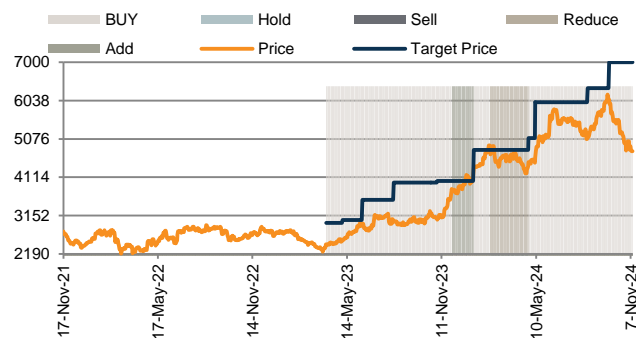
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
26-Sep-24	6,051	7,000	Buy	Chirag Jain
16-Aug-24	5,128	6,350	Buy	Chirag Jain
04-Jun-24	5,311	6,000	Buy	Chirag Jain
08-May-24	4,614	6,000	Buy	Chirag Jain
25-Apr-24	4,498	5,100	Buy	Chirag Jain
11-Feb-24	4,909	4,800	Reduce	Chirag Jain
24-Jan-24	4,434	4,800	Buy	Chirag Jain
11-Jan-24	4,342	4,800	Buy	Chirag Jain
30-Nov-23	3,819	4,020	Add	Chirag Jain
02-Nov-23	3,052	4,020	Buy	Chirag Jain
11-Aug-23	2,998	3,980	Buy	Chirag Jain
04-Jul-23	3,030	3,550	Buy	Chirag Jain
12-Jun-23	2,930	3,550	Buy	Chirag Jain
05-May-23	2,547	3,040	Buy	Chirag Jain
04-Apr-23	2,431	2,970	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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