

Hero MotoCorp

Estimate change	↔
TP change	↔
Rating change	↔



Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USD\$)	598.6 / 7.2
52-Week Range (INR)	3243 / 2247
1, 6, 12 Rel. Per (%)	-3/7/-2
12M Avg Val (INR M)	1677

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	338.1	366.3	399.4
EBITDA	39.9	50.2	53.8
Adj. PAT	29.1	37.5	40.0
Adj. EPS (INR)	145.6	187.4	199.7
EPS Gr. (%)	17.7	28.7	6.6
BV/Sh. (INR)	836	917	1,006

Ratios

RoE (%)	17.9	21.4	20.8
RoCE (%)	17.6	21.0	20.4
Payout (%)	68.7	56.0	55.1

Valuations

P/E (x)	20.8	16.2	15.2
P/BV (x)	3.6	3.3	3.0
Div. Yield (%)	3.3	3.5	3.6
FCF Yield (%)	3.3	6.2	7.2

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	34.8	34.8	34.8
DII	27.3	27.9	25.6
FII	28.1	27.0	28.8
Others	9.9	10.4	10.8

FII Includes depository receipts

CMP: INR2,995 TP: INR3,630 (+21%) Buy

Inline operating performance

Placing more emphasis on growth and market share gains

- Hero MotoCorp's (HMCL's) 1Q operating performance was in line, while higher 'other income' drove PAT beat. HMCL is focusing on expanding its market share, on the back of new launches with margin expected to be in the 14-16% range (14.5% in 1Q for ICE business). De-stocking in 1Q coupled with visible recovery in demand has created headroom for inventory buildup as we approach the festive season.
- We maintain our FY24E/FY25E EPS estimates. We reiterate our BUY rating on the stock with a TP of INR3,630 (16x Sep'25E EPS + INR226/INR116 for Hero FinCorp/Ather after 20% holding company discount).

EBITDA margins for ICE back to pre-Covid range of 14-16%

- 1QFY24 revenue/EBITDA/PAT grew 4.5%/28%/51% YoY to INR87.7b/INR12.1b/INR9.45b.
- Volume declined ~3% YoY, while net realizations rose ~7% YoY (flat QoQ) to INR64.8k/unit. Revenue increased ~4.5% YoY to INR87.7b (est. INR89.1b).
- Gross margin expanded 340bp YoY (down 140bp QoQ) to 30.6% (est. 31.4%). Sequential decline in gross margins was due to a time lag on cost and mix effect.
- However, lower-than-est. other expenses (up 70bp YoY/down 200bp QoQ) led to EBITDA margins gaining 250bp YoY to 13.8% (est. 13.3%). EBITDA for ICE business stood at 14.5%, excluding the impact of EV business. EBITDA improved 28% YoY to INR12.1b (est. INR11.8b).
- Aided by higher 'other income', adj. PAT jumped 51% YoY to INR9.45b (est. INR8.5b).
- There was an extraordinary expense of INR1.6b, relating to a VRS scheme for employees.

Highlights from the management commentary

- It is now focused on volume growth and market share, backed by a slew of several product launches, after attained targeted 14-16% EBITDA margins in 1QFY24, where core ICE 2W margins were ~14.5%.
- The company has maintained its earlier guidance of double-digit revenue growth for FY24. Several favorable factors contribute to the demand outlook: a) significantly elevated government spending over the past two years, with the associated benefits, typically manifesting with a time lag b) inflation and interest rates have peaked, and c) Favorable monsoon conditions have prevailed. These factors should augur well for the upcoming festive season.
- Several new product launches are lined-up, following-up on Xoom 100c scooter, Destini Prime 125cc, XTec variants, new Passion Pro, and new Glamour. Multiple product launches are lined-up in the premium segment viz Karizma, HMCL's product on HD platform, etc.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- We expect visible recovery in domestic 2W demand to continue, led by stable demand in the urban market, better rural off-take, led by a regular monsoon and a favorable comparison to a lower base period. In addition to these factors, stable RM prices and cost savings should drive a ~17% earnings CAGR over FY23-25E.
- HMCL is a pure play in the domestic 2W industry, with its stronghold in the 100cc motorcycle segment. It has low vulnerability to EVs, as it garners just 8% volumes from Scooters, while its core 100CC Motorcycle is less prone to EVs. The stock currently trades at ~16.2x/15.2x FY24E/FY25E EPS. We reiterate our BUY rating with a TP of INR3,630 (16x Sep'25E EPS + INR226/INR116 for Hero FinCorp/Ather after 20% holding company discount).

Quarterly Performance (S/A)**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Total Volumes ('000 nos)	1,390	1,428	1,240	1,270	1,353	1,370	1,472	1,422	5,329	5,617	1,353
Growth YoY (%)	35.7	-0.7	-4.1	6.9	-2.7	-4.0	18.8	11.9	7.8	5.4	-2.7
Net Realization	60,370	63,545	64,782	65,382	64,819	65,467	65,140	65,368	63,443	65,200	65,873
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	3.0	0.6	0.0	7.3	2.8	9.1
Net Op Revenues	83,925	90,754	80,310	83,068	87,673	89,718	95,900	92,962	3,38,057	3,66,253	89,098
Growth YoY (%)	53.0	7.4	1.9	11.9	4.5	-1.1	19.4	11.9	15.6	8.3	6.2
RM Cost (% sales)	72.8	72.0	69.4	68.0	69.4	68.9	68.9	68.5	70.6	68.9	68.6
Staff Cost (% sales)	6.4	6.0	6.8	6.7	6.6	6.6	6.4	6.5	6.5	6.5	6.5
Other Exp (% sales)	9.6	10.6	12.3	12.3	10.3	10.8	11.0	11.4	11.2	10.9	11.6
EBITDA	9,408	10,383	9,241	10,830	12,063	12,313	13,176	12,686	39,862	50,237	11,841
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	13.7	13.7	13.6	11.8	13.7	13.3
Other Income	530	921	1,832	2,369	2,222	1,500	1,500	1,488	5,652	6,710	1,200
Interest	70	33	49	47	47	50	50	53	199	200	50
Depreciation	1,630	1,634	1,620	1,686	1,690	1,705	1,725	1,762	6,570	6,881	1,700
PBT before EO Exp/(Inc)	8,238	9,637	9,404	11,467	12,548	12,058	12,901	12,360	38,746	49,866	11,291
Effective Tax Rate (%)	24.2	25.7	24.4	25.1	24.7	24.8	24.8	24.9	24.9	24.8	24.8
Adj. PAT	6,245	7,161	7,111	8,589	9,451	9,071	9,705	9,287	29,106	37,513	8,486
Growth (%)	70.9	-9.9	3.6	37.0	51.3	26.7	36.5	8.1	17.7	28.9	35.9

Key Performance Indicators

Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY23	FY24E	1Q
Volumes ('000 units)	1,390	1,428	1,240	1,270	1,353	1,370	1,472	1,422	5,329	5,617	1,353
Growth (%)	35.7	-0.7	-4.1	6.9	-2.7	-4.0	18.8	11.9	1.2	1.2	-2.7
Dom. 2W Mkt Sh (%)	35.7	29.7	31.3	34.3	35.4				32.5		
Net Realization	60,370	63,545	64,782	65,382	64,819	65,467	65,140	65,368	63,443	65,200	65,873
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	3.0	0.6	0.0	7.3	2.8	9.1
Cost Break-up											
RM Cost (% of sales)	72.8	72.0	69.4	68.0	69.4	68.9	68.9	68.5	70.6	68.9	68.6
Staff Cost (% of sales)	6.4	6.0	6.8	6.7	6.6	6.6	6.4	6.5	6.5	6.5	6.5
Other Cost (% of sales)	9.6	10.6	12.3	12.3	10.3	10.8	11.0	11.4	11.2	10.9	11.6
Gross Margins (%)	27.2	28.0	30.6	32.0	30.6	31.1	31.1	31.5	29.4	31.1	31.4
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	13.7	13.7	13.6	11.8	13.7	13.3
EBIT Margins (%)	9.3	9.6	9.5	11.0	11.8	11.8	11.9	11.8	9.8	11.8	11.4

E:MOFSL Estimates



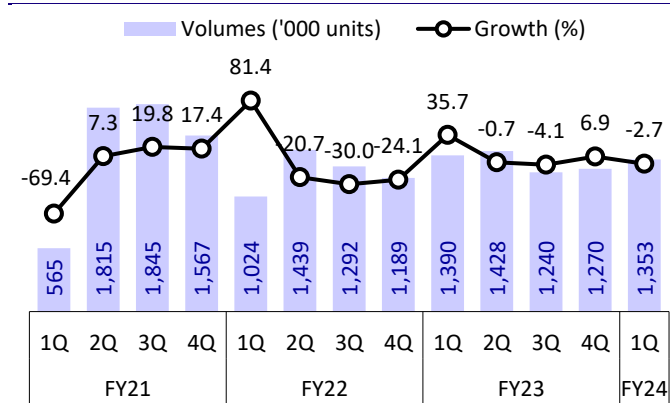
Key takeaways from the management commentary

- **Demand environment:** The company has maintained its earlier guidance of double-digit revenue growth for FY24. This would be aided by a) interest rates having peaked up; higher disposable income in the hands of consumers b) inflation seeing downward trend c) government's push toward infrastructure d) rainfall evenly spread across the country. Urban demand persists as a strong performer, with rural demand expected to catch up, due to favorable macroeconomic conditions. In terms of segments, commuter entry-level segment continues to see stress, while the premium segment is doing better. Replacement demand has also started picking up and is at 10% of overall volumes (vs. 4-5% in the last two years).
- **Retail market share improved 300bp QoQ to 36.1%:** 4QFY23 saw the transition to OBD-2 norms, hence, wholesales were ahead of retails for HMCL. 1QFY24 saw the effect of inventory destocking, and hence, retails were ahead of wholesales, leading to inventory reduction to six weeks. The company is geared up for a longer festival season and should see strong inventory stocking in 2Q/3QFY24.
- **HD 440X response:** It has stopped taking fresh bookings after reaching 25k bookings. It would be focusing on providing a superior customer experience and fulfilling these order. HD-owned stores currently are present in 26 cities and Hero would add 100 more stores for distribution (incl Hero Premia and Hero 2.0 stores).
- **New products would be driving growth and market share:** New products such as Xoom100cc and Destini Prime 125cc has seen good acceptance in the scooter segment. Super Splendor Xtec 125cc is seeing increased volumes in the 125cc segments. New Glamour 125cc dispatches have started in states such as AP/Telangana and North Eastern states. Passion Pro has been among the top 10 motorcycle selling models in Jun/Jul and sold 10k units in a span of 15 days. It has been launched in the western and southern markets and soon would see dispatches to other markets. Further, premium products such as Karizma and cross-badged model based on HD X440, which is slated to launch in 4QFY24, would drive growth. New product launches would take anywhere between four and eight weeks to see retail market share improvement.
- **Margins:** ICE margins target would be 14-16% (earlier target maintained), which it has attained in 1QFY24 at 14.5%. EV business would see investment of ~1pp. **RM cost increase in 1QFY24** was due to a time lag on cost and mix effect. The commodity basket is expected to remain stable in the coming quarters.
- **Vida to be sold in 100 cities by the end of CY23 (vs. 36 cities presently).** It is also working on interoperable charging network with Ather electric thus widening the charging network. It is working on launching EVs in the mid- and entry-level segments and would be using EVs as a launchpad for some of the export markets.
- **Hero 2.0:** Around 38 dealerships are opened on a pilot basis and feedback has been positive. Target is to onboard 200-300 dealers. Vida and HD would be sold through Hero 2.0 dealerships.

■ Others:

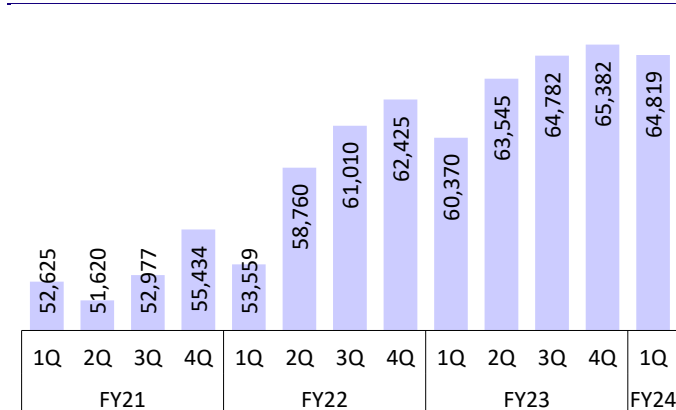
- Spares sales for 1QFY24 stood at INR1.2b (grew 14% YoY). It has added a new line of business such as apparels and accessories and is taking an FMCG type approach for distribution.
- VRS scheme of INR1.6b was introduced and ~10% of the staff opted for the same.
- There was an investment of INR225m through one of its subsidiaries for the Colombia market.

Exhibit 1: Trend in volumes



Source: SIAM

Exhibit 2: Trend in blended realizations



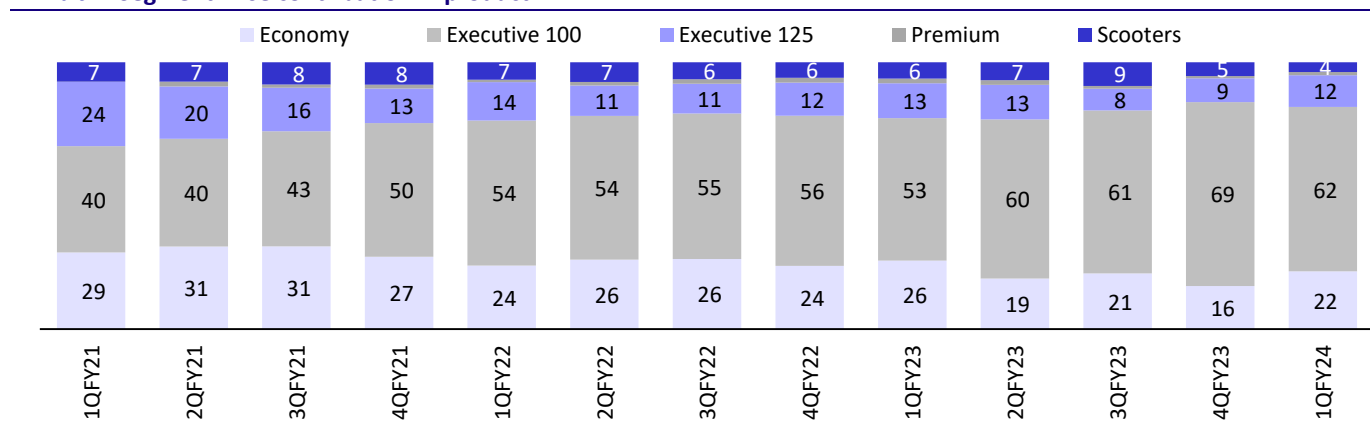
Source: Company, MOFSL

Exhibit 3: Trend in segmental mix ('000 units)

	1QFY24	1QFY23	YoY %	4QFY23	QoQ %	FY24E	FY23	YoY %
Total Motorcycles	1,263	1,306	-3.3	1,191	6.0	5,211	4,959	5.1
% of total	93.4	94.0		93.8		92.8	93.0	
Scooters	90	84	7.2	79	13.7	406	372	9.1
% of total	6.6	6.0		6.2		7.2	7.0	
Total 2Ws	1,353	1,390	-2.7	1,270	6.5	5,617	5,331	5.4
Of which exports	35	62	(43.0)	36	-1.9	181	173	4.9
% of total	2.6	4.5		2.8		3.2	3.2	

Source: Company, MOFSL

Exhibit 4: Segment-wise contribution in product mix

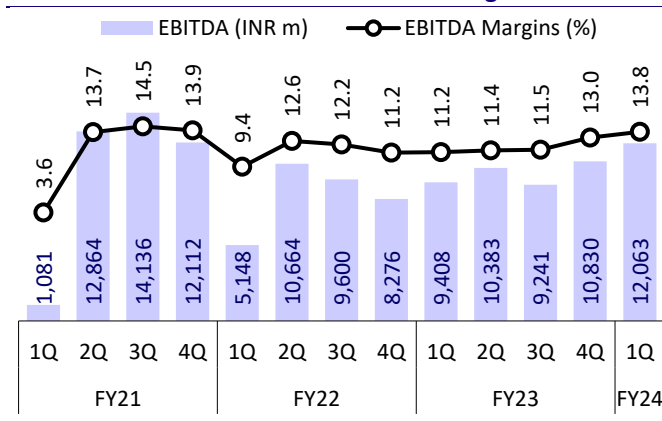


Source: SIAM

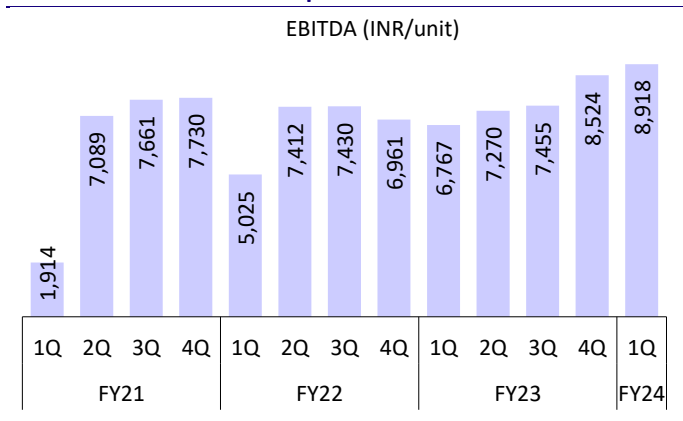
Exhibit 5: Trend in Market Share

Segment	1QFY24	1QFY23	Chg YoY (BP)	4QFY23	Chg QoQ (BP)
Economy	49.9	65.6	-1,580	52.5	-260
Executive - 100	100.0	93.6	640	99.4	60
Executive - 125	20.0	25.1	-520	21.6	-160
Premium	2.5	9.1	-660	3.0	-60
Dom. Motorcycles	45.0	51.8	-680	50.6	-550
Dom. Scooters	3.6	6.7	-310	4.6	-100
Total 2W (Domestic M.S.)	35.4	35.7	-30	34.3	110

Source: SIAM, MOFSL

Exhibit 6: Trend in EBITDA and EBITDA margin

Source: Company, MOFSL

Exhibit 7: Trend in EBITDA per unit

Source: Company, MOFSL

Valuation and view

- **We estimate an 8-9% CAGR in 2W industry volumes** over FY23-25, driven by higher penetration in rural markets and replacement demand in urban markets. We expect HMCL to deliver a volume CAGR of 7% over FY23-25, driven by 1) its increased competitiveness in the Economy and the Executive segment after the transition to BS-VI emission norms, 2) growth in the Premium segment, 3) faster growth in Scooters, and 4) a ramp-up in exports. The company will benefit from a rural recovery, with strong brand equity in the Economy and Executive segments. It is expanding its presence in the fast-growing Scooters and Premium Motorcycle segments, which will further drive volume growth.
- **HMCL to benefit from a strong Economy, Executive portfolio, and newer launches in the premium segment:** It is poised for a faster recovery vs. other 2W peers due to its rural-focused portfolio and market leadership in the Entry and Executive segments. Its newest co-developed product with Harley Davidson, HD X440 has received a strong response with over 25k bookings. We are seeing more traction in its core Executive segment (Splendor and Passion) due to a decrease in the percentage-wise price differential between the Entry and Executive models. Any improvement in its competitive positioning within the Scooters, Premium Motorcycles, or EV segments will serve as catalysts for re-rating.
- **EVs pose a challenge and an opportunity:** EVs pose a threat to incumbents in the Scooter segment (HMSI and TVSL) and an opportunity for OEMs that are ready with a compelling e-scooter package. With its alliance with Gogoro, HMCL now has a three-pronged strategy for EVs: 1) stake in Ather, 2) own development (led by a German R&D center) on a fixed battery system, and 3) JV with Gogoro for a battery-swapping system. Its first EV product under V1 Vida

brand has now seen a price cut and is planned to be launched in 100 cities in CY23. The management plans to launch products under the Gogoro JV in FY24 and a few other mass-market offerings over the next two years.

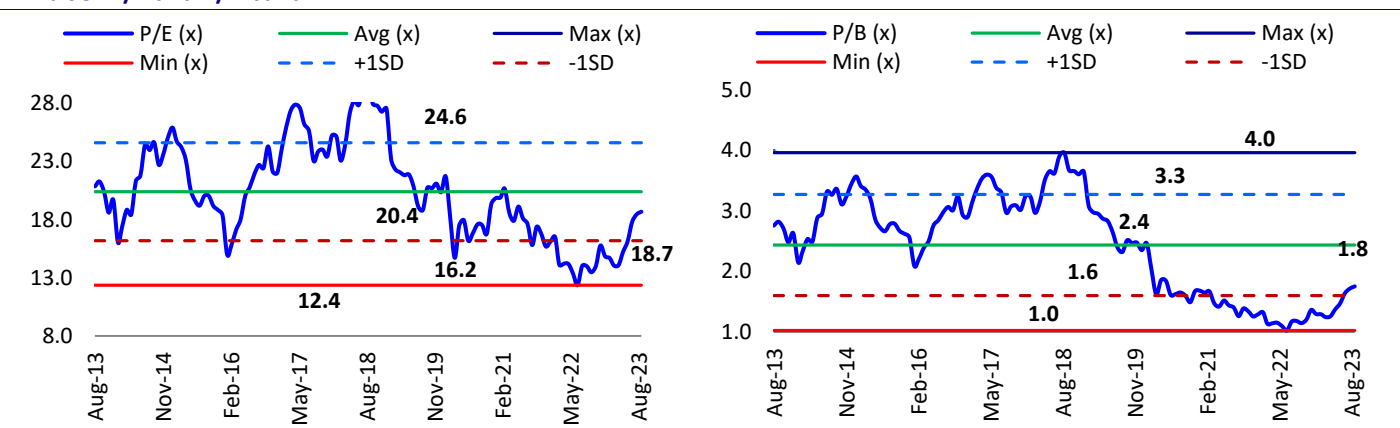
- **Export market to offer huge headroom for growth, but scale-up will be a challenge and back-ended:** HMCL has doubled its target export market to 40 countries over the past few years. While Motorcycle exports to emerging markets present a huge opportunity (~2x that of the Indian market), HMCL, being one of the last entrants, may find it difficult to compete with incumbents (especially BJAUT) due to the limited scope to differently position its products. It has been working on its distribution for the last few years and is concentrating on market-specific products. Recovery in some of these markets, after the recent currency turmoil, works in HMCL's favor. The company aims to achieve 10-15% revenue from exports.
- **Valuations fair; reiterate Buy:** We have maintained our EPS estimates for both FY24E/FY25E. HMCL is a good proxy on a rural market recovery, with its stronghold in the 100cc Motorcycle segment. It has low vulnerability to EVs, as it garners 8% volumes from Scooters and its core 100cc Motorcycle is less prone to EVs. We expect further market share gain (up 3% in 4Q), driven by rural recovery (peaking interest rates and inflation), low inventory (~6 weeks), and new product launches every quarter. We expect a revenue/EBITDA/PAT CAGR of ~9%/16%/17% over FY23-25. The stock currently trades at ~16.2x/15.2x FY24E/FY25E EPS. We reiterate our BUY rating with a TP of INR3,630 (16x Sep'25E EPS + INR226/INR116 for Hero FinCorp/Ather after 20% holding company discount).

Exhibit 8: Revisions to our estimates

(INR B)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	5,617	5,745	-2.2	6,094	6,235	-2.3
Net Sales	366.3	375	-2.3	399.4	409	-2.3
EBITDA	50.2	51	-2.3	53.8	54	-0.3
EBITDA Margins (%)	13.7	13.7	0	13.5	13.2	30
Net Profit	37.5	37	0.2	40.0	40	0.2
EPS (Rs)	187.4	186.9	0.2	199.7	199.3	0.2

Source: MOFSL

Exhibit 9: P/E and P/B band

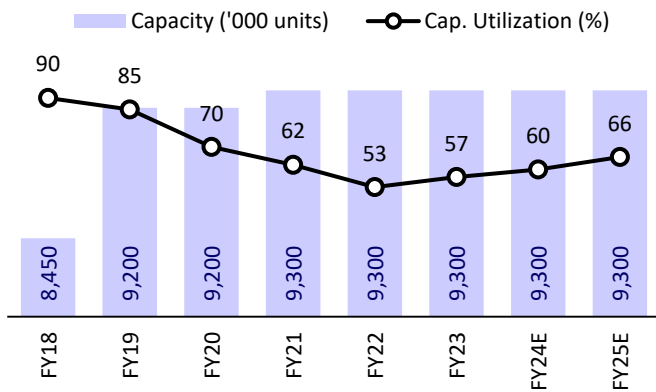


Source: MOFSL

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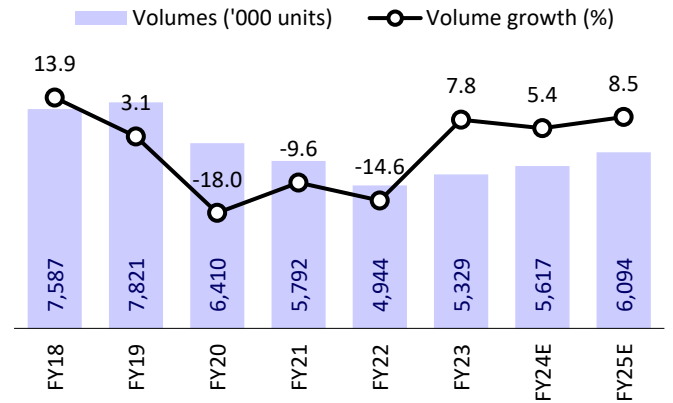
Story in charts

Exhibit 10: Adding capacity ahead of growth



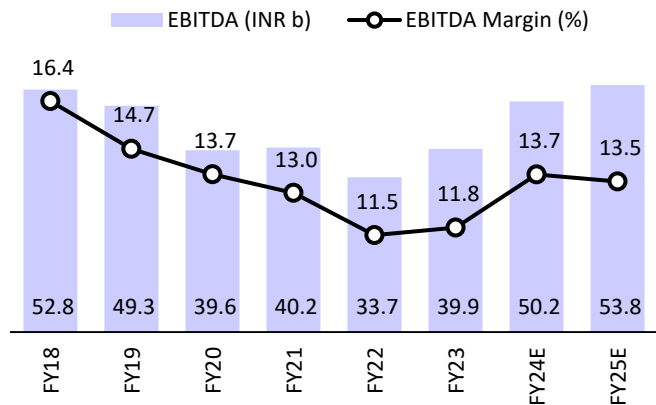
Source: Company, MOFSL

Exhibit 11: Volume sustainability led by rural recovery



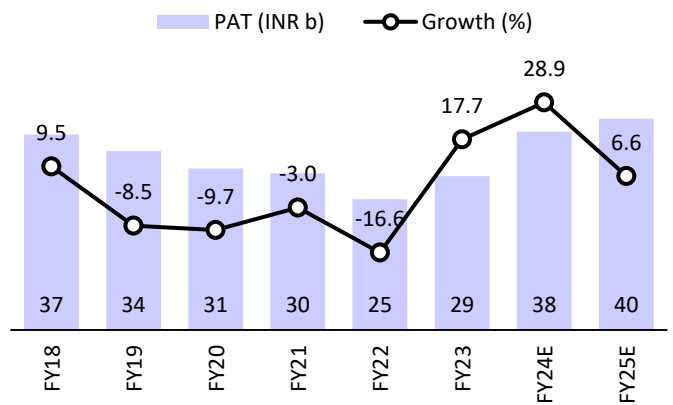
Source: Company, MOFSL

Exhibit 12: EBITDA margin trajectory



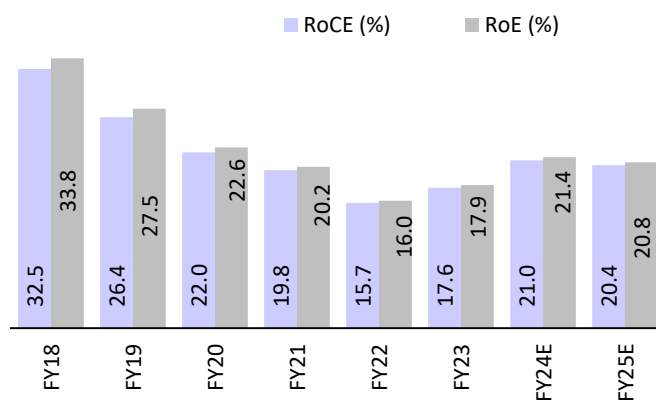
Source: Company, MOFSL

Exhibit 13: PAT growth to be muted



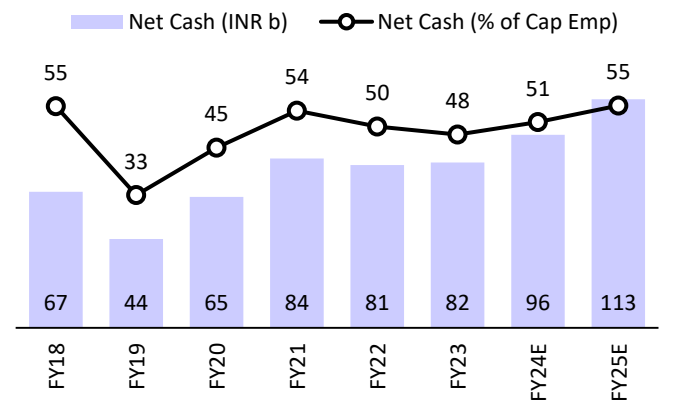
Source: Company, MOFSL

Exhibit 14: Trend in return ratios



Source: Company, MOFSL

Exhibit 15: Trend in cash levels



Source: Company, MOFSL

Exhibit 16: Snapshot of the revenue model

000 units	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total M/Cycles	6,677	7,081	5,990	5,333	4,628	4,959	5,211	5,655
<i>Growth (%)</i>	14.4	6.0	-15.4	-11.0	-13.2	7.2	5.1	8.5
<i>% of total volumes</i>	88.0	90.5	93.5	92.1	93.6	93.1	92.8	92.8
Total Scooters	910	740	419	458	316	369	406	439
<i>Growth (%)</i>	9.7	-18.7	-43.3	9.2	-30.9	16.8	10.0	8.0
<i>% of total volumes</i>	12.0	9.5	6.5	7.9	6.4	6.9	7.2	7.2
Total volumes	7,587	7,821	6,410	5,792	4,944	5,329	5,617	6,094
<i>Growth (%)</i>	13.9	3.1	-18.0	-9.6	-14.6	7.8	5.4	8.5
- of which Exports	178	187	162	172	290	162	162	202
<i>% of total volumes</i>	2.6	2.6	2.8	3.3	6.5	3.3	3.2	3.7
Net Realizations (INR/unit)	42,480	43,027	44,988	53,182	59,152	63,443	65,200	65,531
<i>Growth (%)</i>	-1.6	0.6	4.3	18.8	10.7	8.4	2.7	0.5
Net Revenues (INR b)	322	337	288	308	292	338	366	399
<i>Growth (%)</i>	13.1	4.4	-14.3	6.8	-5.0	15.6	8.3	9.0

SIAM, Company, MOFSL

Financials and valuations

Income Statement								(INR m)	
Y/E March	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Volumes ('000)	6,664	7,587	7,821	6,410	5,792	4,944	5,329	5,617	6,094
Volume Growth (%)	0.5	13.9	3.1	-18.0	-9.6	-14.6	7.8	5.4	8.5
Net Revenues	2,85,005	3,22,305	3,36,505	2,88,360	3,08,006	2,92,455	3,38,057	3,66,253	3,99,363
Change (%)	0.2	13.1	4.4	-14.3	6.8	-5.0	15.6	8.3	9.0
EBITDA	46,348	52,802	49,301	39,579	40,192	33,688	39,862	50,237	53,775
EBITDA Margin (%)	16.3	16.4	14.7	13.7	13.0	11.5	11.8	13.7	13.5
Depreciation	4,927	5,556	6,020	8,180	6,769	6,498	6,570	6,881	7,172
EBIT	41,421	47,246	43,281	31,400	33,424	27,190	33,293	43,356	46,603
Interest cost	61	63	86	220	218	258	199	200	200
Other Income	5,224	5,258	6,913	7,283	5,799	5,569	5,652	6,710	6,755
Non-recurring Expense	0	0	0	-7,274	0	0	0	1,600	0
PBT	46,585	52,442	50,107	45,736	39,004	32,501	38,746	48,266	53,158
Tax	12,813	15,468	16,259	9,404	9,362	7,771	9,640	11,956	13,180
Effective Tax Rate (%)	27.5	29.5	32.4	20.6	24.0	23.9	24.9	24.8	24.8
Adj. PAT	33,771	36,974	33,849	30,554	29,642	24,730	29,106	37,513	39,978
Change (%)	6.9	9.5	-8.5	-9.7	-3.0	-16.6	17.7	28.9	6.6

Balance Sheet								(INR m)	
Y/E March	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Sources of Funds									
Share Capital	399	399	400	400	400	400	400	400	400
Reserves	1,00,714	1,17,289	1,28,172	1,40,965	1,51,585	1,57,430	1,66,651	1,83,144	2,01,100
Net Worth	1,01,113	1,17,689	1,28,571	1,41,364	1,51,984	1,57,829	1,67,051	1,83,544	2,01,500
Deferred Tax	4,143	5,117	5,365	3,928	4,041	3,833	4,054	4,054	4,054
Loans	0	0	0	0	0	0	0	0	0
Capital Employed	1,05,256	1,22,805	1,33,936	1,45,292	1,56,025	1,61,662	1,71,105	1,87,598	2,05,554
Application of Funds									
Gross Fixed Assets	1,03,772	1,11,344	1,16,282	1,38,161	1,42,362	1,46,657	1,51,942	1,59,080	1,65,080
Less: Depreciation	59,816	64,799	70,097	76,991	82,478	88,592	94,328	1,01,209	1,08,381
Net Fixed Assets	43,956	46,545	46,186	61,171	59,884	58,065	57,614	57,871	56,699
Capital WIP	4,651	3,184	5,419	3,413	4,366	4,582	4,638	3,500	3,500
Investments	58,899	75,252	59,686	82,227	1,04,997	1,06,523	1,10,104	1,10,104	1,10,104
Curr.Assets, L & Adv.	39,438	42,407	65,121	40,683	52,364	47,970	60,276	82,834	1,07,858
Inventory	6,563	8,236	10,724	10,920	14,696	11,227	14,341	16,623	18,126
Sundry Debtors	15,619	15,202	28,216	16,031	24,268	23,043	27,982	29,334	29,854
Cash & Bank Balances	1,367	1,413	1,365	2,419	2,572	1,751	3,455	21,174	42,756
Loans & Advances	725	732	850	896	892	402	436	472	515
Others	15,163	16,823	23,968	10,417	9,938	11,547	14,062	15,231	16,608
Current Liab. & Prov.	41,686	44,583	42,476	42,201	65,585	55,478	61,527	66,711	72,607
Sundry Creditors	32,473	33,188	33,553	30,305	52,046	42,603	47,045	53,780	58,642
Other Liabilities	8,071	9,647	7,161	9,207	10,211	9,490	10,744	9,778	10,662
Provisions	1,143	1,747	1,762	2,689	3,328	3,385	3,738	3,153	3,303
Net Current Assets	-2,249	-2,176	22,646	-1,518	-13,222	-7,508	-1,251	16,123	35,251
Application of Funds	1,05,256	1,22,805	1,33,936	1,45,292	1,56,025	1,61,662	1,71,105	1,87,598	2,05,554

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Basic (INR)									
EPS	169.1	185.1	169.5	153.0	148.4	123.8	145.6	187.4	199.7
EPS Growth (%)	6.9	9.5	-8.5	-9.7	-3.0	-16.6	17.7	28.7	6.6
Cash EPS	193.8	213.0	199.6	222.8	182.2	156.3	178.5	215.7	235.5
Book Value per Share	506.3	589.3	643.7	707.7	760.7	789.9	835.9	916.8	1,006.5
DPS	85.0	95.0	87.0	90.0	105.0	95.0	100.0	105.0	110.0
Payout (Incl. Div. Tax) %	60.6	61.8	62.9	71.8	70.8	76.8	68.7	56.0	55.1
Valuation (x)									
P/E	17.9	16.4	17.9	19.8	20.5	24.5	20.8	16.2	15.2
EV/EBITDA	11.8	10.0	11.1	13.2	12.4	14.8	12.4	9.5	8.5
EV/Sales	1.9	1.6	1.6	1.8	1.6	1.7	1.5	1.3	1.1
Price to Book Value	6.0	5.1	4.7	4.3	4.0	3.8	3.6	3.3	3.0
Dividend Yield (%)	2.8	3.1	2.9	3.0	3.5	3.1	3.3	3.5	3.6
Profitability Ratios (%)									
RoE	35.7	33.8	27.5	22.6	20.2	16.0	17.9	21.4	20.8
RoCE	34.5	32.5	26.4	22.0	19.8	15.7	17.6	21.0	20.4
RoIC	77.3	80.0	53.0	40.0	50.1	44.5	49.2	61.7	68.7
Turnover Ratios									
Debtors (Days)	21	18	32	21	30	30	32	31	29
Inventory (Days)	9	10	12	15	18	15	16	17	17
Creditors (Days)	42	38	36	38	62	53	51	54	54
Working Capital (Days)	-3	-2	25	-2	-16	-9	-1	16	32
Asset Turnover (x)	2.7	2.6	2.5	2.0	2.0	1.8	2.0	2.0	1.9
Fixed Asset Turnover	2.9	3.0	3.0	2.3	2.2	2.0	2.3	2.4	2.5

Cash Flow Statement

(INR m)

Y/E March	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Profit before Tax	46,585	52,442	50,107	45,736	39,004	32,501	38,746	48,266	53,158
Depreciation & Amort.	4,927	5,556	6,020	8,180	6,769	6,498	6,570	6,881	7,172
Direct Taxes Paid	-11,865	-14,943	-20,515	-5,443	-9,759	-7,688	-8,496	-11,956	-13,180
(Inc)/Dec in Working Capital	4,208	-2,682	-19,189	12,027	10,700	-6,825	-5,832	345	2,454
Other Items	-1,606	1,723	-6,634	-6,399	-4,987	-4,283	-5,197	200	200
CF from Oper. Activity	40,280	39,809	9,791	54,101	41,727	20,203	25,791	43,736	49,804
Extra-ordinary Items	0	0	0	0	0	0	0	-1,600	0
CF after EO Items	40,280	39,809	9,791	54,101	41,727	20,203	25,791	42,136	49,804
(Inc)/Dec in FA+CWIP	-11,491	-7,992	-9,179	-13,586	-5,101	-5,240	-5,675	-6,000	-6,000
Free Cash Flow	28,790	31,816	611	40,515	36,626	14,963	20,115	37,736	43,804
(Pur)/Sale of Invest.	-7,949	-11,160	22,392	-15,245	-16,998	3,721	987	0	0
CF from Inv. Activity	-19,439	-19,152	13,212	-28,831	-22,099	-1,519	-4,688	-6,000	-6,000
Interest Paid	-61	-63	-86	-874	-515	-458	-455	-200	-200
Dividends Paid	-20,896	-20,404	-22,854	-23,323	-18,900	-18,931	-19,951	-21,021	-22,022
CF from Fin. Activity	-20,956	-20,467	-22,940	-24,198	-19,415	-19,389	-20,406	-21,221	-22,222
Inc/(Dec) in Cash	-116	190	63	1,072	213	-705	697	14,915	21,582
Add: Beginning Balance	270	154	344	407	1,479	1,692	987	1,684	16,599
Closing Balance	154	344	407	1,479	1,692	987	1,684	16,599	38,181

E: MOFSL Estimates

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