

January 24, 2024

Visit Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	4,800		4,120	
Sales (Rs. m)	4,26,904	4,60,313	4,12,650	4,38,499
% Chng.	3.5	5.0		
EBITDA (Rs. m)	61,491	68,143	59,439	63,599
% Chng.	3.5	7.1		
EPS (Rs.)	231.9	255.6	223.0	235.5
% Chng.	4.0	8.5		

Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. bn)	338	378	427	460
EBITDA (Rs. bn)	40	53	61	68
Margin (%)	11.8	14.0	14.4	14.8
PAT (Rs. bn)	29	41	46	51
EPS (Rs.)	145.6	204.1	231.9	255.6
Gr. (%)	17.7	40.1	13.6	10.2
DPS (Rs.)	100.0	105.0	120.0	140.0
Yield (%)	2.3	2.4	2.7	3.2
RoE (%)	17.9	23.1	23.5	23.2
RoCE (%)	20.5	26.1	27.3	27.2
EV/Sales (x)	2.4	2.1	1.8	1.7
EV/EBITDA (x)	20.5	15.1	12.8	11.3
PE (x)	30.5	21.8	19.2	17.4
P/BV (x)	5.3	4.8	4.3	3.8

Key Data

HROM.BO | HMCL IN

52-W High / Low	Rs.4,562 / Rs.2,246
Sensex / Nifty	70,371 / 21,239
Market Cap	Rs.888bn/ \$ 10,682m
Shares Outstanding	200m
3M Avg. Daily Value	Rs.2882.03m

Shareholding Pattern (%)

Promoter's	34.76
Foreign	26.80
Domestic Institution	29.14
Public & Others	9.30
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	12.9	43.3	60.2
Relative	14.1	35.8	38.0

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Hero Motocorp (HMCL IN)

Rating: ACCUMULATE | CMP: Rs4,444 | TP: Rs4,800

Premium segment offensive continues

Quick Pointers:

- Xtreme 125R to help gain market share in fast growing 125cc segment.
- Focused on providing right products to customers to improve premium image.

We increase our FY25-26E EPS estimates by 4%/8.5% to factor in volumes from new launches and sustained rural recovery post Hero Motocorp's (HMCL) launch of Xtreme 125R and Mavrick 440 (pricing not revealed yet) at Hero World Day 2024. Xtreme 125R (filling white space in 125cc sports segment) should start meaningful contribution to volumes in FY25E. HMCL is undergoing an aggressive model launch cycle focused on addressing white space in existing segments and towards premium products. Including above two, HMCL has launched 5 new products in the last year and 3 new engine families, which should start contributing meaningfully to volumes from FY25 onwards. Key focus is on 1) winning in premium segment (from 125cc to 450cc); 2) building EV leadership (3 new product launch expected in FY25), 3) using digital mediums to expand reach and improve customer experience.

We believe, HMCL is moving in the right direction and further re-rating is possible if premium segment volumes start becoming meaningful. Also with rural market seeing sharp recovery we see HMCL to be a key beneficiary from the trend ([Rural trend reversal visible](#)). The company trades at a PE of c19x on FY25E, more than c30% discount versus its peers' average. We roll-forward to Mar-26 and maintain 'ACCUMULATE' rating with TP of Rs 4,800 at 18x PE Mar-26E standalone EPS (Rs 84 for Fincorp and Rs 115 for Ather).

- Xtreme 125R:** With Xtreme 125R, HMCL plans to fill whitespace in the sports 125cc segment which has monthly volumes of close to 125k to 150k units and could sell 20k-25k units in the segment. It comes with an all new Sprint EBT engine and is available in two variants. Xtreme 125R is competitively priced at of Rs. 95,000/- (CBS), Rs. 99,500/- (S-ABS) which is 1) at par with its competition and specifications are either at par or superior in the segment, 2) combines agility and versatility of an Xtreme model, 3) has crispy lines, powerfully sculpted surfaces and dynamic proportions. The bike is favorably positioned within the 125cc motorcycle segment and will be distributed through HMCL's Select Premium stores starting Feb-2024. HMCL plans to increase its network strength of premium exclusive stores "Hero 2.0" close to 400 by Mar-24E. Xtreme 125R comes with a 124.7cc air cooled, all new SPRINT EBT engine on a steel diamond frame with Showa suspension. It gives first in segment single channel ABS. Xtreme 125R generates a torque of 10.5 Nm at 6000 rpm and power of 11.4 bhp at 8250 rpm.

- **Mavrick 440** was launched as a Modern Roadster in the upper premium segment; borrowed its engine from the recently launched Harley Davidson X440. It has robust styling and has commanding road presence. Mavrick 440 will be available in five colour options that will be spread across three variants. Bookings will start in Feb-2024 along with price announcement and deliveries to begin from Apr-2024. The base version will be offered with spoke wheels and will be available in a single Arctic White paint scheme. The mid variant will get alloy wheels and will be available in two colours - Celestial Blue and Fearless Red. The top-spec trim will be offered with machined alloys and will be available in Phantom Black and Enigma Black colour options. The company aims to add multiple premium bikes by 2027. Mavrick 440 comes with a 440 cc, 6-speed, Air-Oil cooled 2V, single cylinder engine on Trellis frame body with Telescopic Front Fork and hydraulic rear twin shox swingarm mount generating torque of 36 Nm @ 4000 RPM and power of 27 bhp @6000 RPM.
- **Vida EV:** HMCL laid out details of e-scooter portfolio expansion plan and e-motorcycle portfolio under development. The company plans to expand its EV offering with 3 new models expected in the EV scooter space in FY25E across price points. It is also working on electric motorcycles which will start coming online in FY26E and beyond helped by partnership with “Zero” and internal projects.
- **Network expansion:** HMCL introduced Premia stores which will offer “store in a store” concept and tech based experience. HMCL has 3 live stores and aims to have 100 by Jun-24. Company also aims to reach 400 Hero 2.0 stores by Mar-24.



Exhibit 1: Xtreme 125 offers similar or better features and performance than competition

Basic Information	Hero Xtreme 125	Honda Shine	Bajaj Pulsar 125	TVS Raider	Hero Glamour	Hero Glamour XTEC	Hero Splendor Plus	Hero Splendor Plus XTEC
Volumes (FY23)		12,09,025	6,29,267	2,39,388	2,49,878		3,11,677	
Volumes (Q3FY24)		4,04,674	2,36,096	1,26,755	69,784		49,155	
On Road Price	Rs.95,000 onw ards	Rs.96,833 onw ards	Rs.1.08 Lakh onw ards	Rs.1.09 Lakh onw ards	Rs.98,052 onw ards	Rs.1.01 Lakh onw ards	Rs.88,777 onw ards	Rs.92,549 onw ards
Mileage	66kmpl	-	51.46 kmpl	67 kmpl	55 kmpl		80.6 kmpl	
Max Power	11.4BHP @ 8250 RPM	10.74 PS @ 7500 rpm	11.8 PS @ 8500 rpm	11.38 PS @ 7500 rpm	10.84 PS @ 7500 rpm		8.02 PS @ 8000 rpm	
Engine and Transmission								
Engine Type	4 Stroke, SI, BS-VI Engine. Sprint EBT	4 Stroke, SI, BS-VI Engine	4-Stroke, 2-Valve, Tw in Spark BSVI Compliant DTS-i Engine	Air and oil cooled single cylinder, SI	Air cooled 4 stroke		Air cooled, 4-stroke, Single cylinder, OHC	
Displacement	124.7 cc	123.94 cc	124.4 cc	124.8 cc	124.7 cc		97.2 cc	
No. of Cylinders	1	1	1	1	1		1	
Cooling System	Air Cooled	Air Cooled	Air Cooled	Air & Oil Cooled	Air Cooled		Air Cooled	
Valve Per Cylinder	2	2	2	3	2		2	
Fuel Supply	Fuel Injection	Fuel Injection	Carburetor	Fuel Injection	Fuel Injection		Fuel Injection	
Clutch	Wet - Multi plate type	Multiplate Wet Clutch	-	Wet - Multi plate type	Wet Multiplate		Multiplate Wet Type	
Ignition	-	-	Dual digital ignition	Electronic Control Unit	-			
Gear Box	5 Speed	5 Speed	5 Speed	5 Speed	5 Speed		4 Speed Constant Mesh	
Bore	52.4 mm	50 mm	56 mm	53.5 mm	52.4 mm		50 mm	
Stroke	57.8 mm	63.1 mm	50.5 mm	55.5 mm	57.8 mm		49.5 mm	
Compression Ratio	-	10±0.2	10.3:1		9.9:1		-	
Max Torque	10.5Nm @ 6000 RPM	11 Nm @ 6000 rpm	10.8 Nm @ 6500 rpm	11.2 Nm @ 6000 rpm	10.6 Nm @ 6000 rpm		8.05 Nm @ 6000 rpm	
Starting	Self (With i3s) & Kick	Kick and Self Start	Kick and Self Start	Self Start Only	Kick and Self Start		Kick and Self Start	
Features								
Instrument Console	Digital	Analogue	Analogue and Digital	Digital	Digital		Analogue	
Speedometer	Digital	Analogue	Digital	Digital	Digital		Analogue	
Odometer	Digital	Analogue	Digital	Digital	Digital		Analogue	
Braking Type	Single Channel ABS	Combi Brake System	Combi Brake System	Synchronized Braking System	-		Integrated Braking System	
Fuel Gauge	Digital	-	Digital	Digital	Digital		-	
Dimensions and Capacity								
Fuel Capacity	10 L	10.5 L	11.5 L	10 L	10 L		9.8 L	
Width	793 mm	737 mm	765 mm	785 mm	743 mm		720 mm	
Length	2009 mm	2046 mm	2042 mm	2070 mm	2051 mm		2000 mm	
Height	1051 mm	1116 mm	1060 mm	1028 mm	1074 mm		1052 mm	
Saddle Height	794 mm	791 mm	790 mm	780 mm	798 mm		785 mm	
Ground Clearance	180 mm	162 mm	165 mm	180 mm	180 mm		165 mm	
Wheelbase	1319 mm	1285 mm	1320 mm	1326 mm	1273 mm		1236 mm	
Kerb Weight	136 kg	114 kg	142 kg	123 kg	123 kg		112 kg	
Tyres and Brakes								
Front Brake Diameter	CBS 240 mm, ABS 276 mm	240 mm	-	240 mm	240 mm		130 mm	
Rear Brake Diameter	130 mm	130 mm	130 mm	130 mm	130 mm		130 mm	

Source: Company, PL

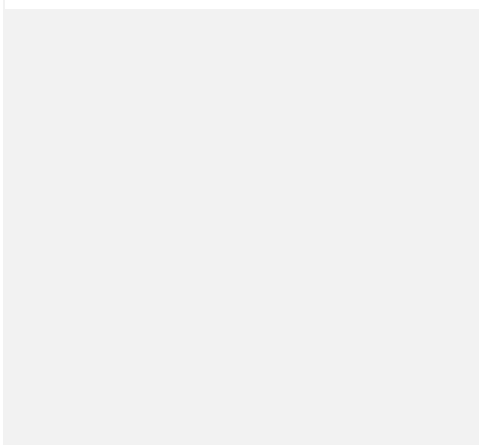


Exhibit 2: Engine borrowed from HD X440; pricing to be crucial factor given late entry in the segment

Specification	Hero Mavrick 440	Hero-Harley Davidson X440	Triumph Speed 400	TVS Apache RR 310	Royal Enfield Hunter 350	Bajaj Dominar 400	KTM RC 390	Honda CB350RS	Royal Enfield Classic 350	Royal Enfield Himalayan 450
Volumes (units) (FY23)		-	-	4,339	1,23,932	7,316	8,834	31,006	3,14,982	37,108
Volumes (units) (Q3FY24)		6,844	8,342	2,215	43,613	1,387	3,155	7,305	83,395	8,164
On Road Price	Not Declared	Rs. 2.29 Lakh onwards	Rs. 2.90 Lakh onwards	Rs.3.07 Lakh onwards	Rs.2 Lakh onwards	Rs.2.75 Lakh onwards	Rs.3.66 Lakh onwards	Rs.2.48 Lakh onwards	Rs.2.14 Lakh onwards	Rs.3.30 Lakh onwards
Mileage (City)	-	35 kmpl	19.6 kmpl	33.1 kmpl	36.2 kmpl	27 kmpl	25.89 kmpl	35 kmpl	41.55 kmpl	-
Max Power	27 bhp @ 6000 rpm	27 bhp @ 6000 rpm	40 PS @ 8000 rpm	34 PS @ 9700 rpm	20.4 PS @ 6100 rpm	40 PS @ 8800 rpm	43.5 PS	21.07 PS @ 5500 rpm	20.21 PS @ 6100 rpm	40.02 PS @ 8000 rpm
Body Type	Roadster	Tracker	Scrambler	Sports	Cruiser	Sports Naked Bikes	Sports Bikes	Cruiser Bikes	Cruiser	Adventure
Engine & Transmission										
Engine Type	single cylinder, air-oil cooled	single cylinder, air-oil cooled	4 Stroke, Air-Oil Cooled Engine, Spark Ignition, Single Cylinder	SI, 4 stroke, 4 valve, Single cylinder, Liquid cooled, Reverse inclined	Single cylinder, 4 stroke, SOHC Engine	Single cylinder, 4 stroke, DOHC, 4 Valve, Liquid Cooled, Triple Spark, FI	1-cylinder, 4-stroke engine	4 Stroke, SI Engine	4 Stroke, Air-Oil Cooled Engine, Spark Ignition, Single Cylinder	Liquid Cooled, Single Cylinder, 4 Valves, DOHC
Displacement		440 cc	398.15 cc	312.2 cc	349.34 cc	373.3 cc	373 cc	348.36 cc	349.34 cc	452 cc
Max Torque	36 Nm @ 4000 rpm	38 Nm @ 4000 rpm	37.5 Nm @ 6500 rpm	27.3 Nm @ 7700 rpm	27 Nm @ 4000 rpm	35 Nm @ 6500 rpm	37 Nm	30 Nm @ 3000 rpm	27 Nm @ 4000 rpm	40 Nm @ 5500 rpm
No. of Cylinders	1	1	1	1	1	1	1	-	1	1
Cooling System	Air cooled with Oil Cooler	Air & Oil Cooled	Liquid Cooled	Liquid Cooled	Air & Oil Cooled	Liquid Cooled	Liquid Cooled	-	Air & Oil Cooled	Liquid Cooled
Valve Per Cylinder	4	4	4	4	2	4	4	-	2	4
Starting	Self Start Only	Self Start Only	Self Start Only	Self Start Only	Self Start Only	Self Start Only	Self Start Only	Self Start Only	Self Start Only	Self Start Only
Fuel Supply	Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection	Fuel Injection
Clutch	-	-	Wet, multi-plate, slip & assist	Wet multi-plate, 7-plate design, RT-Slipper Clutch	Conventional wet clutch	Wet, Multiplate with Assist & Slipper Clutch	PASC™ antihopping clutch, mechanically operated	Multiplate Wet Clutch	Wet, multi-plate	Wet Multiplate
Ignition	-	-		Dynamically controlled integrated high energy ignition system	ECU controlled	-	-	-	Electronic Fuel Injection (EFI)	-
Gear Box		6 Speed	6 Speed	6 Speed	5 Speed	6 Speed	6 Speed	5 Speed	5 Speed	6 Speed
Bore	79.6 mm	79.6 mm	89 mm	80 mm	75 mm	-	89 mm	70 mm	72 mm	84 mm
Stroke	88.4 mm	88.4 mm	64 mm	62.1 mm	85.8 mm	-	60 mm	90.519 mm	85.8 mm	81.5 mm
Compression Ratio	9.65:1	9.5:1	12:01	10.9:1	9.5:1	-	14.5:1	9.5:1	9.5:1	-
Emission Type	bs6	bs6	bs6	bs6	bs6	bs6	bs6	bs6-2.0	bs6-2.0	bs6-2.0
Dimensions and Capacity										
Width	868 mm	-	814 mm	786 mm	800 mm	863 mm	760 mm	782 mm	785 mm	852 mm
Length	2100 mm	2168mm	-	2001 mm	2055 mm	2156 mm	2145 mm	2171 mm	2145 mm	2245 mm
Height	1112 mm	-	1084 mm	1135 mm	1055 mm	1243 mm	830 mm	1097 mm	1090 mm	1316 mm
Fuel Capacity	13.5 L	13.5 L	13 L	11 L	13 L	13 L	13.7 L	15 L	13 L	17 L
Saddle Height	803 mm	805 mm	-	810 mm	790 mm	-	824 mm	800 mm	805 mm	825 mm
Ground Clearance	175 mm	170mm	-	180 mm	150 mm	157 mm	158 mm	168 mm	170 mm	230 mm
Wheelbase	1388 mm	1418mm	1377 mm	1365 mm	1370 mm	1453 mm	1340 mm	1441 mm	1390 mm	1510 mm
Kerb Weight	187 kg	181 kg	170 kg	174 kg	181 kg	193 kg	172 kg	179 kg	195 kg	196 kg

Source: Company, PL




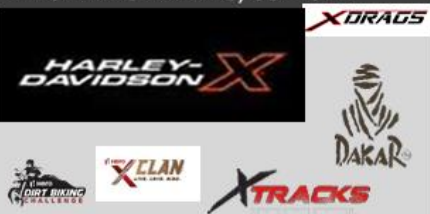



Exhibit 3: Launched multiple products in the premium segment

Multiple New Launches

Elevated Customer Experience

Source: Company, PL

Exhibit 4: Premiumisation strategy not just for products but for customer experience as well

PRODUCT	EXPERIENCE	BRAND
1. PREMIUM PORTFOLIO  Karizma XMR H-D X440 MAVRICK 440	1. NEXT GEN SALES EXPERIENCE  	1. BUILDING BRANDS, CULTURE 
2. PREMIUMIZING THE CORE  125R	2. SERVICE EXPERIENCE 	2. BIKING MERCHANDISE 

Source: Company, PL

Exhibit 5: Premium products portfolio getting richer with white spaces getting filled, focus to continue going ahead



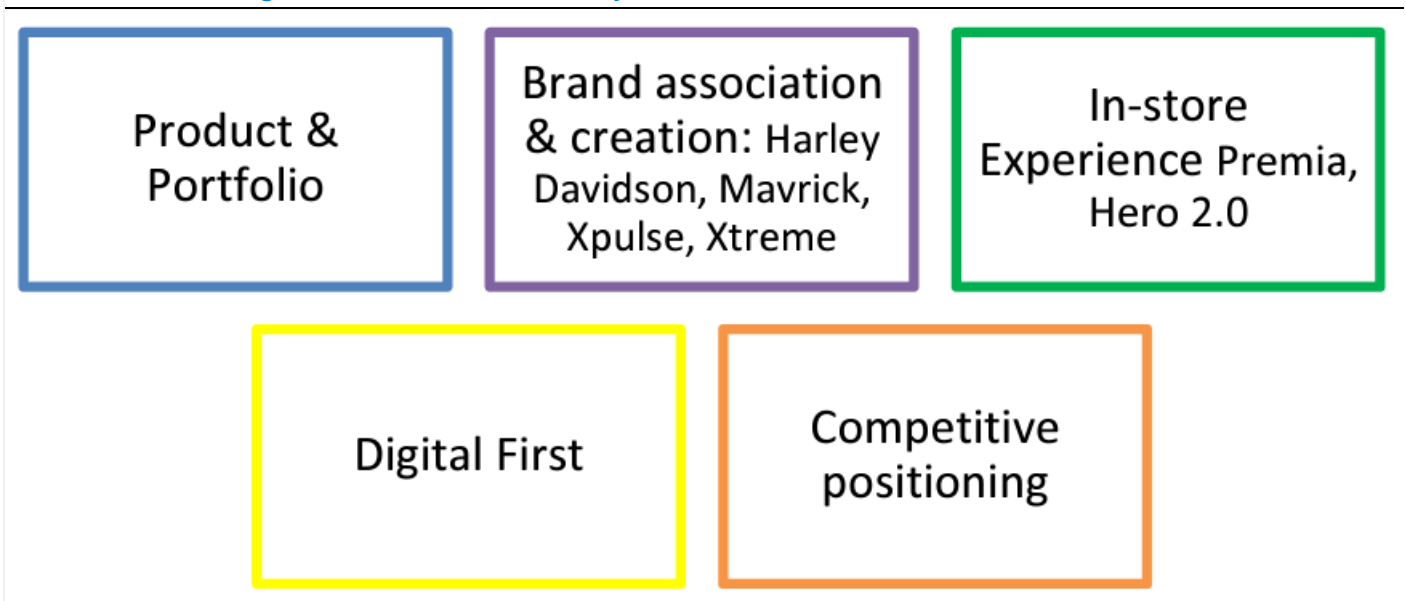
Source: Company, PL

Exhibit 6: Launching competitive products with differentiated and industry first offerings



Source: Company, PL

Exhibit 7: Premium segment transformation underway



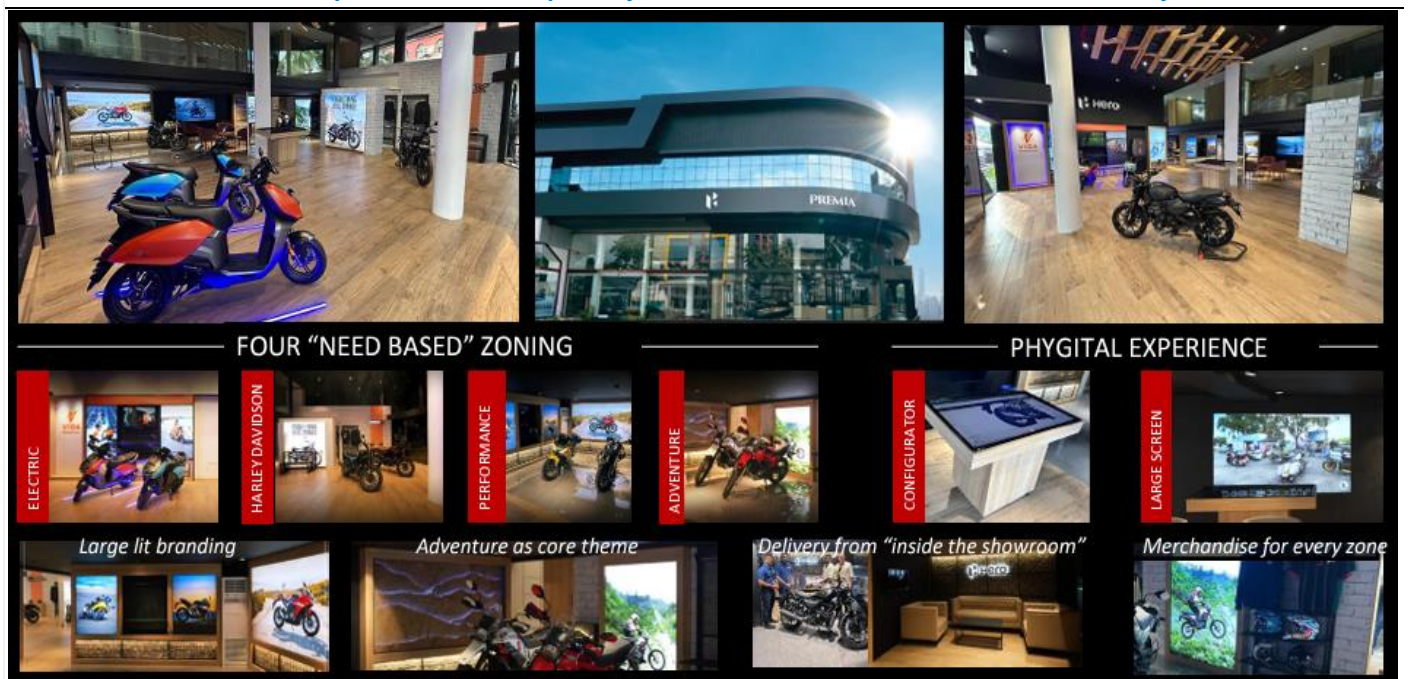
Source: Company, PL

Exhibit 8: Contribution from premium Xtec range even in the core 100-125cc segment increasing



Source: Company, PL

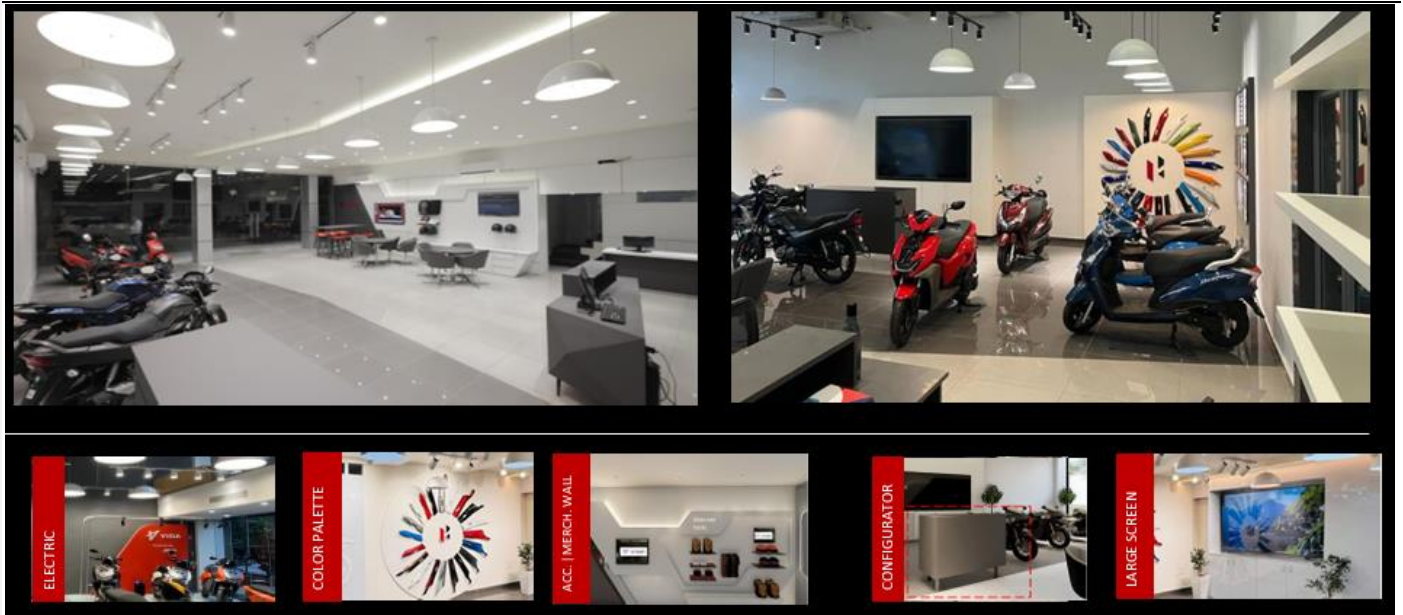
Exhibit 9: Hero PREMIA, the premium dealership, ready to take-off; from 3 stores now to 100 stores by June 2024



Source: Company, PL

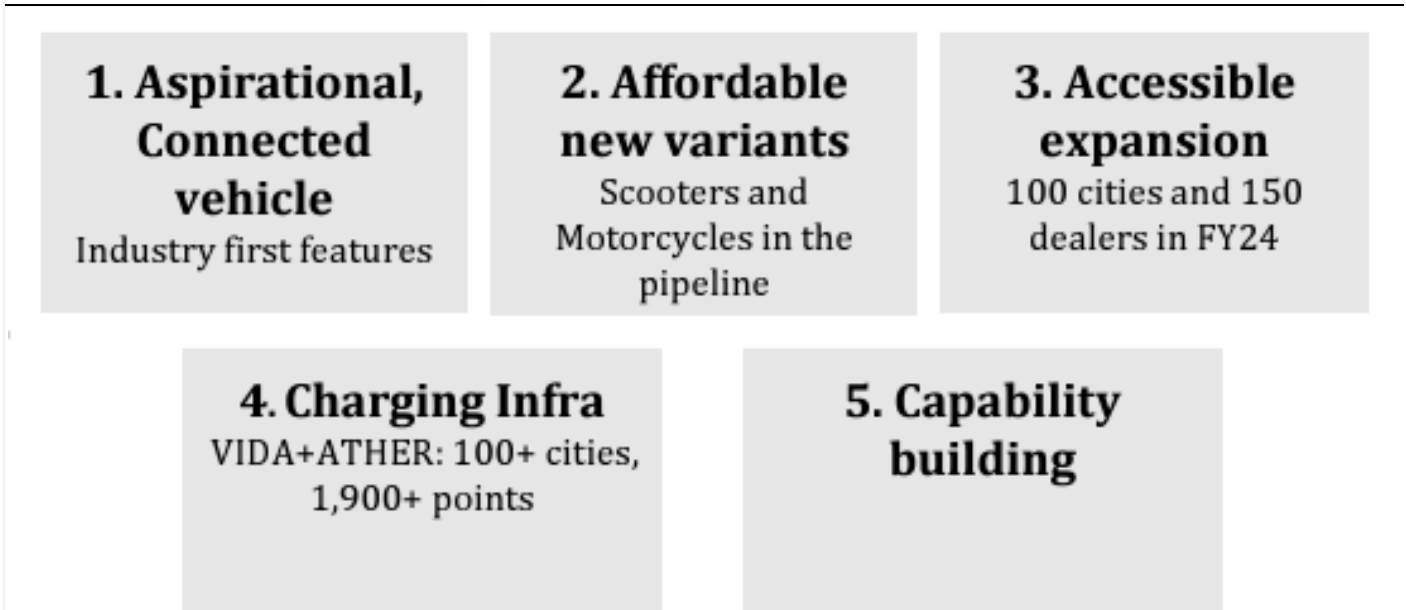
Hero 2.0 dealerships seeing 30% more conversions from customer footfall and driving customer experience and satisfaction to new highs.

Exhibit 10: Hero 2.0: upgraded dealerships ramping up, reached 300 stores today, with aim to reach 400 by Mar-24E



Source: Company, PL

Exhibit 11: Drivers for Emerging Mobility Business: VIDA



Source: Company, PL

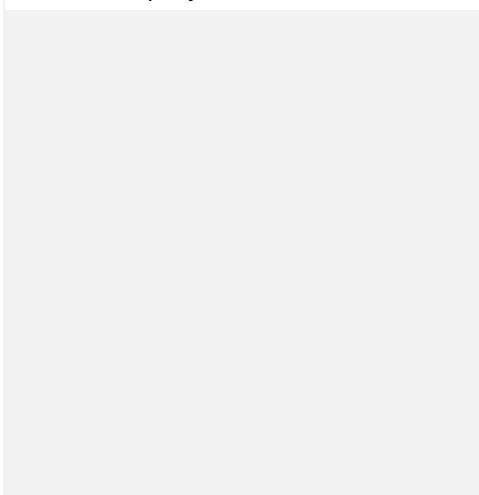
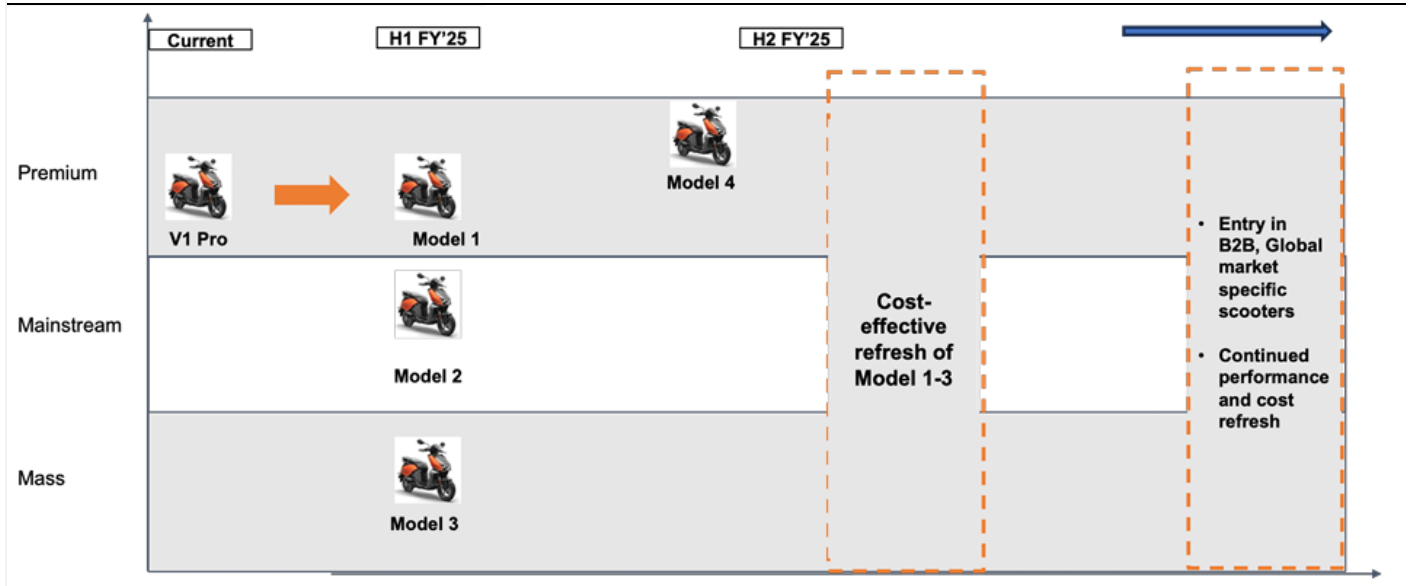
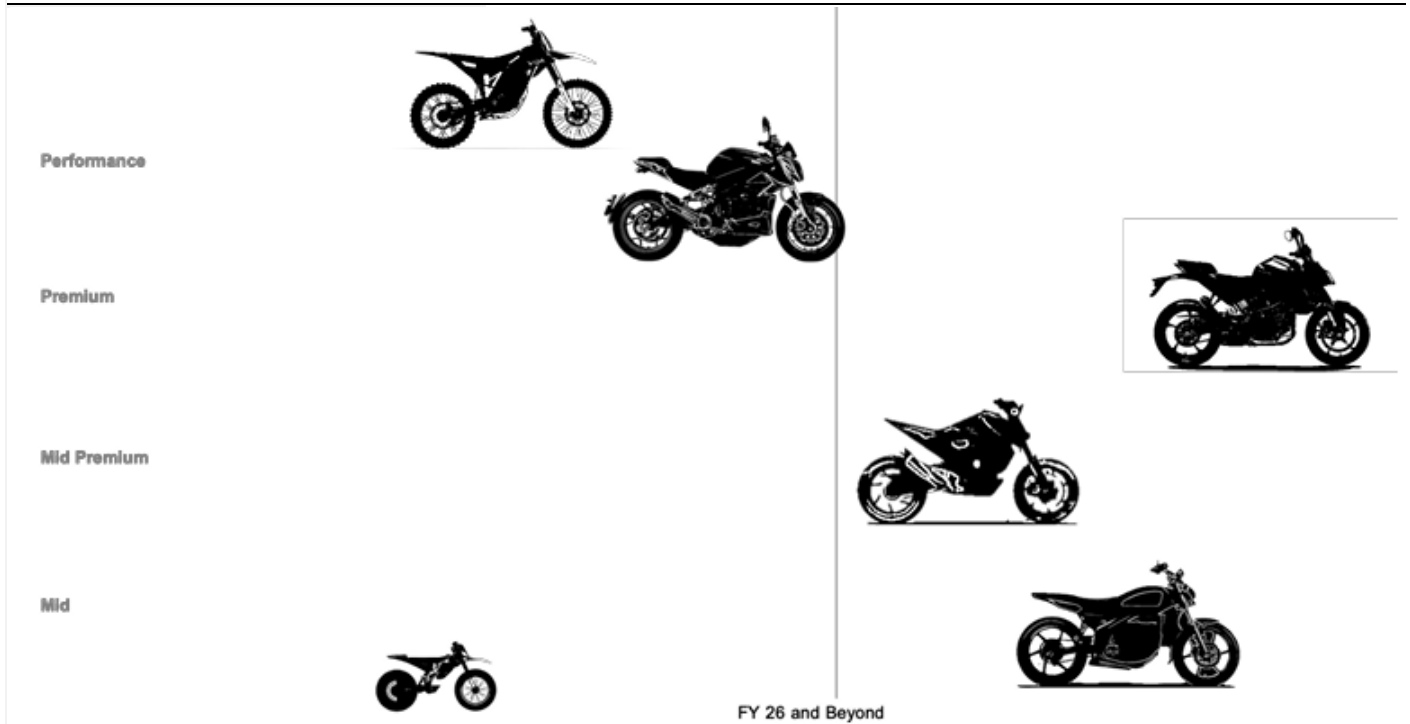


Exhibit 12: VIDA scooter portfolio expected to expand with 3 new products in FY25 across price range



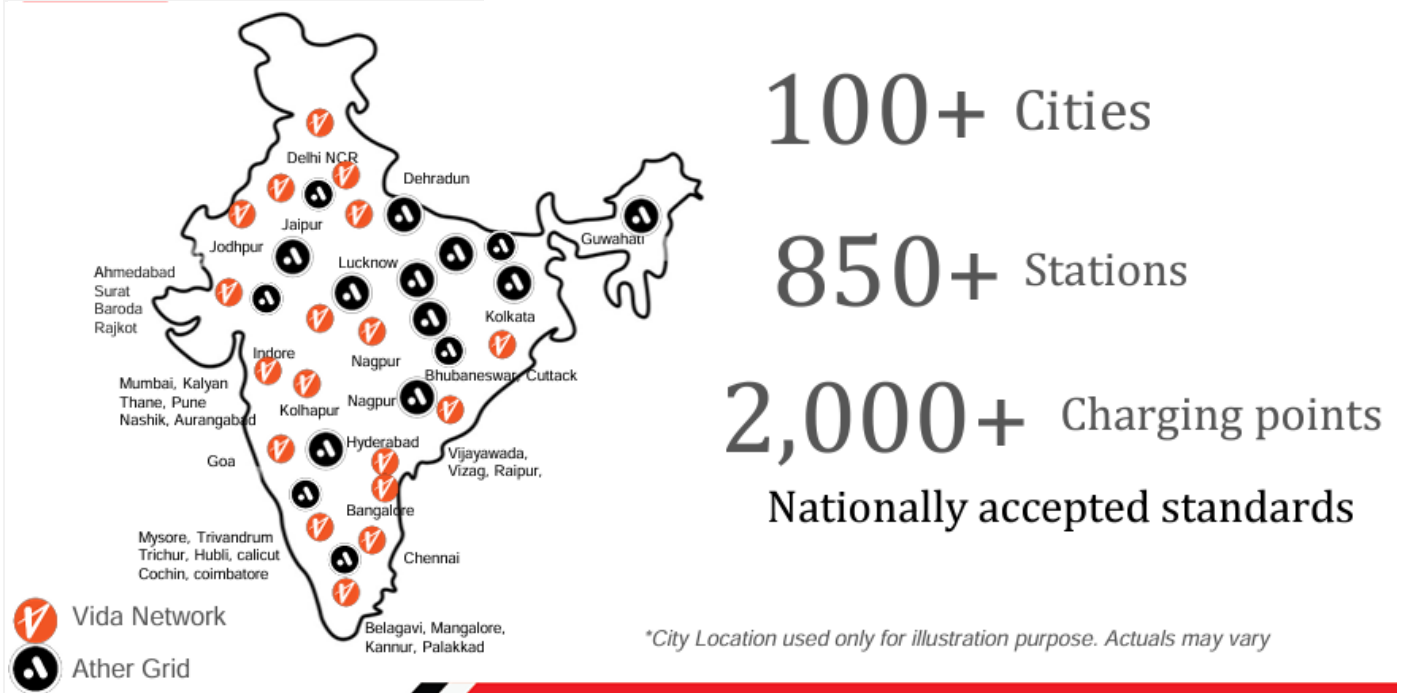
Source: Company, PL

Exhibit 13: VIDA to expand into motorcycle portfolio in FY26 and beyond



Source: Company, PL

Exhibit 14: Largest charging network in the country for 2W



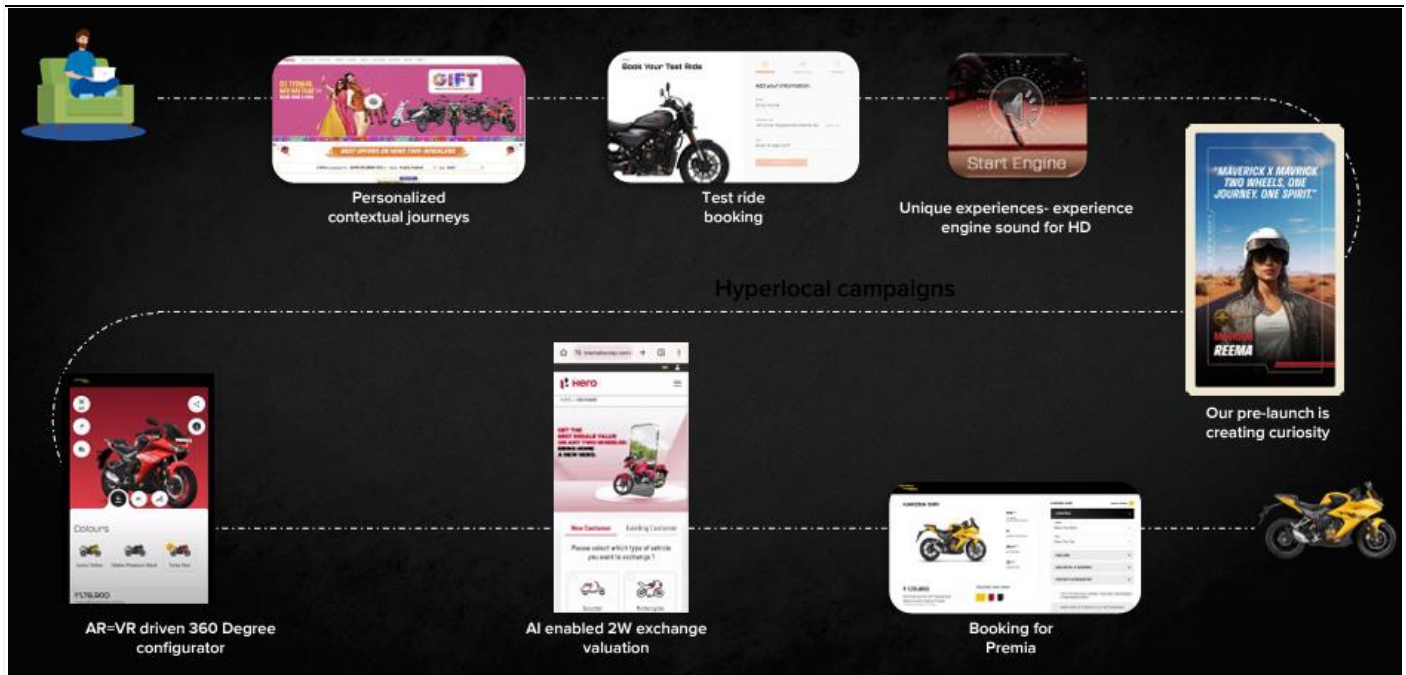
Source: Company, PL

Exhibit 15: Focus on going digital and using AI



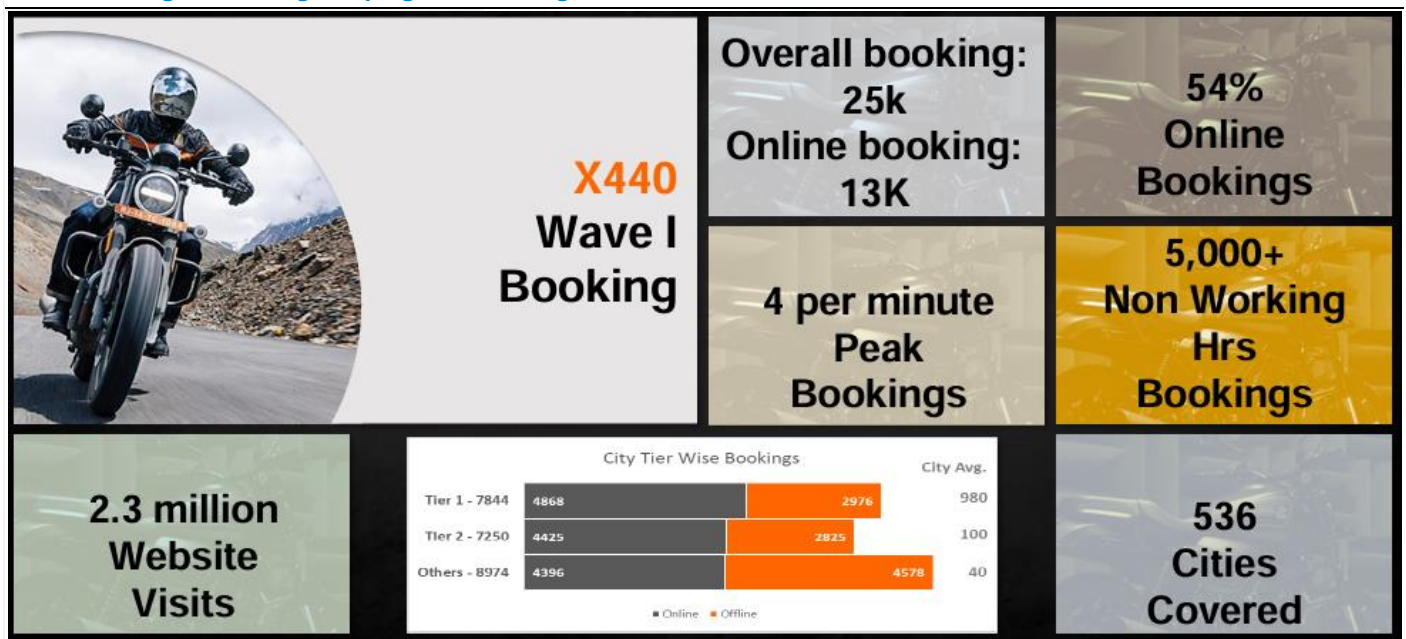
Source: Company, PL

Exhibit 16: Digital pre-booking and Booking; Digital conversion FY 24 is 12.4%



Source: Company, PL

Exhibit 17: Digital bookings helping in increasing reach multi-fold



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Net Revenues	3,38,057	3,78,061	4,26,904	4,60,313
YoY gr. (%)	15.6	11.8	12.9	7.8
Cost of Goods Sold	2,38,581	2,59,333	2,92,412	3,14,837
Gross Profit	99,475	1,18,728	1,34,492	1,45,476
Margin (%)	29.4	31.4	31.5	31.6
Employee Cost	21,898	23,440	26,041	27,619
Other Expenses	37,715	42,343	46,959	49,714
EBITDA	39,862	52,946	61,491	68,143
YoY gr. (%)	18.3	32.8	16.1	10.8
Margin (%)	11.8	14.0	14.4	14.8
Depreciation and Amortization	6,570	6,929	7,655	8,385
EBIT	33,293	46,017	53,836	59,758
Margin (%)	9.8	12.2	12.6	13.0
Net Interest	199	200	200	200
Other Income	5,652	7,227	7,768	8,132
Profit Before Tax	38,746	54,643	61,404	67,690
Margin (%)	11.5	14.5	14.4	14.7
Total Tax	9,640	12,624	15,069	16,611
Effective tax rate (%)	24.9	23.1	24.5	24.5
Profit after tax	29,106	42,019	46,336	51,079
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	29,106	40,789	46,336	51,079
YoY gr. (%)	-	-	-	-
Margin (%)	8.6	10.8	10.9	11.1
Extra Ord. Income / (Exp)	-	(1,230)	-	-
Reported PAT	29,106	42,019	46,336	51,079
YoY gr. (%)	17.7	44.4	10.3	10.2
Margin (%)	8.6	11.1	10.9	11.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (m)	200	200	200	200
EPS (Rs)	145.6	204.1	231.9	255.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Non-Current Assets				
Gross Block	1,06,392	1,16,462	1,30,462	1,44,462
Tangibles	1,06,392	1,16,462	1,30,462	1,44,462
Intangibles	-	-	-	-
Acc: Dep / Amortization	53,780	60,709	68,364	76,749
Tangibles	53,780	60,709	68,364	76,749
Intangibles	-	-	-	-
Net fixed assets	52,612	55,753	62,098	67,713
Tangibles	52,612	55,753	62,098	67,713
Intangibles	-	-	-	-
Capital Work In Progress	9,640	9,511	9,396	9,291
Goodwill	-	-	-	-
Non-Current Investments	41,327	45,459	50,005	55,006
Net Deferred tax assets	(5,617)	(5,729)	(5,844)	(5,961)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	68,777	76,644	84,098	91,098
Inventories	14,341	15,537	17,544	18,917
Trade receivables	27,982	20,716	23,392	25,223
Cash & Bank Balance	3,455	13,356	19,056	25,990
Other Current Assets	12,005	12,606	13,236	13,898
Total Assets	2,32,631	2,52,369	2,81,973	3,10,529
Equity				
Equity Share Capital	400	400	400	400
Other Equity	1,66,651	1,85,693	2,08,047	2,31,147
Total Network	1,67,051	1,86,093	2,08,447	2,31,547
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	47,045	46,610	52,632	56,751
Other current liabilities	12,919	13,936	15,050	16,270
Total Equity & Liabilities	2,32,631	2,52,369	2,81,973	3,10,529

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	38,746	51,443	61,404	67,690
Add. Depreciation	6,570	6,929	7,655	8,385
Add. Interest	199	200	200	200
Less Financial Other Income	5,652	7,227	7,768	8,132
Add. Other	(5,652)	(7,227)	(7,768)	(8,132)
Op. profit before WC changes	39,862	51,346	61,491	68,143
Net Changes-WC	(4,435)	5,758	1,462	1,227
Direct tax	(9,537)	(12,512)	(14,954)	(16,494)
Net cash from Op. activities	25,890	44,592	47,999	52,876
Capital expenditures	(6,175)	(9,941)	(13,884)	(13,896)
Interest / Dividend Income	-	-	-	-
Others	(11,880)	3,094	3,222	3,132
Net Cash from Invt. activities	(18,055)	(6,847)	(10,662)	(10,764)
Issue of share cap. / premium	101	1,207	-	-
Debt changes	-	-	-	-
Dividend paid	(19,985)	(20,984)	(23,982)	(27,979)
Interest paid	(199)	(200)	(200)	(200)
Others	-	-	-	-
Net cash from Fin. activities	(20,083)	(19,977)	(24,182)	(28,179)
Net change in cash	(12,248)	17,768	13,154	13,933
Free Cash Flow	19,715	34,651	34,115	38,980

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY23	Q1FY24	Q2FY24	Q3FY24E
Net Revenue	83,068	87,673	94,454	98,322
YoY gr. (%)	11.9	4.5	4.1	22.4
Raw Material Expenses	56,463	60,809	64,780	67,056
Gross Profit	26,605	26,864	29,675	31,266
Margin (%)	32.0	30.6	31.4	31.8
EBITDA	10,830	12,063	13,283	13,568
YoY gr. (%)	30.9	28.2	27.9	46.8
Margin (%)	13.0	13.8	14.1	13.8
Depreciation / Depletion	1,686	1,690	1,749	1,740
EBIT	9,144	10,373	11,534	11,828
Margin (%)	11.0	11.8	12.2	12.0
Net Interest	47	47	48	50
Other Income	2,369	2,222	2,483	1,500
Profit before Tax	11,467	10,948	13,970	13,278
Margin (%)	13.8	12.5	14.8	13.5
Total Tax	2,877	2,701	3,431	3,253
Effective tax rate (%)	25.1	24.7	24.6	24.5
Profit after Tax	8,589	8,247	10,538	10,025
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	8,589	9,452	10,538	10,025
YoY gr. (%)	37.0	51.4	47.2	41.0
Margin (%)	10.3	10.8	11.2	10.2
Extra Ord. Income / (Exp)	-	1,205	-	-
Reported PAT	8,589	8,247	10,538	10,025
YoY gr. (%)	37.0	32.1	47.2	41.0
Margin (%)	10.3	9.4	11.2	10.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Avg. Shares O/s (m)	200	200	200	200
EPS (Rs)	43.0	47.3	52.7	50.2

Source: Company Data, PL Research

Key Financial Metrics

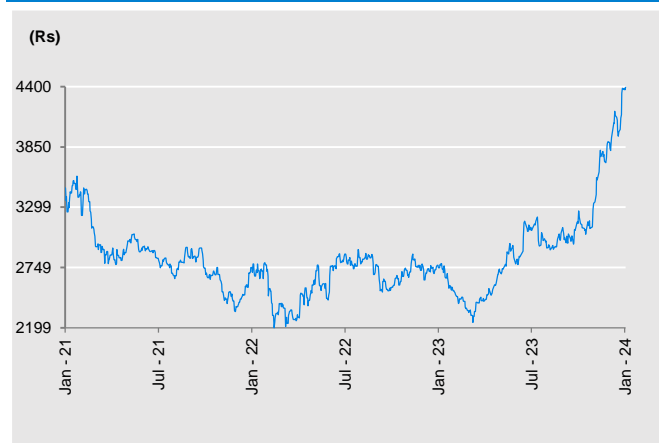
Y/e Mar	FY23	FY24E	FY25E	FY26E
Per Share(Rs)				
EPS	145.6	204.1	231.9	255.6
CEPS	178.5	238.8	270.2	297.5
BVPS	835.9	931.2	1,043.0	1,158.6
FCF	98.7	173.4	170.7	195.0
DPS	100.0	105.0	120.0	140.0
Return Ratio(%)				
RoCE	20.5	26.1	27.3	27.2
ROIC	27.7	40.9	43.2	43.8
RoE	17.9	23.1	23.5	23.2
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.5)	(0.5)	(0.5)
Net Working Capital (Days)	(15)	(20)	(19)	(20)
Valuation(x)				
PER	30.5	21.8	19.2	17.4
P/B	5.3	4.8	4.3	3.8
P/CEPS	24.9	18.6	16.5	14.9
EV/EBITDA	20.5	15.1	12.8	11.3
EV/Sales	2.4	2.1	1.8	1.7
Dividend Yield (%)	2.3	2.4	2.7	3.2

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
Volume (units)	53,28,452	56,93,626	61,57,360	65,31,465
Net realisation (Rs/unit)	63,444	66,401	69,332	70,476

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-24	Accumulate	4,120	3,987
2	03-Nov-23	Accumulate	3,575	3,052
3	09-Oct-23	Accumulate	3,575	3,038
4	12-Aug-23	Accumulate	3,535	2,995
5	07-Jul-23	Accumulate	3,460	3,172
6	05-Jul-23	BUY	3,200	3,030
7	13-Jun-23	BUY	3,200	2,930
8	08-May-23	BUY	3,200	2,547
9	12-Apr-23	BUY	3,200	2,470
10	06-Apr-23	BUY	3,135	2,432

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	210	179
2	Bajaj Auto	Reduce	6,000	6,996
3	Bharat Forge	Accumulate	1,320	1,266
4	CEAT	Accumulate	2,640	2,443
5	Divgi Torqtransfer Systems	BUY	1,300	994
6	Eicher Motors	Hold	3,870	3,877
7	Endurance Technologies	Hold	1,975	2,095
8	Exide Industries	Accumulate	345	329
9	Hero Motocorp	Accumulate	4,120	3,987
10	Mahindra & Mahindra	BUY	1,830	1,642
11	Maruti Suzuki	BUY	12,100	10,000
12	Tata Motors	BUY	900	791
13	TVS Motor Company	Hold	1,950	1,978

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



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