

Strong operating performance; risk-reward attractive

Auto & Auto Ancillaries ▶ Result Update ▶ February 7, 2025

TARGET PRICE (Rs): 5,600

HMCL reported a healthy Q3 with 5% revenue growth led by higher ASPs as volumes were flat. Domestic 2W market share rose by 70bps QoQ to 28.7% (declined by 120bps YoY), aided by the festive season. EBITDA margin sustained at 14.5% (flat QoQ) with underlying ICE margins coming in at 16% (vs 16.5% in Q2FY25; down by 50bps QoQ due to elevated marketing spends during festive). Management maintains its double-digit revenue growth guidance for FY25 with similar growth in FY26 as well. HMCL remains optimistic about growth prospects of the 2W industry, driven by sustained demand as well as recovery in rural and urban areas; it guides ahead of industry growth led by expansion of its 125cc portfolio, new product launches in motorcycles, scooters, and EVs. Our estimates are unchanged; we retain BUY with an unchanged SoTP-based TP of Rs5,600 at 20x Dec-26E PER. Risk-reward remains attractive; HMCL currently trades at 14x Dec-26E core per vs ~24x-28x for peers.

Hero MotoCorp: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	338,057	374,557	410,791	441,490	478,353
EBITDA	39,862	52,557	59,005	64,864	72,848
Adj. PAT	29,106	41,280	45,815	50,300	56,266
Adj. EPS (Rs)	145.7	206.6	229.3	251.8	281.6
EBITDA margin (%)	11.8	14.0	14.4	14.7	15.2
EBITDA growth (%)	18.3	31.8	12.3	9.9	12.3
Adj. EPS growth (%)	17.7	36.3	15.5	9.8	11.9
RoE (%)	17.9	23.8	24.4	24.7	25.9
RoIC (%)	49.2	72.6	90.7	91.7	93.8
P/E (x)	29.3	20.7	18.6	17.0	15.2
EV/EBITDA (x)	19.2	16.3	14.5	13.2	11.7
P/B (x)	5.1	4.7	4.4	4.0	3.8
FCFF yield (%)	2.6	5.5	5.5	5.4	5.8

Source: Company, Emkay Research

Healthy operational performance; underlying ICE margins at 16%

Revenue grew ~5% YoY to Rs102.1bn (in line) amid ~5% higher ASPs and flattish volumes YoY at 14.6mn units. EBITDA was up ~8.5% at Rs14.8bn with sustained 14.5% margin on a gross margin expansion of 150bps, partially offset by increase in staff costs and other expenses. Underlying ICE margins came in at 16% on product mix improvement, lower RM, and cost savings (down by 50bps QoQ to 16.2% in Q2 due to increased marketing spends during festive). Adjusted PAT grew ~12% YoY to Rs12bn on higher other income.

Earnings Call KTAs

1) HMCL remains optimistic about growth prospects of the 2W industry, driven by sustained demand and recovery in rural and urban areas (rural has grown ahead of urban during festive); it guides to ahead-of-industry growth driven by expansion of its 125cc portfolio, new premium launches (in motorcycles, scooters, and EVs), and continued investments in brand building; HMCL has sustained its double digit revenue guidance for FY25 with FY26 to deliver similar results. 2) HMCL's retail market share improved by ~500bps QoQ in Q3. It gained share across 95% of its portfolio, led by the 125cc segment (Splendor and Extreme125 continue to improve their positioning), EVs, and GB, with retail market share growth outpacing dispatches. 3) The EBITDA/unit has improved to over Rs10K on the back of premiumization, mix, and judicious pricing. 4) Being market leaders in the entry-level 100cc segment, HMCL remains focused on expanding the segment via consumer-friendly financing solutions, enhanced value proposition, and deeper market penetration; tax relief for the Rs6-12L income group increases disposable income, enabling savings of Rs40-50K to cover EMIs, which is expected to drive demand in the 100-110cc two-wheeler segment. 5) HMCL will continue investing in EVs, premiumization, and enhanced customer service, expanding Hero 2.0 stores (~700 now) and soon increasing Hero Premia stores to 100. 6) HMCL, previously absent in the 'sub-Rs1Lakh' E-2W segment (fastest growing segment; ~60% of the market), has now addressed this gap with the attractively priced Vida 2. With a focus on channel inventory management, the Q3 retail drop was due to the transition to Vida 2.0; with the inventory now restored, HMCL expects strong retail growth in the coming months. 7) HMCL has applied for PLI and is in the advanced stages; HMCL expects its entire EV portfolio to be PLI-compliant by FY26 amid continuous efforts toward optimizing BOM costs through content localization. 8) The recently unveiled Xoom125 and Xoom160 would be launched soon and HMCL intends to grow the 160cc scooter category on the back of its competitively priced and feature-rich Xoom160. 9) HMCL is on track for OBD 2 Phase B compliance and will complete the transition across the portfolio well before the deadline. The required hardware upgrades will result in a marginal industry-wide price increase of 1-2%. 9) HMCL clocked its highest-ever quarterly revenue from parts, accessories, and merchandise business at ~Rs15.6bn with further headroom for growth.

Target Price – 12M	Dec-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	31.0
CMP (07-Feb-25) (Rs)	4,274.7

Stock Data	Ticker
52-week High (Rs)	6,246
52-week Low (Rs)	3,998
Shares outstanding (mn)	200.0
Market-cap (Rs bn)	855
Market-cap (USD mn)	9,779
Net-debt, FY25E (Rs mn)	0
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	2,824.3
ADTV-3M (USD mn)	32.3
Free float (%)	65.3
Nifty-50	23,560
INR/USD	87.4
Shareholding, Dec-24	
Promoters (%)	34.7
FPIs/MFs (%)	28.0/27.7

Price Performance

(%)	1M	3M	12M
Absolute	2.7	(11.2)	(10.3)
Rel. to Nifty	3.4	(8.8)	(16.5)

1-Year share price trend (Rs)



Chirag Jain

chirag.jain@emkayglobal.com
+91 22 6624 2428

Jaimin Desai

jaimin.desai@emkayglobal.com
+91 22 6612 1334

Nandan Pradhan

nandan.pradhan@emkayglobal.com
+91 22 6612 1238

Omkar Rane

omkar.rane@emkayglobal.com
+91 22 6624 2414

Marazbaan Dastur

marazbaan.dastur@emkayglobal.com
+91 22 6612 1281

Exhibit 1: Q3FY25 volume analysis – volumes down ~2% YoY; realizations up ~1.3% QoQ on better product mix and higher spares sales

Particulars	Q2FY25	Q2FY24	Change YoY (%)	Q1FY25	Change QoQ (%)
Domestic motorcycles (units)	1,293,623	1,286,452	0.6	1,359,120	(4.8)
Market share (%)	42.6	41.6	102 bps	42.3	28 bps
Domestic scooters (units)	96,681	127,442	(24.1)	97,366	(0.7)
Market share (%)	5.7	8.5	(281) bps	5.3	34.5 bps
Domestic volumes (units)	1,390,304	1,413,894	(1.7)	1,456,486	(4.5)
Market share (%)	28.5	29.9	(136) bps	28.1	40 bps
Total volumes (units)	1,463,802	1,459,932	0.3	1,519,684	(3.7)
Realization (Rs)	69,755	66,604	4.7	68,851	1.3

Source: Company, Emkay Research

Exhibit 2: Actual vs Estimates (Q3FY25)

(Rs mn)	Actual	Emkay Est	Variance (%)	Consensus	Variance (%)
Net sales	102,108	103,201	(1.1)	102,348	(0.2)
EBITDA	14,765	14,758	0.0	14,487	1.9
EBITDA Margin (%)	14.5	14.3	16 bps	14.2	30 bps
Adj net income	12,028	11,459	5.0	11,619	3.5
FDEPS (Rs)	60.2	57.3	5.0	59.8	0.7

Source: Emkay Research

Exhibit 3: Q3FY25 result snapshot – revenue/EBITDA grew ~5%/~8.4% YoY; margins stable QoQ

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	97,237	95,193	101,437	104,632	102,108	5.0	(2.4)
Expenditure	83,617	81,602	86,840	89,473	87,343	4.5	(2.4)
as % of sales	86.0	85.7	85.6	85.5	85.5		
Consumption of RM	65,470	63,249	68,672	69,795	67,152	2.6	(3.8)
as % of sales	67.3	66.4	67.7	66.7	65.8		
Employee Cost	6,017	6,437	6,083	6,535	6,622	10.1	1.3
as % of sales	6.2	6.8	6.0	6.2	6.5		
Other expenditure	12,130	11,916	12,085	13,143	13,569	11.9	3.2
as % of sales	12.5	12.5	11.9	12.6	13.3		
EBITDA	13,620	13,592	14,598	15,159	14,765	8.4	(2.6)
EBITDA margin (%)	14.0	14.3	14.4	14.5	14.5		
Depreciation	1,825	1,851	1,932	1,937	1,969	7.9	1.7
EBIT	11,795	11,741	12,666	13,222	12,796	8.5	(3.2)
Other Income	2,420	1,800	2,317	2,830	3,175	31.2	12.2
Interest	45	46	48	49	55	20.6	10.5
PBT	14,170	13,496	14,935	16,003	15,916	12.3	(0.5)
Total Tax	3,437	3,335	3,708	3,967	3,888	13.1	(2.0)
Adjusted PAT	10,734	10,161	11,226	12,035	12,028	12.1	(0.1)
Extra ordinary items Loss/(Gain)	0	0	0	0	0		
Reported PAT	10,734	10,161	11,226	12,035	12,028	12.1	(0.1)
Adjusted EPS (Rs)	53.7	50.8	56.2	60.2	60.2	12.1	(0.1)
(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (bps)	QoQ (bps)
EBITDAM	14.0	14.3	14.4	14.5	14.5	45	(3)
EBITM	12.1	12.3	12.5	12.6	12.5	40	(10)
EBTM	14.6	14.2	14.7	15.3	15.6	101	29
PATM	11.0	10.7	11.1	11.5	11.8	74	28
Effective Tax rate	24.3	24.7	24.8	24.8	24.4	18	(36)

Source: Emkay Research

Exhibit 4: Gross margins higher by ~160bps YoY (by ~95bps QoQ) partially offset by higher staff costs and other expenses

Particulars (%)	Q3FY25	Q3FY24	YoY (bps)	Q1FY25	QoQ (bps)
Raw material	65.8	67.3	(156)	66.7	(94)
Staff costs	6.5	6.2	30	6.2	24
Other expenses	13.3	12.5	81	12.6	73
EBITDA	14.5	14.0	45	14.5	(3)
Adjusted net profit	11.8	11.0	74	11.5	28
Effective Tax rate	24.4	24.3	18	24.8	(36)

Source: Company, Emkay Research

Exhibit 5: 125cc category now forms ~18%/29% of domestic 2Ws/domestic motorcycles; 2Ws export share has improved in Q3FY25

Industry mix (%)	FY19	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Domestic Motorcycles	55.6	53.6	54.5	50.2	52.4	55.5	53.0	55.3	53.7	54.1	51.6	50.8
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	23.9
110-125cc	7.9	11.3	13.2	12.3	13.8	15.5	14.6	14.8	14.8	15.5	15.5	14.8
125-150cc	5.2	4.4	2.9	2.1	2.1	2.2	1.9	2.7	3.1	3.0	2.9	3.1
Over 150cc	8.0	7.4	9.1	8.0	9.8	10.6	10.7	10.6	10.5	10.3	9.0	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	28.6
Domestic Mopeds	3.6	3.0	3.4	2.6	2.3	2.1	2.1	2.4	2.3	2.1	2.2	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	81.6
Export 2Ws	13.4	16.8	17.8	24.8	18.7	16.0	16.3	15.3	16.9	15.6	16.7	18.4
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	100.0

Source: SIAM, Emkay Research

Exhibit 6: For HMCL, the 125cc category forms ~12% of volumes; share of scooters has improved to 7.2%

HMCL Product mix (%)	FY19	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Domestic Motorcycles	88.1	90.9	89.0	87.7	90.0	91.1	89.4	88.1	88.7	91.1	89.4	87.8
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	74.4
110-125cc	9.7	18.3	16.6	11.4	10.5	11.3	11.6	8.1	7.7	11.8	12.6	12.3
125-150cc	0.3	0.2	0.3	-	-	-	-	-	-	-	0.4	0.3
Over 150cc	0.3	0.5	1.1	1.4	1.3	1.2	1.3	1.6	2.0	1.5	0.8	0.7
Domestic Scooters	9.2	6.3	7.7	6.2	6.7	6.2	6.9	8.7	6.5	5.6	6.4	7.2
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	95.0
Export 2Ws	2.7	2.8	3.3	6.1	3.2	2.6	3.7	3.2	4.8	3.3	4.2	5.0
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	100.0

Source: SIAM, Emkay Research

Exhibit 7: HMCL's 125cc motorcycle market share has recovered significantly since the launch of Xtreme125, with scooter market share improving as well

HMCL market share (%)	FY19	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Domestic Motorcycles	50.7	52.0	51.5	48.3	46.9	45.0	43.5	41.6	42.4	43.7	42.3	42.6
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	76.8
110-125cc	39.0	49.5	39.8	25.7	20.9	19.9	20.5	14.4	13.3	19.9	19.9	20.5
125-150cc	1.7	1.1	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	2.6
Over 150cc	1.2	1.9	3.9	4.7	3.7	3.0	3.1	3.9	5.0	3.7	2.2	2.0
Domestic Scooters	10.7	7.2	9.9	7.6	6.9	6.5	6.2	8.5	6.2	5.1	5.3	6.2
Domestic Mopeds	0.0	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	28.7
Export 2Ws	6.3	5.1	5.8	6.8	4.7	4.5	5.9	5.4	7.3	5.5	6.1	6.7
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	24.6

Source: SIAM, Emkay Research

Exhibit 8: Revenue model – we build in 6%/12% FY24-27E volumes/core EPS CAGR

Revenue Model	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Avg. monthly volumes (units)	534,143	482,198	412,012	444,046	468,581	501,948	530,547	564,668
Volumes (units)	6,409,719	5,786,374	4,944,148	5,328,548	5,622,969	6,023,377	6,366,559	6,776,016
Growth (%)	(18.0)	(9.7)	(14.6)	7.8	5.5	7.2	5.7	6.4
ASP (Rs/unit)	44,988	53,230	59,152	63,443	66,612	68,199	69,345	70,595
Growth (%)	4.6	18.3	11.1	7.3	5.0	2.4	1.7	1.8
Revenue	288,361	308,006	292,455	338,057	374,557	410,791	441,490	478,353
Growth (%)	(14.3)	6.8	(5.0)	15.6	10.8	9.7	7.5	8.3
EBITDA	39,580	40,192	33,688	39,862	52,557	59,005	64,864	72,848
EBITDA margin (%)	13.7	13.0	11.5	11.8	14.0	14.4	14.7	15.2
EBITDA growth (%)	(19.7)	1.5	(16.2)	18.3	31.8	12.3	9.9	12.3
EBITDA/unit (Rs)	6,175	6,946	6,814	7,481	9,347	9,796	10,188	10,751
EBIT	31,400	33,424	27,190	33,293	45,443	51,273	56,686	64,063
EBIT margin (%)	10.9	10.9	9.3	9.8	12.1	12.5	12.8	13.4
PAT	31,841	29,642	24,730	29,106	41,280	45,815	50,300	56,266
EPS (Rs)	159	148	124	146	207	229	252	282
Core-EPS (Rs)	111	125	102	124	167	192	212	240

Source: Company, Emkay Research

Exhibit 9: Our FY25/26/27 estimates are unchanged

(Rs mn)	FY25E				FY26E				FY27E			
	Earlier	Revised	Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes	6,023,377	6,023,377	0.0	7.2	6,366,559	6,366,559	0.0	5.7	6,776,016	6,776,016	0.0	6.4
ASP	68,199	68,199	-	2.4	69,345	69,345	0.0	1.7	70,595	70,595	0.0	1.8
Net Sales	410,791	410,791	0.0	9.7	441,490	441,490	0.0	7.5	478,353	478,353	0.0	8.3
EBITDA	59,005	59,005	0.0	12.3	64,864	64,864	0.0	9.9	72,848	72,848	0.0	12.3
Margin (%)	14.4	14.4	0bps	33bps	14.7	14.7	0bps	33bps	15.2	15.2	0bps	54bps
APAT	45,815	45,815	0.0	11.0	50,300	50,300	0.0	9.8	56,266	56,266	0.0	11.9
EPS (Rs)	229.3	229.3	0.0	11.0	251.8	251.8	0.0	9.8	281.6	281.6	0.0	11.9

Source: Emkay Research

Exhibit 10: Emkay vs Consensus estimates

Hero MotoCorp	Emkay Estimates			Bloomberg estimates			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	410,791	441,490	478,353	416,815	457,988	500,500	-1.4%	-3.6%	-4.4%
EBITDA	59,005	64,864	72,848	60,101	66,652	73,318	-1.8%	-2.7%	-0.6%
EBITDA margin (%)	14.4	14.7	15.2	14.4	14.6	14.6	(6)bps	14bps	58bps
EPS (Rs)	229.3	251.8	281.6	232.9	255.5	281.9	-1.6%	-1.5%	-0.1%

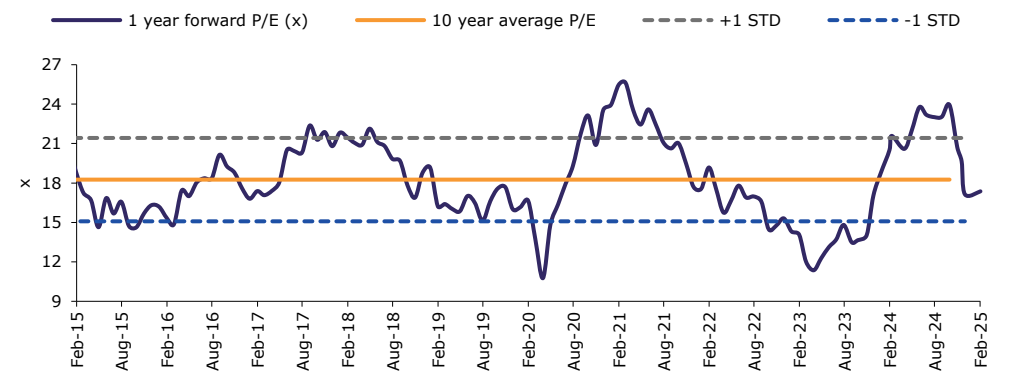
Source: Bloomberg, Emkay Research

Exhibit 11: SOTP valuation – our revised TP stands at Rs6,200

HMCL - SOTP Valuation	Basis of Valuation	Equity value/share
Core business	20x Dec-26E core EPS	4,540
Hero FinCorp	1.5x FY27E P/B (Holdco discount of 20%)	219
Ather Energy	5x Forward EV/Sales	250
Cash per share	As of Dec-26E	549
Total (Rounded off)		5,600

Source: Emkay Research

Exhibit 12: HMCL currently trades below its LTA



Source: Bloomberg, 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	410,791	441,490	478,353
Revenue growth (%)	15.6	10.8	9.7	7.5	8.3
EBITDA	39,862	52,557	59,005	64,864	72,848
EBITDA growth (%)	18.3	31.8	12.3	9.9	12.3
Depreciation & Amortization	6,570	7,114	7,785	8,233	8,843
EBIT	33,293	45,443	51,220	56,631	64,006
EBIT growth (%)	22.4	36.5	12.7	10.6	13.0
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	60,714	66,658	74,563
Extraordinary items	0	(1,600)	0	0	0
Taxes	9,640	12,904	14,899	16,358	18,298
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	29,106	39,680	45,815	50,300	56,266
PAT growth (%)	17.7	36.3	15.5	9.8	11.9
Adjusted PAT	29,106	41,280	45,815	50,300	56,266
Diluted EPS (Rs)	145.7	206.6	229.3	251.8	281.6
Diluted EPS growth (%)	17.7	36.3	15.5	9.8	11.9
DPS (Rs)	100.0	140.0	153.6	168.7	225.3
Dividend payout (%)	68.6	70.5	67.0	67.0	80.0
EBITDA margin (%)	11.8	14.0	14.4	14.7	15.2
EBIT margin (%)	9.8	12.1	12.5	12.8	13.4
Effective tax rate (%)	24.9	23.8	24.5	24.5	24.5
NOPLAT (pre-IndAS)	25,010	34,621	38,651	42,734	48,299
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	60,714	66,658	74,563
Others (non-cash items)	1,372	(2,480)	5,468	5,558	(2,076)
Taxes paid	(8,496)	(13,142)	(14,652)	(16,086)	(17,994)
Change in NWC	(5,832)	10,504	1,329	(4,099)	962
Operating cash flow	25,791	49,065	52,859	52,031	55,456
Capital expenditure	(5,675)	(8,007)	(12,000)	(12,000)	(12,000)
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)	(21,000)
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)	(27,972)	(30,696)	(33,701)
Others	495	(1,345)	0	0	0
Financing cash flow	(19,399)	(28,412)	(28,172)	(30,912)	(33,934)
Net chg in Cash	1,704	(1,827)	3,688	119	522
OCF	25,791	49,065	52,859	52,031	55,456
Adj. OCF (w/o NWC chg.)	31,622	38,561	51,531	56,130	54,493
FCFF	20,115	41,058	40,859	40,031	43,456
FCFE	22,481	40,873	40,660	39,815	43,223
OCF/EBITDA (%)	64.7	93.4	89.6	80.2	76.1
FCFE/PAT (%)	77.2	103.0	88.7	79.2	76.8
FCFF/NOPLAT (%)	80.4	118.6	105.7	93.7	90.0

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	194,581	211,180	222,433
Net worth	167,051	179,862	194,981	211,580	222,833
Minority interests	0	0	0	0	0
Deferred tax liability (net)	4,054	4,348	4,596	4,867	5,171
Total debt	0	0	0	0	0
Total liabilities & equity	171,105	184,210	199,576	216,447	228,004
Net tangible fixed assets	50,493	51,219	53,039	56,806	59,963
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	7,201
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	110,843	109,962	109,484
Current assets (ex-cash)	56,821	55,620	61,000	65,559	71,033
Current Liab. & Prov.	61,527	71,506	78,423	78,997	85,592
NWC (ex-cash)	(4,706)	(15,886)	(17,422)	(13,438)	(14,560)
Total assets	171,105	184,210	199,576	216,447	228,004
Net debt	(89,764)	0	0	0	0
Capital employed	171,105	184,210	199,576	216,447	228,004
Invested capital	52,908	42,455	42,737	50,489	52,524
BVPS (Rs)	836.1	900.2	975.9	1,059.0	1,115.3
Net Debt/Equity (x)	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(2.3)	(2.2)	(1.9)	(1.7)	(1.5)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	15.0	19.2	20.0	20.4	21.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	29.3	20.7	18.6	17.0	15.2
P/CE(x)	23.9	17.6	15.9	14.6	13.1
P/B (x)	5.1	4.7	4.4	4.0	3.8
EV/Sales (x)	2.3	2.3	2.1	2.0	1.8
EV/EBITDA (x)	19.2	16.3	14.5	13.2	11.7
EV/EBIT(x)	23.0	16.3	14.5	13.1	11.6
EV/IC (x)	14.4	17.5	17.4	14.7	14.2
FCFF yield (%)	2.6	5.5	5.5	5.4	5.8
FCFE yield (%)	2.6	4.8	4.8	4.7	5.1
Dividend yield (%)	2.3	3.3	3.6	3.9	5.3
DuPont-RoE split					
Net profit margin (%)	8.6	11.0	11.2	11.4	11.8
Total asset turnover (x)	2.0	2.1	2.1	2.1	2.2
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	17.9	23.8	24.4	24.7	25.9
DuPont-RoIC					
NOPLAT margin (%)	7.4	9.2	9.4	9.7	10.1
IC turnover (x)	6.2	8.7	9.4	8.5	8.9
RoIC (%)	49.2	72.6	90.7	91.7	93.8
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	2.5	2.6
Opex-to-revenue (%)	17.6	18.1	18.5	18.0	17.6

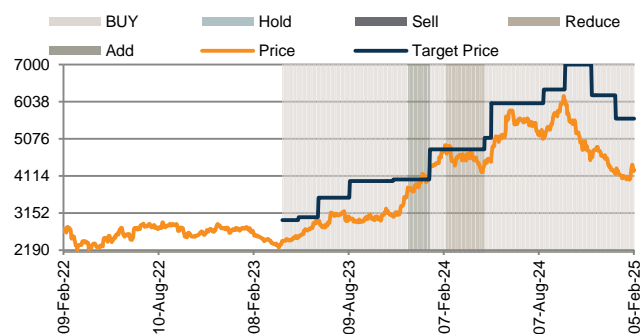
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Jan-25	4,122	5,600	Buy	Chirag Jain
01-Jan-25	4,184	5,600	Buy	Chirag Jain
16-Nov-24	4,604	6,200	Buy	Chirag Jain
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

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of February 7, 2025
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
Disclosure of previous investment recommendation produced:
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of February 7, 2025
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the February 7, 2025
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:**Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) :-**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.